The Imperialistic Rule of Brita in India and Its Devastating - An Analysis
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Abstract:
British imperialism was more pragmatic than that of other colonial powers. Its motivation was economic, not evangelical. There was none of the dedicated Christian fanaticism which the Portuguese and Spanish demonstrated in Latin America and less enthusiasm for cultural diffusion than the French (or the Americans) showed in their colonies. For this reason they westernized India only to a limited degree. British interests were of several kinds. At first the main purpose was to achieve a monopolistic trading position. Later it was felt that a regime of free trade would make India a major market for British goods and a source of raw materials, but British capitalists who invested in India, or who sold banking or shipping services there, continued effectively to enjoy monopolistic privileges. India also provided interesting and lucrative employment for a sizeable portion of the British upper middle class, and the remittances they sent home made an appreciable contribution to Britain's balance of payments and capacity to save. Finally, control of India was a key element in the world power structure, in terms of geography, logistics and military manpower. The British were not averse to Indian economic development if it increased their markets but refused to help in areas where they felt there was conflict with their own economic interests or political security. Hence, they refused to give protection to the Indian textile industry until its main competitor became Japan rather than Manchester, and they did almost nothing to further technical education. They introduced some British concepts of property, but did not push them too far when they met vested interests.

I. INTRODUCTION
The main changes which the British made in Indian society were at the top. They replaced the wasteful warlord aristocracy by a bureaucratic-military establishment, carefully designed by utilitarian technocrats, which was very efficient in maintaining law and order. The greater efficiency of government permitted a substantial reduction in the fiscal burden, and a bigger share of the national product was available for landlords, capitalists and the new professional classes. Some of this upper class income was siphoned off to the United Kingdom, but the bulk was spent in India. However, the pattern of consumption changed as the new upper class no longer kept harems and palaces, nor did they wear fine muslins and damascened swords. This caused some painful readjustments in the traditional handicraft sector. It seems likely that there was some increase in productive investment which must have been near zero in Moghul India: government itself carried out productive investment in railways and irrigation and as a result there was a growth in both agricultural and industrial output. The new elite established a Western life style using the English language and English schools. New towns and urban amenities were created with segregated suburbs and housing for them. Their habits were copied by the new professional elite of lawyers, doctors, teachers, journalists and businessmen. Within this group, old caste barriers were eased and social mobility increased. It is interesting to speculate about India's potential economic fate if it had not had two centuries of British rule. There are three major alternatives which can be seriously considered. One would have been the maintenance of indigenous rule with a few foreign enclaves, as in China. Given the fissiparous forces in Indian society, it is likely that there would have been major civil wars in China in the second half of the nineteenth century and the first half of the twentieth century and the country would probably have split up. Without

