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A Thesis
Submitted to the School of Graduate Studies
in Partial Fulfilment of the Requirements
for the Degree
Doctor of Philosophy
McMaster University
1984
DEPENDENT CAPITALIST DEVELOPMENT IN COLONIAL INDIA
DOCTOR OF PHILOSOPHY (1984)  McMaster UNIVERSITY
(Sociology)  Hamilton, Ontario

TITLE:  The Mode of Production, Social Classes and the State in Colonial India, 1757-1947: A Case of the Process of Dependent Capitalist Development

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NUMBER OF PAGES:  xii, 800
Sociological studies of Indian social change are hard to come by. Only a few concerned sociologists have justly studied social change in India, and they have done so from the traditional methodological and theoretical standpoint of the Sociology of Modernization. None of them, however, focused on social change in colonial India per se; neither did they adequately point out and illustrate the immense historical significance and specificity of colonial social change.

The present study seeks to remedy these deficiencies. It is argued, first, that the historical significance of Indian social change consists in the dependent (i.e. retarded) development of capitalism in India during the period of colonialism (1757-1947). The growth of dependent capitalism is what precisely makes colonial social change both unique and historically specific social change, i.e. alterations in the economic, class and political structures which the Indian social formation experienced in its movement from Mughal feudalism to colonial capitalism. From this point of view, this work is a case study of the historical formations of the capitalist mode of production, the capitalist class structure and the capitalist state as three major and specific dimensions of colonial social change.
Second, this work seeks to demonstrate dependent capitalist development in colonial India from an alternative methodological and theoretical standpoint. In contrast to the approach adopted by the few sociologists who have studied social change in terms of "modernization" of the Indian social structure, this work focuses on colonial social change from the conflict orientation as based upon the methodological and theoretical principles of Marxist Sociology. It is argued that dependent capitalist development in colonial India is a dialectical outcome of the historical interaction between British and Indian social formations or between metropolitan and indigenous forces of determination. This objective is pursued in terms of three theses. First, it is argued that the country that is more developed (Britain) industrially only shows, to the less developed (India), the image of its own future. The second thesis states that the country that is more developed industrially does not necessarily show, to the less developed, the image of its own future. Though apparently contradictory, these theses are meant to deal precisely with the contradictory role of metropolitan capital in colonial India. Given this role, the third thesis illustrates that colonial capitalist development, i.e. the historical formations of the capitalist mode of production, the capitalist class structure, and the capitalist state, is the end product of an interplay between external and internal forces of determination within the contexts of global capitalism.
Finally, by undertaking the examination of the nature of, and the processes involved in, dependent capitalist development, this case study seeks to redirect Indian sociological concerns to the need for further research on Indian social change from the standpoint of the Sociology of Development. It is sincerely desired that this work will succeed to raise and stimulate further debate on the past, present and future roles of capitalism in the Indian social formation from the developmental sociological perspective.
ACKNOWLEDGMENTS

I have incurred a large number of intellectual and material debts in the preparation of this dissertation. I would like to express my deepest gratitude to the members of the dissertation committee: Dr. Cyril Levitt, Dr. Graham Knight, and Dr. K. Sivaraman, who spent a great deal of their time and energy in going through all the chapters with unfailing patience. Their criticisms and comments were an invaluable help and contributed much to the quality of the present work. I thank particularly my supervisor, Dr. Levitt, who put up with my procrastination and did a magnificent work by editing the entire text. I acknowledge gratefully my debts to Dr. Wallace Clement of Carleton University and to Dr. Buddhadeva Bhattacharyya of Calcutta University, both of whom were always great sources of encouragement and help. My thanks are also due to Michael Anthony Gismondi, on whom I inflicted almost all chapters of the dissertation, who read them with extreme care, who brought to my notice several typographical mistakes, and who also rendered editorial help of no mean significance. I thank Helen Bennie for her patience in deciphering my illegible handwriting and for her excellent work in typing and retyping the manuscript. Finally, I dedicate this work to my wife,
Bula, who provided selflessly all necessary help and confidence despite unprecedented distractions, and who always reminded me in my dark days that there is more to life than a concern with dependent capitalist development in colonial India.
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CHAPTER ONE

INTRODUCTION

To see a picture of the strange clothes that were worn only yesterday, to read the history of the queer customs and ideas that once were current, to hear predictions of the marvels that are destined for tomorrow - to do these things is to realize the incessant change-ability of human society. Individuals may strive for stability and security; societies may foster the illusion of permanence; the quest for certainty may continue unabated and the belief in eternity persist unshaken, yet the fact remains that societies, like all other phenomena, unremittingly and inevitably change.  

1. Purpose of the Study and Review of the Relevant Literature

The primary objective of this study is to undertake a macrosociological analysis of the incomplete structural transformation of the Mughal social formation into a modern, industrial, capitalist social formation during the period of colonialism between 1757 and 1947. An attempt is made here to demonstrate that the dependent (i.e. retarded) development of the capitalist mode of production, the capitalist class structure and the capitalist state in colonial India are dialectical outcomes of the historical interaction between British and Indian social formations or between metropolitan and indigenous forces of determination.  

Stated otherwise, it is a study of India's historical social change, i.e. alterations in the economic, class and political structures which the
Indian social formation experienced in its movement from Mughal feudalism to colonial capitalism. By focussing on the historical formations of the capitalist mode of production, the capitalist class structure and the capitalist state as three specific dimensions of social change, this study is intended to contribute to the understanding of the nature of, and the processes involved in, the dependent capitalist development in India since the time of its colonization by Britain and subsequent integration into metropolitan capitalism.

Classical sociologists, such as Auguste Comte (1798-1857), Herbert Spencer (1820-1903), Karl Marx (1818-1883), Max Weber (1864-1920) and others, were concerned, in one way or other, with different dimensions and consequences of social change in the Western social formations in transition from feudalism to capitalism. The birth and progressive maturation of Sociology itself were integrally connected with capitalist development, especially the processes of industrialization and urbanization, in Western Europe and and North America. Many of the classical sociologists, viz. Marx, Spencer, Weber, Emile Durkheim (1858-1917) and Vilfredo Pareto (1848-1923), even examined and analyzed, with varying degrees of emphases, the values, institutions and structures of the Indian social formation. Some of them, such as Marx, Weber and Spencer, debated, as I shall show below, the progressive role of British capitalism and colonialism in
India. Contemporary sociologists, along with those from sister disciplines such as Economics, History, Political Science and Anthropology, have not lagged behind their classical predecessors in focussing on the problematic nature of social change especially in relation to the prospects and problems of "modernization" or "development" of the erstwhile colonial or semi-colonial social formations, now popularly called the Third World. In the process a new area within the province of Sociology, if I may call it Sociology of Modernization and/or Development, had emerged in the 1950s and 1960s.

In this context, it is worthwhile to take stock of the progress of Indian Sociology in general and of the studies of social change pertaining to the colonial social formation in particular. The growth of Sociology in colonial India had remained bound up with that of Anthropology which itself emerged in the wake of the rise and consolidation of metropolitan capitalism and colonialism. Early Indian sociologists (viz. D.N. Majumdar, G.S. Ghurye, Radhakamal Mukerjee, M.N. Srinivas, more prominently) were also, if not mainly, anthropologists who did not stress the distinction in emphases in the two respective disciplines. A historically specific feature of the rise of Sociology in alliance with Anthropology in colonial India is that, in the first place, the sociologists put overwhelming emphasis on ethnographical studies relating to castes, races and
tribes that were characteristic of the traditional rural, rather than modern, urban and industrial social structure of India in capitalist transition. The university departments including the one at Bombay continued to lay emphasis on anthropological studies. A corollary development, secondly, is that the Indian sociological concerns remained overwhelmingly confined to the studies of villages and related matters. Indian sociologists, such as D.N. Majumdar or R.K. Saksena, came to identify real India genetically as rural India. This was not altogether surprising in view of the incomplete industrial capitalist development in colonial India and, not less importantly, of the impact of ruralization and peasantization processes which grew, as I shall show later in different places of this work, during the period of colonialism. Indian Sociology thus came to overemphasize integration in the village communities or village communalism, devaluing the role of class conflicts in rural India or even in urban and industrial India. The preservation, extension and purification of the traditional social order including its village communal structures came to be stressed, in Indian sociological concerns, as a supremely desirable goal. Related to this, in the third place, is the overemphasis on the role of traditional values and the simultaneous devaluation of the role of concrete (i.e. material) conditions in the Indian social formation. The
focus on the latter aspect was deprecated as too materialistic in that it is alleged to belong only to empirical sociology in the West. Thus, A.K. Saxena, a former president (1959) of the All-India Sociological Conference, states that "Sociology in India cannot be entirely 'objective' in its content and approach. It has to contain a little bit of abstract philosophy, which provides a continuum between the past and the present, which constitutes the dynamics of Indian society." In short, Indian Sociology came to be defined ideologically, to a very high degree, as a cultural study of what it assumed to be the genetically Indian tradition.

Concerning social change, Indian sociological studies have remained, accordingly, restricted to the afore-mentioned themes and issues in the main. A few examples could be provided. These studies do not concentrate, as my own study does, only on colonial social change. Srinivas studies social change in terms of sanskritization (i.e. the process by which a low Hindu caste (varna/jati) changes its customs, ritual, ideology and way of life in order to gain entry into the higher position in the caste hierarchy), Westernization, and Secularization. Conlon focussed on the changes that a particular caste (the Chitrapur Saraswat Brahmins) experienced in the period between 1700 and 1935. The emphasis in Singh's study of Indian social change, while valuable in its own right in its depth of analysis of various dimensions of social change,
is evident in terms of the title of his work, *Modernization of Indian Tradition* (1973). The same could be said of *The Modernity of Tradition* (1967) by Rudolph and Rudolph. They observed the following in highlighting the dichotomy of modernity and tradition:

*Modernity assumes that local ties and parochial perspectives give way to universal commitments and cosmopolitan attitudes; that the truths of utility, calculation, and science take precedence over those of emotions, the sacred, and the non-rational; that the individual rather than the group be the primary unit of society and politics; that the associations in which men live and work be based on choice not birth; that mastery rather than fatalism orient their attitude toward the material and human environment; that identity be chosen and achieved, not ascribed and affirmed; that work be separated from family, residence, and community in bureaucratic organizations; that manhood be delayed while youth prepares for its tasks and responsibilities; that age, even when it is prolonged, surrender much of its authority to youth and men some of theirs to women; that mankind cease to live as races apart by recognizing in society and politics its common humanity; that government cease to be a manifestation of powers beyond man and out of the reach of ordinary men by basing itself on participation, consent, and public accountability.*

In brief, modernity is what tradition is not. Most, if not all, of the attributes of modernity at bottom have been abstracted from the social structures of the advanced capitalist nations of the West. The growth of Indian sociological concerns with respect to social change has continued to grow along the lines I have just indicated. Others, mainly anthropologists, political scientists,
historians and economists, have now joined in this endeavor of studying the cultural, political and economic modernization of Indian tradition or its traditional social structure in its different aspects (viz. castes, religion, rural and urban political elites, etc.).

However, Indian sociological studies concerning social change along the lines of the modernization of the traditional social formation have been done within the methodological and theoretical frameworks of what is known as Sociology of Modernization in the West. Accordingly, devastating criticisms that have been recently levelled against the modernization framework of analysis in order to prove its awful inadequacies in explaining the specific nature of historical social change or in suggesting the future course of economic, political or cultural modernization (or development) in the so-called Third World social formations, also apply in the Indian case. Modernization theory that envisages modernization or development of Third World social formations in economic, cultural or political aspects (viz. industrialization, urbanization, per capital income, promotion of 'modern' values, nation-state building, political integration, etc.) as an inevitable corollary of their necessary interaction with the advanced capitalist countries, especially the United States, indeed suffers from serious drawbacks: the futility of applying the ideal-typical dichotomy between tradition
and modernity in view of the presence of traditional elements in modern social formations or of modern elements in traditional social formations; the lack of realization that traditional values and relations are not necessarily obstacles to, but may very well be congruent with, development in various aspects and that tradition and modernity are not necessarily mutually exclusive categories; the inadequacy of the concept of dualism by which modernization theorists divide Third World social formations artificially into a backward (traditional) subsistence sector, on the one hand, and an advanced (modern) capitalist sector as the end product of a benevolent diffusion of creative forces of social change (viz. introduction of market economy, monetization, urbanization, industrialization, literacy, mass media, etc.) from the West, on the other; the overwhelming emphasis on the internal coherence, homogeneity and stability and simultaneous underemphasis of the progressive forces in Third World social formations; selective ahistorical idealization or abstraction not of actual but only of positive attributes of capitalist development in the West by a pick-and-choose mode of analysis depending on the particular aspect(s) of modernity to be emphasized; the inability to locate the historical contexts of metropolitan capitalist development (i.e. modernization) and to explain historically specific connexions between the lack of modernization in the Third World and capitalist development in the West; the gross
underemphasize of the underdeveloping and destructive aspects of metropolitan capitalism and/or colonialism accompanied by concomitant exaggeration of the civilizing and benevolent role of the West resulting in the obfuscation of the historical contexts of the relationships between the colonizers and the colonized; the spurious assumption of the basic continuity in the process of historical change in the Third World especially in respect of the role of the constraints or hindrances in its traditional social structures insofar as modernization met with failure rather than success; insensitivity to the structural differences between different Third World social formations concerning the levels of development of their productive forces; unrealistic optimism about the modernization of the peasant dominated non-industrialized Third World social formations by mechanical importation into these of certain selective elements of industrialized social formations dominated by capitalist class structures in the West; and, finally, an inordinately important role assigned to values in the modernization process.  

The single most important sociologist on whose writings most of the recent modernization sociologists draw for their methodological and theoretical frameworks is Max Weber. It was he who, unlike many of his successors, made intensive historical comparisons between the Indian social formation, on the one hand, and all the social formations
in the West, on the other, in his search for an answer to the question: why did modern (i.e. industrial) capitalist development take place in the latter and not in the former? In his *The Protestant Ethic and the Spirit of Capitalism* Weber concluded that the negative role of the Hindu religious values was such as to render altogether impossible industrial capitalist development, including the emergence of its associated fundamental class structure (viz. industrial bourgeoisie and free wage laborers), in pre-British India. Elsewhere, in his *The Religion of India*, where he supports Marx on the essential stagnation of the Indian social formation, he reiterated the same theme in his discussion of the completely traditionalistic and anti-national effects of the caste system.

The core of the obstacle did not lie in such particular difficulties, which every one of the great religious systems in its way has placed, or has seemed to place, in the way of the modern economy. The core of the obstruction was rather imbedded in the "spirit" of the whole system. ... It must still be considered extremely unlikely that the modern organization of industrial capitalism would ever have originated on the basis of the caste system. A ritual law in which every change of occupation, every change in work technique, may result in ritual degradation is certainly not capable of giving birth to economic and technical revolutions from within itself, or even of facilitating the first germination of capitalism in its midst. ... Modern capitalism undoubtedly would never have originated from the circles of the completely traditionalist Indian trades. ... Modern industrial capitalism, in particular the factory, made its entry into India under the British administration and with direct and strong incentives.
Furthermore, Weber went on to argue that colonialism, while enabling "gigantic acquisition of wealth" by all the European states, was of "little significance for the development of modern capitalism." 31

In a sense, seen from the positive aspects of the effects of the intervention by metropolitan capitalism and colonialism, there is little doubt that pre-capitalist India experienced modernization or rather industrial capitalist development during the period of colonialism. In a very real sense, colonial India was an India in transition to modern capitalism. As commodity production increased, village communal structures declined, the economy was monetized, peasants and artisans were displaced, factory establishments were set up, new towns and cities emerged, internal and external markets expanded, the social division of labor grew, and the processes of capitalist urbanization, industrialization and production emerged, the specifically capitalist mode of production gradually developed in the colonial Indian social formation. The developments of a capitalist class structure (viz. industrial bourgeoisie, industrial proletariat, and new middle class comprising various occupational and/or professional groups) and of a capitalist state, that stood to secure rights to life, liberty and property of the individuals, on the one hand, and guarantee necessary conditions for capitalist production and accumulation by the (metropolitan as well as indigenous)
bourgeoisie, on the other, were two other natural accompaniments of colonial India's social change. Weber is only partially correct insofar as these aspects of capitalist development in India during the period of colonialism are concerned.

