This chapter essentially deals with modern economic thought in Maharashtra. In doing so an attempt would be made to examine the contribution of various Chitpavan thinkers of the time. The significance of this approach lies in the fact that this is an area of study that has been grossly neglected. Any study of India’s national movement or to be more specific of economic nationalism begins with Dadabhai Nauroji and goes on to the Swadeshi movement in Bengal. It does not seem possible that Maharashtra failed to produce any cogent thinking on the subject prior to the Drain theory. This is said in the context of the fact that the earliest generation of the western educated in the region emerges by the 1830’s and 1840’s. The first batch of graduates from Elphinstone College passed out in 1862. The vernacular press was dynamic right from the time of the earliest western educated graduates, S.Govande being one such example of those who started periodicals and who often devoted space in their newspapers and periodicals to translations of scholarly texts. The government also patronized translations of scholarly works and even published them at times, for example Vishnushastri Chiplunkar’s translation of John Stuart Mills Political Economy was published at the government press. Hence it seems and was highly improbable that there was no comment on or attempt to understand the prevailing economic conditions before the 1880s. That these conditions merited consideration is evident from the repeated famines that afflicted the region as also the Deccan riots of 1875.

There is no doubt that Dadabhai Nauroji’s thesis on Poverty and Un British rule is the seminal work on the economic aspects of colonialism. The thesis which is replete with statistical data, came at a time when Indian politicians or men in public life believed in the advantages of British rule, as per the present understanding of the national movement. Dadabhai Nauroji first studied India’s economic ills in an analytical fashion and placed the Indian economy in the context of colonialism and its dynamics. His arguments were well substantiated with statistical data sourced from government publications reports. As such the evidence was to have a huge impact in that it provided the political movement with justifiable cause to carry it forward. Nauroji was able to
clearly establish the ways in which foreign rule was harmful to the Indian economy and in fact responsible for the impoverishment of the country. He was also able to bring forth the fact that the very nature of colonial rule would always inhibit economic growth; therefore the only answer was to move towards self government.

Mahadev Govind Ranade

Popularly known as Justice Ranade, he was one of the main exponents of the above mentioned trend of economic nationalism. Born in 1842, M. G. Ranade was of the first batch of graduates who passed out of Bombay University. He went on to acquire a double B. A, an M. A. and an LLB degree within a span of 2-3 years. After going through a number of jobs he finally joined the judicial service. He was member of the Bar Council, was appointed as a High Court Judge at Bombay and was even a member of the Bombay Legislative Council.

M. G. Ranade also wrote extensively on the economic issues of the time. A number of these articles were published in the Journal of the Sarvajanik Sabha as also in other publications. His speeches particularly those made at the Industrial Conference also showed a scholarly understanding of economics of these probably one of his most important expositions is a lecture given at the Deccan College, Poona in 1982. Entitled ‘Indian Political Economy’, this lecture gives a summation of economic thought prevalent in Europe at that time, which is useful since it provided the theoretical basic on which the British evolved policy for India. Another important aspect is that Ranade analysed how these policies apart form draining wealth from India also prevented development and progress in the country. Ranade was also quite up to date with the latest trends emerging in the rest of the world, particularly in the United States of America. The speech on political economy is delivered in the 1890s when the struggle against big business and its unethical activities had begun in the United States. Ranade’s essay effectively brings to notice the fact that economic theory that has evolved in the context of the British situation is not accepted in toto by other European thinkers. The situation in India, he argues, is even further different from the British hence it is unrealistic for British administrators to evolve a system on the basis of these principles.
Mahadev Govind Ranade
Ranade provides us with a summation of the main aspects of the theories of classical economists. He includes Adam Smith, Malthus, David Ricardo, James Mill and John Stuart Mill in this summation. To quote from the article, “These assumptions may be thus briefly stated.

That National Economy is essentially individualistic and has no separate collective aspect.

That the individual or typically economical man, has no desire but that of promoting his own self interest, or at least that is his strongest motive power.

That the largest Production of Wealth best promotes this self interest i.e. articles with value in Exchange at the least trouble.

That such pursuit of Private Gain by each individual promotes best the general good.

That the free and Unlimited Competition of individuals in the race and struggle of life is the only safe and natural regulator.

That all customary and State regulation is an encroachment on Natural Liberty.

That every Individual knows best his interest and has the capacity and desire of acting according to this knowledge.

That there is perfect freedom and Equality in the power of contract between individuals and individuals.

That Capital and Labour are always free and ready to move from one employment to another, where better remuneration is expected.

That there is a universal tendency of Profits and Wages to seek a common level.

That Population tends to outstrip the means of subsistence and

That Demand and Supply always tend mutually to adjust each other.”

Ranade’s main contention was that these principles were not universally applicable in their exact form. They were partially true for a number of advanced economies but not

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1 Ranade, M. G, Indian Political Economy in Bipan Chandra, Ranades Economic Writings, Delhi, 1990, Pg 327.
in the Indian context. For example he does not agree that the objectives of life or the pursuit of happiness is exclusively materialistic for the average Indian. Neither does he believe that pursuit of individual gain is always beneficial to society. The state in India was the most powerful force influencing the economy and competition was certainly not tree and fair.¹

Ranade goes into further detail to describe how the reality of the Indian situation and orthodox English doctrine are completely divergent. He first addresses the question of the territorial Division of Labour where the world is divided into the industrial and raw material producing zones. This division is responsible for maintaining the backwardness of the raw material producing economies. Ranade objects to this division on the basis of the fact that a country like India now a producer of raw material has a recent past where it was industrially productive and even a substantial exporter of foreign goods. Secondly it is but natural that industry should develop wherever the raw material is available. Thirdly industrialization took place in Europe due to availability of coal and iron, technological inventions. Fourthly free trade is not a universally accepted doctrine and developing communities need to protect nascent industry. Fifthly the division of labour does not allow for the progress of economies of the agrarian type. Sixthly it condemns these economies to be dependent on a source of income that is subject to the vagaries of climate, soil and market. The development of all three sectors of the economy that is absolutely essential to make a national economy strong does not find place in this doctrine.

Consequent to the above trend, de-urbanization as a result of de industrialization produces a faulty urban rural ratio that results in additional burden on land. In the pre British period. Migration and settlement of new markets and townships was a state sponsored actively and was also carried out by entrepreneurial interests. The State needs to be seen in a more pro active role and must stimulate and promote industrialization Ranade’s opinion is that Railways and Irrigation can be subsidized why not other areas of industry. The doctrinal understanding of the whole issue of land revenue, on western lines, does not apply in the Indian Context. In a system where Rent eats away the profits

¹Ranade, M. G, Indian Political Economy in Bipan Chandra, Ranades Economic Writings, Delhi, 1990, Pg 338.
and wages of the peasant one cannot view it as progressively increasing in value. The state must also play an interventionist role on behalf of the peasant as far as mortgage, interest rates and alienation from land is concerned. Laissez fair is very well in a situation where there is competition between equals not where they are money lender and marginal peasant.

Finally Ranade speaks about the concept of government itself. He sees the state as the only authority that can bring about maximum economic and social justice. The utilitarian principle has been well accepted and applied to the context of the colonial economy. In the context of India the state is the sole landlord and also has supported certain industries it only needs to exert itself further on behalf of the Indian people.

In 1879 Ranade wrote a survey of the conditions of India agriculture in the Journal of the Poona Sarvajanik Sabha. This article was written at a time when Vasudev Balvant Phadke's revolutionary activities were going on. The article mainly holds the Revenue Settlement responsible for the agrarian problem in the Bombay Presidency. Ranade suggests a more favorable revenue policy, which would be a fixed assessment with no upward revision. He also advocates protection for the farmer from land alienation. These two measures would allow agriculture to become a profitable enterprise thereby attracting investment from entrepreneurs as well as large landowners who otherwise do not take any interest in the modernization or development of this field. Leadership of the economic, social and political fields must in any case rest with this class since they are the educated and progressive section of society. True democracy must wait till the riot achieves this state.

Ranade's views on the conditions of India's industrial sector in the late 19th Century were reflected through his speeches at the Industrial Conference held annually at Poona. The inaugural address delivered in 1890 would be dealt with subsequently but another speech at the conference of 1893 was entitled 'Present state of Indian Manufactures and the outlook of the same'. The article begins with a description of how

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1 Ranade M. G., The Agrarian Problem and its solution, in Bipan Chandra Ranades Economic Writings New Delhi 1990
2 Ranade, M.G, Present state of Indian Manufactures and the outlook of the same' Bipan Chandra, Ranades Economic Writings, New Delhi, 1990, Pg 410.
colonial economies were subjugated to the economy of the Imperialist nation, aided by technical innovation resulting in a territorial division of labour. Ranade felt that the destruction of industries and ruralization was at its' height in the 1870's when an incipient industry began to emerge. On the basis of statistical data he establishes how the export of manufactured goods increased while the import decreased. Various industries like cotton, jute, silk, soap, sugar, leather, breweries, plantations of tea, coffee, indigo & cinchona, mines developed. A consonant increase in occupations other than agriculture was reflected by the census report. Similarly a corresponding increase in occupations other than agriculture was reflected by the census reports. Similarly a corresponding increase in the urban population is also to be seen. Thus, gradually the move towards industrialization was being made on the basis of Indian entrepreneurial skills. Ranade attributes the change to the inflow of British capital and investments.