II. ESTABLISHMENT OF NEW WESTERNIZED ELITE
The biggest change the British made in the social structure was to replace the warlord aristocracy by an efficient bureaucracy and army. The traditional system of the East India Company had been to pay its servants fairly modest salaries, and to let them augment their income from private
transactions. This arrangement worked reasonably well before the
conquest of Bengal, but was inefficient as a way of
remunerating the officials of a substantial territorial Empire
because (a) too much of the profit went into private hands
rather than the Company's coffers, and (b) an over rapacious
short-term policy was damaging to the productive capacity of
the economy and likely to drive the local population to revolt,
both of which were against the Company's longer-term
interests. Clive had operated a 'dual' system, i.e. Company
power and a puppet Nawab. Warren Hastings displaced the
Nawab and took over direct administration, but retained Indian
officials. Finally, in 1785, Cornwallis created a professional
cadre of Company servants who had generous salaries, had no
private trading or production interests in India, enjoyed the
prospect of regular promotion and were entitled to pensions.
All high-level posts were reserved for the British, and Indians
were excluded. Cornwallis appointed British judges, and
established British officials as revenue collectors and
magistrate in each district of Bengal. From 1806 the Company
trained its young recruits in Haileybury College near London.
Appointments were still organized on a system of patronage,
but after 1833 the Company selected amongst its nominated
candidates by competitive examination. After 1853, selection
was entirely on merit and the examination was thrown open to
any British candidate. The examination system was influenced
by the Chinese model, which had worked well for 2,000 years
and had a similar emphasis on classical learning and literary
competence. The Indian civil service was therefore able to
secure high quality people because (a) it was very highly paid;
(b) it enjoyed political power which no bureaucrat could have
had in England. In 1829 the system was strengthened by
establishing districts throughout British India small enough to
be effectively controlled by an individual British official who
henceforth exercised a completely autocratic power, acting as
revenue collector, judge and chief of police (functions which
had been separate under the Moghul administration). This
arrangement later became the cornerstone of Imperial
administration throughout the British Empire. As the civil
service was ultimately subject to the control of the British
parliament, and the British community in India was subject to
close mutual surveillance, the administration was virtually
incorruptible. The army of the Company was a local mercenary
force with 20,000-30,000 British officers and troops. It was by
far the most modern and efficient army in Asia. After the
Mutiny in 1857, the size of the British contingent was raised to
a third of the total strength and all officers were British until
the 1920s when a very small number of Indians was recruited.
Normally, the total strength of the army was about 200,000.
This army was very much smaller than those of Moghul India,
3 but had better training and equipment, and the railway
network (which was constructed partly for military reasons)
gave it greater mobility, better logistics and intelligence. The
higher ranks of the administration remained almost entirely
British until the 1920s when the Indian civil service
examinations began to be held in India as well as the UK.4 In
addition, there was a whole hierarchy of separate bureaucracies
in which the higher ranks were British, i.e. the revenue, justice,
police, education, medical, public works, engineering, postal
and railway services as well as the provincial civil services.
India thus offered highly-paid careers to an appreciable portion
of the British middle and upper classes (particularly for its
peripheral members from Scotland and Ireland). From the
1820s to the 1850s the British demonstrated a strong urge to
change Indian social institutions, and to Westernize India.5
They stamped out infanticide and ritual burning of widows
(sati). They abolished slavery and eliminated dacoits (religious
thugs) from the highways. They legalized the remarriage of
widows and allowed Hindu converts to Christianity to lay
claim to their share of joint family property. They took steps to
introduce a penal code (the code was actually introduced in
1861 based on British law, which helped inculcate some ideas of
equality. Under his old Hindu law, a Brahmin murderer
might not be put to death, while a Sudra who cohabited with a
high-caste woman would automatically suffer execution.
Under the new law, Brahmin and Sudra were liable to the same
punishment for the same offence. There was a strong streak of
Benthamite radicalism in the East India Company
administration. James Mill became a senior company official
in 1819 after writing a monumental history of India which
showed a strong contempt for Indian institutions (8). From
1831 to 1836 he was the chief executive officer of the E.I.C.
and his son John Stuart Mill worked for the Company from
1823 to 1858. Malthus was professor of economics at
Haileybury, and the teaching there for future company officials
was strongly influenced by Utilitarianism. Bentham himself
was also consulted on the reform of Indian institutions. The
Utilitarians deliberately used India to try out experiments and
ideas (e.g. competitive entry for the civil service) which they
would have liked to apply in England. The Utilitarians were
strong supporters of laissez-faire and abhorred any kind of
state interference to promote economic development. Thus
they tended to rely on market forces to deal with famine
problems, they did nothing to stimulate agriculture or protect
industry. This laissez-faire tradition was more deeply
embedded in the Indian civil service than in the UK itself, and
persisted very strongly until the late 1920s. The administration
was efficient and incorruptible, but the state apparatus was of a
watchdog character with few development ambitions. Even in
1936, more than half of government spending was for the
military, justice, police and jails, and less than 3 per cent for
agriculture (9).

