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**HINDUISM
AND
ECONOMIC GROWTH**

HINDUISM AND ECONOMIC GROWTH

VIKAS MISHRA

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V. M.

INTRODUCTION

THE object of this study is to discern and assess the impact of Hinduism on India's economic growth.

At the outset we have a difficulty; it is the economic life, some may argue, that has a determining influence on religion. But the relationship between the two is not such that one is the determining and the other the determined phenomenon; they are both determined by a complex of factors. This need not rule out the possibility of one being more dominant than the other when they come to act and react on each other. Indeed, it could be held that at any point of time one was largely the result of the other. In a dynamic context it seems a logical conclusion that religious influences and economic influences were continually conditioning and reconditioning one another.

—The immediate question from our point of view is not whether and how far economic life affects religion, but whether and how far religion affects economic life. In classifying the factors affecting economic growth Professor Spengler¹ includes (a) factors which operate relatively directly and immediately upon various indices of economic growth and (b) factors which operate upon these indices indirectly through the medium of factors included in category (a). He elaborates the significance of the factors in category (b) by saying that 'the values men set store by, together with the patterns of motivation associated with these values, have much to do with how men canalize their activity', and that 'economic growth will proceed most rapidly, therefore, when the dominant values favour activities which are both economically productive and conducive to capital accumulation and technical progress'. He also stresses

¹ J. J. Spengler, 'Social Structure, the State and Economic Growth', in Simon Kuznets and others (eds.), *Economic Growth: Brazil, India, Japan* (1955), pp. 363-70.

the importance of institutional circumstances for economic growth. To the extent that some of the dominant values and institutions in a community were associated with religion, economic life can be said to be influenced by religion.

On the specific question of religion as a factor in economic growth, Professor Lewis makes the point that 'even if it were true that religious doctrines always gave way to economic interests, it would still not follow that they do not restrict change, for they might both slow down the rate of change, and also distort its effects'.¹ He goes further, and incidentally cites an example from Hinduism to demonstrate his point when he says that 'more fundamentally we cannot accept the conclusion that it is always economic change which causes religious change, and never religious change that causes economic or social change. It is not true that if economic and religious doctrines conflict the economic interest will always win. The Hindu cow has remained sacred for centuries, although this is plainly contrary to economic interests'.²

Professor Rostow has suggested that 'actions which result in economic advance need not be motivated by economic goals'.³ Professor Duesenberry,⁴ while emphasizing the process of innovation as central to economic growth, assigns an important position to the institutional setting as well as to the psychological foundations of these institutions. He does not, like Weber,⁵ explain the

¹ W. A. Lewis, *The Theory of Economic Growth* (1955), p. 106.

² *Ibid.*, p. 106.

³ W. W. Rostow, *The Process of Economic Growth* (1952), p. 13.

⁴ J. S. Duesenberry, 'Some Aspects of the Theory of Economic Development', in *Explorations in Entrepreneurial History*, Vol. III, No. 2, (15 Dec. 1950) pp. 68-74 as quoted in Rostow, *op. cit.*, pp. 77-8.

⁵ Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, translated by Talcott Parsons (1950).

burst of innovational activity of the seventeenth and eighteenth centuries in terms of the Protestant ethic; he relates it to what he calls 'a widespread belief' in the possibility of expanding man's power over his environment. ✓ The U.N.O. Report on the economic development of underdeveloped countries also emphasizes 'the psychological and social prerequisites' of economic development and clearly states that 'the people of a country must desire progress, and their social, economic, legal and political institutions must be favourable to it'.¹ Our problem here, then, is to find how far the institutional setting as well as the attitudinal make-up of Hindu society has been related to its religious framework; and if we find that in India this relationship has been close, then it would follow that the impact of Hinduism on economic growth has been considerable.

As this study will concentrate on only one of the several possible influences affecting economic growth, we shall treat other influences as exogenous to our system of analysis. We shall not ignore them, however, for two reasons. First, they can tell us what part of the economic growth has resulted directly from their action. Secondly, some of these extraneous factors may themselves have been affected by Hinduism in the past. But in dealing with these other factors we must recall continually that we are not dealing with the impact of economic growth on Hinduism.

Clearly it is not possible to make a detailed study of the whole period of Hinduism; that would correspond to Indian history itself. Information is meagre for the earlier periods of the social and economic history of India. On the other hand, some knowledge of the past is necessary for a proper understanding of the influence of Hinduism in later periods. The division that we feel bound to emphasize is that between the pre-Industrial

¹ U.N.O., *Measures for the Economic Development of Underdeveloped Countries* (1951), p. 13.

and Industrial periods in economic history, where valuable analytical distinctions can be made enabling us to pose deeper questions. Assuming that there was a relative lack of scientific inquiry in India (at any rate, during the period when such inquiries became a marked feature of Western culture), was Hinduism responsible, and if so to what extent, for such a state of affairs in India? Should we find that the social structure of pre-Industrial India was immobile, we can specifically inquire whether that immobility in occupational distribution was caused by Hinduism. Many questions that we might like to ask would be equally relevant to the pre-Industrial Age in the West. The earlier development of the Western Industrial Age with its greater opportunities for scientific inquiry and occupational mobility has made such questions sharply significant.

For the purpose of this study, then, the period until A.D. 1500 will be treated as relatively unimportant. The available material is scanty and only a general study of the conditions in India will be attempted. On the other hand the period between 1500 and 1750 was important for the development of tendencies in the West that led to the Industrial Revolution and this period in India will be examined more closely before we take up a detailed analysis of the period since the mid-eighteenth century. This analysis will not take account of the post-Independence (post-1947) developments.

Until the economist's tool-box becomes rich enough to allow efficient handling of the long-term processes of economic life, the real analytical issue is to have a methodological framework that is not too rough for a study of this kind. In a modified form we can derive this framework from some of the existing works in economic growth analysis, particularly those of Rostow¹ and Lewis.² Rostow's work, which is primarily on methodology, has evolved a device in the form of certain

¹ Rostow, *The Process of Economic Growth*.

² Lewis, *The Theory of Economic Growth*.

'propensities' which meets to some extent the difficulties encountered in a long-period analysis. Lewis's work, which is a detailed study of human behaviour (attitudes and institutions, including religion) in relation to the process of economic growth, makes possible the analysis of what Lewis calls the proximate causes of growth and of the causes of the proximate causes. Of particular interest to us are the sub-variables and the determinants of these variables with which he analyses his two categories of the causes of growth.

We lay out on page 6 the methodological framework that has been followed, so that it is available for reference at any time during the study. The scheme is shown here in its most developed form. As it is limited by the availability of information the analysis of the period until A.D. 1500 can make use only of the very general features of the framework; and as the more conspicuous features of different periods vary the framework is not applied in its entirety even to the later centuries.

Most of the topics will be examined in relation to the most immediate determinants mentioned as we proceed with the analysis. In applying this methodology the central problem is to isolate the influence of Hinduism in its different aspects and phases from that of the other factors operating on the economy through the various variables, sub-variables and their determinants.

The greater part of our study will be concerned with the period 1850-1947 (Part III), and to prepare the background for this we make in Part II a fairly close study of the preceding three hundred and fifty years which it is convenient to divide at about 1750, roughly the end of the Mughal era. Before that, however, we must try in Part I to bring together the available evidence referring to the Indian economy in its connexion with Hinduism (in its philosophical, theological and social aspects) in the long period prior to A.D. 1500, and endeavour to discover how far economic changes

appear to follow from the religious phases and changes in that era.

THE ANALYTICAL FRAMEWORK

Variables

Sub-variables

MATERIAL VALUATIONS

Attitude towards
material progress

Attitude to wealth
Attitude to effort
Spirit of risk-taking and adventure
Freedom of risk-taking and adventure
Guarantee of reward for effort

INVESTMENT

POSSIBILITIES

Attitude towards
knowledge

Philosophical attitude
Religious competitiveness
Incentive to experiment
Diversity of experience
Diversity of resources
Diversity of cultural contacts
Class structure

Economic application
of knowledge

Attitude towards newness and variety
Profitability
Industrial aptitudes

Savings

Consumption level and pattern
Attitude towards thrift
Incentives to save
Social framework

Investment

Security of investment
Profitability
Honesty in commerce
Scope for investment
Status of the investing classes

ADAPTABILITY

Attitude towards
change

Mobility
Accessibility
Conventional bias
Family pattern
Trade and specialization
Quality of foreign contacts
Leadership

Attitude towards child-
birth

Traditional ideas
Incentives
New factors affecting size of family

PART ONE

THE EARLIER CIVILIZATION

Chapter I

A GENERAL SURVEY UP TO A. D. 1500

How far was the process of economic life in India before A.D. 1500 influenced by Hinduism? The available information is not extensive, and we can only try to define broadly the directions of that influence by relating the basic constituents of Hinduism in its different phases to certain determinants of economic growth.

Even if we were to limit ourselves to the general features of our framework we should have to have a reasonably clear idea of the process of economic growth in those early times as well as a knowledge of the phases of Hinduism in relation to its philosophical, theological and social aspects. As it is not possible here to treat either the phases of Hinduism or the changes in the economy separately, the main points about each will be given in the course of our analysis. We will try to link one phase with another historically, making short comments on significant events or changes.

We make two initial comments on this analysis. First, our evidence is probably incomplete. It is difficult, for example, to assert that the conditions depicted in Kautilya's *Arthashastra*, the basis of much that is known about the Maurya period, represented the whole or even the larger part of the country during that period. Secondly, the population of India throughout much of this period was very small in relation to its resources; this factor would be one of the most important determinants of economic growth for a considerable period of time.

PRE-VEDIC PHASES

We will define Hinduism in its etymological sense, and use the term religion to include the leading

theological concepts, the broad philosophical ideas, and the general social structure (so far as it has a theological sanction). In this very broad sense Hinduism in its first phase coincided roughly with the first phase of the known social history of the country. This can conveniently be termed the pre-Vedic phase. We are assuming that the relative supremacy of the Aryans in India was preceded by phases associated with the indigenous inhabitants. Indeed what preceded the Vedic phase may be treated as three phases. The first of these pre-Vedic phases was associated with the primitive tribes; the second was the 'Dravidian' phase, and the third, on the assumption that it was not Dravidian, was associated with the Indus civilization. These phases existed concurrently at times and have to this day preserved some of their features—quite apart from the more important fact of their having influenced, and having been influenced (almost to the point of total absorption) by the Vedic elements.

The study of the first two pre-Vedic phases has the advantage neither of archaeological remains nor of literary compilations. Archaeological finds provide us with much richer information about the economic life of the Indus civilization which appears to have attained full growth a little before 2300 B.C. But on its religious content, crucial to our study, there is little data. The pre-Vedic phases therefore cannot be analysed here.

THE VEDIC PHASE¹

We have assumed that the Indus civilization was followed by the Vedic phase. The Aryan immigrations

¹ E. J. Rapson (ed.), *The Cambridge History of India*, Vol. I (1922); S. Radhakrishnan and others (eds.), *History of Philosophy*, Vol. I (1952); H. Schneider, *The History of World Civilization*, Vol. II (1931); Max Müller, *Rigveda Samhita*, Vol. IV (1890); R. C. Majumdar, *The Vedic Age* (1951). *The History and Culture of the Indian People*, Vol. I.

seem to have started in India around 2500 B.C. It is not improbable that the people of the Indus civilization withstood the earlier invasions of the Aryans but had to succumb eventually around 1500 B.C. From the linguistic point of view the Rigveda cannot date earlier than 1200 B.C. The conditions it describes may have existed long before the Rigveda was given its present shape; but here again it is difficult to push the date back much beyond 1500 B.C. On the whole, the beginning of the Vedic phase, as distinct from the Aryan immigrations, may be reasonably dated around 1500 B.C., and its end may be placed roughly at 600 B.C. when there was a reaction against the Vedic ritual and Brahmanic supremacy.

During the 1500–600 B.C. period there were noticeable shifts which justify a division of the Vedic phase into three sub-phases. The whole Vedic phase is a phase of evolution—a phase in which the Aryans and the non-Aryans adjusted to and assimilated with each other, and finally tended to become one entity. The early Vedic phase, however, was essentially a phase of nature gods. As time passed the ritual became more and more intricate and extensive and the Brahmins more and more powerful. This second Vedic phase can be looked on as a phase of Brahmanism. The concluding phase was characterized by other-worldliness, asceticism and the philosophy of the Absolute, and it may be called the Upanishadic phase. In dating these sub-phases we have been guided by the probable periods in which the most significant types of the Vedic texts were composed. Thus 1000 B.C. may be taken as the date representing the end of the early Vedic phase (the *Chhandas* period); 800 B.C. as representing the close of the second phase (the *Mantra* period); and 600 B.C. as representing the close of the Upanishadic or the concluding Vedic phase (the *Brahmana* period).

The early Vedic phase seems to have affected the areas now known as Afghanistan, the North-Western

Frontier Province, the Punjab, parts of Sind and of Rajasthan, and the western districts of Uttar Pradesh. By the close of the second Vedic phase the frontiers appear to have extended further east and south, including Bihar, Orissa, and some central portions of the country. The sphere of influence of the Aryans by the close of the Upanishadic phase covered the whole of the country except the eastern parts of Bengal and beyond, and the territories lying south of the river Narbada.

Veda means knowledge, and some of the hymns of the Rigveda, e.g. the Creation Hymn, are advanced in their thought.¹ But, on the whole, the nature of the inquiries which characterized the early Vedic phase was mystical, not scientific. With the passing of time, and as the nature of human relationship with the physical forces became clearer, such inquiries might mature into scientific thought. The Vedic people had a very strong desire for material progress. This is reflected not only in the extremely mundane nature of rewards expected to accrue from the rituals, but also in their active participation in various economic activities, both agricultural and pastoral, and, to some extent, commercial and industrial. They adjusted themselves admirably to the Indian physical environment and tended to transform themselves from a predominantly pastoral to an increasingly agricultural community. If their happy view of life is sufficient evidence, the Vedic Indians had undoubtedly a fairly high propensity to consume. Economic application of knowledge and investment was, however, adversely affected by their preoccupation in wars with the older inhabitants and by the sacrificial ritual. The constructional side of the economy in the form of buildings and public works was undeveloped and city life was in all probability unknown. There is no doubt that the Vedic people favoured childbirth. It was one

¹ V. A. Smith, *The Oxford History of India*, second edition (1923), p. 20; Lynn Thorndike, *A Short History of Civilization* (1948), p. 223.

of their strongest desires to have as many children as possible. The overall impression is that it was a consumption economy.

As the Vedic religion tried to turn the forces of nature into gods whom man must pray to and please to achieve his ends, it probably confused the nature of human relationship with the physical forces and weakened the possibilities of growth of scientific inquiry. If scientific inquiry was to develop, this wrong notion of the relationship with the natural forces would have to be discarded. The religion had a strong association with desire for material progress which was shown in the very mundane nature of rewards prayed for,¹ and this value placed on mundane happiness strengthened the attitude towards greater consumption. But what about the energy and the resources devoted to sacrificial ritual? At best it was an indirect application of resources to economic ends, perhaps innocently misunderstood. (Please the gods and they will please you. By seeming to curtail your present consumption, you are only aiming at greater consumption later.) At worst it was working on wrong notions that lead to waste. The ritual probably encouraged effective demand; but it adversely affected the efficient allocation of resources. On the other hand, if religious sacrifices did not continue on the normal scale, in times of famine and scarcity the additional product arising to meet the sacrificial demand might be diverted to human consumption, thus providing a hidden source of food and other resources. On the whole, however, religion in this early Vedic period discouraged investment. It favoured childbirth, and it was imperative even for a widow without a son to secure an offspring. The division of society between the warrior, the priestly and the professional classes was very flexible. There is nothing to show that the professional classes were considered inferior members of the

¹ S. Radhakrishnan and others (eds.), *History of Philosophy*, Vol. I. p. 41.

community. In course of time, a servitor class, formed chiefly by the non-Aryan war captives, was added to the social structure.

Of the other factors that influenced the economy, the political organization of the country was not of great significance. Generally different groups had their own kings, but the kings' powers were not usually arbitrary or even very great, and normally kings were guided by an assembly of the people. The natural resources, especially the vast areas of fertile land, pasture and forest, were undoubtedly among the most important factors in the economy. The occasional tantrums of nature, especially the uncertainties of the monsoon, were there and the Vedic people had to withstand the depredations of famine.¹ Wars were a markedly unfavourable influence, meaning a loss of part of the working and efficient population or of the cattle wealth or of the cultivated land. In a limited way, however, those old wars must have promoted contacts, generated inventiveness, and opened up new fields of thought and action. In the short run they were unfavourable to the economy, but the advantages of the physical environment and the working zeal of an immigrant people who were increasingly mastering both the land and the original inhabitants were too sound to be wholly offset by temporary setbacks. There was a sense of adventure and there was hope. Indeed, it is difficult to conceive of a depressing religion under such circumstances, and the Vedic religion was anything but depressing. There was, of course, the fear of death; but at the same time there was the happiness of birth. The object of life was full living. Even the sacrificial waste was not without its bright side; whatever could not be attained easily could be secured by pleasing the gods. In this sense what was materially lost in the sacrifices was probably more than regained psychologically—by the belief in the efficacy

¹ J. N. Samadar, *The Economic Condition of Ancient India* (1922). pp. 19-20.

of the ritual. Perhaps the amount of energy and resources devoted to the ritual was not on a very huge scale, for it is not improbable that the Vedic hymns have exaggerated the magnitude of the ritual. It might all have been a foolish belief and a foolish act, and whatever the extent, a waste. But the effects did not, in all probability, prove to be as damaging as might appear at first sight. One of the most dominant influences of Vedic religion on the economy was its acclaiming the significance of a happy life on the earth.

In the later Vedic phase the economy registered a higher level of growth and a greater diversification than in the preceding period.¹ This resulted from expansion in investment activities and from greater adaptability. The ability of the Aryans to adapt themselves to new conditions was, indeed, one of their greatest assets.

Amidst the heterogeneity of the nature gods, there was coming to the fore the conception of an all-pervading and all-powerful God. There was also some loosening of the misconception about the human relationship with the forces of nature. But the whole notion was still in an unsettled state. Another development was that the act of the sacrificial ritual itself became a direct means to achieve one's objective. "There is no longer the spontaneity or simplicity of religious feeling that is associated in a large measure with the sacrifice in the age of the Rigveda. Although the theory of the sacrifice is superficially "I give thee (O God) that thou mayest give", there is so little faith in it, that sympathetic magic dominates the entire sacrificial system. The priest had arrogated to himself such powers that he could ruin (if he pleased) even the patron for whom he officiated by deliberately committing errors. . . . *As the sacrifice is the only power that counts and could bend even the*

¹ A. L. Basham, *The Wonder that was India* (1954), pp. 41-3.

gods to the will of the sacrificer, the old gods are not of much consequence now.’¹ The greater importance of the ritual meant greater waste and dislocation in the use of energy and resources. It also meant a more unequal distribution of wealth in favour of the priestly classes. This resulted in an adverse impact on economic application of knowledge, investment and also consumption. On the other hand, the intensification of the ritual probably reflected a greater preoccupation with mundane happiness. There was no change in the preference for a large number of children, but the social structure tended to become less flexible than before.

Unless the range and magnitude of the sacrificial ritual have been exaggerated, it is very difficult to reconcile the apparent waste with the high level of economic growth. It is also curious that, while there was progressive adaptability in other spheres, society was tending to stratify itself rigidly and thus restricting occupational mobility. The political organization of the country underwent no fundamental change, and therefore cannot be said to have been of particular significance to the economy. Compared with the early Vedic period, however, the size of the political groups under one kingship had increased, the tribal character was gradually diminishing and rudimentary administrative systems had been evolved.² On the other hand, increased knowledge of the environment, greater experience, and contact with the relatively advanced sections of the non-Aryan people contributed to more efficient methods of working upon resources. And, of course, as they penetrated further into the country, the Aryans were controlling more land and other resources that had formerly been in non-Aryan hands; the strength of the working population was augmented by the very large number of war captives that accepted the Aryan yoke.

¹ V. M. Apte, in R. C. Majumdar (ed.), *The Vedic Age*, p. 443, *The History and Culture of the Indian People*, Vol. I.

² Basham, *The Wonder that was India*, p. 41.

It appears, therefore, that the higher level of economic growth achieved during the period did not have much to do with religion. It is not easy for us to appreciate the degree of incentive the psychological impetus released by religion provided to a community so greatly removed from us. It may also be that in tending to stratify itself rather rigidly society was simply acknowledging the advantages of a division of labour and specialization to which religion extended its approval. But it is difficult to escape the impression that but for the unproductive and inefficient utilization of energy and resources in the form of sacrificial ritual the economy would have registered an even higher level of growth. In saying this one need minimize neither the unfavourable impact of the ritual during the preceding period nor the beneficial influence of the religion on the desire for material progress during this period.

The inquiring thoughtfulness exhibited in the early Vedic phase that might have matured into scientific inquiry did not develop in that direction but rather towards philosophical thought—indeed, into philosophy proper. However, the growth of scientific thought may have proceeded independently of philosophical thought—at any rate, after a certain period of conjoined evolution and development. During the Upanishadic phase the art of writing appears to have been developed.¹ The area and magnitude of trade also expanded.² The constructional side of the economy, the building of houses and roads, likewise received considerable attention.³ These developments were probably related to greater investment activities and economic application of knowledge.

¹ W. H. Moreland and A. C. Chatterji, *A Short History of India* (1936), pp. 38-9.

² J. E. O'Connor, in *Imperial Gazetteer of India*, Vol. III, p. 257.

³ U. M. Apte, in Majumdar (ed.), *The Vedic Age*, pp. 523-6.

In this third sub-phase a progressive divergence began to show itself between the theological notions and beliefs of the general masses who had a definite polytheistic bias and those of the more enlightened sections of the population who were preoccupied with the conception of the Absolute and the Soul. The growing arguments against the ritual probably encouraged economic application of knowledge but this gain was more than offset by the other-worldly attitude which certain sections of the community tended to cultivate. The desire for material progress was likewise adversely affected by the ascetic¹ and other-worldly tendencies. Such tendencies were prominent only among certain sections of the people and the number of people taking to asceticism and, in particular, forsaking their home was probably not very large. But it would be surprising if the circumstances and the forces which led to the development of such tendencies had no effect on the remainder of the population.

These tendencies also served to discourage the prevailing attitude towards consumption, childbirth and investment. Asceticism may, as has happened in certain societies,² lead to a higher level of investment owing to an increased rate of saving resulting from reduced consumption. The crucial factor, of course, is the spirit behind asceticism. If asceticism was based on the realization that life on earth also demands adequate fulfilment of certain obligations and ideals, the beneficial impact on investment is bound to accrue. If, on the other hand, it was submerged in other-worldly ideals, it adversely affects the propensity to invest. In all probability the asceticism of the Upanishadic period was little different from the other-worldly tendency which was the driving motive behind it. The social structure had become more rigidly stratified to the detriment of the

¹ Basham, *The Wonder that was India*, p. 244.

² Weber, *The Protestant Ethic and the Spirit of Capitalism*.

Vaishyas and the Sudras.¹ It may be argued that apart from purely human considerations, the economy, in recognizing and demarcating the specialized occupational groups, merely adjusted itself to the change brought about by passage of time. Thus it registered a greater, not lower, adaptability. It ensured a more dependable flow of skill in the various fields of activity and guaranteed a progressive sharpening of talent as a result of the advantages of heredity and tradition. Against this it is evident that a seed was being sown that might, as it did, grow into a powerful institution which, instead of allowing the benefits of specialization and division of labour to be reaped, could act as an almost insurmountable barrier to occupational mobility when such mobility was essential for growth. Moreover, the caste system has a social as well as an economic aspect; by denying to the lower castes the possibility of rising up the social ladder it can take away one of the most powerful incentives for risk, adventure and enterprise. It cannot be maintained that the economy did not suffer on this account.

It would be difficult to explain the improvements in the economy if religion had had an entirely adverse effect. Probably its impact was not as universal and far-reaching as it appears. We have noted the growing divergence between the religious beliefs of the masses and of the enlightened sections. This divergence could not check the detrimental effect of the other-worldly attitude but probably minimized its influence on the more active participants in economic activities. Among the other factors influencing the economy was the evolution of political groupings in which elected bodies ruled rather than kings.² Kingships, however, continued to be numerous and were the more powerful political entities. Perhaps more important in the political field was the consolidation of smaller political units into

¹ Apte, in Majumdar (ed.), *The Vedic Age*, p. 507.

² R. K. Mukherji, *Hindu Civilization* (1936), pp. 179-208.

bigger ones, and this development can reasonably be taken to have influenced the economy favourably. Another beneficent factor during the period was a decline in the intensity and extent of civil strife and wars. Our general conclusion is that economic growth during this period would have been more pronounced but for the generally adverse impact of religion. This conclusion is similar to that for the preceding period with the difference that the Upanishadic phase appears to have been pregnant with uncertain possibilities. As the cleavage became more marked between the ascetic and other-worldly tendencies as well as the intricate philosophical thought on the one side and the general attitude of the bulk of the population on the other, a great degree of spiritual confusion was bound to result. An increasing proportion of the population actively participating in economic activities may well have viewed their mundane objectives with some amount of misgiving. Spiritual confusion seems to have had no marked adverse influence on economic growth, but the situation appears to have been potentially explosive. Either the religion had to be redefined, or economic life had to be prepared for whatever consequences might follow from the confusing aspects of the religion.

THE PHASE OF ATHEISTIC REVOLUTION

We now enter upon that part of the history of India which is, in general, free from the problems of chronology. The Upanishadic phase ended around 600 B.C. and a new phase of Hinduism started. Changes took place simultaneously and in different directions—changes that could very well be treated as distinct phases. On the one hand, the more or less limited differences in the nature of the philosophical speculations of the Upanishadic phase widened appreciably and distinct schools of thought began to appear. The Sankhya school of philosophy, to name only one, had already been given some

shape before Buddhism appeared. On the other hand an attempt was made to give the social structure and the code of social and individual conduct a more precise definition based on theological sanctions. The Sutras composed during the preceding period laid down rules of conduct, and around the beginning of the period under consideration these rules were undergoing further refinement. While these processes were still in a rudimentary form, other tendencies appeared which proved extremely far-reaching and conspicuous. These were associated with two great personages: Mahavir and Gautama, the Buddha. Although the tendencies in these three directions were to be prolonged far into the future religious and social history of India, it would be quite reasonable to treat this phase as ending by about A.D. 100, after which tendencies of an altogether different nature began to gain ground.

As before, this phase is capable of subdivision. The period as a whole was characterized by a sense of revolution against the traditional pattern of religion. It was a revolution both against the supernatural—whether the ritual-ridden Brahmanism of the later Vedic phase or the abstract Absolute of the Upanishadic phase, and against the stratification of the social structure. The earlier part of the period was, however, full of spiritual confusion and diverse tendencies. By the time we reach the latter part of the period things become clearer and, although the differences between the traditional religion (Brahmanism) and the new religions (Buddhism and Jainism) became sharp, confusion had been replaced either by sectarian affiliations or readjustment and assimilation. The attempt to define the code of social and individual conduct was fully realized during the later part of this period. The traditional pattern of the Sutras, in this regard, was appreciably modified under the Jain and Buddhist influences; other influences were

external, and among them Greek influences were important.¹

We will deal first with the earlier part of this phase down to about 300 B.C. This period witnessed an appreciable increase in knowledge as a result of an increasing emphasis on rationalistic thinking. This development was encouraged by contacts with peoples outside India as well as by the increasing development and organization of economic and political institutions. Desire for material progress appears to have strengthened and there was also an increase in economic application of knowledge and investment activities evidenced by more intensified and organized agricultural, commercial and industrial action.² The propensity to invest was also favourably influenced by improvements in the technique of exchange, in contractual effectiveness and in the right to dispose of one's property. For instance, in many areas most articles had come within the orbit of a monetary standard. The fixing of prices by government was confined to a small number of articles, and in general prices were determined by the interplay of demand and supply. Some sort of system of credit arrangement had also appeared and, in a rudimentary form, certain substitutes for money.³ The organization of guilds and the increasing interest in and regulation of the economy by governments helped to improve the effectiveness of contractual obligations. The purchase and sale of land appears to have been more common than before, although what land was supposed to have commanded, viz. that 'let no

¹ K. A. N. Sastri, *History of India*, Vol. I, (1950), 118-19; R. C. Majumdar (ed.), *The Age of Imperial Unity*, p. 388, *The History and Culture of the Indian People*, Vol. II.

² Basham, *The Wonder that was India*, p. 45; V. A. Smith, *Oxford History of India* (1923), pp. 68-9.

³ Mrs C. A. Rhys Davids, 'Economic Conditions according to Early Buddhist Literature', in *The Cambridge History of India*, Vol. I (1922), p. 218; T. W. Rhys Davids, *Buddhist India* (1911), p. 101.

mortal give me away',¹ was still generally heeded and the transfer of land to someone outside a particular village was deprecated. The attitude towards change was favourably influenced by the increased cultural contacts made by commercial intercourse with the outside world, also from the more peaceful inter-cultural responses between the Aryan and the non-Aryan elements within the country. Consumption also attained a somewhat higher level owing to greater urbanization, a more elaborate governmental machinery in the various kingships and republics and a higher level of economic growth generally.

We have said that religion during the period was in a state of fluidity and confusion; this makes the task of discerning the nature of its impact rather difficult. Whereas Buddhism and Jainism (and also certain schools in the traditional philosophy, particularly the Sankhya school and the school associated with Charvak) did away with the supernatural altogether, the Upanishadic speculations had already matured into the concept of the Absolute; the doctrine of transmigration, the law of *karma* and the objective of release from rebirth were now established. To the extent that the atheistic revolution set men free from dependence upon heavenly powers and helped cultivate a rationalistic attitude towards life and the universe, the attitude towards material progress tended to become more favourable and knowledge, its economic application, and consumption were encouraged. On the other hand, as the attractions of seeking release from rebirth became more popular, so the desire for material progress was set back. Whether the doctrine of transmigration and the law of *karma* engendered a confidence in bettering one's lot or tended to make men despondent is a matter of individual conjecture.² As the period was characterized by

¹ Rhys Davids, *Buddhist India*, p. 47.

² H. Haigh, *Some Leading Ideas of Hinduism* (1903), pp. 23-44.

ascetic tendencies, it is likely that these doctrines were generally detrimental to the desire for material progress and also to economic application of knowledge. However, to the extent that asceticism encouraged austerity amongst people who continued their normal economic activities, especially the business classes, the amount of savings was bound to increase and, in some cases at least, the propensity to invest received some encouragement. It is important to note in this connexion that the Buddhists and the Jains, while completely denouncing the supernatural and the sacrificial ritual, believed in the doctrine of transmigration, the law of *karma* and the objective of release from rebirth. They also—Jains more than Buddhists—practised asceticism. It is significant, too, that many of the business classes were among the followers of Jainism. But for most of the business classes the depressing elements in the two religions were largely inoperative, and their membership of these religions can be explained as a desire to escape the handicaps they had to suffer under Brahmanic supremacy and the rigidity of the caste system which had moved against the Vaishyas. The ascetic influences were, however, consistent with their business philosophy in the sense that they strengthened their already high propensity to save. Thus asceticism as well as rationalism tended to encourage economic application of knowledge and the propensity to invest. There was a definite decline in the importance of ritual and the priestly classes, which led to a reduction in waste and unproductive consumption. The attitude towards change, in its social aspect, was subject to conflicting influences. The rigidity of social stratification had become more pronounced than ever before, and this rigidity was progressively fortified by the codes of social relationship based on theological sanctions. The advantages of occupational groupings became less significant and the disadvantages of occupational immobility more marked; the disadvantages, however, did not as yet out-

weigh the advantages, and although Buddhism and Jainism strongly attacked it the caste system had become powerful enough to thwart their liberal social philosophy.

Among other factors, the emergence of bigger kingdoms, the growing importance of capital cities and other urban areas, organized governmental machinery to protect and regulate economic activities, and relatively fixed systems of taxes provided extremely favourable conditions for the functioning of the economy. This meant security of assets and investments and presented an opportunity to exploit one's energy and resources to the maximum. Warfare was less desperate in intent, and less widespread, and this had a favourable impact on the economy in general and on productive investment in particular. Improvements in organization, wider knowledge and greater cultural contacts tended to make the use of resources more effective and efficient.

The final picture appears to be that the economy received conflicting pressures from the religious developments, of which the growth of a rationalistic attitude was the most favourable.

We pass now to the period of four hundred years ending about A.D. 100. The use of place-value notation is said to have been discovered by Indian mathematicians about 200 B.C.¹ Takshashila and Banaras were great centres of learning and it is significant that the former specialized in secular teaching. The level of technical knowledge appears to have been high, for the Ashoka pillars could not have been constructed in the absence of a very high order of craftsmanship in the working of stone and sandstone.² Contacts with Greece played a prominent role in the development of scientific thought, as well as in economic, political and cultural fields.³ The

¹ A. N. Singh, 'Scientific Thought in India', in Radhakrishnan and others (eds.), *History of Philosophy*, pp. 432-3.

² Basham, *The Wonder that was India*, pp. 218-20.

³ *Ibid.*, p. 490.

manner in which the Greek influence was accepted and assimilated shows a high degree of adaptability. This was particularly significant because the inter-cultural responses between Aryans and non-Aryans inside India were almost spent, and fresh injections of cultural energy from outside afforded an opportunity for self-analysis and further development. This was opportune, for India herself was then passing through a process of spiritual re-examination and the rationalistic tendencies of the period were receptive to newer, bolder and secular ideas. The economy probably registered a higher level of growth than ever before.¹ Agriculture, industry and commerce, in which the government as well as the private sector participated, all shared in and contributed to this growth. Perhaps never after—at any rate not until very recent times—and certainly never before in the history of India was the sway of secular and rationalistic ideas as prominent as it was during these four hundred years. This is the impression derived from Kautilya's *Arthashastra*. The period witnessed an increase in the strength of the middle classes resulting from a substantial rise in the number of government employees—civil, military and those associated with the functioning of the government enterprises—professional people of various kinds, craftsmen, merchants and certain wealthier sections of the agricultural population.² It is difficult to say if there was any change in the attitude towards childbirth except that the prosperous economic conditions may have further emphasized the concern to have a male heir.

Whatever the undercurrents, the most conspicuous elements in religion during this period were the spirit of reason and rationality, on the one hand, and the stress on certain ethical codes of individual and social behaviour, on the other. There were elaborate religious

¹ Majumdar, (ed.), *The Age of Imperial Unity*, pp. 599-600.