Ranade is regarded, and rightly so, as the foremost thinker on economic theory. In addition Ranade also provided nationalists with a sound theoretical understanding of India's economic structure and its problems, which was inclusive of Dadabhai Naoroji's Drain theory. Ranade's approach was the more comprehensive. From there onwards we see the grounds for a bifurcation in Indian politics, if it could be so qualified. The liberals under the leadership of Ranade and Gokhale were reluctant to rock the proverbial boat and even believed the government to be the ideal agency to resolve economic issues. This view was not new, a generation before, Chitpavan scholars were discussing economic issues and presenting remarkably similar conclusions. The first of these was Gopal Hari Deshmukh.

Gopal Hari Deshmukh

Known as Lokahitvadi he was born in 1823 and joined government services as soon as he finalized his education. He served in the judicial department from 1852 to 1879, when he retired. He was a prolific writer and is the author of the Shatpatre or letters written to the newspaper Prabhakar as well as a work entitled 'Laxmidnyan' which was
"Lokahitavadi" Gopal Hari Deshmukh
written in 1849.¹ Laxmidnyan is a free translation from an original English work. Gopal Hari Deshmukh acknowledges this on the front page itself, he states that it is a translation of William Clifts work.

The author in the introduction states the objectives of writing this book or rather translating the original into Marathi. He describes it as an attempt to understand various concepts like – what is wealth, how does it originate and grow and get distributed amongst the populace. He also says that the study of economics must be made in the Indian context since economics as an independent field of study developed in Europe. It must be pointed out that the term Arthashastra, which is used in Marathi for Economics had not been coined as yet. Hence Gopal Hari Deshmukh entitles his book ‘Laxmidnyan’ or the ‘knowledge of wealth.’ Wealth is not currency or land, it is what labour creates out of the intelligent use of resources (he defines wealth with quite a socialist flavor). Economic prosperity he says is based on two principles the creation of wealth and its equitable distribution. Labour as the creator of wealth as also the means to measure wealth is a concept introduced by Adam Smith. The exchange of goods or trade does not produce wealth, it is the production of commodities that does so. If one extends this idea further, productivity is a natural phenomenon that occurs when capital, raw material machines or tools and most important of all labour come together, the distribution of goods on the other hand is a man made phenomenon. Productivity, according to the Lokahitavadi is important for the well being of a country. An interesting view put forward by him is that the Muslim and British ruling classes are non producers who have increased the burden on Indian Society. This he says is exploitation since non productive classes are imposed on a productive populace. Labour has been classified as manual and intellectual.

The next concept spoken about is the diversification of occupations, which arises out of the necessity to allow the development of specialization. It is not possible for a single person to carry out the process of production of items from start to finish or for him to produce all types of commodities. This diversification promotes trade and allows artisans to earn profit. This diversification is dependant on demand and demand is in turn

created by improved means of transportation. Initially trade was carried out through the system of barter or the use of commodities as currency, later on the use of currency was introduced. According to Lokahitavadi the government should not control currency. The exchange of currency denotes trade, which in turn denotes economic health but the hoarding of precious metals does not represent wealth.

Man according to the Lokahitvadi Progresses from the wild state to that of a peasant. The author has described the stages of development of man the first as a food gatherer, then as a hunter, the third stage is of animal husbandry, the fourth of agriculture and the fifth of trade with the next stage being that of trade. India has been identified as an agrarian economy and Britain with a mercantile economy. Man's intellectual capacity and a natural tendency towards progress causes these developments to take place. He also speaks of industrialization of the processes of production. The fact that Indian industry declined is caused solely by the fact that it could not withstand the competition from the mechanized cotton and other industries of England.

Knowledge should be open to all, to utilize their full intellectual capacity. He rejects caste based education and deems it the cause for lack of progress in the country. Technological progress takes place when knowledge combines with technical skills i.e. when the traditional skills of the scholar and artisan combine. Unfortunately education in India traditionally kept both these groups separate. Similarly the rich in India can easily provide the necessary capital for industrialization but instead tend to spend on non productive things.

The author further goes on the define capital and also talks about profit after deducting expenses. Capital is defined as all expenditure related to an industry that manufactures goods. i.e. machines, raw materials and property. Not all wealth is capital only those items utilized for production or trade is capital. The rich concentrate wealth in their hands by lending capital or investing it. England is powerful because it has no dearth of capital, but only capital is not enough. The knowledge of how to utilize capital coupled with the plentiful availability of labour must also be there. A country with plenty of labour is fortunate. Rates of labour should be high so he can save and set up his own enterprise.
A country's finances should be managed in such a fashion that the surplus is utilized. The people of England invest their surplus in the banking sector while Indians buy jewellery. This was a pet peeve of the Lokahitavadi where he felt the Indian habit of buying gold locked up capital that could be used much more profitably. The author also speaks about the lack of reinvestment of agricultural profit in the country. India, he felt, was a productive country but does not increase its production; expenditure incurred in production had in fact increased. The British also drain wealth in the form of capital, thus depriving the country of its benefits. The result was the impoverishment of the country and ultimately the industrial sector. The role of the government within the framework of industrial productivity is extremely important according to the author. The government is needed to provide protection to the property of private individuals. The government also must needs to regulate economic activity. Since people work mainly for the assurance of profit it is important to provide security and laws and order. As such the government is also entitled to a share of the profit. The government should in turn guarantee rights over labour, inheritance and intellectual products.

In the sixth chapter of Laxmîdnyan, the Lokahitavadi writes about the value of a commodity. When it appears in the market. This is dependant on five factors the comparative value of the item; its price in currency which is in turn dependent on the effort investment spent on producing it; demand in the market is the third factor; supply in the market is the fourth and lastly he talks about the cost of producing the commodity. Based on all these above factors the price of a commodity in the market is decided upon. Two other factors that are essential are the cost of labour and the margin of profit.

The nature of land revenue and the value of labour are the topics discussed in the last chapter. As far as land revenue is concerned the productivity of the land, amount of labour required, type of crops, population and attitude of the government are all factors that dictate the amount of revenue.

The value of labour is dictated by five factors the type work, expenditure incurred on acquiring the skill, whether the work is secure permanent or not, whether the worker deals with articles of value, when the work requires extraordinary skill or responsibility. Availability of labour is another factor to which the author gives importance.
This then was a survey of the main aspects of Gopal Hari Deshmukh’s work entitled ‘Laxmidnyan’. In the early 1870s Lokahitvadi published a number of letters in the Induprakash which were later put together and published by the newspaper in 1876. These letters dealt with the causes for the impoverishment of the country. The time of publication is significant, Dadabhai Nauroji made public his thesis in 1868, as such Lokahitavadi was not presenting anything new. He accepts Dadabhai’s thesis and also points out that it is based not only on statistics but also on the personal experiences of Nourosjee Furdunji who toured the country and found the people ill fed and poverty stricken.

The causes for drain mentioned by Lokahitavadi are almost identical with Dadabhai Nauroji’s thesis –

High rates of land revenue, impoverishment of the peasantry and decrease in buying power.

The practice of the Secretary of state issuing bills of exchange.

Subsidies to railway companies that carry away the profit.

British Indian Government debt.

According to his calculation more than half of the total revenues flowed out of the country. He also goes into quite same detail to describe the exports and imports of India. He reiterates one of the fundamental points of economic nationalism that the nature of imports and exports rather than only volume needs to be examined. He also describes how artisans lose out in the urban areas due to lack of patronage and demand for the commodity, and in the rural areas because of lack of buying power. Competition from the foreign goods is mentioned. The whole of nationalist analysis of India’s impoverishment can be seen in this booklet.

Although not a trained economist Gopal Hari Deshmukh applied common sense and practicality to the economic problems facing the country. He served in the capacity of Sadr Amin and Munsif in Maharashtra and Gujarat. One aspect of this job was touring in

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the rural areas; this must have given him the opportunity to observe the prevailing conditions. He reflects a kind of humanitarian socialism in his opinions when he talks about the more equitable distribution of wealth. He also puts forth ideas somewhat similar to Marxian dialectics when he talks about the stages of development of economy in his work entitled 'Laxmidnyan’. However the ideological framework no doubt remains clearly within the confines of ‘classical economy’ as enunciated by Adam Smith and David Ricardo. He firmly believed that industrial activity was the answer to India's economic problems. Capital could be raised either by settling up joint stock companies by reducing expenditure on things like gold and festivals and marriages.

An extremely significant idea put forth in Laxmidnyan is that the people of India should decide to use nothing but indigenous goods even if it costs more. This would have a three fold advantage, one of promoting indigenous industry, two of reducing the burden on agriculture and three would promote a feeling of pride in the mother country. The use of the word ‘Nationalism’ has been deliberately avoided in describing the Lokahitavadi’s sentiments since the concept of nationalism is still to be introduced to the country. There is, however, no hesitation in saying that Lokahitavadi’ Gopal Hari Deshmukh was probably the first person to suggest the concept of Swadeshi. One most keep in mind that Laxmidnyan was written in 1849. His contribution lies in the fact that he in the 1840s & 50s through the vernacular brought to the notice of the literate classes the abject economic conditions prevalent and also attempted to suggest solutions to these problems. The solution being that the people of India should deliberately use only those goods, which are made indigenously. “Indian manufactured cloth should be used even if it is coarse and more expensive. Articles of daily use particularly are no are no longer made in the country for e.g cloth, umbrellas, knives, scissors”.