For the most part, however, as I shall show in this work, Weber was grossly mistaken in his study of the Indian social formation. For instance, Weber greatly exaggerated the negativity of Hindu religious values, which he considered erroneously as one unified system, as indigenous constraints to the capitalist development. Similarly, he greatly exaggerated the role of the caste (i.e. varna/jati) system as a stabilizing force. He did not consider that the caste system was in the process of disintegration in pre-colonial or Mughal India. Neither did he take into account how the caste system acquired a certain, fresh lease on life during the colonialist period. When the material circumstances and conditions ripened or were appropriate for the formation of the bourgeoisie or the proletariat, the caste system did not prove to be an insurmountable barrier. There is almost no evidence to sustain Weber's argument that industrial capitalist development occurred in colonial India on account of direct and strong incentives of the British officials. The reality was, in fact, almost exactly the reverse of this. The metropolitan ruling class, wrote Nehru towards the end of colonialism,
encouraged and consolidated the position of the socially reactionary groups in India, and opposed all those who worked for political and social change. If change came, it was in spite of them or as an incidental and unexpected consequence of their other activities. ... They succeeded in slowing down the pace of that change to such an extent that even today the transition is very far from complete. 33

The different forces that arose from the structural contexts and effects of capitalist development and accumulation in the metropolis and of colonialism in India, themselves set severe limits on and retarded colonial industrial capitalist development as well. As a matter of fact, the colonial social formation in India came to be burdened with new obstacles generated by metropolitan capitalism and colonialism that both destroyed the productive forces that grew in Mughal India, and, simultaneously retarded or altogether blocked the growth of new productive forces conducive to indigenous or colonial capitalist development. This negative role of metropolitan capitalism and colonialism explains why, to borrow the words of a contemporary sociologist, "two hundred years of dominance by the country that invented and pushed farthest the Industrial Revolution produced in India a transition so slow and feeble that not only was industrialization not accomplished but numerous obstacles (not all traceable to the indigenous social structure) were piled up in its way." 34

The issue of Indian social change in terms of
capitalist development attracted the attention of other classical sociologists including Marx and Spencer, who, in contrast to Weber, dealt with the negative role of metropolitan capitalism and colonialism in varying degrees. Marx, on whose writings I shall draw profusely, stated that the metropolitan bourgeoisie, while historically playing revolutionary roles in their own countries in various forms (e.g. destruction of all feudal relations, improvement of the means of production, etc.) generated a dependence of the East on the West. "Just as it has made the country dependent on the towns, so it has made barbarian and semi-barbarian countries dependent on the civilized ones, nations of peasants on nations of bourgeoisie, the East on the West." 35 While considering metropolitan capital as "the unconscious tool of history", Marx simultaneously pointed to the breakdown of "the entire framework of Indian society" unaccompanied by "any symptoms of reconstitution": "This loss of his old world, with no gain of a new one, imparts a particular kind of melancholy to the present misery of the Hindoo." 36 Spencer, who especially influenced the growth of Sociology in the United States, had his own doubts on the progressive aspects of metropolitan capitalism and colonialism. In 1892 he warned the Japanese ambassador to the U.S.A., Kentaro Kaneko, of the possible dangers of penetration by metropolitan nations:
Respecting the further questions you ask, let me, in the first place answer generally that the Japanese policy should, I think, be that of keeping Americans and Europeans as much as possible at arm's length. In the presence of the more powerful races your position is one of chronic danger, and you should take every precaution to give as little foothold as possible to foreigners. It seems to me that the only forms of intercourse which you may with advantage permit are those which are indispensable for the exchange of commodities and exchange of ideas - importation and exportation of physical and mental products. No further privileges should be allowed to people of other races, and especially to people of the more powerful races, than is absolutely needful for the achievement of these ends. Apparently you are proposing by revision of the treaty powers with Europe and America "to open the whole Empire to foreigners and foreign capital". I regard this as a fatal policy. If you wish to see what is likely to happen, study the history of India. 37

Indeed, colonial India's societal transformations during the British rule had constituted, as Frank rightly suggests, "the most classic case history of the development of underdevelopment." 38

One of the most fundamental deficiencies in the Sociology of Modernization is that it grossly downplays or altogether denies the reactionary role of metropolitan capitalism and colonialism, (the latter being an effect as well as a promoter of the former). Colonialism means "the establishment of domination over a geographically external political unit, most often inhabited by people of a different race and culture, where this domination is political and economic, and the colony exists subordinated
to and dependent upon the mother country." The colonizers not only exploit the land, the raw materials, the labor and other resources of the colonized country but also set up different agencies to maintain subordination of the colony for purposes of exploitation. The result of colonialism - the structure of exploitative relations of domination by the mother country over the subordinated colony - is the chronic reproduction of dependence on a scale that rules out autonomous capitalist development in the colonized social formations. The concept of dependence can primarily be defined as a conditioning situation in which the economies of one group of countries are conditioned by the development and expansion of others. A relationship of interdependence between two or more economies or between such economies and the world trading system becomes a dependent relationship when some countries expand through self-impulsion while others, being in a dependent position, can only expand as a reflection of the expansion of the dominant countries, which may have positive or negative effects on their immediate development. In either case, the basic situation of dependence causes these countries to be both backward and exploited. Dominant countries are endowed with technological, commercial, capital and socio-political predominance over dependent countries - the form of this predominance varying according to the particular historical moment - and can therefore exploit them and extract part of the locally produced surplus. Dependence, then, is based upon an international division of labor which allows industrial development to take place in some countries while restricting it in others, whose growth is conditioned by and subjected to the power centres of the world.

In a profound sense, this applies especially to British-Indian interaction during the period of colonialism. The
emergence of India as a colonial dependency, in the wake of the rise and consolidation of the world capitalist economy, initiated, on the one hand, far-reaching transformations in the hitherto autonomous mode(s) of production, class structure and the state in the Indian social formation. On the other hand, this generated and reproduced on an increasing scale the processes of dependent capitalist development.

These concerns are the leading themes of my present study.

That resistance to modernization or, for that matter, capitalist development is not, when historical specificities are taken into account, a providentially given original condition and state of affairs in a social formation can not be better illustrated than by demonstrating India's passage from autonomy to dependence during the periods before and after the rise and consolidation of capitalism in the metropolis and colonialism in India. Pre-colonial and pre-capitalist India between the sixteenth and eighteenth centuries was not very far behind the now advanced capitalist metropolises in the West with respect to many indices which characterize the modernization process. Cohn points out:

Indian society and political development were recognized by Europeans in the eighteenth century as being at relatively the same level as European society. In India there was settled agriculture and a variety of craft production on a large scale, political institutions of kingship, a legal system based partially on written law, taxation based on regular assessment, with record keeping, and military forces roughly organized along lines similar to those of Europe. Many of the
political and economic roles familiar to Europeans: clerks, judges, tax officials, generals, bankers, and traders, existed. In addition, there was a multiple cultural-religious system based on sacred texts, both Hindu and Muslim, with a wide range of ritual specialists and scholars. 42

Concerning the pre-British Indian economic structure, Frank points out:

"During the mercantilist stage of capitalist development before the industrial revolution and on the basis of simple commercial trade, the Europeans had no product of their own to offer the industrially more advanced and self-sufficient Chinese and Indians. The only European possibility to expand the trade with the East was to pay with silver from the West. ... In the eighteenth century, before the industrial revolution, manufacturing and agricultural technology in Europe and many other parts of the world were not radically different. In many respects, India and China had long been technologically more advanced than Europe. The industrial revolution changed all that." 43

As I shall later show, even the Industrial Revolution in England was historically and integrally connected with colonialism in India.

Pre-colonial India, from the beginning of the rule of Akbar (1556-1605) to the establishment of the English East India Company's rule (1757), was predominantly a pre-capitalist social formation based on a self-sufficient feudal mode of production though it differed somewhat from classical Western feudalism. 44 The Mughal social formation was not stagnant. Its economic structure (i.e. the mode(s) of production), autonomous as it was, was in a process of
transformation as the self-sufficiency of the village communities was being eroded in the wake of intensification of the exploitation principally of the direct producers (viz. peasants and artisans) by the Mughal State and the dominant class (viz. governing nobility as well as other landed elements). This was accompanied by the rise of internal market, small scale or simple commodity production, merchant capital and industrial capital in varying degrees. The economic structure was self-sufficient in that Mughal India manufactured the commodities or produced the raw materials that it needed. It had a flourishing foreign market in Africa, Southeast Asia and Europe. Mughal India imported almost nothing, except bullion from continental Europe and Britain. It had a rich merchant class that operated in distant foreign markets. Until the rise of colonialism in the mid-eighteenth century, there is little indication that the metropolitan bourgeoisies of the West were able to completely dominate the internal markets of Mughal India. Finally, the Mughal State was a class state which was not parasitic insofar as it promoted and secured different conditions of simple commodity production which is the breeding ground of capitalist production and accumulation. As I shall show in the appropriate place, the Mughal State, like a feudal state in Europe, crystallized, embodied and manifested directly the dominance of the ruling class. It is rightly stated by Raychaudhuri that "the state
power and the ruling class were essentially indistinguishable.\textsuperscript{46}

However, the role of the progressive forces in the Mughal social formation need not be overemphasized. These forces were more significant, like the case in every other social formation at the time of their origins, mainly as qualitative tendencies. For instance, the base of simple commodity production was not extensive and remained relatively weak. The evolution of absolute private property in land was rendered irrelevant in view of the abundance of land relative to slow growth of the population. Mughal India was falling behind in scientific and technological developments. The emergent capitalist class relations remained weak. In particular, social classes were yet to come together as a nation, and the indigenous bourgeoisie was not yet an effective class force in terms of their political and ideological effectivity vis à vis the feudal ruling class. The Mughal State was yet to become a mercantilist nation-state. In other words, Mughal India's movement from feudalism to capitalism was subject to internal limits discernible in the material (i.e. concrete) conditions within the Mughal social formation. There is little doubt that the level of pre-colonial India's capitalist development in economic, class and political dimensions was weaker compared with British capitalist development in the late eighteenth century. The strength of capitalist development
in Britain and the weakness of capitalist development in Mughal India was due to the maturity or immaturity of the necessary conditions of capitalism in the respective social formations. At bottom, it was a manifestation of the uneven and combined development of the productive forces or capital itself. From this point of view, the establishment of colonial dominance of Britain over India was nothing but the translation of the economic, class relational, political and ideological effects of superior capitalist development in Britain. In this sense, British colonialism in India was unconscious and structural rather than conscious and deliberate.

Once, however, colonialism was established, far-reaching societal transformations occurred in India's mode(s) of production, class structure and the state. No longer could these aspects of capitalist development remain primarily based on indigenous forces or relations of production. They became rather dependent on and linked above all to metropolitan capitalism, especially in Britain. India became vulnerable to the contradictory positive and negative, progressive and regressive, aspects and effects of British intervention. While generating some structural conditions of capitalist development, British capitalism destroyed the existing and at the same time, blocked or slowed down the ripening of other new conditions in colonial India. The capitalist development that followed as a
sequel to British colonial intervention in India thus remained inadequate or incomplete. This had to do with the nature of dependent capitalist development (or capitalist underdevelopment) itself regardless of the criteria one uses (viz. industrial and technological dependence, excessive dependence on agriculture, low productivity of labor, low per capita income, inability of the bourgeoisie to establish its hegemony as a class force, vis-à-vis the new middle class and the petty bourgeoisie, etc.) to indicate capitalist development and/or underdevelopment. This state of affairs stands in sharp contrast with the situation in all metropolitan capitalist countries. In a profound sense, development at one end and underdevelopment at another are not mutually exclusive phenomena but are systematically linked to each other. This point, which I seek to demonstrate empirically in my study on the basis of the experience of colonial India, can be elaborated in the words of Sunkel:

An analytical scheme appropriate for the study of underdevelopment and for the formulation of strategies of development should be based on the concepts of process, structure and system. It is illegitimate to argue that underdevelopment is a stage in the evolution of a society both autonomous and economically, culturally and politically isolated. On the contrary we postulate that development and underdevelopment are the two faces of the same universal process ... and that its geographic expression is translated into two great polarizations: on the one hand the polarization of the world between industrial, advanced, developed and metropolitan countries and underdeveloped, backward, poor,
My own study of the social change in colonial India in terms of capitalist development and underdevelopment is intended as a contribution to Indian Sociology in several ways. As I have stated earlier, Indian sociological concerns have so far remained uncritically bound up with ahistorical studies of social change in its familiar aspects (viz. castes, joint family, villages etc.) within the perspective of Modernization Sociology. Leaving aside the lack of any systematic sociological study of modernization processes for the colonial social formation as such, various Indian and Western sociologists have discussed social change, based on the domain assumptions of methodological and theoretical frameworks of modernization, without considering the historical specificity of such social change in relation to the dependent development of capitalism in colonial India. It is ironic that sociologists engaged in studying the Indian social formation have, with few exceptions, remained unconcerned with capitalist development and underdevelopment in colonial India even though the classic masters of Sociology including Weber did otherwise. As a result, there are very few macro studies done by professional sociologists on social change in respect of the economic, class and political structures of colonial India. Rao, in his
survey of trends in Indian Sociology, has recently written that the "Sociology of Economic Development" (concentrating on micro-studies in religion, caste, the joint family and other topics) has "yet to grow."\(^5\) The literature on class has not been "impressive" though there exists "a large number of studies" about castes and social mobility in the castes.\(^51\) Finally, in respect of "Political Sociology", which developed only recently, Rao informs us that most studies have so far been concerned with various aspects of village politics and of the role of castes in it.\(^52\) Given these tendencies in Indian Sociology, and its overwhelming focus on modernization, it is hardly necessary to stress the point that a sociological critique of social change within the modernization framework is overdue.

My own study, in the first place, seeks to remedy this deficiency by providing an explanation of the contradictory aspects and effects of the metropolitan capitalist intervention in colonial India and by focussing on social change in terms of dependent capitalist development in colonial India along three specific dimensions: the capitalist mode of production, the capitalist class structure and the capitalist state. It should, however, be pointed out that modernization perspectives are already under attack insofar as Indian experience is concerned. For instance, an American anthropologist, Milton Singer, rightly points out that the sterile assumptions about
Indian modernization "have usually led to sweeping generalizations about the incompatibility between the joint family, the caste system, and Hinduism, on the one hand, and the forces of modern industry, urbanization, science, technology, and education, on the other." The most far-reaching critique so far has been provided by a British historian, D.A. Washbrook, who states:

For analysts working within the framework of modernization theory, India's empirical record has proved a constant source of nightmare. It can be construed as a history of 'ongoing social modernization' only at the expense of a degree of blindness and eclecticism unusual even by the notoriously lax standards of modernization theory. The past and tradition have simply refused to go away as they should and only by a remarkable flight of fantasy can Indian social history be read as the growing replication of modern Western society, which the theory anticipated. To cope with the unpalatable facts of continuity and difference, the original theory has been twisted round in several interesting ways. Concepts of 'dualism' have been introduced to show that, for various reasons, modern Western society did not establish contact with the bases of Indian tradition. Somewhat mystical formulations of 'the modernity of tradition', 'traditionalization as a process of modernization' and 'the absorption of tradition into modernity' have been evolved to suggest that the Indian past conditioned and was a formative influence on the way that India modernized. Both of these twists, however, are empirically and logically unsatisfactory. ... To make an old point, the real weakness of modernization theory is its tendency to assume and not to demonstrate the dynamics involved in processes of historical change.  

From this point of view, my study seeks not only to point out the limits of the modernization perspective by demon-
strating, among other things, the contradictory aspects of 
metropolitan capitalism, but also to suggest that colonial 
social change can be better illustrated, in its appropriate 
historical specificity, in terms of the formations of the 
capitalist mode of production, the capitalist class structure 
and the capitalist state as its leading dimensions.

Second, by highlighting these aspects of colonial 
Indian capitalist development this study also purports to 
contribute to the study of the Indian social formation from 
the perspective of Development Sociology which emerged 
largely as an alternative to Modernization Sociology in the 
West during the 1960s and 1970s. The main focus of 
Development Sociology, as developed by Frank, Amin, 
Wallerstein and others, is on capitalist underdevelopment 
or dependent capitalist development in the erstwhile colonies 
or semi-colonies in the Third World since their integration in 
to global capitalism in different metropolises of the West, 
from the sixteenth century onward. So far as Indian 
Sociology is concerned, studies from the perspective of 
Development Sociology are extremely rare. However, 
important contributions in this respect have recently been 
made mainly by economists and historians. These contemporary 
contributions, which have been very useful in my own study 
of colonial capitalist development, are mainly micro studies 
or devoted mainly to selective themes. For example, Pavlov 
in his The Indian Capitalist Class (1964) rightly points
out that "colonialism hampered and retarded the development of capitalism in India, but could not stop it entirely." 58 His work is a general study of capitalist development concentrating mainly upon the rise of the bourgeoisie in colonial India. In his later publication, Historical Premises for India's Transition to Capitalism (1978) he concentrates mainly on the internal constraints in the Indian social formation and on the inability of British capital to sufficiently transform the traditional Indian social structure between the late eighteenth and the mid nineteenth century. 59 In my view, he exaggerated the former while devaluing the many destructive effects of British domination (e.g. role of the colonial state in different areas such as industrial and agrarian sectors etc.). Like Pavlov's works, Levkovsky's Capitalism in India (1966) is a general study of capitalist development although the period in the latter study extends beyond colonialism. 50 The emphasis of their studies is not placed on a systematic demonstration of dependent capitalist development in respect of the capitalist mode of production, the capitalist class structure and the capitalist state in their dynamic interrelations as historically specific aspects of colonial Indian social change. Furthermore, the valuable studies of Bagchi and Ray, who focus mainly on the process of retarded industrialization in the twentieth century and discuss only peripherally metropolitan obstacles to indigenous
class formation, are inadequate insofar as other aspects (e.g., nature of colonial urbanism, nature of the colonial state and its power, etc.) of capitalist development are concerned. Development studies had received a definite impetus in the early 1970s when concerned social scientists (Ashok Rudra, Utsa Patnaik, Paresh Chattopadhyay, Hamza Alavi and Jairus Banaji, among others), attempted to specifically characterize the mode of production in the context of the agrarian sector. More relevant here is the concept of the colonial mode of production advanced by Alavi and Banaji. The main argument behind the introduction of a somewhat arbitrary concept of the colonial mode of production is that metropolitan capitalism and colonialism in the colonial social formations did not completely lead to either feudalism or capitalism in the colonial country but to a hybrid phenomenon warranting the designation of 'colonial mode of production'. Brewer rightly criticizes Alavi:

The colonial mode, he (i.e. Alavi-BKB) argues, is characterized by colonial bourgeois state power, internal disarticulation, generalized commodity production; a transfer of surplus to the metropolis; and a lack of accumulation. These are, of course, the features that characterize Baran's 'typical' underdeveloped country or Amin's 'peripheral capitalism'. Alavi is entitled to call this a mode of production if he wishes, but it is not remotely like any other Marxist concept of a mode of production. It is not an abstract conceptual construction, it has no defining relation of production, it does not define any specific class opposition. It is difficult to see what
can be gained by calling this a 'colonial mode of production'.

As for Banaji, although he distinguishes between relations of exploitations (e.g. slavery, serfdom and wage-labor) and relations of production (i.e. "the specific historically determined form which particular relations of exploitation assume due to a certain level of development of the productive forces, to the predominance of particular property forms (feudal landed property, etc.) and so on"), his concept closely parallelo's Alavi's concept of the colonial mode.

The colonial modes of production were precisely the circuits through which capital was drained out of the colonies in the form of bullion, consumption goods, raw materials and so on. The financing of primary accumulation outside the colonial world was their chief historical function and it was this fact which determined their peculiarly retrograde logic. We can describe this in the following terms: the colonial modes of production transmitted to the colonies the pressures of the accumulation process in the metropolis without unleashing any corresponding expansion in the forces of production.

