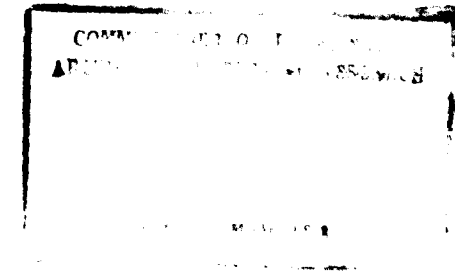


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## India and the British Empire, 1880-1935\*

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University of Cambridge

From the battle of Plassey in 1757 to the transfer of power in 1947 the British were the dominant power in the Indian subcontinent. From the mid-eighteenth century onwards the administrators of the Raj were faced with a series of problems unique in the history of the British empire, problems which arose from the attempt to rule a large, populous dependency inhabited by an alien society largely unreceptive to European notions of government, law, economics, and public life. The history of the Raj is an exception to every rule about the nature of British imperial control: in the high Victorian period of informal empire India was held under direct, bureaucratic rule; in the late nineteenth century, when Britain's formal empire was expanding in Africa and elsewhere, the techniques of control became increasingly informal; the winding up of the Raj in 1947 provided the vital link between the demission of empire in the white colonies in the nineteenth and early twentieth centuries and the decolonization of Asian, African, and Caribbean dependencies in the 1950s and 1960s.

The history of the British Raj is long, complex, and still largely unwritten. The best efforts of scholars to date have not yet provided even a satisfactory framework of analysis within which the historical phenomenon of British rule in India as a whole can be understood. Nor can any of the existing theories of imperialism—economic, political, or cultural; Marxist or non-Marxist—be easily built up or shaved down to fit the Indian case. Most of these theories are concerned with the expansion of empires, not with their decline; most are, at least in their classic forms, historically based on the events which took place in the late nineteenth century and in areas until then untouched by direct European influence. This article focuses on a period which saw the slow collapse of an imperial power in an area of the world in which a European presence was long established; it is a study of the fact of empire, not of the theory of imperialism.

The analysis developed here is an attempt to provide an overview of the problems and purposes of the British rule in India and to contribute a consistent and substantially new picture of British policy in the last 70 years of the Raj. The puppet-masters that we are concerned with are not the

\*A sequel to this:  
the next issue of the

controllers of international capitalism in any of its forms, but the politicians, planners, and policy-makers in Whitehall who dealt with imperial problems. The only theoretical assumption that has been made is that the aims of these two groups were not necessarily the same.

\* \* \*

An appreciation of the bare fact of British rule is important in understanding the history of India in the period 1880-1947, but the nature and form of that rule was not constant. As imperial imperatives and Indian circumstances changed, both affected what the policy-makers in London hoped to get out of the Raj. Redefinitions of the ends and new limitations on the means of British rule led to changes in the systems of control by which the Raj was maintained. In our period these systems altered extensively and fundamentally. In 1880 the centralized structure of empire was practically intact; local government had a little autonomy but the hold of the British bureaucrats was secure; a few Indians sat in the provincial and central Councils, but they had no legislative power and were all nominated; London directly controlled the Government of India, which directly controlled the provinces. By 1935 much had changed: once the new Government of India Acts were implemented, elected Indian politicians would enjoy unfettered legislative and executive control over all aspects of local and provincial government and over a wide range of central governmental functions; the provinces were now separate administrative units; London had handed over control of trade and tariff policy and had established an independent Reserve Bank to manage India's currency and national debt; a decentralized and largely responsible form of government had emerged out of a rigid, centralized bureaucracy. In 1947 this process of transference of power reached its logical conclusion—India became an independent nation.

Many factors—economic, political, ideological, diplomatic, etc.—contributed to the modification and eventual collapse of the control structure of the British Raj. This article and its sequel will argue that there was a contradiction inherent in the phenomenon of British rule which eventually brought about its demise. As Disraeli pointed out in 1881, the key to India lay in London: British rule was not maintained for the benefit of the Indian, nor simply for the sake of direct British interest in India; the Raj was there to keep firm the foundation on which much of the structure of formal and informal empire rested. For London the twin imperatives of India policy were that the Indian empire should pay for itself and that Indian resources should be available in the imperial cause. However the secret of successful Indian government was low taxation, so imperial demands for Indian resources had to be balanced against domestic pressures. To keep itself solvent and secure the Government of India had to weigh imperial commitments against the

needs of its subjects. The heart of the problems of the Raj was the maintenance of this balance, and every successive imperial crisis in which Indian resources were pressed into imperial service—notably the two world wars and the great depression of 1929-33—disrupted it, resulting in the need for political concessions to Indians which limited the demands that the empire could make upon India in the next crisis until these had dwindled to nothing.

This overall view of the decline and demise of the British Raj must not be thought to imply a belittling of the forces of nationalism and political development in India. Had it not been for the political pressures resulting from the determination of Indian leaders that the British should leave India then the life of the Raj would certainly have been smoother and might well have been longer. The modifications of the systems of British control which will be traced here, most notably the Government of India Acts of 1919 and 1935, depended for their success on the collaboration of large sections of Indian political opinion; the fact that this was not forthcoming was the major cause of their failure. These articles ignore the forces of nationalism not because they are thought unimportant,<sup>1</sup> but because a knowledge of their role in the analysis developed here can be assumed.

To find the mainspring of British imperial policy in India we must first identify British interests in the subcontinent. In the half century before 1914 India played an important part in maintaining Britain's position in the world. Britain's economic strength in the nineteenth century was largely built on her export trade and India was an important market. In 1870-72 India bought 8.2 per cent of Britain's total exports, 12.6 per cent in 1890-92, 11.4 per cent in 1910-12, and 16 per cent in 1913. In 1870 she stood third among purchasers of British goods, in 1890-92 second, and in 1913 first.<sup>2</sup> The demands of commerce had provided a good deal of the impetus behind the expansion of British rule in India and by the 1880s Britain supplied 80 per cent of Indian imports. In the next three decades this proportion fluctuated and slowly dropped, but it was still over 60 per cent in 1913.<sup>3</sup> The Indian market was not equally important to all sections of British industry. In 1913, for example, 60 per cent of British exports to India were textiles, mainly the cotton textiles of Lancashire, 25 per cent were iron and steel and machinery, and the remaining 15 per cent were railway and mill stores, hardware, soft goods and sundries for the bazaar trade.<sup>4</sup> Lancashire cottons were one of the export

<sup>1</sup> I have considered this subject in detail in my forthcoming book *The Indian National Congress and the Raj 1929-1942: The Penultimate Phase*.

<sup>2</sup> A.K. Cairncross, *Home and Foreign Investment 1870-1913*, Cambridge, 1953, p. 189; *Report on the Conditions and Prospects of British Trade in India*, Cmd 442, 1919, p. 9.

<sup>3</sup> Britain's share of Indian imports (in value) was 69.7 per cent in 1890-91, 67.9 per cent in 1895-96, 66.3 per cent in 1905-96, and an average of 63 per cent in 1909-10 to 1913-14, *Statistical Abstracts of British India*.

<sup>4</sup> *Report on the Conditions and Prospects of British Trade in India*, Cmd 442, 1919, p. 9.

staples on which Britain's premier position in the world economy was based. India was Lancashire's single most important market, taking around 40 per cent of cotton piece-good exports in the period 1880-1913.<sup>5</sup>

Indian exports were also important to the British economy although her commercial relationship with Britain was not the classic colonial one of supplying raw materials, food-stuffs, and inputs for metropolitan industry. India provided less than 10 per cent of total British imports in the late nineteenth and early twentieth centuries. Between 1890 and 1911 Britain's share of total Indian exports sank from one third to one quarter, while Indian exports to Europe and the United States were growing quickly.<sup>6</sup> Interestingly enough, India's export trade with other industrial nations in the 1890s and 1900s was more 'colonial' in character than her exports to Britain, which included more semi-manufactured articles.<sup>7</sup> But the sale of Indian goods overseas did play an important part in strengthening the British economy by indirect means. India had export markets in a number of countries in which British goods had little sale but from which Britain was importing large amounts. In the late eighteenth and early nineteenth centuries India had supplied opium to China to pay for British purchases there of tea. From 1870 to 1914 India formed the vital third leg in a triangular pattern of settlements between Britain and the rest of the world, financing over two-fifths of Britain's balance of payments deficit with Europe and North America.<sup>8</sup>

<sup>5</sup> British cotton piece-goods exports in million yards:

|      | Total | India |
|------|-------|-------|
| 1880 | 4,496 | 1,813 |
| 1890 | 5,124 | 2,190 |
| 1900 | 5,034 | 2,019 |
| 1913 | 7,075 | 3,000 |

SOURCE: A. Redford, *Manchester Merchants and Foreign Trade*, Vol. II, Manchester, 1956, p. 22.

<sup>6</sup> Percentage shares of Indian exports (merchandise only):

|         | Britain | Europe | USA |
|---------|---------|--------|-----|
| 1890-91 | 32.8    | 24.8   | 3.9 |
| 1895-96 | 32.5    | 24.4   | 4.7 |
| 1901-02 | 25.0    | 25.3   | 6.9 |
| 1905-06 | 25.8    | 28.2   | 8.2 |
| 1910-11 | 25.0    | 33.5   | 6.5 |

SOURCE: *Statistical Abstracts of British India*.

<sup>7</sup> Britain was an important market for Indian exports of wheat, tea and jute, but not for hides and skins (to Europe), opium (to Asia) nor, most important of all for the 'colonial' model, for raw cotton. Indian cotton was of low quality and short staple; Lancashire used long staple cotton from the United States and Egypt. The major markets for Indian cotton were Europe and, after 1900, Japan.

<sup>8</sup> In this period Britain's exports to her traditional markets in Europe and North America were being hit by indigenous industrial development and tariff barriers, while her imports from

Metropolitan manufacturers were not the only Britons with commercial interests in India. Since the days of the Company firms of British expatriates had found India a rewarding field for their enterprises. British merchants in Calcutta largely controlled the marketing of British exports to India and of Indian exports to the rest of the world. They also supplied the management of the Indian subsidiaries of British engineering and other enterprises. Only in Calcutta was their position paramount but this city, the most important commodity and brokerage centre in Asia, dominated the economy of most of Eastern India.

India was also a field for British investment. In 1870, £160 million of the total of £785 million of British overseas investment was in India; in 1885, £270 million out of £1,300 million; in 1913, £380 million out of £3,780 million.<sup>9</sup> India was never as important a market for exports of capital as she was for exports of cotton goods, but by 1913 she had received the fourth largest sum of British capital of any country in the world.<sup>10</sup> British capital was invested in the merchant and agency houses of Calcutta and in the railways, other capital schemes and the government debt. But it is very difficult to quantify the benefits which this activity brought to the British economy; the question of whether foreign lending acted as a drain on British capital formation and so prevented adequate investment in British industry is still unresolved.

The greatest, because the only irreplaceable, advantage which the British derived from India was the use of the Indian army. In 1880 the Indian taxpayer supported 130,000 Indian troops and 66,000 British troops; in Lord Salisbury's words, 'India was an English barrack in the Oriental Seas from which we may draw any number of troops without paying for them.'<sup>11</sup> But in some ways the Indian army was a circular commitment. Military expenditure was the greatest single burden on Indian revenues, running at around 40 per cent of the Government of India's gross expenditure, yet the primary function of the Indian army was to keep India secure so that this revenue could continue to be collected. The legacy of the Mutiny clouded all British attitudes towards

these countries continued at the same level. India, on the other hand, was exporting much more than she was importing from these areas. Only with Britain did India have an adverse balance of trade. Thus Britain's balance of payments deficit with Europe and North America was financed by her balance of payments surplus with India and India's surplus with the rest of the industrialized world. See S. B. Saul, *Studies in British Overseas Trade 1870-1914*, Liverpool, 1960, Chapters III and VIII.

<sup>9</sup> Though the amounts of British capital invested in India were growing absolutely, they were declining relative to the total amounts of British overseas investment. Investments in India formed roughly 20 per cent of the total in 1870 and 1885, but only about 10 per cent in 1913.

<sup>10</sup> *Ibid.*, p. 67. Cairncross, *op. cit.*, 183.

<sup>11</sup> Quoted in M. Howard, *The Continental Commitment*, London, 1972, p. 18.

their rule in India; one important reason why the army cost so much was because it had been laid down in 1858 that there should be one British to every three Indian soldiers in India and that no Indians should hold commissions. The army could not be used outside India efficiently because its deployment within India was still governed by the garrison schemes of the 1860s. Nor did the defence of India involve only the Indian army—many of the problems of British foreign policy of the late nineteenth century were caused by attempts to prevent, forestall, or counter the threat to India of other European powers, notably Russia. Despite these limitations, the Indian army was an asset to the empire. It maintained India's frontiers from the Afghani tribes and could be sent beyond those frontiers at no cost to Britain, as it was to China in 1839, 1856, and 1859, to Persia in 1856, to Afghanistan in 1878, to Egypt in 1882, to Burma in 1885, to Nyasa in 1893, to Mombasa and Uganda in 1896, and to the Sudan in 1896, and 1897.<sup>12</sup>

Thus in their heyday British interests in India were considerable. However, the India policy of successive British governments was not simply designed to maximize these interests. There were only two aspects of Indian financial affairs in which the British government was directly and necessarily involved: firstly, India's ability to pay the annual interest charges on public and railway debt raised in London and guaranteed by the home administration; secondly, India's ability to provide funds for the training, maintenance, and pensioning of British troops in India and for their employment in an imperial role. All other British interests in India—those of investors, merchants, and manufacturers—were private and were defended or extended by British governments only under certain conditions and in certain circumstances. The most important private interest was that of the Lancashire cotton manufacturers which, many historians have assumed, represented an integral part of the British imperial system. It is true that in the mid and late nineteenth century British governments were receptive of the pressures applied from Lancashire, that the Government of India's tariff policy was shaped by the needs of British cotton manufacturers and that the principles of the 'imperialism of free trade' were, for a time, brought to bear on India.<sup>13</sup> But the shaping of Indian tariffs was also an issue in a larger confrontation over the making of India policy: as a recent study of the problem has made clear, the success of the cotton lobby in the nineteenth century was dependent on several factors, not least the role of Lancashire MPs in British politics and the de-

<sup>12</sup> See *ibid.*, p. 17; R. E. Robinson and J. A. Gallagher, *Africa and the Victorians*, London, 1961, p. 12.

<sup>13</sup> See, for example, P. Harnetty, *Imperialism and Free Trade: Lancashire and India in the Mid-nineteenth Century*, Manchester, 1972; 'The Indian Cotton Duties Controversy 1894-1896' in *English Historical Review*, 1962, pp. 684-702; R. J. Moore, 'Imperialism and Free Trade Policy in India, 1853-1854' in *Economic History Review*, 1964, pp. 135-45.

sire of Secretaries of State and Viceroy to use the tariff issue to assert their dominance over the Council of India in London and the Executive Council in Calcutta, and the failures of the 'cottonocracy' to dominate Indian tariff policy in the twentieth century are also explicable in terms of these wider issues.<sup>14</sup>

For the sake of brevity in the argument advanced here the cotton tariff issue will be used to exemplify the influence of private interests on imperial policy. Although it is important to remember the distinction between the interests of British firms and pressure groups in India and the purposes and priorities of successive British Governments' India policy, it is also true that, given the circumstances of the mid and late nineteenth century, the expansion of the export trade in British cotton manufactures was regarded as an important aim of that policy. Thus in 1880 the Government of India had an imperial commitment which meant three things in practice: that the Government of India should not impose any artificial barriers, especially tariffs, on the important sectors of Britain's export trade to India; that the Government of India should ensure the payment of interest on guaranteed railway stock and debt bonds and should meet its annual Home Charges; and that the Indian army should be available for imperial defence.

Each point of this three-pronged commitment cost the Government of India money. The revenues of nineteenth-century government, based on land, salt, and opium, were fairly inelastic. Direct taxes were politically dangerous, while there was not the revenue surplus available to sufficiently develop the Indian economy so as to give governmental finance a sounder base. The needs of British exporters prevented the Government of India from imposing a revenue tariff and from creating protected markets which would encourage the growth of Indian industry. In exceptional circumstances the cost of interest repayments could be crippling, while when the rupee/sterling exchange rate was unstable, as it so frequently was before India came off the silver standard in the 1890s losses on exchange were another drain on government financial resources. Even when the rupee had left the silver standard a slump in Indian exports could cause exchange difficulties. If the level of Indian exports, and hence the world demand for rupees to pay for them, was low, the Secretary of State would have to sell rupees cheap against sterling in London to raise enough to meet the Government of India's expenses in Britain. The army, with its high percentage of British troops whose training costs, pay, and pensions had to be provided for, was another expense, especially when it was overseas playing an imperial role. And when the Government of India attempted, in the late nineteenth century, to increase revenue by

<sup>14</sup> Clive Dewey, 'The Eclipse of the Lancashire Lobby and the Concession of Fiscal Autonomy to India' (forthcoming) in *Past and Present*.

decentralizing the tax system to give more scope to provincial governments, it was immediately confronted by demands from the localities and provinces for a greater share of what had been collected. Between 1880 and 1914 there were a number of crises in which the Government of India was forced to try to satisfy new domestic or imperial demands upon its resources. These were as yet only straws in the wind, but they did indicate that the established imperial relationship could not be continued indefinitely.

An export surplus was the great strength of the Indian economy. It was also the key to the financial stability of the Government of India. From the 1870s onwards, a fall in the gold price of silver and the abandonment of the silver exchange by a number of European countries caused a persistent decline in the (silver-based) rupee exchange rate against sterling and other gold-based currencies. This caused an increase in the cost of the Government of India's remittances to London (which had to be made in sterling). Until 1892-93 revenue had been adequate to cover the increased costs of these settlements, but in that year the Government of India began to run into deficit. The exchange crisis was overcome by going off the silver standard and by reducing the minting of rupees to raise their value (as coin, not as bullion) against sterling and other gold-based currencies. But the Government of India suffered severe exchange losses before this policy became effective and needed to increase its revenue to cover them.

The Currency Committee of 1893 recommended that an import tariff would be the best solution. As Britain was the largest supplier of imports to India, an import tariff would affect British exporters most. Only a decade earlier, in 1882, pressure from British mercantile and manufacturing interests, led by the Lancashire cotton magnates, had forced the Government of India to abolish its revenue tariff; despite this experience the government now realized that it had no option but to reimpose the import tariff for revenue purposes. Any increase in direct taxation (land revenue, income tax, etc.) would cause a political storm in India; the salt duty and excise had been raised in 1888, opium duties were near the point of diminishing returns; tobacco and sugar duties would be unpopular, general export duties would damage the competitiveness of the Indian export trade and might cause a balance of payments crisis. So the particular interests of British manufacturers had to be sacrificed to wider imperial ends. The Government of India did try to omit cotton imports from the proposed general 5 per cent *ad valorem* duty. But this exemption was strenuously opposed by both British and Indian non-official opinion in India and the government plucked up courage to ask London for a tariff on piecegoods also. The Secretary of State, Henry Fowler, was under counter-pressure from Lancashire interests and suggested the compromise of an additional 5 per cent countervailing excise on Indian cotton piecegoods to remove any suspicion of protection

from the proposals. The Government of India accepted this and imposed a 5 per cent tariff and excise in 1894; two years later renewed pressure by Lancashire on the Secretary of State secured a reduction of the tariff (and the excise) to 3½ per cent.<sup>15</sup>

Lancashire's successful campaign for a cotton excise has often been seen as a glaring example of the exploitation of Indian interests by British manufacturers. This is not the place to enter upon that controversy; however it is worth pointing out that the issue of the cotton excise has tended to obscure the significance of the imposition of a revenue tariff. The excise has been castigated by those who felt, and who feel, that the Government of India should have given protection to the developing Indian cotton industry against the more advanced British one. It is equally significant that, at a time when British goods were being granted preference against foreign competitors in Canada, New Zealand, and Australia, no question of imperial preference in India was considered. The imposition of tariffs in 1894 caused little fuss in Britain (except for within the cotton industry) because the five per cent level was so low, but the events of the early 1890s had demonstrated that in the event of a financial crisis in India the Government of India could and would impose a revenue tariff on British imports. By the 1920s revenue tariffs were the largest single source of governmental income in India.

The next financial crisis in India, that of 1907-09, demonstrated how insecure was the basis of the Government of India's free trade policy. The monsoon failures of 1907 and 1908 cut the level of agrarian production, and an acute industrial depression around the world lessened the demand for Indian raw materials. This resulted in a temporary deficit in India's balance of commodity trade, a drastic fall in the overall balance of payments surplus and a severe exchange crisis. In order to meet their exchange commitments the Government of India had to float loans in London. The cost of these, coupled with a falling off of the land revenue and customs revenue, reduced the budgetary surplus of 1907-08 to nothing and caused a deficit of almost £4,000,000 in 1908-09.<sup>16</sup> The financial outlook remained gloomy and in 1909 the Finance Department started to look around for extra revenue. Given the state of agriculture and the new voice of Indian opinion on the Legislative Council after Lord Minto's reforms of 1909, increasing the revenue tariff was the only possibility. Leaving aside the cotton duties, the Government of India proposed to increase the general revenue tariff to 7½ per cent and to impose a tariff of 2½ per cent on those goods (mainly Indian industrial

<sup>15</sup> See T. D. Rider, 'The Tariff Policy of the Government of India and its Development Strategy 1894-1924,' Ph.D. thesis, Minnesota, 1971, Chapter II; P. Harnetty, 'The Indian Cotton Duties Controversy 1894-96' in *English Historical Review*, 1962, pp. 684-702.

<sup>16</sup> *Moral and Material Progress and Condition of India during the Year 1911-12 and the Nine Preceding Years*, p. 153.

inputs) that had been exempted in 1894. When these proposals were sent to London Lord Morley, the Secretary of State, objected that they amounted to a tax on British exports. He asked for action to be postponed for a year in the hope that world trade would pick up again. By 1910 the major financial problems of the Government of India had indeed been solved by an export boom and a strengthened rupee.<sup>17</sup> Thus there was no further major revision of the revenue tariff before 1914, but the events of 1909 had shown what was likely to happen the next time the Government of India got into financial difficulties. Economic problems in India could also limit the imperial role of the Indian army. In the 1860s, 70s, 80s, and 90s the Indian army had proved its worth against minor native powers that crossed the path of expanding British ambitions. The Government of India had never been completely happy with this role; every time the British Government had called on India to supply troops for outside service (except in the case of the Burmese Wars) a bitter dispute had followed as to how much each government should pay. By 1896 a formula had been worked out by the India Office—the proportion of expense to be borne by the Government of India should depend on how greatly Indian interests were at stake in the result of the campaign. This only left the question of who was to decide whether or not India's interests were at stake. In 1900 the *Royal Commission on the Administration of the Expenditure of India* surveyed this whole matter and came to the conclusion that India should pay most of the cost of expeditions to Egypt, Persia and the Gulf, Afghanistan and Central Asia, and Siam; and some of the cost of expeditions to East Africa. But it also concluded that 'special cases may arise giving to India a direct and substantial interest in [and hence a duty to bear most of the cost of] questions connected with Europe or other territories to which the minute declares her to have, as a general rule, no interest.'<sup>18</sup> The question of how much India was to pay when her troops were used for imperial purposes remained one of the chief matters of dispute between London and Delhi until the Second World War.

There were also limitations on the type of opponent that the Indian army could tackle. During the late 1880s and 1890s British statesmen were increasingly worried that their Empire, 'some huge giant sprawling over the globe, with gouty fingers and toes stretched in every direction',<sup>19</sup> was under threat from a number of powerful rivals—the Russians, the Germans, the Japanese, and even the Americans. It was towards India that Russian ambitions turned, or appeared to turn in the nightmares of the British defence planners. The Committee for Imperial Defence, founded in 1902, spent over

<sup>17</sup> Rider, *op. cit.*, pp. 92-98.

<sup>18</sup> *Final Report of the Royal Commission on the Administration of the Expenditure of India*, Cmd 131, 1900, p. 139.

<sup>19</sup> Sir Thomas Sanderson, quoted in M. Howard, *op. cit.*, p. 11.

half its time for the first three years of its life discussing the Russian threat to India. It had always been accepted that the Indian army could not take on the Russians alone; in 1902 the Commander in Chief, India, had estimated that he would need 30,000 troops from the United Kingdom to counter a Russian advance against the Oxus (fighting against Russia was, needless to say, to take place in Afghanistan, not India). In 1900 Lord Curzon demanded 30,000 men immediately and another 70,000 if war were prolonged; by 1904 increased Russian mobility had pushed the requirements up to nearly 160,000 at once, with another 300-400,000 in the second year of the war. In 1907 the Committee for Imperial Defence scaled down this demand to 100,000 troops immediately and refused to commit itself on the question of reinforcements (for which Kitchener's figure had now risen to 500,000). Even this commitment would leave very few troops in barracks in the United Kingdom. The financial crisis in India also imposed constraints upon the defence planners. In 1904 Kitchener had proposed reforms in the army designed to adjust it to the demands of large-scale warfare; these reforms were to cost over £2 million per year for the years 1904-09. In 1907 this expenditure had had to be scaled down and in 1909 it was abolished. Not surprisingly the British Government's reaction to all this was to come to a *detente* with Russia in 1907. The Government of India protested that this would encourage Russian ambitions in Afghanistan but, since the British tax-payer would have to meet the cost of a Russian war, the British Government did not listen.<sup>20</sup>

Mounting demands from within India for a greater share of governmental resources provided the final constraint on the Government of India's imperial role. In the late nineteenth century the structure of government in India was still extremely centralized. The Government of India Act of 1858, by which the East India Company's rule was ended and India was put under the direct control of the British Crown, created a rigid hierarchy of power from the Secretary of State in London, through the Government of India to the provincial governments. Nowhere was this centralization more important than in the administration of government finance. The bulk of Indian revenue, including the staple land revenue, was collected in the provinces, but it was all sent up to the Government of India. The centralized empire of 1858 was a magnificent structure, but it was also a hollow one. It could not raise enough revenue to keep itself going and it contained no machinery by which, short of rebellion, its subjects could attract its attention. The Government of India was constantly in financial difficulty in the second half of the nineteenth century. The cost of the Mutiny, fluctuations in the rupee exchange rate, and provincial schemes of public works and social reform all required in-

<sup>20</sup> *Ibid.*, pp. 13-20; *Moral and Material Progress and Condition of India during the Year 1911-12 and the Nine Preceding Years*, p. 327.

creased expenditure, while the traditional revenue resources of land, opium, and salt taxes were largely inflexible. New forms of taxation were required, but the Government of India did not know enough about its subjects to be able to devise and administer effective and safe new taxes. Devolution was the only answer.

This devolution took two forms. Firstly, provincial and local administrations (in the form of provincial governments and district and municipal councils) were encouraged to find new revenue resources and to exercise economy in the spending of them by being allowed some autonomy of administration. Secondly, representative Indians, nominated at first and then elected, were increasingly associated with these local and provincial administrations. In 1870-71 the Viceroy, Lord Mayo, made the major provincial administrations responsible for the running of many of their own departments, including police, jails, education, and the building of roads. During the 1870s, 1880s, and 1890s the provincial governments were allowed to retain a larger and larger share of the revenue that they had collected, only the money from 'imperial' sources—customs, salt, land revenue, and posts and telegraphs—being sent up to the Government of India. The provinces could not raise enough for their own needs, however, and a series of quinquennial settlements had to be made by which a set proportion of the land revenue was given back to the province in which it was collected. At the same time, the power of Indian representatives in local government was increased. It was thought that Indian members of municipalities and district boards would be more efficient in raising, and more careful in spending, local taxes if they were responsible to an electorate. Thus in the United Provinces each successive financial crisis since the 1860s had resulted in municipal government becoming more representative. Baring and Colvin, the Finance Members of the Government of India in the early 1880s, were the main supporters of Lord Ripon's attempts to make the structure of local government democratic.<sup>21</sup>

The administrative changes of the late nineteenth century never completely solved the financial problems of the Raj. Limited devolution was not enough. Even in the 1880s, when the provincial governments retained all the receipts from law and justice, education and public works and the provincial rates and half the proceeds of the forests, excise, stamp tax, registration fees and licence (income) tax, they had not sufficient funds to release the whole of the land revenue for the use of the Government of India. Granting administrative responsibility encouraged greater, not less, expenditure. Nor could Indians be given political power only as it suited the fiscal needs of the

<sup>21</sup> See F. C. R. Robinson, 'Consultation and Control: The United Provinces' Government and its Allies 1860-1906' in *Modern Asian Studies*, 1971, 5, 4, p. 325; A. Seal, *The Emergence of Indian Nationalism*, Cambridge, 1968, p. 153.

Raj. As Evelyn Baring pointed out in 1883, 'when once the ball of political reform is set rolling, it is apt to gather speed as it goes on.'<sup>22</sup> By 1914 administrative, financial, and political pressures for further devolution were growing space. Were they to be accommodated, then the imperial resources of the Government of India would be limited still further. While there was no financial autonomy in the provinces the Government of India was able to enjoy a share of the land revenue and, in time of crisis, to eat up provincial surpluses to meet imperial commitments. This system helped the Government of India to survive the exchange difficulties of the 1890s but, as the *Royal Commission upon Decentralisation in India* discovered in 1908, the days of 'divided' revenue heads (collected by the provinces and spent by the centre) were numbered.<sup>23</sup>

In 1913, then, India still had a large part to play in supporting the British world system of profit and influence, but it was a role less solidly based than it appeared. Bad harvests in India, a depression in world trade, a change in the balance of power in Asia which would place new demands on the Indian army, a decline in the competitiveness of British exports or the emergence of rivals for the Indian market, a serious disturbance in the exchange rate of the rupee, increasing demands for the protection and encouragement of Indian industries, the need to devote more revenue to buying off the demands of Indian politicians for a share in the resources of government—all these could jeopardize the delicate balance that the Government of India had struck between fulfilling domestic and imperial commitments. The Government of India could still fulfil traditional imperial roles so long as no sudden or unexpected demands were made; but the outbreak of war in Europe in 1914 was to be the death-knell of the self-regulating British empire and of India's days as the glorious jewel in the British imperial diadem.

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The new demands which the United Kingdom made upon her colony in 1914-18, coupled with the drastic effects of the war on world trade, placed an enormous strain upon the Government of India, by 1916 India had, in the words of the Viceroy, been bled 'absolutely white.' Her major contributions had been in supplying man-power, money, and materials for the war effort. In 1914 Indian revenues had been supporting 80,000 British troops and 230,000 Indian ones (including noncombatants). During the war the Government recruited over 800,000 combatants and over 400,000 noncombatants. These vast numbers of new troops had to be paid for. The Imperial Government had agreed to cover the 'extraordinary' expenditure that the Govern-

<sup>22</sup> Quoted in Seal, *op. cit.*, p. 161.

<sup>23</sup> *Royal Commission upon Decentralisation in India*, Vol. I, Report, Cmd 4360, 1908, p. 25.

ment of India incurred during the war, but military expenditure chargeable to Indian revenues rose from £20 million in 1913-14 to £30 million in 1917-18. In practice the 'extraordinary' expenditure, too, had to come out of the Government of India's coffers since although the Imperial Government gave a credit for it there was no way of remitting this money from Britain to India. In 1917-18 the Government of India's 'imperial' expenditure was over £110 million (including the Home Charges); in 1918-19 the total was £140 million. In addition, in 1916 the Government of India took over £100 million of the British Government's war loan. By minting vast numbers of new silver rupees (the silver for which was bought by London), by contracting £75 million worth of War Loans in India, and by raising its revenue by 16 per cent in 1916-17, by a further 14 per cent in 1917-18 and by a further 10 per cent in 1918-19, the Government of India managed to make ends meet at the cost of a national debt of £370 million and of severe financial difficulties after the war.<sup>24</sup>

The war also had a drastic effect, on the pattern and level of Indian trade. The first year of the war saw a considerable fall in both Indian exports and imports. Shortage of shipping, an embargo on trade with Germany and Austria, and the gearing of other allied economies to Britain's war needs, all contributed to this and continued to depress the level of Indian trade throughout the war. The Government of India took steps to ensure that Indian industry, too, made a contribution to the war effort. In 1915 restrictions were placed on the export of hides to anywhere except Britain; a similar ban was put on raw and manufactured jute exports and partial bans imposed on cotton, raw wool, foodgrains and oils and most metals. Both India's export and internal trade were also severely affected by the strain on the railways caused by military activity. There was no new investment in the railways during the war and India had also to construct and supply the lines needed for the Mesopotamia campaign. By the end of the war there was a severe shortage of rolling stock and the Government of India estimated that 'a long time must elapse before Indian railways can be brought up to the pre-war standard of efficiency.'<sup>25</sup>

The strains on the Indian economy caused by the war had a drastic effect on everyday life. The problems of transportation and remittance had led to a considerable rise in the prices of India's main imports—cotton piecegoods, sugar, iron and steel, salt and kerosine—and had also disrupted the established patterns of production and distribution within India. In 1917 good harvests had kept the price of agricultural produce low, but profiteering and shortages had raised the price of salt, oil, spices, cloth, and kerosine to abnormally

<sup>24</sup> See *Moral and Material Progress of India during the Year 1917-18*.  
<sup>25</sup> *Ibid.*, pp. 95, 106-07.

high levels. In 1918 increased military activity, large new recruitment, and a considerable expansion in the production of munitions, coupled with an increased army demand for food and cloth, occurred at the same time as a failure in the monsoon. Famine and epidemic disease broke out for the first time in ten years. Strikes and agrarian unrest grew; only the slowing down of the war effort as the armistice approached kept the situation within bounds.

Both the disruption of trade and the demand for war supplies encouraged a significant growth in Indian industrial activity during the war. Most of this activity was in import substitution industries rather than in production for export. While the export-orientated jute and tanning industries declined or stagnated, the cotton industry began to produce more for the home market and the iron and steel, cement, sugar, engineering, and chemical industries expanded. The war did not create an industrial boom in India—the shortage of capital and of imported machinery prevented that—nor did it produce a complete break with what had gone before—many of the new developments had in fact been building up in the pre-war years. But it did create an important new source of pressure upon government tariff policy. Indian industrialists now thought of supplying the home market. Temporarily protected from outside competition, the new enterprises, and old ones that had enjoyed increased home demand, would suffer from a return to pre-war conditions. Before the war Indian industrialists had been able to live with the modified free trade policy of the Government of India. But the enterprises that had developed during the war had, in practice, been operating in a protected market and would bitterly oppose any attempts to return to a free trade policy once the war was over.<sup>26</sup>

India's large contribution to the imperial war effort had to be paid for. The cost was presented to the Government of India in two forms—the need simply to find adequate finance to sustain India's effort throughout the war, and the need to assuage Indian political demands and agitations that had grown out of the sufferings and disruptions caused by India's role as an imperial appendage. The resources to meet both the financial and the political cost of India's war effort were found by reducing India's future role in the British imperial system. Britain had been able to command large amounts of support from India in her time of need, but the strains that this had caused meant that in more normal times British imperial interests in certain vital fields would be subordinated to Indian domestic requirements.