Vishnushastri Chiplunkar

Another writer who contributed through translating an important work on economics was Vishnushastri Chiplunkar. He undertook the translation of John Stuart Mill’s ‘Principles of Political Economy’, which was completed in 1855. It is a concise

1 Deshmukh, Gopal Hari Shatapatre, Letter No.57
version of the original in which the European context has been deleted and replaced by explanations and examples drawn from the Indian context. Chiplunkar in this work does not limit himself to a survey of the economic changes that have taken place in India. He tries to relate it to the social and political trends prevalent in order to arrive at a more comprehensive understanding. Chiplunkar is in fact credited with coining the Marathi term now commonly used for Economics i.e. Arthashastra.

In the introductory chapter he speaks in terms of defining the term wealth in accordance with the requirements of the subject of economics. Wealth does not mean currency but the importance of currency cannot be ignored. The accumulation of currency does not automatically indicate the prosperity of a nation. Chiplunkar rejects the mercantilist view of accumulating currency by maintaining a favourable trade balance as a surety of prosperity. Wealth is defined as that which is created by man and provides the mean of giving happiness. Economics is the study of the creation of wealth. In the first chapter the various sources of wealth are examined.

Labour is an important component in the creation of almost every commodity that has an exchange value. Labour is an important part of the process of creation of wealth since it creates goods. Labour is of two types, the first type creates finished goods while the second type produces material used in the making of the finished product. For example the first type would produce cloth while the second would produce thread, which is used in the process of making cloth. Many types of labour are involved in the making of a finished product. In the case of cloth manufacture right from the farmer to the weaver a number of persons contribute their labour and skills. The labour of a farmer must be held different since the grain he produces is used in that form itself. All other producers have to process raw material to arrive at the finished product. Labour has also been classified in accordance with the finished product it produces. Labour can also be non productive in the economic sense. This category would include writers, painters, sculptors who produce a product that has a physical identity. Singers, Musicians and Dancers are also included in this category but their product does not have an independent physical status. Other examples a soldier, judges, administrators. The above divisions are broadly speaking what are referred to as primary producers, Secondary producers and tertiary producers or service providers.
Expenditure can also be classified into two categories productive and non-productive. Expenditure that leads to the production of marketable goods is obviously productive. But expenditure on fine food, fine clothing and other luxuries is unproductive. In any country only some of the population is productive. If the productive population is able to support a larger unproductive population then it is a desirable situation.

Another important constituent for creating wealth is capital. Capital means accumulation of profit or wealth out of labour. Capital is one of the basic necessities of any productive activity. Capital is that which can be accumulated i.e. raw material tools, finished product, salaries, interest, etc., when capital is invested judiciously it earns profit. Industry or any business is dependent on capital. In countries where capital is spent on unproductive activities the government should step in to regulate the situation even to the extent of taxing to gain control. There is a proportionate relationship between capital and productivity although at times capital expenditure on infrastructure may not reflect an increase in productivity. The expenditure on luxury by the elite class could be stopped voluntarily or by law in order to spend it in a more productive fashion this would evenly distribute non-productive expenditure amongst all classes. Capital created through saving or accumulation. Capital has to be reinvested in order to earn further profit for e.g. what is called induced capital this reinvestment of capital is important. There is no relation between increase in profit or capital and the enhancement of workers’ wages. Increased profit does not necessarily carry over to the worker. Chiplunkar talks about capital that gives returns only once and capital that once invested becomes a permanent or immovable asset for e.g. land, machinery or irrigation.

In the author’s discussion on the causes for productivity, he places natural resources as one of the most important factors promoting productivity. Natural Resources are another important source of wealth not only as raw material to produce goods and hence wealth but also as an item of trade in its raw form. Natural resources do not gain value unless labour is expended on them. These natural resources would include rivers, fertile soil, climate, and mineral resources. The second contributing factor is labour, which is efficient, sincere and dedicated. Presence of manpower in sufficient numbers is not always available in all regions. Skill and knowledge is also an important aspect of
productivity. Not only should labour be skilled but advances in science and technology are essential to the process. People in a country should be honest and law abiding. What Chiplunkar is probably trying to say is that law and order and internal security are fundamental requirements for economic activity. Other minor factors responsible for productivity are the legal system, taxation and local customs and traditions.

The author is of the opinion that a proper division of labour is essential to the process of productivity. This can be of two types where in the first the same task is carried out collectively in the second a single task is divided amongst workers which is found to be more effective. Chiplunkar quotes Adam Smith with regard to an analysis of the relationship between productivity and labour. Labour becomes more productive in an industrialized economy. Firstly because workers become more skilled, proper division of labour does not allow any wastage of time and thirdly the mechanization of industry reduces the burden on labour. Furthermore a large scale industry provides for greater productivity rather than a small scale one. Expenditure for large scale manufacture proportionately decreases. At times mechanization forces productivity to be on a larger scale. Some businesses are on such large scale that joint stock companies had to be set up. The author examines the advantages and disadvantages of large scale productivity. Similarly agriculture on a large scale and agriculture on a small scale is also compared. Chiplunkar feels division of labour is not of much use in agriculture due to the nature of the work. Larger holdings have some advantages but small holdings held by individual owners do show good productivity due to commitment. However, from the point of view capital investment large holdings are more convenient. The advantages of small and large holdings also vary according to the type of crop.

Land along with capital and labour are the most important components of productivity. While the latter two are unlimited, land is limited however, the productivity of the land can be increased. However, the productivity is not uniform because of different types of soil. Land newly brought under cultivation requires more labour.

In the last chapter Chiplunkar has analysed the conditions in India.\(^1\) The main reason for the low productivity in India is the lack of capital and the lack of land. The

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\(^1\) Chiplunkar, V. in Bedekar, D.K., Char June Arthashastraadnya, Poona, 1961, Pg 373
lack of capital is mainly due to lack of saving, skill, technology, predilection for business, etc. The method of promoting the creation of capital is by having a good political system, security, light taxation and the promise of receiving a fair share of the profit to the worker and the farmer. If capital is not raised in the country foreign investment should be welcomed, especially in the case of India, where the exports consist of agricultural goods, which do not bring back enough profit to raise capital. Those countries, which have less agricultural output, find a solution to this problem by colonizing such areas.

One finds that Chiplunkar puts forth his views in the last chapter very much in accordance with the views expressed by the classical economists. He admits that an in depth knowledge of trade, agriculture, and politics as well as the support of statistical data would have benefited the writing of this work, however the importance of this work lies in the fact that it translated the theoretical frame work of classical economics as provided by John Stuart Mill into the vernacular. He also refers to Adam Smith from time to time. In fact Chiplunkar states at the beginning of the work that the knowledge of economics is absolutely essential. It people remain ignorant about this branch of knowledge problems in economic relation can emerge. Knowledge of economics can be beneficial to a country because it creates an understanding of important issues like the nature of a nations wealth, it’s industries, the reasons for the growth of industries, causes for their limitations, relations with the government, foreign trade relations, reasons for decline of foreign trade all of which can be explained by economics.

Rao Bahadur Ganesh Venkatesh Joshi

Another of the early thinkers on the economy of Indian was Rao Bahadur Ganesh Vyenkatesh Joshi. He wrote a number of articles and delivered quite a few speeches on economic issues. His articles and speeches were well known for being analytical in its approach and well supported by statistical data culled from government sources. He writes at the same time as Justice Ranade being his contemporary and close associate.

The Joshi family was originally from the Ratnagiri District and was in the service of the Patwardhans of Miraj during the Peshwai and even after Company rule was established. He passed out of the Poona High School and went on to study at the
Rao Bahadur Ganesh Venkatesh Joshi
Elphinstone College. He acquired his B. A. degree in Logic, Moral Philosophy, History and Political Economy. The last subject being of importance from the point of view of this study. After his education he joined the Education department as a teacher and served at the High Schools at Sholapur, Nasik, Satara and Poona. It was during his stint at the Sholapur High School that he volunteered his services in the plague relief activities. He was awarded the title of Rao Bahadur in 1898 for the excellent work he did as ward Inspector and Subsequently Superintendent of the Potepur Plague Camp.  

R. B. G. V. Joshi wrote extensively on the conditions of agriculture as well as on the subject of Indian Industry and the need for its development. Two of these articles have been selected for the purpose of this study as representative of his thoughts on the Indian economy. The first is an essay entitled ‘Note on agriculture in Bombay’, which he read at the Industrial conference at Pune on the 14th September 1894. The same essay was later published in the journal of the Poona Sarvajanik Sabha in October 1994.  

This essay deals with the conditions of agriculture and the peasantry in the Bombay presidency. While writing this essay G. V. Joshi made use of the census reports and other published the condition of agriculture on the basis of the following factors.

- Increase in Population
- Increase in revenue
- Increase in land revenue
- Increase in foreign export
- Increase in general prices
- Increase in cropped area.

From the above factors he deduces the condition of the peasantry, the productivity of agricultural land, the rate of revenue and the rate of growth of the agricultural sector. He also, in all fairness examines the various schemes introduced by the government in order to improve the conditions of agriculture. He counts the development of roads and railways, extension of irrigational facilities, the conservance of forests, the advance of

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1 Joshi, Dinkar Ganesh, Ed, Writings and Speeches of Hon R. B. G. V Joshi, Pg I onwards.
2 Ibid, Pg 33.
tagavi loans, introduction of modern techniques in animal husbandry and farming as some of those that provided for the development of agriculture. He however, stresses that the existing indigenous system and methods should not be supplanted but supported by these governmental measures.¹ He also stressed that rather than increasing the scale of operations the government should concentrate on being more effective. He finds the peasant not availing of the new opportunities available to him.