Although both Alavi and Banaji draw attention to the obvious, but generally neglected features of colonial exploitation (accumulation by the metropolitan bourgeoisie, conservation-maintenance of feudal or semi-feudal relations, etc.), the same criticism, as the one levelled against Alavi, can also be directed against Banaji. If viewed from the point of view of historical development of the different economic,
political and ideological conditions of capitalism as I do in this study, colonies such as India can be seen to have experienced capitalist development though in retarded form. Both Alavi and Banaji seem to have abandoned the concept of the colonial mode for they now refer to "colonial capitalism" and "backward capitalism", respectively.  

By comparison with studies on the mode of production, those on social classes are relatively greater in number. Beside Pavlov's work, Misra's _The Indian Middle Classes_ (1961) is still a valuable descriptive study of the development of different classes in colonial India. He does not, however, deal with the underdevelopment of the capitalist class structure except in a very indirect way. Timberg's historical study of the emergence of the Marwari community as industrialists is a valuable work as are other works on the Parsees. There has also developed a distinct tendency towards undertaking critical studies, though mainly in a piecemeal manner, on the class conflicts (viz. peasantry-landlords and bourgeoisie-workers) in colonial India. Many of the more recent studies will be cited in this present work.

More important however is the fact that the systematic analysis of the nature of the colonial state in general and in India in particular is almost completely lacking in contemporary literature. In his recent sociological work, Sen points to the autonomy not only of the pre-colonial state
but also of the colonial state from the indigenous social classes. He rightly mentions the colonial state's subservience to the metropolitan bourgeoisie. 71 But it should be pointed out, however, that Sen's view of the state as autonomous from the indigenous social classes is completely erroneous. Insofar as the Mughal State is concerned, it was directly and in an unmediated manner dependent on the Mughal ruling class comprising, among others, bigger landed interests. Insofar as the colonial Raj (i.e. colonial state) is concerned, different structural contexts of metropolitan capitalism and colonialism ruled out the possibility of the Raj's autonomy from the indigenous social classes. I shall deal with these aspects in a later section of this work.

In this matter an excellent contribution to the study of the colonial state has been made recently by Bipan Chandra. He conceptualizes the colonial state, in descriptive terms, as one which not only maintains favorable conditions for continuing appropriation of colonial surplus (by the metropolitan bourgeoisie — BKB), but actively and directly produces and reproduces these conditions, including production of goods and services, to a much greater extent than the capitalist state does. It actively aids foreign enterprises. Above all it directly undertakes the economic, social, cultural, political, and legal transformations of the colony so as to make it reproductive on an extended scale (for purposes of metropolitan capitalist development and accumulation — BKB).

... The colonial state is completely subordinated to the bourgeois state of the metropolis and the metropolitan bourgeoisie as a whole. Hence it possesses little of the
relative autonomy that characterizes the capitalist states (in the metropolises.—BKB).
It is, however, autonomous vis-à-vis the individual capitalists or individual capitalist
groups. It serves the long-term interests of the metropolitan capitalist class as a whole.72

More recently, while repeating the theme, he elaborates on this by suggesting that the colonial state is
the organized power of the entire metropolitan capitalist class for oppressing the entire colonial society. This changes the basic parameters of the state in the colony. While in the metropolis the state is a relation between classes, in the colony is a relation between the foreign ruling class and the colonial people as a whole. The Colonial State does not represent any of the social classes of the colony. It subordinates all of them to the metropolitan capitalist class. If it gives some of them support and protection, it does so in the interests of its own ruling class, the metropolitan bourgeoisie.73

Many of the aspects of Chandra's discussion of the colonial state have been integrated in my own work. But there are certain mistakes, I think, in Chandra's discussion. First of all, he only speaks of the colonial state and not of the colonial capitalist state. This implies the mechanistic notion that the state was an imposition from above and had no internal class base. As I shall show later, the colonial state was a capitalist state,74 insofar as it secured conditions of capitalist production and accumulation for the indigenous bourgeoisie. Second, he fails to see that the colonial state was structurally overridden by several contradictions beyond that of the metropolitan bourgeoisie.
and colonial people - the concept of people standing for individuals in different antagonistic social classes. The colonial state was not only subordinate to the metropolitan bourgeoisie but also to the metropolitan nation under the hegemony of its bourgeoisie and, hence, to the Metropolitan State which was a nation state.

The colonial state was itself the political arena of the trials of strength not only between the dominant metropolitan social classes and the subordinate indigenous social classes but also among the latter themselves, i.e., landlords and peasants, and bourgeoisie and workers. Third, Chandra basically fails to conceptualize the colonial state as a contradictory unity of antagonistic class relations or classes and as a dynamic equilibrium of the continuously changing balance of class forces within the contexts of the modes of production concerned. The view that the colonial state is an organized power of the entire metropolitan class is not adequate because it implicitly suggests that the colonial state is simply an instrument of oppression imposed from above. Such a mechanistic view cannot explain the transfer of political power from metropolitan to Indian hands as a political developmental process. Neither can it analyze the formation of the Indian national capitalist state, as indigenous classes, united into a nation, became politically and ideologically such an effective force within the developing contexts of colonial capitalist mode of
production as to necessitate Indianization of the colonial state. The process of Indianization of the Raj became evident in various ways, such as in the increasing participation of Indians into important positions in the state-apparatuses, and the increasing pursuit of policies conducive to capitalist production and accumulation by the indigenous bourgeoisie, especially since the 1920s. Similarly, such a mechanistic view results in a failure to perceive the fact that metropolitan domination had also varying degrees of politically active or passive internal support of the various indigenous classes. Of particular significance are the colonial Raj's persistent attempts to represent the peasants by various means, until the mid 1930s, and thus to articulate relations of domination and subordination between the dominant metropolitan bourgeoisie and the subordinate indigenous petty (agrarian and industrial) bourgeoisie in a search for representativeness and legitimacy (i.e. popular support). This articulation, while providing the most internal class support for metropolitan domination or the colonial Raj, was a structural outcome of the forces flowing from capitalist development and accumulation in the metropolis and the maintenance of colonialism in India. It also fitted perfectly with the enforced international division of labor between industrial Britain and agrarian India.

Like Chandra, Alavi suggests that the establishment of the colonial state and its attendant legal and institutional
framework - the revolution brought about by the metropolitan bourgeoisie - was an imposition. What is, however, unique in Alavi is that he had advanced the thesis of the over-development of the state in colonial social formations.

In carrying out the tasks of the bourgeois revolution in the colony, however, the metropolitan bourgeoisie has to accomplish an additional task that was specific to the colonial situation. Its task is not merely to replicate the superstructure of the state which it has established in the metropolitan country itself; it must also create a state apparatus through which it can exercise dominion over all the indigenous social classes in the colony. It might be said that the "superstructure" in the colony is therefore "overdeveloped" in relation to the "structure" in the colony, for its basis lies in the metropolitan structure itself, from which it is later separated at the time of independence. The colonial state is therefore equipped with a powerful bureaucratic-military apparatus and with governmental mechanisms that enable it, through routine operations, to subordinate the native social classes. The postcolonial society inherits that overdeveloped state apparatus and its institutionalized practices through which the operations of the indigenous classes are regulated and controlled.

There is little doubt that fundamental metropolitan control over the colonial Raj remained intact until the very end of colonialism, that metropolitan capitalism played a key role in the establishment of the Raj, and that the Raj also emerged as a military-bureaucratic state apparatus. To be sure, Alavi's thesis of overdevelopment of the colonial Raj contains serious drawbacks. First of all, it is highly doubtful whether the establishment of a capitalist state in India can be characterized as a simple imposition of
colonial rule by the metropolitan bourgeoisie as a revolutionary force. As I demonstrated, they frequently resisted the devolution of political power to Indian hands and were hostile to the development of the modern, capitalist, nation state in colonial India. Second, it is highly doubtful whether colonial rule is altogether an imposition by the metropolitan bourgeoisie. One can hardly be blind to the fact that the indigenous social classes were unable to constitute themselves as a nation, as the British did, and to resist such imposition. The metropolitan imposition was facilitated by the concrete conditions prevailing in the indigenous social formation, given the immature or inadequate development of the productive forces (including capitalist class relations) in pre-colonial India. Furthermore, the lack of nationalism allowed the British to swallow the country piecemeal. Ignoring brute force as an explanation, the inadequate capitalist development (including the lack of nationalism) goes a long way to explain, the inability of the indigenous classes to resist the creation of a state apparatus that would exercise dominion over and subordinate them.

Third, until 1854, the bureaucratic apparatus was hardly modern since, for instance, the recruitment of the bureaucrats was mainly feudalistic in character, being based on patronage (viz. kinship, etc.). Instead of being over-developed, the capitalist component in the concrete colonial state remained underdeveloped as a whole in view of the
inadequate development of the capitalist mode of production and of the capitalist class structure in colonial India. As I shall show, underdeveloping constraints became manifest in various forms, i.e. in the exclusion of Indians from decision making positions in the state apparatuses, pursuit of policies favorable to capitalist production and accumulation by the metropolitan and not the indigenous bourgeoisie, lack of organizational expansion of the state apparatuses required for modern purposes (viz. colonial industrialization etc.), skewed development of constitutionalism (viz. lack of written constitution, subordinate judiciary, etc.) and so on. Far from being overdeveloped, the political superstructure of the state remained underdeveloped insofar as it was incapable of performing the tasks of a modern industrial social formation in the colony. Finally, the growth of a powerful military-bureaucratic apparatus, considered erroneously as a feature only of the states in the colonial social formations, is itself a mark of the underdevelopment of a modern capitalist state, for such growth takes place in a social formation dominated by (small) peasants - the historically specific transitional class.\(^{81}\) In colonial India, the military-bureaucratic apparatus was the necessary outcome, as I shall later show, of the effects of different structural forces released by metropolitan capitalism and colonialism that encouraged rapid growth and the multiplication of small holders, especially from the 1850s onwards.
It was for this same reason that the capitalist state in France, where its military-bureaucratic apparatus could successfully grow pari passu with the expansion of small holders was inadequately developed in relation to the state in England which, led by the landlords and favouring their interests, could successfully intervene against the peasantry. The case of colonial India closely parallels the experience of France. In India the state intervened more on behalf of the peasants against the landlords because of the contexts of colonialism which was itself, earlier, a product and, later, a promoter of metropolitan capitalist development and accumulation.

In light of this brief review of some of the relevant and important studies on selected aspects of Indian capitalist development, it is clear that the justification for undertaking this work does not simply consist either in demonstrating the inadequacies of the modernization perspective or in pointing out the historical specificities of colonial India's modernization (or, for that matter, social change in terms of capitalist development in relation to the contradictory roles of metropolitan capitalism and colonialism). This is, of course, one of the prime reasons for this undertaking, for there is to my knowledge no systematic work on colonial social change from an alternative methodological and theoretical perspective. That is why the primary objective of my study is to demonstrate the historical specificities
of colonial Indian social change in terms of dependent
capitalist development in three particular dimensions i.e.
historical formations of the capitalist mode of production,
the capitalist class structure and the capitalist state.
There is no systematic study of these three aspects of
colonial capitalist development and of their interrelations,
although certain specialized and piecemeal studies, as I
have shown in my review, do exist. This is deplorable in
view of the fact that, while numerous studies, from the
perspective of Development Sociology, exist in relation to
various countries in Africa and Latin America, sociologists,
whether Indian or not, have not yet undertaken a macrosocio-
logical study of colonial capitalist development in India.
Indian sociological concerns have remained, as I have argued
earlier in this essay, predominantly confined to the moderni-
zation framework. The lack of any systematic work on the
underdevelopment or development (i.e. dependent development)
of capitalism in colonial India in the stated dimensions is
also deplorable in view of the momentous historical links
between the two social formations in India and Britain, in
all phases of metropolitan capitalist development and
accumulation. Those links are visible especially from the
rise of the Industrial Revolution (coinciding with the rise
of colonialism in India) until the decline of Britain as a
global power (coinciding with the eclipse of colonialism in
India in the 1940s). In view of these considerations, this
study seeks to remedy these deficiencies and to stimulate further debate in developmental studies concerning the role of capitalism in the colonial social formation. My own methodological and theoretical framework is based on Marxist Sociology. Methodology is discussed in the third section in this chapter. The theoretical framework, that focuses on the conditions of the development of and determinations by capital (and capitalism) in its different historical phases, is provided in chapter 2.84

The principal hypotheses in this study concern the outcome of the historical interaction between the British and the Indian social formations. As far back as 1853, Marx stated that "England has to fulfill a double mission in India: one destructive, the other regenerating - the annihilation of old Asiatic society, and the laying of the material foundations of Western society in Asia".85 There is little doubt that the regenerative aspect of India's colonial dependence on and subordination to Britain consisted in the initiation of far-reaching transformations in the Mughal social formation. This external intervention of British capitalism within the expanding structure of global capitalist economy and world market86 set India on the road to historically specific social change or to capitalist development. This metropolitan intervention resulted, though not always directly, in the formations of the capitalist mode of production, the capitalist class structure
and the capitalist state in the colonial India. It will be argued in this work that, as Marx stated, "the country that is more developed industrially only shows, to the less developed, the image of its own future."\(^{87}\) To repeat the progressive aspects of the role of metropolitan capitalism:

The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilization. ... It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image.\(^{88}\)

Implicit in the above is the historically specific, progressive role of the national bourgeoisie. Even within metropolitan and colonial constraints, the indigenous national bourgeoisie played a significantly progressive role in colonial India especially after the World War I. However, what is more important here is that the progressive role of metropolitan capitalism and, for that matter, of the metropolitan bourgeoisie remained historically limited in colonial India. In other words, capitalist development in the colonial social formation remained significantly limited. The regenerative aspect is not as clear in view of the tendency of the capitalist mode of production to become world-wide through, among other things, "the constitution of a group of national economies, forming a complex and hierarchical structure, including an imperialist pole and a dominated one."\(^{89}\) Thus
my second thesis states that the country that is more developed industrially does not necessarily show, to the less developed, the image of its own future. The advanced metropolitan bourgeoisie did not necessarily create, as will be illustrated by the experience of colonial India, the image of its own future. What is clear in the Indian case is that the destructive aspect became more important than the regenerative one. Colonial India is a case of capitalist underdevelopment rather than of capitalist development. In brief, it is a case of dependent capitalist development.

The reason why the country that is more developed industrially does not necessarily show to the less developed the image of its own future is not far to seek. There could be, and often are, internal constraints embedded in the indigenous social formation. (These will be considered shortly.) What is more important, from a negative point of view, is the totality of the complex effects of external determination, i.e. the economic, political and ideological effects deriving from metropolitan (i.e. British) capitalism within the expanding structure of global capitalism and its necessary accompaniments (viz. world market, international division of labor, etc.). These effects, the destructive aspects of metropolitan intervention, generated dependent capitalist development, and, hence, controlled colonial India's social change to capitalism. It should be understood that the destructive aspects are not the disintegration of
the unity of handicrafts and agriculture or the loss of self-sufficiency in the social formation because these took place no more and no less in India than in Britain or elsewhere. The focus in this work is directly on the retardation of the development of the capitalist mode of production, the capitalist class structure and the capitalist state as structural outcomes of the effects of metropolitan domination.

This domination creates the conditions for what is described as a relative 'blocking' of the development of the productive forces in the dominated countries, this 'blocking' being, in reality, merely one of the aspects of the uneven development of the productive forces within the capitalist world economy, and so of the expanded reproduction of the economic inequalities that are typical of imperialist domination. This domination produces effects on the economic plane (mass-scale competition on the markets of the dominated countries by products of the industry of the industrialized countries, draining away of part of the surplus value produced in the dominated countries, and so on.) It also produces effects on the political plane (support given by imperialism to the dominant classes, both capitalist and pre-capitalist, to comprador capitalism, to the local dictatorships that 'protect' these classes, and so on), and on the ideological plane (diffusion among the dominant classes and the petty bourgeoisie of the dominated countries of the ways of living and thinking of the dominant strata of the imperialist countries, spread of the dominant economic ideology in these countries, and the like). All this is involved in what has been described as the relative 'blocking' of the development of the productive forces. 90

How this relative blockage of the productive forces takes place varies from one social formation to another depending
on the nature of its internal mode(s) of production, on the relative strength of the social classes, on the political and ideological forces and alignments between them, and, finally, on the nature of class dominance and class representation in state apparatuses. These aspects, however, become subject to external determination flowing from metropolitan domination. While more will be said later, it suffices here to state that if the capitalist mode of production did develop in colonial India, it did so only in a limited way. Similarly, the development of both the capitalist class structure and the capitalist state remained retarded.

No study of social change can ever be productive and representative of the complex reality of a social formation unless the nature of its internal dynamic is carefully explored.

As opposed to the metaphysical world outlook, the world outlook of materialist dialectics holds that in order to understand the development of a thing we should study it internally and in its relations with other things; in other words, the development of things should be seen as their internal and necessary self-movement, while each thing in its movement is interrelated with and interacts on the things around it. The fundamental cause of the development of a thing is not external but internal; it lies in the contradictoriness within the thing. There is internal contradiction in every single thing, hence its motion and development. Contradictoriness within a thing is the fundamental cause of its development, while its interrelations and interactions with other things are secondary causes. Does materialist dialectics exclude external causes? Not at all. It holds that external causes are the
condition of change, and that external causes are the basis of change, and that external causes become operative through internal causes. In a suitable temperature an egg changes into a chicken, but no temperature can change a stone into a chicken, because each has a different basis. 91

Against this back-drop, focusing only on the contradictory roles of any external determination, such as on those of metropolitan capitalism, can hardly be of any value unless one also focuses on the internal dynamic such as that of the pre-colonial Indian social formation, in terms of its own contradictions, i.e. forces of social change and stability. This is necessary not only to examine the impact of the forces of external determination on the internal dynamic of a given social formation but also to indicate the nature of societal transformations effected by the external forces in the internal dynamic concerned. Only then can one appreciate the complex nature of social change as the dialectical outcome of the interactions between internal and external forces of determination. For instance, there could be and often are internal constraints, a whole series of inherited limitations arising from "the passive survival of antiquated modes of production" 92 in any subordinated or colonized social formation restraining the more industrially developed country from reproducing its own image in the less developed, colonized country. In pre-colonial/Mughal India there were numerous internal constraints (weakness of the base of simple commodity production, growing technological stagnation, and
so on) on the indigenous development of capitalism. These constraints are, as a whole, related to the uneven development of productive forces within the social formation and can be explained in terms of the immaturity of the necessary indigenous conditions for the development of capitalism. On the other hand, there were internal forces, both in pre-colonial and in colonial India, that promoted capitalist development, as I shall show. My third and final thesis in this study is that colonial capitalist development in India is a dialectical outcome of both external and internal forces of determination within the expanding contexts of global capitalism. It is to be understood primarily as dependent capitalist development.