The first sign of this came in 1916. By then the Government of India needed desperately to raise additional revenue. As in earlier crises, the officials turned to a revenue tariff on imports. In fact, there was little alternative;

<sup>26</sup> *Report on the Conditions and Prospects of British Trade in India*, Cmd 442, 1919, Part II; Rider, *op. cit.*, pp. 240-65; A. K. Bagchi, *Private Investment in India 1900-39*, Cambridge, 1972, pp. 78-81.

other less imperially sensitive revenue sources, such as income tax, were also being screwed up as high as they would go. In March 1916 the 1910 tariff proposals of a 7½ per cent general rate were revived. The Government of India wanted to remove the excise on Indian products completely, but realized that revenue considerations would not allow this yet. It also proposed that the cotton tariff, but not the excise, should be raised. The Home Government refused to allow any increase in the cotton tariff, but accepted the other tariff increases without demanding a counter-vailing excise. The raising of the general tariff without a similar raising of the excise, an example of 'protectionism' that London had never before allowed, seemed to mark a new departure in the tariff policy of the Government of India. Nor were British cotton manufactures to escape for long. The Government of India's £100 million gift of 1917 had to be paid for both materially and politically and the Cabinet now accepted that British cotton manufacturers would have to play a part. When the question of an Indian monetary contribution to the British war effort had first been raised in October 1916, Delhi had suggested a sum of £50 million. But the Home Government wanted more than this and the Government of India eventually accepted the figure of £100 million, but only on condition that the cotton tariff could be raised to 7½ per cent. The Viceroy and the Secretary of State also wanted to abolish the cotton excise completely, arguing that 'there is no single announcement which would do more to unite Indian opinion' in favour of the proposed contribution. After testing opinion in Lancashire and in Japan (which sent 1/6th of her cotton goods exports to India in 1916) the Cabinet allowed the tariff increase but insisted that the excise be retained at 3½ per cent.<sup>27</sup> In March 1917 when an angry deputation of Lancashire manufacturers protested to Austen Chamberlain about the tariff increase he told them that the political implications in India of refusing the increase would have jeopardized the whole Indian war contribution.<sup>28</sup>

The major effect of the war on Indian affairs was the acceleration of various schemes of constitutional reform, culminating in the Government of India Act of 1919. The new cry was for a statement by the British Government of its eventual aims in India, rather than for more piece-meal and supposedly evolutionary schemes. By April 1916 the pressures on the Government of India for an announcement of British long-term policy had become inexorable. With the two major Indian political associations, the Congress and the Muslim League, about to bring out their own reform proposals, a promise of striking advances after the war was needed to attract the 'moderates' to the support of the government. In November 1916 the Government of India

<sup>27</sup> CAB 23/1 War Cabinet no. 24 of 1.1.17; no. 48 of 30.1.17, Appendices.

<sup>28</sup> Rider, *op. cit.*, pp. 264-78.

passed a long resolution proposing a definite goal for British policy—'the endowment of British India as an integral part of the Empire, with self-government'—and some steps towards attaining it, including increased representation in local government and on provincial councils and an increase in the proportion of Indians in the higher reaches of the civil service.<sup>29</sup>

This resolution was considered first by the India Office (which criticized it as not handing over enough financial and administrative responsibility to Indians to attract useful collaborators) and then, in June 1917, by the War Cabinet. The Cabinet discussion was dominated by a clash between Edwin Montagu, the Secretary of State, and Lord Curzon and Austen Chamberlain over the implications in India likely from any broad statement of future policy. All, however, were agreed that the Government of India's formula was too vague and cumbersome and by August the Cabinet had come up with one of its own, which formed the basis of Montagu's subsequent declaration:

The policy of H.M. Government... is that of increasing association of Indians in every branch of the administration, and the gradual development of self-governing institutions, with a view to the progressive realisation of responsible government in India as an integral part of the British Empire.<sup>30</sup>

The Cabinet also directed Montagu to go out to India to draw up the principles of a scheme of constitutional reform on this basis.

One of the most striking points about the discussions surrounding the 1919 Government of India Act is that no one considered how the reforms might affect India's imperial role. To most members of the Cabinet (excluding Montagu) the purpose of the constitutional changes was purely defensive—not to reward India's efforts during the war, not because any milestone had been passed in the evolution of Indian political opinion, but because 'if the Government does not take charge of the operation, someone else will... and there may easily grow up a disaffection that would soon become dangerous.'<sup>31</sup> The devolution of increased political power and responsibility onto Indians was simply a device to buy support. It was clear to the Government

<sup>29</sup> S. D. Waley, *Edwin Montagu*, London, 1964, p. 132.

<sup>30</sup> *Ibid.*, p. 136; see also CAB 23/3, War Cabinet no. 214 of 14.8.17. The discussion in the Cabinet had been over whether 'responsible government' or 'self-government' was to be the formula used. Under Curzon's prompting 'responsible government' was selected although, as Montagu pointed out, 'It requires a better educated man than myself to know the difference, but if it lies anywhere, "responsible Government" I should have thought, pledges more than "self-Government".' S. D. Waley, *Edwin Montagu*, London, 1964, p. 135.

<sup>31</sup> CAB 24/17, G.T. 1199 Memo on Indian Reforms by Lord Curzon 27.6.17.

of India, to the Home Government, and even to Montagu that 'the Government of India... was concerned with the supreme interests of the country and was not the right sphere in which to initiate constitutional changes.'<sup>32</sup> The 1917 declaration had promised advance to eventual self-government within the empire; as Montagu pointed out to the House of Commons in February 1922, such advance was conditional on Indian 'good conduct' and, in the imperial context, this included loyalty to the empire. If Indians refused to use their increased power to play a part in the imperial system Britain would and could return to coercion.<sup>33</sup>

But in practice the reforms of 1919 did affect the Government of India's ability to respond to imperial demands. The Act created a Central Legislative Assembly in which Indian politicians could debate government policy. Although they had no powers to pass or reject legislation without the Viceroy's consent, the Government of India now had to take into account Indian opinion—constantly, articulately, and constitutionally expressed. The Act also aimed to give some power to Indian politicians in the provinces. Indian control in the provinces, it was thought, would not affect India's imperial role as the areas of government to be handed over—education, local self-government, public health, labour, and industry—were of purely domestic concern. But this was a miscalculation. For the reforms to work in the provinces the Indian politicians had to be given financial resources adequate to reward their followers. Thus the whole centralized system of governmental finance had to be overhauled. Increasing the resources available to the provinces meant limiting those of the Government of India at the centre.

Once the need for Indian participation in provincial government was recognized, increased financial decentralization became necessary. The Montagu/Chelmsford report of 1918 and the parliamentary Joint Select Committee on the 1919 reforms both recommended a complete separation of provincial and central revenues. In 1920 a definite scheme was worked out whereby the provinces were to receive all receipts from land revenue, irrigation, excise, and general stamps while the Government of India's income was to be based on opium and salt taxes, income tax, and the revenue tariff. The provinces would gain Rs 18,50,000 p.a. in revenue (at an average of Rs 2,55,000 each); the Government of India would lose Rs 10,00,000 p.a. To compensate for this the provinces were to make annual contributions to the central exchequer totalling Rs 9,83,000 (reducing their revenue increase to Rs 8,67,000, an average of Rs 96,000 p.a.).<sup>34</sup> This arrangement, known

<sup>32</sup> CAB 23/6, appendix to War Cabinet no. 428 of 17.6.18, Note by Mr. Montagu 29.5.18.

<sup>33</sup> CAB 23/29, Conference of Ministers 9.2.22; Waley, *op. cit.*, p. 270.

<sup>34</sup> *Report of the Committee appointed by the Secretary of State for India to advise on the question of the Financial Relations between the Central and Provincial Governments in India* (Meston Committee), Cmd 724, 1920, pp. 3-8.

as the Meston Award, caused great annoyance to the provincial governments and the system of provincial contributions lapsed in 1927-28 after only six years.<sup>35</sup> All the provinces, especially Madras, complained bitterly about their contributions, and one, Bengal, was allowed to cease payments after only one year (thus depriving the Government of India of 19 per cent of its provincial contributions). The Government of India was now dependent on the income tax and the customs for raising substantial amounts of new revenue: raising the income tax would be unpopular in India; raising the customs tariff would be unpopular in Britain. In the political circumstances of the 1920s it was to be Lancashire, not Bombay, that would suffer most.<sup>36</sup>

By 1919 the Government of India had already won autonomy from London for its tariff policy under the terms of the 'fiscal autonomy convention.' In 1916 the need to finance India's war effort had forced London to allow an Indian tariff that was clearly protectionist in effect, if not in theory. At the same time the Government of India had announced that the whole basis of its tariff policy would be reviewed once the war was over. Schemes of imperial tariff reform and preference, including India, were circulating freely in Britain at the end of the war and the British experience with the Dominions had shown that internal tariff autonomy was an essential part of any scheme of mutual preference. These factors, coupled with the growth of import-substitution industries in India during the war, helped to prepare the ground. In their 1918 report, Montagu and Chelmsford suggested fiscal autonomy for India on economic and also on political grounds:

So long as the people who refuse India protection are interested in manufactures with which India might compete, Indian opinion cannot bring itself to believe that the refusal is disinterested or dictated by care for the best interests of India.<sup>37</sup>

The idea of fiscal autonomy was picked up by the Joint Select Committee on the Government of India Bill and written into the legislation as a convention that 'the Secretary of State should, as far as possible, avoid inter-

<sup>35</sup> In 1908 the Royal Commission on Decentralisation had considered various schemes to separate provincial and central revenues completely with the provinces making contributions to the Government of India, but had rejected them all as likely to cause tension between the centre and the provinces and giving the impression in the provinces of paying tribute to an outside and hostile Government of India. *Royal Commission on Decentralisation in India, Vol. I, Report*, Cmd 4360, 1908, p. 32.

<sup>36</sup> Interestingly enough, when Meston and his colleagues were consulting the provincial governments over their contributions they found that 'it has been pressed upon us that the Government of India ought to meet their own deficit by special taxation, and a high protective tariff has frequently been mentioned to us as an easy solution to the problem.' *Ibid.*, p. 5.

<sup>37</sup> *Report on Indian Constitutional Reforms 1918*, Cmd 9109, 1918, para 342.

ference when the Government of India and its Legislature are in agreement.<sup>38</sup>

As it eventually emerged, the fiscal autonomy convention was not quite what Montagu and Chelmsford had envisaged in 1918. It was only a convention; a bargaining counter for the Government of India against Indian and the British critics of its tariff policy. Montagu interpreted the convention to mean that London could not interfere in an established Government of India tariff policy, but later Secretaries of State were not prepared to be so passive. In 1923, for example, Lord Peel reminded the Viceroy that the convention did not apply until the Government of India had worked out a definite proposal and that London would have to be consulted before matters ever reached that far.<sup>39</sup> It is true that no Secretary of State in the 1920s raised serious objections to any tariff proposal, but this was a political calculation and, as the events of 1930-31 were to show, in certain circumstances London would consider the political consequences of Government of India tariff policy in Britain to outweigh the consequences in India.

Of itself the 1919 Government of India Act produced no new formal limitations of India's imperial role, but the Government of India's imperial role was not itself formal, it was simply a reflection of its ability at any given point to respond to the demands of British policy-makers for commercial, financial, or military assistance, balanced by the domestic demands of Indian opinion and the limitations of its own exchequer. Thus when, in the early 1920s, the Government of India took up an attitude which severely damaged British military and commercial expectations, this new stance was based on the old considerations of financial stringency and domestic political pressure, not on any new formal constitutional arrangements.

From 1920 to 1923 the Government of India suffered another major financial and exchange crisis. The appreciation of the rupee during the war continued for a year after the armistice; in December 1919 the sterling/rupee exchange rate stood at 2s 5d, 75 per cent up on the pre-war level. This rise was due to India's large positive balances of trade during the war and a heavy demand for rupees to pay for India's exports, coupled with the remittance difficulties and the high price of silver in the war years. In February 1920, acting on the advice of the Babington-Smith Committee (*Committee on Indian Exchange and Currency 1919*), the Government of India tried to hold the rupee at 2s gold. But a sudden contraction of world trade revealed the rupee as over-valued against other world currencies and by mid-1920 India was running a balance of trade deficit, rupees were less and less in demand and at the end of September the expensive attempt to maintain the exchange

<sup>38</sup> CAB 24/166, CP 299(24) Memo on Indian Fiscal Policy by the Secretary of State 13.5.24.

<sup>39</sup> Secretary of State to Viceroy (Commerce and Industry Department) undated [December 1923] Baldwin MSS E 1 93.

rate was abandoned. In 1921 the value of the rupee fell to 1s 3d sterling (1/- gold) and then slowly rallied to 1s 4d sterling in January 1923 and finally to 1s 6d sterling in October 1924.<sup>40</sup> The Indian balance of commodity trade, on which so much of the system of government and imperial finance depended, showed a deficit of Rs 798 million in 1920-21 and Rs 339 million in 1921-22.<sup>41</sup>

The trade situation, the falling exchange rate, and other commitments had a disastrous effect on the finances of the Government of India. The bad monsoon and trade depression added to high military expenditure had caused a deficit of Rs 6 crores in 1918-19; the Afghan War of 1919 caused a deficit of Rs 24 crores in 1919-20; the depression in the export trade, a bad monsoon, and the cost of the falling exchange rate caused a deficit of Rs 21 crores in 1920-21: in 1921-22 agricultural and trade depression caused a short-fall in all major revenue heads, while the losses on exchange, the higher interest charges on sterling debts and increased military expenditure caused a deficit of Rs 33 crores. To make good this deficit, the Government of India had to borrow in London and between March 1919 and March 1923 had increased its public debt from Rs 411 crores to Rs 781 crores.<sup>42</sup> In June 1922 this avenue seemed to close also, for a Government of India loan of £12.5 million floated in London was immediately quoted at  $\frac{3}{4}$  to 1 per cent discount and 63 per cent of it was left in the underwriters' hands.<sup>43</sup> Increasing revenue and decreasing expenditure seemed to be the only answer, but increasing revenue meant raising the tariffs and decreasing expenditure meant cutting the army budget. Thus a domestic crisis again compromised the Government of India's imperial commitments.

To avoid drastic retrenchment, win the support of the Indian representatives in the Central Legislative Assembly, and to deprive Gandhi's non-cooperation campaign of an issue on which it could rally massive support,

<sup>40</sup> Royal Commission on the Indian Currency and Finance 1926, Vol. II Appendices, Appendix III; Bagchi, *op. cit.*, pp. 62-64.

<sup>41</sup> Indian commodity trade 1918-19 to 1923-24 (in Rs millions):

|         | Imports | Exports | Surplus/Deficit of Exports |
|---------|---------|---------|----------------------------|
| 1918-19 | 1,886   | 2,553   | +667                       |
| 1919-20 | 2,217   | 3,360   | +1,143                     |
| 1920-21 | 3,476   | 2,678   | -798                       |
| 1921-22 | 2,826   | 2,487   | -339                       |
| 1922-23 | 2,462   | 3,161   | +699                       |
| 1923-24 | 2,372   | 3,634   | +1,262                     |

SOURCE: *Statistical Abstract of British India*.

<sup>42</sup> *Moral and Material Progress and Condition of India during the Year 1920*, pp. 78-79; ditto 1922-23, p. 107.

<sup>43</sup> Reading, Rufus Isaacs 1914-1935, London 1945, p. 212.

the Government of India decided to raise the revenue tariff in 1921. The proposals were for an increase in the general rate, including cotton, and a new high tariff on certain luxuries. The Indian MLAs responded eagerly to an opportunity to raise the cotton tariff; on this occasion the protests of Lancashire were unavailing. Anxious to underline the implications of the fiscal autonomy convention, and concerned about the impact of continued budgetary deficits on India's credit-worthiness, Montagu supported the Government of India.<sup>44</sup> But raising the revenue alone was not enough; some cuts in expenditure were also necessary. The most obvious and expedient place to make economies was in the army budget. It was unfortunate that, just when the Government of India had reached this decision, the British defence planners suddenly decided that they had a new, extensive, and expensive imperial role for the Indian army to perform.

In 1918 the British had found themselves heirs to the old Turkish *vilayats* and Russian spheres of influence in the Near and Middle East.<sup>45</sup> Britain and her Arab allies had conquered Palestine and Syria, and had helped to liberate the *Hejaz*; the Indian army had occupied Mesopotamia (Iraq), had overawed the Persians and had supported Ibn Saud in Arabia. At the same time the collapse of Russia and the eastward advance of the Turkish armies had stimulated the Government of India to send troops to hold the line between Batum on the Black Sea and Baku on the Caspian, and this in turn encouraged the independent republics of Georgia, Armenia, Azerbaijan, and Daghestan. British policy-makers began to think of the advantages of retaining these new outposts of empire—Palestine, the Basra and Baghdad *vilayats* of Iraq, Kuwait and spheres of influence in Persia and southern and western Arabia were to be woven into the imperial tapestry.<sup>46</sup> To Lord Curzon, at least, the reasons for these advances were clear: 'You ask why should England do this? Why should Great Britain push herself out in these directions? Of course, the answer is obvious—India.'<sup>47</sup>

Such grandiose schemes looked attractive in the romantic twilight of the closing months of the war. But in the cold light of peace, with a financial crisis and demands for social reform in Britain, and with the Turks and the Red Army moving against the new outposts of empire, a line had to be drawn between luxuries and necessities. By the end of 1919 informal control had been deemed sufficient for Persia and Southern Russia and the Greeks had been encouraged to attack Turkey. In Iraq, too, the fear of Russian or

<sup>44</sup> See Rider, *op. cit.*, pp. 301-05.

<sup>45</sup> This section covers ground first explored by Prof. J. A. Gallagher in the 1974 Ford Lectures.

<sup>46</sup> CAB 27/22, conclusions of Eastern Committee 19.3.17.

<sup>47</sup> CAB 27/24, shorthand notes of Eastern Committee Meeting 9.12.18. Ironically, it was Montagu who was the recipient of this homily.

Turkish invasion, and of the commercial infiltration of French and American oil companies, was not strong enough to outweigh the £30 million needed each year to maintain the garrison.<sup>48</sup> In June 1920 the Secretary of State for War and the Chief of the Imperial General Staff reported to the Cabinet that Britain's forces were severely overstrained in this theatre and that the only way to avert eventual disaster was to withdraw.<sup>49</sup> In December of that year, in view of the 'growing demand at home for retrenchment,' the Cabinet authorized the withdrawal of British troops in Persia to the line of defence of the Basra oil-fields and the cutting of the garrison in Iraq to a minimum.<sup>50</sup>

There was only one alternative to a curtailment of direct British influence in the Middle East—the employment of the Indian army in its traditional role as a cut-price Imperial garrison.<sup>51</sup> In the mid-1920 India was contributing ten infantry battalions to the garrison in Iraq, nine in Egypt, seven in Palestine, six round the Black Sea and smaller formations in Malaya, North China, Hongkong, Aden, Cyprus, and the Persian Gulf.<sup>52</sup> In view of the necessity of withdrawing British troops from Iraq, the Government of India was then invited to provide an additional 39½ battalions of infantry and pioneers, four regiments and a troop of cavalry, ten companies of sappers and miners, and four companies and a troop of signallers. The Viceroy was warned that this contribution was only a beginning.<sup>53</sup> In 1919 military expenditure resulting from the Afghan war had caused a deficit in the Government of India's budget: Britain's new demands on India would push the cost of the army up to £60 million a year (40 per cent of the net revenue of India). Delhi argued that such a commitment would cause a complete breakdown in the political situation in India—the C.L.A. would refuse to vote any new taxes and if the Viceroy used his special executive powers under the 1919 Act, the Indian members of his Executive Council would resign.<sup>54</sup> In these

<sup>48</sup> CAB 23/20, conclusions of Conference of Ministers 23.1.20; CAB 23/21, ditto of 18.6.20; CAB 23/23, 69(20) of 13.12.20.

<sup>49</sup> CAB 23/22, conclusions of Conference of Ministers 18.6.20.

<sup>50</sup> CAB 23/23, conclusions of Conference of Ministers 1.12.20.

<sup>51</sup> Actually there was one other alternative—calling on the Dominions to supply troops. At the suggestion of the General Staff, the Dominion governments were invited to send troops to Iraq at Britain's expense. Predictably, all refused except New Zealand—which offered both a battalion and the money to pay for it. In view of the other refusals, the Cabinet reluctantly turned down this offer. CAB 23/22, 41(20) of 15.9.20, 53(20) of 30.9.20.

<sup>52</sup> CAB 4/7, 252-B Memo on 'Naval, Military and Air Obligations devolving on India' 13.7.20. There were another 45 British and 105 Indian infantry battalions in India as well as 8 British and 24 Indian cavalry regiments.

<sup>53</sup> CAB 6/4, 119-D Telegram 11581 of 3.9.20, Viceroy Army Department to Secretary of State.

<sup>54</sup> *Ibid.*, 117-D Note 'Indian Military Expenditure' by Finance Dept. India Office, circulated 7.12.20.

circumstances the Government of India refused to accept 'an obligation to supply permanent overseas garrisons to mandated territories'<sup>55</sup> and the Secretary of State pointed out:

So far as India is concerned, all idea of initiating as a normal peace measure a scheme, whereby she is to become the base for vast military operations in the Middle and Far East, must be definitely abandoned; if public opinion in India would tolerate it, Indian revenues cannot bear the charge. Even more modest schemes under which India is to be asked to furnish large military garrisons in the Middle East in times of peace, will have to be modified. In short, we must definitely get out of our heads the vague idea too often entertained, that India is an inexhaustible reservoir from which men and money can be drawn towards the support of Imperial resources or in pursuance of Imperial strategy.<sup>56</sup>

Indian garrisons in Iraq were not all that was at stake here. In the brave days of 1919 the British Government had been completely reviewing India's place in the system of imperial defence. The *Army in India Committee* (Esher Committee) had been set up to investigate the future imperial role of the Indian army, and to examine the tortuous chain of command over it, especially the relationship between the C.I.G.S., the War Office, the India Office, the Viceroy, and the Commander in Chief, India. Early in 1920 this committee submitted its report, which began ominously: 'Novel political machinery created by the Peace Treaty has enhanced the importance of the Army of India relatively to the military forces of other parts of the Empire, and more particularly to those of the British Isles.' The report went on to hint that as mobilization halted in Britain the Government of India should prepare itself to intervene in Eastern Europe and the Near and Middle East should the occasion arise. This commitment would involve considerable, and expensive, reforms in the Indian army and would necessitate bringing the command of the army under the C.I.G.S. The freedom of action of the Secretary of State and of the Governor-General-in-Council were to be limited, the Commander in Chief, India, was to be the sole military adviser to the Viceroy, the C.I.G.S. was to be the sole military adviser of the Secretary of State, and the Military Department of the India Office was to be abolished. When the army was used in an imperial role, direct commands were to go from the C.I.G.S. to the Commander in Chief, India.<sup>57</sup>

Both the India Office and the Government of India protested loudly about

<sup>55</sup> *Ibid.*, 119-D Telegram 11581 of 3.9.20, Viceroy Army Dept. to Secretary of State.

<sup>56</sup> *Ibid.*, 118-D 'Indian Military Expenditure' Memo by Secretary of State for India 24.12.20.

<sup>57</sup> CAB 6/4, 115-D 'Report of the Army in India Committee 1919-20 Part 1.'

the implications of this report. They emphasized the political and financial implications on using Indian resources for imperial military needs, and stressed the importance of retaining the full powers of the Secretary of State and the Viceroy in the chain of command. Both made it clear that the Indian army should not, normally, be used outside India's borders and that its costs must be scaled down, but boosted up to meet imperial requirements. It was pointed out that Indian moderates and even British residents in India were very sensitive on the question of the 'exploitation' of the Indian army, and that, even though the direct costs of the Indian troops abroad were to be met by the imperial government, the problems of demobilization, compensation pay for overseas service, and the uncertainties of resultant future commitments, all put up the expenditure of the Government of India.<sup>58</sup> In a despatch to the Secretary of State the Government of India quoted approvingly the resolution of the Central Legislative Assembly that:

...the purpose of the Army in India must be held to be the defence of India against external aggression and the maintenance of internal peace and tranquillity...[It] should not as a rule be employed for service outside the external frontiers of India except for purely defensive purposes or with the previous consent of the Governor-General in Council in very grave emergencies...<sup>59</sup>

After a flurry of memos and bitter arguments between the Secretary of State for India and the War Office the whole matter was taken up by a sub-committee of the Committee for Imperial Defence. This eventually reported in June 1922 and its recommendations were approved by the Cabinet in January 1923. The new proposals cancelled out the Esher Committee plans almost completely. The Viceroy and the Secretary of State for India were restored to a central position in the Indian army command and were to be consulted on the political and financial situation in India before any Indian contribution to imperial schemes was considered.<sup>60</sup> The C.L.A. resolution on the Esher Committee Report was singled out as stating 'accurately and concisely the objects for which the Army in India exists.' On the employment of the Indian army overseas:

It is recognised that the Indian Army cannot be treated as if it were absolutely at the disposal of His Majesty's Government for service outside India.

<sup>58</sup> *Ibid.*, 119-D Telegram 11581 of 3.9.20, Viceroy Army Dept. to Secretary of State.

<sup>59</sup> *Ibid.*, 122-D Viceroy Army Dept. to Secretary of State 30.3.21.

<sup>60</sup> One of the Viceroy's major objections to the demand for reinforcements in Iraq in 1920 had been that he had not previously been consulted or even kept abreast of events. (*Ibid.*, 119-D Telegram 11581 of 3.9.20 Viceroy Army Dept. to Secretary of State).

The principle should be generally accepted that, except in the gravest emergency, the Indian Army should be employed outside the Indian Empire only after consultation with the Governor-General in Council.... The view of the Government of India that the Indian Army should not be required permanently to provide large overseas garrisons is supported. Units required for such purposes should be maintained in addition to the establishment laid down for the Indian Army, and the whole cost, direct or indirect, of recruiting and maintaining such units should be borne by His Majesty's Government, or by the dependency or colony requiring their services.<sup>61</sup>

This position was held for the rest of the decade. The Indian army still played a limited imperial role, but at London's expense. Indian troops could still be used to bolster up the British position in the East, but they had to be bargained for as mercenaries; they could not be summoned by right and at no expense. The Indian army had become a pawn in the political battles waged between London and New Delhi and between the Government of India and its critics. As the Finance Member, Government of India, admitted in 1927:

...[T]he existing scale of military expenditure is a disastrous burden upon India. There is a crying need for more and more expenditure upon the betterment of the conditions of life for the people of India and since the Reforms there is at least the beginning at any rate of an effective popular demand for such expenditure.<sup>62</sup>

The Indian politicians leading this demand, both at the centre and in the provinces, were not only impelled by humanitarian motives. The financial (and hence political) resources of India were scarce; the smaller the amount wasted upon imperial requirements, the greater would be the amount available to themselves.

It was in late 1921 and early 1922 that the Cabinet's concern over India reached its highest point. Their discussions show that they were anxious about the Viceroy's plans to open negotiations with the Congress, angered by the Government of India's and the Government of Bombay's reluctance to grasp the nettle of disorder and arrest Gandhi, and haunted by fears that the whole structure of the Raj was falling apart. Various plans were discussed: Lloyd George put forward a proposal to send out three or four able and strong

<sup>61</sup> *Ibid.*, 130-D 'Report of the Sub-Committee on Indian Military Requirements as Amended and Approved by His Majesty's Government.'

<sup>62</sup> Memo by Sir Basil Blackett 4.7.27, enclosure to Irwin to Bivkenhead 7.7.27, Irwin MSS Vol. 3.

men from Britain to strengthen the resolve of the Viceroy's Executive Council and felt it necessary to announce that 'it must be made clear that the Government had no intention of leaving India or of allowing British supremacy there to be challenged'; Montagu suggested adding to this a reminder that all Britain's strength would be exerted if necessary to maintain her position in India.<sup>63</sup> This bellicose hysteria reached its peak when the Government of India suggested cutting military expenditure by reducing the number of white troops in India and allowing Indians to become officers in the army, which they regarded as 'essential if we are to hold India at all'.<sup>64</sup> In 1923 the Home Government passed a scheme by which eight units of cavalry and infantry were to have Indian officers,<sup>65</sup> but not before the Cabinet had held the plans up for over a year because they feared that indianisation of the officer corps would prepare the ground for another mutiny.<sup>66</sup>

By 1923 then, the financial and political crisis in India, largely springing from the strains caused by India's imperial role during the 1914-18 war, had forced British policy-makers and planners to reduce drastically India's imperial commitments. But the absence of any major imperial military crisis until 1937, or of any major commercial or financial one until 1930, disguised this fact both in Delhi and London. The Indian army was not again called upon to play a major imperial strategic role until the mid 1930s, but, in any case, until then there were no major strains on the imperial defences. Between 1923 and 1929 all London's old taboos about Indian tariff policy were flouted—an avowedly protectionist iron and steel tariff was imposed in 1924<sup>67</sup> and the cotton excise was abolished in 1926. But although for commercial reasons Britain's traditional export staples were beginning to require some sort of protection in world markets by the late 1920s, all three major political parties in Britain were remarkably loath to abandon free trade. Baldwin's tariff reform election of 1923 proved politically disastrous; the Labour Party's agonizing progress towards protection in 1929 was one of the major causes of its disintegration in 1930.<sup>68</sup>

<sup>63</sup> CAB 23/29, conclusion of Cabinet 8(22) of 6.2.22, Conference of Ministers 10.2.22 and 13.2.22.

<sup>64</sup> *Ibid.*, Conference of Ministers 9.2.22.

<sup>65</sup> CAB 23/45, 3(23)4 of 26.1.23.

<sup>66</sup> CAB 23/29, Conference of Ministers 20.12.21, 9.2.22, 10.2.22, & 13.2.22.

<sup>67</sup> The Viceroy offered to try and get preferential rate for British goods written into this, but was told by the first Labour Government that while it was opposed to protection in principle: 'His Majesty's Government would not desire that you should incur any embarrassment whatever for the sake of establishing [the] principle of Imperial preference if there is not the voluntary disposition in your Government to grant it.' See I. M. Drummond, *British Economic Policy and the Empire*, London, 1972, p. 125.

<sup>68</sup> See K. Middlemass and B. Barnes, *Baldwin: A Biography*, London, 1969, Ch. 10; R. Skidelsky, *Politicians and the Slump*, London, 1967.

Although few people in London or Delhi realized it, the economic relationship between Britain and India was changing fundamentally in the 1920s. The importance of the Indian market for British exports and the importance of the type of goods exported to India (textiles, heavy machinery, etc.) within the British economy was declining. Although India remained the single largest purchaser of British goods until the late 1930s—taking just over 10 per cent of the total in the 1920s—the Indian market was becoming irrelevant to the growth sectors of the British economy.<sup>69</sup> India was still of vital importance to Lancashire, it was her largest market and cotton textiles still represented the largest item in the tables of Indian imports from Britain, but India now took only one-third of Lancashire's output and textiles were only one-third of India's imports from Britain.<sup>70</sup> Japanese competition did not yet represent such a threat to British cotton mills as it did to Indian ones, but it was another new factor in the commercial relationship between Britain and India. Although Indian industries were not developing as fast as some Indian businessmen and politicians had hoped in 1918, the competition of native import-substitution industries was also having an effect on most sectors of British exports to India.<sup>71</sup> The role of British investment in the Indian capital market was also becoming muted. Although India's relative importance as a field for British overseas investment was increasing, the place of overseas investment in the British national income was declining.<sup>72</sup> The British investor still played a large part in financing the sterling debt of the Government of India, but India's public rupee debt was considerably larger than her sterling one<sup>73</sup> and his role in private investment was diminishing. Between 1921 and 1938 British investors provided £21.285 million of new private foreign sterling investment and Rs 159.7 million of private foreign rupee investment, out of totals of £33.934 and Rs 220.5 million respectively. In total, British investors provided Rs 343.4 million worth of new investment

<sup>69</sup> See D. E. Moggridge, *British Monetary Policy 1924-31*, Cambridge, 1972, Ch. 5. 'The export sector, rather than being an engine for growth between 1924 and 1929, merely allowed domestic expansion to proceed relatively unimpeded.' (*Ibid.*, p. 116.) Cotton textiles were one of the two sectors of the export industry which declined in output between 1924 and 1929 (the other was woollens); the most expensive export commodities—vehicles, chemicals, electrical goods, etc.—had little market in India. (*Ibid.*, p. 123.)

<sup>70</sup> See tables pp. 378-80.

<sup>71</sup> Bagchi, *op. cit.*, part II.

<sup>72</sup> See D. H. Aldcroft and H. W. Richardson, *The British Economy 1870-1939*, London, 1969, pp. 62-67, 84-92; Drummond, *op. cit.*, p. 29; Saul, *op. cit.*, p. 67.

<sup>73</sup> Of India's Rs 1212 crores (£909 million) public debt in 1932, Rs 507 crores (£381 million) was held in England and Rs 705 crores (£528 million), in India. *Joint Committee on Indian Constitutional Reforms Vol. III Records*, Parl. Papers 1932-33, Vol. IX, No. 1, Statement by Secretary of State for India on Federal Finance, p. 23. While it is unlikely that any of the sterling debt was held by Indians, there is no way of knowing what percentage of the rupee debt was held by British residents in India or in England.

between 1921 and 1938, but between 1921-22 and 1928-29 nearly Rs 300 million was invested in total in just two sectors of Indian industry—the western Indian cotton mills and the Bengal jute mills.<sup>74</sup>

The nature of the British system of world power and influence was changing markedly in the decade after the end of the First World War. British exports were no longer assured of world markets, London no longer dominated world-wide finance, the gold standard exchange had collapsed. At the same time financial stringency at home and competition from powerful new rivals—Japan and America—were forcing British defence planners to modify the network of imperial defence in the East. In the Defence of India plans drawn up in the late 1920s India was still assigned a role in the defence of British bases in China, Singapore, Burma, and the Persian Gulf<sup>75</sup> in the event of any major conflict, but with the ten-year rule<sup>76</sup> in force in Britain no such conflict seemed likely. India was not treated differently from the Dominions at the Imperial Conferences on tariff reform in 1923; those British politicians who did look to the empire to rescue Britain from her economic troubles turned to the colonies of settlement for aid, not to India or the rest of the dependent empire. Within India the role of British imports and investment was also declining; native capital and industry and Japanese imports were the growing features of the economy. The principles by and for which the British had maintained their rule in India were now changing dramatically, but it took another imperial crisis—springing from the world-wide depression of 1930-32—to make London policy-makers realize this.