G. V. Joshi goes on to enumerate the disadvantages against which the peasant works. Firstly the climatic factors, secondly the indolence of the ryot, thirdly the role of the moneylender and lastly the over assessment under the prevailing land revenue system and the strict exaction of dues. Due to these conditions he finds the ryot is increasingly alienated from his land through sale, the overburdening of the agricultural land and division and subdivision of holdings and last but not least the lack of education of the ryot which keeps him away from modern techniques. All of the factors mentioned above are supported with statistical data.

G. V. Joshi does not restrict himself to analyzing the ills of agriculture in Bombay region but goes on to suggest remedial measures. The first suggestion he makes is that of a lighter burden of taxation and accessible, easy, banking. He believed that a fixed assessment would be the ideal state. The third suggestion is in the context of tenancy where the author feels there is need for government legislation in order to protect the rights of the tenants.

The development of industries is another solution that is offered in order to reduce the burden on the land. Lastly the author speaks of the dire need to make education available to the peasantry. He speaks in terms of primary as well as specialized agricultural education. This he feels will equip the farmer with the skills necessary to deal with the situation. The author patterned the above suggested remedies on an already implemented scheme that was carried out to improve agriculture in Germany. He points out the two fold objective of such a scheme, which were to make the ryot more secure and secondly to improve agriculture.²

¹ Joshi D.G, Writings and Speeches of R. R. G. V. Joshi, Pg 343.
² Ibid. Pg 370.
He second article we will be surveying as an example of G. V. Joshi's economic thought is an article entitled 'Economic Situation in India' which is the first in a two part series in which the first deals with industry and the second with agriculture. We are concerned with the first part dealing with industry. Rao Bahadur Joshi speaks of the destruction of the 'Old many, sided and balanced system of national industries' as the main cause for the poverty and distress of the lower classes as also their inability to withstand the tides of misfortune.

The claim by the imperialist school of thought that points to the extension of agriculture, the growth in volume of trade and particularly the import of precious metals as proof of growing prosperity is rejected by the author who points out that the nature of the increase in these areas need to be examined, against the background of destruction of industry. The gross national income is compared with that of other countries and found to be abysmally low, the cost of food and clothing more or less breaks even with the average income, notwithstanding expenditure to replace cattle, repair implements etc. on the basis of these factors he arrives at an annual savings rate of 4 annas (16 Paisa) per head. It is pointed out that this being the average statistic, the majority of Indians did not earn enough to provide them with adequate sustenance. These people belong to the agricultural as well as the industrial class. A general deterioration of standard of living is also stated. A rise in the population adds to the woes of the country as per the government point of view, but the author who says the growth rate comes down due to famines and a high mortality rate contests this.

Against this background G. V. Joshi then proceeds to analyze the condition of the Indian artisan. He primarily holds foreign competition responsible for the difficulties of Indian industry. The second factor is the lack of capital resources, which make the Indian industry incapable of facing this competition. G. V. Joshi says this contest is an unequal one since the foreign manufactures have 'Superior resources of capital, skill and associative organization.' The nature of this competition he says is comprehensive and can be termed as competition from without meaning from finished goods produced outside the country and competition from within meaning manufactured goods produced

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1 Joshi, D. G., Writings and Speeches of R. B. G. V. Joshi.
2 Ibid.
by foreign capital within the country. The results of this competition has resulted as per
the author in a ‘derangement of our national system of coordinate industries’ by which he
means the traditional structure of industry in India and the reversion to agriculture. These
artisans, however continue to survive inspite of these conditions. He further goes on to
describe the exploitation by foreign capitalists, which is extending to a number of
industries. For example the field of mining, that is controlled by Europeans. Foreign trade
is similarly in the hands of foreigners who are not restricted to the ports but are extended
into the interiors. The most harmful factor is however the fact that shipping and trading
agencies are also almost all foreign owned. Internal trade is controlled by dependence on
the foreign owned railways. The most affected according to G. V. Joshi is manufacturing
itself, which is faced with competition not only from foreign goods but also from foreign
owned industries. He quotes the example of the tanneries at Kanpur that were putting the
traditional leather workers out of business. Other examples were cotton mills, brass
works, woollen mills all of which displaced traditional urban manufacture and even
affected the rural markets. The author points out that these foreign owned manufacturing
units did provide employment to the local populace but it was not to be compared with
the overall ‘loss of work, wages, profits, industrial status, that has taken place in the
country’. The author calls the combined effort of all the above factors as an ‘industrial
depression’, the other factors mentioned are –

The under utilization of labour

The lack of scientific progress that could be applied to the methods and techniques
of industry.

The lack of capital owing to military anarchy in pre British India (an interpretation
that is now being questioned), foreign debt (which was a direct drain on resources), the
occurrence of famines, low savings because of low income and heavy taxation.

Lack of organized banking

Lack of guilds or industrial associations at the provincial or national levels. Guilds
or caste Panchayats tend to be localized.
The author speaks of the low spirits of the working classes and their lack of motivation.

The solutions to the problems of India’s indigenous industrial sector suggested by the author are based on his own line of thought. He first proposes a reconstruction of our industrial system on the basis of a diversity of occupations’ the main improvements suggested are as follows –

To organize industry on the joint stock principle.

Establishment of trade agencies by Indians.

Formation of indigenous mining companies.

Establishment of Indian Shipping Companies.

Revival of the art industries and their promotion in Europe and America.

The establishment of ‘Provincial Central Associations’

The author further goes on to say that all the above measures are impossible to carry out on a private basis. Quoting the example of post Napoleonic Europe he points out how the governments of the continental countries played an active role in re establishment of industry. They too he says had to face competition from England’s manufactures. To quote G. V. Joshi ‘They boldly adopted an active economic policy of reformed land laws, protective duties, industrial subventions and bounties, measures of technical education all with a view to rehabilitate their national industries...’

Another important observation made by the author is in the context of the concept of government itself. The European concept of allowing unrestricted economic activity or free enterprise is not necessarily to the benefit of India. Hence government as the agency of economic development is what the author is advocating. He further goes on to say that it the state (meaning the British India Government) can sponsor building of railways and canals to facilitate trade and certain industries (Coal, Tea, Cinchona) it can be done in other areas as well as on a larger scale.

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1 Joshi, D. G, Speeches and writings of R Bah G. V. Joshi, Pune 1912, Pg 808
The government should also source its requirements of goods from India instead of England, the biggest example being of paper.

Indigenous industry should be protected by protective tariff as is the practice all over Europe.

Prosperity of the economy is directly linked to agrarian prosperity, hence a permanent and the author advises reasonable settlement of revenue.

The establishment of technical and vocational training schools in accordance with the industrial potential of each region.

Another suggestion is for governmental supervision and control of the banking sector. Where the government should assume the role of guarantor.

On the basis of the above mentioned reforms the author hopes to create an environment that would support and stimulate the growth of industrial productivity in the country.

These were all examples of scholars and thinker of the early generation who began the discourse on the Indian economy. There were however, persons in public life who were more action oriented and made active efforts to promote industrial activity.

**Vasudev Balwant Phadke**

Vasudev Balawant Phadke is known to Indian History as one of India’s earliest revolutionaries who raised a revolt against the British with the help of a local tribe, the Ramoshis. However, there is another side to his personality which has not received due attention. He was born into a Chitpavan family that had served under the Peshwas, Phadke was a government servant as well as a public spirited man, he strongly believed that India needed to modernize without losing its cultural and religious traditions. He also was of the time opinion that political emancipation he was the answer to India’s problems. He was one of co-founders of the Poona Native Vernacular Society that took over a private school in 1876 and began to provide a western education not only to Brahmins but all castes and classes of students.
In 1978 another facet of this personality came to the notice of a researcher Dr. C. N. Parachure. In that year a number of documents in the Modi script were handed over to Dr. Parachure along with a mould that were previously used for making soap. The documents, a total of 59 in number were papers dealing with the establishment of a soap factory on a cooperative basis. It was called the ‘Aitedeshiya Vyaparas Uttejan Denari Mandali’. A loose translation would be ‘Society for the promotion of indigenous trade.’ The Mandali, as it is referred to in the papers, was established by Vasudev Balawant Phadke and members of the Oak family (from whom Dr. Parchure received the papers of the Mandali).

The main objectives of the Mandali are evident from the title itself. It was formed to promote the production of indigenous goods and to trade in these selfsame goods. Another important objective was to teach people a useful craft or vocation from which they could earn their livelihood. The Mandali was basically a cooperative set up with contributions from the public. It consisted of a total of 14 members of which three were co-opted later on. There was no effort to register the Mandali under the Societies Act of 1860. However it is quite clear that the rules and byelaws adopted by the Mandali were very much in accordance with the Act. It is an all probability the first society to be formed with the specific intention of promoting the use of indigenous manufacture. The Society Members were encouraged to sell as much as possible and also to use the soap and cloth they made themselves. The scope of activity was not limited to Poona alone, member of the Society R. B. Oak was successful in gaining eleven members from Dharwar as well.