² Rapson, in *Cambridge History of India*, Vol. I, pp. 477-8.

regulations relating to debts and mortgages.¹ Investment activities were bound to gain from the sanctity of contractual obligations. Some of the larger temples even granted loans.² The belief in the doctrine of transmigration, the law of *karma* and the objective of seeking release from rebirth continued to be adverse influences although they had probably become weaker. In any case, it is doubtful if they ever outweighed the advantages accruing from the rationalistic and ethical tendencies which came to be emphasized more and more. Moreover, their adverse effect on the propensity to consume was not without its merit in that it encouraged saving. The attitude towards change in its social aspect also probably received encouragement from the Buddhist and Jain arguments against the rigidity of social stratification. The stress on *ahimsa* (non-injury to men and animals) restricted the pattern of consumption. This much is plain: an important source of food supply was being denied to many. Beef-eating, which had certainly been prevalent in the early Vedic phase, was now forbidden and non-vegetarian diet strongly disfavoured. This was especially true of the higher castes. Like the caste system this was to prove one of the sources of weakness to India's economic growth. There is another far-reaching implication of the doctrine of *ahimsa*: a country which professes this doctrine tends to weaken its defences and may, as happened after the death of Ashoka, easily fall before foreign invasions.³ On the whole religion exerted a favourable impact on the economy.

More significant, however, was the impact of governmental action which had become an extremely important factor in the political, social, economic and cultural

¹ Basham, *The Wonder that was India*, pp. 221-2.

² *Ibid.*, p. 222.

³ H. C. Raychaudhuri, *A History of Ancient India* (1953), pp. 354-9; B. P. Sinha, *The Decline of the Kingdom of Magadha* (1954), pp. xxiii-iv; G. Dunbar, *A History of India*, Vol. I (1943), p. 51.

life of the country. For the first time in its history most of India came under one government. Moreover, the general theory of preceding periods, that the king was the guardian and not the maker of law, was supplanted by an unprecedented exaltation of the royal power.¹ The functions of the government came to be assigned to an elaborate bureaucracy and the political, social and economic life of the country came under extensive state supervision and regulation.² The government itself became the largest single employer of labour and a direct participant in agriculture, industry and the trade of the country.³ The government had also an important share in the various constructional activities, exploitation of natural resources and urbanization. There are even indications that the state authorities emphasized the fact that the secret of all achievement, not excluding spiritual achievement, lay in a healthy economic background and that economic strength was the result not of any supernatural blessings but of man's intelligent actions. Of the four objectives of life, *dharma*, *artha*, *kama* and *moksha*, *artha* (wealth or economic condition) was emphasized as the perennial source of all *dharma* (religious life).⁴ Even under Ashoka, who adopted Buddhism, stress appears to have been not so much on theological aspects but on ethical principles.⁵ Indeed, under one of the predecessors of Ashoka the state regulations went so far as to correct some of the economically unfavourable influences of religion. For instance, they prohibited in general the forsaking of family and taking to asceticism without first providing

¹ V. A. Smith, *Oxford History of India* (1923), p. 85.

² V. A. Smith, *ibid.*, (1923), pp. 85-102; Basham, *The Wonder that was India*, pp. 192, 216-17; Majumdar (ed.), *The Age of Imperial Unity*, p. 604.

³ G. Dunbar, *History of India*, Vol. I, p. 45.

⁴ V. R. R. Dikshitar, *Hindu Administrative Institutions* (1929), pp. 5-12.

⁵ Raychaudhuri, *History of Ancient India*, p. 339; V. A. Smith, *op. cit.*, pp. 107-9.

sufficiently for the maintenance of the dependents left behind. It may be noted here that the concept of *ashrama*, which divides life into four successive stages of equal duration, does not advocate renunciation until after the third stage when participation in worldly life cannot be expected to be very active. Moreover, when wars were totally stopped under Ashoka, much that used to be wasted became a potential source of productive investment.

It can be argued that it was the political rather than the religious factor which was the major element in the level of economic growth achieved under the Mauryas. At a time, however, when social and economic dealings were becoming complex and when commercial and industrial activities were expanding, the favourable influences of self-reliance and of business morality engendered by rationalism and the stress on ethical principles cannot be overestimated.

THE PHASE OF THEISTIC REACTION

The tendencies which distinguished this phase of Hinduism from the preceding one related, among other things, to a belief in a specified group of gods and in their incarnation. The various *Puranas* which appeared during the period tried to establish the supremacy of one or another of the various gods. Traces of such tendencies could be discerned in the earlier phase. Also, the Jain and Buddhist revolution had by no means yet died out. But the fact remains that a theistic reaction had set in by this time. The Jain and Buddhist systems were themselves affected by this reaction and incorporated theistic refinements in one form or another. It is difficult to be precise but we will take A.D. 800 as the limit of the phase of theistic reaction. At about that time other tendencies began to appear.

It is possible to break the phase of theistic reaction

into three broad sub-phases. We can say that the period between A.D. 100 and 300 was characterized by a liberalization of the social structure which made possible the absorption of the new immigrants. The period between A.D. 300 and 500 witnessed the fully developed form of the traditional religion as modified by the developments since 600 B.C. Finally, the period between A.D. 500 and 800 experienced a reversal of the trend of liberalization of the social structure, a weakening of the emphasis on the codes of behaviour and social relationship and a tendency to depend increasingly upon the supernatural.

In the period A.D. 100 – 300, despite the political upheavals and invasions following the disruption of the Mauryan Empire,¹ not only did the fabric of economic growth continue generally to hold but maritime activities, colonization and foreign trade all expanded. This took place on a scale unprecedented in the history of India and covered most of the South-east Asian islands. This was both the result of and a contributor to the growth of a prosperous and adventurous mercantile class—more numerous and wealthier than ever before. Both commerce and religion had a significant role in the process. A more important part was played by South India which had been free from political disturbances and which had developed a flourishing commerce both within and beyond the Indian frontiers. There was a growth in trade with the Roman Empire. The arrival of invaders and settlers in the north and north-west was at first disturbing, but in the long run enriched the stock and flow of scientific inquiry and strengthened the tendency to apply knowledge to economic ends. As the new immigrants as well as the peoples outside the country with whom India came to establish trade and cultural relations were relatively free from the other-worldly inhibitions that infected parts of the Indian population,

¹ Basham, *The Wonder that was India*, pp. 57-8.

this new contact acted as a corrective and encouraged a materialistic and this-worldly attitude towards life. Simultaneously, with the external expansion of trade and commerce there was internal progress in arts, crafts and commerce.

Religious influences had some share in encouraging contacts with the South-east Asian islands. The activities of the Buddhist missionaries which had spread to the distant parts of eastern Asia were an important factor in this development. But probably the most significant contribution by religion during this period was to admit the new immigrants to the Hindu social structure. These were assimilated chiefly into the warrior caste—the second highest caste. The rigidity of the social structure was thus more significantly shown in the relative inability of the lower castes to rise than in the absorption of new elements. In this latter aspect the social structure was by no means rigidly exclusive. By propagating the codes of ethical behaviour religion continued to encourage social responsibility and business morality.

If the preceding period had been characterized by internal expansion and regulation the period under consideration was one of vigorous external expansion. In stressing external expansion, however, we do not minimize the importance of the continued internal expansion that took place. Expansion, internal or external, is not always a desirable attribute of an economy. It may sometimes prove unwieldy, inefficient and costly, whereas caution, regulation and even positive restriction may sometimes prove beneficial and even imperative. Emerging from the evolutionary stages of the Vedic phase, the Indian economy spread far and wide and gained considerably from the regulatory measures of the preceding period. The economy, having achieved stability and added to its vitality and confidence, was again ready to expand. Internally, the resources of the country were by now fairly well known and the easily cultivable

land had been brought under cultivation taking account of the existing population and techniques. What was needed internally was not expansion but development, intensified utilization of land and other resources. It may be that but for the invasions and the political instability that characterized most of the period the level of economic growth would have been higher still. The political division of the country into smaller states did not materially upset the continuity of a more or less organic economic relationship between the different political units. Clearly, the impact of religion during the period—on either internal development or external expansion—was not profound. But the overall impact was certainly favourable both to external expansion (by encouraging cultural contacts) and to internal development (by assimilating the new immigrants and propagating ethical and moral principles).

In the period between A.D. 300 and 500 the outstanding feature of the economy was an extremely intensified internal development. But external expansion and foreign trade continued on a fairly high level. The accumulation of wealth and capital, the expanded investment opportunities and the consequent larger incomes and savings affected very favourably the propensity to invest, and this process of increasing returns, increasing savings and increasing investments received a significant acceleration. Irrigation received particular attention in certain areas.¹ A certain portion of the returns went in increased consumption and in investments of a rather unproductive nature—in art and sculpture. (The history of Indian art seems really to have begun in this period.²) Yet investments in art encouraged skill, training and creative faculties and provided employment. The period also witnessed an increase in education, literature and the sciences. There were deve-

¹ T. Higham, in *Imperial Gazetteer of India*, Vol. III, p. 327.

² Majumdar, (ed.), *The Age of Imperial Unity*, p. xlv.

lopments in algebra,¹ and in the field of technical knowledge. The great reservoir of Girnar and the Iron Pillar of Delhi point to the achievements of the period.²

It is difficult to find a clear association between religion and the major developments in the economy. This is surprising as this period saw the triumph of Hinduism after a long period of struggle with Buddhism and other, atheistic, tendencies. However, the old distinction between the traditional pattern of religion and Buddhism tended to blur as time passed and by the time we reach the period under consideration Hinduism had been considerably modified. The Vedic ritual, the Brahmanic supremacy, and the other-worldly tendencies had lost much of their significance. The various ceremonial expenses, however, still preserved the wasteful aspects of the Vedic ritual. On the other hand, the ascetic tendencies of Jainism and Buddhism had appreciably weakened. The social structure does not appear to have been absolutely rigid, and inter-caste marriage amongst the higher castes was not strictly prohibited. The lower castes, however, had little scope for raising their status. The division of family property amongst sons in the event of partition of the joint family was a recognized practice.

On the whole, the religion during the A.D. 300-500 period adjusted itself to the fullness of life and only acted as a causal factor in a limited way. The rise of the Gupta Empire which resulted in the consolidation of the major portion of the country under one government was an important factor in the economic growth of the period. Governmental participation in and regulation of the economy does not seem to have been as extensive as under Mauryan rule. The people had considerable scope and freedom to give expression to their economic and other creative abilities relatively unfettered by

¹ Singh, 'Scientific Thought in India', in Radhakrishnan and others (eds.), *History of Philosophy*, p. 434.

² Basham, *op. cit.*, pp. 192-3, 498.

governmental interference. According to Fa-hien the administration of the country under the Guptas was mild and equitable.¹ The administration of justice appears to have been fairly adequate and the guilds and other representatives of commercial and other sections of the community played an important part in it. There was little crime and in general adequate protection of life and property. The beneficence of the fairly integrated and secure political framework provided by Gupta rule cannot be overestimated after the preceding political instability.

Unfortunately in the following period, A.D. 500 to 800, the rate of growth and the robustness of the economy changed for the worse. The old zeal for external expansion had largely dried up and the volume of foreign trade was not maintained. South India fared better than North India but the general picture was one of contraction.² The breakdown of the Gupta Empire led to political instability and constant internal warfare characterized the period. The contraction of overseas trade restricted investment opportunities and the internal political strife encouraged unproductive investment and waste. The cumulative process of diminished investments, returns and savings acted as a serious depressor. The activities associated with art and sculpture were now much less important and the orbit of cultural contacts had narrowed. But the period witnessed considerable expansion of education and a slight development in literature and the sciences.

There is some truth in the statement that Indian civilization and Indian learning never threw off the fetters of religion.³ Religion no doubt contributed signi-

¹ Basham, *ibid.*, pp. 65-6; *idem*, in *Imperial Gazetteer of India*, Vol. II, pp. 292-3.

² V. A. Smith, in *Imperial Gazetteer of India*, Vol. II, pp. 296-301.

³ Schneider, *The History of World Civilization*, p. 758.

ificantly to the expansion of education and literature in this period; but there were also important developments in arithmetic, algebra, astronomy and trigonometry,¹ and Valabhi appeared as another educational centre² during the seventh century. But religion acted as a depressor in that it accentuated a sense of dependence on the heavenly deities. This tendency had also been present in the preceding period; but at that time the general political and economic situation was stable and prosperous and the depressing aspects of the religion were largely ineffective. When the economy began to decline and life on earth began to be hard for an increasing number of people, there was a tendency to stress happiness in the other world. Paradoxically, this resulted in a weakening of the desire for material progress and consequently in a weakening of effort. There was also a further hardening of the social strata.

The political factor was decisive. The Gupta Empire disintegrated and the country broke into numerous political units engaged in constant warfare against one another. This was particularly so after the death of Harsha (*circa* A.D. 647).³ Even under Harsha there was not much of the elaborate bureaucratic system of the Maurya period, nor was there the same security of life and property.⁴ Consequently there was a decline in investment incentives and opportunities. The economy attempted a readjustment with a reduced rate of growth. While the religious influences promoted education, their overall impact was adverse in that they seriously weakened the desire for material progress, economic application of knowledge and productive investment. These influences, however, were no more than contributory.

¹ A. N. Singh, 'Scientific Thought in India', in Radhakrishnan and others (eds.), *History of Philosophy*, pp. 432-49.

² R. C. Majumdar (ed.), *The Age of Imperial Kanauj* (1955), p. 368.

³ G. Dunbar, *India and the Passing of the Empire* (1951), p. 14.

⁴ Basham, *The Wonder that was India*, pp. 16, 70.

THE PHASE OF DEVOTION

The considerations which induce us to mark the beginning of a new phase about A.D. 800 are associated with the rise of a series of religio-philosophical schools each of which tried to give its own interpretation of what they considered to be the basic tenets in Hinduism. Almost all these schools stressed the importance of devotion whether they recommended the worship of Vishnu or Shiya or Shakti. The worship of Vishnu often meant the worship of some sort of a personal god and implied the incarnation of gods in human form, including personages known to history.

The first part of the period covered by this phase was generally characterized by an accentuation of the tendency that had been set in motion by Shankar before this period began. It was a philosophy of 'non-action' which later degenerated into utter dependence upon the supernatural. The other part of the period experienced the full impact of the devotional schools, and the most important distinguishing feature of this latter period was an attempt to liberalize the social structure.

The phase of devotion may be taken as far as the close of the fifteenth century. By that time the impact of Islam was already so strong that Hinduism began to show signs of devising means to readjust itself to the changed circumstances.

During the earlier part of this period, between A.D. 800 and 1200, the central fact in understanding the progress of economic growth is the disintegrated political framework within which the economy functioned—a framework even more disconnected than the one during the the period immediately following the break-up of the Gupta Empire. This political factor will be discussed later. Within the individual kingdoms trade and commerce, arts and crafts and certain constructional activities continued to prosper, but probably at a lower level than before. Certain refinements in irrigational method

(e.g. the use of the Persian wheel) and in manufactures (e.g. improvements in the technique of crushing sugar-cane) were effected during the period. There was also an expansion of canal and reservoir facilities in Kashmir and in Bhopal. Production in most commodities (except salt and luxury goods, which had an all-India market) was for the local market and usually confined to the individual kingdoms. There was a marked localization in certain industries, and in some the guilds had become so powerful that they attempted to counter the political instability by maintaining their own armed retainers. As in the preceding period, South India fared better in foreign trade. Progress in education also continued at a high level and new centres of learning flourished.¹ The gap between the poor and the rich appears to have widened.

Hinduism probably had a neutral if not actually a negative influence on the dominant features of the economy. On a lower plane the religion was characterized by fatalism; on the higher, by inaction. There was little difference in the general effect of the two. To crown all, Shankar's 'illusionism' and his 'non-action' interpretation of the Gita towards the close of the preceding period went a long way to strip Hinduism of the attributes favouring economic motivation and effort. The social stratification became increasingly rigid and numerous sub-castes within the main castes became increasingly exclusive.

But the unfavourable influences of Hinduism during the period may easily be over-emphasized. The political factors—the disrupted internal political structure and the determined, powerful foreign invasions—were, no doubt, the most decisive influences. The political situation worsened in such a manner that the results, economic as well as military, were almost inevitable. But Hinduism certainly contributed to the downward economic (and

¹ Majumdar, (ed.), *The Age of Imperial Kanauj*, p. 368.

political?) trend. To us it seems foolish and naïve of the priests and people of Somnath to have continued in the fervent conviction that their all-powerful god would bring destruction to the invader.¹ Such was the level to which the sense of self-reliance and the rational outlook of the people had sunk. If it could be given the benefit of the doubt before A.D. 800, Hinduism had no claim to such a benefit during the period under consideration. If it was an indifferent onlooker during the preceding period, it was a distinctly negative factor during the period under consideration. It failed utterly to generate a force of its own to meet even partly the worsening political and economic situation.

BETWEEN 1200 AND 1500

Turko-Afghan rule firmly established itself and much of the political confusion of the preceding period disappeared. The partial unity of Indian history which had vanished with Harsha was restored in the concluding years of the twelfth century when the conquests of Muhammed of Ghor brought the most important provinces under the sway of the sultans of Delhi.² There already existed a traditional system of commercial and industrial organizations, and in spite of the general discrimination against the Hindu population³—and the Hindu commercial and industrial classes were still the backbone of the economy—the administration, both at the centre and in the provinces, had to encourage economic activities in certain fields in its own financial interests. Firoz Shah Tughlak constructed a canal 150 miles in length on the right bank of the river Jumna to irri-

¹ N. K. Sastri, *Studies in the History of India*, Vol. II, p. 18.

² Basham, *op. cit.*, p. 170.

³ V. A. Smith, *Oxford History of India* (1923), p. 234; Moreland and Chatterji, *A History of India* (1936), pp. 156-7; W. Haig, in *The Cambridge History of India*, Vol. III (1928), p. 129.

gate his domains in Hissar.¹ In all he constructed 50 dams, 30 reservoirs, 100 hospitals, 30 colleges, 100 public baths, 150 bridges and 50 mosques.² There were also certain state craft-centres where production for the royal needs was carried on.³ There were several important localized industries. Internal trade was substantial although it was hampered by the rigidity of administration and, in certain cases, by state monopoly.⁴ The range of foreign trade was fairly wide. In some of the independent South Indian states, especially in the kingdom of Vijayanagar, the economy appears to have been much more robust and active than that controlled from Delhi.⁵ The government of Vijayanagar took active interest in encouraging economic activities and guaranteeing confidence. It extended irrigational facilities, provided a secure political set-up, and saw that the external factors did not reduce the opportunities and incentives for investment. For the bulk of the country, however, the opportunities and incentives for investment suffered owing to governmental discrimination, and there was a tendency for capital to be scared away and hoarded. The gap between the rich and the poor had become wider,⁶ and probably the propensity to consume was adversely affected. On the other hand, the establishment of provincial governments and the increased importance of the nobility encouraged unproductive consumption. The Muslim invasions and the eventual settlement of Muslims in India afforded a great opportunity for cultural contacts and there is little doubt that art, crafts, architecture and the technique of warfare all experienced a new direction and vitality. On the other hand, many of

¹ R. C. Majumdar and others, *An Advanced History of India* (1950), p. 397; T. Higham, in *Imperial Gazetteer*, Vol. III, p. 327.

² M. Elphinstone, *The History of India* (1926), p. 403.

³ *Ibid.*

⁴ *Ibid.*

⁵ *Ibid.*, pp. 374-5; R. Sewell, *Imperial Gazetteer*, p. 343.

⁶ *Ibid.*, p. 299.

the centres of Hindu learning were destroyed by the Muslim invaders for religious reasons, which severely damaged the process of learning and education.¹ The Muslims do not appear to have brought a markedly superior knowledge of the sciences,² but the Hindus themselves had by this time become less receptive to new ideas.³ The this-worldly attitude of the Muslims also contributed to a slight weakening of the other-worldly tendencies.

✓ For the first time Hinduism faced a religion that was perhaps more powerful and certainly more integrated and ruthless—a religion which did not shirk the use of force. No longer satisfied in the new situation with Shankar's 'illusionism' and his 'non-action' philosophy, Hinduism took to the way of devotion with a new zeal and, probably, with hope. It is doubtful whether it differed much in its attitudinal aspect from the tendency to utter dependence upon the supernatural noticed in the preceding period. But there is little doubt that in its social aspect Hinduism—maybe partly influenced by the democratic structure of Islam—tried in this period to minimize the rigidities of its social structure. The impact was slight because in spite of the liberal teachings of the various devotional schools the actual liberalization in the social structure was limited chiefly to the people who adopted the religious life. ✓

The impact of Hinduism on economic growth at this time was only nominal. Had the teachings of the devotional schools been effective enough to liberalize the caste system, Hinduism might have generated a fresh energy amongst the lower castes for enterprise and renewed endeavours. As it happened, its teachings proved too weak to accomplish this. The kingdom of Vijayanagar where the level of economic growth was higher than elsewhere was, it is true, a Hindu kingdom; but it cannot

¹ Basham, op. cit., p. 164.

² Moreland and Chatterji, *Short History of India*, p. 189.

³ Basham, op. cit., pp. 478-9.

be asserted that it was Hinduism that was responsible for this high level of growth.

What then can be said to emerge from this analysis of the period before A.D. 1500? Let us first put down very briefly the inferences emerging from the individual periods studied in this chapter. Owing to the scantiness of information these inferences are inconclusive and, indeed, to some extent arbitrary; but we believe that we have been able to suggest the nature of the impact of Hinduism on the economic growth of early India.

1) The early Vedic religion (1500–1000 B.C.) was a positive factor in economic growth—one of its most significant contributions being associated with the psychology of living a full and happy life on earth.

2) The later Vedic religion (1000–800 B.C.) continued to be a positive factor but it developed a negative aspect associated with the intensification of the sacrificial ritual and the consequent waste and inefficient allocation of energy and resources.

3) The Upanishadic religion (800–600 B.C.) adversely affected the economy by inculcating an other-worldly attitude but acted as a positive factor by throwing doubts on the efficacy of the ritual.

4) Under Buddhist, Jain and similar influences religion during the period 600 to 300 B.C. affected the economy favourably by generating rationalistic thinking, by trying to liberalize the social structure, and by strongly criticizing the ritual; but it acted as a negative factor by stressing other-worldliness.

5) The impact of religion during the 300 B.C.—A.D. 100 period was favourable, through the stress on rationalism and on certain ethical codes of social and individual conduct.

6) Religion from A.D. 100–300 affected the economy favourably by encouraging cultural contacts and by incorporating fresh elements in the social structure.

7) During the A.D. 300–500 period Hinduism adjusted itself admirably to the fulness of life, which was the

chief characteristic of the period; it did not act materially as a causal factor in economic growth except partially in the two directions indicated for the preceding period.

8) Hinduism during A.D. 500–800 tended to make men look more and more to the heavenly powers and thus discouraged initiative and enterprise; but it does not appear to have been a markedly negative factor in economic growth.

9) During A.D. 800–1200, Hinduism acted definitely as a negative factor by accentuating the tendency mentioned for the preceding period.

10) During the 1200–1500 period Hinduism was, at best, an indifferent and, at worst, a negative factor in economic growth for much the same reasons as in the preceding period (unless one can say that the high level of economic growth in the Hindu kingdom of Vijayanagar was partly related to Hinduism itself).

Clearly, no neat generalizations suggest themselves. Hinduism has two aspects which affect economic growth: attitudinal and institutional, and both contain elements which can have a two-way impact. The caste system, for instance, can encourage specialization, division of labour and hereditary skill and can also act as a serious obstacle to economic mobility. There is no doubt that during the earlier periods it was the favourable impact of the caste system which was relevant to the economy and one is inclined to believe that even during the later periods covered by the chapter the adverse impact could not have been of great significance. This inference is justified because the techniques of production had scarcely changed since the earlier periods and did not minimize the importance of the favourable aspects of the institution. Unfortunately, this is only one side of the picture. The caste system has a social as well as an economic side. And there is little doubt that by denying to the lower castes the possibility of rising up the social ladder the caste system took away one of the most powerful incentives to risk, adventure and enterprise.

From the attitudinal aspect again, there are two sides to the impact of the doctrine of transmigration of souls and the law of karma. These could act as an impetus to enterprise in the belief that the life to come would be better if the present life were dedicated to effort. On the other hand, they could lead one to conclude that the present life could never be bettered for the simple reason that its course was determined by one's previous life. Asceticism can encourage savings, but it can also accentuate other-worldliness. On the whole, although Hinduism may in itself be a great upsurging force, it can by its sheer indifference act as a serious drag on economic growth. Many of its attitudinal elements, while seemingly favourable to the material values in times of general hope and confidence, may turn into solid obstacles in times of depression and uncertainty. If the external conditions are such as to provide it with an opportunity to express itself it can generate energy and imagination and help the economy grow and expand. It is a fair-weather friend. But, then, is it not too much to expect that religion will always turn the external conditions to the advantage of the economy?

PART TWO

THE MUGHAL PERIOD, AND AFTER

Chapter II

THE MEDIEVAL BACKGROUND 1500-1750

THE period which we now enter coincides almost exactly with an era of remarkable development in Western Europe. There a sense of nationhood was stirring. A conscious increase in the power and use of capital was abetted by the influx of gold from the newly discovered Americas. For Europe it was a period marked at one end by the growth of communities ready and able to unsheath themselves from the control of a single universal Church, and at the other by the onset of the Industrial Revolution. We propose in this chapter to assess the nature of the developments in this period in India, to see what sort of a background was being prepared for the development of the Indian economy in the centuries following this period.

Politically it was a turbulent era, and in India this was scarcely less the case. The effective reign of one Mughal emperor was usually separated from that of the next by wars of succession. But, if we penetrate beneath the insurrections of a Shivaji and the disintegration of the Vijayanagar kingdom, it is possible to say that institutions, political and social, remained relatively stable compared with those in the previous period. As the great Mughals were faced with the problem of keeping control of a wider area their system of administration was more highly organized. The country had a favourable balance of trade and earned a large amount of gold and silver bullion. Direct contact with Europe expanded the orbit of trade and industry.¹

¹ W. H. Moreland, *From Akbar to Aurangzeb* (1923), pp. 91-107.

When so many factors seemed propitious we may wonder why it was that the Mughal period did not witness a wider and fuller development of the economy although the economy was probably on a higher level than during the Turko-Afghan period.¹ This is the chief question that will occupy us in this chapter. We may say at the outset that part of the answer is to be found in the character of Mughal rule itself. Tacitly or otherwise the attitude of the Mughals was one of domination over a subject people. Following force of arms, the display of wealth was one of the means used to excite the awe and admiration of the people. The period is characterized by the building of magnificent (but unproductive) tombs and mosques, and by the extravagance of court life; the means to finance such undertakings, mulct and levy, were not calculated to assist the economy. Despite the attempts of Akbar to conciliate and mingle with the Hindus, the Muslims remained a powerful influence but a minority, and they retained some of the jealous exclusiveness of a minority. There were occasional periods of oppression, but the majority of the population remained Hindu. It is the contribution of Hinduism that we have now to consider.

The religious aspect of the period is marked by movements that attempt to reconcile Hinduism with the major tenets of Islam. The process was initiated by Kabir some time during the fifteenth century. Kabir emphasized the essential equality between man and man, and was thus opposed to the caste system. He deprecated the worship of idols, and insisted that however many religious denominations there might be, there was only one God. Somewhat similar in intention, although originating from an entirely different source, was Akbar's *Din-i-Ilahi*, a synthesis of different religions. This was shortlived: dead, in fact, before the death of Akbar. Nanak, who probably took his inspiration from

¹ Majumdar and others, *Advanced History of India*, p. 465.

Kabir, had evolved another path of social and religious life that eventually developed (far from Nanak's aspirations) into a militant religion. The transformation of the Sikhs into a militant body began with the execution of their fifth Guru, Arjun, by Jahangir.¹ This new religion, Sikhism, is essentially opposed to polytheism and it was successful in abolishing the caste system among its adherents.

These movements, whether they met with success or failure, were minor innovations in the religious life of India. Traditional Hinduism was still the most widely accepted system of ideas, and generally followed the lines indicated by one or other of the three schools of worship, Vaishnavism, Shaivism and Shaktism. It continued by its own dead momentum. The creativeness of Hindu teachings even in the preceding period had been limited to some sort of interpretative genius. By this time that genius had withered. At its best religious instruction aimed at revealing the teachings of the three schools through the local languages. Hindu wisdom was exhibited as literature rather than as a philosophical or religious dynamic. Underlying it was the devotional idea of the utter dependence of man on God—or, more correctly, gods. The most outstanding deity was Vishnu. At their worst Vaishnavism, Shaivism and Shaktism degenerated respectively into collections of erotic, revoltingly unclean, and sensuous and magical beliefs and practices. Numerous sects appeared with overlapping affiliations; but the gestures towards liberalization of the caste system by most of the sects were futile as far as the normal householder was concerned. There were, no doubt, a great many religious teachers who advocated codes of right conduct traditionally approved as beneficial for the spiritual uplift of the individual and for the good of society; but in effect the only dominant religious incentive was the promise of bettering one's life in heaven or in the life to come.

¹ Majumdar and others, *ibid.*, p. 465.

MATERIAL VALUATION

Attitude towards wealth and effort — How strong were these other-worldly aspirations? And to what extent did Hindu society pursue them? The answers to such questions begin to tell us something about the Hindu attitude towards wealth. In its most austere form we have to consider how many forsook home and family, social advantage and economic comfort, to pursue a religious vocation. The number of these is limited to the religious teachers and ascetics, and to their closest and most earnest disciples. To these we must add some of those who found conditions at home in one way or another uncongenial and were thereby impelled to become full-time devotees. Despite this mixture of motive, and the lack of spiritual originality in this period, the life of devotion remained a Hindu ideal. The founders, teachers and initiates of the various sects were people of very great influence in their societies, and with these examples before them it may be assumed that many who did not leave home experienced none the less a weakening of their material desires.

Paradoxically, forsaking home for a religious life contained in itself the possibilities of social betterment for the lower castes; and there was, too, an economic incentive, for in their new and solely religious status they could expect to be better fed (from charity) than in their own impoverished families. For members of the higher castes who turned to the religious life such secondary advantages did not of course exist. However, no sect absolutely insisted on the forsaking of home and family as a precondition of membership, and it is doubtful whether the advantages that we have suggested outweighed the attractions of a family except for the very devout. Many of the sects denounced caste distinctions; but as long as the Hindu remained attached to his family or some larger social group, membership of a particular

sect made little difference to his social status, for the caste system proved too strong.

Clearly the number of Hindus drawn into non-economic activities was not large, even if we include the small numbers who were fortunate enough to secure the advantage of high government appointment. Such appointments carried enhanced social prestige but had little productive impact on the country.¹ Under the Mughals they were monopolized almost entirely by Rajputs. Could we but compare the numbers of people attracted to non-economic and to money-making pursuits we might detect interesting occupational shifts in certain sections of Hindu society. A minority group faced with a majority community that limits the expression of the former's political and allied inspirations often takes the more sturdily to economic pursuits.² The Hindus were a majority community, but paradoxically they were in the position of a minority. Our information about the business classes which had traditionally been part of the Hindu community is very scanty, but we do not find that the lack of opportunity for social advancement under the Mughals generated in the non-business castes of the Hindus any impulse to enter new gainful occupations and undertakings. Hindu society remained very stationary, based on the land and developing few further 'wants'.

We should distinguish between the 'wants' of the highest strata of the society—royalty, the nobility and the very high military and civil officials—and of the rest of the community. There were few fundamental differences in the range of wants of Indian and Western societies at this period. The absence of chairs in the well-to-do households, which was a matter of comment

¹ W. H. Moreland, *India at the Death of Akbar* (1920), pp. 62-94.

² W. A. Lewis, *The Theory of Economic Growth* (1955), pp. 104-5.

among European travellers,¹ showed merely a difference of tradition. India was a country of ancient civilization and had taken what it wanted from its contact with the near-Western countries. The very highest classes of course enjoyed certain types of luxury goods beyond the dreams of ordinary people, and there was an ostentation among the ruling classes quite beyond the urge to enjoy the goods and services for themselves. This of course had nothing to do with Hinduism.

For the rest of the population it was not so much lack of knowledge about goods as the lack of economic capacity to secure them. It would not be difficult to find people who would under any circumstances be miserly, and we must remember that at this period fear of depredation and uncertainty about the future were very real. Such latent anxieties were ever present. We must remember too that on a higher philosophical level Hinduism (ever since the post-Vedic period) generally held that it was virtuous to limit one's wants. At a lower level certain religious taboos and customs, notably the ideas about flesh-eating (especially the eating of beef²) and other restrictions on food, dress³ etc., certainly lowered the scope of wants-satisfaction.

Much more definitely Hinduism proclaims effort as a virtue and sloth as a vice. Only indirectly, by emphasizing the merit of renouncing a worldly life, does Hinduism exercise an unfavourable influence on effort. We mentioned earlier the influence of the religious sects on the worldly aspirations of the Hindus. The same considerations suggest that the overall impact of the sects, if anything, weakened the propensity to work.

The higher castes, who were usually the more well-to-do classes, showed no strong urge to effort. The busi-

¹ F. Pelsaert, *Jahangir's India*, trans. Moreland and Geyl (1925), p. 67.

² A section of the very low castes in certain parts of India take beef, not by killing, but when oxen die a natural death.

³ The widows of the higher castes are denied the right to eat and dress the way women with living husbands do.

ness classes were an exception, for even when wealthy they normally derived increasing economic returns from their effort. An important element in the Hindu environment affecting effort was that it was almost impossible for the lower classes to improve their social status by bettering their economic position. Even if a very low-caste Hindu, by perseverance, ingenuity and good luck became rich he would continue to be looked down upon by the higher castes even where the latter were poor. This could not but adversely affect the urge to make any special effort to ascend the economic ladder. The developments in Hinduism during the period made little difference to the situation. For those who stayed at home could not improve their social status, and those who became full-time devotees had little urge towards mundane objectives and, therefore, for such effort as could better their economic position.

If the behaviour of the upper classes, the Mughal nobility and officialdom, was any indication, little was to be expected from them by way of example in work and effort. Theirs was an example of lazy enjoyment,¹ and throughout the lower hierarchy of nobility and officers it was contagious, producing a negative influence on the general attitude towards work. Hindu attitudes and institutions might adversely affect the attitude towards effort, but these non-religious factors infected the atmosphere far more potently.

Spirit of risk-taking and adventure — Most of the conventional beliefs and prejudices of the Hindus can be traced to the very early periods of the country's history. This, of course, does not minimize their impact. Of these, prejudices about certain items of food, especially non-vegetarian ones, and the dependence on the priest for the timing of certain economic operations (ploughing, sowing, harvesting etc., for making journeys to places of social and business importance, and similar events) may

¹ Moreland, *India at the Death of Akbar*, pp. 72-3.

be quoted. It is possible to try to justify many of these, and many of them were probably at one time based on realism and common sense. Not a few of them have led to serious economic consequences. The attitude towards the cow and certain other animals can be cited as an example.

No less important were the psychological costs of some of the beliefs and prejudices. Too ready a dependence on priests tends to curb the initiative and decision of the average householder. Dependence on gods, belief in the law of *karma* and a deep-rooted fatalism make for a passiveness among large sections of the Hindus which leads to a weakening of the spirit of enterprise in economic as well as non-economic activities. In these respects this period was not exceptional.