III. EDUCATION

One of the most significant things the British did to
Westernize India was to introduce a modified version of English
education. Macaulay's 1835 Minute on Education had a
decisive impact on British educational policy and is a classic
example of a Western rationalist approach to Indian
civilization. Before the British took over, the Court language
of the Moghuls was Persian and the Muslim population used
Uru, a mixture of Persian, Arabic and Sanskrit. Higher
education was largely religious and stressed knowledge of
Arabic and Sanskrit. The Company had given some financial
support to a Calcutta Madrasa (1781) and a Sanskrit college at
Benares (1792), Warren Hastings, as governor general from
1782 to 1795 had himself learned Sanskrit and Persian, and
several other Company officials were oriental scholars. One of
them, Sir William Jones, had translated a great mass of
Sanskrit literature and had founded the Asiatic Society of
Bengal in 1785. But Macaulay was strongly opposed to this
orientalism: "I believe that the present system tends, not to
accelerate the progress of truth, but to delay the natural death
of expiring errors. We are a Board for wasting public money,
for printing books which are less value than the paper on
which they are printed was while it was blank; for giving
artificial encouragement to absurd history, absurd metaphysics,
absurd physics, absurd theology ... I have no knowledge of
either Sanskrit or Arabic ... But I have done what I could to
form a correct estimate of their value ... Who could deny that a
single shelf of a good European library was worth the whole
native literature of India and Arabia ... all the historical
information which has been collected from all the books written in the Sanskrit language is less valuable than what may be found in the most paltry abridgements used at preparatory schools in England.”

IV. AGRICULTURE

The colonial government made institutional changes in agriculture by transforming traditionally circumscribed property rights into something more closely resembling the unencumbered private property characteristic of Western capitalism. The beneficiaries of these new rights varied in different parts of India. The top layer of Moghul property, the jagir, was abolished (except in the autonomous princely states), and the bulk of the old warlord aristocracy was dispossessed. Their previous income from land revenue, and that of the Moghul state, was now appropriated by the British as land tax. However, in the Bengal presidency (i.e. modern Bengal, Bihar, Orissa and part of Madras) the second layer of Moghul property rights belonging to Moghul tax collectors (zamindars) was reinforced (20). All zamindars in these areas now had hereditary status, so long as they paid their land taxes, and their judicial and administrative functions disappeared. In the Moghul period the zamindars had usually kept a tenth of the land revenue to themselves, but by the end of British rule their income from rents was a multiple of the tax they paid to the state. In Bihar, for instance, five-sixths of the total sum levied by 1950 was rent and only one-sixth the revenue. The typical zamindari estate at the end of British rule seems to have been very different from that at the end of the eighteenth century. In Bengal the total “number of landowners which did not exceed 100 in the beginning of Hastings' administration in 1772, rose in the course of a century to 154,200”. In 1872 there were 154,200 estates of which “533, or 0.34 per cent, only are great properties with an area of 20,000 acres and upwards; 15,747, or 10.21 per cent, range from 500 to 20,000 acres in area; while the number of estates which fell short of 500 acres is no less than 137,920, or 89.44 per cent, of the whole”. Misra attributes this fall in the average size of zamindari properties to the fact that they could be inherited or sold freely, whereas the Moghul state wanted to keep the number small because zamindars had administrative functions under the Moghul Empire. Under the British, transfers became much more frequent, particularly into the hands of moneylenders. The moneylenders are frequently presented as squeezing out poor peasants and tenantry and thus promoting the concentration of wealth, but the evidence of what happened to zamindar estates suggests that village moneylenders may also have helped to break up concentrations of wealth. At a later stage, the government itself introduced a good deal of legislation to protect customary rights in response to peasant disturbances. Land policy was, therefore, another instance of British policy of half Westemization. Nevertheless, there were some economic consequences of the new legal situation. Because of the emergence of clear titles, it was now possible to mortgage land. The status of moneylenders was also improved by the change from Muslim to British law. There had been moneylenders in the Moghul period, but their importance grew substantially under British rule, and over time a considerable amount of land changed hands through foreclosures (26). Over time, two forces raised the income of landowners. One of these was the increasing scarcity of land as population expanded. This raised land values and rents. The second was the decline in the incidence of land tax. Indian literature usually stresses the heavy burden of land tax in the early days of British rule, but the fact that it fell substantially over time is seldom noted. As a result of these changes, there was not only an increase in village income but a widening of income inequality within villages. The village squirearchy received relatively higher incomes because of the reduced burden of land tax and the increase in rents; tenants and agricultural labourers may well have experienced a decline in income because their traditional rights were curtailed and their bargaining power was reduced by land scarcity. The class of landless agricultural labourers grew in size under British rule, but modern scholarship has shown that they were not a “creation” of the British. Although these were important modifications in the village structure, the traditional hierarchy of caste was not destroyed. Income differentials widened, but the social and ritual hierarchy in villages did not change its character. Village society was not egalitarian in Moghul times, and in most cases those whose income rose in the British period were already socially dominant, although there were exceptions.