The above mentioned papers published by Dr. Parchure contain two important papers. One is the text of a speech delivered by Vasudev Balawant Phadke and the second is in the form of an appeal, also made by Phadke, on behalf of the Mandali. The appeal carries no date but must have been prepared within a year or two of the establishment of the Mandali. Loosely translated the appeal informs the public that the country is stricken with poverty mainly because the goods that are being consumed are

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2 Ibid
not produced in India. The poor are thereby deprived of the opportunity to learn and practice vocational skills. Even if an individual wants to start such an enterprise it is not possible since most of the populace does not know how they are going to see the day through. The pamphlet declares that they have established a soap making factory, of which one such manufactured bar of soap was being sent along with the appeal. Although it has been priced at one anna in keeping with the price of foreign made soap the appeal requests that the buyer pay two annas for it. The reason given is that the factory is newly set up and in order to stabilize and produce in the same volume as foreign soap they must increase production. Rather than asking for donations or charity this method of collecting finance is preferred, and the appeal requests that the soap be bought in this fashion. The appeal also asks the buyer to suggest any improvements in the product and furthermore to extend his patronage to the soap company on a monthly basis for a full year, that is buy the soap for his daily consumption for a year. This would enable the Mandali to collect enough capital to buy the necessary tools and other items. If one such factory is a success a second one can be started in a similar fashion. By donating towards the existing factory the donor would be spending money on a righteous cause and creating employment as well. The appeal requests the donor to sign on the book of membership if he desires to help the Mandali. Phadke and his associates hoped to raise funds for their venture through public contributions an idea that was to find a great deal of success at a later stage in the form of the Paisa Fund. In a sense Phadke's cooperative was a precursor of the Paisa Fund, both having similar objectives. The larger objective is quite clear from the appeal in which the promotion of the concept of Swadeshi as a solution to the country's economic ills is suggested. Secondly the establishment of such ventures would provide a source of employment for the common man, which were sorely lacking. The import of foreign goods was held responsible for this situation.

The speech that was found in the Mandali's papers is entitled 'Hindustanche Hindu Lokanchi Stithi Itke Vait Sthithis Ka ali va ti Janyas Konte Upay Kele Pahijet' Translated the title means 'Why the condition of the people of Hindustan has deteriorated and what should be done to remove this problem.' The speech begins on a sarcastic note saying that because of the lethargy and dishonesty of the people of India the almighty went into a deep sleep for fifty years (meaning the period from the fall of the Peshwai to
the 1870s) thus allowing lethargy and dishonesty to flourish. However the appeals of the people reached his ears and he awoke to create Sarvajanik Sabhas in the districts and towns of the country. As a result pride in the nation and political awareness increased. This according to Phadke is a fortunate circumstance.

The causes for the country’s decline were bad policy, lethargy and irresponsibility. When foreign rule was established people did not realize that the economic situation would deteriorate within a generation. If they had they would have united against foreign rule. However, independence was forgotten in the attraction of titles and as a result 2, 4,000,000 people lost their freedom. The British convinced the people that the old Watandars exploited the rayat by exacting various types of taxes. Under British rule the old system was scrapped and they established a revenue system with a single tax system. At first the rayats were pleased but were caught in a trap. The new revenue system was of progressive taxation and the burden soon became unbearable. The new Diwani Courts were based on western legal principles and the unity of the old system of joint family ownership was destroyed. The old joint family system promoted the value of unity in society under the leadership of the patriarch. Similarly every village had its caste elders, Deshmukhs, Deshpandes and Sardeshmukhs all of these were respected by the rayats. The destruction of social unity has however resulted in foreign rule. The lack of unity allows the British to ignore the indigenous opinion and proceed with measures like the doctrine of Lapse, Salt Tax and the Municipal Bill. The caste system was a means of propagating unity, however some western educated scholars have spoken against the caste system and supported anti casteism and gained the approval of the British. This has only created animosity amongst castes and spread misinformation amongst the British. In doing so they have destroyed the unity and structure of Indian society that has taken years to achieve. The caste system is a system of organizing a unified society and society suffers under the British because its unity has been destroyed.

Phadke then goes on to suggest how the situation can be improved, how industriousness, unity and moral values can be profitable. Those Indians serving in the administration and the new scholars are the best placed to understand this. This most be done for the welfare of the country, to prevent the country from suffering, for Indians to assert themselves and to prove their ability to manage their own affairs. Every Indian
official could contribute 1/64 or 1/192 of his salary towards starting cooperative banks, or set up manufacturing units and can earn a profit. They can also pledge to use only those items that are indigenously manufactured, this would encourage the manufacture of various types of goods. With the population engaged in work moral standards would also be raised.

The speech is quite an eye opener in that it, albeit indirectly, gives us a good idea of Phadke's thoughts on the condition of the country. Impoverishment of India was obviously a well established fact by the 1870s. Phadke clearly holds foreign rule, and the changes it brought about in agrarian structure, responsible for the economic condition of farmers. He also points out that indigenous manufacture has also been reduced drastically. Phadke does not refer to drain of wealth at all, he concentrates on the revenue system and lack of manufacturing capability. He also offers a solution for raising capital for industrial ventures. Another interesting feature of the speech is that he mourns the destruction of the traditional joint family system and moral standards. Phadke however acknowledges that it is only the western educated who have the capacity to revive Indian society and economy. In that sense he does seem to be progressive in his approach. His subsequent activities as a revolutionary have however branded him as a revivalist. Placed against the background of his efforts to revitalize society and economy perhaps he deserves more credit for these efforts than he has received till now.

An examination of the list of share holders provides us with an interesting piece of information. The list for Poona tells a story of its own, with the exception of a single gentleman all the others are Maharashtrian Brahmans. The total list includes donors from Belgaon and out of a total of 39 members 27 are Chitpavan. Phadke's venture does not seem to have been success; perhaps his failure motivated him towards revolutionary activity. The scope of the project at least at the initial stage seems to have been limited to a circle of friends, acquaintances and family. Whether it was lack of resources or poor response from the market or whether there was a lack of support from the educated class, it is difficult to identify the reason why this enterprise failed.
Lokmanyā Bal Gangadhar Tilak was another Chitpavan leader who expressed himself through his editorials, articles, and speeches on the subject of the Indian economy. Vishnushastri Chiplunkar, Gopal Ganesh Agarkar and B. G. Tilak had started the newspapers the Kesari and Maratha in 1881. These two newspapers were to become Tilak’s mouthpieces particularly once Agarkar separated himself from them. Tilak was what is known popularly, as an ‘Extremist’ as opposed to the ‘Moderate’ stand of leaders like M. G. Ranade, G. K. Gokhale, and others. He was the first political leader with a pan Indian appeal to appear in the course of the national movement. He was bom at Ratnagiri in 1856. He obtained his graduate degree from Deccan College in 1876 and went on to acquire an Ll.B as well. Tilak was obviously a person whose commitment to society was genuine which is corroborated by the fact that he was one of the cofounders of the New English School. Of the other cofounders V.K. Chiplunkar, tragically, died young, while Tilak, Agarkar and Namjoshi went on to become permanent and luminous fixtures of public life in Poona. None could match the popularity and clout that Tilak was able to achieve.

One must point out here that all of these leaders accepted the analysis of India’s economic ills as presented by Dadabhai Nauroji and substantiated by Ranade’s writings. The difference lay in what each of them made of the material at hand. Ranade believed a period of tutelage was necessary since society and culture must move in tandem with economic progress. Dadabhai Nauroji was less idealistic in that he was able to correlate the basic political issue with the economic. Colonialism was the main reason behind the economic problems hence self-government was the only solution according to him. How was this status to be achieved? Nauroji’s answer was - through representing the case to the British parliament and public, hence he spent much of his life in England trying to do the very same and even got elected to the British Parliament. Tilak agreed with Nauroji’s analysis but believed it was time to take the next logical step forward. To launch a more overt criticism of government policy. At this point Tilak does not speak of political agitation that comes at a later stage, with the Home Rule Movement. He does, however, make excellent use of the press to mount criticism of the government, another significant change was that the issues on which economic nationalism were based were more freely
'Lokmanya' Bal Gangadhar Tilak
and fearlessly discussed in Tilak's newspapers. The idea of boycotting the use of foreign goods as an expression of solidarity with the nation, as also as a means of protest, was to gain great popularity during the agitation against the partition of Bengal. The concept of Swadeshi was not new, as mentioned earlier, but to combine it with the concept of political agitation was an innovation of the Swadeshi movement. Through his articles and editorials Tilak strongly supported the concept and practice of Swadeshi. Thus Tilak's main contribution lay in revealing before the educated Indian public the policies and measures of the colonial government that were a drain on government resources, those measures that were against the economic interests of the people. Also from time to time new publications on economic issues, speeches made by eminent persons and statements of government officials would be showcased and analyzed and discussed. A few examples of the nature of editorials and comments are included here.

In his editorial in the Kesari, dated 17th December 1901, Tilak reviews a book written by Mr. Digby, an ex official of the British Indian administration, probably entitled 'Prosperous British India'. This work expressed severe reservations about the condition of India in the coming 20th Century. The author's dire predictions of collapse of economy and starvation were based on factors like the lack of food stocks, the overdependence on agriculture, the destruction of industrial productivity, the takeover of shipping by foreign elements, the investment of foreign capital and carrying away of profiles, and inordinately high salaries of the British administrators. The author also examined the relationship between the colonization of India and the industrial revolution, arriving at the conclusion that England's prosperity was based on ill-gotten gains from India. Another pertinent point put forward is that an intermediary class of traditional landlords between government and peasantry worked well under self rule but not in a colonial state where they could form the base of political opposition. Hence the traditional system was not allowed to continue and new systems of revenue collection devised. Thus the conclusion arrived at in this work was that colonial economic policy was not beneficial to India. Tilak made full use of this work to bring home the nature of colonial rule to the reader. The work written by an Englishmen criticizing British policy is given due

1 Samagra Tilak Vol 8, Pg 937
publicity. Tilak points out that Mr. Digby’s work relies entirely on the facts and figures published by the government of India. The editorial also boldly states that foreign rule is the single most important reason for the deprivation that is suffered by the people of India.