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The slump in commodity prices of the early 1930s hit India especially hard. An export surplus of commodities was vital to the whole Indian economy and yet it was the demand for, and the price of, just these sorts of goods that was hardest hit by the depression. The value of India's exports of merchandise (excluding precious metals and government stores) fell from

<sup>74</sup> While total sterling investments rose by 36 per cent between 1921 and 1938, British sterling investment rose by only 25 per cent. British rupee investment, however, rose faster than the total—11 per cent as against 9 per cent. During the period 1921-22 to 1929-30, total investment in the jute industry rose by 55 per cent, and in the cotton industry by 40 per cent. A. K. Bannerji, *India's Balance of Payments*, London, 1963, pp. 171, 175; Bagchi, *op. cit.*, pp. 258, 273.

<sup>75</sup> B. Prasad (ed.), *Official History of Indian Armed Forces in the Second World War 1939-1945*; N. Prasad, *Expansion of Armed Forces and Defence Organisations 1939-45*, Calcutta, 1956, pp. 10-13.

<sup>76</sup> The ten-year rule was a convention imposed by the British Treasury on service chiefs that defence budgets should be prepared on the basis that there would be no major war for ten years. It lasted from 1925 to 1932.

Rs 361,34 lakhs in 1929-30 to Rs 257,85 lakhs in 1930-31 to Rs 181,90 lakhs in 1931-32 to Rs 152,86 lakhs in 1932-33.<sup>77</sup> India never suffered a balance of payments deficit during this period but, as in 1920-23, the depression in exports combined with bad harvests and political agitation led to agrarian unrest, a lack of confidence in the rupee and a financial crisis for the Government of India. In its search for new income the Government of India turned once more to the revenue tariff in 1930 and again in 1931. But now the slump was also having a disastrous effect on British exports (sales of British cloth in India fell from 1,248 million yards in 1929 to 376 million yards in 1931),<sup>78</sup> and any increase in the Indian tariff would damage these further. Thus the stage was set for a full-scale clash between London and New Delhi.

In February 1930 the Government of India announced that it was going to increase the import duty on cotton textiles from 11 to 15 per cent. The second Labour Government of 1929 to 1931 was probably more under the thumb of the Viceroy than any other British Government of the period and, although the Cabinet worried at length over the effects in Lancashire of this increase, it decided that it could not overrule Lord Irwin.<sup>79</sup> In January 1931 the Viceroy again announced an increase in the cotton tariff—this time to 20 per cent. The Cabinet argued Lancashire's case strongly, warning that increased tension between Britain and India might jeopardize the work of evolving constitutional reforms for India. The Cabinet now asked for a clear preferential tariff, lower for British goods than for foreign ones. But the Viceroy was adamant; knowing the strength of Indian opposition to a preferential rate for British goods he pointed out that Indian tariff policy must be decided in India's interests alone and warned that any concessions to British interests would only increase the effectiveness of the boycott of British goods. Faced by the prospect of an official and non-official revolt in India, the Cabinet backed down.<sup>80</sup>

The real crisis over cotton tariffs came in September 1931. The Government of India, in financial difficulties again and under pressure from London to balance its budget, proposed a further increase of five per cent in the cotton tariff. By then the National Government, dependent on Conservative support for its existence, was in office. The influence of the Lancashire interest was now substantial—the 60 Conservative MPs from Lancashire were the largest and best organized pressure group in the House of Commons while Lord Derby, the largest magnate of the country, had considerable influence in the House of Lords and in the Conservative Party.<sup>81</sup> Whereas the Labour

<sup>77</sup> Banerji, *op. cit.*, p. 24.

<sup>78</sup> Bagchi, *op. cit.*, p. 238.

<sup>79</sup> CAB 23/63, 9(30) 2 of 7.2.30.

<sup>80</sup> CAB 24/129, C.P. 18(31) of 22.2.31, C.P. 35(31) of 2.2.31.

<sup>81</sup> See Secretary of State to Viceroy 18.9.31. Templewood MSS Vol. 13; Sir Samuel

Secretary of State for India, Wedgewood Benn, had taken shelter behind the fiscal autonomy convention claiming that his duty was to look... from the standpoint of India and with a view to advancing the interests of India,<sup>82</sup> his Conservative successor, Samuel Hoare, thought that as 'an extreme measure in a time of national emergency' the convention could be set aside.<sup>83</sup> Hoare frequently warned the Viceroy that both he and Baldwin thought that the convention should be radically altered and, in times of great stress, threatened that it might be modified.<sup>84</sup> But although Hoare regarded the new Government of India's tariff proposals as 'disastrous upon Lancashire,'<sup>85</sup> he could do little about them. The Cabinet complained to the Viceroy and then threatened him. It proposed first a counter-vailing excise on Indian cotton goods to nullify the effect of the new tariff,<sup>86</sup> then an increase in the tariff on non-British imports to 40 per cent *ad valorem*.<sup>87</sup> But the Viceroy refused to be bullied. He argued that any dictation from London of Indian tariff policy would raise the political temperature in India disastrously; he also revealed that three of the Indian and two of the British members of his Executive Council would resign if the Cabinet's proposals went through.<sup>88</sup> In the face of this opposition there was nothing that the British Government could do but give gracefully.

By the end of 1931 the National Government had accepted that they could not interfere in the tariff policy of the Government of India, and that this method of maintaining a British commercial advantage was closed to them. At the Imperial Economic Conference of 1932 India was treated like just another Dominion;<sup>89</sup> she could no longer be regarded as a 'most favoured market'. Significantly, in a period in which British policy-makers were recognizing the need for government action and diplomatic pressure to maintain the position of British heavy industry in world and imperial markets, they encouraged the Lancashire Chamber of Commerce to negotiate private-

Hoare to Lord Willingdon 26.2.32, *ibid.*, Vol. 1; S. C. Ghosh 'Decision-Making and Power in the British Conservative Party: A Case Study of the Indian Problem 1929-34' in *Political Studies*, Vol. XIII, No. 2, 1965, pp. 192-212.

<sup>82</sup> CAB 23/63, 9(30) 2 of 7.2.30.

<sup>83</sup> CAB 23/68, 58(31) 3 of 17.9.31.

<sup>84</sup> Sir Samuel Hoare to Lord Willingdon 2.10.31, 1.4.32 Templewood MSS Vol. 1.

<sup>85</sup> CAB 23/68, 58(31) 3 of 17.9.31.

<sup>86</sup> Secretary of State to Viceroy 18.9.31 Templewood MSS Vol. 13; CAB 23/68, 62(31) 9 of 22.9.31.

<sup>87</sup> Secretary of State to Viceroy 21.9.31 Templewood MSS Vol. 13; Ditto 25.9.41, *ibid.*, Vol. 11.

<sup>88</sup> See Viceroy to Secretary of State 26.9.31, *ibid.*, Vol. 13; Lord Willingdon to Sir Samuel Hoare 6.10.31, *ibid.*, Vol. 5.

<sup>89</sup> See Sir Samuel Hoare to Lord Willingdon 28.1.32, 19.1.32, *ibid.*, Vol. 1; telegrams between Secretary of State and Viceroy March 1932 in *ibid.*, Vol. 11.

ly, with a minimum of official help, with the Indian cotton interests. The result of these negotiations was the Lees-Mody pact of 1933. Under the 1935 Government of India Act the fiscal autonomy convention was discontinued, but it was replaced by the complete exclusion of London from any interference whatsoever in Indian tariff policy and so from any power to manipulate the terms of trade in favour of British commerce. Even the Viceroy could now intervene only if he was satisfied that any discriminatory tariff was being imposed for political, not economic, reasons.<sup>90</sup>

During the rest of the 1930s India's importance as a market for British goods declined. But she was still an important potential buyer of the products of the struggling Lancashire textile industry. Lancashire now needed protection in India since both native mills and Japanese goods were in direct competition with her products. The British Government could no longer secure protection by right, so the Lancashire industrialists were forced to go cap in hand to the Government of India and beg for favours. They secured an ignominious series of trade agreements. In 1933 the Government of India forced the British Government to agree to buy 1,500,000 bales of Indian raw cotton a year if necessary (British industry had no use for the short-staple Indian cotton), to give the Government of India a bargaining counter against the Japanese who were threatening to boycott Indian raw cotton if their demands for a guaranteed sale of textiles in India were not met. In 1939 this principle was extended and the British Government had to promise to buy up 450,000 bales of useless raw cotton every year, or else see Lancashire lose all preferential treatment by the Government of India.<sup>91</sup>

In the late 1930s Britain drew in her horns in the world trading markets. Faced with a loss in the competitiveness of her goods and the growth of a series of protectionist tariff walls around the globe, she looked more and more to the empire as a market for commodities and as supplier of her import needs. But by looking to the empire, Britain brought more advantages to her colonies than to herself. Although the empire's share of British exports rose from 39.7 per cent in 1930 to 45.6 per cent in 1938, its share of British imports rose more sharply, from 25.9 per cent to 37.9 per cent.<sup>92</sup> India had a balance of payments surplus in commodities with Britain in 1931 and from

<sup>90</sup> CAB 23/80, 35(34)9 of 17.10.34.

<sup>91</sup> Drummond, *op. cit.*, pp. 135, 140 and note. Drummond has written of this last agreement: 'The "cotton clause" makes the 1939 agreement look rather like "capitulation"—the sort of thing which Marxists tell us the evil imperialist Western governments force on the weak and helpless countries of the Third World. But in this case... it was Britain who had capitulated, sacrificing most of her preferential advantages to win a doubtful benefit for her cotton trade, and a most uncertain "goodwill".' The reader is left to ask himself who was exploiting whom. *Ibid.*, p. 140.

<sup>92</sup> Aldcroft and Richardson, *op. cit.*, p. 71.

1933 to 1938.<sup>93</sup> While the British share of India's exports moved up from 21 per cent in 1930 to 27.5 per cent in 1932 and 35.5 per cent in 1940, the British share of India's imports fluctuated from 42.8 per cent in 1930 to 35.4 per cent in 1932 to 40.6 per cent in 1935 (the temporary effect of the Ottawa Agreement) to 25.2 per cent in 1940.<sup>94</sup> Whatever stake Britain might once have had in India as a colonial market, the boot was on the other foot by 1939. The crisis point in this change in the terms of trade had come in 1931 when the British Government had realized that, for fear of the reaction in India, they could no longer force their will on the Government of India and shape India's tariffs to Britain's needs.

The imperial crisis of 1931-33 was financial as well as commercial. The supplies of rupees available to the purchasers of India's exports was determined by the number which the Secretary of State offered for sale in London, and this power was used to strengthen or weaken the rupee exchange rate. But such government interference also attracted criticism from Indian interests whose foreign dealings were affected by the price of the rupee: baldly stated, the Government of India usually tried to keep the rupee exchange against sterling as high as possible to lessen the cost of the sterling remissions to London, while many Indian exporters wanted to increase their competitiveness abroad with a low exchange. After the disastrous fluctuations in the rupee exchange just after the end of the 1914-18 war, Indian attacks on the exchange policy of the Government of India became a major political issue. The government had finally stabilized the rupee at 1s 7d, while most Indian businessmen, especially those in the export-orientated Bombay cotton industry, wanted the rate to fall to its pre-war basis of 1s 4d.

The use of sterling (or sterling-based currencies like the rupee) in the empire was one of the secret strengths of the imperial system. By linking the colonial economies to sterling, London ensured that their strengths would help to support the pound; by insisting on rigid and conservative monetary policies, by which the currency development of individual colonies was firmly linked to the internal capital resources of each colony, London ensured that Britain's sterling resources were never put at risk by weaknesses in the colonial economies.<sup>95</sup> But by 1926 the political implications of government involvement in Indian currency policy were making this rigid position unsupportable. The *Royal Commission on Indian Currency and Finance* (Hilton Young Commission) saw this lack of Indian confidence as the rupee's greatest weakness. The Commission recommended setting up an independent Reserve Bank to handle India's exchange and currency policy, arguing that 'only

<sup>93</sup> *Statistical Abstract for the United Kingdom 1924-38*. Cmd 6232, 1939-40, Tables 279 and 281.

<sup>94</sup> Bagchi, *op. cit.*, p. 91 fn 56.

<sup>95</sup> S. Strange, *Sterling and British Policy*, London, 1972, p. 46.

then will any danger of the Government's remittance policy interfering with the proper management of the currency be eliminated.'<sup>96</sup> Sir Basil Blackett, Finance Member Government of India, who had wanted to go even further than this and had supported the Indian demand for a gold-based rupee independent of sterling in his evidence to the Commission,<sup>97</sup> accepted this compromise and, with London's consent, prepared a Reserve Bank Bill to put before the Central Legislative Assembly. Blackett claimed that this Bill represented 'one of the greatest measures of financial liberalism ever brought forward by the Government of India,'<sup>98</sup> and that:

At one stroke control of Indian currency and finance will be transferred from a centre situated at some point between Whitehall and Delhi into the sole control of India. And while geographically the control will be in India, the atmosphere in which that control will be exercised will no longer be a Government atmosphere but an atmosphere permeated by the views of representatives of agricultural, commercial and industrial India.<sup>99</sup>

However, when the Bill was discussed by the Central Legislative Assembly in 1927 and 1928 it was attacked as not giving enough control to Indians. The Government of India proposed a shareholders Bank (of which the majority would be Indians), the MLAs wanted a State Bank, controlled by the C.L.A. Eventually the government were defeated by one vote on the question of the composition of the Directors and withdrew the Bill.<sup>100</sup>

The attempt to devolve power over Indian currency and finance was based on the strength of the Indian economy and of the rupee in the late 1920s. London's major concern was that India should continue to make sterling remissions. The bulk of these remissions were interest payments on the railway annuities and sterling loans raised in Britain.<sup>101</sup> These loans and annuities were guaranteed by the Secretary of State for India and so, ultimately, by the British Parliament. But in the vital period 1929-33 India's foreign currency earnings, on which the viability of the system depended, declined drastically. The basis of the trade surplus which provided foreign exchange was exports of raw materials and agricultural produce; it was just these commodities that were hardest hit by the depression in commodity prices

<sup>96</sup> *Royal Commission on Indian Currency and Finance Report*, Vol. I, Cmd 2687, 1926, para 111.

<sup>97</sup> E. Hilton Young to Baldwin 11-12-25 Baldwin MSS E 5 102.

<sup>98</sup> Speech in C.L.A. 25.1.27. *Journal of the Parliaments of the Empire*, 1927, Vol. 8, p. 938.

<sup>99</sup> Speech at Delhi University 1926, quoted in *Indian Central Banking Enquiry Committee 1931 Vol. I Part II Minority Report* [By Manu Subedar], Calcutta, 1931, p. 289 note.

<sup>100</sup> *Journal of the Parliaments of the Empire*, 1927, Vol. 8, p. 934ff; 1928, Vol. 9, p. 530ff.

<sup>101</sup> The Government of India's sterling debt was £363,612,480 in 1929-30. See *Statistical Abstract of British India 1922-23 to 1931-32*, Cmd 4835, 1934-35, Table 57.

from 1929 onwards. As these prices fell on the world market, so Indian agriculture became depressed, the yield of the Government of India's taxation fell and the budget became increasingly imbalanced. The trade depression led to a lack of confidence in the rupee which prevented the Government of India from buying sufficient sterling in 1929 and 1930 to make remissions to London. This situation, coupled with increasing uncertainty about the future management of India's finances, led to a fall in confidence in the Government of India loan stock among British investors. In 1930 the Government of India still managed to overcome its immediate problems by raising new sterling loans worth £31,000,000 on the London market. But early in 1931 a new loan failed and, with the sterling reserves seriously depleted, the Government of India was on the brink of defaulting.<sup>102</sup>

The question of the financial relations between the Governments of India and Great Britain under the new constitution was influenced both by short-term and long-term factors. The immediate financial crisis of 1931 made all the long-term questions exceptionally vivid to the policy-makers in Whitehall and New Delhi. The handling of this crisis also reveals the extent to which the British Government were still prepared to impose their will on the Government of India in an emergency; they exerted a dominance then that makes their later capitulation on future relations under the 1935 Act even more surprising.

By the end of 1930 both the Secretary of State and the Viceroy had taken up the positions from which they were to do battle for the next three years. To London the over-riding necessity was now that the Government of India must continue its remissions; if the balance of payments situation did not allow these remissions to be made normally, the Government of India must borrow in London. The confidence of the London money market could only be retained if the Secretary of State kept complete control over Indian finance and so the Whitehall argument insisted that there could be no devolution of power to India in this field. The Secretary of State put this position bluntly in December 1930:

Hitherto, the stability of Indian finance, official and unofficial, has been dependent on the credit of the Secretary of State and reliance on his control. . . . There appears to be no practicable means of ensuring confidence in the future of Indian financial administration if Parliament is divested of control.<sup>103</sup>

<sup>102</sup> CAB 27,470 BDG(30)17 Memo on Indian Finance by Secretary of State 8.12.30; CAB 27,461, BDG(31)6 of 19.6.31; Viceroy to Secretary of State 18.9.31 Templewood MSS Vol. II.

<sup>103</sup> CAB 27,470, BDG(30)17 Memo on Indian Finance by Secretary of State 8.12.30.

The Government of India's basic position was that no stability of Indian finance was possible without support from a broad section of Indian public opinion. New Delhi still regarded the problem of financial stability as part of the wider problem of finding a political solution for India that would induce influential Indians to support the government. Thus the Finance Member, Government of India, wrote of the need for the Government of India to work in the interests of India and insisted that the 'dictatorship of the India Office' must be removed.<sup>104</sup> Throughout the period, the Viceroy and his advisers insisted on the necessity of concessions over finance, arguing against any over-riding control by London in financial matters and even against the idea of an official Finance Member in any future central government.<sup>105</sup> They again based their proposals on the need to establish a non-political Reserve Bank to regulate the currency and exchange policy of the Government of India. This idea had been resurrected in the Government of India despatch on the constitutional reforms in 1930 and picked up by Ramsay MacDonald at the first Round Table Conference. It seemed to the Prime Minister to be a safe way of transferring financial control out of London's hands,<sup>106</sup> but the India Office would have none of it; the Secretary of State refused to consider the idea unless he held control over such a Bank.<sup>107</sup>

No agreement had been reached before the financial crisis of 1931 struck. The basic problem now facing the Government of India was how to continue remissions and maintain India's credit and the level of the rupee in the face of an adverse balance of payments, a failed loan issue in London and sinking sterling reserves. New Delhi could see only one way out—they asked for a drawing credit of £100 million on the Bank of England, guaranteed by the British Government, to reverse the capital flow out of India. The India Office got the Cabinet Sub-Committee on Indian Finance to agree to a drawing credit of £50 million, but, when the proposal came before the full Cabinet, the Chancellor of the Exchequer vetoed it.<sup>108</sup> Eventually a compromise was reached, but it was one in which the Treasury view dominated: the

<sup>104</sup> Quoted in Sir Samuel Hoare to Lord Willingdon 5.2.32 Templewood MSS Vol. 1. In this letter Hoare accused the Finance Member, Sir George Schuster, of talking like an Indian nationalist.

<sup>105</sup> See CAB 27/470, BDG(30)29 Finance Member, Government of India to Secretary of State 28.12.30; Viceroy to Secretary of State 1.1.31; 2.1.31.

<sup>106</sup> CAB 27/470, BDG(30)8 Memo by Prime Minister 19.11.30; CAB 23/66, 6.31.1 of 14.1.31.

<sup>107</sup> CAB 27/470, BDG(30)17 Memo on Indian Finance by Secretary of State 8.12.30; *ibid.*, BDG (30)29 Viceroy to Secretary of State 1.1.31.

<sup>108</sup> CAB 27/471 BDG(31)6 of 19.6.31; CAB 27/470 BDG(31) 6 of 22.6.31. The Chancellor argued that British money could not be used to support India, while the discussion of such a proposal in the House of Commons would weaken still further India's credit. He was supported by the Prime Minister.

British Government bound itself only to a vague promise to ask Parliament to support the Government of India's financial position 'under suitable conditions' if it became necessary.<sup>109</sup>

In September 1931 the financial crisis was further complicated by the weakness of the rupee. The Government of India was now finding it almost impossible to hold their currency to its fixed rate of 1s 6d and was convinced of the economic and political necessity of devaluing the rupee to 1s 4d.<sup>110</sup> But the Treasury consistently opposed this move and, after Britain had gone off the gold standard, the India Office closed ranks to defend the official British Government view. London argued that devaluation would damage India's credit (and so make it impossible for her to make remissions) and that, once devalued, the rupee would fall well below 1s 4d.<sup>111</sup> During the rest of 1931, especially over the preparation of the Government of India's emergency budget in September, the Treasury and the India Office had their way completely over the Government of India. Ignoring threats of resignation and prophecies of disaster, the British Cabinet forced the Viceroy and his Executive Council to maintain the rupee at 1s 6d, to follow sterling off the gold standard, to screw up taxation to a politically suicidal level and generally to ignore Indian opinion completely. The Viceroy warned London that the emergency budget, dictated by the Cabinet, 'will be a shock to all communities' and that its terms would give Gandhi 'the most enormous advantage in restarting his Congress propaganda' after his return from the Second Round Table Conference.<sup>112</sup> Willingdon thought that the currency question and the shipping of gold to London were the two most explosive issues. Of the first point he later wrote:

I have always felt that the strength of Indian opinion on this matter has never been really appreciated in London. It has been regarded rather as a matter of a few agitators and speculators who stand to gain by a fall in the rupee. On the contrary, it is a matter which has become deeply rooted—almost ineradicably—in Indian national opinion, and at present... it supplies probably the strongest hostile motive in India.<sup>113</sup>

But he was unable to divert the British Cabinet's insistence on the same sort of doctrinaire, insensitive policy of balancing the budget that they were following at home.

By the middle of 1932, the immediate crisis was over. In the short-term,

<sup>109</sup> *Ibid.*, BDG(31)7 of 25.6.31.

<sup>110</sup> See Viceroy to Secretary of State 8.9.31 Templewood MSS Vol. 11.

<sup>111</sup> CAB 23/68, 62(31)8 of 22.9.31.

<sup>112</sup> Lord Willingdon to Sir Samuel Hoare 28.9.31. Templewood MSS Vol. 5.

<sup>113</sup> Lord Willingdon to Sir Samuel Hoare 31.10.33. Templewood MSS Vol. 6.

the Treasury strategy had been vindicated. Massive exports of gold bullion had repaired India's balance of payments, her credit on the London money market was sound again, the position of the rupee had strengthened, remissions had begun and the repayment of short-term sterling and rupee loans had been started.<sup>114</sup> Now the India Office could consider the terms of the White Paper on Indian Constitutional Reforms and what control-structure over Indian finance there was to be in the new Act. It was now that the Government of India and Indian opinion had their revenge.

During 1932 the Secretary of State became increasingly aware of the need to conciliate Indian opinion in formulating the new constitution. Although he announced in June that the British Government would draw up a White Paper without benefit of another Round Table Conference (which he feared would enrage most of the Conservative Party)<sup>115</sup> the protests of the Viceroy and of 'moderate' Indian opinion forced him to change his mind.<sup>116</sup> A Cabinet Committee was convened to discuss proposals which could be put first to the Cabinet, then to the Third Round Table Conference and then be written up as a White Paper to be put to a Joint Committee of Parliament. The Cabinet Committee on India had prepared a scheme for financial control by December 1932. This proposed the transfer of finance to an Indian minister responsible to the central legislature, with a number of safeguards: the Viceroy was to be given powers to certify legislation if necessary for 'safeguarding the credit of the Federation' and he was to have the support of a statutory Financial Adviser to help him in this; the supply of the Defence and Foreign departments and the interest and 'sinking funds' on the public debt were to be immune from any vote in the legislature; the budget proposals of the Indian Finance Minister could not be introduced to the legislature without the Viceroy's prior sanction and a non-political Reserve Bank was to be set up to control currency and exchange matters; the Reserve Bank was to be under the Viceroy's authority and its establishment was to be a necessary pre-condition of any transfer of financial responsibility.<sup>117</sup> These proposals may not look very generous but, in the context of the recent financial relations between the Government of India and Whitehall, they represented a considerable advance. Despite the doubts about the financial wisdom of the Government of India that the Secretary of State had entertained as recently as the 1931 crisis, the India Office was now

<sup>114</sup> See the remarkably smug Memo by the Secretary of State CAB 24/247, CP 28(34) of 3.2.34.

<sup>115</sup> See Sir Samuel Hoare to Lord Willingdon 22.5.32; 5.8.32 Templewood MSS Vol. 2.

<sup>116</sup> See R. J. Moore, 'The Making of India's Paper Federation 1927-35' in C. H. Philips and M. D. Wainwright (eds.), *The Partition of India: Policies and Perspectives 1935-1947*, London, 1970, pp. 71-2.

<sup>117</sup> CAB 23/73, 65(32)5 of 7.12.32.

prepared to relinquish all control over India's external financial arrangements to the Viceroy—even the Reserve Bank was to be under the control of New Delhi, not of Whitehall. London had now come round to the position that the Government of India had taken up in 1930.

When the Cabinet came to consider the proposals of this Committee it was only the question of finance that caused any difficulty.<sup>118</sup> Hoare was under fire from the Government of India and from the 'rigid views' of the Treasury; he had to find some compromise between 'the demands of political expediency . . . [and] the needs of sound finance.'<sup>119</sup> Hoare had by now reversed his 1931 position—he accepted that it was more important to assuage Indian opinion than to insist on the maximum guarantees of financial probity. Eventually the Chancellor of the Exchequer also came round to this view, reiterating the point that the Treasury, the Bank of England, and the City thought that any transfer of financial responsibility to India would be disastrous for India's credit, but accepting that the political situation in India made it imperative to take the risk of transferring control over finance from the Secretary of State to the Viceroy. In December 1932 the Cabinet passed Hoare's proposals.<sup>120</sup>

The new arrangements were accepted with a fairly good grace by the Indian delegates at the Third Round Table Conference,<sup>121</sup> written into the White Paper and brought before the Joint Committee on Indian Constitutional Reform. In his evidence to the Committee, Hoare made it quite clear that all control by the Secretary of State was to be surrendered.<sup>122</sup> Certain members of the Committee, led by Lord Rankeillour, did try to rake up the point that the loss of London's control would damage India's credit on the London market, but they were side-tracked into a discussion of what would happen if the Government of India did not have enough cash to pay the I.C.S. officers.<sup>123</sup> Finally, Hoare's plan was embodied in the 1935 Government of India Act.<sup>124</sup> Despite a last-minute panic by Willingdon, and complete intransigence on the part of the Joint Committee, the Bill to establish a Reserve Bank on the lines of the 1927 Bill with a statutory clause to guarantee the rupee at 1s 6d, was passed by the Central Legislative Assembly

<sup>118</sup> See CAB 27/520, CI(32)7 of 4.10.32, 8 of 7.10.32, 9 of 11.10.32, 10 of 12.10.32 and 11 of 13.10.32.

<sup>119</sup> Sir Samuel Hoare to Lord Willingdon 20.10.32 Templewood MSS Vol. 2.

<sup>120</sup> CAB 23/73, 65(32)5 of 7.12.32.

<sup>121</sup> CAB 23/73, 68(32)1 of 21.12.32.

<sup>122</sup> *Joint Committee on Indian Constitutional Reforms Vol. IIB Minutes of Evidence . . . by Secretary of State for India and his Advisers* (Parliamentary Papers 1932-33 Vol. VII), p. 1026.

<sup>123</sup> *Ibid.*, pp. 1032-35.

<sup>124</sup> See clauses 12, 15, 31, 33, 34 and 43-44: Sir M. Gwyer and A. Appadorai, *Speeches and Documents on the Indian Constitution 1927-47*, Vol. I, Oxford 1957, pp. 228-36.

in 1934.<sup>125</sup> Although the Federation for which it was a pre-condition was never set up, the Reserve Bank of India conducted the Government of India's currency and exchange policy from then on. In fact, British policy-makers need have had no fears about India's credit-worthiness without control from London. From 1935 to 1939 India's financial position gradually strengthened, no new sterling loans were needed and between 1937 and 1939 she had a credit of Rs 74.3 crores on her capital account.<sup>126</sup>

In the heat of the 1931 crisis, the British Government had demonstrated its power over the finance policy of the Government of India. Ignoring all protests from New Delhi, the India Office and the Treasury had dictated currency and monetary policy to ensure that India played her part in shoring up the weaknesses of Britain's financial position. But by 1933 it had given away all this advantage. Control of financial policy was now to be given to the Viceroy, not to an Indian minister, but, as the disputes between both Irwin and Willingdon and the authorities in London had shown, even Viceroys were now ready to serve the interests of India rather than those of London.

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The progress of constitutional advance in India was determined by the need to attract Indian collaborators to the Raj, swell the revenues and maintain the political security of British rule, leaving the Government of India free to fulfill its imperial role. Thus the changing imperial role assigned to India by London policy-makers was the most important single regulator of the development of constitutional reform. But the limiting of this role, and the consequent acceptance of further measures of non-official control in Indian government, was not a simple evolutionary process. India's true place in the empire was only revealed at times of imperial crisis, but the strains imposed by each successive crisis left India's imperial role diminished for the next one. Even before the First World War it had been clear that, to

<sup>125</sup> See Sir Samuel Hoare to Lord Willingdon 3.11.33; 17.11.33 Templewood MSS Vol. 3; R. Mukerjee and H. L. Dey, *Economic Problems of Modern India*, Vol. II, London, 1941, p. 358. For an account of the early years of the Reserve Bank see *ibid.*, Chapter XXX; S. L. N. Sinha, *History of the Reserve Bank of India 1935-51*, Bombay, 1970, Chapters 1, 3, 4 and 5; *Journal of the Parliaments of the Empire*, 1934, Vol. 15, pp. 231-32, 491ff. The strains put upon the currencies and economies of the Dominions by the depression and by sterling's lapse from the gold standard in 1931 had also necessitated a degree of financial devolution from London. In 1931, at Montagu Norman's prompting, independent Central Banks were set up in Canada, South Africa, Australia, and New Zealand. The weakness of the British economy and the inherent strengths of the Dominion economies meant that their assets could now only be used to support sterling if a measure of devolution and local control was incorporated into the system. By 1934, the same position had been reached in India. See Strange, *op. cit.*, pp. 54-55.

<sup>126</sup> Banerji, *op. cit.*, p. 239.

survive, the Government of India had to balance the imperial and domestic claims upon its resources. India's participation in the imperial war effort of 1914-18 had boosted domestic pressures on government so that a measure of constitutional reform and a serious limitation on India's imperial military role had to be conceded after the war; the strains caused by India's enforced participation in strengthening the British position in the financial crisis of 1931 had a similar effect—now the British government had to sell its control over commercial and financial policy in an attempt to buy Indian political support.

The 1935 Government of India Act marks a significant point in the process of the modification of the systems of control employed by the British to secure the benefits of their Indian empire. The Act did not concede Dominion Status to India but it did confer most of the powers of a Dominion government on the Government of India. London's surrender of power over Indian commercial and monetary policy was not just a defensive reaction to the demands of Indian opinion for control of the deployment of national resources. The substitution of informal influence for formal control was now necessary to secure imperial purposes: by giving Indians control over commercial policy the British policy-makers were making a last, desperate attempt to safeguard the privileged position of British goods in the Indian market; by surrendering finance to the Viceroy they were recognizing that it was Indian, not British, confidence in financial policy that was the best way to maintain India's solvency. But even a system of informal influence had to be stage-managed. The political and constitutional problem that faced the makers of the 1935 Act was that of ensuring that the new opportunities open to Indian politicians would be taken up by those prepared to guarantee continued links with Britain and her empire. It was in this field that the 1935 Act failed and this failure undermined the entire basis of the new strategy of British rule.

The considerable amount of literature which exists on British political and constitutional policy in India in the last 70 years of the Raj has, for the most part, ignored the imperial factor in Indian history. This article has attempted to restore the balance by pointing out the nature of, and the problems caused by, the role of India as an imperial appendage. The most important decisions about British India policy, notably the Government of India Acts of 1919 and 1935, were made in London; it is therefore essential for historians to analyze London's priorities for her Indian dominion. Changes in expectations of India's imperial role and of the techniques of control necessary to secure this were one of the most vital factors in determining British policy in India in the late nineteenth and twentieth centuries, and this article has tried to identify the rival claims of imperial and domestic supplicants on the limited resources of Indian government as the fundamental equation that underpinned the calculations of British policy-makers.

TABLE I

TOTAL BRITISH EXPORTS (PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM), EXCLUSIVE OF GOLD AND SILVER BULLION AND COIN, AND BRITISH EXPORTS TO INDIA 1913, 1919-38

(In £ million)

|      | <i>Total British Exports</i> | <i>Total British Exports to British India including Burma</i> |
|------|------------------------------|---------------------------------------------------------------|
| 1913 | 525                          | 70                                                            |
| 1919 | 799                          | 71                                                            |
| 1920 | 1334                         | 181                                                           |
| 1921 | 703                          | 109                                                           |
| 1922 | 718                          | 92                                                            |
| 1923 | 767                          | 86                                                            |
| 1924 | 801                          | 91                                                            |
| 1925 | 773                          | 86                                                            |
| 1926 | 653                          | 82                                                            |
| 1927 | 709                          | 85                                                            |
| 1928 | 724                          | 84                                                            |
| 1929 | 729                          | 78                                                            |
| 1930 | 571                          | 53                                                            |
| 1931 | 391                          | 32                                                            |
| 1932 | 365                          | 34                                                            |
| 1933 | 368                          | 33                                                            |
| 1934 | 396                          | 37                                                            |
| 1935 | 426                          | 38                                                            |
| 1936 | 441                          | 34                                                            |
| 1937 | 521                          | 39                                                            |
| 1938 | 471                          | 36                                                            |

SOURCE: *Statistical Abstract for the United Kingdom 1913-28* (Cmd 3465 of 1929-30), Table 215. *Statistical Abstract for the United Kingdom 1924-38* (Cmd 6232 of 1939-40), Table 281.

TABLE II

TOTAL BRITISH EXPORTS OF COTTON PIECEGOOD AND TOTAL EXPORTS  
BRITISH COTTON PIECEGOOD TO INDIA 1913, 1919-39

(In million yards)

|      | <i>Total British Exports</i> | <i>British Exports to India, incl. Burma</i> |
|------|------------------------------|----------------------------------------------|
| 1913 | 7,035                        | 3,104                                        |
| 1919 | 3,524                        | 976                                          |
| 1920 | 4,643                        | 1,272                                        |
| 1921 | 3,038                        | 995                                          |
| 1922 | 4,313                        | 1,453                                        |
| 1923 | 4,324                        | 1,319                                        |
| 1924 | 4,585                        | 1,614                                        |
| 1925 | 4,637                        | 1,287                                        |
| 1926 | 3,923                        | 1,467                                        |
| 1927 | 4,189                        | 1,543                                        |
| 1928 | 3,968                        | 1,452                                        |
| 1929 | 3,765                        | 1,248                                        |
| 1930 | 2,491                        | 523                                          |
| 1931 | 1,790                        | 376                                          |
| 1932 | 2,303                        | 586                                          |
| 1933 | 2,117                        | 415                                          |
| 1934 | 2,060                        | 552                                          |
| 1935 | 2,013                        | 440                                          |
| 1936 | 1,993                        | 334*                                         |
| 1937 | 2,023                        | 207**                                        |
| 1938 | 1,448                        | 206**                                        |
| 1939 | 1,462                        | 145**                                        |

\*India (excluding Burma) 309

\*\*Excluding Burma

SOURCES: Mitchell and Deane, *Abstract of British Historical Statistics*, Cambridge, 1962, pp. 182-83; A. K. Bagchi, *Private Investment in India 1900-39*, Cambridge, 1972, p. 238.