V. Irrigation

During the period of British rule, agricultural production grew substantially in order to feed a population which grew from 165 million in 1757 to 420 million in 1947. The new system of land ownership offered some stimulus to increase output, and there was substantial waste land available for development. The colonial government made some contribution towards increased output through irrigation. The irrigated area was increased about eightfold, and eventually more than a quarter of the land of British India was irrigated. Irrigation was extended both as a source of revenue and as a measure against famine. A good deal of the irrigation work was in the Punjab and Sind. The motive here was to provide land for retired Indian army personnel, many of whom came from the Punjab, and to build up population in an area which bordered on the disputed frontier with Afghanistan. These areas, which had formerly been desert, became the biggest irrigated area in the world and a major producer of wheat and cotton, both for export and for sale in other parts of India.

VI. TRANSPORT

Improvements in transport facilities (particularly railways, but also steamships and the Suez canal) helped agriculture by permitting some degree of specialization on cash crops. This increased yields somewhat, but the bulk of the country stuck to subsistence farming. Plantations were developed for indigo, sugar, jute and tea. These items made a significant contribution to exports, but in the context of Indian agriculture as a whole, they were not very important. In 1946, the two primary staples, tea and jute, were less than 3.5 per cent of the gross value of crop output. Thus the enlargement of markets through international trade was less of a stimulus in India than in other Asian countries such as Ceylon, Burma or Thailand. Little was done to promote agricultural technology. There was some improvement in seeds, but no extension service, no improvement in livestock and no official encouragement to use fertilizer. Lord Mayo, the Governor General, said in 1870, “I do not know what is precisely meant by ammoniac manure. If it means guano, superphosphate or any other artificial product of that kind, we might as well ask the people of India to manure their ground with champagne”. Statistics are not available on agricultural output for the first century and a half of British rule, but all the indications suggest that there was substantial growth. We do not know whether output rose faster or more slowly than population, but it seems likely that the movements were roughly parallel.
VILFAMINES AND EPIDEMICS

Under British rule, the Indian population remained subject to recurrent famines and epidemic diseases. In 1876-8 and 1899-1900 famine killed millions of people. In the 1890s there was a widespread outbreak of bubonic plague and in 1919 a great influenza epidemic. It is sometimes asserted by Indian nationalist historians that British policy increased the incidence of famine in India, particularly in the nineteenth century. Unfortunately we do not have any figures on agricultural production for this period, and it is difficult to base a judgement merely on catalogues of famine years whose intensity we cannot measure. As agriculture was extended to more marginal land one would have expected output to become more volatile. But this was offset to a considerable extent by the major improvement in transport brought by railways, and the greater security of water supply brought by irrigation. It is noteworthy that the decades in which famines occurred were ones in which population was static rather than falling.39 In the 1920s and 1930s there were no famines, and the 1944 famine in Bengal was due to war conditions and transport difficulties rather than crop failure. However, the greater stability after 1920 may have been partly due to a lucky break in the weather cycle40 rather than to a new stability of agriculture. British rule reduced some of the old checks on Indian population growth. The main contribution was the ending of internal warfare and local banditry. There was some reduction in the incidence of famine. The death rate was also reduced to some degree by making ritual suicide and infanticide illegal. The British contributed to public health by introducing smallpox vaccination, establishing Western medicine and training modern doctors, by killing rats, and establishing quarantine procedures. As a result, the death rate fell and the population of India grew by 1947 to more than two-and-a-half times its size in 1775.