II. Scope and Organization of the Study

Having outlined the three principal themes centering around colonial capitalist development, let me now briefly outlined the organization of this study.

In chapter 2, I discuss different conditions of the historical development of capital and the capitalist mode of production since the sixteenth century in order to demonstrate that capitalist development in different metropolitan countries of the West was bound up with capitalist underdevelopment or dependent capitalist development in the so-called colonies or semi-colonies in the Third World countries. This discussion also facilitates an understanding of the social
reality of colonialism or the nature of the transformations
effected in the colonial social formations, because colonialism
itself is a result of the world-wide domination by, and the
economic, political and ideological effects of the capitalist
mode of production in the métropolises. In tracing the
historical development of the capitalist mode of production
in the métropolises, attention is paid to three distinct
phases through which this mode originated, prospered and
matured: (a) the mercantilist phase, characterized by the
rise of merchant capital (i.e. capital functioning in the
sphere of circulation), which extends from the sixteenth
century to the Industrial Revolution in the eighteenth and
nineteenth centuries (i.e. 1500-1850); (b) the competitive
or industrial phase which coincides with the rise and
consolidation of the Industrial Revolution (i.e. 1770-1870).
This is the classical period which saw the rise of industrial
capital (i.e. capital in the sphere of production), the
flowering of the specifically capitalist mode of production,
and the growth of the competitive form of the capitalist
market; and, finally, (c) the monopoly phase which is marked
by the centralization and concentration of capital beginning
with the last quarter of the nineteenth century (i.e. from
the 1870s onward). Among other things, an important result
of metropolitan industrial capitalist development was the
international division of labor, i.e. the reproduction of
the division of labor between the town and the country on
an international scale involving the metropolises in the West and the dominated countries in the Third World. This constituted the basis of the international exchange of commodities. The discussion in this chapter is both theoretical (i.e. abstract) and empirical (i.e. concrete). Moreover, the discussion is based on the experience of capitalist development in the West, especially in Britain which became colonial India's mother country.

In chapter 3 my focus shifts to the internal dynamic of the pre-colonial or Mughal social formation, especially its feudal mode of production, between the sixteenth and eighteenth centuries. The examination illustrates that the Mughal social formation, far from lacking internal mechanisms of social change, was quite dynamic in view of the rise of certain productive forces, viz. the growth of division of labor, the disintegration of village communities, the separation of agriculture from handicrafts, the rise of the market towns, the formation of internal markets, the growth of simple commodity production and merchant capital, in areas such as Bengal, Mysore, Gujrat, etc. While the rise of these productive forces - the preconditions for the growth of capitalism - imply Mughal India's entry into the process of transition to capitalism, this hardly warrants the conclusion that India was definitely on the road to experiencing industrial capitalist development. The feudal mode based on the natural economy, though exhibiting
sure signs of decline and disintegration, still remained dominant as whole within the various concrete conditions prevailing in the Mughal social formation. In these terms, this chapter serves as a backdrop to the growth of the capitalist mode of production in colonial India.

The next three chapters (i.e. chapters 4, 5 and 6) are devoted to the historical formation of the dependent capitalist mode of production, especially in the industrial sector, as a dialectical synthesis of the constraints and accelerators of both metropolitan and indigenous determination, i.e. as a structural outcome of an interaction between the contradictory aspects of metropolitan (mainly British) determination, on the one hand, and secondarily of internal, Indian, determination, on the other. Chapters 4 and 5 show how and why the more industrially advanced country like Britain did not reproduce and in fact hindered the reproduction of its own image in the less developed one like India. The forms of destruction and/or blockade of the productive forces conducive to the growth of the capitalist mode of production in colonial India depended on the predominance of merchant capital, industrial capital or monopoly capital in Britain and elsewhere. Hence, in order to establish historical specificity of capitalist underdevelopment or, for that matter development, I focus on three specific periods in the colonial social formation: the 1750s-1830s, the 1830s-1870s, and the 1870s and 1940s, coinciding with the mercantile,
industrial and monopoly phases of capitalist development and accumulation in the metropolis respectively. In demonstrating the incomplete development of the capitalist mode in chapter 6, I assert that capitalist development took two forms: large-scale capitalist production based on factory establishments, and small-scale or petty capitalist production based mainly on small-scale rather than on cottage industries, although both, in a sense, strengthened the economic base of capitalism. The conclusion here is that metropolitan capitalism and colonialism did not altogether prevent the reproduction of the industrial image of the metropolis in the colony. If large-scale production originated from above (i.e. Britain) the small-scale one grew from below (i.e. India). Further, if large-scale production did not grow because of metropolitan determinations and previously existing indigenous constraints, small-scale production grew because of both metropolitan determinations and transformed indigenous conditions.

In chapter 7 I discuss the Mughal social formation in its class and political structural aspects. The discussion focuses not only on the Mughal class structure and the state as a direct embodiment and crystallization of dominantly feudal class relations but also on the potential of the rising capitalist elements (viz. artisans and merchants) to emerge as effective political and ideological class forces vis-à-vis the dominant, including the ruling class. Accordingly, I also focus on the internal class and political
limitations - weakness of the bourgeois elements, continuing strength of the feudal ruling class, overdetermination of the state power and policies by the feudal ruling class - on capitalist development in Mughal India. The discussion of the Mughal class structure and state is meant to be a historical back-drop, preparing the ground for an understanding of the contradictory roles of metropolitan capitalism and colonialism insofar as the historically specific possibilities and limits of capitalist development, i.e. dependent developments in regard to the capitalist class structure and the capitalist state, in colonial India are concerned. Thus, in chapter 7, I examine to what extent colonial India experienced social change in terms of the development of the agrarian capitalist class structure and agrarian capitalism both of which, however, remained extremely weak. This was so even in spite of the fact that Britain was also the first country in the world to develop agrarian capitalist class relations and agrarian capitalism. The weakness of agrarian capitalist transformations are related to the weak development of large-scale industry and the rigorous enforcement of the international division of labor. Among other things, two historically specific outcomes of agrarian transformations are emphasized. These are the decline of the landlords, and the expansion of small peasants and their increasing importance in the class and political structure in colonial India. The discussion of the decline of the landlords and the expansion
and rising importance of the small peasants is found in chapters 8 and 9 as these become contextually relevant.

In chapters 8 and 9 I focus on the historical emergence of the dependent capitalist class structure and the dependent capitalist state as dialectical outcomes of the interaction between accelerators and constraints of both metropolitan and indigenous determination. Capitalist development in these respects is also considered in relation to the development of the dependent capitalist mode of production. Neither the class structure nor the state was an exact mirror image of what developed in the metropolis on account of the structural constraints flowing primarily from metropolitan capitalism and colonialism. Among other things, the colonial capitalist state (i.e. colonial Raj) is conceptualized as the materialization and condensation of a complex unity of contradictory class relations involving not only metropolitan and indigenous bourgeoisies in particular but also, in general, dominant metropolitan and dominated indigenous social classes. The state is viewed from the standpoint of a series of class contradictions and as a site of political and ideological practices (struggles) mainly between dominant and dominated social classes. If the colonial capitalist state was the contradictory unity of the metropolitan classes (united into a nation) and the indigenous classes, unifying both under its hegemony and led by the metropolitan bourgeoisie in the beginning of colonialism, then
it represented the contradictory unity of the indigenous classes (constituted as a nation) under the precarious hegemony of the indigenous bourgeoisie towards the end of colonialism.

Indeed, colonialism ran its full course and culminated in the nationalization of the colonial state, i.e. Indianization of the Raj. The process of transfer of political dominance from the metropolitan to the indigenous social classes is broadly indicated in what Tomlinson says below:

In 1880 the centralized structure of empire was practically intact; local government had a little autonomy but the hold of the British bureaucrats was secure; a few Indians sat in the provincial and central Councils, but they had no legislative power and were all nominated; London directly controlled the Government of India, which directly controlled the provinces. By 1935 much had changed: once the new Government of India Acts were implemented, elected Indian politicians would enjoy unfettered legislative and executive control over all aspects of local and provincial government and over a wide range of central governmental functions; the provinces were now separate administrative units; London had handed over control of trade and tariff policy and had established an independent Reserve Bank to manage India's currency and national debt; a decentralized and largely responsible form of government had emerged out of a rigid, centralized bureaucracy. In 1947 this process of transference of power reached its logical conclusion - India became an independent nation.

The ultimate eclipse of the political dominance of the metropolitan classes or, simply, the demise of colonialism, did not take place, as I argue, until all the indigenous classes were united into a nation. Nationalism itself became a formidable social force from World War I when the indigenous
bourgeoisie also emerged as a class force. The demise of colonialism did not take place until the nationalist leadership could win the support of the small peasants in the main who now emerged as a class force to be reckoned with politically. This stands in contrast to their largely apolitical historical role in Mughal India.

Finally, in chapter 10, I summarize the main findings of this study and make certain critical observations in regard to the three historically specific dimensions of capitalist development in colonial India.

III. Methodology, Types and Sources of Data, and Limitations of the Study

Before I indicate the types and sources of data used and the limitations of this study, let me briefly outline the (Marxist) methodological procedure that is utilized in the investigation of the processes of dependent capitalist development in colonial India.

As understood here, methodology is concerned with the examination of those essential and important ideas that enable the researcher to choose and comprehend data from amongst a variety of facts (viz. things, phenomena or relations) of everyday life and society. The method starts from the basic fact of life that men must produce and reproduce their conditions of physical and social existence. As both Marx and Engels view it, production is "the first premise of all human existence and, therefore, of all
history. What men are, i.e. their nature, and what their ideas, conceptions and consciousness are, can be directly related to production and productive activity. All this is to say that each social formation must have a mode of production, i.e. "the way in which men produce their means of subsistence." From this standpoint Marx and Engels emphasize that the study and explanation of facts including social behavior and action should be based on the analysis of the objective material conditions in the prevailing mode(s) of production in any given social formation. The emphasis on the objective material conditions in the mode(s) of production should not be misunderstood. What is implied is that, in the words of Sohn-Rethel, "no prima philosophia under any guise has a place in Marxism. What is to be asserted must first be established by investigation; historical materialism is merely the name for a methodological postulate and even this only became clear to Marx 'as a result of my studies'."

At the same time, facts that are to be investigated are not independent entities but remain always related to each other forming themselves into a complex whole or totality. The relation between them (i.e. facts) are sui generis in the sense that any of them cannot be reduced to the other(s). Their relations are internal to some whole or totality of which they consist in reciprocal interdependence. Marx's enquiry into the nature and
interrelations of the economic categories of production, consumption, distribution and exchange within the domination of production led him to conceive of the whole in its one-sided manifestations. Mutual interaction takes place between them as "with every organic whole." ¹⁰² But this is not all. The Marxist methodology emphasizes the necessary interrelatedness of the facts, not in the sequence of ahistorical givenness, but rather in their historical specificity. ¹⁰³ That is to say, concepts that are indispensable components of any scientific work produce knowledge of reality only when they capture "the isolated facts of social life as aspects of the historical process and integrates them in a totality." ¹⁰⁴ In brief, concepts are scientifically relevant if they are historically specific concepts containing the essence of the reality behind the phenomenal facade of givenness.

Now, on the basis of the mode(s) of production the individuals construct their material and social conditions of life. As such they become members of a social class - a group defined by its relation to the means of production in a mode of production. ¹⁰⁵ By the concept of mode of production is meant a combination of a system of productive forces with a system of relations of production. Whereas the former points to the manner of the appropriation of nature the latter points to the manner of appropriation of the economic surplus. The system of productive forces refer
to three essential facts: (a) the personal activity of man, i.e. the work itself; (b) the subject of that work; and (c) its instruments. The means of production include the subject and instruments of labor. There three elements combine in the labor process in such a way that "man's activity, with the help of the instruments of labor, effects an alteration, designed from the commencement, in the material worked upon. The process disappears in the product; the latter is use-value." The labor process goes on in any social formation and it is the "everlasting Nature-imposed condition of human existence." Production is, to repeat once again, the "first premise" of all human existence and entails the relation between man and nature.

The system of relations of production, on the other hand, refers to the relations which men set up among themselves in the process of production. More specifically, the non-laborer in this relation intervenes as the owner of the means of production and so appropriates the product. The relations of production are thus property relations. These relations set up a separation of the laborer from the means of production which are the property of the non-laborer who, as owner or proprietor, appropriates to himself surplus labor. Property does not mean "what is owned (or an object) but ... the right to control the use or benefit to which ownership is put." Further, it is a social relation between the owner and other individuals with regard
to things.\textsuperscript{110} Now, the essence of class analysis consists in "the specification of relationships to the means of production as they affect relations between people."\textsuperscript{111} At the same time it must be immediately added however that to define class in terms of its relationship to the means of production is an abstraction (i.e. contextless) unless its historical appropriateness is specified. That is to say, the concept of class, like that of the state or mode of production, should be historically specific such that it reflects the reality of a historically specific social formation, viz. the capitalist social formation.

Take, for instance, the concepts of the feudal mode of production and the capitalist mode of production (hereafter abbreviated as FMP and CMP). The specific components or properties of the FMP,\textsuperscript{112} as contrasted with the CMP, are as follows:

I. Unfree labor rendered not necessarily in the form of labor services but taking a variety of possible forms. That would be contrasted with free labor in CMP, in a double sense (a) in that it has been separated (or "freed") from possession of means of production (länd) and (b) that it is free from feudal obligations to serve a lord; the direct producer is now free to sell his labor power - or starve.

II. Extra-economic coercion in the extraction of the surplus from the direct producer, as against economic coercion as the basis of exploitation in CMP.

III. A fusion of economic and political power at the point of production and a localized structure of power, as against separation of economic (class) power and political (state) power within the framework of a bourgeois state in CMP. The power of the exploiting
class, the bourgeoisie over the exploited class, is then exercised indirectly; through the state apparatus and subject to the rule of (bourgeois) law, and not arbitrarily and directly as in CMP.

IV. Self-sufficient ('subsistent') economy of the village (or the manor), commodity production being secondary for the direct producer; subject to the condition that he produces also a surplus that is appropriated by the exploiting class of which a significant position may enter into circulation as commodities. That contrasts with generalized commodity production in CMP where (a) production is primarily of commodities i.e. to be sold for the value to be realized on the market and (b) labor power itself is a commodity.

V. Simple reproduction where the surplus is largely consumed by the exploiting class which acquires it, instead of being accumulated, so that the economy and society merely reproduce themselves on the existing level of productive resources and technology, whereas in CMP we have expanded reproduction of capital, where the surplus is primarily deployed towards capital accumulation (though not without supporting rising consumption levels of the exploiting classes) and consequent expansion of the forces of production and technological advance.  

Considered in light of these criteria, Mughal India does seem to be predominantly feudal. Let me now turn to two other pertinent concepts: the fundamental social classes of the capitalist social formation and the capitalist state.

The capitalist social formation begins to emerge as soon as capital becomes the foundation of the productive process. As Marx succinctly put, "Capital is the all-dominating economic power of bourgeois society." To enquire into the class structure of the capitalist social formation is to inquire into the structure of the productive
process in the capitalist social formation. But the question is, what is capital? It is not, points out Marx, "a thing, but rather a definite social production relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character." Thus, although in today's world capital is taken to mean material things such as equipment, tools or machinery, and is often clothed in the form of money, the concept of capital is above all a historically specific social relation binding the nonproducers to producers and vice versa. Alternatively stated,

In themselves money and commodities are no more capital than are the means of production and of subsistence. They want transforming into capital. But this transformation itself can only take place under certain circumstances that centre in this, viz., that two very different kinds of commodity-possessors must come face to face and into contact; on the one hand, the owners of money, means of production, means of subsistence, who are eager to increase the sum of values they possess by buying other people's labor-power; on the other hand, free laborers, the sellers of their own labor-power, and therefore the sellers of labor.

Simply put, the genesis of capital begins with its division into the means of production on the one hand and living labor on the other. The connecting link between the two is the productive process enabling the reproduction of capital on a progressive scale. Implicit in this definition are two fundamental social classes of the capitalist social formation:
the owning class of capitalists/bourgeoisie and the non-owning class of the proletariat/free wage laborers.\footnote{118} These two classes are two sides of one and the same social relation.\footnote{119}

Just as the concept of class is a concept of social relation, so is the concept of the state. Specifically, the concept of the capitalist state is, above all, not a thing or entity but rather a condensation or materialization of the class relations that grow on the basis of capitalist production.\footnote{120} These class relations are inherently antagonistic in the sense that, as Levitt clarifies, class relations are relations of super- and sub-ordination. Ruling class interests culminate on the one hand externally in the State—an agency of the ruling class interest against the exploited classes—and against mavericks from the ruling class who do not abide by the 'rules' of the game (thereby endangering the class interest as a whole); on the other. Internally, ruling class interests are manifested in trade organizations, chambers of commerce, securities commissions and other policing organizations. The communications industry, the churches, schools, etc., play a role here as well. Class interests and the interests of any given individual do not necessarily coincide—a further antagonism.\footnote{121}

Given this basic understanding of the state and of the antagonistic class relations that are built into it, let me say that the capitalist state is an organization for maintaining the unity and cohesion of the social formation (including the antagonistic classes therein) so that the conditions of capitalist production and accumulation could be continuously reproduced.\footnote{122} These two aspects can be
briefly commented upon.