In an editorial in the Kesari dated, 14th January 1902 Tilak discusses the subject of India’s poverty with the aid of facts and figures published by the government¹. Tilak also states that the government officials are well aware of the impoverishment of the country that is taking place. Another editorial dated 1st April 1902 while examining the annual budget makes a scathing attack on the government². Tilak criticizes the fact that in a year when the country was gripped by famine, when extra expenditure has been incurred by increasing salaries in the army, the Secretary Finance presented a budget that showed a surplus. The Secretary Finance also stated that because of tax remission and increased expenditure the surplus amount was reduced otherwise it would have been much larger. The budget is discussed at length in the editorial and the final conclusion is that the government is not responsible to the people’s representatives, which is why they do as they choose.

An editorial dated 28 March 1902 gives an overview of British policy in India.³ The main focus of administrators is a twin policy of the security and defence of the country and secondly of political expansion. With this in mind the government ensures a huge allocation of funds for defence year after year for issues, which are of no particular interest to the people of India. As a result funds are not spent where they should be i.e. on developing productivity. Agricultural productivity, he says, has increased marginally but the destruction of the arts and crafts of India has overburdened the agrarian sector. The profitable sectors of agriculture like tea, coffee, cocoa etc are primarily based on foreign investment and consumption. The government invested huge amounts on railways for administrative and military purposes but failed to invest substantially in irrigation, which would have benefited the common man. A similar attitude prevailed in the context of industries. The import of finished goods increases every year, no effort is made to

¹ Samagra Tilak, Kesari Publications, Vol 3, 1976, Pg 618  
² Ibid, Pg 619.  
provide proper technical training, both area where the government could play a role.
Tilak quotes the example of Japan where the government actively supported the process
of industrialization. He hopes that the moneyed classes and the government would come
together to support industrialization, a subject which he feels is essential for India’s
development.

Another editorial dated 24th March 1896 analyses the annual budget of the
Presidency in a manner, which is easy to read and understand. The aim is obviously to
explain the discrepancies in the budget to the common man. The question of import
duties and increased revenue, expenditure on campaign in Chitral, expenditure on famine
relief and the management of the fund set up for famine relief and finally the
appropriation of provincial revenues by the central government and its justification by the
Finance Member. This analysis of the budget aims at showing the misuse and
mismanagement of revenue that is collected from the common man as well as the lack of
answerability on the part of the government. To sum up Tilak’s contribution to the cause
of nationalism it could be said that the scholarly and often pedantic writings of
intellectuals on the issue of economic nationalism were presented before the common
man in simple language. He was also able to convey a powerful political message
through the press based on the issue of foreign exploitation.

The Industrial Conference And the Industrial Exhibition.

A series of conferences started in Poona in 1890 and were thereafter a regular,
annual feature of Poona’s public life. The moving force behind this organization as with
many others was M. G. Ranade. This conference was held against the background of
already existing efforts to promote Indian manufactures through an industrial exhibition.
The practice of showcasing Indian crafts and manufactures in this fashion goes back to
probably 1882 or 1883; it was called the Poona Exhibition of Native Arts and Industries.
Official correspondence in this context begins in 1888, in a letter to the Secretary to the
Government, Bombay Presidency, dated 11.5.1888 the secretaries of the Poona

1 Samagra Tilak, Vol. 3, Pg 599.
Exhibition Committee apply for permission to hold the 6th Exhibition.\footnote{Vol. 53, General Department Govt of Bombay Presidency, 1888.} The signatories are D. J. Gokhale, N. B. Kanitkar and M. B. Namjoshi. The letter pointed out that the lack of “proper publicity regarding usefulness to manufacturers.” The organizing committee felt that the solution was for the publicity to be carried out through official channels. This could be achieved through the Bombay Government recommending the exhibition to local authorities. The committee was willing to bear the cost of transportation of the exhibits on behalf of the manufacturers. The Bombay government was requested to inform the local authorities and also recommend the exhibition in the Madras Province, Bengal Province, North Western Frontier Province, Oudh, Panjab, the Central Province as well as the Native States. This request was acceded to and accordingly the government notified all those mentioned above through commissioners of Divisions and Collectors within the Presidency and through Provincial Governments without.

Further correspondence from Namjoshi sought government help in establishing contact with artisans in various regions and in working out the modalities of who would and how the goods were to be transported, and the possibility of the active cooperation of the local municipal boards, the notation on this letter dated 29.6.88\footnote{Vol. 53, General Department Govt of Bombay Presidency, 1888.} is quite clear that the government did not see the requirement to go out of its way to promote these efforts and communicated it’s inability to comply with the request, however, as promised it sent out copies of the prospectus.

The prospectus lists the members of the Exhibition committee which is a balance of the official and the mercantile classes and public men as it were, A. T. Crawford, W. H. Prompert, Dr. T. Cook, Prof. Scorgie, Khan Bahadur Dorabji Pudumji, Dhakaji Kashinathji, Rao Bahadur, N. B. Dandekar, Rao Bahadur, D. N. Nagarkar, M. G. Ranade, V. B. Kanitkar, Dr. V. R. Gholey, Rao Saheb, M. M. Kunte, N. R. Godbole and G. B. Mhaske were members. The secretaries as already mentioned were D. J. Gokhale, N. B. Kanitkar and M. B. Namjoshi. The presence of officialdom in the form of the collector or District Magistrate was mandatory in order to gain approval. The other Indian elements were usually merchants or traders in the form of donors; the core group as is apparent
from the names was all Brahmin and predominantly Chitpavan with one or two exceptions. There is no reason to believe that the nature of this composition underwent any change in the subsequent years.

In 1888 an appeal to the government of Bombay province was made for a financial grant to be given to the exhibition. A resolution of the government of Bombay dated 25.8.1888 made a grant of Rs.2000/- to the Poona Exhibition. The notings of the Chief Secretary J Nugent with regard to these activities was particularly harsh. According to him those who benefit from such an exercise are those who seek to achieve self glorification, those contractors who furnish or erect buildings for the exhibition and those few exhibitors who sell some of their goods. To quote him “the mass of community makes no advantage in any form.” The Governor was a little more generous in his assessment and says, “I am much of the same opinion as the Chief Secretary but inclined to give a grant on the grounds that official recognition has been given by forwarding the prospectus.”

Namjoshi, who is by now the sole correspondent on behalf of the exhibition committee, makes yet another request to the government of Bombay, it is for funding to set up a permanent Museum of exhibits. He received a favorable response from the government because the government had formulated a draft scheme for better organization of Museums in the country with a view to promoting the trade and industries of the country. The resolution mentions a two fold scheme of “locally encouraging and assisting the artisan and of making his work better known to public by means of Art Museums, Exhibitions and Art Publications.” Such a Museum already existed at Hirabag and there was a proposal to shift it to Faraskhana. But what must be pointed out here is that the above scheme was aimed not at promoting indigenous manufacture but the preservation of the more artistic industries, probably those that had lost patronage due to the end of indigenous rule. After the collection was reviewed the report observed that the museum had the nucleus of a good collection and needed the aid of expertise. The Governors observations were as follows, that the “is of the opinion that it will for the

1 Vol. 53, General Department Govt of Bombay Presidency, 1888.
2 Vo. 54, General Department, Government of Bombay presidency 1888
3 Vol. 109 General Department
4 Ibid
present suffice to make a collection of specimens of the artware of the presidency.” This observation was clear enough to place government policy in perspective. It wanted to preserve artistic tradition not promote indigenous manufacture.

The Industrial Conference was inaugurated in 1890 with M. G. Ranade making the inaugural speech that laid out the aims and objectives of the organization. That India was impoverished was a given, Ranade proposed that the conference concentrate on “ways and means to counter the situation”. Discussion of India’s relative increase or decrease of wealth was also not useful in finding a solution. Ranade felt the Indian economy should be viewed from the point of view of the modern, ideal, national economic structure where agriculture, industry, trade and service sectors were perfectly balanced. Only then could a true correction take place.

Ranade enumerates the causes of India’s industrial decline – India's conversion to a raw material producing country, the drain on resources, the lack of development of iron and coal industries, the non availability of capital due to nonproductive expenditure, the reality of free trade and lack of government support. Against this background Ranade produced a twelve point programme for the Industrial conference within which framework the conference was to carry out its deliberations.

Constitution was to be based on Non Sectarian Non Party lines so that all classes might participate.

Solutions should be found keeping in mind that Free Trade and drain of wealth were realities that could not be removed.

Poverty and overdependence on Agriculture were two major hindrances to development of industry.

The process would be slow.

The main objective was to promote manufacture and distribution of finished goods to correct the burden on agriculture.

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1 Ranade, M. G., in Bipan Chandra, Ranades Economic writings, Delhi, 1990. Pg 269.
2 Ibid, Pg 277
In order to do so the limited resources of labour capital and natural resources would have to be utilized in competition with advanced countries.