NOTE: These columns are not strictly comparable as British government figures are given in calendar years and the Government of India figures in financial years.

TABLE III  
TOTAL INDIAN IMPORTS OF PRIVATE MERCHANDISE FROM  
BRITAIN AND IMPORTS OF COTTON MANUFACTURES FROM  
BRITAIN 1919-40

(In Rs millions)

|         | Total Indian* Imports<br>From Britain | Total Indian* Imports<br>of Cotton Manufac-<br>tures from Britain |
|---------|---------------------------------------|-------------------------------------------------------------------|
| 1919-20 | 1050                                  | 508                                                               |
| 1920-21 | 2046                                  | 811                                                               |
| 1921-22 | 1501                                  | 474                                                               |
| 1922-23 | 1400                                  | 592                                                               |
| 1923-24 | 1316                                  | 553                                                               |
| 1924-25 | 1336                                  | 662                                                               |
| 1925-26 | 1153                                  | 490                                                               |
| 1926-27 | 1103                                  | 490                                                               |
| 1927-28 | 1192                                  | 470                                                               |
| 1928-29 | 1132                                  | 451                                                               |
| 1929-30 | 1031                                  | 378                                                               |
| 1930-31 | 613                                   | 146                                                               |
| 1931-32 | 448                                   | 99                                                                |
| 1932-33 | 488                                   | 142                                                               |
| 1933-34 | 476                                   | 104                                                               |
| 1934-35 | 537                                   | 130                                                               |
| 1935-36 | 522                                   | 108                                                               |
| 1936-37 | 481                                   | 89                                                                |
| 1937-38 | 520**                                 | 79**                                                              |
| 1938-39 | 465**                                 | 60**                                                              |
| 1939-40 | 416**                                 | 45**                                                              |

\*Including Burma

\*\*Excluding Burma

SOURCES: *Statistical Abstract of British India 1917-18 to 1926-27* (Cmd 3291 of 1928-29), Tables 205, 216. *Ibid.*, 1922-23 to 1931-32 (Cmd 4835 of 1934-35), Tables 207, 218. *Ibid.*, 1930-31 to 1939-40 (Cmd 6441 of 1942-43), Table 254. *Annual Statement of the Sea-borne trade of British India 1936 Vol. II*, Table 13, p. 234. *Ibid.*, 1940, Vol. II, Table 13, p. 236.

## Caste and the British Merchant Government in Madras, 1639-1749

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The colonial city of Madras was largely the creation of British commercial interests; yet, like most indigenous cities, it has provided a representation of the social order both in its spatial arrangements and its social structure. The question that arises is: how did the British, as masters and planners of Madras, tolerate division and segmentation on such a basis as caste?<sup>1</sup> Furthermore, was it in British interests to foster and intensify such demarcations?

A scrutiny of the sources on the origin of Madras suggests a hypothesis—that caste demarcations were tolerated and even fostered in Madras because these were specially useful to British commercial interests and values.

This paper will explore the social geography of early Madras in order to ascertain how the city did provide a representation of the social order. Once this has been established, a scrutiny of British sentiment and of legislative measures as found in historical documents would unfold the role of the British administration in stabilizing and even redefining the caste structures and demarcations.

Scholars of Indian urbanism have devoted considerable attention to 'colonial cities'<sup>2</sup> usually stressing the role of these cities in social and cultural change. Such change, though undeniably present, was by no means a

<sup>1</sup> We shall use 'caste' in three different senses. First, 'caste' is taken in the traditional sense, i.e. 'as an endogamous and hereditary subdivision of ethnic groups occupying a position of superior or inferior rank or social esteem in comparison with such other divisions.' (Definition from *Encyclopaedia of Social Sciences*.) Secondly, 'caste' refers to a categorization peculiar to the Dravidian-speaking parts of Southern India except Malabar, namely, the growing of castes into the two divisions of the Right Hand and the Left Hand castes. See Arjun Appadorai, 'Right and Left Hand Castes in South India,' *The Indian Economic and Social History Review*, 1974, 11, pp. 216-59. Finally, it refers to the phenomenon of a 'colour-caste' which characterized the social difference between 'White Town' and the rest of the population. This usage has been borrowed from S. P. Adinarayan, *The Case For Colour*, Bombay, Asia Publishing House, 1964, p. 62.

<sup>2</sup> Seminars and books on colonial cities—Bombay, Calcutta, and Madras—might outweigh the studies on indigenous cities like Allahabad and Benares by at least ten to one. This disparity is probably due to the volume and the accessibility of official documents and other material in English on colonial cities, which also constitute ideal areas for studies on change and acculturation.

universal or all-encompassing phenomenon. Along with social and cultural change traditional elements persisted too, and it is this aspect that Indian historians have minimized or ignored. Traditional practices involving caste, religious beliefs and ritual, and other social mores did persist strongly despite the British presence. This persistence of traditional elements in a colonial situation has been explored superficially, yielding facile inferences about the dominating influence of a 'traditional literati' and of conservative native elements, devoted to the cultivation of such orthogenetic traits. Very few scholars have explored the possibility of the British having strengthened such traditional elements as caste.<sup>3</sup> Drawing on official letters and directives of the British government, I hope to demonstrate how caste, instead of waning, received a fillip from the administration of the British 'Merchant Government.'

*Prima facie*, such a study might appear unduly farfetched, but it can be justified on two grounds. A comparative study of the social geography of other British colonial cities of South-East Asia reveals a striking similarity in the fragmentation and demarcation, both spatial and social, of various groups on the basis of class, colour, and ethnic diversity. Such a recurrent pattern strongly suggests that British colonial interests and values have reinforced and even fashioned such features.<sup>4</sup>

More specifically, referring directly to Madras, official directives relating to the Caste Disputes of 1652, 1707, and 1716, the levy of Wall Taxes, and the settlements of Collettpettai and Chandripettai, unmistakably attest the positive contribution of British measures and legislation in segregating various groups physically and socially, on the basis of caste.

There are four types of literature specially pertinent to the area and period of our study. Several general works drawing on British and Tamil sources give a synoptic view of the origin, growth, and composition of the city of Madras.<sup>5</sup> Secondly, there exists considerable historiographical work, based

<sup>3</sup> David Kopf in his paper, 'The Urbanised Intelligentsia of Calcutta and other Asiatic Counterparts in the 19th Century,' delivered at a seminar at Michigan State University in 1969, is one of the few exceptions in indicating that in the colonial encounter both the British and the Indians contributed together both to change and to the persistence of traditional cultural features: the traditionalists and the modernists in the Indian camp were matched by 'hinduphiles' and 'hinduphobes' among the British. Kopf notes that British hinduphiles did play a part in fostering Indian cultural traditions but does not take full measure of the British role in this process. Concentrating exclusively on the native intelligentsia, he reverts to the stereotyped focus on the Indian response to colonialism.

<sup>4</sup> See the important work by T. G. McGehee, *The South East Asian City: A Social Geography of the Primate Cities of South East Asia*, London, Bell and Sons, 1967.

<sup>5</sup> Of special value are C. S. Srinivasachari, *The History of the City of Madras*, Madras Vardachari and Co., 1939 and H. Newell, *The Birthplace of British India*, Madras, Madras Times Printing, 1919.

exclusively on official documents,<sup>6</sup> where the vast amount of data in the Dairy and Consultations of Fort St. George have been organized coherently. Then there is the work on the social and physical geography of Madras, which strongly complements and encourages the analytic thrust of this paper.<sup>7</sup> Finally, we have the analytical literature, largely synchronic and anthropological, yet invaluable as apparatus for the study of change and continuity in a colonial situation.<sup>8</sup>

The work of Milton Singer, as the co-propounder of the orthogenetic-heterogenetic thesis, is especially relevant to the study of change and continuity in Madras.<sup>9</sup> In their famous essay 'The Cultural Role of Cities,' Redfield and Singer had suggested that 'Great Traditions' were fashioned out of local folk cultures or 'Little Traditions' through a process of continuous development by 'professional literati' centred in orthogenetic towns and cities.<sup>10</sup> In colonial cities like Madras, however, a process of heterogenetic transformation operated to destroy and supersede the great cultural traditions of an indigenous civilization. Such a transformation was possible because a new social type, 'the intelligentsia,' stood astride the cultural encounter, interpreting the alien cultural influences to the natives and the indigenous culture to the foreigners.

These two processes—*primary* urbanization, leading to the growth of a 'Great Tradition' in orthogenetic centres, and *secondary* urbanization, leading to a heterogenetic transformation of that tradition—could be distinguished only analytically, for both did often coexist. The great fallacy in the literature on cultural and civilizational history, Singer held, had been the presumption that in the cultural encounter implicit in the colonial situation, 'change was necessarily a sharp one, and a change for the worse, representing a decadence, fossilisation or secularisation of the great cultural traditions.'<sup>11</sup> Noteworthy is Singer's perception that the history of colonial cities like Madras is the 'story of the encounter of differing civilisations and of their

<sup>6</sup> Noteworthy here are T. Wheeler, *Madras in the Olden Time 1639-1727*, London, Higginbotham and Co., 1861 and Love, *Vestiges of Old Madras*, London, Murray and Sons, 1929.

<sup>7</sup> See G. Kuriyan, 'The Distribution of Population in the City of Madras,' *Indian Geographical Journal*, XVII, No. 1, 1941, pp. 58-70 and S. Subramanya, *Tolkapoyam Coollatikaram*, Annamalai Nagar, University of Annamalai, 1956.

<sup>8</sup> See M. N. Srinivas, 'A Note on Sanskritisation and Westernisation,' *Far Eastern Quarterly*, XV, No. 4, August 1956 and A. Beteille, *Caste, Class and Power*, Berkeley, University of California Press, 1965.

<sup>9</sup> M. Singer, 'The Great Tradition in a Metropolitan Centre: Madras,' *Traditional India: Structure and Change*, Philadelphia, American Folklore Society, 1959. Reprinted in his *When a Great Tradition Modernizes*, Delhi, Vikas Publishing House, 1972.

<sup>10</sup> R. Redfield and M. Singer, 'The Cultural Role of Cities,' *Man in India*, September 1956.

<sup>11</sup> Singer, *op. cit.*, p. 141.

mutual transformations.<sup>12</sup> In this encounter it was not only the colonized that had to make elections and decisions about indigenous cultural elements such as caste, but the colonizer had inescapably to confront these as well.

#### EVOLUTIONARY HISTORY OF MADRAS

The social and cultural geography of early Madras provides a test case for the heterogenetic-orthogenetic construct of Redfield and Singer.<sup>13</sup> The city grew out of a grant of land, dated 22 August 1639, from Nague Damela Ventutedra to the English, a territory about three and a half miles from north to south, with a mean width of about a mile.<sup>14</sup> The Cowle, a generous one for set reasons,<sup>15</sup> expressly made provisions for 'the building of a fort and castle in or about Madraspatnam' and granted unto the 'Agents of that company full power and authority to govern and dispose of the government of Madraspatnam for the terme and space of two years.'<sup>16</sup>

For 50 years following the grant, the country around Madras was in turmoil due to the rebellion of Mir Jumla against his Golconda sovereign. During these troubled times, Madras was frequently threatened by the exactions and intrigues of local chieftains who ruled over the region on behalf of the Muhammedans.<sup>17</sup> The English therefore were content with the

<sup>12</sup> *Ibid.*

<sup>13</sup> Whereas social geography is concerned with the organization of space in terms of such social features as caste, race, and religion, cultural geography refers to the mapping or characterization of territory on the basis of terminology peculiar to the particular culture. Such cultural terms may refer to either physical or social features.

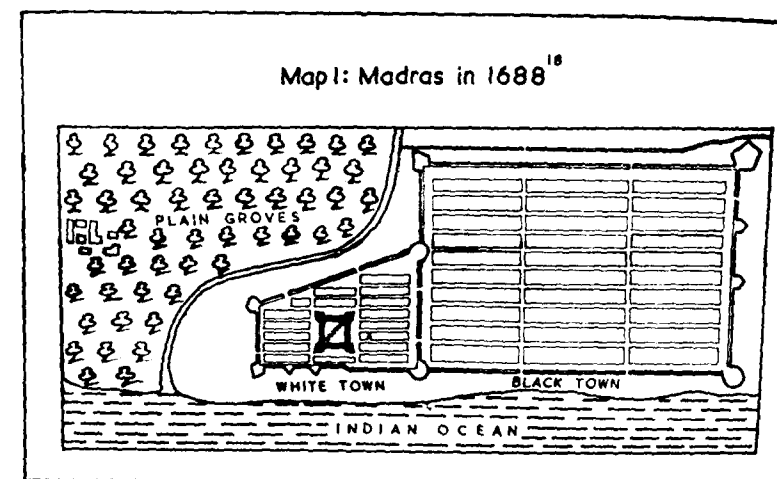
<sup>14</sup> Srinivasachari, *op. cit.*, p. 17.

<sup>15</sup> Most works in English only furnish us with the reasons for the establishment of a trading factory at Madras by the British. For instance, Leighton says: 'Madras does not, like most of the cities of the world, owe its origin to favourable conditions of land or sea or river, but extends to the demand for a product which was obtainable in its neighbourhood and that product was longcloth.' See D. Leighton, *Vicissitudes of Fort St. George*, London, Longman Green and Co., 1902, p. 2. One never does discover what prompted the Indian Naicks to grant this territory to the British. The Indian side of the picture however is presented in an obscure Telugu novel *Ushaparinayam* written by Damela Ventutedra Naicks own brother Ankabhupala Damarla. In the novel Ankha says, 'the people of Pralaya Kaveri [The Dutch] [Pulicat] were incessantly fighting with the Portuguese at San Thome and in order to put an end to that fighting, he founded Chennapatnam between them so as to prevent their mutual bickering.'

<sup>16</sup> India. Records of Fort St. George. *Original Correspondence*, No. 1090, 22 July 1639. From the same source, later citations will also refer to *Factory Records*, *Dairy and Consultations*, *Public Consultations*, and *Despatches to England* without preliminary identification.

<sup>17</sup> Four years after the grant of Madras by Damela Naick, Malai Cheety rose to power and ousted Damela. Malai immediately aimed at an overlordship of Madras and demanded that he be paid half the profits accruing from its customs. Starting with this chieftain, the English, during their first 50 years at Madras, had to put up with the ambitions and scheming of a number of petty chieftains.

preservation of what was granted to them. Their establishment did not grow, and it came to be composed of three distinct parts: (i) the Inner Fort or Castle enclosing the Factory House and defended by four corner bastions connected by curtained walls; (ii) the Outer Fort enclosing the Inner Fort and the European quarter, also protected by four corner bastions and by walls on three sides; leading on the north side to (iii) an unprotected native settlement of traders, merchants, weavers, and artisans serving English commercial trade and interests.



Two important developments contributed to the expansion of British possessions in this area. In 1662, the Sultan of Golconda sacked San Thome, and since this constituted a threat to Fort St. George which had 'not above 26 English in the Fort they were forced to take as many Portugals as formerly to maintaine the outworkes.'<sup>18</sup> The Portuguese fleeing from San Thome to Fort St. George augmented not only its security but also the Fort's roster of White population.

About the same time, the Mughal Emperor Aurangzeb concentrated his attention on the Carnatic and posed a threat to the power of Golconda. During this confrontation between the two powerful princes, the British enjoyed peace and security and could plan further expansion to meet the exigencies of expanding trade. In 1672, they acquired the ancient temple centre of Triplicane for an 'annual rent of 50 pagodas' from Nawab Neknam Cawn.<sup>20</sup> In 1692 they obtained free grant of Triplicane along with the villages of Egmore, Pursawalkam, and Thondiarpet from the Mughal General Zulfiqar

<sup>18</sup> 'Sketch drawn from a map by Langles in 1688.'

<sup>19</sup> *Factory Records*, XIV, 10 January 1662.

<sup>20</sup> *Dairy and Consultations*, XVI, 12 July 1672.

Khan. In British records these acquisitions were called the 'Four Old Towns.'<sup>21</sup> In 1708, the English petitioned Daud Khan for permission to occupy five other villages in the vicinity comprising Tiruvatiyoor, Kathiawakkam, Nungambakkam, Vyasarpady, and Sathangudi. These places, given over by a Mughal firman from Farukh Secydar, were known in English records as the 'Five New Towns.'<sup>22</sup> In 1742, the English further acquired the villages of Periamet, Vepery, Pudhupakkam, and Sadayankuppam.<sup>23</sup> Finally, in 1749, when the British recovered Madras from the French, they acquired both Mylapore and San Thome. Thus, within the period of our study, 1639-1749, Madras came to absorb 16 neighbouring though widespread villages, which still form the semi-circular limits of the city. The subsequent growth of the city was a process of 'filling-in' the vast open spaces between these various villages, rather than an expansion outward and upward as in Calcutta or Bombay. The character and composition of the population in these various settlements, old and new, bear directly upon our hypothesis. The facing sketch of Madras, as it stood at the end of these acquisitions and adjustments, will help clarify the main points to be made later in this paper.

#### WHITE ZONES: A PROCESS OF ASSIMILATION

At the Fort St. George, focal point of the city, lay the ruling power of the city in what was called the 'White Town' or 'Christian Town.' Two values, colour and religion, shaped much of the organization and outlook in this sector. The physical separation of Whites from natives by the Fort walls was almost an ironical reflection of the social segregation within the latter by custom and regulation. Right from the outset, 'none but Europeans were permitted to reside within the Fort.'<sup>25</sup> All the lists of residents at Fort St. George over a hundred years do not mention a single native living within the confines of 'White Town.' The presence of numerous Dutch and Portuguese residents gives evidence of a planned *process of assimilation*—pulling together all who shared colour and race.

In order to discourage marriage with natives, the Company decided to ship out four English spinsters in 1678 who had 'neither relations nor recommendations to any persons in this place but say they knew noe otherways but that they were sent out by the Honourable Company and therefore have made their requests for subsistence upon their accompt.'<sup>26</sup> The scheme proved no great success, for in a subsequent list of Freemen living at Fort

<sup>21</sup> *Public Consultations*, XXVI, 12 July 1692.

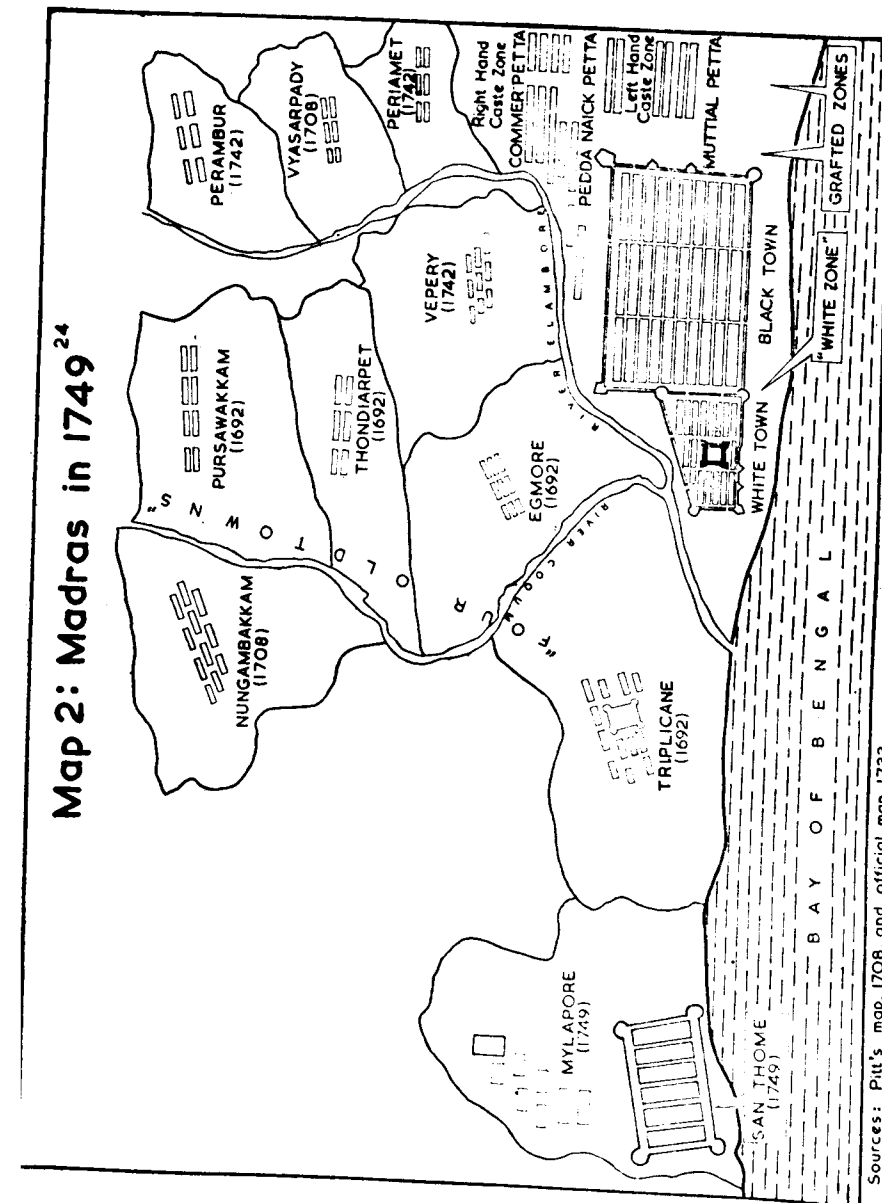
<sup>22</sup> *Ibid.*, XLVIII, 21 July 1717.

<sup>23</sup> *Ibid.*, LXXIII, 11 January 1742.

<sup>24</sup> See the facing page.

<sup>25</sup> Leighton, *op. cit.*, p. 8.

<sup>26</sup> *Public Consultations*, II, 25 July 1678.



Sources: Pitt's map, 1708, and official map, 1733.

<sup>24</sup> See Srinivasachari, *op. cit.*, pp. 125 and 150.

St. George in 1680 three of these women still remained unmarried. Records however are careful to insist that 'soldiers at the Fort married the women of the country, not indeed the poor heathen girls, but the native Portuguese women.'<sup>27</sup> The Portuguese and the Dutch helped ensure racial endogamy, and this is what impelled the agents to invite 'the Portuguese and Eurasians to settle in the neighbourhood and even lent them money to build up on the open sand under the protection of Fort guns.'<sup>28</sup> No wonder then that when, in 1692, John Pitt and Zerich Troughton compiled a 'Rent Rowle of Dwelling Houses within Christian Towne,' half of the 128 private dwellings belonged to the Portuguese.<sup>29</sup>

In 1670, Sir William Langhorne took over as Governor of Madras and authorized the writing of the 'Consultations.' The recordings of the 'Consultations' bring us for the first time something of the social rhythm from White Town. The English servants of the Company, exclusive of Apprentices, seem to have numbered only about 24. Heading the list was the Honourable Agent and Governor, the first member of Council. He received a modest salary of £300 a year. Next came to 'Bookkeeper' who maintained establishment accounts such as salaries and general commercial expenses. He was second member of council and received £100 a year. Then came the 'Warehousekeeper' who occupied the third seat in Council, with a salary of £70 a year. The fourth member of Council called the 'Customer' was the chief buyer of native merchandise and the receiver of rents and customs for the Company's town of Madras. He received a salary of £50 per annum. In all there appear to have been five or six members of Council, each receiving a salary rarely exceeding a hundred a year.

The members of Council were denominated 'Merchants' and 'Senior Merchants,' a rank to which all the servants of the Company might aspire. Young men came out as 'Writers' and sometimes as 'Apprentices.' Every 'Apprentice' seems to have served the customary period of seven years before rising to the rank of 'Writer.' After one year more or eight years service in all, a 'Writer' became a 'Factor'; thereafter he rose in due time to the rank of 'Merchant' and member of Council.

The military portion of the population of 'White Town' was the most numerous. The number of European soldiers varied with the times or with the fears of the Directors at home. During the reign of Charles II (1660-85), trade rapidly increased and the garrison of Fort St. George expanded to two companies of eighty or a hundred men each. St. Mary's Church which was completed in 1678 introduced some 'religious officials' into the picture. There

<sup>27</sup> *Public Consultations*, I, 29 July 1675.

<sup>28</sup> Wheeler, *op. cit.*, p. 57.

<sup>29</sup> *Public Consultations*, XVIII, 30 July 1692.

was the 'Chaplain' who was paid £100 a year by the Company. He was assisted by a 'Schoolmaster' who, at a salary of £50 a year, 'had been sent out to teach all the children of English parents to read, write, cypher and hate Roman Catholics.'<sup>30</sup> Finally, there were the women of 'White Town' who grew steadily in numbers with the years, and were classified officially as Wives of Europeans in the Service of the Company, Widows, and Unmarried Single Women. With this mix of people there developed inside the Fort a round of life marked with prosperity and merrymaking—and with empty pews—but the limits of space debar its full consideration.

In 1687, the threat of local chieftains finally subsided and security was assured by the cordiality and generosity of the Mughals. The White populace, cramped within the Fort walls, finally spilled out into select open spaces to form little 'White sectors,' replicating the features and characteristics of the parent 'White Town' within the Fort. Pubs, taverns, clubs, distinctive garden-houses, and residential streets at Cheepauk and Vepery segregated the British, the Portuguese, and the Eurasians from the natives.

A scrutiny of the spatial and social characteristics of the 'White zones' is not without a purpose. As a dominant but small group of colonists, the British found it opportune to assimilate the remnants of Portuguese and Dutch colonial power in the area for security and social purposes. It is important to realize however that a definite value system—based on colour and religion—dictated the introduction of certain institutions, customs and measures constituting the 'western element' in the colonial encounter. Underpinning such seemingly innocuous terms as 'White Town' or 'Christian Town' were uglier aspects of the value system. Copious references are found in official documents to such practices as double standards of justice, exploitation of native traders, torture, and the export of slaves.<sup>31</sup> Given such segregationist and separatist overtones in their own outlook and lives, it is not surprising that the British would tolerate the institution of caste in the indigenous zones or would allot areas separately to select occupational classes and castes; it might even appear to be inevitable.

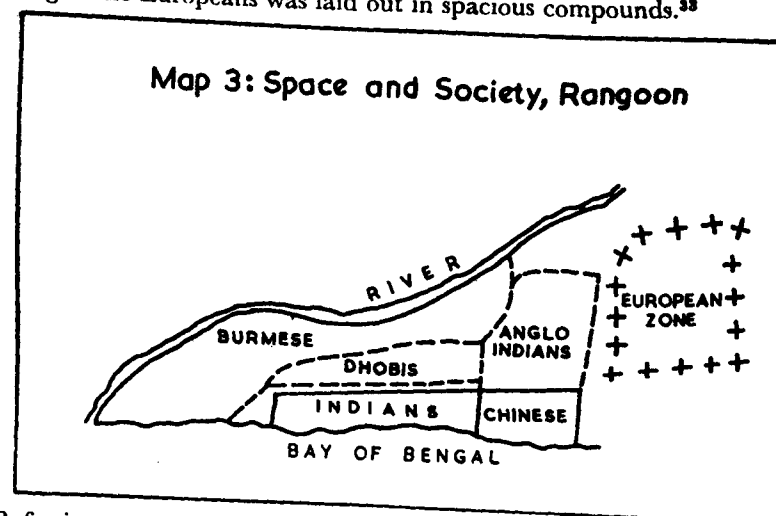
Such an impression is strengthened by McGee's comparative study of South-east Asian colonial cities like Rangoon, Bangkok, and Singapore: 'All these cities were laid out in a grid-iron pattern and certain areas of the city were set aside for the various racial populations.'<sup>32</sup> In Rangoon, for example, one could distinguish three distinct residential zones, both spatially and socially. First, there were the shophouse dwellers of the inner city, mainly

<sup>30</sup> Wheeler, *op. cit.*, p. 53.

<sup>31</sup> Records of 1687 for the month of September reveal striking instances of torture and the magnitude of the slave trade carried on from Madras. In September 1687 alone, 665 slaves were exported from Madras. See *Public Consultations*, XIII, 29 September 1687,

<sup>32</sup> McGee, *op. cit.*, p. 63.

Chinese and Indians. Secondly, there were the inner suburban residential areas which encircled the city into three distinctly different sectors. In the Theinbya East Circle the most Wretched slums of Rangoon were occupied by *dhobis* and other poor inhabitants; next to it in the Theinbya West Circle was an area of large but closely-built houses occupied mostly by Anglo-Indians. This pattern of dense inner suburbs was repeated at the outer fringes of the city where the Burmese were concentrated in low-lying areas close to the river. Finally, on the elevated Rose Bank Terrace, where Government House was located, the European clubs and much of the first-class housing of the Europeans was laid out in spacious compounds.<sup>35</sup>



Referring specifically to the 'White zones' in colonial cities of South-east Asia, Mcgee echoes much of our impression from early Madras:

It was, however, the Europeans despite their small proportion of the total city population who were the most clearly defined social group at the top of the social scale. The colonial city may not have been a city heavily populated by Europeans, but it was a city run for the convenience of Europeans. The European residents of the colonial city, clearly demarcated by the colour of their skin, their superior position in the social hierarchy and their responsibility as colonial rulers lived in encapsulated communities segregated from the major part of the city's population. The European community of the colonial city was as close knit and tight as any Asian village. The spacious residences of the European community, the clubs, the golf courses and race courses remain a permanent part of the morphology of the contemporary cities.<sup>36</sup>

<sup>35</sup> *Ibid.*, p. 69.

<sup>36</sup> *Ibid.*, p. 63.

We can conclude then that the 'colour-caste'<sup>35</sup> instituted in Madras was not an isolated phenomenon nor the quirk of a capricious Governor, but a product of the value system underlying British colonialism.<sup>36</sup>

#### ORTHOGENETIC-INDIGENOUS ZONES: A PROCESS OF INTEGRATION

While the 'White zone' constituted one extreme in the situation of encounter in the city of Madras, the other extreme may be called the 'orthogenetic-indigenous' zone. In the interests of an expanding trade and the need for more space and security, British 'diplomacy' engineered a process of gradual integration, whereby the 16 neighbouring towns and villages were absorbed into the city of Madras.<sup>37</sup> Some of these were ancient cultural and religious centres with sizeable populations.

Hand in hand these native populations brought with them the longstanding traditions of local Tamil culture, manifest both in external topographical features and in internal social divisions. These villages belonged to the province known in Tamil literature as *Tondaimandalam*, comprising the area between the Pennar and Penner rivers. The province which had its headquarters at Kanchipuram was divided into 24 *cottam* or districts, each with its own central stronghold called *cottai*. For Madras, the *cottai* was the Fort at Red Hills. These *cottams* or districts were divided into 79 *nadu* (analogous to latter day taluks) there being one to five *nadus* in each *cottam*. The *nadus* themselves were further splintered into townships called *nattams* of which there were 1,900 in the province. While the 'White' and 'Black' towns lay in the Nayar *nadu* of a *cottam* called Puzhel, the 'indigenous zone' was situated in four *nadus* called Ambattur, Agudi, Atur, and Eghumur (original settlement of Eghu = seven, ur = villages).<sup>38</sup> Although some of these names have disappeared from modern Madras, the suffix 'ur' or 'gudi' (meaning native place or original dwelling place) in each of these taluk names recalls their anti-

<sup>35</sup> The term 'colour-caste' has been drawn from Adinarayan, *op. cit.*, p. 64.

<sup>36</sup> The reader will notice that I specify 'British value system.' A policy of segregation was not practised in the neighbouring Portuguese settlement at San Thome. See map of San Thome in Love, *op. cit.*, p. 301. Also see Adinarayan's observations on the official policy of Albuquerque in encouraging Portuguese to marry Indians and also of French and Dutch efforts at intermingling with natives. Adinarayan, *op. cit.*, p. 67.

<sup>37</sup> I use 'diplomacy' sarcastically. British merchants employed intrigue and vacillation with Indian princes, often playing one off against another and very often taking advantage of their weaknesses to exploit them. Such 'diplomacy' was exemplified in the British acquisition of 'Five New Towns' in 1708 from Daud Khan by giving him 400 bottles of liquor.

<sup>38</sup> Since the date for all the other zones was derived from the British records, I have felt that this British description of indigenous divisions should be retained to maintain a balanced treatment. A far more accurate study of the indigenous zones of Madras can be found in K.V. Raman, *The Early History of the Madras Region*, Madras, Amudha Nilayam, 1957.

quity and distinguishes them from the *pettais* which were later British settlements.

The 16 *gramams* or villages in the four nadus of the indigenous zone maintained many marks of traditional social practices. Mention is made in records that the *shotriem* system (assignment to a Brahmin of land and revenue) functioned in the villages of Triplicane and Pudupakkam, while the *mirasi* right (or right to hereditary possession) existed in the others.<sup>39</sup> The indigenous zone included in its limits several famous centres of culture and of religion. The temple at Triplicane was mentioned by Tirumangai Alvar in the eighth century as one among the 108 traditional Vaishnavite shrines in Tamil country. Mylapore, a town mentioned by Greco-Roman geographers, was famous as the dwelling place of Tiruvalluvar—the author of the *Kural*—and for its temple of Sri Kapaleswara. The cave shrine at Pallavaram had the emblems (*birudas*) of the Pallava king Mahendran Varman of the early seventh century engraved on its facade. The village of Tirusalam in Pallavaram had a Siva shrine dating to Chola times. The Siva shrine at Tiruvattiyoor went back to an age earlier than the eighth century and was associated with the Advaita philosopher Sankracharya. A Tamil mutt attached to this temple existed from as early as the ninth century, and was still a functioning unit when the British acquired the village. The existence of all these centres ensured the presence of the 'traditional literati'—priests, interpreters, and heads of castes—who cultivated and translated the 'Great Tradition' into the social life of the people.<sup>40</sup>

The British in the process of integrating these villages, not only absorbed the existing social organization and practices into Madras, but they also absorbed the internal spatial features of traditional temple centres. Surrounding the temples, referred to in British correspondence as Pagodas,<sup>41</sup> were the *agraharams* or dwelling quarters of the Brahmins. *Chavdis* or halls and sheds for temple travellers seem to have been present in most villages, for the British derived the word 'Choultry' from it, and quite appropriately converted these halls into places of justice for the natives. *Palayams* or central trading areas housing the higher merchant castes and *akams* or locales of artisan groups made up the middle sector. These palayams and akams in turn were divided into separate caste quarters or streets as the *Asari therivoo* (Carpenter's street), *Nesavoo therivoo* (Weaver's street), etc. *Cheris* or zones of untouchables

<sup>39</sup> India. *A Report on the Mirasi Right*, Madras, Collectorate of Madras, 1817, p. 57.