Less deeply rooted in tradition was the growth of prejudice against non-Hindus. For this the attitude of the Muslim conquerors towards the Hindus was largely responsible. Historically the Hindus had assimilated all those who had come to settle in India. In the case of the Muslims, however, Indian history had failed for the first time to repeat itself.¹ Indeed, absorption was in many cases the other way round. Hindu prejudice was based largely on the economic exploitation of the Hindus by the Muslim administration, by the conversion of large numbers of Hindus to Islam, and by discrimination in favour of Muslims. As there was discrimination it can be said that it was the attitude of the Muslims rather than the prejudice of the Hindus that was really relevant. Three new tendencies partially weakened the tension—the matrimonial alliances between the Rajputs and the Mughal royalty, the reconciliatory philosophy of Kabir, and Akbar's all-embracing *Din-i-Ilahi*. Nevertheless there is no doubt that a social and political framework basically conducive to such prejudices seriously curbed

¹ R. P. Chanda, 'Archaeology and Vaishnava Tradition', in *Memoirs of the Archaeological Survey of India*, No. 5, pp. 158-61.

the Hindu spirit and freedom of risk-taking and adventure.

Inter-caste prejudice between the Hindus does not appear to have weakened in spite of the preachings of the religious teachers; neither did the discriminatory attitude of the Muslims induce more social cohesion among the Hindus. Security of social status in the case of the higher castes, and denial of the opportunity to better their social status in the case of the lower castes continued to weaken the enterprise of both.

The old zeal that had once led the Hindus of earlier centuries to reach the distant South-east Asian islands was a thing of the past. The decline of Buddhist missionary activities, the Muslim invasions, internal strife and its impact on the economy, the rise of the Arab and later of the Portuguese sea powers had all contributed to the decline of Hindu maritime activities. What is worse, among the Hindus the crossing of the seas had come to be considered a great sin. It is difficult to trace the origins of this vastly changed attitude; and the extreme lack of interest shown in maritime affairs by the Mughal rulers did nothing to check it. It has been suggested that the Persians had 'an unconquerable aversion to the sea'.¹ We would also suggest that people living in the interior of a land mass, as most Indians did, had the handicap of relative ignorance about the sea. Hinduism stresses the spiritual benefits of *tirthas* (journeys to religious sites), which include certain places on the coasts; but even if such visits encouraged active interest in the sea not more than a tiny proportion of the interior Hindu population could ever visit such localities. Discovery by the Europeans of a direct sea-route to India provided the Indians with a new opportunity, but, as we shall see later, the aversion to the sea was unaffected.

Within the economy the relationship between the various occupation groups had become increasingly custom- and caste-ridden. Moreover the farmers, business

¹ R. H. Major, *India in the Sixteenth Century* (1857), p. iv.

men and craftsmen were taxed increasingly. It is hard to say which occupations provided vocations attractive enough to encourage a shift. Nor does there seem to have been a sense of desperation acute enough to effect a change. What incentive was there for the farmer to leave his land? Bad though his condition was he was used to the calamities of human and natural forces. On the other hand the life of business or of a craft was not particularly attractive. He had neither resources to invest in a business nor the skills for a craft. Wants, which remained as stationary as the desire for material progress, provided no impetus.

The Hindu joint family also made for immobility. Not only did it hinder geographical mobility by enlarging home ties, but it also contributed to occupational immobility by strengthening the affinity with caste occupations.

Furthermore, apart from agriculture, the higher castes were disinclined and in many cases were forbidden to take up the occupations of lower castes; the latter were forbidden to take up the occupations of their superiors. Lower-caste occupations seldom provide a great economic incentive for higher castes. On the other hand, trade and commercial enterprise—lucrative and more challenging—were denied the competition as well as the prestige, resources and abilities which the higher castes would have provided had they begun these activities. Prevailing political and social values were decidedly against such an entry.

The disease was old and it continued. The Hindu social framework as well as certain beliefs and prejudices limited drastically the freedom and spirit of risk-taking. We have seen that the more immediately damaging influences of the period were associated with the discriminatory behaviour of the ruling classes against the Hindus in general. We shall see this operating in other aspects of the economy and to the disadvantage of the business class in particular.

Guarantee of reward — There are no religious precepts which oblige the Hindu householder to forgo economic for non-economic rewards except in a very limited way, e.g. temporary help to others in need, or serving one's teacher or spiritual master. It is true that the Sudras are called upon to serve the higher castes and especially the Brahmins.¹ But in most cases sacrifice of economic rewards for spiritual ones is insignificant or absent. The prominence of the religious sects probably encouraged such sacrifice; but it made little difference as a factor competing with economic rewards.

Whatever the situation in very ancient times, Hinduism had long since come to recognize both the right to property and the right to the fruits accruing to ownership. Apart from recommending political sanctions, Hinduism prescribes a minutely graded list of spiritual sanctions for every single infringement of the property rights of others.

The implications of the Hindu law become markedly relevant here. Except for certain minor changes introduced under the British rule in India, the law, with its regional variations, has remained more or less intact throughout the ages.

The Hindu law derives its evidence, apart from the Vedas, from the *Dharma-shastras* of Manu (some time between 300 B.C. and A.D. 150) and of Yajnyavalkya (between 150 and 300 years later than Manu); from custom, and from conscience. Of the many interpretations of the Hindu law, the *Mitakshara* of Vijnaneshwar (about A.D. 1090), which is followed throughout India except in Bengal, and the *Dayabhaga* of Jimutavahan (about A.D. 1500,) which is the authority in Bengal, are the more important. The *Dayabhaga* differs from the *Mitakshara* in that it denies the birthright in ancestral property and holds that property devolves only at the

¹ Max Müller, *Rigveda Samhita*, Vol. IV, pp. 428-30.

death of the ancestor. Sons cannot force a partition against their father during his lifetime.¹

The absence of the principle of primogeniture in Hindu law results in widespread distribution of property. While this ensures equality and distributive justice, it discourages large-scale enterprise in agriculture and industry alike. In the case of agriculture, the subdivision and fragmentation of property in land reduces the size of farms—a phenomenon which has become particularly harmful when the increase in cultivable land cannot keep pace with the growth of population. Thus the discouraging impact of the law will become more acute in the periods covered by the later chapters of this book.

During the period under consideration, the law relating to the right to property was in general exercised reasonably effectively in spite of the corrupt practice of some of the officers in charge. But the special cases where the right to property was not recognized had, as we shall see, more significant economic consequences than the general case. Members of the nobility, civil and military officials, and many others who were granted property by the Mughal rulers were considered to have only a life interest in the property, and even the accumulated proceeds reverted to the State. Those who had the resources to amass considerable wealth knew well that if they accumulated they would be doing so for someone else. The right to the fruits of one's effort was recognized in principle. But the theoretical recognition of this right did not preclude the underpayment of wages to large numbers of craftsmen or the expropriation of business men's wealth by displeased officials.

Hinduism had little to do with this situation. But it had a lot to do with the economic consequences of its definition of those within and outside the family who could expect to share in the rewards of an individual's effort. The knowledge that there were, apart from one's

¹ Seymour Goune Vesey-Fitzgerald, 'Hindu Law', in *Chambers' Encyclopaedia*, new edition (1950), Vol. VII, pp. 102-10.

wife and children, many others to share in the fruits of one's effort might easily damp the enterprise of those who were to provide, as well as of those who could share.

INVESTMENT POSSIBILITIES

Knowledge and its application — The Hindu philosophers were possessed of extremely inquiring, critical and penetrating minds,¹ but the kind of knowledge they sought, the relations they tried to establish and the controversies in which they engaged did not generally have much relation to the furtherance of economic ends.² There have been some Hindus who have made significant contributions to human knowledge in mathematics, social sciences, and other fields.³ But the period under consideration had little to its credit.

Religious competitiveness has always been marked in India, especially since the emergence of Jainism and Buddhism; it made for keen controversy, and often for reconciliation and adaptation. Neither the attempts at a peaceful reconciliation between Hinduism and Islam nor the militant proselytism of the Muslims among the Hindus provoked fresh inter-religious fertilization in the realm of knowledge except in architecture, painting and music, and to a lesser extent, literature and philosophy.

Within Hinduism the caste system had long closed the doors against an inter-caste competitiveness that might have led to a change in status. One wonders what would have happened if membership of a particular caste had been decided not by birth but by individual abilities and achievement. Some say this was the case in the very ancient past. In this period, however, birth decided almost everything.

Incentive to experimentation was lacking both in and

¹ S. Radhakrishnan (ed.), *History of Philosophy*, Vol. I.

² Max Müller, Senart, Max Weber and others (quoted by B. K. Sarkar in *The Sociology of Population* (1936), p. 12).

³ A. N. Singh, op. cit., pp. 431-44.

outside Hinduism except in the field of architecture and certain other arts,¹ and despite the patronage of the court there does not appear to have been a strong urge towards self-expression among the artists. In science the achievements of the period show no recognizable traces of research or experimentation.

India has always had the advantage of diversity in its environmental conditions, resources and cultural contacts. But much of the intercultural response associated with the contact with Islam had already been realized during the preceding period, and, in any case, the new Muslim rulers had little to add to the existing intellectual and scientific experience of the country. India also failed to take advantage of her new connexions with Europe, where the evolution of scientific method was provoking much fresh thinking.

It is not easy to say what effect the Hindu class structure had on the development of knowledge. It certainly was not important in the growth of agricultural knowledge, for the higher and lower castes had for a long time been agriculturalists, and it is not possible to ascribe such developments as there were to any particular caste group. It is true however that the leisured classes had always belonged to the two highest castes; so, in general, had the philosophers and thinkers. But the Hindu class structure remained almost unchanged during the period under consideration and even the higher castes were left with little vitality or resourcefulness to contribute to the development of secular knowledge. Indeed, as already indicated, even in the field of theological discourse, Hinduism was passing through a period which clearly demonstrated the poverty of the religion. Outside Hinduism the Mughal court was the apex of the social structure and the target for the highest aspirations. The court, preoccupied within itself with pleasantries, jealousies and social ambition, was hardly

¹ Dunbar, *History of India*, Vol. I, pp. 208-10.

a breeding ground for incentive or opportunity to develop or apply knowledge.

Hinduism has been full of movements in contrary directions; easy acceptance of innovations as well as resistance to them, flexibility as well as rigidity. On the whole it would appear that resistance is to innovations in institutions rather than in ideas, and to innovations in its old institutions rather than to institutions that are altogether new. Thus Hinduism could accept the doctrine of *ahimsa* (including non flesh-eating) and the institution of *mahanthas* (religious leaders owning large landed property) which followed a Buddhist pattern; but it would have nothing to do with any innovation that threatened its basic social institution, the caste system. Nevertheless some of the beliefs and prejudices that have been discussed earlier have always encouraged inertia. In most cases, given adequate propagation, any profitable innovations have generally been adopted by the Hindus. In the attitude towards the cow they have been less amenable, but it is not uncommon for Hindus to sell some of their old and useless cows to wandering Muslim cattle purchasers who ultimately kill them for commercial purposes. The religious conscience thus found satisfaction in the explanation that they (the sellers) were not responsible for what the purchasers did with the cows. In the secular field, while contact with the West provided a great opportunity for the development and economic application of knowledge, the dominant values and institutions of the period engendered no incentives; in fact, they curbed initiative.

Savings — Mughal society fell sharply into two groups: in one group were those who lived a life of luxury and waste, and in the other were the great masses of the people who had to console themselves with the very little that remained to them after meeting the numerous demands made on their produce and services by the rulers and their representatives.

How did the former group affect the propensity to

save? This can be answered with reference to the attitude of these people to productive activity and to the nature of the influence of the social environment in which they found themselves. It is disputable how far the functions assigned by royalty to the nobility and the higher officialdom of civil and military personages were economic in character. But in most cases the contribution of such people to economic productivity was nominal,¹ and was by any reckoning absolutely inconsistent with their share of economic returns. They had no pressing urge to participate in economic activity, still less to be enterprising. These gentlemen had a host of dependants—relations, male and female, large numbers of servants and other hangers-on to satisfy their sense of display—whose contribution to productive activity was very restricted.² Then the knowledge that all that one saved would revert on one's death to the State left little incentive to save. Doubtless there were cases where vast wealth had been accumulated in spite of or, exceptionally, because of this knowledge.³ But it would require a revolutionary change in human nature to induce ordinary mortals to curtail consumption and increase savings knowing full well that the heirs had little to gain thereby.

What about the general masses of the people? Hinduism prescribes thrift as a virtue and prodigality as a vice. That is what the conditions of agriculture in India also prescribed. The future was an unknown and highly uncertain factor. One had to be prepared for a flood, a drought, or some other calamity, human as well as natural. This 'negative' incentive to save has always been with the Indian farmer and the period under consideration was no exception. Of the positive incentives the rate of land revenue had traditionally been low, there had been no excessive bureaucratic interference, and political discrimination between groups had not been very

¹ Moreland, *From Akbar to Aurangzeb*, p. 304.

² *Ibid.*, p. 302.

³ Pelsaert, *Jahangir's India*, pp. 54-5.

marked. In all three respects the situation worsened during the Turko-Afghan period and in the Mughal regime that followed it.¹ In the Hindu period of Indian history the kings generally took one-sixth of the produce, whereas the Muslim rulers, including Akbar, took no less than one-third of the total produce. There is little information about the numbers of free labourers and artisans during the period. But it is safe to assume that such people especially the wage earners, could not be expected to contribute considerably to the pool of savings of the community. Moreover, the craftsmen were largely deprived of their proper shares by middlemen on the one hand, and by the nobles and officials on the other.²

In this sub-section we have not yet mentioned the business community whose status in society and whose attitude, willingness and ability to save are very relevant factors in considering the propensity to save. We have hinted that the business classes did not enjoy an enviable social status during the Mughal period. Such a situation was diametrically opposed to the social status enjoyed by the business community in contemporary Europe.³ The comparison is relevant; commercial classes in the West made a great contribution in the evolution of capitalism and in the Industrial Revolution which was to follow.

To a great extent the country enjoyed political security, although things were not by any means tranquil throughout the Mughal period. The business classes were largely at the mercy of officialdom; wealth could be confiscated on one excuse or another. Evidence of wealth was not to be betrayed by misguided display on the part of cautious and careful business men. Regular

¹ E. Thomas, *The Revenue Resources of the Mughal Empire in India* (1871), p. 10 and first footnote.

² Majumdar and others, *Advanced History of India*, p. 574.

³ H. M. Robertson, *Aspects of the Rise of Economic Individualism* (1959), pp. 86-7.

spies were engaged by the interested bureaucracy to see that wealth did not remain with merchants. As a result the business community was in many cases forced to keep savings in forms and at places least accessible to the bureaucracy.¹ To the extent that savings took the form of hidden wealth, precious metals and stones which did not get productively invested, profits, savings and investments all suffered. There is, however, nothing to suggest that there was any decline in the business man's basic propensity to save.² The main elements in reduced savings were diminished incentives and opportunities.

Investment — Most of the conditions affecting the security of wealth and property also affected the security of investments; but here there is a great difference in impact. Wealth invested is naturally more exposed than wealth hoarded, and where there is the same degree of insecurity a propensity to save in the form of hoarding will probably be less affected than the propensity to invest. It is true that instead of saving one may consume more, but this would be unlikely to appeal to a business community whose ingrained thrift had kept down the level of consumption. We have seen what would happen if a markedly higher level of consumption indicated the presence of wealth.

A high profitability from investment might have compensated for insecurity. However, in certain lucrative fields of production and trade private enterprise was obstructed by State monopolies such as those in salt, saltpetre and certain silk manufactures.³ The bulk of the profits from these State activities went to unproductive investments—to the erection of tombs and other great buildings.⁴ This created employment, but it affected potential productive investment in at least three adverse ways. It consumed profit from the State monopolies

¹ Moreland, *India at the Death of Akbar*, p. 51.

² *Ibid.*

³ Moreland, *From Akbar to Aurangzeb*, pp. 146-9.

⁴ Pelsaert, *Jahangir's India*, p. 56.

which could have been ploughed back, lent, or invested elsewhere. It used complementary private resources, both physical and financial, that could have been more fruitfully invested in agriculture, transport, industry or trade. Thirdly, there was no return whatever on these huge constructions which could be utilized for further investments. The most notable instances of productive investment by the Mughal rulers were their irrigational works. But such undertakings did not compare favourably with those of the earlier period.¹

A new opportunity for private enterprise had been presented with the beginnings of trade relations first with the Portuguese and then with other European countries. It is important however to remember that the initiative in this relationship lay not with the indigenous business community but with the European traders who had long striven to establish it. Thus the scope and pattern of the consequent investments were chiefly determined by the Europeans. Nor was there any urge to create or even learn new techniques of production from the Europeans. Had the initiative been prised from the Europeans, who were engrossed in competition among themselves, the whole course of subsequent Indian economic history—perhaps its political record too—would have been vastly different.

ADAPTABILITY

Internal changes — Lack of adaptability can seriously hinder efficiency if particular occupations based on the caste system are either starved for want of entrants or become unable to employ economically all persons in the caste-group concerned. It is doubtful if such a stage was reached during this period. No revolutionary techniques had appeared that could appreciably unbalance the traditional economies of the caste system.

¹ R. C. Majumdar and others, *An Advanced History of India* (1950), p. 397; T. Higham, in *Imperial Gazetteer*, Vol. III, p. 327.

Handicrafts needed, as before, hereditary skill; and the degree of specialization available within the framework of the caste economy does not appear to have fallen very far short of the requirements of the day. However, the disincentive impact of the caste system weakened the enterprise of both high and low. The Hindu family was also an adverse factor to the extent that it restricted spatial mobility.

The tendency to change provokes leadership and we must consider how far the attitudes and institutions of the Hindus favoured the growth of dynamic qualities. There is no doubt that Hinduism has in different periods produced influential leaders. Shankaracharya, for instance, provided leadership at a very critical time in India's history. Hinduism gives the impression that at crucial moments leadership would be forthcoming at the will of God;¹ indeed, that God will incarnate Himself. In most cases such leadership is bound to be essentially religious in character, but the influence of a just and equitable religious leadership can normally be expected to have a favourable influence on the social and economic life as well. Kabir and some others with their liberal social philosophy tried to provide such a leadership. As we have already noted, they failed to achieve their objectives.

External changes — The most remarkable development was the opening up of the sea links between Europe and India. The coming of the Europeans provided the Indians with a fresh opportunity. But they failed to seize that opportunity. The European maritime adventurers, however, were partly supported by their respective States. It was impossible to expect a similar enthusiasm among the Indians in the absence of royal patronage, not to mention the decidedly harmful policies pursued by the Mughal rulers. If the question of adap-

¹ *Bhagavadgita*, ch. iv, cantos 6-7 (B. G. Tilak, *Bhagavadgita Rahasya*, translated by B. S. Sukthankar, Vol. II (1936), pp. 943-4).

tation is limited to the small range of activities opened up by the trade initiative of the Europeans, the Hindu merchants and tradesmen appear to have done as well as they could under the circumstances by sharing in the profits of an expanding trade from abroad. Even the supposedly conservative agricultural sector did not fail to take advantage of the new opportunities and took to the cultivation of new crops, such as tobacco, made available by the Europeans.¹

The new ocean link with Europe also influenced the quality of foreign contacts. India's traditional cultural synthesis, so far as the West is concerned, had proceeded largely within the limited range of the Middle East, Greece, and (partly) the Roman Empire. Now, Europeans from the countries further west came in direct contact with India, and this happened at an extremely significant period when Europe was undergoing far-reaching developments—geographical discoveries, changes in class structure, political integration and the rise of the sense of nationhood—developments that should have strongly influenced the vision of the Indians. Actually there was no intimate cultural contact between India and Europe. Throughout this period Indo-European relations centred on the trade connexion in which the determining elements were European. In this passive sense there was adaptation; but not in the sense of proceeding beyond the bounds of one's own traditions and examining the possibilities of values and concepts other than one's own. Lack of active and full participation was not perhaps an important factor for the period itself because Europe itself was still not sure of the directions in which development would be made. Potentially, this lack of awareness of the processes going on in Europe proved to be a great handicap to Indians in centuries to come. And all that we have said that concerns participation in the control and development

¹ Majumdar and others, *Advanced History of India*, p. 571; Moreland, *From Akbar to Aurangzeb*, pp. 297-305.

of trade as a result of the new connexion with Europe is equally true of participation in the new ideas.

The attitude towards childbirth — The Hindu attitude towards the birth of a male child has always been markedly positive. The word *putra* (i.e. son) is said to mean 'he who protects from going to hell'. A certain number of ascetics have always been forsaking home and family ties for the religious life, and during the period we are discussing their number would include teachers, disciples and full-time devotees who joined the different sects. But many such people left their homes after marriage and after having children.¹ One of the five debts in life according to Hindu precept could not be paid unless one got a son, and in this sense there was always a religious incentive to have a son. But Hinduism says nothing strongly about the number of further children one should have; and on this point it is the non-religious incentives that are important. A large number of children meant that there were more helping hands. The view exists that the first child is a child of duty, others of passion, but it is not very prevalent. The most often-held belief is that it is God who decides who is to have how many children, sons or daughters. If a man did not have a child at all, the explanation was that God did not wish him to have one. If a man had only daughters, the same explanation was there; and there was the same explanation if one had a small or a large number of children. Economic consequences were almost wholly ignored. God had given the children and God would feed them. Even today this is the belief among large sections of the population. ~~Neither is there a conscious non-religious disincentive to a large number of children.~~ Wants are few, the family system guarantees a certain minimum to all, and agriculture guarantees some work to everybody. There was nothing during this period that posed a diffe-

¹ K. Motwani, *Manu, a Study in Hindu Social Theory* (1934), p. 204.

rent set of questions or presented new challenges, and the traditional attitude towards childbirth continued unaltered.

CONCLUSION: THE PICTURE AROUND 1750

Clearly the conditions obtaining during this period were most unfavourable for the emergence of attitudes and institutions that could form the background for the development of capitalism or an Industrial Revolution. Owing to their extremely limited outlook, a high rate of land revenue, and uncertainty for the future, the agricultural population, despite low incomes, carried on with the traditional techniques and organizations of farming. Life in the towns was hardly more promising and did not induce people to shift there in large numbers. The current economic and social values, besides certain aspects of the legal and administrative framework, had a most damaging disincentive effect on the more active of the business classes and craftsmen, and also on the abilities of the elite. It is true that certain attitudinal and institutional obstacles associated with Hinduism tended to resist change and adaptability, but they do not appear to have been decisive. Rather it is the case that there was little realization in the secular field of the present or potential challenges or opportunities. It is true that Hinduism did not come forward to re-establish or propagate the virtues of saving and enterprise, but it was not so much the lack of these virtues as the sway of other factors which made the practical expression of these virtues almost impossible. India not only did not participate in the geographical discoveries but even failed to derive the advantages, from the direct contact with Europe, that could have accrued to her. Above all there was a lack of national feeling—there were differences of religion, of governor and governed, of oppressor and oppressed, and within Hinduism, differences between castes. Lastly, there were no incentives

for the enterprising man to make any special effort when he knew that the rewards due to him might not actually be his. Life was a routine—a necessity; not an urge to progress, to develop.

Chapter III

AN AGE OF CONFUSION AND RETHINKING (1750–1850)

THE hundred years following 1750 seem in retrospect to be clearly concerned with the disintegration of the Mughal power and the growing political and economic supremacy of the British. This however was not at all apparent to the Indians of that time; to them the situation appeared confused and shifting. The activities of the Marathas and the Sikhs, internal rivalries, and the puzzling policies of the East India Company that developed its trading interests into an organization for military and political power made the future seem uncertain. There were great possibilities, both economic and cultural, in the growing connexion with Britain, a country in which the Industrial Revolution had developed well ahead of her rival nations. Yet to be drawn into closer contact with Britain, which was still undergoing profound economic change, meant for India an economic jolt in addition to her political complexities. The ensuing confusion and need for readjustment had its effect upon Hinduism, whose traditional values and institutions now felt the impact of the industrial and Christian West.

The surface of Hinduism during this period was characterized by four distinct tendencies. First, we notice the strong feelings of nationalism among the Marathas of the Deccan and among the Sikhs in the Punjab, Kashmir and the north-western parts of the country. These sentiments had taken root long before the mid-eighteenth century. This is true also of the second feature: since 1700 Hinduism had experienced a 'steady and persistent decay of all sects all over North India and also in wide regions farther South'.¹ This

¹ J. N. Farquhar, *An Outline of the Religious History of India* (1920), p. 212.

degeneration was marked, for example, by a spread in the practice of (thuggee.) Thirdly, we refer to a confusion of spiritual personality that grew up (especially in Bengal, where the Company had its headquarters) among Hindus educated in the new institutions under British influence.¹ Many such Hindus, along with some of the British religious and political leaders, envisaged wholesale conversion of Hindus to Christianity. Lastly, following on this confusion, and in an attempt to counter it, there was a rethinking on the part of some of the English-educated Hindus who aimed at revitalizing Hinduism. This also originated in Bengal, but as it started towards the end of this period its impact must be discussed in a later chapter.

The most obvious feature of the first few decades of the period was political chaos and instability. Signs of stability, however, became evident as time passed and it became clear that British influence would be the dominating factor. It was hardly to be expected that anything like consistent economic growth in agriculture, crafts or commerce would take place in such disturbed political conditions. Even in Bengal and other parts of India where the British were constructing a stable framework of government there were many disruptive features. What with corruption, as in the case of the East India Company officers' misuse of *dustuk*,² what with self-interest and lack of understanding, or plain error, as in the case of the land revenue policy,³ and what with more or less deliberate action, as in the policy towards the indigenous cotton textile industry,⁴ the period ended in economic dislocation. The traditional pattern of the economy was upset and growth in all three sectors—agriculture, industry and commerce—was halted or im-

¹ L. S. S. O'Malley, *Modern India and the West* (1941), p. 66; V. Lovett, *India* (1923), p. 112.

² P. Griffiths, *The British Impact on India* (1952), pp. 363-4.

³ *Ibid.*, pp. 171-4.

⁴ *Ibid.*, p. 399.

peded. The difference between this type of dislocation and that brought about during the period by the Maratha and other wars was that the latter was direct and violent but on the whole superficial, while the former was indirect and gradual, yet essentially disastrous. The wheels of the economy moved backwards. Retrogression, however, could not continue to benefit the ruling interests and change was almost inevitable. The elements of that change will be discussed in Chapter V.

MATERIAL VALUATIONS

Attitude towards wealth and effort — The religious fervour of the Sikhs and the political ambitions of the Marathas had been sharpened by the challenge of Mughal rule during the seventeenth century. The disintegration of Mughal power now provided the Marathas and Sikhs with an opportunity to give full expression to a racial zeal which their religion sustained and encouraged. In the process religion came to give a more materialistic and a less other-worldly twist to its teachings. Whether it was a problem of survival or of expansion the situation made increasing demands on human and material resources. There was little scope for ascetic renunciation when there was a call from the battlefield. Sikh philosophy had always inculcated a more materialistic attitude than Hinduism proper; but as Sikhism became politically self-conscious in its struggle to avoid extinction other-worldly aspects became still less obvious. Even among the Marathas, despite the continuance of the cult of devotion and despite instances of asceticism and renunciation, the general tone of their Hinduism, as it was linked with political survival, encouraged a materialistic attitude.

Although the Mughal regime does not appear to have provoked challenge elsewhere in Hinduism the degeneration within that religion also led to an increasing

materialism. The decay of the religious sects weakened the uncertain hold of Hinduism among certain sections of the population, and when left to themselves the people were prone to accept a more mundane attitude. In this connexion it is interesting to consider the great increase in the practice of thuggee during the eighteenth century. (It 'was not just plain crime for gain. Destruction of life was the first object; the booty was the devotee's earthly reward granted him by the goddess',¹ i.e. Kali.) This increase is generally explained by reference to the political chaos of the period. Conditions of political instability, however, have appeared many times in the history of India. The economic policy of the East India Company and the malpractices of its officers are also held to have contributed to the desperation of those who took to thuggee. But the experience of exploitation was not new to the Indian people. Why was it then that robbery and similar practices flourished during most of this period to an extent that was probably without precedent? We are strongly inclined partly to explain this phenomenon by relating it to the degeneration of Hinduism. Had Hinduism continued to exercise a powerful hold on the people escape from desperation would in most cases have swollen the ranks of the ascetics and devotees rather than those of the robbers and thugs. If the increase in robbery and other felonies was partly a consequence of the degeneration of Hinduism it also indicated a weakening of other-worldly objectives. Thuggee is not strictly an economic activity; still less is it a quest for other-worldly objectives, even though it acquired a sort of religious sanction. Many of those who forsook home, ostensibly to lead a religious life, engaged in robbery and plunder.² By assuming a religious character they managed to attain 'a larger share of what they pretended to give up'.³

¹ P. Woodruff, *The Men Who Ruled India*, Vol. I (1953), p. 262.

² J. C. G. Duff, *A History of the Marathas* (1926), p. 17.

³ *Ibid.*, p. 14.

Indian literature also betrays a waning of enthusiasm for other-worldliness. Hindi poetry had already passed from a phase of devotion to one of eroticism which was coextensive with this period.¹ A similar tendency is discernible in most other vernacular literature.²

The low depths to which the spirit of Hinduism had sunk accounted largely for what we have called the confusion amongst the Hindus educated at the new English institutions. Undoubtedly this confusion weakened the attitude towards other-worldly objectives. Asceticism was perhaps the last thing to be encouraged by contact with most of the Europeans who came to India.

Though significant in themselves the developments that we have been discussing were comparatively insignificant in relation to the traditional Hindu attitudes. Only the surface of that traditional attitude had been touched. People in general were far from devoid of ethical values; only a fringe of the population had been affected by the new tendencies. Hinduism had never had the organization of a church to guide its members, yet the attitude of the individual had been so deeply imprinted with religious and ethical values that through the ages the most vigorous forces and events had failed to erase them completely. This did not mean that every Hindu was capable of sustaining his values in all circumstances without external help, and for a large number of people the various religious sects had in recent centuries provided some support. That support having vanished or decayed, it was only natural that some people went astray.

Few Hindus had acquired enviable status under Mughal rule, and we have seen that their exclusion from political power had not been compensated by any

¹ R. C. Shukla, *A History of Hindi Literature*, Hindi (1930), p. 2.

² G. C. Bhate, *History of Modern Marathi Literature* (1939), pp. 50-1.

significant development in their economic activities. The disintegration of Mughal power provided an increased opportunity for Hindus to acquire civil and military status; it also reduced the handicaps which had beset the business man. It is difficult, however, to make a clear assessment of the competition between economic and non-economic pursuits, owing to the conditions of war and instability prevailing throughout much of the period. Opportunities of a military kind probably offered the greatest scope—for such activities were necessary for the new rulers to assert and even maintain themselves. There were the Sikh and Maratha zones of influence. Apart from these, other local groups were achieving a near-independence and many of these were controlled by Hindus. The Rajputs and the higher caste-groups were the chief aspirants to the new prizes and advantages in non-economic activity. Military service may have attracted a small proportion of the artisan and professional classes, but by far the greatest number drawn to this activity came from agricultural occupations. Chiefly affected were those on the fringe of occupational groups whose normal economic pursuits did not provide sufficient incentive. For them it was a way to escape indigence, rather than a choice between occupations that had attractions to offer. Hindus had greater scope than in the previous period to follow non-economic pursuits, but the adverse effect of this on economic pursuits was minimized by the adherence to their normal activities of most of those who actively followed the arts and professions generally, and trade and commerce in particular.

Magnitude and elasticity of wants—The decline of the Mughal royalty, nobility and bureaucracy with its propensity for display and the enjoyment of extravagant wants was bound to reduce the magnitude of demand. This contraction of demand was partly offset by the rise of the Maratha and Sikh powers, although in the instability of this period it is too much to expect that the

Maratha and Sikh hierarchies could maintain the magnitude of demand of the Mughal regime. The sense of display must also have been severely moderated. In the South, where the full power and magnificence of the Mughal regime had been less widely displayed, the economic effects of the disintegration were much less felt. Towards the end of the period the rising influence of the British, especially in Bengal, produced a certain increase in demand. This resulted partly from a confused imitating of the new Western contacts and also from the later rationalistic tendency that we have mentioned which led small numbers of Hindus to question some of the taboos limiting the expansion of their wants. Geographically and numerically this trend was small. Elasticity of wants was determined, however, more by income than by any other factor. In this respect the business classes were an exception. Fear of the consequences of good living, not to mention display, had probably become part of the philosophy of these people under the Mughals, although by tradition they were conservative in their wants-satisfaction. Probably the end of the Mughal regime and the lessening of the fears of exploitation led business men slightly to improve their level of consumption.

The upshot is that the hold of other-worldly objectives loosened, though only in a qualified sense. The zeal for nationalism tended on the whole to increase the competitiveness of non-economic pursuits, although this competition did not greatly affect the money-making classes; and it had increasingly less effect as the expanding influence of the British began to emphasize the significance of economic goals. British influence also tended to free and expand Hindu ideas about wants-satisfaction. On the whole the Hindu attitude towards wealth was more materialistic during this period than it had been in the previous one.

Attitude towards effort — Hinduism had become too dormant to offer any new precept with regard to effort.

If we ignore any distinction between economic and non-economic effort the rise of Maratha and Sikh nationalism certainly brought the virtue of effort to the fore. Contact with the British also encouraged effort, and the commercial classes were among the first to gain from this.

Aptitude for effort is partly determined by opportunities to show it; and at this time the business castes appear generally to have had greater opportunities than the others. Aptitude is also related to economic status. The poor work to secure their daily bread. The rich do not need to do so. But even the rich business man usually does some work to secure larger profits. It seems that the classes having the least aptitude for effort are, generally speaking, those with a combination of the highest social status and the greatest wealth at one end of the scale, and those with a combination of the lowest social status and the weakest economic position at the other. Although the Hindu social structure provided the commercial castes with an ideal position for sustained effort, little happened during this period to reduce the unfavourable impact of the general social structure. The religious sects had formerly worked, rather ineffectively, for the emancipation of the lower castes. The decay of those sects now tended to strengthen the social drag on effort. Maratha, and certainly Sikh, nationalism offset this social inertia by providing a feeling of communal purposefulness. But it is not certain whether this led to greater economic effort, especially in the case of the Marathas. In a period of acute political instability economic effort is unlikely to be very great, however advantageously placed the commercial classes may have been.

The leaders of society and the Mughal upper classes had set an example of minimum effort and maximum enjoyment. Maratha and Sikh leaders moderated the ill-effects of this example, even if they did not provide an alternative. The chief kind of effort in their case was political and military, and economic effort gained only

indirectly. With the establishment of British rule there was some modification in the constituents of the upper classes, although this process was not completed during the period. The main interests of the East India Company (in its day-to-day functioning as against its wider political and territorial ambitions) were expressed in economic terms. The new master's example laid emphasis on economic effort.

The behaviour of the people who were associated with the interlude of spiritual confusion and with the dawn of rationalism also tended to encourage effort, though not economic effort as such.

The conclusion from this section appears to be that effort generally received encouragement, but that there were greater incentives towards non-economic effort. As for the business community, there was a certain accentuation in its effort largely because of increased opportunities and reduced disincentives.

Spirit and freedom of risk-taking — Most of the attitudes and the lack of opportunities referred to earlier continued to limit Hindu activity. Those in close contact with the Europeans or with the new rationalistic tendencies in Hinduism began to question these traditional attitudes towards risk-taking. But reconsiderations, however significant, did not benefit the people, and especially the agriculturalists, who still suffered under the old handicaps. Two notable departures from tradition should be mentioned: the successful prohibition of suttee and thuggee, and the bold example set by Raja Ram Mohun Roy in crossing the seas. The main developments in risk and adventure followed from the disintegration of Mughal rule and from the influence of the Europeans, in particular the British.