Both Marx and Engels, even Lenin too, conceived of the state above all as a repressive apparatus. That class domination, as executed through the state apparatuses, rests on coercion in the last instance can hardly be denied. What is to be added here is that the hegemony (i.e. leadership) or domination of the ruling class is also based on the consent of the ruled or subordinated classes. In fact the capitalist state is shorthand for, in the words of Gramsci, "the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance, but manages to win the active consent of those over whom it rules." There are two ways by which consent is secured for the hegemony of the ruling class. First, there is the means of ideology (i.e. a coherent ensemble of myths, values, beliefs etc.) that not only makes up cohesion between antagonistic classes but also generates legitimacy (i.e. public support) for class domination. The other aspect of the ruling class hegemony involves the sacrifice of certain economic interests by the ruling class. Although they tend to increase cohesion between the antagonistic classes and to secure the legitimacy and consent of the ruled, economic sacrifices do not touch the essentials of ruling classes' economic interests in the main.

Finally, as a reproducer of the conditions of capitalist production and accumulation, the capitalist state
takes on an interventionist role, i.e. it becomes an interventionist state. By calling the capitalist state an interventionist state I refer mainly to its actions in the economy implying thereby a positive intervention in the economy to secure conditions of capitalist production and accumulation or to reestablish those conditions when they tend to be upset in periods of economic crises. Marx himself was aware of the importance of the capitalist state in the origin and development of the CMP. For example, looking back in history we see that the so-called "liberal" capitalist state in the period of competitive-industrial phase of capitalist development or even earlier actually played an active interventionist role in directing the economy to secure conditions for capitalist production and accumulation in various ways: imposition of taxes or customs duties, building of economic infrastructure such as railroads, regulation of the banking system, stock market, and foreign trade. In the monopolistic phase of capitalist development it positively intervenes to clear bottlenecks or crises in private capital investment which stand in the way of continued accumulation of capital. For example, some physical inputs such as skilled labor or raw materials are required for production. The accumulating units might not wish to produce these because it may not be profitable. In this circumstance the state itself may intervene and restore the necessary conditions of capitalist production and accumulation.
Having outlined the methodology, let me make certain observations on the types and sources of data that I used and on the limitations of this study. To begin with, this study is based almost completely on published materials. Several types of these materials, collected from library sources, have been utilized. These are: British Parliamentary Papers, official publications by both British and Indian governments, accounts of the travellers in Mughal India, writings (viz: speeches, memoirs, etc.) of colonial officials, historical (i.e. pre-colonial and colonial) as well as contemporary works on India, unpublished dissertations and, finally, publications in contemporary journals. It is needless to state that, while the existing literature on different aspects of the Indian social formation is vast and is rapidly expanding, I had to be selective in choosing relevant data from the sources available in the libraries. For the same reason, this study is selective in the choice of the theme - the processes of dependent capitalist development in colonial India. Since this study is a macrosociological study, it has a built-in limitation in that my focus is on the major aspects of colonial Indian social change in terms of capitalist development and on the interrelations between those major aspects only. In light of my review of the contemporary patterns of concern in Indian Sociology, my work is intended to promote the cause of Development Sociology in Indian sociological studies from a macrosociological point of view.
Naturally, this present macrosociological study, as any other, stands amenable to further enrichment or criticism as intensive microsociological studies are undertaken on the stated dimensions of colonial social change regardless of whether it is called simply modernization or historically specific capitalist development. Beyond this general limitation of the study, I should add that I omitted certain aspects which, I am inclined to think, do not have any bearing on the theme(s) of my study: the role of communalism, role of the princes, and so on. While the truth or falsity, correctness or incorrectness, validity or invalidity of my findings is left to the readers, this study has attempted to pursue an objective and detached analysis.

I have tried to follow what Hughes advised all researchers:

I believe those sociologists who will contribute most to the fundamental, comparative and theoretical understanding of human society and of any of its problems are those so deeply concerned with it as to need a desperate, almost fanatical detachment from which to see it in full perspective.  

Footnotes


2. Dialectics has been defined by Engels as "the science of the general laws of motion and development of Nature, human society and thought". See R.H. Lauer, Perspectives on Social Change (Boston: Allyn and Bacon, 1977), p. 65.

3. The specific features of Indian feudalism and its dissimilarities with those of feudalism in the West are discussed later in this chapter and elsewhere in chapter 7. The concepts of institution and structure may be defined as follows. The former implies "a system of
norms or rules which is socially sanctioned. The latter, the concept of structure, implies "the organizing matrix of institutions" and is not always visible in that it remains "hidden in and by the institutional system which it organizes". See N. Poulantzas, Political Power and Social Classes (London: Verso, 1978), p. 115, n. 24. Emphasis in original.

4. Throughout this work, metropolitan capitalism or capital would refer to capitalism in Britain or British capital unless specified otherwise.


10. See chapter 8, pp. 550-8.


27. The concept of productive forces will be defined later in this chapter in the section on methodology. It suffices here to state that productive forces encompass not only the means of production, technological skill or knowledge but also social relations. Even a "theory" that influences the masses (i.e. different social classes) could be a productive force. For excellent discussion, see D. Sayer, Marx's Method (Sussex: Harvester, 1979), pp. 83-8.


32. See chapter 3, pp. 178-84.
40. Ibid.
42. B.S. Cohn, "Notes on the History of the Study of Indian Society and Culture", in M. Singer and B.S. Cohn, eds., *Structure and Change in Indian Society* (Chicago: Aldine, 1968), p. 3.
43. Frank, *Dependent Accumulation and Underdevelopment*, pp. 19 and 130.

It may be noted that there are some who think that the pre-British India's mode of production was what Marx called, following many of his predecessors and contemporaries, "Asiatic" mode of production. Its main ingredients are these: (a) the absence of private ownership in land and so the non-existence of antagonistic social classes (viz. landlords and tenants); (b) the existence of self-sufficient village economy marked by an absence of commodity production, market, etc.; (c) the stagnation of the social formation because of the unity of agriculture and handicrafts, and because of the absence of antagonistic classes; and, finally, (d) Oriental despotism of the king as the state.


48. Of the few notable exceptions are the works of the following: Mukherjee, op. cit., passim; Alavi, "India: Transition from Feudalism to Capitalism", passim; and Sen, The State, Industrialization and Class Formations in India, passim.

49. The piecemeal studies, not necessarily restricted to my own period, done by economists, anthropologists and historians have been excluded from the scope of this review unless mentioned otherwise.


51. Ibid., p. xlv.

52. Ibid., pp. xlix-xl.


56. For discussion and criticisms of the different variants of Development Sociology (viz. Dependency approach and Modes of production approach) and for relevant bibliography, see footnote 9.

57. See Rao, op. cit., p. xlvi-xlvii. Two notable exceptions are: Alavi, "India: Transition from Feudalism to Colonial Capitalism", passim; and Sen, The State, Industrialization and Class Formations in India, passim.


67. Alavi, "India: Transition from Feudalism to Colonial Capitalism", passim; and Banaji, "Backward Capitalism, Primitive Accumulation and Modes of Production", passim.


69. Bagchi's and Ray's works on industrialization are exceptions to this. See footnote no. 61. It needs to be noted that general descriptive studies on the working class are more abundant than studies on the bourgeoisie. For the latter, in respect of colonial India see, among others, B. Chandra, "The Indian Capitalist Class and Imperialism before 1947", *Journal of Contemporary Asia*, 5(1975), pp. 309-26.


74. For details, see chapter 9.


77. In this and later chapters I use the word 'peasant(s)' synonymously for small peasant(s) unless I state otherwise.


83. The central focus of Marxist Sociology is on the study of different aspects of social facts (viz. relations, institutions, structures, etc.) from a historical material-


86. The concept of global capitalist economy designates an "articulated system of capitalist, semi-capitalist and pre-capitalist relations of production, linked to each other by capitalist relations of exchange and dominated by the capitalist world market. It is only in this way that the formation of this world market can be understood as the product of the development of the capitalist mode of production - not to be confused with the world market created by mercantile capital, which was a precondition for this capitalist mode of production - and as a combination of capitalistically developed and capitalistically under-developed economies and nations into a multilaterally self-conditioning system". See E. Mandel, Late Capitalism (London: Verso, 1978), pp. 48-9. Emphases in original.


90. Ibid., p. 307.


93. Cf. Bettelheim, op. cit., p. 291. Note that colonialism is not considered, as Chandra does, an independent entity unrelated to and separate from the capitalist mode of production. See his Chandra, "Karl Marx, His Theories of Asian Societies, and Colonial Rule", p. 72.


98. Ibid., pp. 42 and 47.

99. Ibid., p. 42.

100. Marx, The Eighteenth Brumaire of Louis Bonaparte, p. 37. The importance of the mode of production (i.e. economy) as a point of departure for explanation of facts should not however be overemphasized. In doing this one can indeed become a victim of economic determinism. See K. Marx and F. Engels, Selected Correspondence (Moscow: Foreign Languages Press, n.d.), p. 498.


107. Ibid., p. 184.

108. Surplus labor is that labor which is actually performed in excess of necessary labor. Necessary labor is that labor which is required to sustain the directly laboring
population at their traditional or customary standard of living.


110. Ibid., pp. 3-4.

111. Ibid., p. 2.

112. The words "feudalism" or "feudal mode of production" stand for a complex set of social phenomena and relations often escaping any generalized formulation. Neither the English word "feudalism" for its French equivalent "feodalité" seems to have received general currency until later eighteenth century. Feudalism, which appeared and developed most completely in Western Europe between 800 and 1200, is derived from the Latin word "feudum" meaning "fief". A fief is a piece of property (i.e. land) held by a vassal from a superior in return for military and other services. Even before the close of the ninth century it became customary for fiefs to pass from father to son, i.e. hereditary. The manor was the smallest unit (varying between fifteen hundred and five thousand acres in size) into which fief was subdivided. The manor was the economic unit through which land was worked by serfs who were bound to it. However, neither all the manors were fiefs, nor all the fiefs manors.

The property rights of the (fief holding) lords in the land were typically of degree only. This being the case the ownership of the land, in accordance with the doctrine of eminent domain, vests in the king. As a matter of fact under feudalism, as Therborn points out, "the Crown was usually the largest landowner, and thus took an active part in reproduction of the system as primus inter pares of feudal lords"


118. The concept of the bourgeoisie refers to "the class of modern capitalists, owners of the means of social production and employers of wage labor". The concept of the proletariat refers to "the class of modern wage-laborers, who having no means of production of their own, are reduced to selling their labor power (i.e. capacity to work - BKB) in order to live". See Marx and Engels, The Marx-Engels Reader, p. 335.


122. The concept of accumulation of capital, as Marx defines, is this: "Employing surplus value as capital, reconverts it into capital, is called accumulation of capital. "... From a concrete point of view, accumulation resolves into reproduction of capital on a progressively increasing scale."


125. Ibid. p. 161.


CHAPTER TWO

CAPITALISM: METROPOLITAN DEVELOPMENT AND COLONIAL UNDERDEVELOPMENT

I. Introduction.

In this chapter I intend, first of all, to trace briefly the historical development of the capitalist mode of production in the industrially advanced countries of the West (i.e. metropolises) and to indicate certain dominant characteristics of the three different phases (viz. mercantile, industrial or competitive, and monopoly) through which this mode passed and eventually matured. While the formation of this mode in the course of its evolution through different phases led to capitalist economic development in the metropolises, the same historical process generated capitalist underdevelopment or dependent capitalist development in the so-called backward countries, especially in the colonies. From this standpoint, the second purpose of this chapter is to demonstrate that capitalist development was bound up with capitalist underdevelopment in the dependent colonies and elsewhere. Indeed, these two aspects are two faces of one and the same historical process, i.e. combined and uneven development of the CMP as a whole. Thirdly, I outline briefly certain progressive or positive dimensions of colonialism and capitalism. Insofar as the metropolitan-
colonial interaction resulted in the development of capitalism in the colonies, it is needless to emphasize the fact that colonialism played a positive role because, among other things, it expedited the structural transformation of the pre-capitalist social formations. I should, however, point out that the progressive role of colonialism and capitalism was not fundamental to colonial capitalist development which remained continually subject to numerous metropolitan determinations in various forms. Put otherwise, the metropolitan-colonial interaction generated only limited or dependent capitalist development in the colonies. Finally, an examination of capitalist development in the metropolises and capitalist underdevelopment in the colonies provides the background necessary to understanding the example of a specific case of capitalist underdevelopment, viz. the case of India in its relation of colonial dependence on metropolitan Britain. In brief, this chapter provides a theoretical and an empirical overview of capitalism's development in the metropolises and its underdevelopment in the exploited colonies.

II. Transition to the Capitalist Mode of Production: The Rise of the Pre-conditions of Capitalism

Preliminary Remarks

To inquire into the historical development of the CMP is, above all other things, to inquire into the
historical processes of the formation of capital and free wage labor. To inquire into the formation of capital and free wage labor is, again, to inquire into what Marx called the "original formation of capital" (in the Grundrisse) or "primitive accumulation" (in Capital). These two concepts point to "the actual emergence of the social relations characteristic of capitalist production." That is to say, original or primitive accumulation is "the historic basis, instead of the historic result of specifically capitalist production" or "the pre-historic stage of capital and of the mode of production corresponding with it." To elucidate the importance of this process is to draw attention to an important distinction, i.e. "the distinction between wealth which is originally combined with free labor to form the original or primitive accumulation, and wealth which consists entirely of surplus-value and hence represents capital accumulated wholly by means of the capitalist mode of production. Therefore, for Marx, primitive accumulation is primitive only with respect to and in the context of the actual emergence of the capitalist mode of production." What all this (i.e. the formation of capital and labor or the process of original/primitive accumulation) means is, from another point of view, nothing other than the process of historical transition from one form of historical social formation, i.e. feudal society, with its corresponding mode of production, to another form of social
formation, i.e. capitalist society, with its corresponding mode of production. The forces that led to the decline of one gave rise to the other. The new one grew in the womb of the old. In other words, the historical process of transition which brings forth preconditions for the rise of the CMP culminates eventually in the establishment and dominance of the mode concerned.

Capital

To inquire into the formation of capital is to go back to the production and circulation of commodities:

The circulation of commodities is the starting-point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical ground-work from which it rises. The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market.

A commodity is, in the first place, an object or a product. It is a use-value in the sense that, by virtue of its properties, it satisfies human wants of one type or another. But a use-value is not a commodity unless it is transferred to another by means of exchange. "The fact that every product, at some point in its life serves as an object of exchange stamps it as an exchange-value; and it is this twofold character of being both a use-value and an exchange-value that make the product into a commodity." From this point of view, capitalism, in contrast to feudalism, is a highly developed system of commodity production in which the
laborer's ability to work (i.e. labor power) too becomes a commodity. The beginning of the commodity production is the embryo of capitalist production. With the disintegration of feudalism, commodity production began in the form of simple or petty commodity production which is indeed "the laboratory in which we can study the genesis of capital accumulation."  

Simple commodity production is a system of production in which independent producers such as peasants and handicraftsmen own their means of production (viz. land, instruments of labor, etc.) and satisfy their wants by means of mutual exchange. There are other features of this form of production. For example, the independent producer does not have to sell his labor power in the market. That is, in order to live he does not have to be a wage laborer. This form of production is family based and marks the dissolution of the self-sufficiency of the village community. Wherever it is found, it exists only as "an 'undeveloped' or 'atrophied' form of capitalist production." With the progress of the process of exchange of commodities (i.e. at a stage beyond simple barter) between independent producers there arises the use of money - a specialized medium of exchange - which relates itself to the other commodities in terms of their common quality, i.e. value. Money, in itself, does not have use-value; it is "pure exchange-value and as such pure quantity." Therefore, the money-form follows the commodity-form of the
products of human labor. But, more importantly, as part of an independent expression of the quantitative aspect of wealth (i.e. use-values) money already implies accumulation (i.e. active pursuit of wealth from a quantitative point of view). Again, with the progress of the exchange of commodities there arises, besides money, the need for a market whose primary function is "to facilitate the social distribution of commodities as use-values, allowing producers to exchange these commodities which have no direct use to them for others which they can use."\(^\text{18}\) Now all that happens between independent producers in a social formation based on the simple/petty commodity production can be described in the following form of a circuit:

\[ \text{C} \rightarrow \text{M} \rightarrow \text{C} \]

\[ \text{(Commodity)} \rightarrow \text{(Money)} \rightarrow \text{(Commodity)} \]

The first leg of the circuit (i.e. C\(\rightarrow\)M) is the selling in the market, by the producer, of a commodity which he does not need, for a sum of money. The second leg of the circuit (i.e. M\(\rightarrow\)C) is the buying in the market, by the producer, of a commodity which he needs in order to satisfy his wants for that sum of money previously acquired. Since the circuit both starts and ends with commodity it is obvious that producers are exchanging merely to satisfy their wants. That is the purpose of the transaction. Money here is an equivalent of a commodity or a medium of exchange. The accumulation of
money has not yet become the sole motive of the producers in the transaction. Put precisely, money is still money, but not yet capital.

Let us suppose that the social division of labor (i.e. division of work in the society) has undergone development so that the direct producers cannot handle complexities of trade transactions which continue to grow. In such a situation the direct producers leave the problem of buying and selling to a specialized group of persons. They are simply called merchants, a new class. As soon as they appear in the scene the circuit of the simple commodity production (i.e. C--M--C) is reversed and becomes that of (merchant) capital (i.e. M--C--M'). Money has now become capital. The circuit of selling in order to buy becomes converted into one of buying in order to sell. More appropriately, it is buying as cheaply as possible in order to sell as dearly as possible. The difference between M' and M is merchant's profit. Money is no longer money, but is now a means to accumulate more money. It is capital, merchant capital. The aim of the merchant in business is to make more money. Thus he converts his money into commodities quickly and sells them quickly to recover his original sum of money along with an excess. The sooner he does this, the sooner he starts to repeat the process. One transaction is a prelude to another, as evident in the following.
The same is true of the industrial capitalist. He too, like the merchant capitalist, converts his money (M) into commodities (C) that are means of production (MP) and labor power (LP) to produce, in the process of production (P), other commodities (C') which he then, by the sale of these commodities, converts back into money (M'). When the industrial capitalist makes a profit, M' will exceed M, for example, by the amount of profit.