<sup>40</sup> R. Chetty, *History of Triplicane and the Temple of Sri Parthasarathi Swami*, Madras, Sivagami Press, 1948, p. 76. See also S. Das, *Temples of Tamilnad*, Bombay, Bharatiya Vidya Bhavan, 1964.

<sup>41</sup> The word 'Pagod' is used extensively in early government records. Temples in Black Town are normally referred to as 'Gentoo Pagods.' For example, see *Original Correspondence*, No. 2441, 4 April 1654.

and in places close to the sea, *kuppams* (fisher caste settlements) formed the outer limits of these traditional orthogenetic centres. It is interesting to note that in the delineation of these spatial divisions of caste, official documents even mention finer subcaste distinctions as *arukuppam* (a river fisherman's hamlet) from Madraspatnam which was a *marukuppam* (a sea fisherman's hamlet).<sup>42</sup>

The indigenous zone bearing all these hard-core orthogenetic features continued its traditional existence because of two reasons. On the one hand, the British, confronted with its well-established population and features, had to accept it as it was. On the other, because of such a gradual process of integration, the British had very little commercial or ruling contact with these centres and therefore were not called upon to make decisions when the populace or their social factions ran contrary to commercial interests.

Interestingly enough, this continuity in the 'indigenous or orthogenetic' zones in Madras matches clearly the summation of Bangkok by Mcgee as an 'indigenous city.' Bangkok is unique as an indigenous city because it was never under colonial control. While its power structure and to a certain extent its social structure still retained elements of the patterns of the pre-industrial city as revealed in the city morphology, the impact of colonialism changed the economic functions of the city and resulted in the emergence of what may be called a dual city—the old preindustrial city and the commercial city.

Founded in 1767 by the Thai king Phya Tak, Bangkok was a walled city on the site of a palace on the west bank of a river. It was not until the rule of King Rama I in 1782 that the true character of preindustrial Bangkok took shape. Rama I built himself a palace on the opposite side of the river at Bangkok proper and surrounded it with parallel lines of fortifications. Under King Monkut (1850-65) the British concluded a Treaty of Friendship and Commerce which opened up trade. Monkut used Europeans as advisers and they built up the commercial areas of Bangkok. The pattern of land use in Bangkok therefore shows the basic division between the preindustrial and the commercial sectors.<sup>43</sup>

The character of Bangkok was established along traditional Thai lines. Within the royal enclosure was the palace surrounded by law courts, government offices, and temples. Across the river was the residential adjunct of the palace city; the residences of indigenous Thais; rows of floating houses built on pontoons floating on the canals. The newer colonial sector spread southwards along the New Road from the palace walls to the east bank which became the major banking and trading area. Although British planning

<sup>42</sup> India. *Mackenzie MSS*, XI, No. 1.

<sup>43</sup> Mcgee, *op. cit.*, p. 73.

a traditional caste systems. Their loyalties and roles in issues involving caste were often emotionally involved and divided. There the British could not use their services in a mediating function. As rulers they had to meet certain social and caste factions squarely. Out of this contingency flowed a body of legislation and measures which had a far-reaching effect in stabilizing and even redefining caste demarcations and practices. For purposes of this paper, I shall choose three separate historical incidents which highlight the positive role of the British in this regard. In all these incidents, a *process of selection and allotment* was operative.

Although the Consultations reveal little about the actual regulations laid down by the British in the initial phases of the settlement of 'Black Town' a later petition by a caste group, on the occasion of the caste dispute of 1707 claims that 'upon the first settlements of the British in this place, the liberty was granted to your petitioners castes [Right Hand] to have their streets and habitations from Tom Clarke's Gate and the Bridge Gate both with and without, and to the Left Hand caste was granted from Mudd Point Gate both within and without.'<sup>50</sup> This excerpt shows that at the Founding of the city itself and before any occurrence of caste disputes, the English had made specific spatial allotments on the basis of caste.

This fact is even more clearly confirmed and enacted in the later settlements of Collettpettai in 1720 and Chinadripettai in 1735. Collettpettai (*pettai*—new settlement) named after Joseph Collet, the Governor, was a settlement of the weaver and painter caste who had immigrated to Madras by the promise of special concessions. When completed in 1720, it consisted of 104 houses, ten shops and the 'householders were arranged under the Right Hand and Left Hand division.'<sup>51</sup>

Chinadripettai (Settlement of the Small Loom) grew out of the need to develop the supply of calico, the shortage of which had been commented on by the company Directors in England. Pitt resolved therefore to encourage calico manufacture in Madras by inviting spinners and weavers from Salem and Worriapolam to settle in the city. Since the artificers pointed to the need for shady areas to work under, and there were no such groves in other Madras villages, Pitt decided to use his ruling power to ruthlessly enforce such a settlement. He cast covetous eyes on the private garden of a former chief merchant of the Company named Sucku Rama whose garden, measuring 840 yards by 500, contained trees of 15 years growth and enjoyed a good supply of water. Sucku Rama remonstrated by producing his cowle for the ground which had been granted him by Governor Collett in 1719. Pitt and the Council were not to be outdone by such legalities. Records to England

<sup>50</sup> *Original Correspondence*, No. 2467, cir. April 1655.

<sup>51</sup> Srinivasachari, *op. cit.*, p. 138.

narrate that 'on producing the title we were unanimously of opinion that it was a bad one and it was agreed to resume it into your hands, only Messrs. Mors and Monson desired the case might be referred to your Honours . . . but we thought that his [Sucku Rama's] behaviour [was] such as did not deserve any favour from us.'<sup>52</sup>

Having snatched the garden by such highhanded measures, the conditions of settlement adopted by the council were equally dictatorial. 'None but spinners, weavers, painters, washers and dyers with priests and attendants for the temple, will be admitted to the new village to be called Chinadripettai. All immigrants must be approved by a special officer [Augustus Baron] who will exclude inhabitants of Madras and its existing villages. The officer will allot grounds to selected applicants and the houses will be their absolute property.'<sup>53</sup> Such legislation, selecting only a few specialized classes and allotting fixed areas, created the spatial fragmentation of the settlements into professional quarters which *ipso facto* were also caste quarters. Furthermore, by reintroducing the Shotriem system of assessment into Chinadripettai the British, in a settlement of their own making, strengthened the waning position of the Brahmins by using them for collecting revenue, which they could have done through their own newly created official apparatus.<sup>54</sup>

#### WALL TAX ASSESSMENT

The inner and outer forts enclosing the European quarters were well fortified in 1642. The native settlement however lay largely unprotected. At each siege, Black Town fell a prey to depredation. The flight of their precious traders and artisans brought great financial loss to the English merchants. In 1699, Black Town was again threatened by the unpredictable Daud Khan. Uncertain of his intentions, the Governor and Council instituted a survey and decided to build fortifications around it.<sup>55</sup> To provide funds for the work, the British decided to levy a 'wall tax' not through their newly created administrative apparatus, but through caste heads. Summoning all the caste heads on 3 August 1702, Pitt and the Council members delivered a paper to all castes in the 'Jentoo Language' which ordered that the 'Chief of each caste ought to summon every men to subscribe what he will give towards the aforementioned fortifications.'<sup>56</sup> Throughout 1703, 1704, and 1705, futile meetings were held with caste representatives to discuss ways of raising more money. Finally in 1706, the Governor and Council assumed

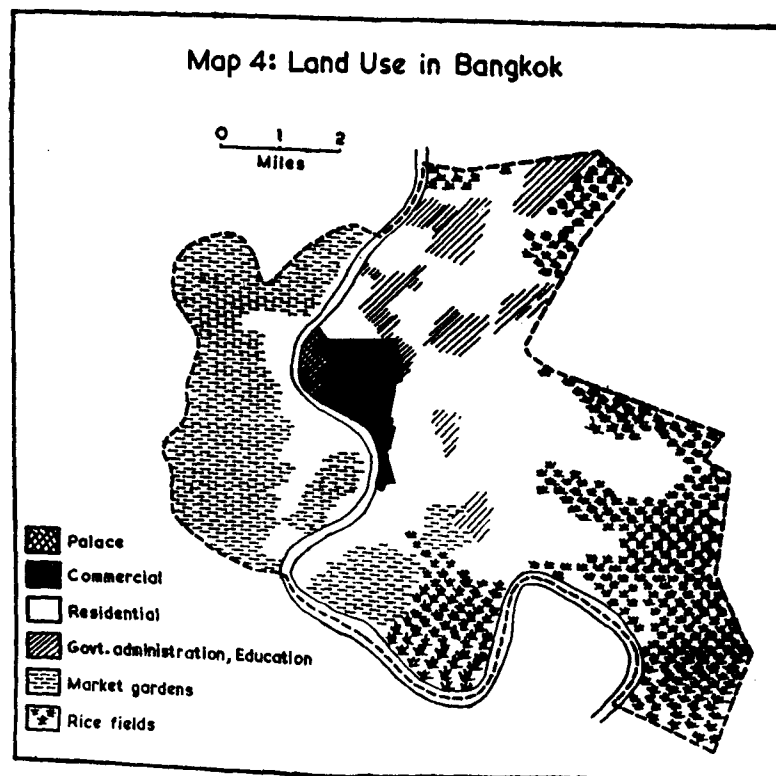
<sup>52</sup> *Despatches to England*, XI, 22 January 1735.

<sup>53</sup> *Diary and Consultations*, LXIX, 21 October 1734.

<sup>54</sup> Love, *op. cit.*, p. 127.

<sup>55</sup> *Public Consultations*, XXIX, 4 December 1700.

<sup>56</sup> *Ibid.*, XXXII, 3 August 1702.



left its mark in the only area which affected its interests, it could not alter or dominate the overall orthogenetic character of the city. At best the colonial sector coexisted with the traditional Thai sector in very much the same fashion as the orthogenetic-indigenous zones coexisted with the later settlements of the British in early Madras.<sup>44</sup>

#### GRAFTED ZONES: A PROCESS OF SELECTION AND ASSIGNMENT

Hemmed in between the two extreme elements—the 'white' sector and the 'orthogenetic' sector—lay what I shall call the 'grafted zone.' The population of Black Town and of the other later native settlements was literally grafted into open spaces around the Fort because they served British commercial interests and trade. Right from the outset of the encounter of the British with this group, the former were both its trading partners and its rulers. Out of this relationship blossomed a core of native officials and functionaries whom Redfield and Singer in their construct called the 'intelligentsia' or entre-

<sup>44</sup> *Ibid.*, p. 72-74.

preneurs. They were the 'new social type who standing astride the boundaries of cultural encounter mediated between alien cultural influences to the natives and interpreted indigenous culture to the foreigners.'<sup>45</sup>

The dual role of the intelligentsia is clear in the early picture of Madras. Many of the traders and merchants rose to a position of great influence and wealth. They used their position to wrest from the British permission to build temples. Thus the temple of Channakesava within Pedda Naicken Pettai of Black Town which is coeval with the foundation of the city was built by endowments from Nagu Baltan, the Company powdermaker, and Beri Thimmana, the Company Chief Merchant in 1646.<sup>46</sup> The Ekambareswarar Pagoda in Mint Street was built towards the close of the seventeenth century by Alagantha Pillai, another Chief Merchant of the Company. The Kandaswami Temple was built by the Beri Chettis in the early part of the eighteenth century with British approval.<sup>47</sup>

The merchants who thus championed indigenous causes also fitted into new roles in the British administrative bureaucracy. From their ranks many became the representatives and spokesmen for their colonial masters with native princes. The first notable example of an ambassador-interpreter was the merchant Venkata Bramany who accompanied Littleton on his diplomatic mission to Mir Jumla in 1652. His family seems to have attached itself to the service of the British at various periods. His brother Kannapa became the Magistrate or Adhikari of Indian Town and claimed that their father held such a position in the company's service in 1614 presumably in the northern factories. Venkata's son Viraraghava Bramany rose to considerable prominence under the Company in the next generation and acted as intermediary with the Sultan of Golconda and his troublesome chieftain Lingappa.<sup>48</sup>

Some merchants took up official duties from the British in the government of their own native sectors. The Indian town came to have such officials as the Adhikari or judge of the native choultries, Kanikapillais or accountants, and the Pedda Naicks or watchmen. Senior merchants and traders came to earn the title of 'Chief Merchants of the Honourable Company' and the agents and brokers of individual English merchants came to be known as Dubashes. The commercial and ruling interests of the British thus created a new class structure which, given its intermediary role, became an effective tool of government and loyalty.<sup>49</sup>

In their social life, however, these same men were but cogs in the wheel of

<sup>45</sup> Singer, *op. cit.*, p. 70.

<sup>46</sup> Srinivasachari, *op. cit.*, p. XXIX.

<sup>47</sup> *Ibid.*

<sup>48</sup> *Ibid.*, p. 55.

<sup>49</sup> Love, *op. cit.*, p. 126.

responsibility for assessing the castes and drew up a list allotting a fixed sum to be assessed from each caste. The following data from the official list reflect the minute and specific assignment made to each caste:

ASSESSMENT BY CASTE (1706)<sup>57</sup>

|                                  |            |
|----------------------------------|------------|
| Chittee Cast                     | 2000 pags. |
| Quomittee Cast                   | 800 "      |
| Vellonwar Cast                   | 200 "      |
| Bellejar Cast                    | 350 "      |
| Ganlewar Cast                    | 400 "      |
| Gellawancewar Cast (Shopkeepers) | 100 "      |
| Aggoomoodce Cast (Bricklayers)   | 400 "      |
| Kiculla Cast                     | 20 "       |
| Charnowar Cast                   | 300 "      |
| Polliwar Cast                    | 18 "       |
| Salliawar Cast                   | 100 "      |
| Zoningcewars                     | 150 "      |
| Gullawars Cast (Shepherds)       | 70 "       |
| Chombodwars Cast (Fishermen)     | 10 "       |
| Kyawars Cast (Bamboo Coolies)    | 10 "       |
| Manglewars Cast (Barbers)        | 20 "       |
| Connadri Cast (Grasscutters)     | 25 "       |
| Gandru Cast (Toddy Tappers)      | 180 "      |
| Comrawar Cast (Potmakers)        | 10 "       |
| Braminys                         | 100 "      |
| Pottanpawars (Catamaran boatmen) | 40 "       |

SOURCE: Records of Fort St. George, 1706.

This recourse to caste heads and the specification of assessment for each caste has far-reaching implications. The British granted official recognition, as it were, to caste demarcations. Furthermore, by such assignments, the British fostered and sharpened caste identity. The natives were called upon to act and respond not as citizens of Madras but as members of particular caste groups who resided in Madras. The strengthening of such caste identities could not but have had repercussions on the spatial and social fragmentation of native society in 'Black Town.'

## CASTE DISPUTES

Of all the historical incidents which spotlight British interference in caste, the caste disputes which occurred in 1652, 1707, and 1716 were the most significant and far-reaching. These disputes connected with differences and

<sup>57</sup> *Ibid.*, XXXVI, 6 July 1706.

dissensions between the Vadathakai (Right Hand) and Illathakai (Left Hand) castes were sparked off by the most trivial of incidents.

The first such caste dispute occurred in 1652. Governor Baker's own communication to Surat relates the origin of the dispute:

In our presence a Belegewar [Right Hand] told a Berewar [Left Hand] that he was not worth a Cash, to whome the Berewar replied againe that if himself were not worth a cash, the other was not worth two cash. Upon this, the Belegewar runnes presently into the Towne, raiseth the whole cast with Sword and Clubs, who run into the Berewar streets and plunder their houses and cut of [f] two men's heare of their heads, which is far greater disgrace to them than if they had cut of [f] their heads and left them dead in the place.<sup>58</sup>

Out of this trivial incident, a riot ensued which forced Baker to regulate and assign limits to each caste.

The Right Hand cast are to reside in the particular streets appointed for 'em where are to live or come none of the Left Hand Cast: and the same with the Left Hand Cast where are to be none of the Right Hand cast.

The Great Street from before the Fort as far as Tagapu Chittees garden and all the streets to the Westward of that street are allotted to the Right Hand Cast, and the Great Street from Mr. Porter's reaching to Molly Carjuns old pagoda, with the new street are allotted to the Left etc . . . if either of the Castes act contrary to this Agreement shall pay one thousand dollars.<sup>59</sup>

What is significant to our thesis is that the castes rejected and resented such assignments of space and sent a declaration to London, throwing the blame for such regulations on the machinations of the Brahmins Chief Merchants of the Company, Kannapa and Venkatapa.<sup>60</sup>

After the President's being here a whyle the Brahmanees began to sett him on parting and appointing the streets and they came to us and said

<sup>58</sup> *Original Correspondence*, No. 2311, 5 February 1652.

<sup>59</sup> *Public Consultations*, XXXVII-XXXVIII, 30 October 1707.

<sup>60</sup> Such an accusation against Kannapa and Venkatapa does not appear to be far-fetched. As Srinivasachari points out these brothers, one of whom served as interpreter-ambassador to Mir Jumla and the other (Kannapa) acted as Adhikari, 'exercised considerable influence and caused a large amount of disturbance in the government of the settlement by making charges and counter charges in favour of Baker and against Greenhill and his colleagues.' Srinivasachari, *op. cit.*, p. 55.



To give effect to this amazing decision, orders were issued for the march of a force of 250 soldiers, 200 talliards, 220 of the Company peons and 1,800 peons who had been engaged by the Left Hand caste for their protection. Fortunately for the British and the Right Hand caste deserters, such a confrontation was avoided by the new Governor of San Thome, who as a Hindu and a Right Hand caste man induced the strikers to return to Madras with the assurance that the stones would not be set up and that all shall be settled according to Sallabad custom.<sup>69</sup>

Once the deserters returned, the British Government imposed the regulations they had planned originally. Records of January 1708 state that 'upwards of five hundred houses were interchanged in the territorial assignment' and, breaking all promises, stones were again set up in the Pettais to mark caste boundaries.<sup>70</sup> Some groups, unsure of their caste status, were assigned a particular position. The Boatmen as Christians belonged to none of the caste divisions and were assured of protection and privileges as Christians by the Governor and Council.<sup>71</sup> Castes like the Kickulawar and the Oylemen were unsure of what division they belonged to. To expedite their settlement with alacrity, the British decided to assign these castes to one section or the other under threat of penalty.

Both castes complain against the Kiculwar weaver and the Oyle men that they were very fickle in their cast that they were sometimes of one cast and sometimes of another, which gave trouble to both castes. So desire the heads of caste may be sent for, which accordingly was done, when the weavers declared for the Left Hand and the Oylemen for the Right Hand, which they were ordered to keep or be severely punished.<sup>72</sup>

If the caste dispute ended and the British were able to enforce a settlement, matters did not rest there. A post mortem enquiry instituted by the Court of Directors in England brought to the surface the real cause of the dispute and something which is of vital importance to our hypothesis. In their judgment, the Court of Directors declared:

...nor does it appear probable to us that either of the two castes would have ventured to fly in the face of government which is and should be power, with the fear of apprehended great provocation; nor can we think that the Right Hand caste would have carried things to that extremity on the single quarrel of the Left Hand caste making a wedding in their own

<sup>69</sup> *Ibid.*

<sup>70</sup> *Ibid.*, XXXIX, 15 January 1708, also 2 and 10 May 1708.

<sup>71</sup> *Ibid.*, XXXVII-XXXVIII, 2 December 1707.

<sup>72</sup> *Ibid.*, XXXIX, 15 January 1707.

street. It seems to us that the seeds of discord lay deeper and that things growing ripe for a rupture, this handle was taken to begin the quarrel and set fire to the fuel that was before preparing for it.<sup>73</sup>

This 'fuel' referred to by the Court was actually the conflicting commercial interests and embittered personal relationships between Governor William Pitt and a member of Council at Fort St. George, Fraser. The practice up to Pitt's time had been to procure the Company's goods through the agency of Indian brokers who contracted to supply them according to sample. Such contracts were for the most part the monopoly of members of the Right Hand who were suspected of paying large subsidies to some of the earlier Governors for monopolizing this privilege. Pitt decided to change this practice by encouraging all classes of merchants to bring their goods for sale and to enable the Company to take advantage of their competition. Fraser whose *dubashes* (brokers) were of the Right Hand caste instigated the Right Hand men to challenge the policies of Pitt. Pitt, whose commercial interests lay with the Left Hand, instigated the Left Hand to action. The commercial interests and rivalry of two British merchants thus played a significant role in adding to the dissensions of the Vadathakai and Illathakai castes in Madras in 1707.

The final caste dispute in 1716 was limited to the Chetti and Commattee subcaste groups of the Left Hand and Right Hand respectively. While the first clash in 1652 had originated from impudent language, and the second from a social altercation, this particular dispute (which was less violent and intense) originated from conflicting religious customs and practices. British legislation and intervention in this case therefore encroached on religious grounds.

The Commattee Chettis had recited a hymn called the Naggarum before the idol named 'Chinadry Pillary' (ganesha). The Chettis questioned their right to do this and rioting broke out. The Chettis therefore closed their shops and trading was at a stand still. The British, having suffered colossal financial losses in the last dispute, hastened to adopt measures which defined the limits of religious and ritual practices allowed to each group. An order was issued to the effect that the President and Council of Fort St. George

do hereby appoint and order for determination of the present differences that the Commattee shall have the liberty of saying the Penungundoo Nagarum or other titles before any pagoda within the Pillary or any other in the Right Hand streets and that the chettis shall have the liberty of rehearsing their titles or saying their Nagarum before any pagoda in the

Left Hand streets, but that the Commattees shall not say the Nagarum in the Left Hand streets, nor shall the Chetties say their Nagarum in the Right Hand streets. And we do hereby order that neither the Commattees nor the Chettis shall have the liberty of saying their Nagarum or rehearsing their titles before the great gentoo pagoda.<sup>74</sup>

The order went on to forbid the building of any more pagodas for worship without permission from the Governor and Council. And finally, all religious colours at feasts in Madras were forbidden except 'St. George's colours with a white field and a red cross.'

Such measures caused protest, hartal and desertion by both caste groups. The Council therefore decided to

assert our authority and either force them to compliance or take what satisfaction we get out of their estates . . . remove valuable wares of Chettis to the Fort Godown . . . by which means we hope to frighten the Chettis into submission and return.<sup>75</sup>

Such coercion worked and the caste dispute ended.

An analysis of these disputes reveals a fairly consistent pattern in occurrence and in motivation. Petty differences initially sparked off the clashes, but vested interests fanned these differences to a point wherein the real underlying motives and machinations of officials were often lost sight of. In the ensuing loss of revenue and peace, stringent policies were adopted by the dominant power to coerce the caste groups to accept practices which clearly enlarged and redefined caste differences. Differences which had been a matter of social mores now became a matter of law. Furthermore, spatial separation and restrictions on certain social and religious practices added new dimensions to the petty religious differences that had hitherto prevailed between the caste groups. The data from official records overwhelmingly indicate that spatial separation on the basis of Right Hand and Left Hand divisions was by no means customary. Even if we grant for the sake of argument that such divisions were customary and traditional, the fact that members of the two groups lived in an integrated manner and fought violently to stay where they were, shows that such spatial separation was on the wane in the pettais and that it was British regulations that resurrected and reestablished it.

Such legislation had its effects on the spatial contours of the 'grafted zone', the newly planned pettais. Interaction with the colonialists was reflected in such hybrid names as 'Collettpettai' and 'Washermanpettai'. Within these

<sup>74</sup> *Public Consultations*, XLVII, 7 January 1717.

<sup>75</sup> *Ibid.*, XLVIII, February 1717.

pettais, the internal fragmentation into traditional caste groups reflected not the wide range of caste quarters and streets as in indigenous sectors, but a more selective picture. Distinctive streets (or therivoos) such as Agoomudi therivoo (Bricklayers street), Naicken therivoo (Watchmens street), Mudali therivoo (merchants street) were spatial divisions on the basis of specialized functional castes.

The process of selection and allotment which played such a positive part in the spatial and social demarcations of caste in the grafted zones of colonial Madras was by no means an isolated phenomenon. As late as 1819, in the planning and creation of Singapore the British adopted similar measures. Singapore was a city planned by Europeans and inhabited by non-Europeans whose residential distribution continued to reflect the intensions of the European rulers to an amazing degree.

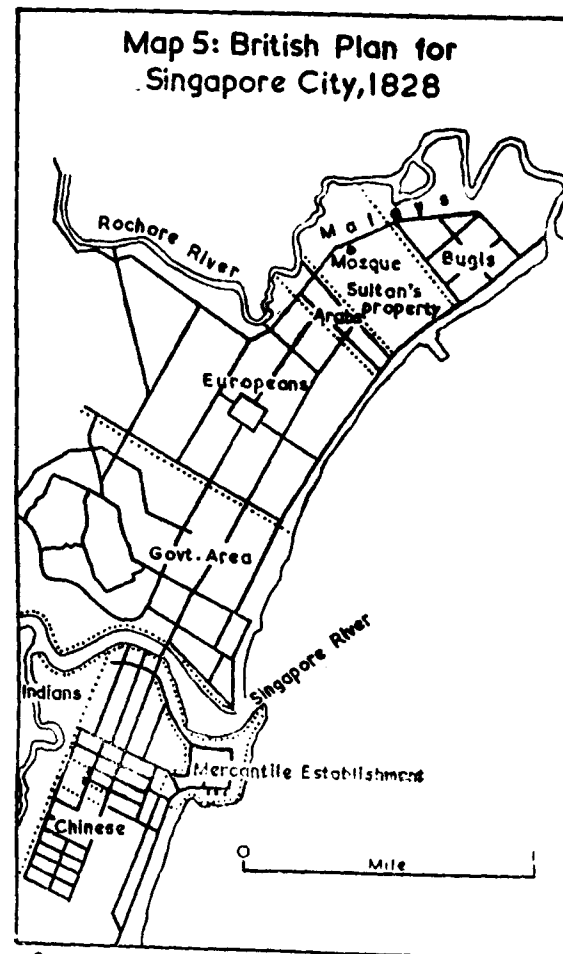
The basic plans of Singapore as drawn by Sir Stanford Raffles (See Map 5) apportioned specific areas to communities on the basis of ethnic divisions. The Arabs and Bugis were located close to the Malay Sultan's compound and the mosque in the north. Local Malays were assigned the northern fringes of the Rachore River.

The potential disturbances and rowdiness of the Chinese and Indian immigrants was separated from the quietness of the spacious area by the Singapore River and the European zone.<sup>76</sup>

British administrative areas and White Town covered the largest area of town occupying a high, well-drained site between Rachore River and Singapore River. It was laid out with all the institutions of the English colonial city—the cricket ground, the church, the government buildings, the clubs, and the cantonment. British policy thus explicitly engendered and planned the Moslem sectors, the China Towns and the Indian Bazaars in Singapore in the same manner as it had allotted different pettais to the Right Hand and Left Hand castes in early Madras.

To sum up: Adopting the orthogenetic-heterogenetic construct of Redfield and Singer with its particular relevancy to the 'situation of encounter' in colonial cities, we have studied the possibility of the British being agents not only of change but also of the continuance of such traditional features as caste. In doing so we eschewed two stereotyped approaches—namely, the over-emphasis on change by Indian urbanists, and the presumption that Indian conservative and traditionalists alone have been responsible for such continuity. A study of the social geography and of official documents pertaining specifically to Madras prompted the hypothesis that British values and com-

<sup>76</sup> McGee, *op. cit.*, p. 71.



Source: T Mc Gee, p.70

mercial interests were the motivating factors behind regulations that established and redefined caste demarcations—both spatial and social. Comparative data drawn from a study of South-East Asian colonial cities give strong support to the hypothesis. The British value system, centring on 'colour' and 'religion', worked through a *process of assimilation* to create a 'colour-caste' which led to the particular spatial and social features of 'White Town'. A *process of integration*—involving the acquisition and absorption of ancient villages and temple centres—established the 'orthogenetic-indigenous' sectors in Madras. Since colonial commercial interests were not directly linked to the social organization of these sectors, the British adopted a *laissez-faire* policy that ensured the continuance of spatial and social features along traditional caste lines. Data drawn from British settlement measures, systems

of tax assessment, and legislation in caste disputes revealed a *process of selection and assignment* in defining and establishing new spatial and social dimensions to the Vadathakai and Illathakai castes in the 'grafted zone'.

In analyzing this 'triple process' in British policy and in selecting facts to illustrate its working, my purpose is neither to portray a utopian view of Indian society, nor to project the British as 'creators of a caste system'. Caste differences and dissensions, as the facts indicate, did exist in traditional south Indian communities. However, such social differences, especially when manifested in riots and disturbances, had repercussions on British colonial and ruling interests. On such occasions, the British had perforce to take action. Underpinning such action, one senses the workings of a 'dominant power' conscious of its power to lay down the law. It was this laying down of the law which stabilized and to some extent even redefined already existing caste differences in colonial Madras of the late seventeenth and early eighteenth century.

## The Influence of British Policy on Industrial Development in the Princely States of India, 1890-1933\*

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In an earlier paper, I have tried to show that the political system of indirect rule was one cause of the economic backwardness of the princely states<sup>1</sup> relative to British India in 1931.<sup>2</sup> Since Britain was the paramount power in India, it seems appropriate to ask whether its actions and policies to which the princely states had to conform could have been a factor. In this paper, I would like to examine British policy toward commerce and industry in the states and its possible effects on economic growth.<sup>3</sup>

As early as 1797, the British laid down guidelines for the conduct of financial transactions between businessmen and princes. The Government of India Act of 1797 made it a misdemeanor for British subjects to carry on financial business with the princes without the prior approval of the Government of

\*The research for this paper was made possible by a grant from the Foreign Area Fellowship programme during 1964-66. I am grateful for the assistance I received at the National Archives of India, New Delhi, and for the use of its resources.

<sup>1</sup> 'States' in this paper refers to all of the 584 princely states. The states covered 45 per cent of the area and approximately 25 per cent of the population of India (excluding Burma) in 1931.

<sup>2</sup> This paper, entitled 'British India and the Princely States: An Economic Comparison,' was presented to the Annual Meeting of the Association for Asian Studies, 28 March 1972. I compared the 28 states with populations over 500,000 in 1931 with 31 nearby British Districts. Each state was matched with a district or districts with similar factor endowments. A *t* test revealed significant differences between the states and their matching districts for certain key economic variables. Since factor endowments had been held constant, I concluded that the economic differences between the states and districts were caused by political differences. Districts were governed by direct rule, states by indirect rule. The year 1931 was selected because it was the last year for which comprehensive economic data was available for the princely states.

<sup>3</sup> Although many aspects of British policy concerning India as a whole (tariff policy, for example) affected the princely states, the only elements of Britain's policy to be discussed here are those which applied solely to the princes and the princely states.

It should be pointed out that there are many other possible causes for the economic backwardness of the states with which I shall not concern myself in this paper. A list might include: excessive use of state funds for the maintenance of the ruler and his family, insecurity of land tenure for cultivators due to few land settlements, subinfeudation due to the creation and/or maintenance of jagirs, absence of the rule of law or a well-defined court system, etc.

India.<sup>4</sup> For some years, this law was not rigorously enforced. But, in 1891, as a result of a notorious scandal involving Hyderabad State,<sup>5</sup> the Political Department<sup>6</sup> of the Government of India (G.O.I.) affirmed its intent of carrying out a policy of close supervision of the dealings between states and capitalists. It issued the following statement which defined official policy and provided a rationale for it:

The facts elicited in the enquiry by a Parliamentary Committee into the affairs of the Hyderabad [Deccan] Mining Company, revealed the risk to which a Native State is exposed by entering into direct transactions with capitalists or financial agents. Such direct communications are opposed to the recorded policy of the G.O.I., which, fully recognizing the risks they involved, for a long time refused to permit them. The 'wholesome orders of the Court of Directors' prohibiting such transactions on the ground that they were 'productive of much mischief and the source of much usury and corruption'<sup>7</sup> were embodied by Parliament in the Act of 37, Geo III, ch. 142, sec. 28; and this Statute is still in force. Recent relaxations of this rule have not been attended with success, and the G.O.I. considers, that, in the interests of the Native States themselves, a reversion to the former practice is demanded. It is true that there is a possibility of a strict adherence to this rule occasionally appearing to constitute an impediment to the industrial and commercial development of a Native

<sup>4</sup> Great Britain, Laws, Statutes, etc., Government of India Act, 1797, Statute 37, Geo. 3, ch. 142, clause 125.

<sup>5</sup> This affair which involved the misuse of enormous funds in a series of projects for railways and mines in Hyderabad State was so infamous that a Select Committee of Parliament was formed to investigate it (Great Britain, Parliament, *Parliamentary Papers* [House of Commons and Command], 1887, LXII, 947; *Ibid.*, 1888, XI, 1; *Ibid.*, 1888, LXXVII, 305). The following Government of India files deal with this matter: G.O.I., Foreign, Political A, 124-127, October 1874; G.O.I., Foreign, Political A, 62-66, December 1883; G.O.I., Foreign, Internal Secret, 26-27, August 1884; G.O.I., Foreign, Internal A, 125-129, January 1886; G.O.I., Foreign, Internal A, 49-60, February 1886; G.O.I., Foreign, Internal Secret, 20-21, July 1888; G.O.I., Foreign, Internal Secret, 11-40, April 1889; G.O.I., Foreign, Internal Secret, 6 May 1892.

<sup>6</sup> In the late nineteenth and early twentieth centuries, the Foreign Department in the Secretariat of the Government of India dealt with matters concerning the states. Later, the title of the department was changed to Foreign and Political. Finally, the department was split, and relations with the states were handled by the new Political Department. In India after independence this department was called the Department of States. With the merger of the states and the abolition of jagirdars, the remaining functions of the department were given to the Home Department.

In this paper, the department which dealt with the states will be referred to as the Political Department.

<sup>7</sup> This phrase is an allusion to the fact that the princes had been swindled out of large sums of money by adventurers.

State, but care can be taken that no obstacles are thrown in the way of genuine schemes for the benefit of such States, which will on the other hand be protected from exploitation by adventurers.

The most usual subjects of negotiation between capitalists or financial agents and Native States are loans, and railway and mining concessions. Such capitalists or financial agents may, as regards railway and mining concessions, enter into primary negotiations with a Native State through the medium of the G.O.I. or, in the case of Native States within the political control of the Government of Bombay or Madras, through the medium of those Governments. No railway project may, however, in any case, be decided upon without the sanction of the Governor-General-in-Council. Mining projects should also be referred to the G.O.I. before the negotiation is concluded.