The crumbling of Mughal power brought to an end the discriminatory treatment meted out to the Hindus, and the persecution and mulcting of the commercial classes. This encouraged enterprise, but the conditions of uncertainty that prevailed continued to be a serious

disincentive to economic risk-taking and experimentation. One variety of the risk-taking that was encouraged by the decline of the Mughal power was expressed in Maratha and Sikh nationalism and had little favourable impact on economic enterprise.

The gradual spread of British influence undoubtedly created a favourable climate for economic enterprise, if only because it made for political stability. But this influence was not pervasive and was often equivocal. On the whole the first to gain from the commercial contacts with the British were the Bengal merchants and traders. In contrast the artisan classes, far from becoming more enterprising, faced the desperate situation of trying to keep their crafts going. On the one hand they suffered from the disappearance of the Mughal courts which had been patrons of arts and crafts; on the other hand many of them, especially the cotton textile workers, faced ruinous competition from Britain. Nor were the agriculturalists any better placed; they suffered from internal strife and political instability. Even when British rule had created some degree of stability, the revenue policy of the East India Company, especially its experiment with the Permanent Settlement and the questionable practices of a number of the Company's officers, curbed the agriculturalists' spirit and freedom of enterprise.

Guarantee of reward — In a time of confusion and degeneration we would expect non-material rewards to be less prized, the enjoyment of one's property to be less secure, and the fruits of effort to be precariously held. This was not entirely the case in this period, for the Mughal regime had been a time when extortion and appropriation had been commonly resorted to by high officials.

Asserting themselves against the Mughals, the Marathas and Sikhs could appeal to a selfless racial or religious loyalty and there is little evidence of unusual rapine and booty among those who swelled the ranks of

their armies. On the other hand the decay of the influence of the sects led people to think less of working for non-material rewards, and the increase in thuggee, despite its religious façade, was anti-social, putting legitimate economic pursuits and the security of property in jeopardy.

The influence of the British too was in its early stages equivocal. After the severe limitation of the rights of property under the Mughals one may wish to question British action in usurping on one pretext or another certain Indian estates and kingdoms, especially when British rule itself recognized and strengthened the right to property. There are occasions too when certain Company officers contravened the right to the fruits of effort.¹ The situation however was much better than that which had existed earlier and the business classes found the change refreshing. As British influence spread, property and the fruits of effort were firmly guaranteed. Hinduism, if it reminded the potential usurper of the consequences he would have to face, had always tried to protect the fruits of personal effort by enjoining the state to perform its secular duties.² Hinduism had little to do either with Mughal contravention of these rights or with their reassertion by the British. But it did have to do with the old practice of dividing the fruits of one's effort among numerous persons, and this continued to discourage incentive to greater effort.

INVESTMENT POSSIBILITIES

Knowledge and its Application — It is not so much lack of inquisitiveness as a relatively low emphasis on material problems that has traditionally conditioned the Hindu mind. During the preceding centuries the Hindu

¹ Majumdar and others, *An Advanced History of India* (1950), p. 807.

² G. Bühler, translation of *Manusmriti* (1886), pp. 221, 253-4, *The Sacred Books of the East*, Vol. XXV.

mind had perhaps become less sensitive and inquisitive than ever before in its history. Even metaphysical and theological inquiry had almost ceased.

Contact with Islam had produced no significant reactions in Hinduism.¹ Contact with Christianity was far more complex. In its least religious aspect Christianity faced Hinduism with a powerful industrial and mercantile society; in other ways it presented Hinduism with the philosophies of the Benthamites, the ideas of the Utilitarians and the notions of democracy. India encountered not only the opportunism of the Western trader but also the disinterest of the Christian missionary, and the devotion, perhaps misplaced, of Western educators. It may be argued that the efforts of the last-named groups were in some ways unsuitable for India. The point to be made is that contact with Christian countries of a high order of civilization had a challenging and stimulating effect upon Hindu thought, both mental and spiritual.² Material aspects of life were not excluded from the new trends of Hindu thinking. English education was eagerly accepted and proved an important medium through which Hindus acquired new knowledge and vision.³ India had already been drawn into direct commercial relations with the West before this period started; but the effective contact with the West in the intellectual field was really a product of the period under consideration.

Economic innovations — The passing of the Mughal regime and the unstable and belligerent conditions that followed left the artisan class with little scope or incentive for experimentation, and in this respect this is one of the worst periods of Indian history. There were, however, more general factors discouraging innovation amongst all classes. The negative influence of some Hindu beliefs and prejudices persisted. The application

¹ A. J. Toynbee, *A Study of History* Vol. VIII, *The Modern West and the Hindu World* (1954), pp. 198-216.

² O'Malley, *Modern India and the West*, p. 66.

³ O'Malley, *Modern India and the West*, p. 64.

of knowledge to economic ends was hindered by the paucity of new knowledge, by the lack of propagation of such new knowledge as there was, and by the relative want of conditions for profitable innovation. These last three factors probably did more than Hinduism to retard progress.

Savings — The end of the Mughal era brought about a marked fall in the level of luxurious consumption. To balance this there was an increase in the unproductive use of resources associated with the various wars of this period. The level of consumption of the agricultural and craft classes was if anything lowered. The fall could only be slight for their level was already very low and restricted. The level of consumption of the business classes may have risen once the fear of the Mughal bureaucracy had abated; but the Indian business man is conservative in his consumption and this rise could not have been great. The traditional influences of Hinduism towards a limited range of wants-satisfaction and restriction of certain types of food etc. continued to affect most people, especially those belonging to the higher castes. However, contact with the West tended to weaken some of these inhibitions, especially among the English-educated Hindus.

Limitation of wants and the conditions of Indian agriculture complement the emphasis that Hinduism has always laid on thrift. The miserliness of the business man is proverbial. The unsettled political situation attending the disintegration of the Mughal regime made for an increased thriftiness (though in some cases this may have encouraged recklessness). The gradual spread of the Company's rule, however, tended to induce security and although fear of an uncertain future remained during most of the period,¹ the political situation was becoming progressively stable.

¹ D. R. Gadgil, *The Industrial Evolution of India in Recent Times* (1944), p. 1.

The removal of the profoundly damaging influence of the provision that wealth would vest in the State after the owner's death and of the excesses of the Mughal bureaucracy created a favourable climate for the growth of savings. The effects of this change, however, may be over-emphasized. The people who squandered wealth during the Mughal regime were no longer in a position to do so. Not only had most of their sources of income dried up but also the shadow of an uncertain future made them extremely careful. The effect on the business man was not so much on the extent of his savings as on the forms that the savings took. Now that fear of expropriation had diminished business men could keep their savings in more visible and productive forms.

The agriculturists and the artisans also gained from the change in a general way; but the conditions of war, and in the case of the artisans their worsened economic position during the period, discouraged incentives. Far from having special opportunities to save, artisans and agriculturalists were faced with a problem of adjustment to the new circumstances created by wars and uncertainties and by the overshadowing influence of the Company's rule.¹ The business man, however, was in a much more fortunate situation. He had only to concentrate on the types of goods that interested the Company; and this promised him ample scope for profits and savings. On the other hand, the business man could not remain wholly unaffected by the decline in the crafts and the fall in internal trade resulting from the uncertainties of the period and the policies pursued by the East India Company.

The final position that emerges from our discussion of savings seems to be that there was a substantial fall in wasteful consumption and a general improvement in the incentives to save. But the generally unsettled political

¹ R. C. Dutt, *The Economic History of India under Early British Rule* (1908), p. 231.

situation, an uncertain future and a relative lack of suitable opportunities for savings did not permit savings in general to experience a strong and sustained increase. The business classes, however, managed to make the best of the situation and were probably able to register an increase in their savings, though a very moderate one.

Investment — Hinduism tended to discourage business and industrial investment in two ways. First, it laid great emphasis on giving to charities, building temples, and spending money in other similar ways. The period under consideration was too unsettled to encourage liberal giving or great works of religious construction. Secondly, the institution of the caste system left the impression that investment was solely the concern of the business classes. In agriculture, it is true, there were money investments in the purchase of land, but this was a matter of ownership rather than acquisition with a view to development. Although the business man passed from insecurity of possession under the Mughals to insecurity of political conditions in the present period, investment was probably now more secure, and as the Company's rule spread security became more assured.¹

For investors who had for long been experiencing serious threats to their capital, security of investment was a great incentive. Normally the most important incentive is profitability. Profitability, in turn, is related to increased scope in exploiting existing fields of investment, to increased opportunities for investment in new fields and to improved techniques of production resulting from inventions.

In agriculture the generally unstable conditions during the period coupled with the changes in the system of land revenue and tenancy arrangements did not provide the right atmosphere for embarking upon investment projects.² In this sector the conditions under the Mughals

¹ R. H. Tawney (ed.), *Studies in Economic History: The collected papers of George Unwin* (1927), p. 359.

² V. Anstey, 'Economic Development', in O'Malley (ed.), *Modern India and the West*, p. 267.

had not permitted large savings, and even in this period the position was scarcely better. Who was adventurous enough to lay out such savings as he already had, when everything was in a state of flux? So far as the participation of the State was concerned, who and where was the State anyway?¹ Nor was there anyone interested in developing and propagating the knowledge of improved methods of ploughing, of seeds and of manure. Contact with Britain did not immediately introduce into India the new agricultural techniques that had been developed in European countries. However, at least some of the institutional arrangements (e.g. the introduction of courts to enforce contractual obligations, and the removal of certain obstacles to internal trade) which the new rulers introduced, largely in their own interests, were beneficial to indigenous enterprise.²

By far the greatest opportunity lay in the field of industrial development. If the new techniques of production had been introduced from the West, if the imports of foreign textile manufacturers had been checked and if the old methods of production had been given time to adjust themselves to the new situation, the history of industrialization in India would have been different. The situation in which some of the artisans found themselves was most unenviable owing to competition from abroad. An increasingly large number of artisans had started swelling the ranks of the agriculturalists and the problem of unemployment and under-employment became real as the period proceeded. So long as local industry was dependent on the craftsmanship of the individual artisan, the business classes appeared unfavourably disposed towards taking up industrial activities. But as future experience was to show, they were,

¹ W. Sleeman, *Rambles and Recollections of an Indian Official*, Vol II (1893), p. 51.

² H. B. Lamb, in Williamson and Butterick (eds.), *Economic Development: Principles and Practice* (1954), p. 465.

in India and elsewhere, amongst the first to move as soon as technical development made a factory system possible. Important technical developments were taking place in England at that time, and advantage could have been taken of the British connexion. Even making allowance for the unfavourable political and social conditions, the Indian business men seem to have lacked imagination. If they had reflected on the factors and interests that led to the substitution of imported textiles for substantial textile exports, they would have done something to increase their knowledge of the processes that made such a change possible and could have put that knowledge to use.

As it happened, their sole interest was trade and money-lending. Finding the situation more favourable than that of the earlier period they concentrated on these pursuits. What was the scope for investment? We have seen that the internal trade of the country was adversely affected by wars and by the generally unsettled political conditions. Foreign trade, therefore, was the more attractive activity. In that field the merchants were unfortunately a passive element.¹ The Company decided the nature and the quantity of the goods to be traded in. It is true that the demand for a country's products is the choice of the importing country, so that there cannot be much dispute about the nature of exports from India; but in this case imports were controlled by an authority with external interests. The really basic decisions were outside the scope of the Indian business man. He was a middleman pure and simple, not an entrepreneur. In many cases his main interest came to lie in financing others, including the East India Company itself.² It is most depressing that such savings as were used in financing others could not have been directly invested in

¹ Williamson and Butterick (eds.), *Economic Development*, p. 161.

² D. H. Buchanan, *The Development of Capitalistic Enterprises in India* (1934), pp. 35-7.

productive investment when apparently attractive opportunities for investment existed. The depressing conclusion is that the reduction in internal trade, the unfavourable conditions in industries where the British held a monopoly,¹ the unsettled situation in agriculture and finally the initiative and the decisions about the type and volume of foreign trade being with the Company greatly diminished the incentives and opportunities for productive investments even though the situation was more hopeful than during the earlier period.

ADAPTATION

Internal changes — We have seen earlier that the Hindu caste system stood in the way of occupational mobility and that the Hindu joint family hindered occupational as well as spatial mobility. Maratha nationalism may have brought about a slight increase in mobility, but the impact on economic mobility was small. The decay of the religious sects may have meant some return to traditionalism, but this would have had little effect on economic mobility. The spread of British rule encouraged economic mobility, but the ruin of the indigenous textile industry which forced craftsmen to fall back on agriculture was hardly the type of mobility that could influence the economy favourably.

Conventionalism — In dealing with the mobility of ideas we have mentioned earlier how under Muslim rule Hindu receptivity tended to lose its sharpness. Those of the Hindus who came into contact with the intellectual gifts of the West found a stimulating contrast in its methods of appeal, and its first effect among the English-educated Hindus was that they began to accept everything from the West as perfection, and to look with disapproval and, indeed, shame at all that India and Hinduism represented. Yet even without these new influences the hold of traditionalism and conventionalism

¹ Dutt, *The Economic History of India*, p. 269.

was weakening; and the economic consequences of this admiration for the West were negligible, since the people who came under its influence did not have much to do with the productive activities of the country. When reaction came it took the form of elevating everything that was Indian. The India of that day might have little to inspire confidence, and so there was a turning back to the wonders and glory of ancient India. A reconciliation that expressed itself in rationalism attempted to take the best of both worlds and to assimilate what the West had to offer while maintaining those aspects of the Indian tradition that appeared to be worth preserving and developing. The Hindus, compared with many other religious groups in India, showed remarkable adaptability to Western influences.¹

Leadership — In proclaiming that a leader of men, or God himself, will be born to re-establish the traditional religion whenever anti-religious elements gained power, Hinduism inevitably tends to stress the maintenance of the *status quo*, or, at any rate, the *status ante*. It is true that most religions do likewise, but Hinduism does so much more strongly. The concern is not to look forward, not to progress or develop, but to preserve. The effect is that it works well enough in times of peace and stability, but it makes for bewilderment and confusion in times of instability and in situations forcing challenges. Hinduism encourages passivity and, therefore, fails bitterly where an aggressive psychology would have more desirable effects. This phenomenon is all the more surprising when one remembers that in almost all cases the incarnations of Hindu gods have slaughtered those whom society considered undesirable. An aggressive psychology of course need not be the aggressiveness of the sword; but it is certainly far removed from the timidity from which most Hindus appear to suffer. All this probably developed after the defeat of the Hindus at

¹ Toynebee, *A Study of History*, Vol. VIII, p. 203.

the hands of Islam, and was accentuated under the influence of the sects during the earlier period. The rise of Sikh and Maratha nationalism can be looked upon as the beginning of a reversal of the tendency towards passivity and inaction. As it happened, this leadership failed. The leadership that eventually proved more effective appeared towards the end of this period, and was associated with the spirit of rationalism that we have spoken of earlier.

The removal of the practices of suttee and thuggee strengthened the process of self-analysis and self-purification which made the Hindus increasingly confident. In the narrower field of economic life leadership was still non-existent.¹

External changes — Of the factors influencing accessibility, political and cultural contacts are very important. As the fall of the Buddhist and Hindu supremacy had meant the discontinuation of India's links with the outside world except certain parts of West Asia, the fall of the Mughal empire and the establishment of British rule tended to weaken those links with western Asia still further. The new connexion with the British was of great significance, for Great Britain was the pioneer of two of the most valuable achievements of mankind: industrial civilization and the modern concept and practice of democracy. But it is perhaps regrettable that during the British period there do not seem to have been more cultural contacts with other countries.

Be that as it may, the new industrialization and modern democracy were still being evolved in Great Britain. The process was slow and in some respects painful. The forms which India's cultural contact with Britain assumed were not those in which two free agents gave and took according to their best interests. The increasing political and economic dominance of Great

¹ Buchanan, *The Development of Capitalistic Enterprises in India*, pp. 145-7.

Britain determined the nature and scope of this give-and-take. Within these limitations many Hindus, influenced by the spirit of rationalism, were sufficiently quick to benefit from this new contact.

The direct economic link with Great Britain was the more significant because of two factors. First, India had no previous contact with an industrial civilization like that represented by Great Britain. Secondly, the West had moved on to a new plane of economic development as a result of the Industrial Revolution. India was bound to experience the impact of these factors on its own demand-and-supply pattern.

The nature and degree of specialization were also bound to be affected. We have noted that the advantages of traditional skill and occupational division of labour which the caste system provided were more significant than its adverse effect on mobility. As soon as the factory system and advanced industrial techniques are introduced the whole picture changes. Mobility becomes extremely important and hereditary skill loses much of its glamour. It cannot however be maintained that the process of economic development during the period we are considering brought these weaknesses of the caste system to the surface.

Population — It is not possible to give a very accurate quantitative estimate of India's population during the period—much less possible to give an analysis of the various religious groups. The overall trend was in the upward direction. India's population towards the close of the sixteenth century is estimated at approximately 100 millions.¹ It rose to about 255 millions by 1872. In Chapter II we discussed the Hindu attitude towards having children and may assume that the attitude continued. The quality of the population during the period could not have escaped the unfavourable impact of the wars which consumed great numbers of able-bodied men in many parts of the country. Indeed in many areas

¹ K. Davis, *The Population of India and Pakistan* (1951), p. 25.

several generations were affected. Whatever social benefits the State had provided earlier had vanished in a period in which many regions were for a considerable time without effective government. British rule was still Company's rule and the new regime was still to enter effectively the field of public welfare.

CONCLUSION

Much of our analysis in this chapter may seem to suggest ~~a period of augmented economic growth~~. Even the developments in Hinduism would appear to strengthen economic motivation. There was a decline in other-worldliness, ~~an improvement in the attitude towards effort, a strengthening of the spirit and freedom of risk-taking and adventure~~. Property and the fruits of labour were more secure. The Hindu mind was on the way to recovering its receptivity and energy. There was a fall in wasteful consumption and a slight increase in savings. It is true that inland trade was adversely affected, but foreign trade had probably on the whole improved. Lastly some of the determinants of adaptation, viz. quality of cultural contacts, accessibility, the hold of conventionalism, appear to have changed for the better.

And yet the economy experienced dislocation and retrogression. The apparent contradiction is resolved if we examine the behaviour of the variables more closely. It is true that there was a weakening of other-worldly objectives, but that in itself is no guarantee that the attitude towards economic activity would become more positive. The improvement in the attitude towards effort was in most part directed to political and military activities. The same is largely true of the improvement in the spirit and freedom of risk-taking and adventure except, to some extent, in the case of the business classes. ~~It is true that since the attitude and behaviour of the business community are of special importance in economic growth, this improvement should have been of significance~~. But there were other factors which offset this

gain. For instance, the nature and scope of investment opportunities suffered as a result both of internal political instability and of the policies and practices of the East India Company in the field of external trade. A fall in one kind of wasteful consumption (that of the Mughal nobility) was offset by another kind (that associated with the wars). Even what we have applauded as the recovered receptivity of the Hindu mind happened only towards the later years of the period and could not yet show itself in an improved mental richness of the people. More important still, the techniques of production remained almost the same as before. What actually happened was that one kind of disability was replaced by another kind of disability and, in some cases, the improvements were being offset by disadvantages developing in other directions.¹ No wonder, therefore, that the general vitality of the economy suffered and progress was impeded.

In the unified States of western Europe forces working towards modern capitalism and industrial revolution were seldom impeded by their governments. The leading nations enjoyed a large measure of internal peace; and rulers were ready to offer support to economic activities and to encourage geographical discoveries. During the preceding period in India the Mughal State, far from giving such encouragement, failed utterly to appreciate the far-reaching implications of the new sea contacts established during its rule in India;² its economic and social policies in fact discouraged private initiative and enterprise.

The passing of the Mughal Empire did away with the relative peace which the country had enjoyed and let loose forces that put the economic interests of the country at a discount.³ The significance of peace for

¹ Anstey, 'Economic Development', in O'Malley (ed.), *Modern India and the West*, p. 290.

² Toynbee, *A Study of History*, Vol. VIII, p. 198, footnote 2.

³ O'Malley, *Modern India and the West*, p. 41.

economic growth can easily be seen if we remember that, apart from certain other factors, the timing of industrial revolution in the different countries of Europe was decided by whether or not a country enjoyed internal peace. Wars may accelerate and very often have accelerated the process of economic growth in a country when waged externally. India's wars were entirely internal during this period, even when European powers, in addition to the Marathas and other rulers, were found embroiled in the situation. India, with no government for a good part of this period and with a succession of wars that had lasted since the preceding period, was on that account unfit to experience an upward movement in its economic growth.

If there can be a qualitative change, a 'jump', in the method of production or in the economy as a whole, the Industrial Revolution amounted to such a change. Now, to bring about such a change it is natural (and indeed essential) that the endeavours of some of the most capable and imaginative sections of the community should be directed to achieving it. When this was being attempted in western Europe, the attention and efforts of many important sections of the Indian people were being directed to achieving political and military objectives. It may be that the ultimate objective was economic, but, even if that were true, the economy was bound to be affected by the prevailing factors rather than by the ultimate objectives.

Lastly, while handicrafts were being replaced in Europe by factories, in India many of the crafts were ruined and nothing done to replace them. The state of agriculture was no better than it had been during the Mughal period and the internal trade of the country was adversely affected by the political chaos that prevailed. The resulting increase in the number of unemployed was probably one of the demoralizing factors that tended to make people engage in reckless activities. In sum, the environmental framework in which the economy functioned during the period was most unsuitable for the

vigorous, creative and productive effort that would lead to an accentuated pace of economic development.¹ The closing decades of the period saw an improvement in the external situation in certain respects, including certain signs of adaptation and favourable change in Hinduism; but the economy on the whole had become too emaciated during most of the period to register the favourable impact of this improvement. The external factors had already brought about much dislocation, and the various restrictive tendencies within the economy accounted for much of the retrogression which characterized the period.

✓ H. J. Randall, *The Creative Centuries: a Study in Historical Development* (1945), pp. 335-6.

PART THREE

REFORM AND NATIONALISM

1850—1947

Chapter IV

MATERIAL VALUATIONS

(185)

THE relatively rich information available for the period covered by Part Three enables us to study the variables we have been examining in more detail than was possible in Parts One and Two. This has entailed treatment of each of the main groups of variables in separate chapters. As in the previous periods the detailed analysis of these variables is preceded by a short description of the developments in Hinduism, and the Indian economy generally during the period under consideration.

The first tendency to attract our attention in Hinduism in the period from 1850 to 1947 is an increase in rationalism. Its origin can be traced to the eighteen-twenties; it was most prominent in Bengal and later it spread to Bombay. This was followed by a reaction towards a more orthodox Hinduism which started during the seventies and which was felt most in North India. Then came a complex of tendencies leading to the rise of Indian nationalism. Although various manifestations of this nationalism could be located at particular places the movement slowly spread over the whole country.

Economically, the period was characterized by what has been called the 'opening-up' of the country and the corresponding readjustments in the first half of the period, and by a new awareness and fresh endeavours in the second half. Despite the 'Mutiny' of 1857, and partly because of it, the new political arrangements were firmly established. With them came a more efficient administration of law and order. Up to the end of the nineteenth century the most obvious economic achievements were the construction of fairly extensive railway and telegraphic networks and the laying-out of several large-scale irrigation works which certainly benefited agriculture. The problem of tackling famines also

received a new emphasis. The opening of the Suez canal (1869) encouraged foreign trade and economic activity generally. The industrial and commercial machinery of the country slowly readjusted itself to the change (from the early nineteenth century onwards) from an essentially finished-product exporting economy to a raw-material exporting economy. A beginning was made at incorporating some of the Western scientific and mechanical knowledge and techniques of production. The jute and cotton mill industries were born. At best, all this was background preparation, the benefits from which were to accrue later. As it was, at the end of the nineteenth century, 'prosperity was certainly at a low ebb, and the effects of improved equipment and production capacity on the standard of life were dubious'.¹

'After 1900 the tide turned.'² In agriculture, mining, industry and trade a progressive and expanding trend was visible. Production rose, and also population. World War I and the Swadeshi movement brought about a change in the outlook of the people and some change too in the attitude of the government, and there were first attempts to industrialize the economy. There was a new awareness of the country's economic needs and potentialities. The spirit of industrialization germinated and grew. World War II brought the problem of industrialization to the fore; and the whole question of India's economic growth was faced in a more realistic and integrated way than ever before. Independent India has fully accepted the problems of industrialization and since 1947 the economy has been passing through further phases of this new development. The following analyses will discuss some of the dominant forces and factors which tended to hasten or to retard India's economic growth during the period, including in particular those related to Hinduism.

¹ Anstey, 'Economic Development', in O'Malley (ed.), *Modern India and the West*, p. 273.

² *Ibid.*, p. 274.

ATTITUDE TOWARDS WEALTH AND EFFORT

Other-worldly objectives—One of the most generally accepted definitions of dharma—a term which the Hindus generally restrict to denote religion—is: ‘dharma is that which leads to progress on the earth and to salvation after death’. (Another definition of *dharma* is: ‘the order of the universe which is conceived as divine and governing even the Gods.’¹) These two constituents emphasize respectively the material and the spiritual objectives of life. We have seen how for centuries Hinduism had tended to emphasize the other-worldly goal. We have also seen how this did not prevent Hinduism from degeneration. The prevalence of thuggee was a glaring manifestation of the schism between the material and the spiritual aspects of Hinduism. The realities of material life proved too real to be ignored; the abstractions of spiritual Hinduism became too abstract to be absorbed. Thuggee solved the problem by making it possible both to earn a living (by looting) and to attain salvation (by killing and thereby pleasing the Goddess Kali). This religious sanction was relevant to none but the thugs themselves, but it indicates a degeneration in Hinduism. Religious ingenuity has seldom invented such a ruthless reconciliation of man’s material and spiritual goals.

Even before this period started, a new reconciliation had been attempted by Raja Ram Mohan Roy, and it received various refinements from different forces and personalities during the present period. It tended on the one hand to shake the spirit of Hinduism, on the other to imbue the Hindu mind with an awareness of the material aspects of life. It led to a definite and wholesome diminution in the strength of the other-worldly objectives.² This was achieved less by undermining the

¹ Vesey-Fitzgerald, ‘Hindu Law’, in *Chambers’ Encyclopaedia*, new edition, Vol. VII, p. 102.

² D. S. Sarma, *Studies in the Renaissance of Hinduism in the Nineteenth and Twentieth Centuries* (1944), p. 638.

importance of the other-worldly objectives than by bringing to the fore the need to face the problems of life. Even though other-worldly objectives were maintained, the rejection of some of the ways to achieve those objectives tended necessarily to weaken their previous strength. Raja Ram Mohan Roy attacked the practice of widow-burning which was held to be justified by scripture.¹ The Adi Samaj recommended that God was to be worshipped only in spiritual ways (i.e. not through idols) and that Hindu asceticism, temples and fixed forms of worship were unnecessary. The same result was achieved by stressing the importance of the material as well as the spiritual needs of human life, or by reinterpreting Hinduism in such a way as to disprove the belief that Hinduism was an other-worldly religion,² and by suggesting instead that it had a this-worldly emphasis and exalted an activist ethic.³ All this indicates how Hinduism was seen by its followers in a certain period. In the period under consideration, it was given a new interpretation and thereby some items of Hinduism were emphasized at the expense of others. This itself was a consequence of the responsiveness of Hinduism to new political, sociological and ideological challenges.

But apart from these reappraisals of the spirit of Hinduism, which were no doubt of fundamental importance in reshaping the Hindu attitude to other-worldly objectives, an increased consciousness of social, economic and political problems and objectives led inevitably to a weakening of the hold of the other-worldly ideals. This was a simple case of a basic economic problem, indeed of life itself: in order to achieve more of one thing one has to be prepared to forgo a little of

¹ K. D. Nag and D. Burman (eds.), *The English Works of Raja Rammohun Roy*, Part III, pp. 89-91.

² S. Radhakrishnan, 'Hinduism and the West', in O'Malley (ed.), *Modern India and the West*, pp. 350-5.

³ Ibid., p. 352; B. G. Tilak, *Bhagvadgita Rahasya*.

another thing. There was a growing awareness of the problems of suttee, female infanticide, child-marriage, *devadasis*, the untouchables, the wider problems of social (including caste) reforms and, of course, the problem of the political and economic emancipation of the country. Most of the outstanding personalities from Raja Ram Mohan Roy to Mohandas K. Gandhi contributed to the awareness of these and similar problems, which led to the emergence of numerous reform movements, and thereby rescued Hinduism from its negative and other-worldly philosophy. The process was neither all-pervasive nor complete; nor did the bulk of the people receive a new motivation from Hinduism in their day-to-day lives. But a process of change had started.

Non-economic pursuits — Implicit in the foregoing discussion is the suggestion that much of the energy and resources released from other-worldly pursuits went to activities which did not, and indeed were not intended to, bring direct economic gains, i.e. monetary returns. These non-economic pursuits may be divided into four groups, though there was a considerable overlap of the personalities concerned and of the objectives they sought. First, there were those who attempted to re-shape Hinduism. They tried to reform the ideological as well as the social base of Hinduism and aimed at influencing all sections of the Hindus and all parts of the country. The Brahmo Samaj (which after a schism became Adi Samaj and Sadharan Samaj), the Prarthana Samaj, the Arya Samaj and the Deva Samaj come in this category.¹ Secondly, there were those who attempted to achieve sectarian and, therefore, more limited objectives.² These have been of three types: (1) those whose object was to further the cause of a particular sect, e.g. the Madhwas, the Chaitanyas, the Shaktas, the Smartas; (2) those who were interested in the well-

✓ J. N. Farquhar, *Modern Religious Movements in India* (1915), ch. ii, iii and iv.

² Ibid., ch. iv, Sections 4-12.

being of particular castes, e.g. the Kayastha Conference; (3) those who wanted to strengthen traditional Hinduism, e.g. the Bharat Dharma Mahamandala. Then there were those whose main preoccupation was social reform and social service. They were greatly dispersed in their affiliations and belonged to many of the different religious and political bodies that appeared during the period. Lastly, there were those who held that the political objective must form the basis of all other objectives. The culmination of the processes stressing the political objectives found its clearest expression in the philosophy and activities of the Indian National Congress.

The economic consequences of the pursuit of many of these new objectives, especially those of a political nature, were the more alarming because the population involved was extremely impressive qualitatively as well as in its numbers and wide dispersion. There was a regular and increasing intensification of the process until it embraced, or at any rate affected, all sections and all parts of the country. It was a very long way from the small group of the Brahmo Samajists to the very large membership of the Indian National Congress. There is always an economic loss when people give their full or part-time services to non-economic pursuits, but the loss was immeasurable when thousands and thousands of men and women, many of them with great talents, devoted themselves to such activities. Despite its other implications, however laudable, it was a serious economic loss.

Magnitude and elasticity of wants — A discussion of wants and a discussion of the level of consumption are bound to overlap; but the former stresses the influence of wants on generating demand whereas the latter assesses the relationship between consumption and savings.

It is doubtful whether the progressive expansion of the administrative and allied services during this period

more than made good their severe contraction during the earlier period. But to the extent it did it added to the effective demand for wants-satisfaction, and this demand, unlike the display-demand under the Mughals, was a genuine consumption demand. Although there remained important exceptions in the large number of native rulers whose demands were still tinged with the display aspect, consumption for the sake of consumption rather than for the sake of display was probably more prominent than it had been during the Mughal period.

But personnel of the administrative and allied services formed only a small proportion of the total population.¹ Most people, and especially the agricultural population, experienced very little increase in the magnitude of their demand. During the second half of the period, the number of industrial workers steadily increased. Employment in industrial undertakings rose from 900,000 in 1911 to 2,643,000 in 1944.² This led to some increase in demand. The business classes, especially the higher strata who profited by the relative expansion of the economy, tended to experience a rise in the level of their demand.

~~Even where the magnitude of effective demand did not rise, the magnitude of wants almost invariably did~~—in itself a significant factor in determining the attitude towards wealth. People came to be aware of the existence of more and more new goods and services and a so-called 'demonstration effect' began to influence tastes. These developments and many others noted subsequently in this chapter were more marked in the period following World War I than in the earlier decades. The Western countries themselves had by this time revolutionized the nature and range of their products and wants, and the improved means of transport

¹ V. Anstey, *Economic Development of India*, Fourth edition (1952), p. 612.

² United Nations, *Processes and Problems of Industrialization in Underdeveloped countries* (1955), p. 135.

and communication hastened the dissemination of the knowledge of such goods all over India. Almost imperceptibly in many cases households and individuals began to use goods and services which were entirely new. The use of kerosene oil, soaps, and railway transport are some of the most widespread and conspicuous examples.

The effect of the tendencies in Hinduism during the period was on the whole to enhance the magnitude and elasticity of wants-satisfaction. Although there have been personalities like Gandhi who by precept and personal example have tended to curtail the range of wants-satisfaction, it is disputable whether any significant number of people put such teaching into practice. If we examine the behaviour of many nationalist leaders and workers after 1920, we cannot easily deny a curtailment in individual wants. But there are three things to notice in this connexion. The semi-ascetic influence of Gandhi and similar thinkers was not an important factor during the first half of the period; the stress was on the curtailment of luxuries rather than necessities; and lastly, the bulk of the population by its relative physical aloofness and low level of wants-satisfaction was almost unaffected. The objective of many of the nationalist leaders was to restrict or ban the use of goods from abroad and especially from Britain. On the other hand, the spread of education and the increased contacts with the Western way of life went some way to help people to rid themselves of some of the prejudices and beliefs which had limited the magnitude of certain kinds of wants. Probably only a small portion of the population was affected, but the partial weakening of old prejudices helped to expand the nature and range of wants.

Religious precepts about work – Hinduism encouraged effort during the period in two ways: first, by undermining the adverse influence of the doctrine of transmigration and the law of karma; secondly, by enjoining the virtues of accepting the challenge of the

various religious, social, economic and political problems. The new movements were not all consistent or uniform in their attitude. The Brahmo Samaj, many of whose enlightened members had little faith in these two doctrines, made the belief in the law of *karma* and rebirth optional.¹ The Arya Samaj denounced as a fiction the idea of the incarnation of God, but continued to believe in the law of *karma*.² The strictly social reforming bodies were not obliged to express theological opinions on these doctrines. They interested themselves in problems of social reform directly on their own merit and asked for help and participation. Once these problems had been posed in correct perspective and once the fruits of specific reforms became visible the virtue of effort was completely vindicated. People became increasingly aware that there was a lot to be done in various directions, and at least some active participation was forthcoming. The supporters of the various activities probably had different motives. Some believed that social work would ensure their spiritual salvation. Others thought that as Hindus they should ameliorate the condition of their fellow religionists. Still others found in social activities a way to serve their political objectives. In all cases there was a wholesome influence on effort, and idleness, asceticism and inaction were put at a discount.