As in the case of the merchant capitalist, the same process of making money also continues for the industrial capitalist. One transaction is a prelude to another. Moreover, since the circuit of capital in both cases, merchant capital and industrial capital, begins and ends with money it shows that, for capitalists, "the acquisition of quantity, accumulation, is their primary purpose." In a social formation where capitalist production has taken its solid roots there capital becomes "an independent social power."

Free Wage Labor

The historical formation of the CMP does not imply the formation of capital only; it also implies the formation of wage labor, i.e. free wage labor. One presupposes the other. In this sense, in a "pure" capitalist social formation
there are only two classes: the bourgeoisie/capitalists and the proletariat/wage laborers. All other classes, especially the small producers, tend to disappear.  

How do the free wage laborers come into being? It is only when the independent (especially small) producers are freed of their means of production that they become free wage laborers. In this sense the primitive accumulation of capital, from the standpoint of the formation of free wage laborers, is "nothing else than the process of divorcing the producer from the means of production." Since the majority of the direct producers in an economy based on the system of simple commodity production consists of small peasants it was they who were destined to join the ranks of the proletariat. The small peasant was "the owner or tenant - particularly the former - of a patch of land no bigger, as a rule, than he and his family can till, and no smaller than can sustain the family." The peasant family was mostly self-sufficient in the sense that it consumed mostly what it produced. Now, as long as these small peasants do not become wage laborers the CMP cannot reach its maturity. This is precisely so for two reasons: On the one hand, the emerging capitalist needs to buy two things tied to the ownership or occupation of land: "the labor power of free laborers and the productive property." On the other hand, "the events that transformed the small peasants into wage-laborers, and their means of subsistence and of labor into
material elements of capital, created, at the same time, a
home-market for the latter."\textsuperscript{30}

But, how are the peasants converted into wage
laborers or how does their simple commodity production come
to an end? Marx's answer was that deficiencies in the
simple or small-scale peasant production were bound to be
replaced by the advantages of large-scale production in
agriculture. The deficiencies of the former type of
production are these: a gradual exhaustion of the soil;
impossibility of improvement of agriculture in each small
holding by scientific application of the modern methods of
large-scale production; difficulties in the extension of
social productive forces of the social division of labor;
competition from large-scale capitalist farming; continuous
impoveryishment of the peasant due to taxation and usury;
lower productivity due to isolation and ignorance of the
peasants and excessive fragmentation of small holdings;
wastage of energy; successful usurpation by big landowners
of the commons lands, etc.\textsuperscript{31} Above all, the rise of modern
large-scale industry revolutionizes agriculture more than
anything and, in the process, "annihilates" the peasant.\textsuperscript{32}
The peasants or their petty production is thus bound to
disappear. "Its annihilation, the transformation of the
individualized and scattered means of production into
socially concentrated ones, of the pigmy property of the many
into the huge property of the few, the expropriation of the
great mass of the people from the soil, from the means of subsistence, and from the means of labor, this fearful and painful expropriation of the mass of the people forms the prelude to the history of capital."  

The peasant was thus truly a transitional figure in the passage from the feudal to the capitalist mode of production. He was "a future proletarian." Having been expropriated of his means of production and subsistence (i.e. land) he becomes doubly free. On the one hand, the peasants do not form "part and parcel of the means of production, as in the case of slaves, bondsmen, etc". On the other hand, neither do "the means of production belong to them, as in the case of peasant-proprietors". The peasants, converted into wage laborers, are now "free from, unencumbered by, any means of production of their own." They are now free to sell their labor power in the "labor market." And, in order to live, they come forward merely as sellers of their commodities (i.e. labor power) and thus as free wage laborers.  

A concrete example of the historical formation of wage laborers from the ranks of the independent peasant producers can be seen in the British experience where, in the form of enclosures either by consent or by parliamentary statutes, it first occurred. The enclosures designate "a process of taking land which is either communal property or individual property operated in a system of communal
agriculture, and redividing it and reallocating it in private plots or tracts which are then often literally enclosed off from one another." Enclosures began in the last half of the 15th and the first half of the 16th centuries with the growth of wool trade leading to the conversion of arable land into pasture. The process was quickened between 1536 and 1540 when much confiscated church lands passed into the hands of "a commercially-oriented landlord class." Following the abolition of feudal tenures and the Court of Wards in 1646 landlords gained "absolute ownership" of their estates. This actually facilitated "long-term planning and investment of capital in estate management." The legal device "for entailing land on to the eldest-son", i.e., primogeniture, could also be traced from 1647, and this opened the way for the consolidation of landed property. While in 1660 absolute landownership was confirmed, copyholders failed to obtain absolute property rights in their holdings. By the act of 1677 the property of small freeholders became insecure unless backed by written legal title. Thus, says Hill, "most obstacles to enclosure were removed." After the Stuart Restoration (1660-88) the landowner's finally succeeded to appropriate large part of the Crown lands. Between 1750 and 1850 more than 4,000 Acts of enclosures were passed. In the two heavily weighted periods 1764-1780 and 1793-1815 no less than 900 and over 2,000 Acts were passed respectively. In sum, the enclosures, while dissolving the communal system,
contributed in many ways (i.e. by creating a large labor supply, food supply and a home market) to the formation and consolidation of the CMP in Britain.\(^{45}\)

**Towns**

The importance of the rise of the towns in capitalist development in the West cannot be denied. Their importance as markets where rural produce could be sold to meet lords' demands, as centres of craft production and external trade, and as places where the rising bourgeois forces fought for political freedom has been duly appreciated by many. Braudel observed that "capitalism and towns were basically the same thing in the West."\(^{46}\) The increasing prominence of the towns between the 11th and 13th centuries marked a "new era": towns replaced servile labor by free labor, stimulated trade which in turn released hoarded cash or ornaments increasing the importance of liquid capital, and brought into being a new class of merchant bourgeoisie.\(^{47}\) Despite the importance of the towns in the early gestation of the CMP their role should not be over-emphasized. Not all towns were equally important and their causes of origin were varied.

For example, while certain small towns were founded by the lords to increase their income from the trade there on, many occasions, the nuclei around which towns, urban crafts and long-distance trade developed were "pre-existing settlements of churchmen (cathedrals, collegiate churches,
monasteries) or groups of warriors in the retinue of some great feudatory, such as a duke or a count. In England, the towns of Birmingham, Cambridge and Manchester seem to have grown up from villages or a coalescence of villages. Bridgnorth, Hertford, Tamworth, Stafford and Warwick were garrison towns. Glasgow seems to have originated in the shrine of St. Ninian. Although the king and the baronial lords granted charters freely and even personally established towns with borough privileges, their attempts to transform rural communities into urban ones often did not succeed as expected. In England, the towns were less developed than on the continent and were considerably poorer. In addition English "cities were never left alone with their freedom to become autonomous, nationalistic units as in Germany or even in France. The Crown was always vitally concerned with the foreign commerce of the kingdom, and charters were significantly limited by this fact."

Similarly, the political role of the towns as a sanctuary of freedom for runaway serfs or the statement that "city air makes a man free" can not be taken for granted uncritically. In the later Middle Ages the large towns of Brandenburg, Pomerania and Prussia "offered no apparent objection to the nobility's demands that they legislate against fleeing serfs. Nor did the townsmen of Koenigsburg come to the aid of the peasant revolt of East Prussia in 1525 - the one really large-scale rural uprising of this
period in north-eastern Europe. The town's patriciate positively opposed the revolt. The Catalan peasant revolt in the later 14th century which brought about the downfall of serfdom in Catalonia took place despite the lack of support from the urban classes. There are other factors too which tend to diminish the role of the towns. For example, the relatively tiny urban centres which could have surpassed 10 percent of the total population in only a few regions could not have exerted "sufficient attractive power on the rural masses to account for the collapse of serfdom almost everywhere in Western Europe by 1500." Again, few fugitive serfs could have sufficient capital or skill to become urban craftsmen or shipkeepers, let alone merchants. The essence of the town economy being mainly luxury production for a limited market imposed restraints on the scope of opportunities for fugitive serfs. Urban poverty was more ingrained and more spectacular than rural poverty. The serfs' search for economic amelioration was restricted by the fact that "the town oligarchy levied unequal taxes, and illegal taxes that had not been granted by the proper institutions; it misused public money and put justice up for sale." For many reasons, as Brenner points out, the urban patricians were aligned to the nobility in limiting the scope for freedom and opportunity of the fleeing serfs. Many urban patricians were themselves landowners and, therefore, had the same interest as the nobility in opposing the serfs. Both
groups had the same interest in maintaining social order or in the defence of private property. Both were beneficially linked to each other in terms of the commercial exchange of raw materials for luxury products. Although urban artisans, by contrast, "tended to be anti-aristocratic" their support for the fugitive peasants was limited by the fact that it involved "a threat to urban controls over the labor market and invited increased competition." Furthermore, "the towns rarely aided peasant resistance to freedom, nor was the success of such resistance apparently dependent upon such aid." In the last instance, the medieval town lived "in a feudal world."

We must not lose sight of this feudal character of early 'capitalism'; circulation based on the free exchange of equivalents belongs to the full development of the capitalist market. Even as late as the 18th century, the market remained limited in most of Europe to a given range of commodities, wages were frequently paid in kind, and the commercialization of the agricultural product was still only partial. Autoconsumption, sales by barter and payments in kind commonly reduced the range of monetary transactions and hence the dominance of the market. ... The growth of capital cities and towns generally remains an unstable one in the absence of capitalist agriculture: the town's dominance is that of a rentier, dependent on external political and military conditions. Its dependence on a fragile supply system and on rural immigration, even to maintain its population at a constant level, makes this clear.

Last but not least, "the towns which enjoyed the greatest political independence were not necessarily the most developed economically or socially."
Trade

The importance of the towns in any case remained bound up with trade in the transition from feudalism to capitalism. Their importance consisted not only in "accelerating the disintegration of the old mode of production" but also in creating certain other pre-conditions for the rise of the CMP. Trade led to the genesis of merchant capital, developed the market, and increased commodity production. As Marx himself summarizes:

Originally, trade is the pre-condition for the transformation of guild, rural domestic and feudal agricultural production into capitalist production. It develops the product into a commodity, partly by creating a market for it, partly by giving rise to new commodity equivalents and partly by supplying production with new materials and thereby initiating new kinds of production which are based on-trade from the very beginning because they depend both on production for the market and on elements of production derived from the world market. As soon as manufacture gains strength (and this applies to an even greater extent to large-scale industry), it in turn creates the market, conquers it, opens up, partly by force, markets which it conquers, however, by means of its commodities. Trade is now the servant of industrial capital, and carries out one of the functions emanating from the conditions of production of industrial capital.

Usury

Usury (i.e. lending at interest) is "a powerful lever" that creates certain preconditions for the formation of industrial capital. In the first place, it builds up "an independent money wealth alongside that of the merchant".
Secondly, it ruins the owners of the old conditions of labor, i.e. it effects the separation of the direct producers (i.e. small peasants and craftsmen) from their means of production. More importantly, although the development of the usurer's capital is bound up with that of merchant capital and predominance of small-scale production by self-employed peasants and artisans, usury becomes a transitional catalyst in the formation of the CMP only when certain other pre-conditions for it are present.

It is only in an epoch where the other conditions for capitalist production exist—free labor, a world market, dissolution of the old social connections, a certain level of the development of labor, development of science, etc.—that usury appears as one of the factors contributing to the establishment of the new mode of production; and at the same time causing the ruin of the feudal lords, the pillars of the anti-bourgeois elements, and the ruin of small-scale industry and agriculture, etc., in short, as a factor leading to the centralization of the conditions of production in the form of capital.

The historical importance of usury consists in the fact that it is "in itself a process generating capital."

Technology

The central role of technology (i.e. productive forces or application of scientific knowledge to techniques of production) in transforming a social formation or in extending the social division of labor needs no emphasis. More specifically, the importance of technology consists in the fact that capitalist development does not culminate into the
formation of "a specific mode of production" of capitalism unless the transition from the phase of manufacture to that of modern industry as the basis of production occurs. Manufacture brings together a number of laborers who work in the same place at the same time under the control and mastership of a capitalist. Manufacturing, historically and logically the starting point of capitalist production, entails the formal subordination of labor to capital in the sense that previously independent producers (i.e. handicraftsmen) have now become wage laborers. Here capitalist exploitation consists in deriving absolute surplus value by means of extension of the working day. What is far more important is the fact that in manufacturing handicraft skill still remains the basis of production. The main instrument of labor is still the handtool.

In contrast, modern industry is based on machines. That is to say modern industrial production is based on production by machines. Tools, as instruments of labor, are replaced by machinery. The essence of the Industrial Revolution, from this standpoint, is production by machinery, a process that takes place "from the moment that the tool proper is taken from man, and fitted into a mechanism." Once it starts, the process of mechanization tends to spread from one sector of production to another in the entire economy. Thus, although the relations of production remain the same in both manufacture and modern industry, the great
divide between the two is mainly one of technology. The technical basis of modern industry is "revolutionary, while all earlier modes of production were essentially conservative."

Modern industrial production entails the real subordination of labor by capital in the sense that the nature of the instruments of labor used in modern industry are such that these can be operated by laborers cooperatively. Here capitalist exploitation consists in deriving relative surplus value through shortening the necessary labor time by introducing technical innovation in production. Now, what is important is that machinofacture or modern industry, in contrast to manufacture, presupposes a specifically capitalist mode of production. The contrast between the two phases of capitalist development, from the standpoint of the distinction between manufacture and modern industry, may thus be summarized. In the case of manufacture:

At first, capital subordinates labor on the basis of the technical conditions in which it historically finds it. It does not, therefore, change immediately the mode of production. The production of surplus value ... by means of simple extension of the working-day, proved, therefore, to be independent of any change in the mode of production itself.

In the case of modern industry:

The production of relative surplus-value, revolutionizes out and out the technical processes of labor, and the composition of society. It therefore presupposes a specific mode, the capitalist mode of production, a mode
which, along with its methods, means, and conditions arises and develops itself spontaneously on the foundation afforded by the formal subjection of labor to capital. In the course of this development, the formal subjection is replaced by the real subjection of labor to capital.  

III: The Mercantile Capitalist Development: 16th and 19th Centuries

Preliminary Remarks

To understand the genesis of development in the metropolises and underdevelopment in the colonies during the mercantile phase of capitalism let me begin with the following quotation from Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776):

The discovery of America and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind. ... By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another's wants, to increase one another's enjoyment, and to encourage one another's industry; their general tendency would seem to be beneficial. To the natives, however, both of the East and West Indies, all the commercial benefits which can have resulted from those events have been sunk and lost in the dreadful misfortunes which they have occasioned. These misfortunes, however, seem to have arisen rather from accident than from anything in the nature of those events themselves. At the particular time when these discoveries were made, the superiority of force happened to be so great on the side of the Europeans, that they were enabled to commit with impunity every sort of injustice in those remote countries.  

To summarize, the phase of the mercantile capitalist develop-
ment - the phase in which metropolitan merchant capital arose preparing in its turn the ground for the rise of industrial capital - cannot be understood without its historical links with the colonies:

The precise definition of the term "mercantilism" has always been a matter of controversy. 84 It has been conceived as "a shifting combination of tendencies" 85 or as "a number of prevailing economic theories" 86 relating to the consolidation of the nation state and its aim of increasing national wealth and power. Mercantilism has been associated by Gustav Schmoller with state-making. Readopting Scholler's thesis, E.F. Heckscher associates it with, in the words of Roll, "a number of economic measures designed to secure political unification and national power. The building-up of nation-states is put in the forefront, and monetary, protectionist, and other economic devices are regarded merely as instruments to this end." 87 If state-making and the consolidation of national power were regarded as an aspect of mercantilism, its other aspect consisted of an emphasis on the accumulation of wealth by means of international trade. From this latter standpoint mercantilism was a system "for ensuring a favorable national balance of trade, and thus a steady import of bullion, as well as monopoly profit for the merchants engaged in the trade." 88 Two aspects of mercantilism - strengthening of the nation state and its power on the one hand and the emphasis on wealth on
the other - were not unrelated. "A Nation cannot be safe without Power; Power cannot be obtained without Riches; nor Riches without Trade." The historic linkage between the rising nation state and the rising merchant bourgeoisie is quite explicit in the formulation of mercantilism. In a very real sense, mercantilism represents "the ideological reflection of the rise of commercial capitalism."

The Rise of the Merchant Bourgeoisie and the Formation of the Nation State in England

The development of a strong national state in England is historically connected with the seizure of the national market by the English bourgeoisie at one end and with the establishment of their dominance in the world market at another.

By the end of the 13th century most towns in England, except a few under monastic rule, won a certain degree of self-government and freedom from feudal exactions. Once the townsmen became aware of their trading interests and desired to keep trade in their own hands they were in need of some kind of common body to protect their interests. This need was met by the Merchant Gild which was "the organization of the burgesses" or "the economic organ of the townsmen." The struggle of the townsmen for market rights was followed by their struggle "for political power within the town to make control of the market effective." Once political rights were established the next phase was concerned with
the consolidation and extension of the town's monopoly.