It must also be understood that whenever a Native State decides upon an undertaking the prosecution of which necessitates a financial arrangement with capitalists, the G.O.I. will, on behalf of the Native State concerned, negotiate and conclude with such capitalists the necessary instruments for giving effect to such financial arrangement.<sup>8</sup>

These orders<sup>9</sup> were amplified in 1899 in a letter from the Deputy Secretary of the Political Department to the British Resident in Mysore. The Deputy Secretary specified that 'capitalists and financial agents' referred to all persons who were not subjects of the state concerned. He further stated that some latitude would be permitted. States could conduct preliminary negotiations without G.O.I. sanction, and after approval they could, in some cases, be authorized to complete negotiations by themselves.<sup>10</sup>

High-ranking officials of the Political Department gave many reasons for limiting direct negotiations between states and capitalists and financial agents. Reasons cited were: (i) to protect states from 'mischief,' (ii) to prevent loans raised in England for public purposes from being used to gain political support, (iii) to prevent the increase of the gold obligations of India to England, (iv) to discourage the British public from regarding any state as an independent entity or separate power, (v) to prevent any undermining of the British policy of keeping the states in political isolation, (vi) to avoid international complications that might result if foreigners bought shares in firms that were creditors of princely states, and (vii) to prevent loans from

<sup>8</sup> G.O.I., Foreign, Internal Secret, 238, March 1891.

<sup>9</sup> The *Manual of Instructions of Officers of the Political Department of the Government of India* (New Delhi, 1924) is a good source for tracing instructions to Agents of the Political Department concerning British policy toward princely states. As orders on a given subject changed, the *Manual* was revised by pasting in the new orders.

<sup>10</sup> G.O.I., Foreign, Internal A, 25-41, March 1899.

being construed as having G.O.I. guarantees.<sup>11</sup>

Clearly, both British official policy and its rationale offered ample opportunity for preventing the movement of industry to the princely states, for inhibiting the exploitation of their mineral resources, and for blocking loans states might wish to float. But the British rarely exercised their powers for these purposes—at least not directly. In fact, they applied a policy that was the opposite of their official policy. Actual policy was one of almost total non-interference in most commercial matters. Why, in view of the official statement of 1891, the British consciously chose to follow a policy that was almost its total reverse<sup>12</sup> is probably to be explained by two basic factors.

First, by the early twentieth century a strong element in the British government believed that the princes should constitute a strong political force in India and therefore should be given more political independence. This view led to the creation in 1921 of the Chamber of Princes which finally brought to an end the British policy of isolating the princes politically from one another and strengthened the position of the princes. Further, selected princes were asked to represent India at international meetings, which increased their foreign contacts and prestige. Still another sign of the increasingly enhanced status of the princes was the British decision in the 1920s to consult extensively with certain princes and with the Chamber of Princes about possible revisions in the policies governing relations between princes and capitalists and financial agents.<sup>13</sup>

The second cause of British non-interference in dealings between states and capitalists was the effectiveness of the princes in minimizing British involvement. Some princes hired respected businessmen and ex-ICS officers and

<sup>11</sup> G.O.I., Foreign and Political, Internal, 279, 1924.

The first reason (to protect states from 'mischief') was the one most frequently cited in the internal notes of the Political Department and also in letters to state durbars. The Hyderabad case (see n. 5) and others (e.g., G.O.I., Foreign and Political, Reforms, 201, 1929) were cited as examples of states' ineptitude in transactions with capitalists and financial agents. The British thought they could look after the interests of the states better than the states could, and this attitude is reflected in their internal communications.

<sup>12</sup> The British were well aware of the discrepancy between official policy and *de facto* policy. See G.O.I., Foreign and Political, Internal A, 231-236, January 1920; G.O.I., Foreign and Political, Political, 748, 1922; G.O.I., Foreign and Political, Internal, 665, 1923.

<sup>13</sup> The evolution of these discussions can be traced in these files: G.O.I., Bhopal Agency Records, file 188, 1922; G.O.I., Foreign and Political, Internal, 665, 1923; G.O.I., Foreign and Political, Reforms, 7, 1928; G.O.I., Foreign and Political, Reforms, 43, 1928; G.O.I., Foreign and Political, Special, 11, 1930; G.O.I., Bhopal Agency Records, file 140, 1930; G.O.I., Foreign and Political, Reforms Secret, 202, 1932.

In spite of these consultations and many suggestions made by the princes, only one substantive change was made in British policy. A directive was issued which from 1930 on allowed Indians who were not subjects of a given state to make loans to the state without the prior concurrence of the G.O.I. (G.O.I., Foreign and Political, Reforms, 170, 1929)

other former civil servants to take part in their bargaining with capitalists and financial agents.<sup>14</sup> As a result, in addition to gaining the expertise, skill, and contacts of these men, the princes increased their ability to alleviate British fears that they might be inept in their negotiations. Another tactic princes used was to keep the G.O.I. uninformed about negotiations until they were so far along that a detailed investigation by the British would require inordinate delays and possibly jeopardize the scheme. Such a situation arose when Mysore submitted a proposal after six lakhs of machinery had already been purchased. The Dewan pointed out that any delay would cause financial losses. He also recalled that the First World War had pointed up India's industrial weaknesses and that an increase in India's output of iron (one of the products of the venture) might be welcome to the British. Tactfully, the Dewan also mentioned that the durbar would be glad to undertake special measures to protect imperial interests. The British decided to allow the project to proceed.<sup>15</sup> Having spoken generally about British policy, I wish now to examine the interrelationship between British policy and the options open to the princes in specific areas which could have influenced economic development.

#### INDUSTRY

There were several inducements states could offer which might tempt capitalists to move their plants from British India to princely states or to expand operations already in states. Many states did not permit unions to organize,<sup>16</sup> and many lacked laws regulating child labour safety, length of working day, and housing for workers. Since these kinds of laws existed in British India, their absence in the states could have acted as an encouragement to industry to move to the states. By avoiding the extra costs such regulations brought, capitalists could increase their profits. Moreover, states could coerce their citizens to aid capitalists. In at least one state, the durbar used force to make farmers grow the crop a company processed so that its factory would have an ample supply of raw materials.<sup>17</sup> The G.O.I. considered the organization of unions, the provision of labour laws or their absence and the coercion of workers to be internal matters in which it would not interfere.

<sup>14</sup> Examples are the hiring by Bhopal of G.J.M. Hamilton, an ex-I.C.S. officer, and the appointment by Gwalior of R.G.H. Boulton of the London Bank, Messrs. Boulton Brothers and Company, to act as Chairman of the Directors of the Gwalior State Trust, Ltd. On Boulton's role in negotiations for Gwalior see G.O.I., Foreign and Political, Internal B, 472-473, April 1917.

<sup>15</sup> G.O.I., Foreign and Political, Internal A, 52-57, January 1918.

<sup>16</sup> G.O.I., Foreign and Political, Reforms, 74, 1930.

<sup>17</sup> Interview with a former official of Bhopal State, Bhopal, Madhya Pradesh, February 1965.

Another incentive was the capacity of states to grant generous concessions<sup>18</sup> that would have been impossible for local governments in British India to give. If it wished, a state durbar could grant to a firm a monopoly within the state, free land, relief from taxes for a number of years, and state aid in obtaining local raw materials.<sup>19</sup> It could also revise its laws and internal policies to assist companies. Officials in the Political Department reviewing the conditions of agreements often considered the concessions offered by states to be excessive. One contract, negotiated between Mysore and the Tatas to build factories to manufacture iron and to distill sandalwood, was characterized by the British Resident in Mysore as '... so one-sided [in favour of the Tatas] as to be almost fantastic,' but the agreement was allowed to stand.<sup>20</sup> Rarely, did the G.O.I. insist on the modification of concessions.<sup>21</sup>

Even though the movement to industry to princely states might have meant a loss of industry from British India, the G.O.I. did not attempt to impede states from using their advantages. An examination of the files on 25 cases dealing with industry, which were reviewed by the Political Department between 1893 and 1931,<sup>22</sup> show that the British gave the durbars as great

<sup>18</sup> There were many reasons for granting liberal concessions. In deciding where to locate, entrepreneurs took into account such advantages as the presence of social overheads, the extent of the market, and proximity to ports. Most states lacked these enticements which British India offered. Moreover, they had no control over duties on foreign imports and exports. These were set by the British and could be changed to favour an industry, if the British so desired. The inability of states to control these tariffs created an extra element of risk for capitalists (see G.O.I., Foreign and Political, Internal B, 298-299, 1920, for one state's concern about the effect of these duties on industry). These factors in addition to the limited capital of most states and the inadequate entrepreneurial and technological skills of their subjects left them no choice but to offer as many concessions as they could.

<sup>19</sup> For examples of concessions offered see G.O.I., Foreign, Internal A, 168-175, August 1893; G.O.I., Foreign and Political, Internal B, 106-108, July 1915; G.O.I., Bhopal Agency Records, file 336, 1921. Other examples of concessions may be found in the files listed in n. 22.

<sup>20</sup> G.O.I., Foreign and Political, Internal Deposit, 12 February 1920. This file contains the Resident's statement (letter dated 12 January 1920, to the Political Secretary).

<sup>21</sup> One instance was Bikaner's proposal to grant a manufacturing firm a monopoly over both the extraction of raw materials and the production of finished goods for six years. The excessive generosity of the terms caused the British to compel their alteration. See G.O.I., Foreign, Internal B, 58-59, February 1913; G.O.I., Foreign, Internal B, 253-254, June 1913.

<sup>22</sup> G.O.I., Foreign, Internal A, 168-175, August 1893; G.O.I., Foreign, Internal B, 281-285, February 1907; G.O.I., Bhopal Agency Records, file 36, 1908; G.O.I., Foreign, Internal B, 58-59, November 1912; G.O.I., Foreign, Internal B, 58-59, February 1913; G.O.I., Foreign, Internal A, 5-6, May 1913; G.O.I., Foreign, Internal A, 7-11, May 1913; G.O.I., Foreign, Internal B, 84-85, May 1913; G.O.I., Foreign, Internal B, 253-254, June 1913; G.O.I., Foreign and Political, Internal B, 659-660, May 1915; G.O.I., Foreign and Political, Internal A, 48-49, July 1915; G.O.I., Foreign and Political, Internal B, 106-108, July 1915; G.O.I., Foreign and Political, Internal Deposit, 4, September 1915; G.O.I., Foreign and Political, Internal B, 288-290, February 1916; G.O.I., Foreign and Political, Internal B, 73-76, April 1916; G.O.I., Foreign and Political, Internal A, 44-46, September 1916; G.O.I., Foreign and Political,

quantity of advice on the technical and economic feasibility of projects. They pointed out defects; they investigated the characters and qualifications of the businessmen concerned; they examined the terms of contracts to determine their fairness to the interests of the princely state. But British involvement seems to have been limited to this kind of advice or, as the Political Secretary put it, to 'grandmotherly interference.'<sup>23</sup>

In general, the British government was reluctant to supervise negotiations actively. This is demonstrated by the disapproval expressed by the G.O.I. when the chief British agent in Rajputana assumed a direct role in discussions between the Bundi durbar and Killick Nixon and Company. The government's position in this case as in others was that the durbar should make its own decisions.<sup>24</sup> This stance held even when the G.O.I. thought a specific venture would fail. A classic case of a scheme with a dubious future was that of a pencil factory proposed by Indore in 1924.<sup>25</sup> When the G.O.I. received the proposal, it asked the former manager of a pencil factory in Madras for his opinion concerning the venture's chances for success. His unqualified answer was that the proposed factory had 'no chance of making good.' According to the former manager, Indian raw materials were unsatisfactory, and raw materials would have to be imported from Ceylon and Africa.

Internal B, 238-241, January 1917; G.O.I., Foreign and Political, Internal B, 472-473, April 1917; G.O.I., Foreign and Political, Internal B, 213-219, September 1917; G.O.I., Foreign and Political, Internal A, 52-57, January 1918; G.O.I., Foreign and Political, Internal B Secret, 27-28, June 1918; G.O.I., Foreign and Political, Internal B, 171-176, September 1918; G.O.I., Foreign and Political, Internal Deposit, 2, June 1919; G.O.I., Foreign and Political, Internal B, 245-249, June 1919; G.O.I., Foreign and Political, Internal A, 231-236, January 1920; G.O.I., Foreign and Political, Internal B, 262-267, January 1920; G.O.I., Foreign and Political, Internal Deposit, 12, February 1920; G.O.I., Foreign and Political, Internal B, 106-107, February 1920; G.O.I., Foreign and Political, Internal A, 65-76, May 1920; G.O.I., Foreign and Political, Internal B, 420, October 1920; G.O.I., Foreign and Political, Internal B, 298-299, 1920; G.O.I., Bhopal Agency Records, file 105, 1921; G.O.I., Bhopal Agency Records, file 336, 1921; G.O.I., Foreign and Political, Internal, 997, 1923; G.O.I., Foreign and Political, Internal, 627, 1-2, 1924; G.O.I., Foreign and Political, Reforms, 59, 1929; G.O.I., Foreign and Political, Reforms, 182, 1-3, 1930; G.O.I., Foreign and Political, Reforms, 211, 1930; G.O.I., Foreign and Political, Reforms, 109, 1931.

These files deal with three kinds of situations: (i) one company in negotiation with several states, (ii) agreements between a state and a company over a period of years, (iii) tentative or hypothetical projects. Several files may refer to the same case.

The 25 cases represent all the cases I could locate in the National Archives of India for the period 1890 to 1933. Some files have been destroyed; others may still exist. But both the files I examined and the content of cross-references to cases that I did not see lead me to believe that the 25 cases were typical.

<sup>23</sup> Note by R.E. Holland, 11 September 1919 (G.O.I., Foreign and Political, Internal A, 231-236, January 1920).

<sup>24</sup> G.O.I., Foreign and Political, Internal, 94, 1924.

<sup>25</sup> G.O.I., Foreign and Political, Internal, 627, nos. 1-2, 1924.

These imports, if made to Indore, would add substantial transport charges to the total cost and consequently would greatly reduce the chances for making any profit.<sup>26</sup> Nevertheless, the British did not withhold approval for this or similar projects.

States often disregarded suggestions made by the G.O.I. But, in an extensive investigation of the records of the Political Department, I could find no instance in which the G.O.I. refused sanction for an industrial project. Nor was I able to find any evidence that the Political Department was ever actively employed either to discourage industry already in a state from expanding or to prevent industry in British India from moving to a princely state.<sup>27</sup>

While the policy of non-interference appears to be one of *laissez-faire*, one must still question whether or not the mere existence of the complicated and lengthy consultation process between state, capitalist, and the G.O.I. acted as a deterrent which caused industry to avoid the states. Some states, at least, believed that it did. In 1919, the Dewan of Indore in a letter to the G.O.I. charged that the necessity of G.O.I. approval, when the capitalists involved in a project were not state subjects, caused delays and created the impression that 'the State is after all not permitted to have full internal autonomy in these matters although it is secured to it by its Treaty [with the G.O.I.]'.<sup>28</sup> Baroda also noted that 'it [the complicated process of approval] may only prejudice the free investment of capital in Native States awaiting development'.<sup>29</sup> Indore and Baroda may have been correct, but given the lack of evidence in the records of the Political Department, these charges are exceedingly difficult to prove. Whether or not the consultation process was a deterrent, there must have been dissuading factors; for, despite the inducements princes could offer, there was little expansion of industry in the princely states between 1901 and 1931.<sup>30</sup>

<sup>26</sup> The reason given for the ability of the Madras factory to sell its limited output was that it had assured contracts and little foreign competition during the First World War.

<sup>27</sup> In a few cases where the firm was foreign and British foreign policy could be affected or a strategic material was involved the British were more wary, but none of these projects seem to have been rejected. (In some cases, the final conclusion is not clear, however.) For files on foreign firms see the following: G.O.I., Foreign, Internal Secret, 6-42, October 1910; G.O.I., Foreign and Political, Internal Secret, 8-63, August 1915; G.O.I., Foreign and Political, Internal B Secret, 27-28, June 1918; G.O.I., Foreign and Political, Internal B Secret, 291, July 1918; G.O.I., Foreign and Political, Internal A, 94-95, April 1920; G.O.I., Foreign and Political, Reforms, 59, 1929; G.O.I., Foreign and Political, Reforms, 211, 1930; G.O.I., Foreign and Political, Reforms, 109, 1931.

<sup>28</sup> Letter from Dewan of Indore to the First Assistant of the Agent to the Governor General, Central India, 15 January, 1919 (G.O.I., Foreign and Political, Internal, 665, 1923).

<sup>29</sup> Letter from Dewan of Baroda to Resident at Baroda, 30 July 1918 (G.O.I., Foreign and Political, Internal, 665, 1923).

<sup>30</sup> This can be demonstrated by two types of evidence. First, the number of industrial pro-

## LICENCES FOR PROSPECTING AND LEASES FOR MINING

In the exploitation of mineral resources, the British did nothing to restrict the freedom of the princes in granting licenses for prospecting or leases for mining to their own subjects, although they did reserve the right to sanction permits given to persons from outside the state.<sup>31</sup> Even so, as with the industrial cases, the G.O.I. usually only examined the license or lease, commented on provisions it felt should be corrected, and then approved the permit. When a strategic or rare mineral was involved, it was more cautious,<sup>32</sup> but I could find no instance in which it rejected a proposal.<sup>33</sup>

jects sent to the Political Department for approval is very limited. While my sample does not pretend to be complete, even were the number of projects doubled or trebled (an unlikely possibility) and had added to it any projects which were not reviewed, it would still represent a small number relative to the number of states and their populations. Secondly, there was little increase in the number of workers in a large-scale industry. Statistics are available only after 1919 for the average number of persons employed daily in large-scale industrial establishments. Between 1920 and 1931, the number of such persons increased from 109,435 to 190,412 (*Statistical Abstract for British India* [Calcutta: Department of Commercial Intelligence and Statistics, 1924, 1935]). While this is an increase of 74 per cent, it is only a tiny fraction of the total labour force in the states.

<sup>31</sup> The following is a list of files in which the policy on mines was evolved: G.O.I., Foreign, Internal A, 144-153, October 1899; G.O.I., Foreign, Internal A, 75-77, July 1900; Foreign, Internal A, 269-272, March 1905; G.O.I., Foreign, Internal A, 29-32, March 1907; G.O.I., Foreign, Internal A, 32-34, December 1909; G.O.I., Foreign, Internal A, 83, February 1910; G.O.I., Foreign, Internal A, 151-154, May 1911; G.O.I., Foreign, Internal A, 8-10, October 1913; G.O.I., Foreign, Internal B, 238-241, January 1913; G.O.I., Foreign, Internal A, 19-27, April 1917.

<sup>32</sup> In the case of the rare earths, monazite and zircon, found in Travancore but nowhere else in India, the British decided that, if a company were given the mining concession, the majority of its directors should be British subjects. Presumably, this was done to keep control out of non-British hands. During World War I and even afterwards, the G.O.I. had to be told the ultimate destination of all shipments of these minerals (G.O.I., Foreign, Internal Secret, 6-42, October 1910; G.O.I., Foreign and Political, Internal A, 94-95, April 1920).

<sup>33</sup> I examined the following files on mining projects reviewed by the G.O.I. The majority deal with mining in one State, Travancore. G.O.I., Foreign, Internal Secret, 6-42, October 1910; G.O.I., Foreign, Internal Secret, 14-19, April 1911; G.O.I., Foreign, Internal B, 215-216, February 1912; G.O.I., Foreign, Internal B, 20-21, July 1913; G.O.I., Foreign and Political, Internal Secret, 8-62, August 1915; G.O.I., Foreign and Political, Internal Secret, 1-42, November 1916; G.O.I., Foreign and Political, Internal Secret, 14-74, January 1917; G.O.I., Foreign and Political, Internal Secret, 32-52, September 1917; G.O.I., Foreign and Political, Internal Secret, 3-9, January 1918; G.O.I., Foreign and Political, Internal B Secret, 291, July 1918; G.O.I., Foreign and Political, Internal A, 94-95, April 1920; G.O.I., Foreign and Political, Internal B Secret, 200, July 1920; G.O.I., Foreign and Political, Internal B, 309, October 1920; G.O.I., Foreign and Political, Internal B, 205-206, September 1921; G.O.I., Foreign and Political, Internal, 94, 1924; G.O.I., Foreign and Political, Internal, 323, 1924.

## MOVEMENT OF GOODS

In their policy toward transportation, the British followed a different course of action that, at least to some extent, was clearly in their own economic interest. In keeping with prevailing economic philosophy which held that the free movement of goods assists economic development, the British pursued a consistent policy of encouraging and facilitating the free movement of goods both within states and across their borders. This policy often clashed with the actions of individual princes. The ruler of Bhopal incurred British displeasure when, to keep prices low in her state, she tried to prevent the export of wheat. The G.O.I. objected as this restricted the free movement of goods. The ruler ultimately gave in.<sup>34</sup>

The practice in many states of imposing duties on exports as well as on imports and of exacting duties on the movement of goods at various points within the state was felt by the British to inhibit trade<sup>35</sup> and therefore was considered inimical to their policy. Much effort was expended by the G.O.I. in the late nineteenth and early twentieth centuries to get the princes to change their policies on duties. So zealous were the British that in several instances the Political Department carefully scrutinized agreements with capitalists to ensure that they did not contain provisions that would in disguised form reimpose transit duties that the British had succeeded in getting States to abolish.<sup>36</sup> These duties were a major source of revenue for many durbars and, understandably, they were strongly opposed to removing them. Although princes resisted, the G.O.I. was successful in getting these duties abolished in many states. As one report boasted, 'Chiefs [princes] have in many States acted on the advice and example of the Paramount power in abolishing transit duties.'<sup>37</sup>

The movement of goods also necessitated the construction and maintenance of roads, especially roads that would link up with nearby railway lines. Here the British ran into some of their greatest problem, for disinterest in construction and neglect of maintenance characterized the attitude of many rulers to their roads. In at least some cases, the G.O.I. expended much effort in trying to get princes to change their policies. Just as Bhopal's rulers

<sup>34</sup> G.O.I., Bhopal Agency Records, file 155, 1918; G.O.I., Bhopal Agency Records, file 155c, 1918.

<sup>35</sup> For an expression of British opinion on the effect duties had on trade in Bhopal see the following statement of the political agent: 'in Bhopal, customs and transit duties have pressed heavily [on trade]' (G.O.I., Foreign, Political A, 244-247, May 1873).

<sup>36</sup> See, for example, G.O.I., Foreign, Internal A, 168-175, August 1893.

<sup>37</sup> Great Britain, Parliament, *Parliamentary Papers* (House of Commons and Command), 'Memorandum on Some Results of India Administration During the Past Fifty Years of British Rule in India,' 1909, LXII, 481.

had fought the elimination of transit duties,<sup>38</sup> they expressed considerable opposition to caring for their road system. In 1872, one British official wrote: 'The very mention of the topic [improvement of roads] was distasteful to the late Sikander Begum and has been equally so to her daughter Shah Jahan Begum.'<sup>39</sup> Also in 1872, in reference to his attempt to persuade the Begum to build a road linking Bhopal to a rail line, the British Agent wrote to his superiors in the Political Department that '... no opportunity has been lost of working on the mind of Begum by kindly persuasion and patient conciliatory representation to induce her to take a broad and intelligent view of the general question of communication with the railway lines that pass near her capital.'<sup>40</sup> Difficulties continued, for in 1908, after the construction of a main line from Delhi to Madras and Bombay which traversed Bhopal, we find railway officials requesting the Political Department to press the State to develop feeder roads.<sup>41</sup> British efforts seem to have had little effect, for in 1910 an official of the G.O.I. was forced to write: 'Notwithstanding the reputation of the late and present ruler [Shah Jahan Begum and Sultan Jahan Begum] for enlightened views and improvement in administration, we have to combat a singular opposition to all measures calculated to open the outlines of communication through the country.'<sup>42</sup>

Since Bhopal produced a surplus of agricultural commodities, it was in the British economic interest to develop communications within the state. Thus, although I have no evidence, it seems likely that the British pressured other states to build roads, especially feeder roads to railway lines, if it was in their interest to do so. The G.O.I. preferred that states build their own roads, but in some portions of princely India, states were either too small and lacking in funds or the territories and sovereignties of states were so fragmented that the Political Department, using G.O.I. monies, built and maintained some roads.<sup>43</sup>

States were normally free to make their own laws, but certain kinds of legislation were forced on them by the G.O.I.<sup>44</sup> Many of these laws related

<sup>38</sup> G.O.I., Foreign, General A, 20-27, January 1872; G.O.I., Foreign, Political A, 244-247, May 1873.

<sup>39</sup> G.O.I., Foreign, General A, 20-27, January 1872.

<sup>40</sup> *Ibid.* The British interest in roads and duties in Bhopal is also shown in the following files: G.O.I., Foreign, Political A, 377-380, August 1872; G.O.I., Bhopal Agency Records, file 125, State B, 1869-1872.

<sup>41</sup> G.O.I., Bhopal Agency Records, file 347, 1908.

<sup>42</sup> G.O.I., Foreign, Internal Secret, 6-42, October 1910; G.O.I., Foreign and Political, Internal A, 94-95, April 1920.

<sup>43</sup> *Selections from the Records of the Government of India. Annual Reports of the Central India Agency* (Delhi and Calcutta: Manager of Publications, published yearly).

<sup>44</sup> For a list of these laws see the administration reports of the various states. Many reports contain a list of laws passed or newly in force. See also J. M. Macpherson, *British Enactments in Force in Indian Princely States*, Calcutta, Central Publication Branch, 4th edn, 1930.

to the free movement of goods and covered such subjects as the standardization of currency, coinage, weights and measures, jurisdiction over railway lines passing through states, and control of the post and telegraph.

By actively attempting to facilitate communications and trade and by declining to use their powers of control over industrial and mining projects, the British would seem to have encouraged business expansion in the states. Why then did industry not move to the states? One problem, and a serious one, was that the British were simultaneously following a policy toward loans that indirectly worked as a strong deterrent.

#### ACCESS TO LOANS

Any princely state interested in economic development needed money. Only if a state could obtain sufficient funds could it finance the construction of social overheads that would, in turn, provide the external economies essential for attracting industry.<sup>45</sup> Most states could garner very little money from internal sources. Savings were low (the all-India average in 1950-51 was only about 5 per cent<sup>46</sup>), and the paucity of organized financial institutions made it difficult to mobilize the internal savings that did exist. Thus, most states wishing to finance social overheads had to be able to obtain funds at low interest rates.<sup>47</sup> Such funds could come only from outside 'states' borders, either from money markets in British India or London or from other governments.

British policy toward loans contained little that could help the states but much that could serve as a discouragement to business. The official policy relating to loans was set forth in the statement of 1891 cited above.<sup>48</sup> Using this statement as a guideline, the Political Department in 1907 issued two directives. One required that the Agent of the Political Department in a given state report to the Political Department '... any circumstances which may lead to the inference that a Native State is likely to have recourse to a loan in the open market, whether confined to its own subjects or open

<sup>45</sup> The greater a state's revenues the more it tended to spend on social overhead capital. In a sample of 31 states' budgets, I found that for the years 1901-31 the average yearly expenditure on social overhead capital was positively correlated with the average yearly revenue per capita ( $r = .72$ ,  $P$  significant at the .01 level). Both were measured in constant rupees. See John Hurd II, 'Some Economic Characteristics of the Princely States of India, 1901-1931,' Ph.D. dissertation, University of Pennsylvania, 1969, p. 189.

<sup>46</sup> Planning Commission, *Second Five Year Plan*, New Delhi, Manager of Publications, 1956, p. 74.

<sup>47</sup> States also needed reasonable terms, given the long gestation periods for social overhead capital projects. It took years before these projects brought in revenues from the new goods and services. In addition, tax concessions often lowered potential revenues.

<sup>48</sup> See pp. 409-11.

to all subscribers.<sup>49</sup> It further specified the kinds of cases which could justify interference by the G.O.I. in loan negotiations: (i) when loans were to be made from subjects of a foreign power, (ii) when a state had already borrowed from the G.O.I. and a new loan might interfere with its ability to repay its earlier loans, (iii) when a loan was thought to be in competition with a loan raised by the G.O.I.,<sup>50</sup> and (iv) when British subjects were involved in the loan. The second directive stated that 'no sterling loan should be issued by a Native State without previous reference to the Secretary of State.'<sup>51</sup> As with the industrial and mining projects, the British insisted on being kept informed about all loans that were to be floated, but there is no evidence that they stopped any loans.<sup>52</sup> Active blocking of loans was not necessary however, to prevent states from obtaining them.

First, the states found it virtually impossible to borrow from other governments. The G.O.I. had a declared policy of rarely lending its own money to states.<sup>53</sup> Even when states applied for loans for such projects as railway con-

<sup>49</sup> G.O.I., Foreign, Internal Secret, 8-10, December 1907.

<sup>50</sup> This concern was also voiced in various notes which passed between the Political Department and the Finance Department (see G.O.I., Foreign, Internal A, 10-11, September 1905; G.O.I., Foreign, Internal Secret, 10-11, November 1906; G.O.I., Foreign and Political, Internal, 665, 1923).

<sup>51</sup> G.O.I., Foreign, Internal A, 60-61, December 1907. This directive was formulated in response to Jaipur's proposal to borrow in London to meet the costs of constructing the Nagda-Muttra Railway.

<sup>52</sup> The files dealing with loans reviewed by the G.O.I., between 1890 and 1933, are as follows: G.O.I., Foreign, Internal A, 141-143, August 1905; G.O.I., Foreign, Internal A, 10-11, September 1905; G.O.I., Foreign, Internal A, 142-143, July 1906; G.O.I., Foreign, Internal Secret, 10-11, November 1906; G.O.I., Foreign Internal A, 37-43 November 1907; G.O.I., Foreign, Internal A, 60-61, December 1907; G.O.I., Foreign, Internal A, 157-158, September 1913; G.O.I., Foreign and Political, Internal A, 38-40, July 1914; G.O.I., Foreign and Political, Internal B, 114-115, July 1916; G.O.I., Foreign and Political, Internal Secret, 23-28, September 1920; G.O.I., Foreign and Political, Internal B, 154-155, March 1921; G.O.I., Foreign and Political, Political, 748, 1922; G.O.I., Foreign and Political, Political, 39 (70), 1927; G.O.I., Foreign and Political, Internal, 425, 1928; G.O.I., Foreign and Political, Reforms, 6, 1930; G.O.I., Foreign and Political, Political Secret, 466, 1933.

The G.O.I. was particularly concerned with whether the subscribers to a loan were all citizens of the state concerned (see G.O.I., Foreign and Political, Internal B, 114-115, July 1916; G.O.I. Foreign and Political, Political, 39 [70], 1927). But even in these matters, the G.O.I., was not strict. In one instance—a loan floated by Bhavnagar—the G.O.I. sanctioned a loan even when it had subscribers from outside the state (see G.O.I., Foreign, Internal A, 10-11, September 1905; G.O.I., Foreign, Internal Secret, 10-11, November 1906).

<sup>53</sup> G.O.I., Foreign and Political, Internal A, 38-40, July 1914.

Nevertheless, British policy was not inflexible. Occasionally, money was lent to states if the amount was small or the circumstances extraordinary, such as during a famine (see for example, G.O.I., Foreign, Internal A, 215-216, June 1905). And a few loans were made to states for 'public improvements' (see G.O.I., Foreign, Internal A, 37-43, November 1907). But an examination of the files of the Political Department and of the annual budgets of the states reveals that few loans of these kinds were granted.

struction, they were turned down.<sup>54</sup> Nor would the British permit states to borrow from those few states which had surplus funds, unless the sum was trifling and could be easily repaid.<sup>55</sup>

Of far greater consequence were those aspects of British policy that prevented the states from borrowing in money markets. By permitting the states to exist in the first place, Britain had under her rule units of government which were inherently bad credit risks. Many states lacked the populations or areas to be able to collect large revenues. The annual incomes of others fluctuated widely because of the dependence of income on land revenue and consequently on what the particular weather conditions of the year happened to be.<sup>56</sup> The credit ratings of certain states were worsened by rulers' reputations for fiscal irresponsibility. Potential creditors knew that, unless a state's finances became notoriously mismanaged, the G.O.I. would not intervene; in British India, on the other hand, the finances of local and provincial governments were carefully supervised and thus these governments were less likely to run into financial difficulty.

In the last analysis, however, fiscal responsibility was not the main issue. Many states simply could not guarantee regular repayment of loans. And whereas the G.O.I. guaranteed the loans of local governments in British India, backing them with its prestige, huge tax base, and good credit, it rarely agreed to guarantee loans raised by states.<sup>57</sup> Indeed, in some cases where

<sup>54</sup> G.O.I., Foreign, Internal A, 141-143, August 1905; G.O.I., Foreign, Internal A, 37-43, November 1907. The Finance Department cited one reason why one of these loans was turned down: 'to grant a Government loan for a Native State's Railways is a question of ways and means and we want all the money we can get together to finance our own railway programme' (G.O.I., Foreign, Internal A, 141-143, August 1905).

<sup>55</sup> G.O.I., Foreign, Internal A, 176-177, December 1889.

On the other hand, the G.O.I. did little to discourage the princes from investing in British India. In describing the Maharaja of Gwalior, a ruler with surplus funds, the British Resident wrote on 16 January 1917 that 'His Highness has found his large investments in Bombay assisting to bring wealth and prosperity to the industrial concerns and the industrial magnates of that city' (G.O.I., Foreign, Internal B, 472-473, April 1917). The Maharaja of Gwalior was also an early supplier of funds to the Tata enterprises (interview with V.P. Menon in Bangalore, Mysore, March 1965).

The British did try to prevent the princes from becoming directors of firms in British India to avoid the possibility that the princes might find themselves entangled in lawsuits in British courts and thereby cause embarrassment to the G.O.I. But, since officials of a state could represent the prince on the Board of Directors, this limitation had no practical effect. For this policy see G.O.I., Foreign, Internal B, 389, January 1908; G.O.I., Foreign, Internal Deposit, 54, February 1913; G.O.I., Foreign and Political, Reforms, 170, 1929.

<sup>56</sup> For an example of the effects of the weather on one state's revenues see Hurd, 'Some Economic Characteristics of the Princely States. . .', p. 125. Many states' revenues were further reduced by the existence of jagirs and similar institutions. The jagirdars often retained all the revenues from the regions they controlled.

<sup>57</sup> I did find one case in which the British guaranteed a loan floated by a state. This loan was

a state did manage to borrow money in formal money markets, the G.O.I. made a point of disclaiming any responsibility for the loan. A dispatch from the Political Department to the U.P. Government regarding the Maharaja of Benares' proposal to raise a loan of four lakhs to build a canal went so far as to declare that '... the G.O.I. do not guarantee such loans and accept no responsibility for the payment of either the principal or the interest.'<sup>58</sup> Such disclaimers were bound to hurt the credit ratings of states even further.

As a result of their own economic weaknesses and the absence of British assistance or guarantees, the states, had they wanted, would have been unable to float many loans in open markets. The magnitude of the obstacles explains why few such loans were actually floated.<sup>59</sup> As high risks, the states could and did borrow at high rates of interest from moneylenders.<sup>60</sup> But of necessity, their rate of borrowing was low, and as a consequence, most states could not finance many development-oriented projects.

We are not addressing ourselves here to the question of whether or not the princes wanted to encourage economic development. Many may not have been interested. But even had they been, the realities of their position made it impossible for most of them to overcome their insufficiencies of social overhead capital. In turn, these insufficiencies made most states unattractive to industry and prevented growth in the industrial sector.