1. INDUSTRY Several Indian authors have argued that British rule led to a de-industrialization of India. R.C. Dutt argued, “India in the eighteenth century was a great manufacturing as well as a great agricultural country, and the products of the Indian loom supplied the markets of Asia and Europe. It is, unfortunately, true that the East India Company and the British Parliament, following the selfish commercial policy of a hundred years ago, discouraged Indian manufacturers in the early years of British rule in order to encourage the rising manufactures of England. Their fixed policy, pursued during the last decades of the eighteenth century and the first decades of the nineteenth, was to make India subservient to the industries of Great Britain, and to make the Indian people grow raw produce only, in order to supply material for the looms and manufactories of Great Britain”. R. Palme Dutt, writing forty years later, argued that the first jute mill was built in 1854 and the industry expanded mainly in Bengal, was able to expand faster than cotton textiles because its sales concentrated on coarse yarns sold domestically and to China and Japan; yarn exports were about half of output. Modern jute manufacturing started about the same time as cotton textiles. The first jute mill was built in 1854 and the industry expanded rapidly in the vicinity of Calcutta. The industry was largely in the hands of foreigners (mainly Scots). Between 1879 and 1913 the number of jute spindles rose tenfold - much faster than growth in the cotton textile industry. The jute industry was able to expand faster than cotton textiles because its sales did not depend so heavily on the poverty stricken domestic markets. Most of jute output was for export. Coal mining, mainly in Bengal, was another industry which achieved significance. Its output, which by 1914 had reached 15.7 million tons, largely met the demands of the Indian railways. Until 1898 India, like most Asian countries, was on the silver standard. In the 1870s the price of silver began to fall and the rupee depreciated against sterling. This led to some rise in the internal price level, but it helped to make Indian exports more competitive with those of the UK, e.g. in the Chinese textile market. In 1898, India adopted a gold exchange standard which tied the rupee to sterling at a fixed value of 15 to 1. This weakened her competitiveness vis-à-vis China which remained on a depreciating silver standard, but its potential adverse effects were mitigated because Japan went on to the gold exchange standard at the same time. During the First World War, when the sterling exchange rate was allowed to float, the European colony, and was unique in being an industrial exporter in pre-colonial times. A large part of the Moghul industry was destroyed in the course of British rule. However, it is important to understand precisely how this deindustrialization came about and to try to get some idea of its quantitative significance in different periods. Oversimplified explanations, which exaggerate the role of British commercial policy and ignore the role of changes in demand and technology, have been very common and have had some adverse impact on post-independence economic policy. The second blow to Indian industry came from massive imports of cheap textiles from England after the Napoleonic wars. In the period 1896-1913, imported piece goods supplied about 60 per cent of Indian cloth consumption,45 and the proportion was probably higher for most of the nineteenth century. Home spinning, which was a spare-time activity of village women, was greatly reduced. A large proportion of village hand-loom weavers must have been displaced, though many switched to using factory instead of home-spun yarn. Even as late as 1940 a third of Indian piece goods were produced on hand looms. The new manufactured textile goods were considerably cheaper and of better quality than hand-loom products, so their advent increased textile consumption. At the end of British rule, there can be no doubt that cloth consumption per head was substantially larger than in the Moghul period. We do not know how big an increase in textile consumption occurred, but if per capita consumption of cotton cloth doubled (which seems quite plausible), then the displacement effect on hand-loom weavers would have been smaller than at first appear. The hand-loom weavers who produced a third of output in 1940 would have been producing two-thirds if there had been no increase in per capita consumption. The first textile mills were started in the 1850s by Indian capitalists who had made their money trading with the British and had acquired some education in English. Cotton textiles were launched in Bombay with financial and managerial help from British trading companies. India was the first country in Asia to have a modern textile industry, preceding Japan by twenty years and China by forty years. Cotton mills were started in Bombay in 1851, and they concentrated on coarse yarns sold domestically and to China and Japan; yarn exports were about half of output. Modern jute manufacturing started about the same time as cotton textiles. The number of jute spindles rose tenfold - much faster than growth in the cotton textile industry. The jute industry was able to expand faster than cotton textiles because its sales did not depend so heavily on the poverty stricken domestic markets. Most of jute output was for export. 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rupee appreciated. Unfortunately, when sterling resumed a fixed (and overvalued) parity in 1925, the rupee exchange rate was fixed above the pre-war level. This overvaluation eased the fiscal problems of government in making transfers to the UK and enabled British residents in India, or those on Indian pensions in the UK, to get more sterling for their rupees, but it made it necessary for domestic economic policy to be deflationary (in cutting wages) and greatly hindered Indian exports, particularly those to or competing with China and Japan. Many of the most lucrative commercial, financial, business and plantation jobs in the modern sector were occupied by foreigners. Although the East India Company’s legally enforced monopoly privileges were ended in 1833, the British continued to exercise effective dominance through the system of ‘managing agencies’. These agencies, originally set up by former employees of the East India Company, were used both to manage industrial enterprise and to handle most of India’s international trade. They were closely linked with British banks, insurance and shipping companies. Managing agencies had a quasi-monopoly in access to capital, and they had interlocking directorships which gave them control over supplies and markets. They dominated the foreign markets in Asia. They had better access to government officials than did Indians. The agencies were in many ways able to take decisions favourable to their own interests rather than those of shareholders. They were paid commissions based on gross profits or total sales and were often agents for the raw materials used by the companies they managed. Thus the Indian capitalists who did emerge were highly dependent on British commercial capital and many sectors of industry were dominated by British firms, e.g. shipping, banking, insurance, coal, plantation crops and jute.