Two significant developments that stirred people to action were associated with Tilak's reinterpretation of the *Bhagvadgita* and with the 'constructive programmes' devised by Gandhi. The *Bhagvadgita*, an important guide to Hindu thought and action, speaks of three paths of salvation: the path of knowledge and renunciation; the path of action; and the path of devotion. On the whole, the Vedic age was an age of action, the post-Vedic age was an age of knowledge and renunciation and the post-Hindu period (i.e. the age beginning with

¹ Sarma, *Studies in the Renaissance of Hinduism*. p. 111.

² *Ibid.*, p. 114.

the Muslim conquest of India) was an age of devotion. This distinction does not, of course, mean that one age was without the attributes of another. Towards the later part of Mughal rule in India we reach the point where all that Hinduism had to offer was renunciation without knowledge. Inaction came to dominate the Hindu mind. The only obvious thing was the obviousness of the supposed futility of action. There were other distortions of which we have already spoken. Signs of a change appeared but were slow to develop. A process of change was initiated by Raja Ram Mohan Roy and others during the nineteenth century. But the Hindu mind seemed to need something more forceful to stimulate action. Tilak, Gandhi and Vivekananda made considerable contributions in this respect.

After the inaction that had come to dominate the Hindu mind during the Muslim period, Tilak's interpretation of the *Bhagavadgita*,¹ which assigned the highest place to the path of action, acted as a refreshing stimulus. We are not concerned here with the ethics of the political movement associated with Tilak² but with the fact that he was able to generate a powerful process of rethinking and action.

Equally important was the impact of the ideas and activities of Gandhi which succeeded in establishing throughout the whole country an awareness of the individual and his environment. It is significant that Gandhi's 'constructive programmes' were not confined to political objectives but directed attention and action to specific social and economic issues which could be usefully tackled within the dependent political framework. These included communal unity, removal of untouchability, prohibition, khadi, other village industries, village sanitation, new or basic education, adult education, emancipation of women, education in health and hygiene, provincial languages, national language,

¹ B. G. Tilak, *Bhagavadgita Rahasya*.

² See N. C. Kelkar, for reports on the trials of Tilak in 1897 and 1908.

economic equality, the *kisan* (peasant) movement, the labour movement, the problems of *adivasis* (aboriginal tribes), the problem of lepers and the student movement.¹ Cow welfare or *goseva* was also suggested to Gandhi as part of his constructive programmes. He was not opposed to the idea but left it for later consideration.² More important was the fact that Gandhi's broad-based plans catered for the individual aspirations and inclinations of a very diverse group of people and thus released activity in different sections of the community. On the whole the bias was still in favour of non-economic effort in the strict sense; but it was no mean achievement to make the spirit of action a guiding force in the lives of a large number of people.

✓ Social environment for effort — The environment for effort was much more favourable during this period than it had been for the last two centuries. Peace slowly established itself throughout the country; there was a greatly improved system of justice; and there were new, if limited, opportunities for work and employment. Above all, there was a growing realization that, within limits, it was the individual himself who was responsible for his material condition. Social status related to caste remained largely unaffected by improvements in economic status; but as the influence of Western education and other social and political factors tended to minimize the handicaps of the caste system to a degree not possible before, to be economically better off was a distinct gain. Gandhi's crusade against untouchability was a powerful factor in this development.

Nevertheless the social environment, though improved, was suited to social and political rather than economic effort. As the period proceeded it became ever clearer that owing to some sort of emotional or sentimental urge the people held in greatest esteem

¹ M. K. Gandhi, *Constructive Programme: Its Meaning and Policy* (1943).

² *Ibid.*, p. 30.

were not so much the government officials, the business men, the Brahmins, or even the professional classes, but the social and, especially, the political leaders.

Unfortunately (or fortunately?) people were led to believe that all their economic evils would vanish as soon as political emancipation had been achieved. It was hardly surprising therefore that the example of those who worked to attain that political objective proved the most fascinating. This did not mean that there was a dearth of people applying for government service or that business suffered from lack of personnel so far as existing demands were concerned; but the psychological factor was strong enough to make such vocations seem less attractive than social and political work. A brilliant scholar, a successful business man, or a capable and incorruptible official could not, in public opinion, compare with a great political leader. There was little hesitation in choosing between a Gandhi and a Lord Sinha, or between a Nehru and a Tata. Clearly the choice was against economic effort.

SPIRIT AND FREEDOM OF ADVENTURE

Prejudices, beliefs, etc. — No development in Hinduism in this period was strong enough to change the attitude towards the cow. Swami Dayanand, in the first edition of his *Satyarth Prakash* (1907), had accepted the position that under certain circumstances beef could be eaten. He later retreated from this position.¹ In contrast to this the period witnessed an accentuation of the *gorakshani* movement, which encouraged the establishment of homes for cows which were old or diseased to prevent their purchase and slaughter by butchers. The community thus had to shoulder this non-economic investment more systematically than ever before. It is surprising that those leaders who did not

¹ Farquhar, *Modern Religious Movements in India*, p. 111.

share the traditional reverence for the cow and who were aware of the economic implications of such an attitude lacked the courage to try to change public opinion on the question. The Hindu mind is susceptible to progressive besides reactionary movements and the hope is that the secular forces in modern Hinduism—the paradox of secularism in religion is quite consistent with the diversity of Hinduism—will prove strong enough to deal with the situation.

A more immediate problem relates to the attitude towards eating meat and other non-vegetarian foods. Those concerned with the country's food problem who talk about changing the dietary habits of the people should remember that this is linked with religion. Dietetic inhibitions are most prominent among the high castes, but these castes have such great influence on Hindu attitudes that any enlightened change in their outlook will go a long way towards ridding Hinduism of many inhibiting elements.

Attitude towards risk-taking — Directly or indirectly the influence of many of the religious and other movements during the period modified and in certain cases rejected some of the traditional customs and usages. The dowry system and the *shraddha* ceremony lost some of their old strength and universality.¹ The prohibition of going beyond the seas was weakened although to this day there are people who on their return from abroad undergo religious purification (*prayaschita*). Some of the traditional eating habits and manners and restrictions were modified. The attitude towards worship was influenced, and also the ways in which devotions were performed. There was some revision of ideas about inter-caste social intercourse and inter-caste marriage, about widow remarriage, about child marriage, about untouchability and about inter-religious tolerance. Although the change in thinking was occasionally translated into action, the improvement was

¹ Ibid., p. 121.

usually confined to the attitude. Most educated people would consider untouchability a thing of the past, and most would have no child marriage in their families; but the greater part of the population, especially those in the rural areas, remained unconvinced of the validity of the new spirit; much less were they ready to practise it. The Sharda Act prohibiting early marriages was practically ineffective. In other cases, even where the new spirit was accepted and vehemently defended in personal and public discourse, its practice was often avoided. It was possible to find many an enlightened person talking with passionate concern about the desirability of widow-remarriage but hesitating to face the problem of his own widowed sister or daughter. This also happened in the matter of inter-caste marriage. There have been several outstanding examples of widow-remarriage and inter-caste marriage, but it will take considerable time before these practices become general. The problem of inter-religious toleration, which became increasingly entangled with political considerations, presented a more complex picture. Little had been done since the days of Kabir or the *Din-i-Ilahi* to bring about a fusion of the two most dominant religions—Hinduism and Islam. Perhaps the problem was too explosive. As far as mutual toleration and goodwill between Hindus and Muslims was concerned, there was almost complete amity in the countryside, with occasional riots in urban areas. No one could anticipate the savagery that the two communities inflicted upon each other at the time of Partition.

Risk-taking and adventure were most conspicuous in the political field, and manifested themselves as early as the second half of the nineteenth century. During the present century they spread widely. There were mutations and permutations in the shades and emphasis of the philosophies, creeds and methods of political action, but there was no lack of people who would forsake their normal economic activities for political adventure. It

must have been both thrilling and heart-breaking to see great numbers of students, professional people, business men and landowners, men and women, high and low, young and old, rich and poor, leaving their normal pursuits to join in the political struggle. In the 1930 civil disobedience movement over a hundred thousand persons were imprisoned including thousands of women and 15,000 Muslims.¹ The figures for the 1942 Movement are: persons arrested 60,229; persons detained for Defence Rules 18,000; persons killed by police and military firing 940; persons injured 1,630.² The figures for the 1942 movement according to another source were: persons killed 7,000 to 10,000; persons incarcerated 102,500; persons injured 25,000; persons detained 25,000.³

It is a pity that some of the imagination, passion and daring that must have animated these political activities could not have engaged itself in the economic risk-taking and adventure in which this period is so poor.

Freedom of adventure — Despite a certain change of attitude, which favoured greater flexibility, the basic hindrances to freedom of adventure, namely the joint family and the caste system, still existed for the major portion of the people. The change was most noticeable in the urban areas. The spread of education and a growing diversification in the occupational affiliations of the family members made it inevitable in certain cases that people would leave home and reside at the place of work. Family ties were still a hindrance but the tendency was in the direction of loosening the drag of family connexions.

The caste system continued to hinder occupational mobility and even where there was improvement in economic status it did not permit the lower castes an

¹ Satya Pal and P. Chandra, *Sixty Years of Congress* (1946), p. 304.

² *Ibid.*, p. 357.

³ B. G. Sahai, *'42 Rebellion* (1947), p. 40.

appropriate improvement in social status. It is true that it was possible for a *bania*, Gandhi, to be almost worshipped, even by the highest castes; but the process of social ascendancy, especially for the Sudras, was hard and tiring. A lower-caste social and political leader could command respect, as lower-caste religious leaders had done in the past. Once again, however, the economic qualification carried far less weight than social or political considerations, and the amount of freedom that was achieved during the period was chiefly a freedom for non-economic risk-taking and adventure.

G U A R A N T E E O F R E W A R D

Non-material rewards — Throughout the period, and especially during its latter half, strictly economic rewards were in competition with the attractions of several non-material rewards associated with non-economic pursuits. People like Raja Ram Mohan Roy and many of those who worked in the beginning for the Brahmo Samaj, the Arya Samaj, the Prarthana Samaj, the Ramakrishna Mission or, later, for the various social and political bodies, were imbued with the feeling that they owed it to the people to show them the right path. It was a sense of duty rather than a desire for fame that motivated their action. As these movements developed into bigger and sometimes mass organizations, the motives of the participants became diverse. Many of those who had gone before had already acquired fame; and there were many who aspired to become as famous as their predecessors. The particular ideal was determined by individual temperament and inclination. Those who served with the Servants of India Society had had objectives different from those who joined, say, the 'revolutionary' (or terrorist) activities. Naturally they differed also in the choice of their ideal leaders and in the nature of the fame they sought. This is equally true of those who joined the Indian National Congress

or the Hindu Mahasabha. Certainly most of these people had an urge for the cause itself; but the fact of fame was too obvious not to influence their thinking and behaviour. One was a potential Bipin Chandra Pal, Lajpat Rai, Tilak, Gandhi, Bhagat Singh, Nehru, Subhas, and so on. For many the charm of being a neta (a leader) was a major, if not the most important and powerful non-economic reward. Of course, the abstraction of fame was not as abstract as it appeared to be at first sight. It guaranteed status, voice and—who could tell?—eventually power. This was certainly true in the political field during the later decades of the period.

Right to property — There was greater stability of law and order than before and the right to property was firmly established during the period.

The spread of socialist ideas naturally influenced Hindu thinking on these questions and in certain sections attitudinal shifts began to appear, favouring some sort of socialization of property. Owing to the political organization of the country this had little immediate significance.

Right to fruits of effort — What has been said about the guarantee of the right to property was equally applicable to the right to the fruits of one's effort. But the disadvantage, imposed by Hinduism, of having to share such fruits also continued to hold. An important step, however, was taken in the Gains of Learning Act which made it possible for the monetary advantages of education not to be distributed among the members of the joint family.¹

By summarizing the various shifts in the values of the period we may discover how far these were conducive to economic growth. In almost every case there are gains and losses. Preoccupation with other-worldly ideas had weakened, but the worldly goals that now attracted attention were for the most part non-economic. Similarly, although there was an increased emphasis on

¹ O'Malley, *Modern India and the West*, p. 622.

the virtue of effort, energies were chiefly directed to non-economic ends. Nevertheless there was a marked weakening of the fundamental Hindu attitude, and this was profoundly significant for the future. Something of this less rigid attitude would also affect the feeling about adventure, experimentation and risk-taking; but here the institutional framework of Hinduism was still an obstruction.

The study of rewards is more encouraging, for although the attraction of non-economic rewards was very strong in this period, economic rewards are likely to become more important as the desire for non-material rewards begins to cool. Most of the non-material reward was associated with the political objective, i.e. the independence of the country; post-independence India might therefore be reasonably free from that kind of non-economic obsession. From a long-term point of view political independence was probably a first step to collective economic uplift, and from this angle the sentiments of nationalism were important.

Chapter V

INVESTMENT POSSIBILITIES

KNOWLEDGE AND ITS APPLICATION

Receptivity of mind — We saw in Chapter IV that the Hindu mind experienced an awakening and began to reveal its receptive faculties. This period witnessed a further development, and unlike the earlier period it was no longer confined to spiritual rethinking. In literature, in the social and physical sciences, and in the arts, both fine and industrial, the responses became progressively deeper and fuller as the 1850-1947 period proceeded. The Hindu mind now appeared to create its own motive force, retaining and developing its imitative faculties but strengthening its independent, original and creative faculties as well.

Religious competitiveness — Basically, the situation in regard to religious competitiveness was similar to that in the earlier period. The Hindus in India were among the first to perceive the competitiveness emanating from Christianity and Western culture generally and to turn this competitiveness to their advantage. This expressed itself in a loose but perceptible movement towards religious solidarity, and in efforts towards social reform and educational advance. As time passed other religious groups which had lagged behind, especially the Muslims, joined the race. Competition was peaceful and democratic rather than militaristic and chaotic as had been generally the case during the major portion of Muslim rule. One of the manifestations of this competitiveness was the establishment of the Muslim University at Aligarh and of the Hindu University at Banaras. It may be pointed out that such competitiveness was not restricted to religious groups alone. Even within the Hindu fold there has been a tendency for one caste to compete with another.

Diversity of experience — The new elements in the diversity of experience were mainly associated with the contact with the West. The 1875 rising was itself probably a great experience—much more as a potential norm than was felt or realized at the moment. So profound has been the impact of that event that both in assessing their strength and in reflecting upon their weaknesses, people have often gone back to the origins, the course and the aftermath of the rising.

The two most significant consequences of contact with the West during this period were a growing feeling of self-confidence, which was partly a result of self-analysis, and a vast increase in the knowledge of the country's resources. This new confidence and awareness lacked an appropriate institutional (including political) framework. As time passed, there was little difficulty in choosing the ideal to be achieved. The cultural diversity resulting from the connexions with the West made it amply clear that however important purely spiritual ideals might be, and however much people—leaders and the led—might sometimes talk of going 'back to the village', of limiting wants, and of spirituality, 'the raising of the standard of living' was the greatest ideal of all.

Class structure — That the educated classes belonged to the well-to-do sections of the community indicated not the essential merit of the class structure but an economic ability to finance the education of one's children. Moreover, the higher classes in India were the least interested in inventiveness whereas in the West it was the pioneering landlord (of whom many were aristocrats) and the wealthier classes in general who contributed to developments in economic life.

Incentives to experimentation — One of the most significant incentives to experimentation during the period was national and international 'recognition', as can be seen in the case of Tagore, Raman, and others. The hope of recognition might not always be the main incentive; but it became important where other (e.g.

strictly economic) incentives were weak, as they were in this period.

Particularly weak were the incentives to applied and industrial experimentation. The industrial base of the Indian economy was too slender to allow large-scale experimentation, and, although economic experimentation can take place without governmental help, the government did not seem to be really interested in this subject. Another reason was that the Indian business man did not feel the urgency for experimentation and research since he could take advantage of the new technological knowledge already developed in the West. Moreover, the business man was doubtful about the incentive to innovation. Surely, the Indian economy could not be expected to compete in the industrial field with its European and American counterparts. As for certain consumer goods like textiles, cheap raw material and still cheaper labour combined with a large internal demand could easily do the trick. Later on, business men found other reasons for avoiding experimentation; tariffs, as in the sugar industry, providing the excuse.

Attitude towards innovation — That people can have an attitude towards innovation implies that new ideas have in fact appeared in the society and that the knowledge of such ideas has reached the relevant sections of the economy. The quality and variety of new ideas in agriculture were generally much less profound than those in industry. Even Western agriculture had only recently moved forward from such pre-Industrial Revolution developments as the rotation of crops to mechanization and other advanced techniques. The already heavy back-log of unemployed and underemployed anyway made the later decades of the period most unsuitable for mechanization. For several reasons even the more modest Western agricultural developments made little impression. Climatic conditions and the choice of cultivable crops were so different that the advances made in Europe were not all suitable for

Indian agriculture. Secondly, so far as the first half of the period was concerned, the revolutionary developments in industrial techniques attracted much more attention in India than the less spectacular but fundamental achievements in agricultural techniques. Thirdly, official support to agriculture was slight. Finally, there was much less individual financial ability to introduce useful new ideas.¹ Indeed, the situation was that even what had long been common knowledge could not be applied because of the low economic condition of the individual farmer. The farmers knew very well that deep ploughing, irrigational facilities, good seeds, and manures would add to agricultural productivity; but of what use was this knowledge when they could not afford the necessary expenditure? In general it was not so much the attitudinal factor which restricted innovations as the lack of financial resources.² The large landlords could (as in England) have made improvements. But they did not. They found themselves, as emphasized in a subsequent section, too secure to make any special effort.

The attitudinal factor, however, was not irrelevant. The attitude towards innovation has two aspects: a negative one, in the sense that people must be prepared to free themselves from prejudices attached to the innovation in question, and a positive aspect, in that people must actually feel inclined to innovate. We have already noted that the Hindu mind suffered from certain beliefs prejudicial to the interests of the economy. The relative lack of an economic attitude towards the cow is an important example. If the cow may not be slaught-

¹ H. H. Mann, 'The Agriculture of India', in *Annals of the American Academy*, CXLV, Sept. 1929, Part II, p. 80, quoted by D. Thorner, in Kuznets and others (eds.), *Economic Growth: Brazil, India, Japan* (1955), p. 123.

² See 'India's Cultural Values and Economic Development: A Discussion', reprinted from *Economic Development and Cultural Change*, Vol. VII, No. 1, October 1958, particularly the note by Professor M. N. Srinivas.

ered for its meat there are still ways of making it an economic asset by careful attention to breeding and feeding. Without a change of outlook towards the cow, the religious handicap will continue to have uneconomic consequences.

There are other reasons why the attitudes towards innovation in agriculture have been conservative. Traditionally, the country's rural population, which is relatively isolated and homogeneous, has been unaccustomed to variety of opinion. Acceptance of new ideas has been less marked than with the urban population. Adherence to traditional Hindu beliefs and social institutions has been more pronounced in the rural population and has tended to produce a lower receptiveness. Lastly, the agriculturists in India, as in most backward communities, do not know, and have not properly been given to understand, that they can expect from the scientists new ideas and techniques to solve their problems and increase their yield.

Our comment on incentives to experimentation in applied and industrial fields has a direct bearing on this sector. We have emphasized the same point in the following section on incentives and opportunities for innovation. The Indian industrialist had neither that strong positive incentive which derives from the urge to create and to surprise the market with newness, nor the powerful negative incentive of competition; we shall shortly see that the Indian handicrafts and cottage industries had much less incentive to innovate (except in an extremely restricted sphere).

In business and trade the attitude towards innovation was anything but enthusiastic and has generally been related to the size of the firm and to the educational and cultural background of the business man. The Indian business man, by and large, still clung to the old methods. For instance, while the indigenous system of book-keeping may have had some merits it was certainly inferior to the modern double-entry system;

and yet there is still a persistent reluctance to introduce changes. Probably, manipulation of accounts for the purposes of audit and tax evasion was easier under the old methods, although in this respect the modern system of accounting is by no means foolproof. In the last analysis it would be the integrity of the business man that decided whether the accounts were manipulated or not. In this period, unfortunately, we cannot ignore the relative lack of integrity and business morality in many Indian business men.

The origins of this phenomenon are difficult to trace. There is little doubt that the Indian business man generally considers it his right to squeeze as much as possible from his customer, even by cheating. The haggling and bargaining that go on in the retail shops point to the scope of manoeuvre. The quality, quantity and prices of goods are manipulated to an extent that varies with the intelligence, status and resource of the particular customer. In saying this we are conscious that until recently a more or less similar situation prevailed in most countries. We have noted earlier that Hinduism does not approve of such practices. There are accounts by foreign travellers in India which show that honesty was one of the strong characteristics of the Hindus. At present the Hindu trader is far behind his counterpart in the West in business morality. This may be due to his inherent faults, or to the institutional organization or the want of it (e.g., lack of integrity of the police, need for requisite legislation, and quality of general administration) within which he functions. But it is largely true to say that cheating has implicitly been one of the crafts of the seller. With an improvement in secular sanctions in the interests of the consumer the situation is bound to improve, and probably has improved in recent years.

Incentives and opportunities — It may first be pointed out that the Government of the country had neither the political incentive of democracy which can force the

administration to create institutional conditions favourable to innovation by fear of political pressure, nor the enthusiasm of a socialistic philosophy which forges ahead with technological innovations as a matter of policy. Even the government-sponsored co-operative movement was largely confined to activities with little scope for productive innovation.¹

We must remember that it was not so much the lack of knowledge as the lack of economic ability of the agriculturist which hindered innovation. Apart from this, the main determinants of innovation in agriculture, as in other economic fields, are the profitability of the innovation in question and the force of competition from other producers, internal and external.

We may divide the agriculturists broadly into small holders, relatively big landholders and very big holders. The first group was disinclined to take to new crops and new methods of cultivation. It is true that people shifted to the cultivation of commercial crops when such a change promised better results. If output is any indication, the index of average annual output of food crops between 1893-4 and 1945-6 declined to 93 while that of non-food crops rose to 185.² (We take the figures for 1893-6 as a norm—100.) But, on the whole, there persisted a strong attachment to traditional crops, mainly food crops, and normally production was primarily intended to satisfy one's own food demands rather than to follow the indirect process of exchange. This attitude has been more acute in the case of the small holder because he has not had sufficient land to enable him, after producing enough food crops for his family's consumption, to make a significant shift to commercial cropping. No doubt the caste system has also accentuated the tendency to stick to food

¹ U.N.O., *Economic Development in Selected Countries: Plans, Programmes and Agencies* (1947), p. 173.

² Thorner, 'Long-term trends in Output in India', in Kuznets and others (eds.), *Economic Growth: Brazil, India, Japan* (1955), p. 122,

cropping. For instance, cultivation of vegetables for the market (as against production for family consumption) has been traditionally, but by no means everywhere and at all times, a near monopoly of certain sub-castes like *Koeri* or *Mali*. Other castes are generally reluctant to raise vegetables for the market. The same goes for certain types of fruits. There are many who would not sell mangoes, even if their gardens produced large quantities, because they believe that it would lower their status. This naturally takes away the incentive to cultivate on a larger scale even if there are good opportunities. Most people will not engage in pig or poultry farming as they consider these activities very menial. These unfavourable influences of the caste system apply particularly to the bigger holders of land who happen generally to belong to higher castes and have the economic ability to diversify the pattern of their farming.

Medium-sized landholders might well have been important agents in agricultural innovations. They were neither too weak economically like the small landholders (and therefore unable to innovate), nor were they too strong economically like the very big holders (and therefore indifferent to innovation). It is not possible to see in statistical terms over a period of time the process of change from food crops to non-food crops as related to the different types of landholders; but the table on p. 125 indicates how the numbers of cotton holdings change according to the size of overall holdings in certain limited areas.

Assuming that the larger holdings belonged to the bigger holders of land, the proportion of their share is clearly very marked indeed. In any case, there does not seem to have been a sharp distinction between the medium-sized and the very large landholders in this respect. However, it is quite likely that the high figure in the latter case was largely a consequence of the mere possession of large tracts of land rather than a

Cotton-growing holdings according to different sizes of overall land holdings for the year 1948-9 in selected villages of East Khandesh and Surat¹

Size of Holdings in acres	East Khandesh		Surat	
	Total No. of Holdings	% of Cotton Holdings	Total No. of Holdings	% of Cotton Holdings
Up to 4.0	413	16.9	497	29.8
4.1 to 10.0	343	34.2	248	61.3
10.1 to 22.0	222	41.4	129	79.1
22.1 and up	62	62.9	45	95.6
	1040	27.3	919	48.4

result of conscious planning. The question of conscious choice was clearly more important in the case of the medium-sized holders.

The dominant objective for the medium-sized landholder was to acquire more and more land. This was a remote hope for the small holder and a doubtful objective for the very big landholder. Once this objective had been achieved the tendency for the medium landholder was not to carry on large-scale farming but to let out land to tenants and to feel satisfied with the prestige acquired in rural areas by such an act.²

There is some justification therefore in drawing a distinction between what is known as the profit maximization motive and the motive which does not necessarily aim at maximizing profit. Is the former generally associated with business and the latter with agriculture? Not necessarily. The agricultural developments

¹ An article by R. S. Koshal and V. G. Panse, *The Indian Cotton Review*, Vol. V, No. 2, April 1951, p. 67, table 3.

² Helen B. Lamb, 'India: A Colonial Setting', in Williamson and Butterick (eds.), *Economic Development: Principles and Patterns*, p. 490,

in the West were made possible, among other things, by the innovating activities of the agriculturists themselves (including new entrants to agriculture) and this would not have been possible in the absence of the motive of profit maximization. In India, however, even the transfer of land to business classes (as a result of indebtedness) did not encourage innovation, for the business classes almost always looked upon agriculture as a secondary source of income.

Neither does the force of competition appear to have been an important factor in agricultural innovation. We do not mean that the farmer was not subjected to market forces; indeed, like all small producers he was at the mercy of general demand and supply forces beyond his control. But probably his insignificance made him almost unconscious of these forces. Improved transport and communications added to his insignificance. But even where he stood to gain, e.g. when the prices moved in favour of his crop, the intermediary collected a good part of the benefit. A slender income base following inevitably from a multitude of petty landowners and tenants, insecurity in the case of those tenants whose land could easily be taken back by the landlords and the high rate of interest in the countryside left little scope for the cultivator to undertake innovations.¹ Then, owing to Hindu law, the continuous subdivision and fragmentation of land further aggravated the problem.

The very big landowners, and among them the absentee landlords, have probably been from the point of view of innovation the least important. In their case there was no incentive from competition or fear of dispossession on account of mismanagement or uneconomic cultivation. The Zamindari system, wherever it existed, and other legal rights to land had assured them a disproportionate security. Large-scale cultiva-

¹ See U.N.O., *Land Reform: Defects in Agrarian Structure as Obstacles to Economic Development* (1951), pp. 15, 17-18, 41.

tion, research and mechanized farming, which such people could easily afford, were out of the question when absence of personal association with the affairs of actual cultivation was considered a thing of prestige. Competition had little innovation-generating impact on a sector of the economy characterized by subsistence rather than profit-making on the one hand, and by undue security and a false sense of prestige on the other.

We have noted earlier the almost universal tendency of the Indian business man to think in terms of easy and quick returns on investment. Even if the natural inertia is ignored, trade and commerce, rather than factory industry, would be the easy choice. This is seen too in the chief types of factory industry that were started—those where return on capital was not considerably delayed. We shall examine this phenomenon further in our section on investment.

It is not difficult to see why the Indian business man had no strong incentive to innovate. In sugar and textiles he had a big home market and in jute an assured foreign market. The factor of competition was absent in all three cases—in sugar owing to protection; in textiles owing to cheapness (in relation to England) and protection (in relation mostly to Japan); and in jute owing to natural monopoly. One has only to inquire into the age and condition of machinery in most Indian industries—especially textiles—to see how far innovation was neglected.

If lack of competition was responsible for lack of innovation in the modern (factory) industrial sector, the indigenous industrial sector (handicrafts) was faced with such damaging competition from factory industry that industrial craftsmen could not think in terms of innovation. This was particularly so in cotton textiles. Towards the end of the period Gandhian economic concepts and the growth of nationalism led in certain fields to the development of certain new ideas and techniques. The traditional spinning-wheel

was being gradually replaced under Gandhi's *khadi* movement by newer and more efficient spinning-wheels. But we should notice that this was less a consequence of an inherent and spontaneous demand from the craftsman and more of a superimposition from without and above—by the nationalistic and social movements during the later decades of the period.

In the wider context of opportunities, it is true that trade was expanding and that the market frontiers of various countries were being touched by Indian demand and supply; but as we shall see later the direction of India's foreign trade was unbalanced and circumscribed. This naturally tended adversely to affect the nature and magnitude of Indian demand and supply in relation to other countries, and the demand and supply of other countries in relation to India. This in turn narrowed the opportunities for innovation in trade, in industry and in agriculture.

S A V I N G S

Level of consumption — Although divergent tendencies appeared during the period with regard to the level of consumption, the general trend was towards greater rationalization. Some amount of wasteful and display consumption still remained but this differed from that of previous periods and was probably less extensive. Peace under British rule and protection of property rights after the 1857 rising encouraged consumption for the sake of consumption. Rajas, Nawabs, Talukdars, the bigger Zamindars and the like, coming under the influence of the West in general and of the European officials in particular in different provinces and states, experienced a widening of the pattern of their consumption. But the princely rulers managed to hold considerable amounts of securities, especially foreign securities.¹ Towards the later years of the

¹ Lamb, 'India: A Colonial Setting', in Williamson and Butterick (eds.), *Economic Development*, p. 494.

period, especially, under the shadow of growing socialistic tendencies and developments in the political sphere, there was probably some check on the magnitude of consumption of certain classes. On the whole, consumption and particularly productive consumption (e.g. expenditure on education, health and sanitation), felt no great adverse effect.

The number of wage and salary earners, though only a small part of the total population, was steadily increasing. There was a similar increase in the personnel of the administrative, military and allied services¹ and a consequent rise in the level of consumption. More significant are the greater variety in the pattern of consumption and the greater degree of secularization of tastes as many people in these groups became relatively free from prejudices affecting dietary and other habits. The consumption level and pattern of the business classes improved owing to larger incomes and greater freedom. The lower sections of the business community however may not have experienced a substantial improvement because of their ingrained philosophy of miserliness. Many handicraftsmen throughout the nineteenth and the early decades of the present century had only been able to readjust themselves to the situation created by factory industry by undertaking agricultural occupations. The Swadeshi movement and the stress given to *khadi* and cottage industries made some improvement in their lot, noticeably at the time of the Congress ministries in the provinces during the thirties. It is doubtful, however, if all this led to an appreciable rise in the level of consumption of the craft groups. Most of the agricultural classes remained largely unaffected owing in part to their relatively conservative habits but primarily to an almost stationary level of income.

The religious and ideological influences of the period had diverse effects. For instance, the spread of the Arya

¹ Anstey, *The Economic Development of India*, pp. 612-16.

Samaj brought some increase in the importance of ritual—a shorter version of the Vedic ritual—which led to some amount of wasteful consumption. On the other hand, by deprecating certain ceremonies, especially the *shraddha*¹ ceremony, the Arya Samaj tried to check wasteful consumption. The Swadeshi movement, the philosophy of *khadi* and cottage industries, and the semi-ascetic influence of Gandhi tended to reduce the level of consumption of their adherents. If we ignore the problem of unemployment, the *khadi* movement actually resulted in greater expenditure, shown in the relative prices of mill cloth and of *khadi*, and it also made for a decline in potential efficiency as a result of relatively inefficient use of time and energy. But the spirit behind *khadi*, and the injunction that wearers of *khadi* should spin for themselves, may have minimized these defects. It is difficult to say how far these tendencies curtailed the demand for goods and services; but there was no doubt some decline in such people's demand for foreign goods.

Thus the consumption level of the community was influenced in many different ways. Elimination of the fears of the Mughal period tended to raise the level of consumption. The influence of Gandhi tended to reduce it and to restrict its variety; but it is difficult to say whether this made for a compensating increase in savings. Gandhi's influence was similar to that of the austere Calvinism of western Europe which significantly encouraged savings and productive investment, but there are few signs of this effect in the patterns of public and private spending in post-Independence India. At the time, however, the masses had little scope for curtailment of consumption, Gandhi or no Gandhi, and the chief effect of his philosophy was to check waste and the use of non-Indian goods. Lastly, we must mention that the social movements which tried to improve the condition of the lower castes tended to encourage

¹ Farquhar, *Modern Religious Movements in India*, p. 121.

a rise in their consumption level. The chief significance of these movements was that they helped to make other sections of the Hindus aware of the condition of these unfortunate people. The new religious tendencies, on the whole, made for less ceremonial consumption.

Attitude to thrift — The story is often told that Gandhi made a point of tearing off and re-using the unused portions of the letters he received. His personal life was to his followers an example of austerity, and gave them a sense of thrift (though, in some cases, it also meant a waste of effort and time). The effects of the other ideological tendencies that we have just reviewed were diverse, but their general bias was in favour of thrift, reinforcing the basic influences of Hinduism and other important attitudinal factors that we have noticed in earlier periods, viz. the stress of Hinduism on thrift as a virtue and thriftlessness as a vice, the compulsions of the Indian agricultural conditions favouring thriftiness, and the miserliness of the Indian business man.

Incentives and opportunities — In this section our analysis will be mainly directed to five variables which have a significant bearing on incentives and opportunities for savings. These are:

(1) the relative shares of the different sectors in the economy;

(2) the changes in the rewards of the various sectors, e.g. profits, wages, and other benefits;

(3) the question of the emergence of a situation creating a sudden increase in opportunities for money-making;

(4) the sociological factors relevant to the rise of an entrepreneurial class;

(5) the financial resourcefulness of the Government. It is difficult to generalize about these topics for there were sub-periods which showed different trends; but we will attempt a few remarks intended to treat the period as a whole.

1. We should like to know whether the capitalist

sector was growing during the period, and, if so, whether it was growing faster than the rest of the economy. Statistics of employment show that the capitalist sector had in fact been growing steadily during the period;¹ but on the whole it had not been growing faster than the rest of the economy. The main reason was that most people were obliged to remain in agriculture owing to inadequate employment opportunities elsewhere. That agriculture also received a sizeable proportion of the displaced craft classes further worsened the situation.

2. If profits generally provide the most important source of productive investment and if an appreciable and prolonged rise in the rate of profits marks the turning-point in the growth of the capitalist sector,² it is necessary to inquire into the behaviour of factor-shares during the period. As we do not have sufficient data on the subject we will try to study in general terms the varying fortunes of agricultural income (including rent), of wages and salaries, and of profits.

As a result of the decline of handicrafts and the consequent shift to agricultural occupations by a part of the craftsman class (with their dependants), a greater proportion of people were now dependent on agriculture. This led naturally to a decline in the per capita income of the agricultural population. But two other factors closely associated with the same phenomenon were in operation. First, during the period as a whole, the total population increased considerably and, as there were very modest openings in non-agricultural occupations, most of this increased population turned to or remained on the land. (The greater proportion of the population was rural, and so the greatest increase in population was in the countryside.) Secondly, the state of agriculture and agricultural productivity remained the same.