British policy bears a large part of the responsibility for the plight of the states. We have seen that this policy was a combination of interference and non-interference. On the one hand, the British exerted pressure on the princes when it was in their interest to do so, as in compelling them to abolish transit duties and encouraging them to build roads. On the other hand, although they had the power and ample opportunity to intervene in the financial dealings of the princes, in most cases the British did not interfere. Where circumstances were favourable and the princes inclined toward development, non-intervention permitted some scope for policies committed to economic development. In the long run, however, non-interference had the same effect as an active policy of constraint would have had. Leaving the princes to fend for themselves in capital markets where they were at a disadvantage ensured, albeit indirectly, that they would be unable to compete for loans and that, consequently, industry would be discouraged. Although British *laissez-faire* tended to reduce the competition for British India, we must

raised in England by Mysore in 1895 for railway construction (G.O.I., Foreign, Internal A, 101-104, September 1903; G.O.I., Foreign, Internal A, 141-143, August 1905).

<sup>58</sup> G.O.I., Foreign, Internal A, 157-158, September 1913.

<sup>59</sup> Since all external loans by states had to be recorded with the Political Department, and few appear in the files of the Department, it is clear, even allowing for what has been lost, that few external loans were made.

<sup>60</sup> Interview with V.P. Menon in Bangalore, Mysore, March 1965.

The earliest reference to the collection of peshkash from the Nayaks of Karnatak by the Mughals is made by Bhimsen in his *Dilkhus* during the 32nd regnal year of Aurangzeb (1689-90). He mentions that Zulfiqar Khan along with Ali Mardan Khan, *Faujdar* of Kanchi or Canjeevaram, went round Karnatak and collected peshkash in the form of tribute from the zamindars of Trichinopoly and Tanjavur.<sup>3</sup> But Bhimsen does not mention the amount of peshkash assessed and annual instalment fixed. Obviously Zulfiqar Khan collected an ad hoc amount of the tribute.

A set of official documents relating to the provincial Mughal administration of Deccan throw new light not only on the administrative aspects but political also. The documents are in the nature of *Jam'a Wasil Baqi* (statement showing gross revenue, actuals and balances outstanding), *Haqiqat* (statement) and *Haqiqat-i Peshkash Zamindaran* (statement regarding peshkash of zamindars). They deal principally with the peshkash of the zamindars and furnish details of the land revenue assessments on which basis peshkash was exacted. Two documents furnish details not only of peshkash but also of the amount of *chauth* which the zamindars were liable for payment to the Mughal Subedar for payment in turn to the Marathas. These documents throw new light on the mode of exaction of chauth.

It is noted that regular peshkash to be paid by the zamindar Choka Nayak of Trichinopoly was fixed for the first time in the year 1104 Fasli (1694)

Mughals' in Eryk Frykenberg (ed.), *Land Control and Social Structure in Indian History*, Wisconsin, 1969, p. 17ff; also *The Indian Economic and Social History Review*, 1964. According to Nurul Hasan 'Intermediary Zamindars' too paid the peshkash—'Aspects of the Zamindari System in the Deccan (1695-1707)'—*Proceedings of the Indian History Congress*, Varanasi, 1969, p. 262ff. And he says that the intermediaries included *deshmukhs*, *deshpandes*, *muqaddams*, *chaudhris*, *qanungos*, and *patuaris*. However, he has not touched the point regarding the payment of peshkash by the Nayak-zamindars or the chieftain zamindars of south India. To differentiate the various types of zamindars, I am inclined to call them as 'Nayak-zamindars'—they may be included in the category of 'chieftain zamindars' (as classified by Nurul Hasan). These Nayak-zamindars were the rulers of the various places of South India and were called Nayaks before the Mughals conquered their territory. For classification of the zamindars see Irfan Habib, *The Agrarian System of Mughal India*, Asia Publishing House, 1963, p. 182ff.

For the different categories of *peshkashi* zamindars, see Noman Ahmad Siddiqui, *Land Revenue Administration Under the Mughals (1700-1750)*, Asia Publishing House, 1970, pp. 22-25. But he does not mention anything about the Nayak-zamindars. The Nayak-zamindars not only belonged to the categories of zamindars of Sarkar and pargana but also of *Ta'alluqa* (administrative circle). The administrative divisions of these zamindars are differently designated as 'Talluqa Trichinopoly,' 'Sarkar-i Karnatak,' 'Sarkar-i-Tanjavur,' 'Talluqua Srirangapatam'—*Sawane-Deccan* (MS. Hyderabad State Archives, No. 538), pp. 78, 97, 106, 131, 150.

<sup>3</sup> *Nuskha-i Dilkusha*, English translation, by Sir Jadunath Sarkar, edited by V. G. Khobrakar, Bombay, 1972, p. 173.

STATEMENT SHOWING PERCENTAGE OF PESHKASH CALCULATED ON THE BASIS OF ANNUAL JAM'A OR LAND REVENUE ASSESSMENT FOR THE ZAMINDARS OF SOUTH INDIA FOR VARIOUS PERIODS FROM 1694 to 1738 (A.D.)

| Place of Zamindar  | Year          | Jam'a or assessment of land revenue | Peshkash           |          |                    | Per-centage | Remarks                                             |
|--------------------|---------------|-------------------------------------|--------------------|----------|--------------------|-------------|-----------------------------------------------------|
|                    |               |                                     | Emperor            | Subedar  | Annual Instalment  |             |                                                     |
| (1) Trichinopoly   | 1104F. (1694) | 30,00,000                           | 1,25,000           | —        | 1,25,000           | 4.16        |                                                     |
| (2) "              | 1115F. (1705) | 5,00,000                            | 25,000             | —        | 25,000             | 5.00        | Enhanced in 1115F.                                  |
| (3) Srirangapatam  | 1131F. (1722) | 31,36,000                           | —                  | 50,000   | 50,000             | 1.5         |                                                     |
| (4) "              | 1139F. (1730) | 17,00,000                           | 1,00,000           | 1,00,000 | 2,00,000           | 11.7        | 5 lakhs pardoned.                                   |
| (5) Sonda          | 1145F. (1736) | 30,00,000                           | —                  | —        | 2,50,000           |             |                                                     |
| (6) Sakkar         | 1143F. (1734) | 4,42,553/8 as.                      | —                  | 50,000   | 50,000             | 11.2        |                                                     |
| (7) Kadar          | 1154H. (1738) | —                                   | 2,00,000           | 5,00,000 | —                  | —           |                                                     |
| (8) Jinji & Madura | C. 1708-10    | 1,85,60,000 (chakra)                | 92,80,000 (Chakra) | —        | 92,80,000 (Chakra) | 50          | Revised peshkash enhanced due to increase in Jam'a. |
| (9) Tanjavur       | "             | 1,42,73,546 (chakra)                | 71,36,773 (chakra) | —        | 71,36,773 (chakra) | 50          |                                                     |

not think of it simply as immediately self-serving. Rather, it must be seen in the context of the political system of indirect rule from which it ultimately derived and to which it was inexorably bound.

Indirect rule guaranteed the perpetuation of quasi-sovereign units which in many cases had inadequate resource bases. Frozen by fiat, their political systems could not be altered either by evolution or revolution. Although the G.O.I. permitted the states to exist, it kept them in a condition of dependence. And while it protected their boundaries and internal political structures, it did almost nothing to help them in the external economic world. The states existed in an isolated limbo where they were subjected to few exterior pressures and to no, internal pressures, not even those normally exerted in autocratic states.

Thus, lacking sufficient resources and denied British backing, most state durbars were unable to compete for funds and industry and could not avoid falling economically behind comparable areas of British India. Given the incompatibility of the semi-autonomous nature of the states with economic and political change it is hardly surprising that in independent India the Central Government moved as rapidly as it could and with little opposition to eliminate the states. Indirect rule had served British imperial interests; it could not serve Indian interests.

## Mughal Documents relating to the *Peshkash* of the Zamindars of South India, 1694-1752 A.D.\*

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With the fall of Bijapur on 12 September 1686 and Golkonda a year later, Aurangzeb concentrated his efforts upon taking possession of the rich and fertile tract of Karnatak extending up to Jinji. The Adil Shahi and Qutb Shahi kingdoms were constituted as regular *subahs* of the Mughal empire. Mughal generals were sent to different parts of the newly conquered country to make revenue settlements and collect *peshkash* from the zamindars.

In this paper an attempt is made to bring to light some documents from the State Archives of Hyderabad highlighting various features of the *peshkash* collected first by the Mughals and then by the Nizams of Hyderabad from Nayaks of Karnatak included in the *subahs* of Hyderabad and Bijapur.<sup>1</sup> The documents discussed here relate to the zamindars of Trichinopoly, Tanjavur, Srirangapatam, Sera, Jinji, Madura, etc. The *peshkash* so exacted was in the nature of tribute as a token of the recognition of Mughal overlordship by the Nayaks. These Nayaks were termed in the Mughal official documents as zamindars after they had acknowledged Mughal suzerainty and their territories were included in the Mughal empire. These Nayak-zamindars may be classified as *Peshkashi zamindars*.<sup>2</sup>

\*Revised version of the paper read at the Indian History Congress Session, Calcutta, 1974. I am indebted to Professor Irfan Habib of the Aligarh Muslim University for kindly persuing an earlier draft of the paper and for giving erudite advice.

<sup>1</sup> The territory of Karnatak was partly included in the Mughal *subah* of Hyderabad and partly in the *subah* of Bijapur. They were called the Hyderabad-Karnatak and the Bijapuri-Karnatak. The former being part of the Karnatak conquered by the Qutb Shahi rulers of Golkonda and controlled by Hyderabad; while the latter being the part conquered by the Adil Shahi rulers of Bijapur. The Hyderabad-Karnatak included portions of Balaghat and the Payanghat. The Balaghat portion comprised the whole of Coromandel Coast extending from Guntur to Coleroon, later known as *subah* of Arcot.

The Bijapuri Karnatak comprised mostly Balaghat territory which included Vellore, Jinji, Tanjavur, Trichinopoly, Bangalore, and Sera—*Swaneh Dakkan* (MS. State Archives, Hyderabad, pp. 78, 97-99, 131-33, 150-52). The MS. also gives details of the Karnatak sarkars and their revenue assessment. For territorial extent of the Bijapuri-Karnatak at the time of its annexation to the Mughal empire see maps in my *External Relations of the Bijapur Kingdom (1489-1686)*, Hyderabad, 1974.

<sup>2</sup> For the classification of the zamindars please see S. Nurul Hasan, 'Zamindars Under the

at Rs 1,25,000 annually.<sup>4</sup> This figure was reached on the basis of the revenue assessment of the country at Rs 30 lakhs. The peshkash was paid at this rate regularly by the zamindars to the Mughal officials<sup>5</sup> up to the year 1117F. (1707) and the total paid by that time amounted to Rs 17,50,000. However, in 1707 it was felt that in view of the fertile country and its population the peshkash was less than that levied in Tanjavur. Hence it was proposed to enhance the *shukrana*<sup>6</sup> (implying peshkash) on the basis of reassessment with retrospective effect and to recover the arrears for the last 14 years. However, this document does not mention the enhanced amount, but it is recorded in another document (No. 2) cited below.

It is further noted that an enhancement of the peshkash was made on the earlier occasion in 1115F. (1705) when an amount of Rs 25,000 was fixed for the maintenance of the army on the basis of the assessment at Rs 5 lakhs.<sup>7</sup> This is also evident from another document of the year 1115F. (1705) which gives accounts only up to the year 114 F. (1704-05).<sup>8</sup> An endorsement on the document to call for the account of the current year (1115 F./1707-08) from Dilawar Khan who was then Faujdar of Karnatak with its headquarters at Arcot indicates that these documents originated from the office of Subedar of the Deccan.

Another document records the details of the enhanced peshkash fixed for the zamindars of Trichinopoly, Madura, Tanjavur. The endorsement on the document directs, on the orders of the Subedar, the cancellation of the enhanced peshkash and restoration of the old rates fixed earlier during the reign of *Khuld-i Makan* (Aurangzeb) and the excess (*afzuda*) so far paid was to be adjusted. This undated document mentions that after the conquest of Nusratgarh (Jinji), the two *mahals* of Trichinopoly (including Madura) and Tanjavur were included in Karnatak of the *subah* Farkhundah Bunyad (Hyderabad) and peshkash on Nayaks or zamindars of these mahals was fixed.<sup>9</sup>

<sup>4</sup> Document No. 1 (*Haqiqat-i Zamindaran-i Trichinopoly*), Archives, No. 2009 (Collection of Aurangzeb's documents).

<sup>5</sup> Zulfiqar Khan was Faujdar of Karnatak from 1689 to 1700 and was succeeded by Daud Khan (1700 to 1708). Sa'adatullah Khan succeeded in 1710 and held charge as Nawab of Karnatak till his death in 1732—Burhan ibn Hasan, *Tuzuk-i Walajahi*, English translation by S. M. H. Nainar, Madras, 1934, pp. 58-68.

<sup>6</sup> In the document the word *shukrana* has been used for the peshkash. But Girdhari Lal Aqbar in his *Tarikh-i Zafarah* differentiates between peshkash for the emperor or the king as a tribute; what a minister collects in his name is called *nazr* and *shukrana* is the one received by the secretaries (MS. Hyderabad State Archives, p. 143). In 1700 Aurangzeb ordered all peshkash offered by the nobles in cash to be called *nazr*—different from that of zamindars. See Athar Ali, *The Mughal Nobility under Aurangzeb*, Asia Publishing House, 1970, p. 144.

<sup>7</sup> Document No. 1, *op. cit.*

<sup>8</sup> Document No. 2 (*Haqiqat-i Peshkash Zamindaran*), Archives No. 2013.

<sup>9</sup> Document No. 3 (*Jama Wasil Baqi*), State Archives No. 2014.

But later on it was found that the *Jam'a* or the assessment of these places was in excess of the actual returns (*dakhil-i Jam'a*), hence submitted for necessary orders. On this proposal or *tajwiz* the above endorsement for the restoration of old conditions was made. The documents give full details of the old and enhanced amount of peshkash in rupees and *chakra*.<sup>10</sup>

On 6th Ziqad 1149 H. (1736) a *parwana*<sup>11</sup> (directive) was issued in the name of Ali Dost Khan, *Nazim*, of Karnatak<sup>12</sup> for the collection of arrears of peshkash from Sarmaji, zamindar of Tanjavur. The amount of peshkash due was Rs 7 lakhs. Out of which Rs 2 lakhs were towards the peshkash of the Mughal emperor (*Sarkar-i Wala*) and Rs 5 lakhs towards that of the Subedar of the Deccan (*Sarkar-i Aali*). The peshkash of the latter was partly in cash (Rs 4 lakhs) and the remaining in kind (elephants, horses, etc.).

From the document it is noted that Sarmaji had died some years before the issuance of the *parwana* (a royal order) and that Lokoji, zamindar of Kadar in Karnatak, and brother of the deceased had succeeded to the zamindari of Tanjavur. On this issue of succession, Sa'adatullah Khan, the Nawab of Karnatak sent an *'arzi* (petition) before his death in 1732 to Nizamul Mulk, Subedar of the Deccan, recommending the succession of Lokoji, mentioned in the document. From the *'arzi* it is noted that Lokoji had agreed to pay the fixed peshkash (*qalmi peshkash*) of Rs 2 lakhs to the Mughal emperor (*Hazrat Zille Subhani*) and Rs 5 lakhs as *Nazr* to Nizamul Mulk, Subedar of the Deccan (*Bandahgan-i Aali*). The *'arzi* further mentions the consent of Lokoji to pay all the arrears pending since the death of Sarmaji, provided a *parwana* was issued confirming the hereditary zamindari rights of Lokoji and Ekoji, the latter being the son of the deceased. It appears that Nizamul Mulk had agreed to the succession as the document gives details of the peshkash of 50,000 *huns* credited to the treasury during the month of Rajab of 1154 H. (1741). Out of the amount credited Rs 2 lakhs were towards the peshkash of the Mughal emperor while Rs 2,37,500 towards that of the Subedar of the Deccan.<sup>13</sup>

From other two documents it is noted that the system of collecting separate peshkash in the name of the *Subedar-i Dakkan* was introduced from the 'beginning of the year 1131 Fasli' (1722).<sup>14</sup> One of the documents (*Jam'a wasil Baqi*) furnishes details of the amount collected and amount due towards the annual peshkash fixed for Jagdev Raj, zamindar of Srirangapatam at 50,000 *huns*.<sup>15</sup> Similar amount (50,000 *huns*) was fixed for the zamindars of *Subah Darul*

<sup>10</sup> One *chakra* was equal to two rupees as mentioned in the document.

<sup>11</sup> Document No. 4 (*Jama Wasil Baqi*), Archives No. 2011.

<sup>12</sup> *Tuzuk-i Walajahi*, *op. cit.*, p. 69.

<sup>13</sup> Document No. 5 (*Haqiqat*), Archives No. 2009.

<sup>14</sup> *Ibid.*, and Document No. 6, *Jama Wasil Baqi*, Archives No. 2469.

<sup>15</sup> Document No. 6, *op. cit.*

Zafar Bijapur for the year 1131 F. to 1162 F. (1722-32).<sup>16</sup> But this excluded the peshkash from the taluqa of Srikar Nayak of Karnatak, the collection of which was included in the contract (*tahud*) of Dilawar Khan, Contractor (*mutahid*).

The document furnishes details of peshkash amounting to 31,36,000 *huns*<sup>17</sup> for 32 years from the zamindars of various places of Karnatak, like Bed Nayak of Sakkar, Jagdev Raj of Srirangapatam, and several other petty zamindars.<sup>18</sup> This amount includes the *nazr* exacted on several occasions for various purposes. Like amount of Rs 12,00,000 to meet the expenditure of guests in 1145 F. (1736), and an amount of Rs 27,00,000 when Nizamu'l-Mulk made a tour of the south in 1156 F. (1746) and an amount of Rs 1,00,000 towards the travelling expenses of the Nizamu'l-Mulk.

In one of the documents cited above the peshkash for the Subedar and the emperor was differentiated by the titles *Sarkar-i Aali* and *Sarkar-i Wala*.<sup>19</sup> But one document of 1143 F. (1733) mentions the peshkash meant for the Subedar as *Nazr-i Aali*, while for that of the Mughal emperor it simply mentions 'peshkash'.<sup>20</sup> The document is regarding the transfer of Tahir Muhammad Khan from the *faujdar* Karnatak and *Tahsildari peshkash Srirangapatam*. The amount of peshkash mentioned in the document is Rs 15 lakhs and *nazr* Rs 5 lakhs. The document also mentions Rs 2 lakhs for 1141 F.; Rs 3 lakhs for 1142 F.; and Rs 5 lakhs for 1143 F. Another document showing equal shares of the peshkash of the Mughal emperor (*Sarakari-i Wala*) and the Subedar mentions for the latter as *Nazr Bandegan-i 'Aali'*.<sup>21</sup>

#### CONCLUSION

From the study of the documents cited above the following facts emerge:

(1) The southern provinces or the dependencies of Bijapur and Golkonda kingdoms formed part of the Mughal empire after their conquest in 1686 and 1687 respectively but regular peshkash as tribute from the Nayak-zamindars of the Karnatak was levied only from 1694.

(2) The Mughal Viceroy (*Subedar-i Deccan*) Nizamu'l-Mulk Asaf Jah I is generally considered to have assumed autonomy in 1724. But the above documents reveal that he assumed autonomy in 1722, since from the beginning of the year 1131 F. (1722) Asaf Jah did not remit the full amount of the pe-

<sup>16</sup> Document No. 5, *op. cit.*

<sup>17</sup> The rate of *hun* was equal to three-fourths of rupees as given in the document.

<sup>18</sup> Document No. 5, *op. cit.* The petty zamindars mentioned in the document are: Lopilaki and Ganesh Pandit, zamindars of Sunda and Siahgiri, etc.

<sup>19</sup> Document No. 4, *op. cit.*

<sup>20</sup> Document No. 2, *op. cit.*

<sup>21</sup> Document No. 6, *op. cit.*

shkash to the Mughal emperor as was the usual practice, but apportioned the peshkash under two heads—reserving a major portion for himself (i.e. in the name of the *Subedar-i Deccan*) and a smaller portion for the Mughal emperor.

And even after assuming autonomous rule, Nizamu'l-Mulk and his successor Nizam Ali Khan Asaf Jah II continued to be the Subedar of the Deccan for Mughal emperor. The latest date which the documents record the Nizam as Subedar is 1162 Fasli (1752). And the same documents mention the collection and payment of the peshkash in the name of the Mughal emperor by the Nizam.

(3) The amount of peshkash was fixed on the basis of the Jam'a or land revenue assessment and fertile conditions of the country, and on this basis the amount or peshkash could be enhanced with retrospective effect even after 14 years of fixation if the Jam'a was found to be less than the *hasil* (in the document it is termed as *Daqil-i Jam'a* or returns). The enhancement or remission could be made at the discretion of the Subedar of the Deccan or the emperor.

(4) The collection of peshkash was given on contract and the assignment was called *tahsildari peshkash*.

(5) The term *Qalmi peshkash* was used for the amount of peshkash which the zamindar had committed in a written petition and proposed to pay if approved by the Mughal authorities.

(6) A separate assessment of Jam's was calculated for the collection of *peshkash* and *chauth*.<sup>22</sup> In one document alone pertaining to the Bed Nayak of Nusratabad (Sakkar) there are two assessments for the same year 1143 F. (1734)—Rs 3,09,503 for the purpose of calculating *chauth* and Rs 4,42,553-8 annas for the payment of *peshkash* (*babat-i Nazr*).

In this document the amount of *chauth* collected from the Nayaks of Jinji for the years 1143 F. (1734) and 1145 F. (1735) is mentioned at Rs 39,250 (out of Rs 1,57,000 assessed revenue) and Rs 33,000 (out of Rs 1,32,000) for the two years respectively. The amount of *chauth* mentioned for 1145 F.

<sup>22</sup> When Zulfiqar Khan was the Subedar of the Deccan (1708-13) he entered into an agreement in 1713 with the Maratha leader Sahu, son of Sambhaji, conferring on him the right of *chauth* and *sardeshmukhi* of the whole of the Deccan. Later on, on the advice of Zulfiqar Khan, Daud Khan Pani (former's deputy in the Deccan), came to terms with the Marathas, allowing them one-fourth or *chauthai* of the revenue but reserving its collection and payment with the Mughal officials.

Later on this arrangement was ratified by Nizamu'l-Mulk through a fresh *sanad* of 1720 and the amount of *chauth* which various zamindars had to pay was fixed. Elaborate details regarding the *chauth* and *sardeshmukhi* which are system in itself are avoided here as they need separate treatment. See A. Pawar, 'Some Documents bearing on Imperial Mughal Grants to Raja Sahu (1717-24),' *Proceedings of the Indian Historical Records Commission*, Vol. XVII, December 1940, p. 204 ff. Also, Zaheeruddin Malik, 'Documents Relating to Chauth Collection in the Subah of Hyderabad, 1726-1748,' *Proceedings of Indian History Congress*, Jabalpur, 1970, p. 396 ff. However, so far no one has noticed this disparity in the mode of assessments.

(1730) is the same as in the previous years.

The document mentions the amount of chauth allocated as the responsibility of zamindars for payment in turn by the Mughals to the Marathas.

(7) There was no fixed percentage for the exaction of peshkash. It differed from time to time, from place to place, and from zamindar to zamindar. For this disparity see the table on p. 427.

## Goa-based Portuguese Seaborne Trade in the Early Seventeenth Century\*

T. R. de SOUZA, S.J.

Is it true that scholars who wish to investigate into the economic aspect of Indian history during the period of the European colonial rule find little assistance in Portuguese archival source material? There is nothing, it is true, that can be compared to the *English Factories in India 1618-1684* (17 vols., Oxford, 1906-55) or to the *Dagh-Register gehouden in't Casteel Batavia 1624-82* (23 vols., Batavia, 1887-1932) from the Portuguese side. But this does not enable us to fall in line with the distinguished British historian, W. H. Moreland, who was a dedicated student of the economic history of this country. Referring to the scarcity of relevant Portuguese source material, he wrote in his *From Akbar to Aurangzeb*: 'It is impossible to speak with precision of the details of the Lisbon-trade, because its secrets were jealously guarded and I was not able to find any official statistics of the quantity of the goods imported or of their distribution among the various consuming markets'.<sup>1</sup>

The modest aim of this article is to point out some sources from where statistics can be satisfactorily gathered by a research scholar who wishes to reconstruct the story of the Portuguese involvement in the Asiatic trade during the seventeenth century. Those same sources may also be utilized by those who wish to check the evidence contained in the English and the Dutch records, or even to supplement the deficiency of those records. The sources which we have chosen to point out are those which we have personally consulted in the course of gathering material for a Ph.D. dissertation on *Goa in the 17th Century: Some Aspects of its Economic History*. This article also includes a concrete demonstration of our claim: We present to the readers a brief description of the interlocking commercial system of the Portuguese in Asia c. 1635. It is contained in an encyclopaedic work left by Antonio Bocarro, who served in Goa, little over ten years as Keeper of Archives and as State Chronicler.

\*Abbreviations used in the footnotes are:

AHU = Overseas Historical Archives, Lisbon.

HAG = Historical Archives of Goa.

TdT = National Archives of Lisbon.

<sup>1</sup> W. H. Moreland, *From Akbar to Aurangzeb*, New Delhi, 1972, p. 92.

utilized this series so far and that was Teixeira de Aragao who has left a monumental work on Portuguese numismatics.<sup>8</sup> Thus, for instance, in Vol. IX, fls. 247v-251v, we read about the Portuguese ships coming from Portugal to the Northern ports of Diu, Chaul, Bassein, and Bombay. That was done with the fear of the Dutch who were blocking the entry to the Goa port. The bullion that was brought from Portugal was handed over to Gujarati merchants in the Northern settlements and they paid the value to the Portuguese administration in Goa after drawing their transference charges at the rate of 3 per cent. That was in 1559.

*Moncoes* is perhaps the only well-known series of the Goa Archives. It covers all aspects of Portuguese administration and runs into hundreds of volumes. It contains very precious data on trade. As an example, we have a long list of goods dispatched in the Goa Customs to be shipped to Portugal in fls. 392-415 of *Moncoes* 13 B. It refers to the year 1630. Efforts have been made to index the documents of this series, but the results have been unsatisfactory, and the task of consultation continues to be tiresome and tedious.<sup>9</sup>

MS. 2316 of the *Feitorias* series (Goa Historical Archives) is the only one codex of that series that contains important documentation on trade transactions between Portugal and Goa during the period 1667-81. A detailed account of the exports and imports along with the prices of the commodities is found in fls. 31-41. It also contains tables of income and expenditure of the various Portuguese settlements in the East for the year 1680 (?), and interesting data regarding prices of food-stuffs which were purchased for provisioning fort-garrisons.

Still another series of MSS of the Goa Archives which we wish to introduce is entitled *Ordens Regias*. Like most of the titles of the MSS in the Goa Historical Archives this too is tremendously misleading. It includes very many documents which have nothing to do with Royal Orders but are merely concerned with disorders which constituted a routine feature of the Portuguese administration overseas. This series also contains very valuable data on the Portuguese tobacco monopoly. Thus, for instance, Vol. 4 (1676-1736) of this series is full of documentation on tobacco exports from Portugal, and diamonds, pepper, and saltpetre exports from India, during the period 1676-1700.

<sup>8</sup> A. C. Teixeira de Aragao, *Descricao Geral e Historica das Moedas Cunhadas em Nome dos Reis, Regentes Governadores de Portugal*, III, Lisboa, 1880. Has edited several documents from the *Assentos do Conselho da Fazenda* MSS relating to currency and minting in the Documentary Appendix of this work.

<sup>9</sup> D. V. de Tovar e Albuquerque, *Index Alfabetico, Chronologico e Remissivo das Ordens Reaes expedidas para o Governo do Estado da India, 1568-1811*, Nova Goa, 1918. It provides a subject index to the *Moncoes* records for that period. Cf. also *Boletim da Filmoteca Ultramarina Portuguesa*, 44 vols, Lisboa 1954-71, has indexed the first 57 volumes of the *moncoes*.

## II. ANTONIO BOCARRO'S BOOK ON PORTUGUESE STATE OF INDIA

Antonio Bocarro was a Portuguese Jew born in 1594. He sailed for India in April 1615 after he had done some studies in the Jesuit College of Santo Antao in Lisbon. From his arrival in India he spent nine years in Cochin as a soldier and as a married settler. In 1631 he was appointed to the post of Chronicler and Keeper of the Archives at Goa, and he occupied this post until his death in 1642 or 1643. A most comprehensive sketch of his life and activities has been presented by C. R. Boxer in *Garcia de Orta* (Lisboa, 1956, pp. 203-19), entitled 'Antonio Bocarro and the *Livro do Estado da India Oriental*: A bio-bibliographical note.' Bocarro is most known for his *Decadas XIII* which is a chronicle of the deeds of the Portuguese in India during 1612-17, and for his *Book containing designs of all the forts, towns, and settlements in the Oriental State of India along with descriptions of their situation and of all they contain, such as artillery, garrisons, population, income and expenditure, depths of the sea approaches, neighbouring princes in the hinterland, their strength and our relations with them, and whatever else that is subject to the Crown of Spain*.

The author has done full justice to the lengthy title of his last work, and much of the statistical information which it supplies regarding trade, wages, and prices is not to be found anywhere else. Presently we have drawn from this work of Bocarro the description which he has provided about the situation of the Portuguese interlocking commercial system in Asia with its headquarters in Goa c. 1635. We have followed the text of *Bocarro's Book* in the edition made by A. B. da Braganca Pereira in *Arquivo Portugues Oriental* (New Series), Tome IV, Vol. II, Parts 1-3 (Bastora, 1937-8), based on the original MS preserved in the Public Library of Evora in Portugal. We have also consulted a MS copy of the Evora original in the Public Library of Madrid catalogued under the number 1190 and entitled *Fortalezas y ciudades de la Yndia de Portugal*.<sup>10</sup>

The following description of the Goa-based Portuguese Asiatic trade c. 1635 is drawn from the MS 1190, fls. 114-117v of the Madrid National Library, which corresponds to *Arquivo Portugues Oriental*, Tome IV, Vol. II, Part I, pp. 279-88. The description of Bocarro may lack completeness in some respects, but it supplies us with one kind of information which we do not find in any other records of the period, namely, the rough estimate of the investment in every single branch of the Portuguese Asiatic trade c. 1635 and its comparison with the investment in the same branches in the times of the Portuguese commercial prosperity. It helps us to form a more concrete estimate of the

<sup>10</sup> The copy of Bocarro's work in the National Library of Madrid is in two volumes. They are classified as MSS 1190 and R-202. The first volume contains the text and the second only the drawings. A good description of these MSS is given in A. Cortesao, *Cartografia e cartografos portugueses dos seculos XV e XVI*, Vol. II, Lisboa, 1935, pp. 97-99.

# I. PORTUGUESE ARCHIVAL SOURCE MATERIAL FOR THE STUDY OF TRADE HISTORY

One place where documentation bearing on Lisbon-Goa trade was likely to be stored was the India House where the ships of the *Carreira da India*<sup>3</sup> loaded and unloaded their precious cargoes and where Custom duties were collected. Unfortunately all the records of the India House were lost when Lisbon was rocked by an earthquake in 1755. This loss will never be compensated. However, copies of some of the records whose originals were preserved in the Archives of the India House have been coming to light. A codex with copies of the correspondence between the India House at Lisbon and the *Vedor Geral da Fazenda* or the Chief Revenue Comptroller in India regarding the commercial transactions between Portugal and Goa during the period 1666-77 and 1708-84 was recently discovered in the Archives of the Department of Customs at Lisbon. It has been edited by Dr A. da Silva Rego in *Documentacao Ultramarina Portuguesa*, IV (Lisbon 1966), 3-407. This correspondence gives us details about the ships that plied between Portugal and India during that period and the cargoes aboard those ships. The last letter for the seventeenth century written from India is dated 29 January 1677. The *Vedor* confirms the safe arrival in India of three ships from Portugal, and then describes the arrangements made for the sailing of the carrack *Bom Jesus de S. Domingos* whose departure for Portugal was imminent. After reporting the number and salaries of the crew, he supplies the statistics about the cargo. The ship was loaded with 697 quintals, 3 *arrobas* (aroba=quarter of a quintal=32 lbs.), and 2 *arratels* of pepper (quintal=128 *arratels* or lbs.),<sup>3</sup> including 262.5 quintals of pepper from Mirjan, which was regarded as superior to that of Tanur (city 22 miles south of Calicut). In addition to pepper, the ship also carried pulleys which were used for the ropes which controlled the sails.

The total value of the cargo was 21,139 *ashrafis* and three *tangas* (*xerafim* or *ashrafi* was silver currency of Goa equivalent to the value of almost half an ounce of good silver during most of the seventeenth century. It may be more realistic to assess its value in terms of its buying capacity. The prices which we have gathered from the household accounts of the Religious Convents in Goa during the seventeenth century for the essential commodities show that the prices of wheat were mercurial and the average price of a khandi during

<sup>3</sup> C. R. Boxer, *The Portuguese Seaborne Empire, 1415-1825*, Pelican Books, Middlesex, 1973, pp. 207-22. The *Carreira da India* was the round voyage Portugal and India.

<sup>4</sup> G. Ferrand, *Les Poids, Mesures et Monnaies des mers du Sud aux XVI<sup>e</sup> et XVII<sup>e</sup> Siècles* Offprint of *Journal Asiatique*, Paris, July-December 1920, 219, n. 1; J. Wicki, 'Lista de moedas, pesos e embarcacoes do Oriente, composta por Nicolau Pereira S. J. por 1582' in *STUDIA*, n. 33, Lisboa, December 1971, 144.

the four quarters of that century were 10, 25, 14, and 40 *xerafins* respectively. The price of the coconut-oil which was of local extraction remained more stable throughout that century and the average price of a maund may be given as three *xerafins*. Also the prices of rice remained more or less unaltered, and the best variety of rice imported from Kanara was bought in Goa at the rate of two *xerafins* a fardle of 2½ maunds).<sup>4</sup> The Chief Revenue Comptroller concludes his letter by explaining why he could not send more pepper or any saltpetre at all. He writes that Shivaji had laid waste the entire neighbouring lands and had thrown the normal trade into disarray.<sup>5</sup>

Documentation regarding the activities of the India House can also be obtained from nearly two dozen codices (MSS. 31 ff.) belonging to the Overseas Historical Archives of Lisbon. We read, for instance, in MS. 40, fls. 115-116v (24-1-1635) that 10,500 quintals of pepper taken to Portugal in 1634 by the ships *Sacramento* and *Nossa Senhora de Saude* were sold to the highest bidder at the rate of 25.5 *cruzados* per quintal, which meant 287,000 *cruzados* on the sale of the whole load of pepper (a *cruzado* of the seventeenth century was roughly valued at four shillings or at little over 2 *xerafins*). Details of the bullion export and of imports from Asia are also found in the loose documents which constitute the so-called *Caixas da India* in the same Overseas Historical Archives. They are steel drawers, each of them containing an average of 200 files. There are three dozen of such *Caixas* for the seventeenth-century documents.<sup>6</sup> Thus, for instance, *Caixa 9*, File n. 177, gives us yearly figures for the pepper exports from 1611 to 1626. A total of 161,176 quintals, 3 *arrobas*, and 16 *arratels* were exported during that period, and the sum total of the money paid amounted to 2,557,998 *xerafins*, 4 *tangas*, and 25 *reis*.