With this in mind production of articles based on agricultural raw material, and that raw material that is exported, should be concentrated upon.

The setting up of Joint Stock Companies in the absence of capital.

To import technology and skills from abroad.

Capital was available in the country it only had to be reorganized. Or invested in proper fashion.

To depend upon state assistance in setting up credit institutions, extending guarantees and subsidies, providing technical institutes, encouraging emigration and immigration, making indigenous procurements of supplies.

The effort and primary motivation most come from the people themselves.

Ranade virtually provides a blue print for the process of industrialization, albeit a very idealistic one. Certain factors in this twelve point programme are irreconcilable or even contradictory in nature. On the one hand Ranade speaks of accepting the reality of free trade and drain of wealth but on the other actually expects the government to promote private enterprise. This view could be understood in the context of a national government but certainly not in the context of a colonial power like Britain. Ranade was denying the very economic basis of colonialism. The 1891 Industrial conference was presided over by F. Beuclerk who submitted a report of the proceedings to the government. It made certain suggestions –

(1) Tenders for government procurement are invited from India and Europe

(2) A list of articles imported from Europe be made available

(3) Credit be made available to artisans on the lines of tagavi loans.

(4) The Association should organize an exhibition on machinery with the help of the government to obtain it.

\[1\text{ Vol. 65, General Department, Government of Bombay Residency, 1892} \]
To hold periodic exhibitions at district level. Mr. Beucleark in conclusion says that such exhibitions and museums would assist artisans in gaining knowledge of, “how to improve their methods and how capital is to be obtained, they will no longer be as discouraged as at present by the apparent improbability of competing with European Enterprise.”

Madhavrao Ballal Namjoshi

M. B. Namjoshi is a name that recurs again and again when one examines public life in Pune in the late 19th Century. He is in fact one of the most neglected figures in Poona’s public life. This, in spite of the fact that he worked tirelessly for various causes. Namjoshi is associated with various ventures across the political divide that had emerged in Poona’s public life Namjoshi is course died in 1896 just around the time these differences become irreconcilable. This period marked by the change of guard that took place, with the leadership of Poona’s public life passing to Lokmanya Tilak from Justice Ranade. Namjoshi seems to be a person who was above all this factionalism and seems to have devoted himself to the service of the community. We first hear of him when he figures as one of the founding members of the New English school, he finds mention in the records of the Poona Sarvajanik Sabha as a leading member, he was part of the group that established the Kesari and the Maratha. Namjoshi also started periodicals like the Kiran, Deccan star, Shilpa Kalavidnyan and the Industrial Review. Perhaps his biggest contribution lay in the form of the establishment of the Industrial Conference and the Industrial Association, in Poona. To improve the industrial productivity was one of the major interests of this association. It was established in 1890 under the leadership of M. G. Ranade, but subsequently one finds all official correspondence of this association carried out by Namjoshi in his capacity as Secretary.

Industrial development was a subject close to M. B. Namjoshi’s heart. His interest seemed to lie in action rather than long winded discussion. One an reconstruct an episode illustrative of this trait from government correspondence involving Mr. Namjoshi, Mr. Nugent, the Chief Secretary of the government of Bombay and Dr. Cook who was a Professor at the Poona Engineering College. Namjoshi’s letter to the Chief Secretary
Mahadev Ballal Namjoshi
dated 30.7.1888 dealt with certain fundamental issues.1 The letter was regarding providing artisans with knowledge of modern improvements in methods of manufacture in terms of tools, machine tools, hand machines etc. He wanted to invite manufacturers of the above category to exhibit in India. The letter also requested pecuniary support from the government since the effort would ultimately support manufacturers in India and abroad.

Namjoshi goes on to speak about specific industries. He first refers to the need to protect handloom weavers who cannot hope to compete with the modern mechanized textile industry. The answer lay in the introduction of modern technology to traditional artisans. The introduction of “Hand and power loom, winding and warping machines, improved shuttles, winding frames, bobbins, etc.”2 Namjoshi also speaks about the metal industry in Poona in particular about the production of brass utensils. 1/8 of the population was engaged in this industry and it was backward because of the “ignorance of labour saving devices used by fellow workers in civilized countries.” Once again Namjoshi is quite specific about the type of tools required, “Lathers, hammers, planing and milling machines, cutters and other such tools and machines will produce an immediate effect in improving the prospects of the trade.”3 Lack of funds and the lack of education on the part of the concerned communities was a great obstruction in the committee’s efforts to introduce modernization.

Dr. Cook’s correspondence with the Chief Secretary is illustrative of Namjoshi’s devotion and perseverance. Dr. Cook who was asked to look into the subject of metal item manufacturers in Poona sent back a reply saying the cost of machines was out of reach of the workers and secondly their application was not suitable to the requirements and circumstances of native industry. In Dr. Cook’s own words4 “you have set me a very difficult problem – Mr. Namjoshi is one of the plagues of my life.” Namjoshi wanted to modernize the production technique of the brass lota manufacturing industry in Poona to improve its quality. According to Dr. Cook the poor quality was a matter of economics not lack of modern methods. The ‘Lotas’ could be finished properly by the same method

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1 Vol. 54, General Department, Government of Bombay Presidency, 1888.
2 Vol. 54, General Department, Government of Bombay Presidency, 1888.
3 Ibid
4 Ibid.
but took three times the effort, which was impractical since it fetched a low price in the market. Dr. Cook's next comment was a telling one, "no one can turn out finer or more delicate work than a poor native workmen if he likes but if the taste of the native purchaser does not incline him to pay a higher price for the better finished product what then?" Secondly Dr. Cook points out that coal, the fuel needed for the machines, was expensive in India. Lastly he says that the unique selling point of the product was that it was made from scrap, used extremely cheap labour and inexpensive manufacturing methods, which ultimately allowed sale of the product at an extremely low price. If mechanized the industry would not be able to compete with products from Birmingham since the cost of production would go up and the competitors were in a position to offer better pricing.

From the above example it is evident that establishing new industries as well as the process of modernizing old ones was not such a simple issue. The above-mentioned episode has been specifically mentioned to illustrate an entirely different issue. If one surveys the tradition of economic thought in Maharashtra from the 1840s onwards it was largely based on a theoretical understanding and scholarly discussions of the issues of the day. M. B Namjoshi provides us with an example of how there were certain men who were not content with this kind of activity; their approach was more hands on and immediate. Namjoshi represented this school of thought and his subsequent correspondence with the government of Bombay Presidency shows how he single mindedly pursued the idea of establishing a museum devoted to the industrial products of India. He not only carried on a continuous correspondence upto his death in 1896 but also successfully collected a sum of Rs. 17,000 through donations equal to the government contribution for this purpose.

**Madhav Moreshwar Kunte**

Another such example is of Rao Sahib Mahadev Moreshwar Kunte who was born in 1839. He was the Headmaster of the Poona High School for quite some time and also an
Mahadev Moreshwar Kunte
active participant in Poona’s Public life. Kunte was an active member of Poona’s Chitpavan coterie. He was a close associate of M.G. Ranade although they later fell out over the elections to the municipal board. Kunte was a liberal as far as his political views were concerned and firmly believed India was and would benefit from British rule notwithstanding certain grey areas. Kunte was a great supporter of economic reform. He believed that the British had burdened India with extra taxation and deprived Indians of jobs in the government and trade. However, in keeping with the principles of free trade Kunte felt the British were perfectly justified in pursuing this course of action, which furthered the interests of their country. Kunte’s analysis of India’s economic ills was that it was caused by the following factors,- an increasing population, limited income, increase in scope of trade, the nature of imports, decline in crafts, the loss of patronage to indigenous manufacture and reversion to agriculture. Indian’s he felt were not backward, given equal opportunity and rights they were capable of competing with any country.

The solution to Indian’s economic ills lay through the path of industrialization. These opinions were often expressed as a speaker at the annual lecture series, the Vasant Vyakhyamala. He also believed in the need for research into India’s natural resources according to which the process of industrialization could be guided. Kunte firmly believed that solving the economic ills of the country would automatically resolve its social, political and religious problems.

Kunte was also an active participant in the process of industrialization. He had a huge collection of minerals and plants found in India. In 1885 he set up a factory for the production of lead pencils, which he called ‘Solar Ray –Surya Shalaka’. He was careful about maintaining a standard of quality of the product. The untimely death of his son brought an end to this otherwise successful venture.

Ganesh Vasudev Joshi.

One more example of an active and selfless worker is Ganesh Vasudev Joshi who is regarded as the progenitor of Swadeshi in Maharashtra or India for that matter. Born in

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Sarvajanik Kaka’ Ganesh Vasudev Joshi
1828 he was a lawyer by profession who subsequently turned to public work. He was one of the founder members of the Poona Sarvajanik Sabha, which was Poona’s leading public organization which provided a platform for political and economic issues. G. V. Joshi became so identified with the institution that he was thereafter called ‘Sarvajanik Kaka’. In 1872 he vowed to use only indigenous cloth and indigenous articles. What is even more appreciable is that he used make the cloth himself right from making the thread. He can certainly be credited to be the first to actively practice swadeshi almost 50 to 60 years before M. K. Gandhi.