¹ Thorner, 'Long-term Trends in Output in India', in Kuznets (ed.), *Economic Growth*, p. 127

² Lewis, *The Theory of Economic Growth*, pp. 233-7.

Although there was some increase in the cultivated area¹ and, later, some improvement in the irrigational facilities, these developments at best minimized, rather than offset, the baneful influences of the factors noted above.

On the whole agricultural prices showed a rising trend during the period.² The bigger landholders gained most from this. They gained further because the burden of land revenue fell while rents rose, although legislation towards the later years of the period restricted the rise in rents.³ The great increase in the agricultural population meant a great increase in the number of landless labourers. It also tended to reduce the size of the individual holdings and to that extent reduced the potentialities of savings: the larger the unit of cultivation the greater, other factors remaining constant, being the prospects for savings.

We must now introduce the terms of trade as between agricultural and non-agricultural products. Although there were divergent tendencies the terms of trade during the period as a whole were in favour of non-agricultural products. To that extent the increase in agricultural income as a result of the increase in the prices of agricultural produce was adversely affected. The bigger landholders were thus bound to experience a curtailment in their savings potentialities. But there is no doubt that on the whole the bigger landed interests experienced a sizeable increase in their incomes compared with the preceding period owing to the system of tenure introduced by the Government.

The rise and development of factory industry, of public utilities, of civil and military services, of professional employment (lawyers, physicians, teachers) and of various types of business and commercial houses (banking, insurance, import, export trade and others)

¹ Anstey, 'Economic Development', in O'Malley (ed.), *Modern India and the West*, p. 289.

² Ibid., pp. 295-6.

³ Ibid., p. 290.

considerably increased the share (in real terms) of wages and salaries in the national income, at any rate up to 1939. But, as we have noted earlier, the level and pattern of consumption of most of these groups of people was relatively high. This was partly caused by the regularity and intensity of their contact with a modern way of life that acted against traditional consumption-prejudices and inculcated the spirit of imitation; and partly it was caused by the increase in income, and particularly that of the relatively small-income group whose propensity to consume was steeply raised in the beginning. Thus the magnitude of savings could not be expected to be considerable even though certain sections of this group did save.

Profits rose owing to the development of factory industry, of plantations, and of trade and commerce. It is particularly significant that the tendency for profits to rise became more marked during the later years of the period.¹ But when we assess the relative share of profits in the national income in a dynamic context we can only say that there was not an appreciable and prolonged rise in the proportionate share of profits during the period. Profits rose, but they did not rise to an extent which could upset the balance as between the different types of income, which is what was needed, given the productive investment of such profits, to push the economy on to a higher level of productivity and income.

3. A sudden increase in the opportunities for making money is a crucial factor in accelerating the growth of an economy in general and in the rapid development of the 'profits sector' in particular.² In other words, a sharp trend in favour of profits is imperative for industrialization. We saw earlier that the continued low productivity of agriculture and the growth in population helped to maintain the traditional balance and

¹ S. Subramanian, *The Economic Adviser's Index of Industrial Profits*, Table 13, p. 32

² Lewis, *The Theory of Economic Growth*, p. 235.

reduced the incentives and opportunities for saving. This factor alone did much to minimize the importance of the growth of the non-agricultural sector. But why, when incomes showed an almost universal rise, was not some sort of cumulative force generated that could lift the economy out of its traditional rut? Why was there no release of a dynamic multiplier?

The first obvious answer, as already indicated, is that the overall increase in the various incomes was too meagre to bring about so powerful a process. On the whole the agricultural sector had little to contribute to this advance. Except for the irrigated areas, we have always to remember the fluctuations in agricultural incomes caused by the uncertainty of the monsoons. Moreover the 1930's affected agricultural incomes adversely. There was an increase in wages and salaries and in the remuneration of services generally, and profits were rising; but the share of these two types of income in the national income was too small to exert the pressure needed to raise appreciably the rate of growth of the economy. There is a point at which a process of chain-reaction becomes possible, but below this the 'growth multiplier', as we may call it, does not operate. The remaining part of the answer is related to the prospects of a sudden increase in the opportunities for money-making, which we will now examine.

We will first enumerate certain very important gains on the institutional side. Except for the years 1857-8, political security was maintained throughout the period (if we treat the nationalist struggle as being of no important consequence in this regard). Political security should provide a great incentive as well as opportunity to money-makers. Fear of sudden and arbitrary levies on income was a thing of the past. There was no compulsion to tie up one's income in personal loans and thus there was no question of forgoing the prospects of increased savings and income from productive investment. It was no longer necessary to keep

money in hoarded or in easily transportable forms, although it cannot be said that there were institutional changes and developments intended to encourage an efficient canalization of savings into productive investment. There was also a relative systematization in military expenditure; the previous chaotic conditions were gone. There was a diminution in conspicuous consumption. Lastly, attitudinal developments were also favourable to savings.

Even in the narrower context of opportunities for profits, there were important favourable factors. The factory industry opened up new avenues of exploitation of resources for profits. Then there was the advantage during the latter decades of the period of an unlimited supply of labour, which a rising entrepreneurial class could easily and extremely profitably turn to its advantage.¹ Thirdly, there was great scope for expanding the capitalist sector in an economy whose agricultural base was extremely overpopulated. Fourthly, an expanding capitalist sector, if expanding sufficiently, could easily have forestalled the problem of unemployment by progressively absorbing the increasing population. Thus if the process of industrialization had started at a reasonably fast rate even after the later decades of the nineteenth century, the overwhelmingly large agricultural base could have been trimmed in time. Then there were vastly increased opportunities for trade, internal as well as external. India had in an inverted sense the advantages of geographical discovery: Europe had the advantage of discovering vast geographical and economically important areas; but India was up to a point directly associated with this development. In any case, there was scope for expanding the orbit of India's demand and supply. India did not have this advantage in the sense that the colonial powers had; but the industrialization of Germany, Japan and Russia shows that

¹ W. A. Lewis, 'Economic Development with Unlimited Supply of Labour' in *The Manchester School*, 1954.

the absence of a colonial advantage need not be crippling. Lastly, the process of 'opening up' the country by new means of transport and communication had been proceeding fairly steadily, though not altogether adequately. Inconsistent though it clearly is with the actual behaviour of profits, it is difficult to escape the conclusion that there were very sound opportunities for money-making.

4. Closely related to the question of opportunities is the sociological problem of the rise of a capitalist class—of the entrepreneurs and industrial leaders. We have seen earlier that in the wider context the emphasis was more on political and social leadership than on industrial leadership. Moreover the area of recruitment was limited by the caste system. Three of the four castes had generally been outside the orbit of business. In spite of these handicaps certain leaders like Birla and Dalmia appeared towards the beginning of the present century. It is not essential for a country to produce its own capitalists at the very beginning of industrialization. Capitalists can be and have been imported—and some have been imported into India. But most of these imported capitalists were either not entrepreneurs at all or mainly and during the first half of the period confined their operations to non-industrial fields. This is also true of Indian entrepreneurs who, on the whole, until recently have been men of commerce rather than men of industry. The attempt to secure quick and easy returns has been most conspicuous in Indian industrial enterprise—internal or foreign. For some time most foreign investments came from incomes earned in India itself. When, later, British capital began to arrive, as in the case of the railways, it was too heavily guaranteed to be of the nature of enterprise.¹ The attitude towards industrial research and experimentation has already been noted and it was anything but bold. Not until the

¹ Lamb, 'India: A Colonial Setting', in Williamson and Butterick (eds.), *Economic Development*, p. 496.

twenties, and not to any great extent until World War II, did Indian industrial leadership show signs of awareness. The Bombay Plan for the industrialization of the country was not published until 1943.

5. Lastly, a few words about the attitude and performance of the Government. We must remember certain important considerations in order to get a correct perspective. First, the Government of the country was a foreign government necessarily tied to the mother country in certain fundamental matters. Secondly, it was heir to some of the institutions bequeathed by the East India Company, e.g. the Permanent Settlement. Thirdly, the sphere of governmental activity was still primarily political and interference and participation in the economic field were in the past everywhere limited. The assumption of responsibility by a government for the planned economic growth of its country is a relatively recent development. Lastly, governments as well as individuals make mistakes and it may not always be right to infer a bad motive from the bad results of governmental action or policy.¹

Faced with a conflict between India's interests and its own political interests the Government of India in this period often preferred the latter. The creation of the vested interests of the Princely States and the continuance of the vested interests created by the East India Company in the shape of the Permanent Settlement pointed to this fact. Again, faced with a conflict between the economic interests of India and those of Great Britain, the Government of India often sacrificed the former. The history of the British cotton textile industry (and its counterpart in India) points to this.² The Government of India sharply distinguished between the industrial and the non-industrial sectors. This is shown in its constructive participation in irrigational

¹ Anstey, 'Economic Development', in O'Malley (ed.), *Modern India and the West*, pp. 301-2.

² R. C. Dutt, *India in the Victorian Age* (1904), pp. 531, 536.

activities, famine and sanitation policies, transport and communications policies on the one hand, and its unfavourable attitude towards the growth of Indian industry, especially heavy industry, on the other. In following this policy the Government was led to face a problem it had probably never anticipated: the population problem. Warnings have never been wanting on this subject,¹ but it is doubtful if anyone realized that the problem would grow to such large proportions. Had this been so the Government of India might have seen that the solution lay in diverting an increasingly substantial portion of the agrarian population to the industrial sector. The Famine Commission of 1880 had emphasized the need for scientific progress and the necessity for government intervention in industry. But the Government of India preferred the part of an onlooker. Indeed, the extreme observance of a policy of *laissez-faire* resulted in harming the industrial development of the country. Even where an attempt was made to participate in industrial activity, as it was by the Madras Government, opposition to such a policy forced a retreat. There is little doubt that several small industries could have flourished but for the absence of governmental help and guidance. A positively harmful government policy may be cited in the case of the levy of the cotton duties. While it is easy to overstress the adverse influence of the Government of India's policy in the sense that the policy was in the main negative (failure to help) and that positively adverse policies were very limited, it cannot be denied that the economy suffered considerably on this account.² The overall attitude and performance of the Government was not helpful to, and sometimes actually obstructed, the growth of the

¹ W. W. Hunter, *The India of the Queen, and other essays* (1903), pp. 99, 138, 147, 152-3 quoted in Thorner, 'Long-term Trends in Output in India', p. 126. (The conditions refer to 1879-80 and before.)

² Griffiths, *The British Impact on India*, p. 466.

economy in general and the growth of the capitalist (industrial) sector in particular.

In a political and social framework where government policy is not directed towards inducing economic growth, the relevance of the financial resourcefulness of the Government is indirect and generally unimportant. When we consider the information regarding the Public Debt and the Government's external financial situation, nothing of magnitude could have been expected by way of helping the economy on its road to expansion. The Government, it seems, was not prepared to extend its help beyond agriculture and public utilities. Industries, especially basic industries, were almost taboo. In discussing the expansion of the industrial sector the question of the financial participation of the Government of India, as owner, risk-taker or manager, was as remote as the effects of its industrial policy (or lack of policy) had been intimate and adverse. The former amounted to refraining from coming forward with help; the latter amounted to obstructing growth.

INVESTMENT

Attitude towards investment — In two respects this period saw an improvement in the Hindu attitude towards investment. First, there was a slow but progressive realization that participation in commercial and industrial activities need not be the concern only of the Vaishya. This attitude was neither universal nor marked. Its development was directly related to the widening of opportunities for investments. It was not a fundamentally new development: the other castes, it is true, had generally refrained from active business dealings, but dealings in surplus agricultural produce and in money, and participation in certain indigenous industries, e.g. the production of *gur* (unrefined sugar), were not outside the scope of the non-Vaishya classes. Secondly, a similar improvement was noticeable in the

scope if not in the definition of Hindu charity. Previously large-scale charity had taken the form of building temples, *Dharmashalas*, tanks, wells and the like. These charities continued but there was also a growing participation in educational institutions. This again was by no means a new phenomenon, but during the preceding centuries it had become insignificant.

Security of investment — Nothing need be added to what we have already said in this regard: there was, on the whole, perfect security to the right of property and to the fruits of property and effort. Also, as already indicated, the growing attitudinal shift to socialistic ideas had little immediate practical significance.

Opportunities and incentives — Much of what we have said in the subsection on savings applies also to the state of incentives and opportunities for investment. The scope for savings is directly related to the scope for income, and this in turn is related to the scope for investment. Here we simply try to give a brief résumé of developments in the different fields of investment during the period. Our earlier discussion of incentives and opportunities for the application of knowledge is vitally relevant here.

There were considerable investments in plantations: the paid-up capital of plantations was Rs 830 lakhs in 1920-1; Rs 998 lakhs in 1924-5; Rs 1252 lakhs in 1928-9; Rs 1379 lakhs in 1932-3; Rs 1440 lakhs in 1936-7; Rs 1353 lakhs in 1939-40 and Rs 1364 lakhs in 1942-3.¹ Thus a tendency towards stagnation was visible during the later decades of the period. In agriculture proper, the policy of the Government was largely of a negative character, facing the difficulties of famine and other problems rather than actively taking a lead in increasing agricultural productivity. One important exception was

¹ S. Subramanian, *Statistical Summary of the Social and Economic Trends in India* (1945), p. 31.

the extension of irrigational facilities. The following table shows the magnitude of and the increase in irrigation with special reference to the inter-war years:

Area irrigated from Government canals¹
In thousand acres

	British India	Indian States	Percentage of net area sown	
			British India	Indian States
1920-1	19558	2401	10	4
1924-5	19374	2467	9	4
1928-9	21668	2883	10	4
1932-3	21524	3206	10	5
1936-7	23324	3616	11	5
1938-9	24412	3957	12	6
1939-40	25125	not available	12	not available

The following figures² show the total capital outlay on irrigation:

In lakhs of rupees

1920-1	72,35
1924-5	85,53
1928-9	112,32
1932-3	139,58
1936-7	147,06
1938-9	152,80
1939-40	153,89

This in itself was an impressive investment.

Nevertheless when we consider the essentials in a programme for increasing agricultural productivity, and

¹ Based on Tables VIA and VIB in Subramanian, *Statistical Summary of Social and Economic Trends*, p. 11.

² *Ibid.*

indeed in a similar programme in any industry characterized by exceedingly numerous and small units of production, there should have been a substantial increase in individual as against governmental investment. This was almost impossible in an institutional situation that discouraged the development of an active and maximum profit-motive in the only people who could undertake sizeable investment programmes, that is, the bigger landlords and other important landed interests who were over-protected by tenancy provisions of various kinds.¹ Individual investments in agriculture were thus alarmingly small. The only important financial movements in that sector were related to the transfer of land from one owner to another, which made little difference to productive investment or methods of cultivation, or consequently, to agricultural productivity. It was not surprising that Indian agriculture was almost untouched by the scientific developments which revolutionized productivity in many other countries.

We may omit discussion of investment in the handicrafts and the cottage industries; for most of the period the native manufacture of cotton textiles and artistic goods, and the traditional methods of oil-pressing, rice-husking and flour-milling had been undergoing a process of disinvestment rather than investment.² During the later decades of the period there was probably a little investment; but it was too small in scale and coverage to generate a process of growth. This was left for the post-independence period when a reasonable and economically justifiable place for this sector was assessed and assured within the framework of a planned development.

In the modern industrial sector, investments of some magnitude were made. The total productive capital

¹ Griffiths, *The British Impact on India*, p. 173.

² Anstey, 'Economic Development', in O'Malley (ed.), *Modern India and the West*, p. 295.

(fixed and working) employed in different industries in India in 1946 was as follows:¹

Fixed Capital:	Rs 163,35,93,501
Working Capital:	Rs 203,47,43,939
Total	Rs 366,83,37,440

There are certain important things to be noted in this connexion. By any criterion the magnitude of these investments compared very poorly with that in any industrially advanced country. Of the 10% of the Indian population employed in industry, only 1% was dependent on large-scale industry.² Secondly, the rate of investment was very low. Thirdly, in certain important spheres, especially basic industries, the relative paucity of investments is particularly marked.³ Fourthly, many investments were made during the twentieth century and, in certain significant sectors, only during the later decades of the period.⁴ Lastly, foreign (i.e. British) investments are conspicuous in certain fields, especially in the earlier part of the period.⁵ Investments in transport and communications, where the policy and pattern were strictly controlled by the Government, have been quite considerable. The expenditure on railways up to 1891 was £ 227,669,765.⁶ The total capital invested in railways rose from about Rs 329 crores in 1900-1 to about Rs 847 crores in 1938-9.⁷ However, the development of railways in India was neither adequate for the

¹ Government of India, *First Census of Manufactures, 1946*, Vol. I (1949), pp. 14-15.

² B. K. Madan, Annex to *Domestic Financing of Economic Development*, p. 129.

³ D. R. Gadgil, 'Indian Economic Organization' in *Economic Growth : Brazil, India, Japan*, p. 458.

⁴ *Ibid.*, pp. 456-7.

⁵ B. K. Madan, Annex to *Domestic Financing of Economic Development*, p. 136; H. R. Soni, *Indian Industry and its Problems*, pp. 168-77.

⁶ Dutt, *India in the Victorian Age*, p. 546.

⁷ Anstey, *Economic Development of India*, p. 614.

needs of the economy nor spread in a manner best suited to the strictly economic interests of the country.¹

In distributive trades, banking, insurance and commerce generally, investment of varying magnitude and rate took place. The following figures show the position of banking and insurance in 1932-3.

Banking and insurance companies' paid-up
capital in 1932-3²
In lakhs of rupees

	Banking & Loan	Insurance
Companies registered in British India	2,08	2,29
Companies in Indian States	99	3
Companies registered outside India but at work in India	24,74	73

Here again the development had not proceeded on an integrated and balanced pattern, and short-term considerations generally determined the direction, amount and type of investments.

GENERAL CONCLUSION

Let us look in a general way at the pluses and minuses in investment possibilities. The pluses were: development of a rationalistic and activist Hindu thinking; acceptance of economic advancement as an important social goal; incentives to experimentation in cultural and intellectual fields; greater secularization of consumption; greater thrift; increase in incentives and opportunities for savings; improvement in the Hindu attitude towards

¹ Jathar and Beri, *Indian Economics*, Vol. II (1952), p. 136.

² N. Das, *Industrial Enterprise in India* (1938), Appendix III, p. 149.

productive investment; greater security of investment. The minuses, if by minuses we mean a deterioration in the situation compared with the preceding period, are not obvious enough to be clearly picked out. There were no doubt tendencies with doubtful, and even harmful, implications for the economy. For instance, although economic advancement was becoming a social goal, individualism in economic activity was still the exception rather than the rule. Although the class structure was not a dominant element in the growth of knowledge, economic and social handicaps, combined with a false sense of prestige associated with the caste system, had an unfavourable effect on the growth of knowledge in general, and on the growth of technical knowledge in particular. Incentives to applied and industrial experimentation were wanting. Prejudices and beliefs regarding priests, the cow, dietary habits and so on continued. The institutional arrangements (especially the system of tenancy) were a severe drag on agricultural productivity. Indian business men, with some notable exceptions, lacked vision and foresight. The Hindu social structure tended to minimize the utilization of incentives and opportunities for savings and investment, and it also adversely affected entrepreneurship, which was gravely inadequate. Growth in several fields of the economy—trade, transport, industry—was unbalanced. And, lastly, the Government of the country was not actively interested in raising the rate of economic growth. All this culminated in bringing about a situation where the vicious circle of accentuated overpopulation and underdevelopment of the economy presented an unending and distressing spectacle.

Why were the opportunities not fully and properly exploited? Both secular and religious factors were to blame. Among the secular factors the over-protected vested interests of the princely states and of the big landed interests, apart from other things, discouraged enterprise and innovation. The attitude of the Govern-

ment also tended to arrest industrial development. Among religious factors, the institutional side of Hinduism was probably a more depressing element than its attitudinal side. The industrial sector was the greatest sufferer on this account. The fact that there was a relative lack of entrepreneurship may partly be attributed to the caste system. The relative lack of growth of individualism was partly to be attributed to the caste system as well as to the joint family. There was another factor alongside the secular and the non-secular forces: nationalism. Our treatment of nationalism has implicitly associated it with Hinduism. In point of fact what should be emphasized is the fact of its being prompted by a certain 'attitude'. It is related to Hinduism only in so far as Hinduism has an attitudinal as well as an institutional aspect. But whatever the association, the fact remains that the growth of nationalism was in the short-run at the cost of economic growth during this period.

The conclusion is that there was no one 'depressor'. There were at least four major depressors: the institutional set-up in agriculture; the Hindu institutions of the caste and the family; the growth of nationalism (in the sense that it took away human resources and shifted stress to non-economic activities, for in other ways it contributed to the growth of the national economy, e.g. by stressing *Swadeshi*); and lastly, the attitude of the Government. It is difficult to say which of these was the most powerful depressor, or whether the secular or the non-secular factors were the more important—or even whether the attitudinal or the institutional factors were the more important. Looking back it may appear that as between the secular and the religious factors the former were, basically and in the long run, the more significant determining variables. But this does not absolve the latter from initially obstructing and later delaying the process of growth.

Chapter VI

ADAPTABILITY

INTERNAL CHANGES

Mobility — Several factors during the late nineteenth and early twentieth centuries made for increased mobility. The opening-up of the country by a fairly large network of railways minimized the physical obstacles to mobility, not only in distance but also in the demand for new trades in different areas. Secondly a general sense of unity in the country as a whole tended to encourage internal movement. Thirdly, the growth of nationalism and political bodies, and the search for further support for these movements, was favourable to the process of spatial mobility. Fourthly, the attitudinal change generated by the rationalistic tendencies in Hinduism which tried to minimize the influences of the caste system and the joint family weakened traditional hindrances to spatial and occupational mobility. Lastly, the relative diversification of the economy, the growth of the plantation and factory industries, new methods of transport and communication, the new civil, military and professional services, imperceptibly but effectively made for a common acceptance of mobility both occupational and spatial. Generally secular forces did most to increase mobility, but Hinduism was increasingly adapting itself to the call of these secular forces. The caste system and the joint family, when faced with reasonably strong opposition from secular factors, proved in many cases too weak to escape readjustment.¹ In saying this we are limiting ourselves to economic mobility, for the break-up of the caste system, involving

¹ E. Blunt, 'The Economic Aspect of the Caste System', in R. K. Mukerjee (ed.), *Economic Problems of Modern India*, Vol. I (1938), p. 80.

free inter-caste marriages, requires still further fundamental change in the Hindu attitude. The process of industrialization has to some extent removed the attitudinal and institutional hindrances of Hinduism to economic mobility; and as that process gains momentum such hindrances may become inoperative. But if the Parliamentary discussion of the Hindu Code Bill is any guide, many economic and social aspects of Hinduism that at present inhibit growth will die hard.

▷ Conventionalism — Many Hindu prejudices and beliefs still survived, but not all of them were of economic significance. Some of those with economic significance were slowly dying out. Some, like the attitude towards the cow, persisted and continued to obstruct economic progress. These baneful influences might have been minimized by intelligent co-operation between the scientist and the politician. With the increase in education the strength of harmful conventionalism slowly began to decline and that tendency will probably become more effective and universal as time passes. Rural activities like the Community Development Projects, if effectively directed, might provide sound means to weaken the impact of conventionalism. Even during the period under consideration the forces of conventionalism were relatively weak and grew progressively weaker. Where the prospects of profitability were fairly clear, the Hindu mind had in most cases tried to explain away obstructive religious injunctions. Economic inability rather than religious injunction has generally determined the course of economic actions. Institutions rather than precepts have generally been the more powerful. The future will largely be decided by the behaviour of the secular forces.

▷ *Family pattern and status of women* — Hindu society had for many centuries been composed of joint families which, in every caste, were uniform in structure and general social and economic philosophy, and which

observed broadly the same system of duties and rights. The joint family worked splendidly to maintain the *status quo* by providing almost complete security and insurance against permanent as well as temporary disabilities of its members. But it did not stimulate and could not easily adjust itself to change and progress. We must not be too ready, however, to attribute the less important position of women, which was inconspicuous compared with that of men, to the Hindu joint family. The disparity was due rather to the consequences of Hindu law which was unfavourable to the economic status of Hindu women. The relatively advantageous position of Western women was comparatively recent and followed the expansion of Western industrial society. In India, an economy characterized by under-employment of human and material resources lacked the incentive to raise the status of women by making them productive elements in the economy. Nevertheless, purely attitudinal factors went some way to improve the social status of women. 'Feminism and nationalism have gone hand in hand'¹ and 'more revolutionary changes have taken place in the status and outlook of Indian women during the last hundred years than in any preceding century'.² Also the social, cultural and political factors contributed to the process. The practice of purdah was declining; it was seldom practised by the lower and poorer sections, and its hold was further weakened by the sudden entry of women into politics.³

Women began to play an important part in professional life (in medicine, for example) and to undertake social reform work. But improvements in their social status without a firm economic base could neither be universal nor dependable. The prospects were not bright

¹ O'Malley, *Modern India and the West*, p. 694.

² H. Gray, 'The Progress of Women', in O'Malley (ed.), *Modern India and the West*.

³ *Ibid.*, p. 474.

during this period, and unfortunately the problem of 'woman power' will for a long time be obscured by the problem of using India's 'man power'. In this period the quality of children naturally showed little improvement since there was little change in the status and education of the majority of mothers.

Leadership — This was a period of outstanding political leadership; leadership that was, on the whole, intelligent, resourceful, and eventually successful.

In the economic field, however, there was little or no leadership. In a private-enterprise economy we have to rule out the notion of state leadership, and accept the implications of a dependent economy. What quality and variety of economic leadership was there? Most of the important developments came in the twentieth century. By far the most pervasive was the short-sighted policy of concentrating on those kinds of economic activity that assured easy and immediate returns. Even when business men, particularly Hindus, began to show interest in factory industry they showed little sense of business adventure or entrepreneurship. Unfortunately most of them came from the group that had traditionally been the guardians of Indian trade and industry, and they strongly influenced the thinking and behaviour of the Indian industrial sector. They had started with consumer-goods industry (cotton textiles) and were satisfied with similar types of production. Until the end of the period they dominated the country's industrial leadership.¹ In retrospect we can see that they had little adaptability, even less capacity for risk-taking, and almost no vision. They were traders, not industrialists. The second group, if it can be called a group, contained only one or two lonely figures, such as J. N. Tata (and significantly, Tata was not a Hindu, but a Parsi) and Sir Rajendranath Mukerjee.² This group

¹ Buchanan, *The Development of Capitalistic Enterprise in India*, pp. 145-8.

² *Ibid.*, p. 148.

held to the philosophy of industrialization, and neither the political nor the attitudinal climate was likely to be favourable to them. By their imagination, vision, and entrepreneurship they deserved the leadership of the country's economy. But their voice was a cry in the wilderness. Paradoxically, the third type of economic leadership can be associated with a political leader—Gandhi, with his 'back to the village' philosophy. To many his economic philosophy, like his ideas of non-violence in the field of politics, seemed cynical. It has since justified itself; and the planners of independent India now find that the economic philosophy of Gandhi is relevant to an overpopulated economy. There is one sharp difference. Although the *khadi* movement generated an enthusiasm for Indian products, from the point of view of leadership Gandhi's stress on handicrafts created confusion. Leadership, as represented by J. N. Tata, could not have benefited by the philosophy of 'back to the village'. As we have indicated earlier, the first sign that Indian industrial leadership was coming to the fore was the publication of the Bombay Plan during World War II—almost at the close of the period.

EXTERNAL CHANGES

Accessibility — 'External changes' were largely conditioned by the political status of the country: dependence. In a period that made continually for increased awareness and a drawing together of different parts of the world as a result of rapidly improving communications and scientific development, the quality and extent of the benefits that India derived from what we have called 'accessibility', 'cultural contacts', and 'trade and specialization' were less impressive than they should have been. In India these external changes have to be assessed chiefly in relation to a single country, Great Britain. There was a regrettable lack of enthusiasm

about resuming cultural relations with China, Persia, and other countries of the Far and Middle East with which India had ancient ties, and in fostering relations with countries such as the U.S.A., Germany, France, the U.S.S.R. and Japan, which were emerging as newly industrialized and culturally developing countries. The situation has now been dynamically altered.

Quality of cultural contacts — Fortunately, for more than half the period Great Britain, with which India was in intimate relationship, was the industrial leader of the world. Culturally too Great Britain was in the front rank of the Western nations. The English language itself assured the educated Indian of keeping in touch with most developments in art, science, literature and thought, for English had become the official language of India and the medium of instruction at the high school standard.

Whether all was well with this new Western culture is another matter; many brand it as utterly materialistic. Even so, it was a most welcome leaven for the reputed spirituality of India. We must distinguish between materialism and spirituality. When we say that the new Western culture was materialistic and that Indian culture had been spiritualistic we do not mean that Indians cared for material well-being less than the West, nor that the ethical and moral practice of India was more lofty. In commercial dealings, for example, the ethical standards of India had fallen low. However, India was endowed with¹ an intensity of other-worldliness that was not characteristic of the new Western culture. A deep-seated consequence of India's association with the West has been the development of a sense of this-worldliness. With this many intellectual and political *élites* were associated. Another important addition to the stock of Indian culture has been the growth of individualism, long to make its mark, and

¹ In the context of economic growth we should unreservedly say 'suffered from',

it still has to extend to the major portion of India's economy. It has been slow to incorporate social individualism. Indian philosophy has laid such emphasis on the greatness of the human soul in its spiritual aspect that it tends to efface all distinction between it and God. But in the relationship between man as a social being and the caste system as a social institution the individual becomes almost non-existent. Our earlier distinction between economic mobility (change in occupation) and social mobility (inter-caste marriage) closely parallels the distinction between 'economic individualism' and 'social individualism'.

Trade and specialization — India's exports were chiefly raw materials and her imports were chiefly manufactured consumer goods.¹ In 1939-40 the United Kingdom accounted for as much as 63 per cent of India's imports and over 25 per cent of India's exports.² Such a composition and direction of India's foreign trade inevitably restricted the degree and extension of specialization. By assuming the role of a raw-producing economy, India's scope for specialization was largely confined to the agricultural sector where there are narrow limits to specialization. Everywhere in the world the wide openings for specialization have been in the industrial sector of the economy. We have already seen the limited nature and extent of the growth of the capitalist industrial sector in India. Heavy industries were conspicuous by their absence. Thus the qualitative as well as the quantitative development of trade and specialization was severely limited.

Population — Compared with the rate of population growth in some of the industrially advanced countries of the world, India's population did not grow at an alarming rate. This points to the artificiality of India's overpopulation and reflects the slow growth of the Indian economy. If the growth of urban areas is

¹ Anstey, *The Economic Development of India*, pp. 624-6.

² Jathar and Beri, *Indian Economics*, Vol. II, p. 175.

some guide to industrialization, the rate of growth of India's towns and cities was unimpressive.¹ In quality of population, advance has steadily taken place in two important respects: education² and the struggle against epidemics and disease.³ But in the latter case effort has been concentrated chiefly on minimizing the number of deaths and not on a vigorous programme of health-building. As the per capita income of India remained at an extremely low level⁴ it was impossible for the health, and therefore the working efficiency, of the population to improve. The educational programme was also unsuited to the task of appreciably raising the quality of the population. Actually there was neither a 'programme' nor a 'task'. The non-industrial bias of the economy curtailed the need for technical education. Technical education also compared unfavourably with university degrees from the point of view of acknowledged social status. The higher-caste Hindus were especially affected by this wrong sense of prestige. The bulk of the lower castes remained untouched by modern education, in fact by any education whatever. Among the higher castes, the Brahmins and the Kayasthas were most easily able to acquire an education and hence had the largest share in the services and the professions. The lower-caste Hindus might have been the most

¹ Gadgil, *The Industrial Evolution of India* (1944), pp. 114, 145-6.

² Subramanian gives the following figures in his *Statistical Summary of Social and Economic Trends* on p. 2 concerning the progress of literacy:

	<i>In thousands</i>		
	1921	1931	1941
British India	14,998	18,072	37,016
Indian States	5,969	5,408	10,306
 <i>Literates per 10,000</i>			
British India	642	704	1,251
Indian States	552	665	1,108

³ Anstey, *The Economic Development of India*, pp. 72-8.

⁴ Jathar and Beri, *Indian Economics*, Vol. II, pp. 110-12.

appropriate category to undertake technical and allied occupations. Unfortunately they did not have the opportunity for education and training. If the future were to provide them with opportunities for suitable education they might well form an important group in technical employment. There is the danger that they might be influenced by the same false sense of prestige that affected the upper castes and prefer general to technical education. In many cases the urge to imitate the higher castes has prompted the lower-caste Hindus to take to certain out-of-date and, indeed, economically harmful practices of the higher-caste Hindus.

Resources — When we spoke about the artificiality of India's overpopulation, we implied that it was due to lack of full utilization rather than to lack of resources. In certain cases lack of resources may actually stimulate growth;¹ but, even if we leave that aside, the existing resources of India give a challenge to its problem of overpopulation. Unutilized man-power is a great potential asset once the other resources begin to be more adequately exploited, leading to a higher rate of capital formation. This is exactly what could not be done in the period under consideration. There was a considerable under-utilization of land, forests, fishing, minerals, and the power and man-power resources of the country.² Sadder still is the fact that in certain cases India's existing industrial equipment was not fully utilized³ and neither were the transportation potentialities.

CONCLUSION

It is clear that the factors hindering 'adaptation' which we have studied here were mainly secular. In the following chapter we shall inquire whether Hinduism

¹ Lamb, 'India: A Colonial Setting', in Williamson and Butterick (eds.), *Economic Development*.

² Ibid., pp. 473-82.

³ Ibid., pp. 477-80.

itself was in a position of disadvantage when compared with the opportunities for growth, occupational advancement and standard of literacy of other religions. It is true that the adverse effect of certain religious attitudinal and institutional elements continued; but these influences were becoming less effective. The most important depressors of 'adaptation' were lack of economic leadership, restricted accessibility, limited exploitation of trade and specialization opportunities, and non-utilization of human and physical resources. Only the first of these can be traced to the adverse attitudes of Hinduism and its caste system. Had there been effective economic leadership would the other three depressors have been ineffective? There is little doubt that their impact would have been weakened; but it is doubtful whether such impact would have weakened sufficiently to enhance the growth of the economy within the existing political arrangements of the country. This is not to underrate the significance of the attitudinal element. Indeed, it must be admitted that if the aspirations of people like J. N. Tata did not get fuller expression it was not only because the Government did not seriously consider encouraging the industrialization of the country, but also because of a situation in which the main objective was political independence, especially under a political leadership which looked suspiciously at the power of the machine.

Chapter VII

A NOTE ON RELIGIOUS DIFFERENTIALS

THE following chapter may seem to intrude as a long and perhaps tentative essay on a not well-proven theme. But we clearly cannot end this study of Hinduism without asking ourselves what position Hinduism occupies in an India that has turned consciously and with some determination to its problem of economic growth. Many readers may have gathered the impression during these chapters that the hold of Hinduism was weakening, and that Hinduism itself was beginning to disappear, and that in close parallel to the divisive influences of the Protestant sects in Europe, the new movements and the new thinking were heralds of something that was not Hinduism at all. Many critics will contend that Hinduism embraces so many shades of orthodoxy, unorthodoxy and frank disbelief that it defies definition and cannot therefore be used as a term of reference. Many, and especially those outside India, may confuse Hinduism with an Indianism or nationalism. It is our contention that Hinduism still survives as a way of life and thought sufficiently distinct and dynamic *vis-à-vis* the other religions to make our following arguments valid.