A highly valuable mine of information, but very little appreciated and utilized by Indian scholars, is the Goa Historical Archives.<sup>7</sup> One of the most significant series of MSS from this repository for the study of the Portuguese fiscal administration and trade is entitled *Assentos do Conselho da Fazenda* (Proceedings of the Revenue Department). Seventeen volumes of this series cover the seventeenth century from 1613 onwards. Only one scholar has

<sup>4</sup> HAG: MSS entitled *Papeis dos Conventos Extintos* include several co-dices containing household accounts of the suppressed Religious Convents of Goa from the beginning of the seventeenth century onwards. It is one of the rarest sources of information regarding the prices of the essential commodities.

<sup>5</sup> *Documentacao*, 34.

<sup>6</sup> M. A. H. Fitzler, *A Seccao Ultramarina da Biblioteca Nacional* (Lisboa, 1928), is an excellent guide to the material in the Overseas Historical Archives, Lisbon.

<sup>7</sup> M. N. Pearson, 'The Goa Archives and Indian History,' *The Quarterly Review of Historical Studies*, XIII, n. 4, Calcutta, 1973-74, pp. 205-11.

commercial decline of the Portuguese after the new European rivals took away a big share of the Asiatic trade.

Goa was the headquarters of the centralized inter-Asian trade of the Portuguese. Monopoly goods were brought from different Asian ports to Goa to be shipped to Portugal, while the other commodities were exchanged where there was demand for them, and monopoly goods, or bullion to buy monopoly goods, were acquired during the process of this inter-port Asiatic trade. The inter-port trade was conducted by means of 'voyages' from Goa to a particular trading centre and back. These 'voyages' were organized either directly by the State administration or were sometimes farmed out to private individuals.<sup>11</sup>

1. *Goa-Portugal trade-route.* Bocarro begins describing the transactions conducted by the *Carreira da India*. Giant ships of four decks were utilized on this route. The most important export commodities from Portugal were gold and silver on which there was a profit of 50 per cent. Other commodities taken to India were coral of different types, different varieties of woollens, white linen, emeralds, rubies, and other varieties of gems (these were taken from India but brought back because their prices in India had risen tremendously), drinks and food-stuffs, except bread and beef, sword-blades, some iron artillery pieces, and mill-stones, which were brought as ship-ballast. All these export commodities were free from Custom duties. The State was the only loser, because it spent heavily in equipping the ships and received poor returns.

The goods exported from India to Portugal included pepper from Kanara and Malabar, cloths from Kutch, Tuticorin, Negapatam, and Bengal, cinnamon from Ceylon (which had not fallen into the Dutch hands yet), some clove, and Chinese silk (most of which went for the personal use of the senders). Large amounts of indigo were taken formerly from Kutch, but presently the Dutch and the English were taking most of it and the prices were exorbitantly high and forbidding for the Portuguese. Varieties of furniture pieces were taken from China, Japan, Bengal, Chaul and Diu. Cauris, ebony, and large stocks of rice were some other export commodities. Export of diamonds was appreciable, and at one time even 64 lbs. of diamonds formed one single consignment, but this was not the extent of its exportation any more c. 1635. While the total investment in Goa-Lisbon trade in former times amounted to nearly two million golden *cruzados*, it hardly exceeded three thousand *cruzados* in the mid-thirties of the seventeenth century.

2. *Goa-Mossambique and Goa-Mombasa trade-routes.* Next in importance were the Goa-Mossambique voyages. A voyage to Mossambique generally engaged three to five boats (*pataxos*) of 500 to 1,000 khandis burthen, taking cloths

<sup>11</sup> M. A. P. Meilink-Roelofs, *Asian Trade and European Influence*, The Hague, 1969, 119.

and food-stuffs. Each trip could bring a net profit of ten to twelve thousand *xerafins*. Formerly over a million *cruzados* were invested in these voyages.

The voyages from Goa to Mombasa and the neighbouring ports were not so important. Calicoes from Diu, Daman and Chaul were shipped from Goa, and on return slaves, ivory, and amber were brought. The value of goods exchanged amounted to ten or twelve thousand *xerafins*.

3. *Goa-Muscat and Goa-Basra trade-routes.* Not all ships that went to Muscat would go to Basra, but all those that went to Basra had to enter Muscat port and pay duties there on the goods they took to Basra.<sup>12</sup> The boats which returned from those parts would bring back seed-pearls from Bahrein. Large profits were made in this sort of commodity, because its small size enabled the merchants to evade customs.

4. *Goa-Sind trade-route.* The commodities exported from Goa included ivory, coconuts, copra, kalhai (which had colour of tin but was harder than tin), and varieties of spice, such as pepper, clove, cinnamon, cardamom, ginger, nutmeg, and mace. The boats engaged in these voyages were galliots of 400 to 500 khandis burthen. They returned with piece-goods which were more durable than those from Kutch. They also brought readymade shirts and shorts, hide and silk works. Total investment in these transactions is calculated by Bocarro as eighty to a hundred thousand *xerafins*.

5. *Goa-Diu trade-route.* Trips to Diu were intended chiefly to supply provisions to the fort-garrison there. These were made when the ship-convoys (*cafilas*)<sup>13</sup> left for Kutch. Formerly two such convoys, each consisting nearly of 300 vessels, were going every summer from Goa to Kutch, but c. 1635 there were no resources to organize one convoy of more than 40 vessels. These vessels returned almost empty after unloading their cargo of coconuts, copra, areca-nuts, ivory, kalhai, and some spices which they carried from Goa. The vessels belonged to private entrepreneurs whose only gain was the freight charges. While in former times the investment exceeded two million *cruzados*, it had fallen to a hundred and fifty thousand *xerafins* c. 1635.

6. *Goa-Kanara trade-route.* About four ship-convoys went every summer to Kanara accompanied by the fleet which patrolled those areas to bring rice and pepper supplies. Nearly a hundred and fifty boats of all sizes, chiefly *parangues* (small boats sewn with coir ropes), formed these convoys. They would bring also timber for masts and for the other ship-building operations at the Royal Dockyard in Goa. Nearly three hundred thousand *xerafins* were invested in rice purchase alone.

7. *Goa-Cochin trade-route.* Two convoys went thither every summer. The

<sup>12</sup> TdT, MS *Junta da Fazenda Publica do Estado da India*, I, fls. 45v-47: is a list of the custom duties paid at Muscat (4-XI-1619).

<sup>13</sup> M. N. Pearson, 'Cafilas and Cartazes,' *Proceedings of the Indian History Congress*, 30th Session, Bhagalpur, 1968, pp. 200-7.

first convoy was to bring pepper, wooden boxes (*caixaria*),<sup>14</sup> hides and piece-goods from Sao Thome, Negapatam, and Tuticorin, to be taken to Portugal in the ships of the *Carreira*. Formerly, thirty to forty boats constituted the convoy, but there were no more than twelve c. 1635. About eighty to seventy thousand *xerafins* were invested in pepper alone. The second time the fleet left for Cape Comorin, it waited for any ships that might return from the Bay of Bengal or from the Far East, and escorted them up to Cochin. From Cochin the goods were shipped to Goa in a convoy of nearly ten vessels. It brought goods worth forty to fifty thousand *xerafins*, but a single ship coming from the Eastern or Far Eastern ports sometimes brought cargo worth fifty thousand *xerafins*.

8. *Goa-Ceylon trade-route*. Oar-vessels, namely four to five *pataxos*, or ten to twelve *galiotas*, left Goa for Ceylon every September. They belonged to private individuals and were hired by the State to bring cinnamon which was State monopoly. On their way to Ceylon they carried food-provisions, and on return came with 2,500 to 3,000 *bahars* (a *bahar* = 3 quintals and 12 lbs.) of cinnamon. In 1633 cinnamon was sold in Goa for a net profit of 150,000 *xerafins*.<sup>15</sup> The same boats also brought elephants: it was also State monopoly and were sold for prices ranging between two and three thousand pagodas (a pagoda = c. 3 *xerafins*) each. About seven to ten elephants were brought every year, but some died on the way or soon after they reached Goa. Other imports from Ceylon were coconuts, which were brought as ballast, and several varieties of 'toys.'

9. *Goa-China and Goa-Manilla trade-routes*. Formerly this was the most profitable branch of trade and ranked next to that of Goa-Lisbon. The first time the Dutch captured a Portuguese trade vessel on this route, they were offered one thousand gold bars (each bar weighing three quarters of a lb.) to secure its release. During the period under consideration with great difficulties was one ship of three to four hundred khandis burthen equipped every year. The Dutch continued lying in wait for such ships in the straits of Singapore. All vessels which left for Manilla generally touched China on their way back, or at least invested their cargo of silver there to be exchanged for gold, copper

<sup>14</sup> C. R. Boxer, 'The Carreira da India: Ships, Men, Cargoes, Voyages,' Offprint of the *Centro de Estudos Historicos Ultramarinos e as Comemoracoes Henriquinas*, 1961, pp. 33-82. The officers and crew of the *Carreira* ships were allowed the so-called *caixas de liberdade* or 'liberty chests' or boxes of standard measurement in which they were permitted to take to Portugal certain spices and other goods wholly or partly duty-free.

<sup>15</sup> The ship crew were allowed to take duty-free certain amount of cinnamon. The sum that would amount in duty was discounted from their pay. After the capture of Ceylon by the Dutch there was no more cinnamon for the ship-crew to buy, and the value of the cinnamon allowances was converted into cash. Cf. HAG, *Assentos do Conselho da Fazenda*, IX, 61v, 160v-162.

and silk.<sup>16</sup>

The goods exported to Manilla included oils, almonds, slaves, flour, pepper, ropes, varieties of cloths, such as *cachas*, *beatilhas*, and *canequins*. However, the most prized export commodity were diamonds, but the rush had already glutted the markets of Manilla and the value of diamonds there had fallen so low that transaction in diamonds promised no more profit. Total investment in the China-Manilla trade is calculated by Bocarro as 250,000 to 300,000 *xerafins* taking into account the losses incurred owing to the Dutch threat to safe navigation. Whenever any vessel was chased by the Dutch, the crew of the Portuguese vessel would direct the vessel to the coast and escape with the light cargo of precious metals, and the gems, such as rubies and seed-pearls. Heavier goods, such as *Tulanag* (metal used in Goa for small denomination currency; it was harder and darker than tin or *kalhai*), China pottery, sugar, and silk were abandoned to the pursuers.

Manilla exported sugar, *sapao* (used in the manufacture of dyes), clove, celluloid, and some gold.

The ships going to Manilla left Goa between March and the end of May. When they left Manilla in December on their return journey, they reached Goa in January. If they left in February, then they reached Goa any time between March and May.

10. *Goa-Malacca trade-route*. Malacca was an important collecting centre of the Portuguese eastern trade, but since the only goods the region could supply were spices, such as pepper, nutmeg, mace, clove, and others which had all fallen into the hands of the Dutch and the English, and the Malay and Javanese junks no longer came to Malacca to seek cloth supplies, the importance of this trading centre had waned immensely. In September of 1633 there was no one to bid for the Captainship of this settlement and the State had to appoint one.<sup>17</sup> Even so one or two galliots of 500 to 600 khandis burthen still visit Malacca to bring *Kalhai*, some clove, and celluloid. The value of these transactions are estimated as fifty thousand *xerafins*.

11. *Goa-Maldives and Goa-Laccadives trade-routes*. This trade was carried out with *gundras* which were small ill-shaped boats made of palm timber. Their

<sup>16</sup> TdT, *Documentos Remetidos da India*, n. 38, fls. 468v-417v: a good description of the trade with Japan and Manilla c. 1636. Trade with Japan consisted essentially in exchanging Chinese raw and manufactured silk and gold for Japanese silver bullion. The Portuguese lost their Japanese trade when the Tokugawas expelled the Portuguese in 1639. Cf. *Ibid.*, n. 57, fl. 181: a description of the trade with China (15-XI-1646) in which a reference is made to the closure of the Japanese and Manilla trade of the Portuguese; AHU: India, Caixa 22, Doc. n. 54 (5-XI-1653); Caixa 20, Doc. 53 (14-X-1648) contain more documents on the same topic.

<sup>17</sup> F. C. Danvers, *The Portuguese in India*, II, London, 1894, p. 173. In 1614 the King of Portugal instructed the Viceroy of India to put up to sale all commands and high appointments, there being no other visible means whereby to provide for the wants of the administration. The practice continued during the rest of the seventeenth century.

cargo was coir and coconuts. These vessels came more regularly from Laccadive Islands (Mamaly) and only occasionally from the Maldives. The latter brought shells called *cauri* and dried fish known as *combala*. In small quantities they also exported amber, celluloid, mats, and coconuts (which though small were more appreciated than those from India). This trade-route was operative only between September and May, that is, during the summer season. The value of the transaction could be thirty thousand *xerafins*.

12. *A General Assessment of the Trade Investment*. Bocarro concludes his description of the Portuguese Asiatic interport trade during the mid-thirties of the seventeenth century by giving a rough estimate of the total investment. The estimate is not so rough because he gives us the figure as two million eight hundred and fifty-two *xerafins*. Another very valuable observation of Bocarro in this respect is that nearly two million *xerafins* from the total investment belonged to non-Christian native Indian traders.

## BOOK REVIEWS

K.S. BANERJEE, *Cost of Living Index Numbers*, Marcel Dekker, New York, Pp. 179.

Recent years have witnessed a renewed interest in the theory and practice of index number construction. The new contribution to this important area of economic measurement falls in two groups. While studies in the first group treat the problem in purely statistical terms, those in the second group view it as an issue in economic theory. The latter contributions are addressed to the problems of measurement arising in the context of taste and quality changes, international comparisons, and several other abstract issues. The former contributions are concerned with finding the most efficient, i.e., minimum variance estimator of the true index which is viewed as an unknown average.

Since most of these recent contributions are intelligible only to the specialist the chief merit of Banerjee's monograph is that it deals with the problem at a level that could be managed by an average student of economics. The author develops the subject with considerable patience starting from a discussion of what an index number is. He goes on to describe lucidly various index number formulae commonly employed by economic statisticians, the chain base indexes, and the various tests that index number formulae are expected to satisfy, some problems of spatial comparisons, the problem of the true cost of living index in the context of the theory of consumer's behaviour, and finally, the statistical issues that arise from the fact that index numbers are invariably based on sample survey data.

*Cost of Living Index Numbers* is an excellent introductory text. Besides being a lucid exposition of important problems it illustrates them with real world data. Chapters 4 and 5 and the six appendices are only of specialist interest and can be ignored on first reading. The monograph should be of help to any research worker dealing with index numbers.

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CHRISTINE DOBBIN, *Urban Leadership in Western India : Politics and Communities in Bombay City, 1840-1885*, London, Oxford University Press, 1972, Pp. xii + 305.

This is a book by an historian relating to events and personalities in the city of Bombay about a hundred years ago. Historians will of course read it for their own good reasons; it has a message for the students of contemporary

India—the sociologists and the political scientists—as well which they will be unwise to ignore. Being a sociologist myself, I am once again struck by the immense potential of the historical approach to the sociology of India. In Christine Dobbin's book one comes across problems and processes that are with us today. To give but one example right here, we read of the manner in which traditionally established groups confronted with new opportunities adapt themselves to the performance of new functions: they do not disappear altogether nor do they remain unchanged. Modernization thus proceeds gradually, through the juxtaposition of the old and the new, rather than through the outright displacement of the former by the latter.

Bombay in the nineteenth century was, as it still is, a unique city inasmuch as it displayed a socio-cultural heterogeneity that was totally lacking in Madras or even in Calcutta. It was a city of the native Maharashtrian as well as of the immigrant Gujarati, of Hindus, as well as of Parsis and Muslims. It was a city of disorganized masses and of self-conscious competing elites. Dobbin focuses her attention on the latter, though an emerging proletariat was a significant element of the social and political structure of the city around the time (the 1880s) she chooses to close her account. Dobbin recounts and analyzes some of the episodes and events that led to this development among others including the emergence of national politics.

The book opens with an account of a major element in the city population during the time under study, namely the Gujarati *shetias* (merchant princes). They included the Parsis, the Hindu and Jain Bania castes, and the Muslim Bohras. They not only dominated the city's commerce but also acquired other forms of wealth and even aspired to political power. Some of them, notably the Parsis, came very close to the British who wanted to use them for their own imperial purposes. The greater part of the city's population was, however, constituted of Maratha labourers, Muslims and other lowly groups.

Into this situation the British introduced a new educated class, which Dobbin calls the intelligentsia. The idea was to produce 'gentlemen', appreciative of the new life, and 'clerks'—both to serve the interests of the empire, though Dobbin detects a tension between the two ideas. The British were desirous of seeing the rich *shetias* go in for the new education but the latter took hardly any interest in it. It was the poor members of upper castes, notably Brahmins, who took advantage of the new opportunity and additionally expected the government to provide jobs for them. This is what sociologists would call a rather amusing instance of an unintended consequence of a well thought-out(?) policy. Dobbin confines her account to the successful graduates leaving Elphinstone College, and this is one of the serious limitations of her analysis, raising doubts about the usefulness of her category of the intelligentsia.

Another unintended consequence of the new education was the fact that

the Elphinstonians took more interest in the literature, political ideals and history of Europe than in the natural sciences, compulsory subjects though these were. A result of this preoccupation of the intelligentsia was the growth of social criticism and reform. Traditional customs and authority came under attack among practically all communities and the leaders of each developed a concern with their own problems. In the conflict between the traditionalists and the reformers, British courts were invited to arbitrate and they did this in a manner which was above all characterized by uncertainty because there often were no codified laws to fall back upon. Important consequences of the resort to the courts were a further impetus to social reform and the erosion of the authority of traditional caste councils. Another major and highly significant development was the effort of the intelligentsia to win the financial support of the *shetias* for the social reforms they advocated.

A fascinating discussion of the challenge to caste authority (Chap. V) reveals a number of forces at work. The new education is of course one of them; others of equal importance include migration and the dispersal of a community, new occupational opportunities, and, most importantly, the acquisition of wealth. It is demonstrated by Dobbin again and again that, as a community acquired wealth, it wanted the control of its old, often distant, leaders to go and an internal democracy in its internal affairs to be instituted.

Social reform could not, in the nature of things, remain divorced from political ambitions. The intelligentsia did not take long to discover that they had little hope of playing any but the secondary roles under the Raj. Their frustrations and hopes found an echo in the grievances of the *shetias* with the management of municipal affairs, the question of taxation being of particular concern to them. The intelligentsia expectedly turned this into a more general issue, the demand for representative government. In the next two chapters, Dobbin deals with the problems that were faced at various levels in the political arena. There is much rich detail here and many insights. The respective roles of the *shetias*, the intelligentsia and the government are analyzed.

The book returns to socio-cultural issues in the last two chapters. Social reform had made people turn inwards; traditional life-styles and caste authority had been attacked. A major development was yet to follow. New opportunities were scarce and competition for them was severe. In the circumstances it became imperative not to completely destroy old identities but to reorganize in terms of them for the task at hand: the maximization of the possibilities of secular achievement for the members of one's community. Thus, the very Parsi Panchayat which had earlier been challenged was sought to be revived in some form. Obviously, caste and communal associations with which social scientists have been much concerned since Independence

are social facts of considerable age. Our efforts to understand them as we confront them today will succeed to the extent to which we are able to examine their historical beginnings.

The social reform movement had run into narrow communal channels. By 1870 it had become dormant. It had emphasized subdivisions within communities. An alternative now seemed to emerge, particularly for the Hindus, and this consisted in thinking in all-India terms. Social reform gave way to religious reform and rejuvenation. Dobbin discusses two manifestations of this development in Bombay, namely the Prarthana Samaj and the Arya Samaj. Ironically, once again, while these associations united the Hindus, they divided them from non-Hindus and were thus detrimental to the growth of a multi-religious national identity. M. N. Srinivas has written of the cohesive role of 'sanskritization' but has ignored its divisive role in Indian history. Dobbin mentions the costs, but only just. She prefers to refer to Gandhi who in her judgment was to transcend these earlier contradictions. In fact, already around 1880, she notices local concerns in Bombay politics being overcome and national concerns beginning to take their place.

The previous forty years or so had failed to generate new elites in the city and had only seen the emergence of new problems and new styles of action. Even the many outstanding individuals, who crowd together in the pages of the book, are in the last paragraph cut down to size: they are said to mirror in their activities the importance of their particular caste or community. This is a conclusion which will gladden every sociologist who reads this book, and I hope many will. One would have, however, liked to see this better argued.

Christine Dobbin's book is an impressively scholarly work which is sure to stimulate further inquiries. Sociologists may find it a difficult book to read because of its detail, some of which could have been, perhaps, dispensed with, but they will find the effort worthwhile. It is a fascinating story, well told. A major drawback of the analysis, however, is the artificiality of the categories, the *shetia* and the intelligentsia, in terms of which Dobbin organizes her materials. She invests each of these categories with a boundary and an internal homogeneity which can at best be considered a heuristic device, but certainly not an objective fact. The foregoing criticism notwithstanding, Dobbin's book is a solid contribution to the social and political history of urban India.

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Delhi*

T. N. MADAN

Y. B. MATHUR, *Women's Education in India (1813-1966)*, Asia Publishing House, 1973, pp. viii+208, Rs 35, Appendices, Bibliography, Index.

Ever since the introduction of western education in this country, social reformers have looked upon education as an effective instrument for bringing about necessary changes and reforms in society, more particularly in the social position of women. But while the growth and spread of western education among women was an important historical development, no full-length book had been devoted to it until recently. Mathur's study is the first book devoted entirely to this subject.

The author tries in this book to trace the historical development of western education among women in India from the early nineteenth century to 1966. However, the aim of the book is not merely to trace the historical development of education but also to demonstrate that education played a crucial role in bringing about radical change in the position of Indian women.

Mathur begins by discussing the role of various organizations, agencies and individuals, namely, the missionaries, the Englishmen and women, the Indian social reformers, and the British government in the promotion of women's education. He is not able to do justice to this discussion. The data on the contribution of missionaries turns out to be sketchy, and he is unable to collate the large amount of data on the contribution of Indians. The discussion on the motivations that led these people to work for this particular cause remains fragmented.

The author also fails to draw a very coherent picture of the development of women's education. For example, we are given the data on the number of schools by level, whether primary or secondary, of arts and science colleges, etc., for only two periods, viz. 1854-82 and 1882-1901. Therefore, it is difficult to trace the growth and expansion of institutions by level and type since the data are not comparable. Again, while writing about the period beginning from 1921-47, the statistics are given from 1926 (p. 82) or from 1937-38 (pp. 82-83) and not from 1921. The author neither explains nor indicates the reasons for this lacunae. It might be argued that the presentation of statistics was not the main purpose of the book, and that they were used mainly to demonstrate how change in the social position of women was related to the growth and spread of education among them. Even if this was the case, there is no justification for presentation of fragmented and partial statistics.

Unfortunately, the author fails to establish a relationship between the spread of education among women and the change in their social position. He neither establishes a causal relationship between the two nor succeeds in showing that they were co-related. He leaves the reader to infer the relationship without having suggested a definite possible interpretation. For example, he says that the demand for educated brides was responsible for a corresponding

increase in the demand for education for girls. But this is hardly enough. He fails to see that the role of women, as wives and as mothers, as perceived by society had begun to change. The book also lacks a comparative perspective. The data on the differential spread and growth of education among boys and girls seem to have been provided only as an aside and that, too, not very consistently and there is no attempt at analysis. A comparative perspective would not only have added to the understanding of the problem, it would also have enriched the analysis.

The author also indulges in large-scale plagiarism. This is done in two ways. Firstly, the author borrows verbatim from the *Report of the National Committee on Women's Education, 1958-59*, without either acknowledging the source or putting the borrowed portion within quotes. To quote just one example, the whole paragraph beginning from line 18 on page 29 and ending on line one on page 30 has been borrowed from the Report in this way. The other method is more subtle. The author writes a few sentences or a paragraph and provides a footnote at the end, thereby giving the impression that he is referring to a relevant work in support of his argument.

The title of Mathur's book holds out a great promise but the end product is immensely disappointing. As a matter of fact, the Report, mentioned earlier and from which the author borrowed copiously, was able to handle the subject with greater understanding and sociological insights. Even the historical dimension of the subject was better, though briefly, explored there. It is a pity that Mathur, who borrowed so much from it, was unable to adopt the insights contained therein.

KARUNA AHMED

SUSANNE HOEBER RUDOLPH and LLOYD I. RUDOLPH (Eds), *Education and Politics in India*, Oxford University Press, 1972.

While the relationship between the growth of education and the rise of nationalism in India is a subject on which much has been written, the politics of education, though talked about, has not received equal attention. Thus *Education and Politics in India* breaks fresh grounds. It identifies some of the important problems in the relationship between education and politics generally, and explores the relation between these with particular reference to India.

The editors distinguish three relations between education and politics—politicization of the educational structure; political influence exercised by the educational structure; and assertion by the state of a public interest in education. These three aspects are however closely related and I can well think of cases where it may be difficult to say which category a particular action fits into.

Politicization involves, according to the Rudolphs, 'the appropriation of educational structures and resources and the displacement of educational goals by organized political and community interests.' The effect of this is that extra-educational interests gain the upper hand and replace educational goals and processes—this is the most common interpretation of the politics of education. This problem is discussed in three essays in Part II of the book. Harold Gould in his study of Faizabad district in Uttar Pradesh reveals how politicians took over educational institutions and used them for their own party or factional interest. He collected information on 44 primary schools and 64 higher secondary schools and inter-colleges and found that the managing committees of 41 of these were dominated by political parties. Iqbal Narain's account of the politicization of primary education in Rajasthan reinforces Gould's picture of secondary and higher education. The introduction of Panchayati raj in Rajasthan in 1959 led politicians to using popular community control for partisan purposes. Iqbal Narain correctly observes that teachers do not always get dragged into politics, quite often they enter it of their own accord. It would have been most interesting if a study had been made of how teachers politicize education. Education goals may be subordinated to those of political parties on the one hand and to those of caste and communal groups on the other. Madan and Haldar's study of sectarian and caste control of education in Mysore focuses on the latter aspect. They raise the important question whether schools and colleges founded for a particular community foster modernization and whether they ought to be supported by state subsidy. It is not true as the editors seem to believe that politicization is less in higher education. They could profitably have included in this section a study of an institution of higher learning.

Many Indian Vice-Chancellors have been politically influential and use their political skill and power to pursue their goals and protect their interests. Irene Gilbert examines some of the achievements of Sir Asutosh Mukherjee. The controversial Indian Universities Act of 1904 was passed when he was Vice-Chancellor of the Calcutta University. The purpose of the Act was to increase government control over universities and also to start post-graduate research and teaching and establish university professorships. Sir Asutosh stressed the latter purpose and used his power to subvert the former. Miss Gilbert shows how he pursued his policy despite the protest and opposition of the British members of the Senate. His aim was expansion of the new research departments of the Calcutta University but he used political means to achieve it.

It is not easy to define the public interest in education and to distinguish legitimate assertion of public interest in higher education by governments from politicization. How far should universities be autonomous? How, why, and when does government have the right to interfere? These are crucial

questions. In India universities have never been completely autonomous and government intervention has a long history. The Indian university is the creation of the state. The first three universities came into existence as a result of a government Act. A university's structure and function are laid down in detail and although it is designed to function as an autonomous body, it is constantly under pressure. Some of these issues are touched upon by Carolyn Eliot in her study of the Osmania University. The Andhra Government passed Acts in 1964-65 whereby it acquired enormous powers over Osmania, Andhra, and Sri Venkateswara universities. The state authorities considered their attempts to strengthen their control as assertion of public interest. The universities regarded them as efforts to destroy their autonomy. The question of university autonomy raises some fundamental issues which demand careful thought on the part of all academics and one wishes there was a fuller discussion of these problems. As the Kothari Commission Report noted the real custodian of university autonomy is a vigilant public opinion convinced of the necessity of such academic freedom and that depends to a large extent on how the academics themselves discharge their functions. Political pressure can be resisted if there is professionalization of education. In her paper on the Indian Education Service, Irene Gilbert deals with the problems in the growth of professionalization of education. The service was formed in 1896 to attract able Englishmen who would teach in government colleges but also serve as administrators in the education departments. A generalist was preferred to a specialist and not much importance was given to research. The IES did not set high professional standards. Where appointments and promotions depend on personal allegiances and political affiliations scholarship is bound to suffer.

The volume under review thus examines a variety of ways in which education and politics infringe on each other. There are obviously many areas not touched upon and case studies in these could be profitably undertaken by scholars interested in this field. Political interference in education is not a recent phenomenon in India. There is a historical reason for this since English education was introduced here with government support. Since 1947 political parties and politicians have been intruding more and more into the affairs of schools and colleges and it is necessary for us to examine seriously these trends of development. A miscellany of fourteen studies may not evoke a clear perspective but the excellent editorial introductions weave them together, and make the volume interesting and thought-provoking and raise questions which are of contemporary relevance.

APARNA BASU

STEPHEN L. KELLER, *Uprooting and Social Change: The Role of Refugees in Development*, Manohar Book Service, New Delhi, 1975, Pp. xx+357, Rs 65. Some victims of disaster are forgotten, others are discovered and rediscovered for study by academics. The Bengali and Punjabi refugees of the post-partition days fall in the first category. The Bengalis have been unsuccessful, suffering in consequence from self-depreciation and a sense of rejection, and triggering political forces which the rest of the country finds difficult to live with. The Punjabis have been successful, often in ways which at least some of them do not want to talk about. And total success, we know, can be as dead an academic issue as total failure.

Thus, partition itself remains an important subject of scholarly interest, but no one in his academic senses speaks anymore of the refugees. Like the victims of the disaster, the society also wants to forget its past traumas. It knows, Freud or no Freud, that memories can kill. Yet the post-partition refugees, as reminders of an earlier and less glorious period of our history, can tell us more about the contemporary processes of social change in India than many more-frequently-studied sectors and variables.

The reason for this assertion can be stated in terms of a comparison between researches in clinical and nonclinical human sciences. In the former, one of the basic assumptions has been that studies of pathology tell us more about human health and personality than studies of fully functioning, 'normal' human beings. So much is this premise a part of these sciences that in clinical psychology there is now a reaction against it and a feeling that the emphasis on illhealth has been overdone, that the insights into human nature it has produced have led to a dangerous underemphasis on the tendencies toward self-actualization and health. The situation is very different in other social sciences where the study of pathology has been left to a few specialists. Even when not enjoying lower academic status, such studies are not central to these disciplines. As a result, many of the popular social theories have been built without any reference to social abnormalities.

Keller's book, to the extent it provides a corrective to this onesidedness, is bound to interest many. But it will particularly interest social scientists curious about the inner strengths of a subculture as revealed in its attempts to cope with stress and marginalization, its style of adaptation to new environments, and its innovativeness under different structures of opportunity. Keller's specific concerns are four: (1) the historical, cultural, and psychological setting within which partition took place and within which the Punjabi refugees operated before partition, (2) the various psychosocial dimensions of 'refugeecism,' (3) the emotional and social problems of aggression and counter-aggression, and (4) the refugees' responses to new opportunities, their innovativeness and participation in developmental processes.

On the first score, the author has hardly anything new to say and what he

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## PAST AND PRESENT

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- E.R. Leach, "Hydraulic Society in Ceylon" (no. 15, Apr. 1959)  
R.A.L.H. Gunawardana, "Irrigation and Hydraulic Society in Early Medieval Ceylon" (no. 53, Nov. 1971)  
Romila Thapar, "Asoka and Buddhism" (no. 18, Nov. 1960)  
Eric Stokes, "Traditional Resistance Movements and Afro-Asian Nationalism: The Context of the 1857 Mutiny Rebellion in India" (no. 48, Aug. 1970)  
Eric Stokes, "The First Century of British Colonial Rule in India: Social Revolution or Social Stagnation?" (no. 58, Feb. 1973)  
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says about the roots of partition are eminently forgettable. On the second, if one ignores a certain verbosity, the stages of refugeeism described by the author provide an interesting scaffolding for a psychohistorical analysis of the refugee's plight. Important elements in refugeeism, it seems, are the ability to perceive and assess the nature of threats from people one has lived with for generations (this partly paranoid ability must have once made all the difference between survival and death), the latent fear of neighbours (institutionalized in stereotypes and activated by private phantasies), the feeling of total abandonment generated at the time of the trauma, the subsequent search for security in larger groups, and finally the pervasive and lasting feeling of rage.

The author also has interesting things to say on the relationship between refugeeism and aggression. He shows that the refugee, as compared to others, has stronger aggressive drives. It is directed against not only the interpersonal world in general but his own family and children. He also tends to distrust the society around him including those nearest to him. Associated with this is a sense of invulnerability—a common characteristic of victims of disasters according to a number of studies. It consists of a feeling that one has had a charmed life, that having gone through the trauma one has withstood the worst that men and gods could devise and that, therefore, one is 'chosen' and free from all ethical constraints. One explanation of the refugee's greater entrepreneurial drive and change-proneness is this sense of invulnerability combined with his lesser inhibitions and fears of punishment.

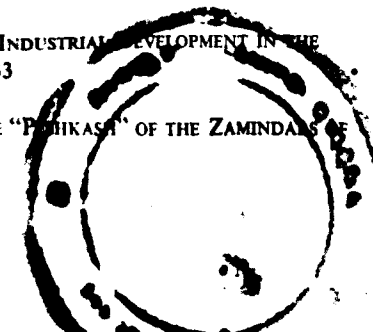
Set against the background of a rather mediocre analysis of the political culture of Punjab and Haryana, Keller in the next section further examines the implications of these findings. The Punjabi refugee, with all his free-floating and directed aggression and the high degree of hostility he projects on the Thematic Apperception Test, lives in a culture deeply fearful of conflicts and disharmony. It is a culture which expects all authorities to temper and prevent conflicts. It also constantly fears that man's latent aggressive drives are just waiting to burst out into the open and that they need to be constantly checked through a variety of symbolic and institutional controls. In spite of these, a part of the refugee's diffused, latent anger finds expression in communalism and a part in asocial and criminal behaviour. This, when combined with the refugee's sense of invulnerability, is a potent concoction.

An interesting book and obviously a lot of hard work has gone into it. And yet, the subject deserved better handling. Keller's careless pedantry has robbed his data of much of their colour and life. As a result, we are left with a highly overwritten book which carries that peculiar flavour we have come to associate with Ph.D. dissertations.

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KUMUDINI DANDEKAR and VAIJAYANTI BHATE

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