"It was no longer autonomy within the town boundaries that was in question; it was the assertion of the town's privileges against the claims of rivals outside." 95 By the end of the 14th century towns were dominated by the merchants monopolizing the trade. 96 But the victory of the rising merchant bourgeoisie, as a whole, could not be complete until they could climb to supremacy in the national market and also succeed in winning from the Crown the privileges which foreign merchants enjoyed on English soil. 97

Although the internal market was growing it was nevertheless foreign trade that provided, for the English merchant bourgeoisie, not only "the greatest opportunities for rapid commercial advancement" but also the sphere where "the most impressive fortunes were made." 98 More precisely, the English merchant capital found its "first and most important field" of operation in the export trade in wool. 99 But before the merchant bourgeoisie could gain "rich prizes" from this export trade they had to dislodge the foreign merchant - Germans, Italians, etc. - who enjoyed privileges granted by different English kings. 100 The domination of the foreign bourgeoisie was such as to make England "an area of capitalist exploitation, a staple country." 101 The result of the privileged position of the alien bourgeoisie was to make England, according to Dobb in the 1920s, "a virtual colonial area, open to the exploitation of foreign undertakers, in a
dependent position similar to that which countries like China, India and Turkey suffer at the present day.\textsuperscript{102}

The English merchant bourgeoisie had come a long way from the time of the Magna Carta (1215) when the foreign bourgeoisie enjoyed the privileged position to the time of Elizabeth (1558-1603) when the latter were dislodged by the former.\textsuperscript{103} Only then, it can be stated in a significant sense,

the English nation ultimately came into being largely from centuries of an increasingly augmented attack by English merchants against both the commercial privileges of foreigners and the prerogative of the King to grant them. ... By 1588 the Englishman as a national, capitalist figure had emerged, and by 1600 all concessions to foreign merchants had been abolished. The attitudes engendered in the struggle against the foreign merchants was part of the content of a rising nationalism which ultimately united the English people emotionally in a new capitalist entity. The insistent warcry "England for the English", welling up in the cities came to embrace the realm.\textsuperscript{104}

If after 1588 the English bourgeoisie "fought for power,"\textsuperscript{105} their strength became evident with the victory of Parliament after the "Glorious Revolution" of 1688.\textsuperscript{106} Although the king lost power to legislate and gave way to the victorious Parliament, it did not mean however that Parliament was taken over by the mercantile class. But they substantially won. "This class now had free access to a progressive legislature in which capitalist power might grow commensurably with capitalist wealth."\textsuperscript{107} If by 1600 the English bourgeoisie
had succeeded in abolishing all concessions to their foreign counterpart, by 1600 they had organized the most important trading companies: the Company of Merchant Adventurers, the Muscovy Company; the Eastland or Prussian Company; the Levant Company, the African Company, and above all, the East India Company.\textsuperscript{108} The ground was thus set for metropolitan mercantile capitalist accumulation and development. If the English bourgeoisie dethroned their foreign counterparts in their own market, the ground was now set for enthroning themselves in the markets of the colonies and elsewhere. "What at first was a defensive nationalism grew to maturity as a vigorous offensive nationalism, scheming to promote the interests of the English merchants overseas."\textsuperscript{109}

Metropolitan Primitive Accumulation and Colonial Underdevelopment

By the beginning of the 18th century Europeans had spread out "in all the continents of the world except Australia and the Antarctic."\textsuperscript{110} At the outset the process of mercantilist expansion was no doubt the outcome of internal capitalist development in the metropolises. But once this process of expansion overseas reached a certain stage it fuelled the internal capitalist development of the metropolises. The colonies (and other countries) were drained of resources in the process of European mercantilist expansion and thus contributed to metropolitan accumulation and development.
In the final analysis, said See, "it was the maritime and colonial expansion of the European powers which was to prove the most important factor in the genesis of modern capitalism." In brief, as someone wrote in the London Chronicle of July 31, 1764: "The colonies were acquired with no other view than to be a convenience to us; and therefore it can never be imagined that we are to consult their interests preferably to our own."

With the rise of the world market as an accompaniment of metropolitan capitalist development the international exchange between the metropolises and the colonies resulted in "an important flow of capital" from the latter to the former which channelled it to their own development. That is to say, the colonies aided, to this extent, the capitalist development in the metropolises. The nature of European mercantile inroads, the nature of gains by the metropolises and their connexions with the colonies are clearly indicated in the following statement of Marx:

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalized the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. On their heels trod the commercial war of the European nations, with the globe for a theatre. ... The different momenta of primitive accumulation distribute themselves now, more or less in chronological order, particularly over Spain, Portugal,
Holland, France, and England. In England at the end of the 17th century, they arrive at a systematical combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But they all employ the power of the state, the concentrated and organized force of society, to hasten, hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power. ... The colonial system ripened, like a hot-house, trade and navigation. ... The colonies secured a market for the budding manufactures, and, through the monopoly of the market, an increased accumulation. The treasures captured outside Europe by undisguised looting, enslavement, and murder, floated back to the mother-country and were there turned into capital. 114

Let me cite an example of the British accumulation in the phase of mercantile capitalism. India remained, even before the Battle of Plassey (1757), the substantial base of the English bourgeoisie's external primitive accumulation. 115 The English Company's average profit on the invested capital varied from 12 to 155 percent between 1601 and 1612. 116 It has been further estimated that in the fifty years (i.e., 1708/9-1757/8 or 1708-57) the Company earned a profit varying between £40 and £36 million from its trade in India. 117

As had been expected trade with the East proved to be extremely profitable, providing not only large dividends for domestic investors and stimulating industry among the masses but also yielding numerous private fortunes to employees of the company temporarily stationed abroad. Moreover, this trade provided English capitalism with a solid base of wealth and permanence by
its appropriation of large areas for exclusive exploitation.\textsuperscript{118}

If the effect of metropolitan mercantilist expansion was to speed up the development of the merchant capital and quicken the transition from the feudal to the capitalist modes of production in the metropolises,\textsuperscript{119} the general effect of the metropolitan domination over the colonies was the blockade of the productive forces in them. This negative impact on the colonies, causing distorting transformations in their modes of production, is directly connected with the operations inherent in the dominance of merchant capital.

\textit{Merchant's capital, when it holds a position of dominance, stands everywhere for a system of robbery, so that its development among the trading nations of old and modern times is always directly connected with plundering, piracy, kidnapping slaves, and colonial conquest.}\textsuperscript{120}

In England the advent of the Industrial Revolution in the 1760s signalled the erosion of the dominance of the merchant capital. It was "fatally undermined by the parliamentary reforms of the 1830s and finally smashed by the Repeal of the Corn Laws in the 1840s."\textsuperscript{121} Nevertheless, mercantile capitalism prepared "the ground for modern industrial capitalism."\textsuperscript{122}

\textbf{The Industrial Revolution and the Role of the Colonies}

It has been stated that "capitalism as a mode of production does not exist until the Industrial Revolution,"
even though this revolution is pre-dated by the extensive development of capitalist relations of production."¹²³ The term "Industrial Revolution" can be broadly defined as a process of complex scientific and technological inventions and innovations which, by substituting machines for human skill and inanimate power, not only changed man's relations to nature but also brought about a transition from small-scale production based on handicraft skills to a large-scale production based on machines in the factory system.¹²⁴ From this point of view, the process of industrialization is one of "establishing and developing the means of production". When it is adequately accomplished "the entire economy is transferred to the industrial methods of production."¹²⁵

To appreciate the epochal consequences of the Industrial Revolution from the standpoint of Sociology of Development is to note that the advent of the Industrial Revolution meant both the rise of modern industry and the flowering of the capitalist mode of production.¹²⁶ What is, however, more important is that the rise of the Industrial Revolution, while promoting industrial capitalist development in Western Europe, is historically linked to unprecedented metropolitan primitive accumulation in the colonies during the period of mercantilism between the 16th and 18th centuries. The connection between the Industrial Revolution and the colonies is historically specific in the sense that erstwhile relations between the West and the rest of the world dram-
atically changed. In the process the colonies in particular suffered lack of capitalist development in various ways (e.g. maintenance of the existing pre-capitalist mode(s) of production and class structures, de-industrialization, etc.).

The connection between the Industrial Revolution or industrial capitalist development and the role of the colonies can be illustrated in several ways. For example, the Industrial Revolution took place along with other world historical events in the closing decades of the 18th century in spite of the fact that three decades between 1762 and 1789 were predominantly depressive in Europe.\textsuperscript{127} The money came from various sources (profits of the foreign trade, looting, plunder, etc.) in the colonies which were drained of their economic surplus. They thus financed the Industrial Revolution in the West.\textsuperscript{128} Mandel says:

It can be stated unhesitatingly that the contribution made by this stolen capital was decisive for the accumulation of the commercial capital and money capital which, between 1500 and 1750, created the conditions which proved propitious for the industrial revolution. It is difficult to calculate the total amount involved, but if one takes into account only the most substantial contributions these add up to a staggering sum. ... The total amount comes to over a billion pounds sterling, or more than the capital of all the industrial enterprises operated by steam which existed in Europe around 1800. ... It was this systematic plundering of four continents, during the commercial expansion of the sixteenth to eighteenth centuries, that created the conditions for the decisive lead acquired by Europe from the industrial revolution.\textsuperscript{129}
Although the colonies contributed greatly to the financing of the Industrial Revolution, they did not however receive any remarkable benefits from capitalist development in the West. For example, up to the 16th century "technologically the West had little to bring to the East. The technological movement was in the other direction... From Persia and China, and to some extent from India, materials, wares, techniques, and ideas filtered through the main approaches to the West." 130. But, with the onset of mercantilism, colonialism and the consolidation of industrial capitalism in the West, modern technology that followed the Industrial Revolution did not flow spontaneously or easily to the rest of the world. Technology then became a commodity that could be sold or rented as long as its owners benefitted in some way or other. Any promise of technology that developed cumulatively following the Industrial Revolution to radically alter the material conditions of existence in the erstwhile colonies has remained so far unfulfilled. The reason is that throughout the course of metropolitan capitalist development,

the developed countries have always diffused out to their satellite colonial dependencies the technology whose employment in the colonial and now underdeveloped countries has served the interests of the metropolis; and the metropolis has always suppressed the technology in the now underdeveloped countries which conflicted with the interests of the metropolis and its own development, as the Europeans did with the irrigation and other agricultural technology and installations in India, the Middle East, and Latin America; or as the English did with industrial technology in India, Spain and
In brief, technology no longer freely flows as it did before it became a commodity.

The historical connexion between the Industrial Revolution and the colonies (and other areas) in terms of foreign trade can be illustrated by the English experience. As Dean and Cole suggest: "The British case is the classic prototype of an industrial revolution based on overseas trade." Foreign trade provided "a surplus to finance industrial expansion, banking and agricultural improvement. Merchant capital went into a wide range of concerns." Foreign trade, in varying degrees, stimulated the growth of major towns and industrial centres in England: London, Liverpool, Manchester, Birmingham, Glasgow, Leeds, Sheffield and Nottingham. In the English case, if the domestic market raised the demand for existing industries the foreign markets provided the necessary spark to these industries.

Who bought the English commodities that were in the export list? "Our industrial economy", wrote Hobsbawn, "grew out of our commerce; and especially our commerce with the underdeveloped world." The importance of the effects of foreign trade and the high profit made from it can be illustrated by pointing to the fact that, on the analogy from natural science, "only a negligible quantity of ferment is needed to effect a radical change in a considerable
volume of matter."\textsuperscript{137} One example of the connexion between the Industrial Revolution and the colonies was the development, in England, of the cotton industry and its role in stimulating certain other industries or in spreading mechanization and factory production. "Whoever says Industrial Revolution says cotton."\textsuperscript{138} It was the first "growth industry" stimulating "a cumulative sequence of innovation and expansion which spread out over time and space and set up a wide range of income-creating repercussions."\textsuperscript{139} The use of machinery spread from cotton to other branches of the textile industry (viz. wool, silk etc.) to which machine industry in turn owes its beginnings.\textsuperscript{140} The English cotton industry was "the capitalist industry par excellence."\textsuperscript{141} This industry continued to remain important until the First World War.\textsuperscript{142} Given the role of the cotton industry, what was the relation of this industry to the colonies? First, "the new industry was the child of the East India trade."\textsuperscript{143} That is to say the impetus for its development came from the East. Second, although the cotton industry dominated the early stages of the Industrial Revolution and continued to remain important until the World War I, Britain itself did not grow raw cotton. It came from the United States and other colonies. The British cotton industry depended entirely on external sources for its essential raw materials.\textsuperscript{144} Finally, when this industry developed its manufactures were sold mainly to the colonies, especially
to India. Indeed, the connexions between the Industrial Revolution and the colonies were, to borrow Frank's words, "historically quite inseparable."

IV. The Industrial or Competitive Capitalist Development: 1760s-1880s

Preliminary Remarks

Development in the metropolises and underdevelopment in the colonies, as opposite faces of one and the same process of mercantile capitalist development, also continued in the next phase of capitalism, i.e. the industrial competitive phase. More specifically, the rise of industrial capital had profound distorting effects on the modes of production of the colonies. These effects were negative in character, promoting certain features of capitalism without developing them: destruction of indigenous industries by force or other means, creation of industries suitable to the needs of the metropolitan mode of production, spreading the economic and political ideologies that are an accompaniment of the metropolitan mode of production, introduction of private ownership of the means of production, encouragement of "new elite groups" as junior partners of the metropolitan administration and bourgeoisie, maintenance of the "feudal-mercantile order" to suit the needs of the metropolitan domination, and "imposition of the culture of the metropolitan centres, along with racism and other sociopsychological
characteristics of minority foreign rule."  

If the colonies were coerced into the orbit of metropolitan development in the mercantile phase of capitalism they were penetrated by the specifically CMP of the metropolises in the phase of competitive capitalism. This phase is characterized by, among other things, "the imposition of the conqueror's mode of production on the society of the conquered." Why and how this generates dependent capitalist development is the essence of the metropolitan domination of the dependent and subjugated colonies. This also explains why the more industrially advanced country does not necessarily reproduce, but rather inhibits the reproduction of, its image in the less developed one.  

Small Enterprises and the State

This phase of metropolitan capitalist development is, first, characterized by the existence of a large number of independent capitalist enterprises in all sectors of industrial production. These enterprises were relatively small in terms of both the amount of capital they could invest in production and the scale of production they could undertake. Since these enterprises were small they were competitive in the sense that no one of them could dominate the market. They could not "exercise any monopoly control over markets and investment." Competition between them normally took place through the lowering of prices in the hope of selling more commodities.
The role of the state also undergoes a characteristic transformation with the progress of capitalist development. The role of the state, in the era of competitive capitalism, was generally minimal in respect of the trade and investment of the capitalists.  

The Colonies as Primary Producers and as Markets

In the phase of mercantilism the capitalist, i.e. the merchant capitalist, aimed at buying commodities cheap to sell dear. In the phase of classical capitalism, i.e. competitive capitalism, the industrial capitalist who was now the dominant representative of the relations of capitalist production sought both to buy cheap and to sell cheap. This underlies the difference between the merchant capitalist and the industrial capitalist as well as the difference between old colonialism and new colonialism.  

In the mercantilist phase, (old) colonialism meant that colonies were sought after to accelerate the momentum of the primitive accumulation in the metropolises. In the competitive phase, (new) colonialism meant that colonies were sought after as outlets and markets for cheap manufactured commodities from, and as suppliers of cheap primary commodities to, the metropolises. The role of the metropolitan industrial capitalist becomes more important than the merchant capitalist. It was also in this phase of capitalist development that "the international specialization between industrial and agricultural countries
was decided. The result was the widening of the gap between the so-called advanced countries and the so-called backward ones.

How was it that a colony became a primary producer, i.e. a producer of raw materials for the manufacturing mills or of foodstuffs for the population in the metropolises? Why, for example, did the production of coffee and sugar become, at one point of time, "the natural destiny of the West Indies" when "nature, which does not trouble herself about commerce, had planted neither sugar-cane nor coffee trees there?" It was the nature of the specific mode of production (i.e. large-scale machine production) brought forth by the rise of industrial capital which transformed the colonies into primary producers. The importance of the colonies as producer of primary commodities is derived from the fact that, in the wake of the ever-increasing scale of industrial production, the metropolitan industrial bourgeoisie, driven to maximize profit, found it profitable to grow, as well buy, cheap primary commodities in the colonies. As Britain became the workshop of the world, "the rest of the world was free to supply Britain with raw materials and, after the repeal of the Corn Laws, with food as well."

The transformation of the modes of production (i.e. economies) of the colonies as markets results from the objective needs of the extended reproduction of capital in the metropolitan countries. The metropolitan needs, in their
turn, result from "(1) the inadequacy of the market, which is essentially agricultural in the first stages, restricted by the pace and scope of the progress of productivity of agriculture; and (2) the requirements for maximizing the rate of profit, which imply seeking abroad for cheaper goods for popular consumption (especially cereals), so that the cost of labor can be reduced, as well as for raw materials making it possible to reduce the value of the constant capital employed." From the point of view of the colonies, the metropolitan domination, as an integral aspect of the rise of industrial capitalism, thus forced transformation of the colonies into markets for metropolis manufactured commodities. Marx explains:

The world-market itself forms the basis for this (i.e. capitalist - BKB) mode of production. On the other hand, the immanent necessity of this mode of production to produce on an ever-enlarged scale tends to extend the world-market continually, so that it is not commerce in this case which revolutionizes industry, but industry which constantly revolutionizes commerce. ... The industrial capitalist always has the world-market before him, compares, and must constantly compare, his own cost-prices with the market-prices at home, and throughout the world.