During the Great Famine of 1876-77 G. V. Joshi visited the districts and even collected a fund of Rs. 17,000 for the famine stricken. The suggestion to appoint a permanent Famine Committee came from the Sarvajanik Sabha. It also suggested various relief measures. Ganesh Vasudev Joshi also went on to establish a cooperative to promote the use of indigenous manufactures. It was called the ‘Poona Deshi Vyapar Uttejak Mandal and was established in 1873. Another notable fact about him is that he acted as defence lawyer for Vasudev Balwant Phadke after the British caught him.

The Paisa Fund

By the early 20th Century the discourse on India’s economy had achieved the status of accepted theory. It was a time of action rather than words. The concept of Swadeshi was being discussed openly, industrialization was recognized as the economic objective just as representative, responsible government was the political objective. Swadeshi as a concept was combined with political agitation after the partition of Bengal to form a potent weapon. There were however, less glamorous attempts at achieving the economic objective with a greater degree of permanency. One such attempt was the Paisa fund, where the idea was to collect 1 paisa from each person and in such a way establish a fund that would provide capital to an industrial venture. As a concept it was not new, Lokahitavadi had first suggested pooling resources together to raise capital rather than wasting money on buying gold and other luxury items. Later on Vasudev Balwant

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1 Dikshit, M. S, Sarvajanik Kaka, Pune, 1993, Pg 27.
Phadke actually attempted to collect capital in this fashion but was not successful, in all probability because people were not ready for such innovation and it was also around this time that the Great Famine and the Deccan Riots took place. Yet another problem was the famous ‘Conspiracy theory’ targeting Deccani Brahmins that began to do the rounds at around the same time. All told it was not a propitious time for such a venture. By the early 20th Century the situation had changed, the number of educated unemployed had increased and the leadership had become much more audacious and vocal. Modern industry was growing gradually, with Poona itself having mine modern factories.1

It is against this background that Antaji Damodar Kale a schoolteacher was seized by the vision of setting up an industrial enterprise through public donations. He was born in 1867 and went on to become a schoolteacher at Khetalwada. All through his youth he was witness to the devastation wrought by the successive famines. This must have had some influence on his thinking, he believed the country was blessed with natural resources but the people did not utilize them properly. Around this time Kale came across the idea of collecting a capital fund through public donations. He resigned his job in 1899 and thereafter devoted himself to his idea. He was fortunate in that Lokmanya Tilak supported his concept and subsequently gave it publicity in his newspaper, the ‘Kesari’.

By 1899 the Paisa Fund was established with the following objectives.2

The fund was to be spent on education.

The fund was to be collected at a didki per head per year.

It was expected that the educated would voluntarily donate more.

Antaji Kale was appointed as the agent for collection.

He travelled all over Maharashtra in order to gather donations. In 1904 he addressed the Sarvajanik Sabha in Poona where it was decided to form a central committee with Dr. M. G. Deshmukh as President, Lokmanya Tilak and G. B. Kher as Treasurers and V. R. Joshi, S. D. Bapat and Antaji Kale as secretaries. With the probable exception of Kher all the members of the committee were Chitpavans. The objectives of

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2 Ibid, Pg 90
the Paisa Fund were to revive trade, crafts and agriculture, which had fallen on bad times due to foreign rule. The only way to revive India's economy was through revival of its manufacturing capability, in order to create employment. Thus could be done only with the help of vocational training and capital. That is why a national fund was being established with the twin objectives of providing funds to those who wished to take technical training and those who wished to set up manufacturing units. This fund would be available to persons irrespective of caste, creed or region.

With the backing of political heavy weights and publicity through the vernacular press the fund was able to collect a sizeable amount. By 1915-16 it had collected Rs 1, 07, 451/-. On the suggestion of W. G. Joshi it was decided to open a glass factory cum training centre at Talegaon in 1909 under the supervision of Ishwardas Varshney. Apart from the glass factory the fund also financed other ventures manufacturing items such as buttons, soda, matchboxes and artificial silk. The popularity of this movement can be judged by the fact that members of the Chitpavan community residing in Poona were increasingly opening their own businesses rather than remaining dependant on government service as has been shown in the chapter on occupations. This trend is more apparent in the 1900s. Another proof of its popularity was the focus of government attention, while Tilak was imprisoned. The work of the fund continued, collection work in Sholapur brought it to the attention of the government. Mr. Kincaid Secretary Special Department in a letter dated 23.1.1911 was of the opinion that the Glass factory was privately owned and hence the Paisa Fund was collecting money on 'False pretences'. This led to an examination of the accounts of the Paisa fund, which revealed that the fund had put up capital for the Glass factory, the training centre attached to it, for scholarships and other such ventures.

Another government document reports that the government procured glass items from the factory due to its support of 'True Swadeshi'. However, in 1915 after Tilak's release the fact that Lokmanya Tilak, M. G. Deshmukh and Khaparde being members of the Central Committee of the Paisa Fund was found to be objectionable. Therefore it was

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1 Ibid, Pg 109.
2 File No. 393 Home Special, Govt. of Bombay Presidency, 1925
3 File No. 533 Home Special, Govt. of Bombay Presidency, 1925
proposed to withdraw the patronage unless the above mentioned were removed. Thereafter the government kept a close watch on the activities of the Paisa Fund and those associated with it and thereby by default with Tilak.

One cannot ignore the fact that the Paisa fund was an activity that built up a network around Maharashtra with the help of Tilak’s name. The names once again are predominantly Brahmin with a few Marwaris and Gujaratis. However, in Poona it was Tilak, N. C. Kelkar, V. G. Joshi, S. M. Paranjpe, K. P. Khadilkar, all Chitpavans and all followers of Tilak, who were associated with the Fund. The venture no doubt, was a success which is not to be measured in terms of how commercially successful either the glass factory or the other ventures were. It should be judged from the point of view that it successfully popularized the concept of entrepreneurship, particularly amongst the Brahmin community in Poona. A valid criticism would be that the movement failed to become inclusive in the sense that it did not reach out to traditional workers, an idea that seems to have died with M. B. Namjoshi.

From the 1840s onwards economics and the application of its principles and theories began to be seriously discussed in Maharashtra and particularly in the Poona-Bombay region. As the most literate of all castes it was no surprise that most of these scholars and thinkers were Chitpavan. The theoretical framework of classical economy was understood and applied to the Indian context by G. H. Deshmukh, Vishnushastri Chiplunkar, M.M. Kunte, G. V. Joshi and most importantly M. G. Ranade The need to create an alternative source of employment apart from agriculture was well understood and hence we find a recurring theme through all their writings that industry must be revived and modernized. The liberals led by Ranade were able to expertly and credibly put forward their analysis, which was based upon government statistics. However, there was one major weakness that is immediately discernible. Ranade believed government was the ideal agent of economic progress. This expectation from a colonial government was idealistic and unreal. His inability to advocate political autonomy is linked to his understanding of political and social development going in tandem with the economic,
and all requiring a period of tutelage. The Japanese model of development, which was in fact carried out by an indigenous government, also perhaps influenced Ranade. His associate G. V. Joshi goes one step further by referring to the colonial government as the ‘State of India.’ The idea of a state as socially responsible was not an incorrect one. In that matter Ranade and his school of thought was far more progressive than what one sees in the western world of the time. Social responsibility of the state was basically a utilitarian idea no doubt, but we do not see it come to fruition in the west till much later. The question is why Ranade failed to acknowledge the nature of colonialism. He was unable to carry his economic thought to its logical, political conclusion, something that Dadabhai Naoroji attempted and Tilak more successfully achieved, through both thought and action. Tilak is one step ahead of Naoroji’s demand for autonomy when he links Swarajya to economic development and places political demands in the forefront rather than economic or social issues. Tilak also comes out openly in support of entrepreneurship as against Ranade’s sometimes pitiful demands for help from the government.

Thus like politics, economic thought can be seen to develop into two distinct streams each, finding their origin in the writings of G. H. Deshmukh and Ramakrishna Vishwanath, one developed along the line of liberal consciousness while the other took a more action oriented path starting with V. B. Phadke’s and G. V. Joshi’s cooperatives, M. B. Namjoshi’s efforts and finally the much more successful Paisa Fund started by Antaji Kale. A third and interesting sidelight was a pamphlet published by Vishnubuwa Brahmachari entitled ‘Essay on the Right Form or Constitution of Happiness.’ The essay envisages a world of plenty through a system where all resources are state owned and developed on the basis of communal effort. The state he believed should be responsible for the education and upkeep of the young and the care of the elderly. His ideas bear a strong resemblance to Robert Owen’s brand of Utopian Socialism and his experiments. The tract was written about eleven years after Owen’s death. Two questions however remain unanswered; the first being why the business community and ideologues could not come together to promote entrepreneurship; and the second being how far the social

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1 Ranade M. G., Indian Political Economy in Bipan Chandra, Ranades Economic Writings, Delhi 1994, Pg. 322.
2 Joshi, D. G., Speeches and Writings of G. V. Joshi, Pune 1912, Pg 809.
conditions affected the development of entrepreneurship. The answer probably lies in the fact that educated circles in Poona were a closed society. Caste restrictions probably still dominated, it is but rarely that a person like Jyotiba Phule is able to make an impact. Thoughts and deeds tended to remain restricted within the charmed circle. It is only in the 20\(^{th}\) Century when mass support becomes an issue that the leadership reaches out to a wider audience and enhances its scope of activities. The wider audience very quickly makes Brahmin and more specifically Chitpavan leadership largely irrelevant, as will be seen in the next chapter.