This appraisal is based on an analysis of the religious differentials in literacy, in urbanization and in occupational affiliations as well as in population growth; wherever possible the caste differentials in these respects will also be analysed.¹ Our regret is that it is not possible to present as recent a picture as we would wish.

¹ Except for what we have termed the 'minority effect' the discussion on urbanization and literacy takes advantage of the analysis of the relevant census data by Professor Kingsley Davis, *The Population of India and Pakistan* (1951).

India's population around A.D. 1600 was probably about 125 millions and is likely to have remained unchanged for a century and a half. Thereafter there was probably steadily accelerating growth until the total of 255 millions was reached at the time of the first census in 1871.¹ The per cent increases during each decade following 1871 until 1941 were respectively: 0.9; 9.4; 1.0; 6.1; 0.9; 10.6 and 15.0 (the population in 1941 being 388,998,000).² Although India's population increased considerably during the 1871-1941 period it is clear that the growth until 1921 was uneven, probably owing to famine and disease conditions.

The table below, giving the overall religious differential in population growth between 1881 and 1941, shows that by far the greatest increases have been experienced by Christians, Sikhs, Buddhists and Muslims.

RELIGIOUS DIFFERENTIAL IN POPULATION GROWTH,
1881-1941³

Percentage share in Total			% variation in share between 1881 and 1941
	1881	1941	
Hindu	75.09	69.46	+ 43.83
Muslim	19.97	24.28	+ 89.07
Tribal	2.57	2.26	+ 36.80
Christian	0.71	1.91	+317.63
Sikh	0.74	1.46	+207.08
Jain	0.49	0.37	+ 18.61
Buddhist	0.07	0.12	+173.47
Parsi	0.03	0.03	+ 34.67
Jewish	*	0.01	+ 90.43
Others	0.32	0.11	- 49.30
India			+ 55.50

* indicates less than 0.005%

¹ Davis, *The Population of India and Pakistan*, p. 26.

² Ibid., p. 27.

³ Ibid., p. 178.

Any attempt to explain the religious differential in population growth would entail a thorough examination of the relationship between birth-rate and death-rate, migration and conversion and the facts determining them. Here we can only make a few observations.

Although emigration has been more important than immigration, it has not been sufficient to affect the rate of growth either of the whole population of India or of the different religious groups; and since 1931 there has been a sharp decline in emigration. It is, however, interesting to note that of the total Indian emigrants to Fiji (1879-1916) and to British Guiana (1865-1917), the Hindus constituted as much as 83.5%, the Muslims 16.3% and the Christians 0.1%. Of that proportion of Hindus 13.6% were Brahmins and other high castes, 30.1% were of agricultural castes, 8.7% were artisans and 31.1% were low castes and outcastes.¹

Conversion has been a significant factor in influencing the growth of the major religious groups. Many Hindus went over to Christianity and Sikhism during the period under consideration, just as a large number went over to Islam during the Muslim period. Hinduism, in turn, received a significant number of Tribals; Tribals also went in large numbers to the Christian fold.

As for differential fertility, while it is difficult to make assertions there appears to be an inverse relationship between fertility and higher urbanization, higher social status, higher literacy and advanced occupational affiliations. On these scores the Jains, the Parsis and the Jews would have a lower fertility than the Christians, the Sikhs and the Tribals, and that is actually the case. But probably the most important factor in differential fertility between religions has been the marital status (civil condition) of women. Among Jains and Hindus the proportion of widows to women is the high-

¹ R. T. Smith, 'Some Social Characteristics of Indian Immigrants to British Guiana', in *Population Studies* (London), July 1959, p. 39.

est of all religions. The Parsis on the other hand have the largest proportion of unmarried women. The Hindus can thus expect a considerable increase in their fertility as the hold of the practice of non-remarriage of widows is loosened, unless spinsterhood and a greater use of contraceptives prove powerful counteracting influences.

Regarding the caste differential in fertility, the higher castes as well as the intermediate castes, with certain exceptions, maintained, and in many cases increased, their share in the total Hindu population. The Brahmins, while they increased their share in certain provinces, experienced on the whole a diminution in their share. The very lowest castes like the *Bhangi* (scavenger), the *Dom* (funeral attendant) and the *Dhobi* (washerman) tended to reduce their share. The *Chamars* on the other hand increased their share. Among the Muslims, too, the *Jolaha*, a relatively low social group, diminished their share in many provinces. At least two tendencies seem to have been at work. There was an attempt by the lower castes socially to shift nearer the relatively high-caste groups wherever possible. On the other hand, the castes at the highest levels, especially the Brahmins, were showing a lower fertility. This second tendency may have been largely due to such high-caste groups having high urbanization, high literacy, advanced occupational affiliations and a widespread practice of non-remarriage of widows relative to the lower-caste groups.

URBANIZATION

In 1941 townspeople constituted 12.8% of the total Indian population: 12.1% of the Hindus, 14.6% of the Muslims, 19.9% of the Christians, 10.7% of the Sikhs, and 41.4% of the Jains were urban in 1941; while in 1931 0.8% of the Tribals, 5.0% of the Buddhists, 89.0% of the Jews and 5.2% of the 'others' were urban.

Between 1911 and 1941 Indian urban population increased by 35.4%, Hindu urban population by 38.4%, Muslim by 23.0%, Sikh by 61.4% and Jain by 40.2%. There was a 6.4% decline in the Christian urban population. Between 1911 and 1931 the Buddhist urban population increased by 8.6%, the Parsi by 2.9% and the 'others' by 6.8%¹

The share of a particular religion in the urban population might appear to decline if the increase in the number of its adherents in the rural areas was comparatively faster and this was markedly the case with a religion like Christianity which normally secured its converts from rural and tribal areas. The rate of increase in urbanization in a religion was also affected by the degree of urbanization already achieved by that religious group.

It was not surprising, therefore, that the Parsis experienced no appreciable increase but the Hindus and Sikhs did. The Jains also showed a marked increase. Probably they were beginning to resemble the Parsis in having little further scope for maintaining their rate of urbanization. Muslims were more urbanized than Hindus; but they showed a lower rate of urbanization. In part this was due to a very slow rate of growth of relatively small cities and towns where the Muslims showed greatest concentration.¹ Another factor was their relative backwardness in literacy and in higher occupational affiliations which generally varied directly with urbanization.

The table opposite gives the number per 1,000 of each main religion which lived in towns in 1931 in the different provinces and States. The first thing to be noted is that only the Hindus had a smaller figure for urbanization than the all-India and all-Provinces averages. The provinces where the figure for the Hindus was higher than the average for all religions were Assam, Baluchistan,

¹ Davis, *The Population of India and Pakistan*, p. 142.

² Ibid., p. 193.

Bengal, the N.W.F.P. and the Punjab. It is most interesting that it is in these, and only in these, that the Hindus were more urbanized than the Muslims. The only province where the Hindus were more urbanized

NUMBER PER 1,000 OF EACH MAIN RELIGIOUS GROUP LIVING
IN TOWNS, 1931¹

Province State or Agency	All Religions	Hindu	Jain	Parsi	Muslim	Christian
India	111	105	346	891	135	202
Provinces	109	106	373	905	121	246
Ajmer-Merwara	322	260	333	997	555	893
Assam	25	31	334	857	19	17
Baluchistan	199	806	1000	1000	107	983
Bengal	74	118	616	888	37	424
Bihar & Orissa	44	40	496	938	88	87
Bombay	222	203	322	906	249	594
C.P. & Berar	109	99	321	934	452	580
Coorg	60	44	602	1000	178	248
Delhi	703	612	857	1000	870	655
Madras	136	124	229	957	253	209
N.W.F. Province	159	651	—	1000	115	934
Punjab	130	178	613	936	122	158
U.P.	112	79	458	994	289	388

than the Christians was the Punjab. The Jains were most urbanized in Baluchistan, Delhi, the Punjab and Bengal, being cent per cent urbanized in Baluchistan. The Parsis were most urbanized in Baluchistan, Coorg, Delhi and the N.W.F.P., where Parsis lived only in towns; in every province they were chiefly to be found in urban areas. Apart from Assam and Bengal however, they were least urbanized in Bombay. Muslims were most urbanized in Delhi, C.P. & Berar, the U.P., Madras and Bombay, and they were least urbanized in Assam, Bengal, Bihar & Orissa, the Punjab, the N.W.F.P. and Baluchistan. The Christians were most urbanized in Baluchistan, N.W.F.P., Ajmer-Merwara, Delhi and Bombay and were least urbanized in Assam, Bihar, Orissa and the Punjab.

¹ *Census of India, 1931*, Vol. I, Part 1, p. 61.

Now, it was in the different provinces and States in which the respective religious groups had the largest population that they were least urbanized. Even the most urbanized of the religions, the Parsi, was less urbanized in Bombay than elsewhere. Conversely, the religious groups were most urbanized in provinces where they had least concentration of their population. A minority religion had thus in almost all cases a greater propensity to urbanization than the majority religion. The explanation of the intensive urbanization of the minority religion is that the followers of majority religions were generally the older inhabitants of the provinces in question and were thus spread over wider areas including rural areas, many of them tied to land and other primary occupations. Part of the explanation is that migration was usually to an urban area. The minority religions, relevant to particular regions, were also probably more receptive, adaptable and vigorous. For one reason or another, there appears to be a 'minority effect'; the minority religions in the respective areas were more urbanized than the majority religions.

L I T E R A C Y

The following table shows the share and progress of the different religions in India in regard to literacy between 1891 and 1931.

PERCENTAGE OF LITERATE POPULATION OVER TEN
YEARS OF AGE: BY RELIGION, 1891-1931¹

Year	Hindus	Muslims	Christians	Sikhs	Jains	Parsis
1891	6.3	4.2	26.5	6.8	32.6	66.2
1901	6.5	4.4	26.6	7.5	30.9	76.2
1911	7.3	5.2	28.5	8.8	34.8	82.7
1921	8.6	6.2	31.7	8.0	37.8	83.7
1931	9.3	7.2	30.5	10.2	38.2	83.0
% Increase						
1891-1931	46.4	70.7	14.9	49.9	17.1	25.4

¹ Davis, *The Population of India and Pakistan*, p. 155.

As might be expected, the Parsis, Jains and Christians had the highest degree of literacy but the lowest rate of progress over the period. The Muslims, followed by the Sikhs and the Hindus, had the lowest degree of literacy but the highest rate of progress. There is however a significant difference between these high and low literate groups. The Muslims, less literate than the Hindus, experienced a much higher rate of progress; the Parsis, more literate than the Jains and the Christians, progressed at a faster rate than either of them; and the Jains too, more literate than the Christians, progressed faster than the Christians did. At least four factors seem to have been at work. Scope was the first; with a degree of literacy already high, the Parsis (and also the Jains)¹ could not expect to register the same rate of progress as the Muslims for instance. The second was a sense of urgency and adaptability; towards the close of the nineteenth century the Muslims appeared to realize their backwardness and to try to make progress. The third factor concerned relative rates of increase in population and in literacy within a particular religion. It was especially significant in the case of the Christians. Their increase in numbers was closely related to conversion, and as their converts were generally rural and tribal in character, the Christians' rate of increase in literacy was lowered. The increase in Sikh literacy was probably related to their increase in urbanization. The last factor was the wide social variation in the membership of the different religions. This was most applicable to the Hindus, who showed an extremely large caste differential ranging from about 63.4% literacy to as low as 0.55%.² Thus extremely slow progress in certain castes lowers the overall rate of literacy even if other castes made considerable progress.

Lastly, if one looks at the position of the religious differential in literacy in the provinces and the States

¹ *Census of India*, 1931, Vol. I, Part 1, p. 329.

² *Ibid.*, pp. 330-2.

NUMBER OF LITERATE MALES PER 1,000 OF EACH
MAIN RELIGIOUS GROUP, 1931¹

	Hindus	Jains	Muslims	Christians
India	144	582	107	352
Ajmer-Merwara	164	799	196	848
Assam	186	716	115	277
Baluchistan	516	778	44	786
Bengal	263	644	116	487
Bihar & Orissa	102	601	100	158
Bombay	178	540	121	455
C.P. & Berar	118	625	265	626
Coorg	246	600	203	432
Delhi	208	588	213	542
Madras	182	612	229	278
N.W.F.P.	416	—	42	786
Punjab	166	502	58	121
U.P.	91	590	97	327

(above), there is some ground for believing that the minority religion had an advantage over the majority religion in literacy. To take only Hindus and Muslims, the Hindus were most literate per 1,000 of their population in the dominantly Muslim provinces of Baluchistan and the N.W.F.P., whereas they were least literate in the predominantly Hindu provinces of the U.P., Bihar & Orissa, and C.P. & Berar.

OCCUPATIONAL AFFILIATIONS

The compilation of the relevant statistics on occupational distribution according to religion has always been optional at the censuses and it was only in 1911 that a reasonably adequate coverage of such statistics was effected. It will not, therefore, be possible to measure the changes in the occupational distribution of the religious groups. Although we have some data on the

¹ *Census of India, 1931*, Vol. I, Part 1, p. 240.

castes in relation to occupational distribution right up to 1931 (and in the case of Cochin up to 1941), changes in definition and classification of occupations at different censuses make it almost impossible to determine any reliable tendencies. The material on this topic in the Indian Censuses is so far unexplored and this prompts us to present the position in general terms.

The table on p. 168 gives the proportion of workers in each important occupation to the total workers in each of the main religions. In 1911 the Animists had the highest proportion of primary producers and theirs was the only proportion higher than the average for all religions. They were followed in a descending order, ignoring 'others', by Hindus, Sikhs, Muslims, Christians and Jains. The small proportion of Jains is conspicuous. The small figure for Christians is also very striking; although one would expect a relatively small proportion of them to be primary producers, most of their members came from poorer sections of the community and a greater association with primary production might have been expected. The explanation is probably that they were poor and had few landed interests, and once they were converted to Christianity they found their mental horizon relatively widened and their incentive to stick to agricultural occupations weakened. Part of the explanation might be their large proportion in the 'miscellaneous' occupations, particularly in the 'insufficiently described occupations' and domestic service. The Muslims were less associated with mineral occupations than the Hindus and, indeed, had a lower figure than the Christians. It would appear that the association of the Muslims with primary production was less diversified than that of the Hindus and Christians. In this respect, the position of the Animists was the best. Leaving aside the Jains, the Sikhs were the least diversified primary producers. The Jains presented an interesting phenomenon, having mineral occupations almost double the occupations associated with animals and vegetation. Apart from the

DISTRIBUTION OF WORKERS 1911: ALL-INDIA OCCUPATIONAL ANALYSIS ACCORDING TO RELIGION

Occupation	All Religions	Hindu	Muslim	Christian	Animist (Tribal)	Sikh	Jain
	%	%	%	%	%	%	%
Share in total population	100	67.58	25.86	0.99	3.88	1.37	0.06
A. Production of raw materials	73.78	73.57	73.05	54.59	88.33	73.50	11.37
I. Animals and vegetation	73.59	73.37	72.98	54.51	87.63	73.47	11.35
II. Extraction of minerals	0.18	0.20	0.08	0.09	0.70	0.03	19.01
B. Preparation and supply of material substances	17.43	17.91	17.35	25.40	3.61	20.26	79.01
III. Industry	10.88	10.98	11.80	14.91	1.76	11.94	4.91
IV. Transport	1.46	1.23	2.02	3.74	0.79	2.01	0.34
V. Trade	5.09	5.69	3.52	6.76	1.06	6.31	73.75
C. Public administration and liberal arts	3.05	3.10	2.96	10.05	0.45	3.63	3.98
VI. Public force	0.74	0.67	0.86	5.47	0.24	1.53	0.11
VII. Public administration	0.62	0.64	0.65	1.25	0.10	0.55	1.32
VIII. Professions and liberal arts	1.54	1.67	1.30	4.57	0.11	1.10	1.27
Religion	0.80	0.96	0.47	1.99	0.04	0.47	0.54
Law	0.10	0.11	0.07	0.18	0.07	0.07	0.15
Medicine	0.20	0.21	0.17	0.57	0.01	0.08	0.12
Instruction	0.18	0.17	0.16	1.13	0.01	0.11	0.29
Letters, arts and sciences	0.27	0.22	0.41	0.80	0.04	0.36	0.17
IX. Persons living on own income	0.13	0.11	0.16	0.72	0.01	0.45	1.28
D. Miscellaneous	5.75	4.93	6.49	10.67	5.19	2.62	5.64

Note: The combined share in total population of the religions given in the table does not add up to 100 because the category 'others' has been ignored here. A minor inaccuracy has also been introduced because the category 'others' in certain provinces and states as given in the source-tables mentioned below includes one or another of the religions entered in this table. The rounding of figures mainly accounts for the minor discrepancies. The broad picture, however, remains undistorted.

Source: Derived from *Census of India, 1911*, Vol. I, Part 2, Tables, pp. 322-30.

Jains, the Animists and the Hindus were the only religions with a figure higher than the combined figures for all religions.

In the section 'preparation and supply of material substances', the position of Hindus *vis-à-vis* Muslims was on the whole similar to that for primary production. The Muslims had higher proportions than the Hindus in both Industry and Transport although, as might be expected, the Hindus were more conspicuous than the Muslims as traders. The reason for a higher Industry figure for the Muslims would be their association with textiles, where the *Jolahas* were traditionally predominant. As for other religions, the figure for the Jains is as conspicuously high as their figure for primary production is low. In 1911 the Jains had the lowest figure for Transport and, except for the Animists, also for Industry; both figures are much lower than one might have expected. The sole reason for their extremely high total figure was their association with trade. The Sikh figure is also noteworthy as it is, if we ignore the exceptional proportion of the Jains, second only to the Christians. The low figure for the Animists was to be expected. Apart from the Jains, Hindus and Muslims, the relationship in the other religions regarding Industry, Transport and Trade follows the same pattern as the combined figure for 'preparation and supply of material substances' as a whole. All the religions, excluding the Jains, have their highest figure in Industry followed in descending order by Trade and Transport. If we again exclude the Jains, the Hindus and (very much more so) the Animists have a lower figure for Transport than the figure for all religions. Apart from the Animists, the Muslims alone have a lower figure for Trade than the figure for all religions.

In 'public administration and liberal arts' as a whole the Muslims, neglecting the Animists, have the lowest proportion—lower than the combined all-religions figure. Both the Jains and the Sikhs have a higher proportion

than the Hindus. The proportion of the Christians is highest of all, and this is true in almost all the sub-sections of 'public administration and liberal arts' and in each of the 'orders' under 'professions and liberal arts'. The two Muslim figures significantly higher than the Hindus' are for 'public force' and 'letters, arts and sciences'. We must, however, hasten to make it clear that the category 'letters, arts and sciences' is one of the most misleading orders in the schedule, being a medley of unrelated occupations. Nearly three-fourths of the persons included here are composers and masters of music, players on musical instruments, singers, actors and dancers, most of whom are village drummers whose services are requisitioned for marriages and religious festivals. Such people are grouped with men of science! The Sikhs, as might be expected, have a relatively high figure for 'public force', being second only to the Christians. The very high figure for the Christians must be attributed to Europeans and Anglo-Indians, for purely Indian Christians could not be expected to join the Public Force in such large numbers as the proportion suggests. The Animists have by far the smallest proportion in almost every one of the sub-heads under 'public administration and liberal arts', which is hardly surprising considering the low degree of urbanization and literacy among them. The only exception to this is in 'public force', where the religiously non-violent Jains have the lowest figure. Indeed, it is surprising that Jains appear in that category at all. After the Christians, the Hindus have the highest proportion in most of the items under 'professions and liberal arts'. The Jains have a higher proportion than the Hindus in Law and Instruction. Considering that much of this sub-class has to do with urbanization and literacy the religious proportions are altogether quite expected.

Nor is it at all surprising to find that the Jains have the highest proportion in the category 'persons living on own income'. But it is certainly surprising to find

that, apart from the Animists, the smallest proportion in that category is for the Hindus. It must, however, be remembered that the drag of the lower castes is a most important factor in lowering many of the relevant proportions for the Hindus. As we saw in the preceding two sections, there is a strong basis for the validity of this assumption, and we will discuss it further when we deal with the occupational distribution of the castes. Another important factor is the peculiarity of circumstances in certain provinces and States, to which we must now turn our attention.

It is most hazardous to say much about the 'miscellaneous' group which contains many elements of ambiguity and generality. It includes elements that properly belong to other categories and also a variety of widely differing occupations which could not be assigned to other parts of the scheme.

We spoke earlier of a 'minority effect' when dealing with urbanization and with literacy, and this effect is no less marked in the case of occupational distribution. We consider here a few of the provinces and States by way of example, but this 'minority effect' we found in operation almost everywhere. In Assam in 1911 (see p. 172) Muslims had a greater proportion than Hindus in the production of raw materials and were also less diversified in that respect than the Hindus were. The Christians did not have the small proportion which is so striking a characteristic in the all-India picture and, indeed, their proportion as primary producers was barely less than that of the Hindus. This, however, is quite in keeping with the fact that most of the Christians in Assam were drawn from the Tribals whose proportion in primary production was even higher than their proportion in the all-India setting. 'Others' were the most diversified group, not only in primary production but also in all occupations taken together. Undoubtedly, this category was composed of elements such as the Jains who had a low share in primary production, and

PERCENTAGE OF WORKERS IN EACH OCCUPATION BY RELIGION, 1911 — ASSAM

Occupation	All Religions	Hindu	Muslim	Christian	Animist	Others
	%	%	%	%	%	%
Share in total population	100	54.37	26.93	0.94	17.55	0.20
A. Production of raw materials	87.61	83.80	90.79	83.46	94.96	66.70
I. Animals and vegetation	87.51	83.68	90.75	83.31	94.90	65.17
II. Extraction of minerals	0.92	0.12	0.04	0.16	0.07	1.53
B. Preparation and supply of material substances	7.61	10.64	5.07	4.91	2.12	22.30
III. Industry	3.06	4.59	1.46	1.67	0.90	3.40
IV. Transport	1.08	1.47	0.66	1.64	0.53	1.10
V. Trade	3.46	4.59	2.95	1.60	0.76	17.82
C. Public administration and liberal arts	1.84	2.71	0.89	6.41	0.32	3.56
VI. Public force	0.26	0.35	0.22	0.36	0.08	1.20
VII. Public administration	0.21	0.28	0.10	0.73	0.17	0.54
VIII. Professions and liberal arts	1.31	2.03	0.57	4.95	0.05	1.74
Religion	0.78	1.30	0.22	1.21	0.01	0.75
Law	0.07	0.11	0.03	0.05	—	0.03
Medicine	0.15	0.21	0.12	0.52	0.02	0.20
Instruction	0.17	0.21	0.12	2.68	0.01	0.51
Letters, arts and sciences	0.13	0.20	0.06	0.48	0.01	0.25
IX. Persons living on own income	0.04	0.06	0.02	0.37	0.01	0.08
D. Miscellaneous	2.93	2.83	3.25	5.21	2.60	7.44

See Note to table on p. 168.

Source: Derived from *Census of India, 1911*, Vol. I, Part 2, Tables, pp. 322-30.

belonged to what may be called an 'occupationally advanced religion'. Apart from 'others', the Hindus had the highest proportion in 'preparation and supply of material substances', leaving the Muslims and even the Christians far behind. Moreover the Hindus exhibited the same superiority in the individual categories as well, i.e. in Industry, Transport (in which, however, they were slightly behind the Christians) and Trade. The Hindus were also much better *vis-à-vis* the Muslims than in the all-India setting as regards 'public administration and liberal arts', and although the proportion of people in Assam engaged in this sector was less than that for all India, the margin of superiority of the Christians and 'others' was also reduced in favour of the Hindus. The Hindu position in the individual categories (under this category) is also very much higher. They had a higher figure in 'public force' than the Muslims and a hardly lower figure than the Christians. They were second only to the Christians in 'professions and liberal arts' and came after the Christians and 'others' in 'public administration'. We find the same picture in the detailed categories under 'professions and liberal arts'. We see too that in Assam the Hindus were economically more independent than the Muslims.

In 1911 the Hindus in Bengal (see p. 174), with a population not very much less than the Muslims and thus not having the advantage of a marked minority differential, had a much more advanced occupational distribution than the Muslims had. This is significant indeed and calls for explanation. If we agree that the drag on an advanced occupational distribution of the Hindus had much to do with their lower castes, then the historical process of the growth of Islam in Bengal would provide an important clue. Those Hindus who were converted to Islam (as happened later with Christianity) came chiefly from the lowest strata of the Hindu society. That being so, such converts from Hinduism in Bengal took with them a large part of the

PERCENTAGE OF WORKERS IN EACH OCCUPATION BY RELIGION, 1911 — BENGAL

Occupation	All Religions						Animist	Buddhist	Others
	%	Hindu	Muslim	Christian	%	%			
Share in total population	100	45.18	52.34	0.26	1.59	0.53			0.03
A. Production of raw materials	77.91	68.09	86.22	44.44	91.34	79.24			6.55
I. Animals and vegetation	77.66	67.63	86.20	44.10	89.52	79.24			6.55
II. Extraction of minerals	0.25	0.47	0.02	0.34	1.82	—			—
B. Preparation and supply of material substances	14.52	22.48	7.87	24.01	5.75	10.77			62.78
III. Industry	7.43	11.32	4.30	6.24	1.25	4.33			10.19
IV. Transport	2.08	2.63	1.51	12.40	3.58	1.02			6.94
V. Trade	5.01	8.53	2.06	5.37	0.93	5.42			45.66
C. Public administration and liberal arts	2.55	4.36	0.95	22.80	0.18	2.00			16.88
VI. Public force	0.40	0.55	0.25	4.39	0.10	0.49			2.46
VII. Public administration	0.29	0.48	0.11	2.92	0.05	0.18			2.60
VIII. Professions and liberal arts	1.75	3.13	0.56	12.01	0.02	1.27			10.25
Religion	0.80	1.48	0.23	4.24	—	0.22			1.36
Law	0.16	0.32	0.03	0.47	—	0.02			1.20
Medicine	0.35	0.63	0.11	1.90	0.01	0.78			2.57
Instruction	0.21	0.34	0.08	3.14	—	0.17			3.65
Letters, arts and sciences	0.23	0.36	0.10	3.16	—	0.08			1.47
IX. Persons living on own income	0.11	0.19	0.03	3.58	0.02	0.06			2.22
D. Miscellaneous	5.01	5.07	4.62	14.21	2.73	7.98			13.14

See Note to table on p. 168.

Source: Derived from *Census of India, 1911*, Vol. I, Part 2, Tables, pp. 322-30.

drag on Hinduism in regard to occupational distribution (and also in regard to urbanization and literacy). The figures for the Animists and the Christians do not call for any comment. The 'others' must have comprised the Jains and similar small communities with a traditionally advanced occupational distribution. One last point about the Hindus that calls for attention is that their proportion for Industry was higher than that for Trade—an unusual phenomenon.

In C.P. & Berar (see p. 176) Muslims were occupationally more advanced than the Hindus. In each of the categories and sub-categories the position of the Muslims was remarkable. In Trade, for instance, they had a much higher proportion than one might have expected. Though they constituted less than 4% of the total population in 1911 they were the biggest trading class in the province. Their position may be attributed to the minority impact we have discerned again and again.

A comparison between the 1911 figures for the Punjab (p. 177) and Bengal is instructive. With a proportionate population that, compared with the Muslims, was less than that in Bengal, the Hindus in the Punjab had an occupational distribution only slightly more advanced than the Muslims had. Why? Probably the most important factor was a difference of calibre between the Muslims of Bengal and of the Punjab; not many of the Punjabi Muslims were derived from the lower strata of Hindu society and a good proportion of them were descended from immigrants during the Mughal era. The second significant point was the bias of the Sikhs towards primary production. This was due largely to their position as a major religious group in the Punjab: thus they forfeited the advantage of a minority group and experienced the disadvantage of a majority group. That the Sikhs were less advanced economically than the Muslims is related largely to their origin; they derived mostly from lower-caste groups. Another

PERCENTAGE OF WORKERS IN EACH OCCUPATION BY RELIGION, 1911 — C.P. & BERAR

Occupation	All Religions		Hindu		Muslim		Christian		Animist		Others	
	%		%		%		%		%		%	
Share in total population	100		79.88		3.65		0.46		15.53		0.48	
A. Production of raw materials	79.72		78.71		42.74		61.06		95.91		22.75	
I. Animals and vegetation	79.54		78.53		42.48		60.87		95.70		22.61	
II. Extraction of minerals	0.19		0.18		0.27		0.20		0.21		0.14	
B. Preparation and supply of material substances	15.14		16.15		38.15		10.22		2.95		70.49	
III. Industry	10.07		11.41		16.97		3.91		1.85		4.82	
IV. Transport	1.36		1.35		4.45		5.34		0.54		2.12	
V. Trade	3.71		3.39		16.73		0.97		0.56		63.55	
C. Public administration and liberal arts	3.26		3.33		10.67		22.44		0.52		5.03	
VI. Public force	1.08		1.11		3.33		7.03		0.25		1.70	
VII. Public administration	0.64		0.62		3.39		1.27		0.07		0.83	
VIII. Professions and liberal arts	1.46		1.55		3.37		12.78		0.20		2.30	
Religion	0.81		0.89		1.26		8.58		0.07		0.61	
Law	0.09		0.09		0.34		0.10		—		0.40	
Medicine	0.11		0.11		0.43		0.55		0.01		0.16	
Instruction	0.18		0.18		0.70		2.50		0.01		0.70	
Letters, arts and sciences	0.27		0.28		0.63		1.06		0.11		0.44	
IX. Persons living on own income	0.07		0.06		0.59		1.36				0.19	
D. Miscellaneous	1.88		1.80		8.43		6.28		0.62		1.73	

See Note to table on p. 168.

Source: Derived from *Census of India, 1911*, Vol. I, Part 2, Tables, pp. 322-30.

PERCENTAGE OF WORKERS IN EACH OCCUPATION BY RELIGION, 1911 - PUNJAB

Occupation	All Religions	Hindu	Muslim	Christian	Sikh	Others
	%	%	%	%	%	%
Share in total population	100	36.27	50.75	0.83	11.92	0.23
A. Production of raw materials	60.11	55.96	60.44	38.19	73.64	17.00
I. Animals and vegetation	59.96	55.79	60.27	38.18	73.61	17.00
II. Extraction of minerals	0.15	0.17	0.17	—	0.03	0.01
B. Preparation and supply of material substances	29.77	54.07	28.59	38.13	20.25	75.07
III. Industry	22.32	19.93	22.42	32.57	12.03	4.26
IV. Transport	2.93	2.63	3.36	3.61	2.01	1.61
V. Trade	6.51	11.50	2.81	1.95	6.21	69.14
C. Public administration and liberal arts	4.46	4.84	4.17	19.01	3.52	5.04
VI. Public force	1.10	0.69	1.13	11.96	1.45	0.45
VII. Public administration	0.32	0.82	0.49	1.66	0.52	2.33
VIII. Professions and liberal arts	2.49	3.06	2.38	4.60	1.10	1.62
Religion	1.42	2.24	1.05	1.99	0.47	0.13
Law	0.10	0.17	0.24	0.97	0.08	0.24
Medicine	0.20	0.14	0.07	0.05	0.07	0.67
Instruction	0.17	0.20	0.14	1.05	0.11	0.38
Letters, arts and sciences	0.61	0.31	0.88	0.54	0.37	0.20
IX. Persons living on own income	0.24	0.27	0.16	0.79	0.45	0.64
D. Miscellaneous	5.67	5.14	6.80	4.67	2.60	2.89

See Note to table on p. 168.

Source: Derived from *Census of India, 1911*, Vol. I, Part 2, Tables, pp. 322-30.

PERCENTAGE OF WORKERS IN EACH OCCUPATION BY RELIGION, 1911 — TRAVANCORE

Occupation	All Religions	Hindu	Muslim	Christian	Others
	%	%	%	%	%
Share in total population	100	66.57	6.61	26.36	0.46
A. Production of raw materials	55.62	52.98	65.96	59.23	80.96
I. Animals and vegetation	55.57	52.94	65.91	59.18	80.67
II. Extraction of minerals	0.05	0.03	0.06	0.05	0.29
B. Preparation and supply of material substances	27.08	28.72	21.12	24.89	1.13
III. Industry	17.16	19.44	12.20	12.95	0.42
IV. Transport	1.60	0.86	0.79	2.62	0.32
V. Trade	8.32	8.08	8.14	9.33	0.40
C. Public administration and liberal arts	4.24	4.71	1.63	3.77	0.18
VI. Public force	0.27	0.26	0.11	0.01	—
VII. Public administration	0.95	1.40	0.15	0.95	—
VIII. Professions and liberal arts	2.85	3.06	1.35	2.65	0.18
Religion	1.86	0.68	0.63	0.99	0.13
Law	0.25	0.18	0.01	0.24	—
Medicine	0.30	0.23	0.04	0.25	—
Instruction	0.77	0.61	0.20	0.57	—
Letters, arts and sciences	0.55	0.36	0.75	0.60	0.05
IX. Persons living on own income	0.17	0.12	0.03	0.16	—
D. Miscellaneous	13.06	13.57	11.29	12.10	17.73

See Note to table on p. 168.

Source: Derived from *Census of India, 1911*, Vol. I, Part 2, Tables, pp. 322-30.

significant detail in this table is the very high proportion of Christians in Industry, which is unusual.

The Hindus in Travancore (p. 178) appeared in 1911 to have lost a substantial part of the lower-caste component; this, we suggest, had passed over to the Christian fold. Otherwise it is hard to explain the extremely low (the lowest) Hindu figure in 'production of raw materials' and the higher figures in that category for Muslims, and for Christians in particular.

From this survey of the figures for five different areas from the 1911 Census we can pass to an overall assessment of the picture in the form of the following five general propositions.

First, we draw attention to what we have called a 'minority effect' signifying a relatively advantageous position of a minority religion shown in an occupational distribution relatively advanced when compared with that of the majority religion. There were more than two religious groups in every province or State. The problem is: was the 'minority effect' at work in favour of all but the majority religion, or was there a particular minority religion peculiar to a particular province or State? As a general proposition we can say that it worked in favour of all the minority religions as against the majority religion. Here we must bring forward the second proposition which is that the 'minority effect' did not work one way only, but gave a similar advantage to a majority religion when its proportion of the total population in a certain province or State was markedly reduced. (Conversely, a minority religion showed up badly when its proportion of the total population in a certain province or State was markedly enhanced.) Thus it was not essential for the majority religion to be transformed into a minority religion to acquire the favourable impact of the 'minority effect'; it was shown when the religion lost a considerable part of its normal overwhelming majority position. After examining the Travancore table one might say that there could be no validity in the

principle of 'minority effect' at all, or, at any rate, that there was a contradiction between the impact of the principle in, say, C.P. & Berar and in Travancore. On further reflection, however, the contradiction would appear to be apparent rather than real. It is true that the Hindus in Travancore in 1911 were still the majority religion, the Muslims having only a small proportion of the population and the Christians being much less than half of the Hindu share of the population. For the minority effect to hold one would expect the Hindus to have had a relatively backward occupational distribution and the Muslims and the Christians to have had a relatively advanced occupational distribution. Now, a comparison with the all-India figures (p. 168) will show that the type of occupational distribution the Muslims had in Travancore was by no means backward judged from their normal occupational pattern. The fact remains however that, in Travancore, both the Muslims and the Christians were tied to the land more than the Hindus were. This is all the more striking for the Christians in view of their normal occupational pattern. We have found them to be usually much less dependent on land than the Hindus are. But it is equally true that we have not usually found them with such an important proportion of the population as they have in Travancore (and Cochin). This, in itself, is a significant variable. The fact that the Hindus in Travancore still had over 66% of the population is not as striking as the fact that the Christians had over 26% of the population. The determining element in 'minority effect' was not that the Christians are still a minority religion, but that they were much less of a minority than they were in other provinces.