VIII. THE ECONOMIC BURDEN OF FOREIGN RULE

The major burden of foreign rule arose from the fact that the British raj was a regime of expatriates. Under an Indian administration, income from government service would have accrued to the local inhabitants and not to foreigners. The diversion of upper-class income into the hands of foreigners inhibited the development of local industry because it put purchasing power into the hands of people with a taste for foreign goods. This increased imports and was particularly damaging to the luxury handicraft industries. Another important effect of foreign rule on the long-run growth potential of the economy was the fact that large parts of its potential savings were siphoned abroad. This ‘drain’ of funds from India to the UK has been a point of major controversy between Indian nationalist historians and defenders of the British raj. However, the only real grounds for controversy are statistical. There can be no denial that there was a substantial outflow which lasted for 190 years. If these funds had been invested in India they could have made a significant contribution to raising income levels. The first generation of British rulers was rapacious. Clive took quarter of a million pounds for himself as well as a jagir worth £27,000 a year, but the British did not pillage on the scale of Naird Shah, who probably took as much from India in one year as the East India Company did in the twenty years following the battle of Plessey. They were also shrewd enough to realize that it was not in their long-run interest to devastate the country. However, British salaries were high: the Viceroy received £25,000 a year and governors £10,000. The starting salary in the engineering service was £420 a year or about sixty times the average income of the Indian labour force. From 1757 to 1919, India also had to meet administrative expenses in London, first of the East India Company, and then of the India Office, as well as other minor but irritatingly extraneous charges. The cost of British staff was raised by long home leave in the UK, early retirement and lavish amenities in the form of subsidized housing, utilities, rest houses, etc. Under the rule of the East India Company, official transfers to the UK rose gradually until they reached about £3.5 million in 1856, the year before the mutiny. In addition, there were private remittances. In the twenty years 1835-54, India’s average annual balance on trade and bullion was favourable by about £4.5 million a year. The total ‘drain’ due to government pensions and leave payments, interest on nonrailway official debt, private remittances for education and savings, and a third commercial profits amounted to about 1.5 per cent of national income of undivided India from 1921 to 1938 and was probably a little larger before that. Net investment was about 5 per cent of national income at the end of British rule, so about a quarter of Indian savings were transferred out of the economy, and foreign exchange was lost which could have paid for imports of capital goods. As a consequence of this foreign drain the Indian balance of trade and bullion was always positive as can be seen in Table 3-3. If we take the table as a rough indicator of the movement in the colonial burden (though not of its absolute level) it would seem that it was biggest around the 1880s. Since independence the picture has been completely reversed and there is now a substantial inflow of resources because of foreign aid. In spite of its constant favourable balance of trade, India acquired substantial foreign debt during the First World War as many other developing countries did. Instead, there were two ‘voluntary’ war gifts to the UK amounting to £150 million ($730 million). India also contributed one-and-a-quarter million troops, which were financed from the Indian budget. The ‘drain’ of funds to England continued in the interwar years because of home charges and profit remittances. There was also a small outflow of British capital. In the depression of 1929-33, many developing countries defaulted on foreign debt or froze dividend transfers, but this was not possible for India. The currency was kept at par with sterling and devalued in 1931, but the decisions were based on British rather than Indian needs. Furthermore, the salaries of civil servants remained at high level, and the burden of official transfers increased in a period of falling prices.