The basic elements of the next three propositions are present in the foregoing discussion but the following analysis of the occupational distribution of the castes will throw some further light on them. The third proposition is that the drag of the lower castes that shows

itself in an extremely backward occupational distribution is a factor of primary significance in curtailing the advanced occupational distribution of the Hindus. Our fourth proposition is that the effectiveness of the non-Hindu religions (at any rate, of some of them) in fostering a relatively advanced occupational distribution is partly related to a liberal institutional framework (i.e. the absence of a caste system). Lastly, the most far-reaching proposition, but also the one most open to challenge: it is not so much religion that has fundamentally determined the occupational distribution of the communities, but the socio-historical factors which have very largely defined the frontiers of the different Indian religions.

Let us look first at the occupational distribution of some of the castes in certain provinces and States in India as they were at the beginning of the century. Our analysis is based on the tables giving this information in the *Census of India*, 1901. Here we must remember at least two things. First, these tables were not as comprehensive as those on the occupational distribution of religions and included only selected castes. This puts a severe limit to the value of the inferences to be drawn from the figures contained therein. Many of the castes associated either with primary production or industry or trade or professions were omitted. It must be remembered, therefore, that it would be dangerous to expect a conclusive picture with regard to backward versus advanced distribution of occupations, especially so far as the lower castes are concerned. The second consideration to be borne in mind is that some of the castes included (as well as some of those not included) in the tables were bound because of their caste calling to show signs of predetermined occupational affiliation. Many important changes had taken place and the importance of traditional caste occupations had declined.¹ Even so, certain castes continued to have a relatively strong

¹ *Census of India, 1911*, Vol. I, Part 1, Report, pp. 428-9.

PERCENTAGE OF MALE WORKERS IN EACH OCCUPATION BY CASTE, 1901 — BENGAL

Caste or Tribe Traditional Occupation	Brahman Priests	Kayastha Scribes	Ahir & Goala Herdsmen & Milkmen	Kamar & Lohar Blacksmiths	Kumbhar Potters	Tanti & Tatwa Weavers	Teel Oil- pressers	Kaibastha Cultivators & Fishermen	Chamar & Mochi Hidressers & Cobblers
Administration, Defence, etc.	0.92	5.00	0.19	0.22	0.07	0.19	0.07	0.19	0.16
Animals and vegetation	71.30	67.10	80.62	48.75	38.08	39.74	51.76	76.79	61.89
Personal and household services, etc.	1.38	3.17	0.62	0.72	0.41	1.00	1.11	1.17	0.92
General labour, etc.	1.16	2.19	6.43	7.30	3.85	8.94	4.94	4.32	17.87
Industry	26.50	7.17	10.88	41.04	55.90	46.85	39.51	14.75	14.90
Commerce, transport, etc.	1.82	5.34	0.72	0.65	0.47	1.54	1.79	1.39	1.00
Learned professions, etc.	17.82	7.77	0.08	0.42	0.38	0.39	0.21	0.51	2.29
Independent	2.61	0.72	0.20	0.43	0.89	0.75	0.30	0.43	0.53
Indefinite	0.58	1.54	0.26	0.47	0.17	0.60	0.31	0.44	0.44

Source: Derived from *Census of India, 1901*, Vol. 1, Part 2, Tables, pp. 406-11.

affiliation with one traditional occupation or another—some having an industrial bias and others a primary producing bias.¹

In the case of Bengal (p. 182) lower castes and a backward occupational distribution did not seem to go strictly together, if by backward occupational distribution we mean, as we have implied above, a preponderant dependence on agriculture. Most of the lower castes showed an industrial rather than a primary producing bias and were much less dependent upon agriculture than the two higher castes (Brahmins and Kayasthas), but this is largely a consequence of the lower castes owning little land. In the occupations that needed educational qualifications, however, e.g. administration and the learned professions, the lower castes had, as one would expect, a very small proportion. Of the Brahmins and the Kayasthas, the former were more dependent on agriculture than the latter and had a higher proportion both in industry and in the learned professions. The Kayasthas, however, had a higher proportion than the Brahmins in trade and administration.

In C.P. (p. 184), the lower castes in 1901 were again the main industrial classes. The *Bairagi* had a higher share than the Brahmins in the learned professions but there can be little doubt that the high figure of the *Bairagi* in that category was largely because of their large participation in religious activities; the Brahmins would probably have been the main caste in the more usual learned professions such as law, medicine, teaching and fine arts.

The Brahmins had the highest figure under Personal Services. This should be taken to signify personal service of a higher status than household and domestic service. Brahmins are not generally employed as domestic servants of the menial type; they are, however, engaged as cooks and as household supervisory staff. As in Bengal, the Brahmins engaged in agriculture in

¹ *Census of India, 1911*, Vol. I, Part 1, Report, pp. 428-9.

PERCENTAGE OF MALE WORKERS IN EACH OCCUPATION BY CASTE OR TRIBE, 1901 — C.P.

Caste or Tribe Traditional Occupation	<i>Brahman</i> Priests	<i>Rajput</i> Soldiers	<i>Bairagi</i> Devotees	<i>Dhimar</i> Water- bearers	<i>Koshti</i> Cotton- weavers	<i>Halba</i>	<i>Panka</i> Cotton- weavers	<i>Ghasia</i> Grass- cutters
Administration, Defence, etc.	1.90	—	0.25	—	—	0.11	6.00	—
Animals and vegetation	56.77	78.92	47.12	46.04	23.90	95.08	58.85	37.17
Personal and household services, etc.	—	0.19	0.37	7.17	—	—	—	28.39
General labour, etc.	—	1.20	—	1.76	0.64	1.08	2.97	3.29
Industry	3.00	2.32	1.04	40.08	72.72	2.09	27.54	19.88
Commerce, transport, etc.	4.69	1.90	0.29	0.38	0.26	—	—	—
Learned professions, etc.	13.57	—	17.22	—	—	—	—	—
Independent	—	—	—	—	—	—	—	—
Indefinite	20.07	15.47	33.72	4.57	2.48	1.63	4.34	8.01

Source: Derived from *Census of India, 1901*, Vol. I, Part 2, Tables, pp. 406-11.

a much higher proportion of their population than the industrial lower castes.

In Cochin in 1901 (p. 186) the proportion of the native Christians in administration and similar occupations was anything but high. They had, however, a remarkably high proportion in industry and, compared with other castes, a high figure in the commercial category. The latter, however, may have been associated more with transport than with commerce. They had a low figure also in the learned professions.

It is not possible to present a more recent picture since the Indian census has dropped its interest in the occupational distribution of religions and castes. The 1931 census¹ gives information for lower castes only, while in the 1941 census² the relevant information is for Cochin alone.

Commenting on the occupational changes of the castes the Census Commissioner of 1931 reported that about half the castes retained 'their traditional occupation; and varying numbers up to, but rarely exceeding, a quarter, have other subsidiary occupations. About a quarter or less of the half that have abandoned their hereditary occupations as their principal means of subsistence retain them as subsidiary.'³

Two factors have been noticeable here, one more or less secular and the other on the whole religious. Severe competition from the manufacturing industries was the most important factor in forcing the craft castes away from their traditional occupations.⁴ Most of the castes leaving their traditional occupations found refuge in agricultural occupations, including general labour.⁵ On the other hand, it is comparatively rare to find persons taking to a non-agricultural occupation that is already

¹ *Census of India, 1931*, Vol. I, Part 2, Tables, pp. 416-19.

² *Census of India, 1941*, Cochin, pp. 109-10.

³ *Census of India, 1931*, Vol. I, Part 2, Report, pp. 296-7.

⁴ *Census of India, 1911*, Vol. I, Part 2, Report, p. 429.

⁵ *Ibid.*

PERCENTAGE OF MALE WORKERS IN EACH OCCUPATION BY CASTE, 1901 - COCHIN

Caste or Tribe Traditional Occupation	Brahman Priests	Nayar Agri- culturists & military service	Izhavan Toddy- drawers & Salters	Kudumi Chetti General labourers	Valan Boatmen & Fisher- men	Palayan Agri- cultural labourers	Mappilla	Native Christian
Administration, Defence, etc.	0.74	4.96	0.02	0.02	—	—	0.10	0.32
Animals and vegetation	62.61	69.72	53.14	45.09	0.70	92.11	40.62	42.84
Personal and household services, etc.	0.80	4.80	0.96	2.04	0.72	0.17	3.02	2.02
General labour, etc.	—	1.31	7.55	18.81	3.90	3.72	8.08	6.69
Industry	0.34	10.54	35.78	30.45	90.85	3.86	39.46	42.42
Commerce, transport, etc.	1.14	2.04	1.45	2.51	2.90	0.02	5.97	3.39
Learned professions, etc.	28.18	4.90	0.64	0.36	0.19	0.02	1.59	1.58
Independent	0.06	0.11	0.04	—	0.12	0.02	0.11	6.69
Indefinite	6.14	0.62	0.42	0.71	0.53	0.08	1.05	0.73

Source: Derived from *Census of India, 1901*, Vol. I, Part 2, Tables, pp. 406-11.

the badge of a particular caste.¹ For instance, it was seldom that anyone except the *Dhobi* engaged in washing occupations and anyone except weavers in weaving. Apart from agriculture there appeared more recently another calling which, being in no way a specialized caste calling, attracted people from all castes. This may broadly be called Government service. The Kayasthas and the Brahmins attained the highest proportions in these services, but the point is that every other caste looked upon these services as something which could and should be secured. The same was also applicable to the various professions. Moreover, the attractions of Government service and the professions were as strong for Hindus as for Christians and Muslims. We have noted that the Christians had a good proportion in these services and occupations although the Muslims did not generally fare so well. There were also great variations in the proportions of the different Hindu castes in these services and professions.

To take some of the examples² for 1911 we find that in Bengal (including Bihar & Orissa) four-fifths of the gazetted posts were held by Hindus and less than one fifth by Muslims, although the Muslim population of the province was more numerous than the Hindu. Between the Hindu castes about eight-ninths of the posts were held by the *Brahmans*, the *Baidyas* and the *Kayasthas*. In the U.P., of the 420 posts, the Muslims held 150, the Christians 23 and the Jains 1, and the Hindus 248. Among the Hindus, the *Brahmans* held 91 posts, the *Kayasthas* 81, the *Baniyas* 36, the *Rajputs* 15 and all the other castes in all held only 23 posts. In the Punjab (excluding those held by the Christians), of the 443 gazetted posts the Muslims held 113, the *Khatris* 93, the *Brahmans* 44, the *Aroras* 42, the *Baniyas* 25, the *Rajputs* 22, the *Kayasthas* 20 and the Parsis 2. 'The other castes, which constitute 93% of the Hindu population, enjoy only 82

¹ Ibid.

² *Census of India, 1911*, Vol. I, Part 1, Report, pp. 429-30.

appointments between them.”¹ In the C.P. & Berar, of the 471 gazetted posts held by Indians 78 were held by Muslims, 22 by Parsis and other minor religions and 271 by Hindus. Of that 271, the *Brahmans* (who formed only 3% of the Hindu population), held more than half, the *Kayasthas* and the *Prabhus* held 30 posts and the *Rajputs* 13. All the other castes held between them 134 posts.

We may now ask the question: are the lower castes really a drag on the development of an advanced occupational distribution of the Hindus? Our analysis of the occupational distribution of the castes shows that many of the castes, far from proving a drag, actually helped to diversify the Hindu occupational distribution. The most important in this respect were the industrial or craft castes followed by the trading castes, and but for these castes the Hindu occupational distribution would appear to be much more agriculture-biased than it actually was. How is it then, that we have the impression that the lower castes were responsible for not allowing the Hindus to register a more diversified occupational distribution?

In our opinion the clue to the problem lies in the relative failure of the caste system based on a pre-Industrial Revolution technique to readjust to the conditions of an industrial society. India was still far from being an industrial society but, all the same, the technique of industrial production had hardly left any important field of production untouched, whether directly, as in the Indian textile industry based on the factory system, or indirectly, through the mechanism of the market (i.e. international market conditions) as in the case of Indian agriculture. Long before the dawn of the modern industrial technique the castes in India had had to readjust to new situations. For instance, the Rajputs and the Brahmins had long been important participants in agriculture. But the fact remains that the

¹ Ibid.

factory system subjected the caste system to an unprecedented pressure. The result was that more and more castes fell back upon the only field of activity which seemed to have an unlimited capacity to absorb—agriculture, which had the double virtue of concealing unemployment and of narrowing the range of wants-satisfaction. Already low in the social scale, many castes faced an economic situation in which their competitive position was weaker than before. Modern openings such as Government service and the professions required education which, in turn, required sound financial position. Most of the lower castes could not afford education and had to sink deeper and deeper into agricultural and allied occupations. Old relationships between craftsmen and traders had been replaced by a new situation in which it was hard to distinguish between the trader and the industrialist; in most cases both came from the same class of people. The inevitable result was a shrinking base of the old crafts and an expanding base of agriculture.

Now, but for the expansion of the agricultural base resulting from the intrusion of some of the craft castes and if we assume that everything else would have remained the same (e.g. the increasing participation of the higher castes, such as the Brahmins and Kayasthas, in the new Government services and the professions) the Hindu occupational distribution would have looked much more diversified and advanced than it actually does in the tables. Only by ignoring the question of where else the lower castes would have gone except to agriculture can we say that some of the lower castes are, in fact, a drag on the evolution of an advanced occupational distribution of the Hindus. As things were this is unfortunately exactly what we must say and, in this sense, our third proposition noted earlier is on the whole quite true.

Our fourth proposition, namely, that most of the non-Hindu religions had the advantage of a liberal social

framework (i.e., a social structure relatively free from stratification) relative to Hinduism, would appear to be related more to the socio-economic philosophy of the caste system than to any quantitative assessment of that system. As such it would be difficult to make an assertion one way or the other. And here we must take account of what we have omitted in examining our third proposition, viz., the social (as against the economic) handicap of the lower castes. Not much logic is needed to show that, all things being equal, a religious or institutional bar (the two being the same in Hinduism) to a change of occupations must act as a strong hindrance to any process of readjustment—and much more to a process of readjustment demanded by the revolutionary techniques of industrial civilization. To the extent that Hinduism did not allow such occupational mobility—and there is little doubt that it did not permit easy mobility in a large number of cases¹—it hampered occupational readjustment and, therefore, a more diversified and advanced occupational distribution. The non-Hindu religions did not stand in the way of such readjustment.

And lastly, our much more philosophical fifth proposition: Was religion really a significant factor in occupational distribution or was it merely of superficial importance whereas the more fundamental socio-historical factors were the prime determinants of the type of occupational distribution a particular religion had in India in 1911? A major, if not the most important, factor in determining the nature of occupational distribution of a particular religion has, in our opinion, been the social composition of that religion. In other words, socially the more compact (i.e. less stratified) group the followers of a particular religion the less diversified its

¹ It must be remembered that we are taking as given all other factors which, no doubt, were also at work and which in some cases gave the advantage to Hinduism. The very fact that the Hindus were among the first—as against the Muslims—to try to learn from the West is indicative of certain historical and attitudinal factors working in favour of Hinduism.

occupational distribution, and socially the more diverse (i.e., more stratified) the followers of a particular religion the more diversified the occupational distribution of that religion. Here we must make a distinction between a diversified occupational distribution and a merely advanced occupational distribution although we have so far used the two terms seemingly synonymously. The Jains have been shown to have an advanced occupational distribution in the sense that they were (in 1911) very strongly represented, relative to their number, in Trade which, together with Industry, Government services and Professions, might loosely be called advanced. But, on the whole, they could not be said to have a really diversified occupational distribution in the sense of being well represented in all the major occupations and professions. At the other end of the scale, the Tribal people also did not have a diversified occupational distribution as their main occupation is related only to agriculture. Thus the difference is that the Tribal people were not shown to have an advanced occupational distribution whereas the Jains were. Between these two types of religions come the Hindus, the Muslims and, to some extent, the Sikhs. A fair description of the nature of their occupational distribution would be that it was diversified but not advanced. It was not advanced because of the disproportionate division between the agricultural occupations on the one hand, and the non-agricultural occupations (especially the Government services and the professions) on the other, the balance being very heavily thrown in favour of the former group of occupations.

It would appear that, subject to the magnitude of its natural resources, a country with a diversified occupational distribution would have greater efficiency. This must be the case for a big country like India. Thus while it is possible for smaller groups to have a compact and relatively undiversified occupational distribution, the interests of the country would require either that larger

groups have a diversified occupational distribution or that the occupational distribution of the various groups is so constituted that in their total distribution the overall requirements of the country may be covered adequately and efficiently. In India, although a good proportion of the advanced occupations may have been covered by the smaller religions, at least the Hindus, because of their sheer numerical strength, may be called upon to provide, apart from agricultural requirements, the growing personnel needs of the advanced occupations. This means that the occupational distribution of the Hindus is not sufficiently diversified. We have already indicated that it is not advanced. These two features clearly suggest that the more advanced the occupational distribution of Hindus becomes the more diversified it would become also. The same is true of the Muslims, the Sikhs, and especially of the Tribals, but in the case of the Tribals the degree of 'advance-ment' would need to be much greater. Since Indian Christianity continues to take converts the rate of their 'advance' would partly depend on the rate of conversion from the lower castes and the Tribals which, as already noted, adversely modifies the pace of literacy, urbanization and occupational advance of the Indian Christians.

This is to look into the present and into the future as a result of trying to assess the occupational distribution of the different religions of India in the recent past. Industrial technique may have brought important changes but the very significant conditions noted above, viz., that the larger groups must be prepared to provide personnel for varied occupations, held in the past as well as it holds today. In the historical setting the change in the name of the religion of a certain group of people from Hinduism to Jainism could not have made much difference to the occupational distribution of the country as a whole. The same is true of the Sikhs. Indeed the same is true of the Muslims and the Christians in India except that in their case there was a certain, though not

very large, amount of foreign element. The Parsis and the Jews on the other hand may, on the whole, be said to stand in an altogether different category: they have remained 'closed' communities in the sense that they did not take converts from other religious groups so that their occupational distribution was strongly related to their own socio-attitudinal make-up—at any rate more strongly than among the Indian Christians, Indian Muslims, the Sikhs and the Jains. Essentially, the basic socio-attitudinal determinants in the occupational distribution of the Sikhs, Jains and most of the Muslims and Christians in India must be the same as those in that of the Hindus. After all, who were the people who left Hinduism and joined Christianity and Islam?

By far the bulk of these people belonged previously to the lower castes. Now so far as the movement to Islam is concerned it is most doubtful if any significant changes in the occupations of the converts accompanied their conversion and, in any case, by the time of the coming of the modern industrial techniques the occupational groupings among the Muslims had become as much stabilized as those among the Hindus. Admittedly the theoretical advantage of the absence of social and occupational immobility accrued to the Muslims, but it is doubtful if they were better equipped than the Hindus to cope with the changes brought about by the factory system. At least in one field, the field of weaving where the Muslims predominated, the scale was indeed heavily weighted against them—though no doubt not because of social immobility but because of the external changes in the wake of the Industrial Revolution in England.

Those who joined Christianity were also largely from among the lower castes, but the process of their conversion synchronized with the political¹ and the economic

¹ The conversion of Hindus to Islam had also synchronized with the political supremacy of Islam in India; but there was little change then either in the technique of production or in the economic philosophy in general.

supremacy of the West over India and went at least some way towards making it easier for the new Christians to re-adjust to the situation created by the new political India and the new economic system than for the similar lower castes who remained Hindu. The high rate of literacy among the Christians of Indian descent relative to the rate among the low-caste Hindus is an obvious example. Even in urbanization and occupational affiliations the former normally showed better performance than the latter.

Obviously it is extremely difficult to disentangle the purely religious from the purely socio-historical phenomenon. It is true that the evolution of most of the important non-Hindu religions in India is closely tied up with socio-historical developments and factors. But even then we are inclined to believe that religion has been a factor in influencing, if not actually determining, the occupational distribution of even those religions the majority membership of which is of Indian origin. We think we can affirm this without denying the overwhelming importance of the more fundamental socio-historical factors which have made most of the religions in India what they are today.

Chapter VIII

CONCLUSION

WE may now bring together the conclusions reached in the chapters of Part Three. In the chapter on Material Valuations we saw that the advantages of an increasing interest in the values and rewards of this world were largely appropriated by the movement for political emancipation. Such 'progressive' economic thinking as there was showed itself in political pressure on behalf of protective tariffs and such features as the Swadeshi movement which strove to encourage indigenous production. Gandhi laid stress on cottage production and the non-mechanized nature of the Indian economy. These factors did not make for substantial economic progress, and did nothing to enlarge investment opportunities. Investment possibilities, we saw, were also restricted by the caste and joint-family systems which were still fairly rigid, and by the unencouraging attitude of the Government. Nor did the situation in the ownership and use of land give much hope of interesting and profitable experiment and enterprise. In the chapter on Adaptability we analysed the Hindu slowness to adapt institutions to economic change in this period and the failure to appreciate the need for leadership in this field. India's trade and external contacts were important but were essentially related to her dependent political status. The developing aspects of Hinduism in this period were concerned with the reinterpretation of its teaching, and came to be associated with the growth of nationalism. Both the active nationalist movement and passive political dependence had the same effect: a retarded economic growth.

It would indeed have been a miracle if an Industrial Revolution had been generated in India. In Part Two we

saw how entirely unfavourable the situation had been in the previous hundred years, although during that same time the Industrial Revolution in Europe developed rapidly. In India old economic handicaps continued into a period full of political uncertainty and strife following the break-up of Mughal power. There were no signs that the attributes of capitalism were being developed. Whereas in Europe factories were developing in place of handicrafts, in India many handicrafts faced ruin. Business leadership could not develop, for business was kept low in the social scale, and the caste system denied non-Vaisyas the opportunity to bring new talents, new vision and the spirit of adventure to the existing business leadership.

In comparison the 1850-1947 period was peaceful, the institutional obstacles were rather weaker, and there were more opportunities for economic leadership either by importation or arising from the 'minority' position of Hinduism under an alien ruling power. But a miracle would still have been needed to generate industrial revolution. We reached the seemingly absurd conclusion that nationalism was one of the two most significant factors which retarded economic growth although at first it appears that it actually aided economic growth both by trying to remove the political and economic disabilities of a dependent nation and by positively emphasizing and supporting the growth of national economic interests. That is so, but our main thesis on this point is simply this: the talents, energy and resources diverted to the achievement of political objectives could not be made available to the economy. In this connexion we may note the following. First, nationalism is by no means an essential attribute of Hinduism; indeed, the history of India often shows the contrary, the predominance of group interests over national interests. The Hindu social structure also strengthens group loyalty. Secondly, the growth of group and regional nationalism, the Maratha and the Sikh nationalism as well as

the 1857-8 movement, may be regarded as stages in the growth of nationalism which finally developed along different lines in the twentieth century. Thirdly, we must not forget that the growth of nationalism was only one of several factors operating on the economy. Lastly, a distinction must be made between the role of nationalism before, and after, independence; although even after independence nationalism alone obviously cannot do the trick of bringing about an industrial revolution.¹

We notice two main sets of factors: secular and non-secular. Among the former, the political conditions in the country were the most dominant. The relative political stability of the Mughal Empire had already shown signs of being threatened as early as the reign of Aurangzeb. After Aurangzeb's death the country was plunged into anarchy and remained virtually without government until slowly but progressively the rule of the East India Company spread over the land. After 1858 India became, *de jure* as well as *de facto*, a political dependency of Great Britain. Even before the interim of political chaos, the incentives for savings and productive investment were generally lacking while there were powerful incentives to wasteful consumption. After the weakening of Mughal rule there was some improvement in both directions. But increase in military expenditure for the major portion of the period substituted one type of wasteful consumption for another type. Again, the improvement in the status of the business man was largely ineffective owing to the incursion of the foreign business man who was for a long time both the dominant trader and the ruler of India. A considerable part of the increased savings and investment opportunities naturally accrued to this foreign trader-cum-ruler. What was worse, the short-run interests of the Company seriously jeopardized the country's long-term interests, especially in the agricultural

¹ K. Davis, 'Economic Growth' in Kuznets and others (eds.), *Economic Growth: Brazil, India, Japan*, p. 294, footnote 45.

sector, and curbed the possibilities of savings and investment in that sector. This was the result of the new land tenure and revenue policies. Even where the short-term interests of the Company coincided with India's interests (at any rate, with India's short-term interests), the interests of Great Britain reversed the policy of the Company. This resulted in the decline of India's indigenous textile industry. The post-1858 economic policy of the Government of India was essentially a refinement and development of this reversal.

Let us now look at the attitudinal and institutional aspects of Hinduism. The first thing to be noted is the transition of Hinduism from a repressed and introvert entity to a progressively unfolding and extrovert force; from a quiescent organism, which had found the external surrounding too suffocating to attempt adaptation, to an organism which sought increasingly to adapt itself to its surroundings. It is doubtful, however, if the basic economic implications of this adaptation made more than a passive contribution to the course of India's economic growth. Let us consider the attitude first. There were three stages in the shift from an other-worldly to a this-worldly attitude. First, tendencies like thuggee became rampant. Next came the rise of group and regional militaristic tendencies. In the end appeared the truly nationalistic tendencies. These stages were largely determined by external factors. On the institutional side of Hinduism the caste system is, of course, of paramount significance, followed by the joint-family system. The Hindu institutional framework progressively adapted itself to the changing situation and the nature and degree of this adaptability was largely a function of the force of the external situation. We have seen that the two most important unfavourable economic consequences of the caste system were occupational immobility and the denial of talents to industrial and business leadership—two facets of the same phenomenon. Traditionally the economic benefits of that

system have been hereditary skill and a certain amount of division of labour and specialization. Before the coming of industrial civilization the economic advantages of the caste system probably outweighed its economic disadvantages. But thereafter the situation changed fundamentally. The institutional impact of Hinduism has adversely affected the course of India's economic growth ever since the appearance of the factory system. It is no use saying that the caste system showed a remarkable power of adaptability; in adapting itself it only diminished its harmful consequences. It still did not allow Hindu society to play a full part in making industrialization a reality. What is implied by its 'adaptation' is that it only slowed down, but did not wholly check, economic growth. In its social aspect also the caste system had damaging influences on economic growth, particularly by discouraging economic effort and risk-taking among the higher as well as the lower castes. Those who talk about the disintegration of the caste system in its economic aspect, maintaining that the industrialization of India is destroying the traditional occupational affiliations of the castes, must remember that as long as the social aspect of the caste system does not undergo a change, so long will its unfavourable impact on economic growth persist.

AN OVERALL VIEW

WE propose in this chapter to take a general view of the impact of Hinduism on economic growth and to stress what we consider, in the light of the foregoing analysis, to be the most significant attributes of Hinduism in relation to economic growth.

Hinduism influences economic growth (i) in its attitudinal aspect, mainly through the interrelated beliefs in the doctrine of transmigration, the law of *karma* and the objective of release from rebirth; the stress on other-worldliness and asceticism, and certain religious prejudices such as the attitude towards the cow and inhibitions regarding certain items of diet; and (ii) in its institutional aspect, mainly through the caste system, the joint family, the practice of the non-remarriage of widows, and the Hindu law of inheritance and succession. The institutional aspect is partly related to the attitudinal aspect. Birth into a particular caste, for example, is attributed to the functioning of the law of *karma*. Indeed, every single incident in life can be explained in terms of that law. But the relationship between the institutional and attitudinal aspects is largely remote and, in any case, the impact of each aspect on economic growth can be assessed separately.

The nature of the impact of the attitudinal aspect of Hinduism can be brought to light by asking the following questions:

To what extent does the objective of release from rebirth stand in the way of achieving material objectives?

Does the law of *karma* act as an incentive to better one's conditions by further endeavours, or does it damp enthusiasm because of the belief that nothing can be done to alter what has already been determined by past actions?

Is asceticism always related to other-worldliness?

Are religious prejudices always a drag on progress?

In the first of these questions two points are relevant. First, as the *objective* is release from rebirth life on earth cannot be of comparable value to spiritual salvation. This encourages an unfavourable attitude towards life on the earth. Some sort of other-worldly objective is implicit in all religions; but the objective of release from rebirth is limited only to Hinduism and a few other religions mainly of Indian origin. Secondly, as long as there is some other-worldly objective a degree of sacrifice of the material objectives is unavoidable in terms of energy and resources. In its other-worldly ideals and its stress on achieving release from rebirth Hinduism adversely affects economic growth. The strength of this adverse impact is related to the prevailing conditions of life in the wider context; and whenever the external factors and forces have been injurious to material welfare Hinduism has tended to emphasize the other-worldly objective. Since the mid-eighteenth century this adverse impact has been weakened by contact with the Christian and more material West.)

As regards the influence of the law of *karma*, to take material advantage as an ideal presupposes an interest in the present rather than in the next life. The knowledge that the course of life has already been determined by past actions and that the only scope is for bettering one's next life would, in most people, generate no incentive (and, indeed, would generate a disincentive) to better material conditions. A weakening of the adverse influence of this law for reasons similar to those mentioned when discussing the other-worldly objective has been noticeable during the last two centuries.

Asceticism obviously generates greater savings which could be utilized for greater investments. To this extent economic growth is encouraged. But if asceticism is merged in other-worldliness, not only is the material

objective put at a discount in favour of other-worldly objectives but any savings resulting from asceticism are utilized for unproductive purposes. (Apart from the Hindu business community (among which many members engage in various unproductive investments of a religious character) asceticism in most Hindus is coloured with other-worldliness. During the last two centuries asceticism in Hinduism has been declining in importance.

Religious prejudices occasionally provided useful conventions in the past relating to agricultural cultivation. The priestly classes were more enlightened than the general masses of the people and their influence on the timings of agricultural practices can be justified partly because such timings were related to the monsoon. A partial justification for the attitude towards the cow may also be advanced for the earlier periods. At the present time such prejudices are proving an economic drain and a drag to progress.

Of the Hindu institutions, (the caste system is by far the most important as a factor in economic growth. The caste system affects economic growth through its impact on occupational mobility, skill, division of labour and specialization and incentive. For a very long time in the past, this social institution helped economic growth by encouraging specialization, division of labour and hereditary skill. But with the coming of the industrial age not only has the significance of hereditary skill been largely minimized but, far from encouraging specialization and division of labour, the caste system, which acts as a check on occupational mobility, has been a hindrance to the required degree of specialization.) It is true that the rigidities of the caste system are slowly giving way to the demands of industrialization and a process of adjustment is noticeable. But in accepting this adjustment the caste system has at best been reducing its unfavourable impact on economic growth. Adverse effects continue to prevail.

A much graver implication is related to the incentive aspect of the caste system. It has been emphasized in this study that the caste system has a social as well as an economic aspect. The economic aspect is involved in the process of adjustment; the social aspect remains largely untouched. So long as the lower castes find their social status determined by birth they experience a great disincentive to effort. A betterment of economic condition often enhances the social position even of a low-caste Hindu, but this is only in relation to his own caste fellows. The upper classes remain at a higher social level. In most Western societies prejudices against marriage between members of different classes are probably less strong and much less extensive than the prejudices against inter-caste marriage. As long as there is strong opposition to any change in social status, including opposition to inter-caste marriages, the disincentive of the caste system is bound to operate. The growing pace of industrialization cannot, therefore, by itself bring about the required change. What is needed is a change in attitude—a very sharp change indeed. Meanwhile the pace of economic growth must suffer from this serious drag.

The adverse incentive effects of the caste system are not limited to the lower castes. As long as the higher castes are assured of their high social status by virtue of birth they can afford to pursue economic objectives with less sense of immediate concern.

(The adverse effect of the joint family on spatial mobility is only too obvious.) In the past when the opportunities for greater spatial mobility were limited, this institution probably did not exert a particularly strong influence. But (its impact in the industrial age is extremely damaging.) The fact that the joint-family system is showing signs of disintegration indicates not so much an internal weakening as increased pressure by external factors towards adjustment. A traditional advantage of the joint family has been that it has guaranteed a

minimum level of consumption to the weak, sick and invalid; but (it has) also simultaneously (encouraged in many cases laziness and irresponsibility. In any case, the security provided by the joint family is not worth the sacrifice of the spatial mobility demanded by an industrial age.)

The effect of the Hindu law of inheritance and succession is generally to reduce savings opportunities by evenly distributing wealth and property amongst all sons and thus to discourage incentive in both capable and incapable heirs for quite opposite reasons. The strength of this adverse impact during recent centuries has been particularly marked if only because population has increased considerably while the area of cultivable land has not increased proportionately.

The practice of the non-remarriage of widows provides one of the clearest examples of the capacity of religion to affect economic growth. Hinduism generally favours population growth; but the stress has always been on the birth of sons rather than daughters; and as long as Hinduism continues to disfavour widow remarriage, it is bound to affect population and therefore economic growth. Whether this check on population growth is advantageous or disadvantageous from the point of view of economic growth is another matter and depends on whether the economy needs more, or less, population growth. However, even where this practice may be a favourable factor in limiting population growth, it distorts its natural growth and, as the practice is limited to higher castes, adversely affects the quality of the population; it is only the higher castes that can provide adequate education and training for their children.

The final picture may be summarized in the following five propositions:

1. In early times the institutions and attitudes of Hinduism generally helped rather than hindered economic growth (and welfare). They did this by

encouraging specialization and the division of labour, providing for the maintenance of the indigent and unfortunate, on the whole promoting population growth apart from the prohibition on widow remarriage and, in the absence of science, providing useful conventions relating to agricultural cultivation.

2. When the impact of Western industrialization began to be felt in India, these institutions and attitudes began to act as brakes on economic growth.

3. Although there has been some adjustment to present-day needs, this adjustment lags behind needs, and despite official (or public) condemnation of caste such adjustment proceeds extremely slowly.

4. For the future, what is needed is an intelligent attack on the harmful institutions and attitudes so as to make the Hindus a less inhibited and a more robust factor in economic growth. What is particularly wanted is the removal of obstacles to the improvement of social status.

5. All in all, although Hinduism as a factor affecting economic growth has been far outweighed by other factors, it still remains an important factor. That importance is enhanced when the success of the present planned effort to advance the whole Indian economy hangs in the balance. In such a situation any adverse influence may prove decisive.

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