IX. CONCLUSIONS

There has been a good deal of controversy amongst statisticians about the rate of growth of income in India in the colonial period. The argument is politically coloured and the statistics are poor. For the last fifty years of British rule there is enough statistical information to make rough estimates of the growth of national income. My own estimates, which are based largely on work by Blyn and Sivasubramonian, show no increase in per capita income over the years 1900-46. Other observers have estimates which show some growth over this period as well as in the period from 1857. There are no estimates for the movement in income from Clive’s conquest to the Mutiny, but there could not have been much net progress in real income per head before the development of railways, modern industry, irrigation and the big expansion in international trade, and there are reasons for thinking that there was some decline.64 From the beginning of British conquest in
1757 to independence, it seems unlikely that per capita income could have increased by more than a third and it probably did not increase at all in the UK itself there was a tenfold increase in per capita income over these two centuries. The most noticeable change in the economy was the rise in population from about 170 million to 420 million from 1757 to 1947. However, there were some significant changes in social structure and in the pattern of output. The social pyramid was truncated because the British lopped off most of the top three layers of the Moghul hierarchy, i.e. the Moghul court, the Moghul aristocracy and quasi-autonomous prices (a quarter of these survived), and the local chieftainry (zamindars who survived in about 40 per cent of India). In place of these people the British installed a modern bureaucracy which took a smaller share of national income. The newcomers had a more modest life-style than the Moghuls, but siphoned a large part of their savings out of the country and provided almost no market for India's luxury handicrafts. The modern factory sector which they created produced only 7.5 per cent of national income at the end of British rule and thus did little more than replace the old luxury handicrafts and part of the village textile production. The British reduced the tax squeeze on agriculture and turned warlords into landlords, but the new order had little dynamism. A good deal of the old fuzziness about property rights remained, and landlords were still largely parasitic. The bigger zamindars copied the Moghul lifestyle by maintaining hordes of retainers and huge mansions, the smaller landowner's ambition was to stop working and enhance his ritual purity by establishing a seedy gentility. Very little incentive was provided for investment and almost nothing was done to promote technical change in agriculture. At the bottom of society the position of sharecropping tenantry and landless labourers remained wretched. In urban areas a new Westernized 'middle class' of Indians emerged and became the major challenge to the British raj. Within village society the social structure was probably similar to that in Moghul India, with the two top economic groups corresponding to the old dominant castes, the next group to peasant castes, and the bottom group consisting largely of untouchables. The main difference from the Moghul economy is that village proprietors and tenants-in-chief were no longer heavily squeezed by taxation and their share of national income had probably increased. Thus the main gainers from the British regime (apart from the British) were the so called 'middle' class of Indian capitalists and professionals, and the village hierarchy. Most of these were high caste Hindus though the Parsis and Sikhs did fairly well. The main losers were the Muslims who had formed the major part of the Moghul aristocracy, officer corps, lawyers, and artisans in the luxury handicrafts.

X. REFERENCES


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