Hence, there was a need on the part of the metropolitan country and its bourgeoisie for an external market and increasing foreign trade. As long as the metropolitan capitalist can use all sorts of available manoeuvres (viz. lengthening of the working day, introduction of efficient
machinery, intensification of labor such as by Taylorism, etc.) to extract surplus value and thus accumulate capital in his own internal market, there is no problem. "The process becomes seriously disturbed if the market shrinks, creating problems in production. So we notice that another of the important counteracting forces to the tendency of the rate of profit to fall is expansion of foreign trade and the market." The importance of foreign trade consists in this: "Since foreign trade partly cheapens the elements of constant capital, and partly the necessities of life for which variable capital is exchanged, it tends to raise the rate of profit by increasing the rate of surplus-value and lowering the value of constant capital." The Ideology of Free Trade

After Waterloo (1815) the ever-expanding British industry found itself in need of "new markets for its rapidly increasing production," since, to the surprise of the factory owners, "there was an immediate fall in the demand for manufactured goods." The rising industrial capitalists became particularly antagonized by the Corn Laws which, the industrial capitalists contended, by artificially raising wheat prices in favor of the landed and mercantile interests by protective duties, "necessitated higher labor costs and thereby limited the ability of the British industries to compete for wider markets, which, they
believed, had to be procured if economic crises were to be avoided.\textsuperscript{164} Britain firmly was on the way to becoming the manufacturing metropolis of the agricultural world. The British industrial bourgeoisie were in no need of any protective regulations of tariffs to conquer the world market; rather they wanted to do away with these mercantilist fetters "on the freedom of capital to expand and enter whatever line of activity it chose."\textsuperscript{165} They wanted what Marx called "freedom of capital",\textsuperscript{166} and became free traders. The reason is not far to seek, for between 1800 and 1830 the value of British exports increased four-fold.\textsuperscript{167} The best proponent of the doctrine of free trade was David Ricardo (1772-1823). He argued that the rate of profit could never be increased except by a fall in wages and that there could be no permanent fall in the wages except as a result of a fall in the cost of the means of subsistence on which wages are expended. Thus, in 1817, he set the tone for the free traders:

If, therefore, by the extension of foreign trade, or by improvements in machinery, the food and necessaries of the laborer can be brought to market, at a reduced price, profits will rise. If, instead of growing our corn, or manufacturing the clothing and other necessaries of the laborer, we discover a new market from which we can supply ourselves with these commodities at a cheaper price, wages will fall and profits will rise.\textsuperscript{168}

The dominance of the industrial bourgeoisie became an established fact with the repeal of the Corn Laws in 1846.
Free trade in corn was followed by free trade in sugar, and then in timber. The Navigational Laws which had done so much to promote British capital accumulation and protect British capitalist development in its infancy were repealed in 1849. From now on Britain was determined to follow free trade even unilaterally hoping that this system would maintain her leading position as the metropolis in an Empire of Free Trade. In this connexion, it is instructive to note what Engels said in the mid-1880s.

The Reform Bill of 1831 had been the victory of the whole capitalist class over the landed aristocracy. The repeal of the Corn Laws was the victory of the manufacturing capitalist not only over the landed aristocracy, but over those sections of capitalists, too, whose interests were more or less bound up with the landed interest - bankers, stock-jobbers, fund-holders, etc. Free trade meant the readjustment of the whole home and foreign, commercial and financial policy of England in accordance with the interests of the manufacturing capitalists - the class which now represented the nation. And they set about this task with a will. Every obstacle to industrial production was mercilessly removed. The tariff and the whole system of taxation were revolutionized. Everything was made subordinate to one end, but that end of the utmost importance to the manufacturing capitalist: the cheapening of all raw produce, and especially of the means of living of the working-class; the reduction of the cost of raw material, and the keeping down - if not as yet the bringing down - of wages. England was to become the 'workshop of the world'; all other countries were to become for England what Ireland already was - markets for her manufactured goods, supplying her in return with raw materials and food. England, the great manufacturing centre of an agricultural world, with an ever-increasing number of corn and cotton-growing Irelands revolving around her, the industrial sun.
The victory of free trade, above all, meant not only the eradication of the "last arrogant remnants of feudal society" but also "the unfettered movement of capital, freed from all political, national and religious shackles."\(^{172}\)

But free trade did not immediately become the espoused policy of other metropolitan countries which, being backward in terms of large-scale industrial production, went behind the protection of tariff walls in order to guarantee their respective home markets which were necessary for this purpose. "Indeed, United States, German and French industry not only raised their tariffs higher when they first met the competition of Britain head on, but continued to maintain high tariffs and other restrictions on imports a hundred years after their industrialization was established."\(^{173}\)

For industrializing metropolises the system of protection served two purposes. On the one hand, protection served as an artificial means of effectuating a quicker transition from the feudal mode to the capitalist mode of production. That is, it was a means of "forcibly abbreviating the transition from the medieval to the modern mode of production."\(^{174}\) Simultaneously, on the other hand, the system of protection was "nothing but a means of establishing large-scale industry in any given country, that is to say, of making it dependent upon the world market, and from the moment that dependence upon the world market is established, there is already more or less dependence upon free trade."\(^{175}\)
International Division of Labor

The fundamental effect of the enforcement and operation of free trade which accompanied industrial capitalist development in the metropolises was the generation and consolidation of the international division of labor. The concept of the international division of labor implies the reproduction of the old division of labor between the town and the country on an international scale, between developing metropolises specializing in industrial production and the so-called backward countries specializing in agricultural production and/or raw material processing. The metropolises represent "the towns" whereas the backward areas "the country." 176 The international division of labor grew on the basis of the international exchange of commodities (i.e. foreign trade) and therefore presupposes a world market. A country that dominates the world market thus wields power to enforce the international division of labor. Just as the division of labor between the country and the town was the opposite face of one and the same process of the capitalist division of labor within a national social formation, 177 so the international division of labor between the metropolises and the colonies (and other areas) was the opposite face of one and the same process of the capitalist division of labor reproduced on an international scale.

If metropolitan capital's freedom of movement was
justified by the ideology of free trade it was the ideology of comparative advantage (or cost) that justified free trade. The credit of giving content to this ideology again belongs to Ricardo:

Under a system of perfectly free commerce, each country naturally devotes its capital and labor to such employments as are most beneficial to each. This pursuit of individual advantage is admirably connected with the universal good of the whole. By stimulating industry, by rewarding ingenuity, and by using most efficaciously the peculiar powers bestowed by nature, it distributes labor most effectively and most economically: while, by increasing the general mass of productions, it diffuses general benefit, and binds together, by one common tie of interest and intercourse, the universal society of nations throughout the civilized world. It is this principle which determines that wine shall be made in France and Portugal, that corn shall be grown in America and Poland, and that hardware and other goods shall be manufactured in England.178

In other words, the non-manufacturing nations were to become not only systematic producers of primary commodities but also regular markets for manufactured commodities. The pursuit of free trade, along with the legitimation of comparative advantage, led to the increasing importance of the colonies as suppliers of primary commodities, in exchange for manufactured goods. It also called for a new round of colonization.179

Colonial Underdevelopment: the Role of Free Trade and the International Division of Labor

The blocking of the productive forces by the pursuit:
of free trade policy and enforcement of the international division of labor by the industrialized metropolises did not imply merely a transformation of the economies of the colonies in relation to those of the metropolises. Metropolitan domination, arising inevitably from the capitalist mode of large-scale production, enforced by state apparatuses of power and legitimated ideologically, subjected the colonies to a "distortion" in the process of transformation which was alien to the internal course of their development. Under the banner of free trade, the international division of labor and comparative cost—mutually interlinked aspects of metropolitan industrial capitalist development—the colonies were forced to go through a regime of what might be called industrial infanticide which influenced all of their subsequent development. With their limited demand for manufactured goods amply (and cheaply) supplied from abroad, there was no opportunity for profitable investment in a native industry that would cater to the available domestic market. In the absence of such investment there was, furthermore, no occasion for further investment. For investment is called forth by investment; one investment act gives rise to another, and the second investment act provides the rationale for the third. In fact, it is this clustering of investments, their synchronization, that sets off the chain reaction which is synonymous with the evolution of industrial capitalism. But just as investment tends to become self-propelling, so lack of investment tends to become self-perpetuating. Without the widening impact of investment, the originally narrow market remained of necessity narrow. Under such circumstances there could be no spreading of small industrial shops that marked
elsewhere the transition from the merchant phase of capitalism to its industrial phase.

That was not all. The colonies, integrated with the metropolitan economies through the policy of free trade and the enforced international division of labor, were deprived of the benefits of industrialization. Since the colonies were to specialize in the production of primary commodities the division of labor could not expand; science and technology neither expanded nor were they applied on any significant scale to production in existing industry and agriculture; the range of economic opportunities remained limited; the scope of social mobility remained restricted; the standard of living remained more or less on the same level; and, above all, there followed the process of demoralization. When certain infrastructural developments such as the construction of railways, roads, bridges etc. were undertaken for purposes of either transferring colonial raw materials or tightening the grip of the metropolitan power, the scope of industrialization was lessened because these proved not to be of much use within the context of the balanced approach needed for economic development in the colonies. With the advent of industrial capitalist development the difference between the metropolises and the colonies can be stated as follows: "A manufacturing nation has a hundred times more opportunities of
applying the power of machinery than an agricultural nation." 182

Thus Marx was justified in saying that the international division of labor suits "the requirements of the chief centres of modern industry" and converts "one part of the globe into a chiefly agricultural field of production, for supplying the other part which remains a chiefly industrial field." 183 The international division of labor has "never been 'natural' but was man-made by the very British industrial interests and their overseas allies who then enshrined this division as a supposed natural law." 184 Once committed to primary production for export it became difficult subsequently for any colony to develop a manufacturing capacity of any real importance. The policy of free trade and the international division of labor made it all the more difficult. To sum up, therefore, their consequences:

The brotherhood which free trade would establish between the nations of the earth would hardly be more fraternal. To call cosmopolitan exploitation universal brotherhood is an idea that could only be engendered in the brain of the bourgeoisie. All the destructive phenomena which unlimited competition gives rise to within one country are reproduced in more gigantic proportions on the world market. ... If the free-traders cannot understand how one nation can grow rich at the expense of another; we need not wonder, since these same gentlemen also refuse to understand how within one country one class can enrich itself at the expense of another. 185
V. Monopoly Capitalist Development: 1870s-1940s

Preliminary Remarks

Following closely on the heels of the Great Depression which followed the boom of the early 1870s and ended in the middle of the 1890s (i.e. 1873-1896) came the third phase of capitalist development in the metropolises: monopoly capitalism. The term "monopoly capitalism" does not mean literally "the occupation of each industry or branch of enterprise by a single firm" but rather indicates "the passage of capitalism from its earlier stage of more or less free competition to one in which giant firms, trusts and cartels dominate the market". In other words, the transformations were such that today "the typical economic unit in the capitalist world is not the small firm producing a negligible fraction of a homogeneous output for an anonymous market but a large-scale enterprise producing a significant share of the output of an industry, or even several industries, and able to control its prices, the volume of its production, and the types and amounts of its investments. The typical economic unit, in other words, has the attributes which were once thought to be possessed only by monopolies." The significance of this phase of capitalist development is that the widening gulf in terms of economic development between the metropolises and the rest of the world became crystallized. The nature of capitalist development was such that it not
only consolidated itself in the metropolises on a hitherto unknown scale but also divided, as part of the process of uneven and unequal development of capital itself, the world into two distinguishable areas: the developed zone on the one side, and the undeveloped, underdeveloped or developing zone on the other. The process of capitalist development and underdevelopment indeed ran its full circle. As Donaldson puts it:

In the mid-eighteenth century, the world as a whole was economically much poorer. But the distribution of income and wealth between nations was then far more even. Some were richer than others, but seldom more than twice as rich. That is very different from the economic distance which now exists between the haves and the have-nots... In 1850 the new industrial countries, with a quarter of the population, produced about one-third of world output. By 1960 they accounted for no less than four-fifths of world income. It is in this very recent period that international economic inequalities have grown to their present dimensions. 189

In the last two or three hundred years such developments as enormous increase of production and productivity on the one hand and enormous inequalities of wealth and power between nations of the world on the other have "totally transformed the world." 190

One important aspect of this phase of capitalist development is the decline of Britain as the workshop of the world and the rise of the other metropolitan countries such as the United States and Germany. With the rise of
the new metropolitan centres of industry the assumption, on the basis of which free trade was advertised, that England was to be the manufacturing metropolis of an agricultural world or the economic sun of the entire world turned out to be, as Engels aptly put it, "a pure delusion." The data in the following Table No. 2.1 illustrate the erosion of Britain's share in the world's output of manufactured commodities.

Table No. 2.1
Share of Some Selected Countries in the World's Output of Manufactured Goods, 1870-1953
(In percentages)

<table>
<thead>
<tr>
<th>Years</th>
<th>United States</th>
<th>Germany</th>
<th>United Kingdom</th>
<th>France</th>
<th>U.S.S.R.</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>23</td>
<td>13</td>
<td>32</td>
<td>10</td>
<td>4</td>
<td>---</td>
</tr>
<tr>
<td>1881/5</td>
<td>29</td>
<td>14</td>
<td>27</td>
<td>9</td>
<td>3</td>
<td>---</td>
</tr>
<tr>
<td>1896/1900</td>
<td>30</td>
<td>17</td>
<td>20</td>
<td>7</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>1906/10</td>
<td>35</td>
<td>16</td>
<td>15</td>
<td>6</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>1913</td>
<td>36</td>
<td>16</td>
<td>14</td>
<td>6</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>1926/9</td>
<td>42</td>
<td>12</td>
<td>9</td>
<td>7</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>1936/8</td>
<td>32</td>
<td>11</td>
<td>9</td>
<td>5</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td>1953</td>
<td>41</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>14</td>
<td>2</td>
</tr>
</tbody>
</table>


Since 1872, when the value of the British exports touched a peak that would not be reached until the 1890's, British manufacturers confronted tariff walls in the United States, Austria, Russia, Germany, France and Italy. In all foreign
markets British manufacturers stated to confront "more and more intensive competition from the rapidly expanding industries of the United States, France, and in particular, Germany". Britain was in double jeopardy. On the one hand, "the year 1872 marked a peak in Britain's exports which was not to be reached again for eighteen years, a peak in manufactured exports which was not surpassed for thirty years." The share of the British exports in the markets of Europe and North America, which were in the process of industrialization under protective tariff walls just as Britain did earlier, was on the decline. On the other hand, Britain accumulated an import surplus, because of their increasing domestic manufacturing production. From the 1890s onward Britain was no longer the leader of industrialization but only one of the industrial metropolises of the world. "Indeed, among the industrial powers it was the most sluggish and the one which showed most obvious signs of relative decline."

But still that was one aspect of the new development in this phase of capitalism. The other aspect was, despite the declining importance of Britain as an industrialized metropolis, its remarkable earnings from hitherto accumulated overseas stock or from certain other sources between 1870 and 1913.
The earnings from the growing stock of British overseas assets built up with extraordinary speed. In 1870 it was £35m. (about one eighth of total industrial and financial profits); by 1913 it had reached £200m. — about 9 per cent of the national income and more than one third of total profits. In addition there was a substantial profit element in the £168m. 'invisible' income from shipping, financial services in trade, banking and insurance. ... On the eve of the First World War, financial capital, unlike industrial capital, was at the peak of its success. Britain still had unchallenged leadership in foreign investment, and in international transport and financial services. The pound sterling was the prime international currency. This situation was not to last. 197

Indeed that situation did not last. After the First World War (1914–1918) Britain ceased to be the world's greatest creditor nation, giving way to the United States. "The slump of 1929 destroyed the illusion of a return to the belle époque before 1913, the Second World War buried it. Britain now had neither adequate visible income nor adequate invisible income." 198 As a matter of fact Britain was forced, in the Second World War (1939–1945), to borrow from Australia, Burma and India. These borrowings, known as sterling balances, amounted to about £3,500 million by 1945. 199 With the possible exceptions of certain electronic products and scientific instruments, there was "in the 1950s no single British industry that was clearly superior to all its equivalents in the USA or on the continent of Europe. " 200
However, a new historically specific tendency was becoming more evident from the 1870s onward. The smaller independent enterprises which were characteristic of competitive capitalism could not survive and gave way to bigger ones — monopolies — which could renew expanded production and restore increasing profitability for the industrial bourgeoisie in the wake of more and more intensifying competition between themselves. This development led to the concentration and centralization of capital in few and fewer hands and, along with these tendencies, to an increased scale of production and an increased growth in the size of the producing units. The concentration of capital takes place when the individual capitalist's drive to accumulate results in the increase of his disposable capital, enabling him to undertake production on an enlarged scale. In the competitive process of capital accumulation, those capitalists who do not survive are eliminated. The centralization of capital, on the other hand, is the result of the combination of previously independent capitals.

The monopolistic developments in British capitalism could be described in these words of Brown:

By 1930, single firms controlled over 80 percent of capacity in salt, chemicals, dyes and fertilizers (Imperial Chemicals), in cement (the Associated Group), in cotton thread (J. & P. Coats), in tobacco (Imperial Tobacco), in spirit distilling (Distillers Co.), in soap and margarine (Unilever), in rubber tyres (Dunlop), in matches (Bryant & May). Increas-
ingly, the competition that remained was the competition of giants—five or six firms each in banking, coal and steel (vertically integrated), railways, shipping, cotton and so on. These were linked in cartels and trade associations which were specially strong in heavy industry, the mines and iron and steel owners receiving government aid to this end. Moreover, new industries—in chemicals, petroleum, aluminium, motors, artificial textiles—which were belatedly being developed in Britain, did so inside monopoly or quasi-monopoly structures. This development in Britain was matched, had indeed been vigorously preceded, by similar formations in the U.S.A., Germany, France, Belgium, Holland, Italy and Japan.

Having described the necessary background, let me now turn to three specific features of the phase of monopoly capitalist development in the West European metropolises.

The Role of the Banks and Finance Capital

The increased scale of production and capital accumulation in the metropolises centres had a profoundly transforming effect on the role of the banks in terms of their scope of operation. The most basic function of the banks is to act as an intermediary in the making of payments. While so doing they turn inactive money into active money, i.e., capital producing a profit. Initially the banks operated in competition among themselves just as any other enterprise in the days of competitive capitalism. But later, in the phase under review, this role of the banks changed.

As the banking system developed and became concentrated into a small number of establishments, they grew from the role of modest
middlemen into powerful monopolies commanding almost the whole of the money capital of all the capitalists and the small sized businesses, and the larger part of the means of production and sources of raw materials in many countries. This concentration took gigantic leaps in all the European countries. 205

Further developments occurred when the inter-locking of the banks and industrial enterprises and also the coalescence of banking capital and industrial capital into finance capital made its appearance. Thus Lenin summarized this aspect of metropolitan capitalist development: "The concentration of production; the monopoly arising therefrom; the emerging or coalescence of banking with industry—this is the history of the rise of finance capital and what gives the term 'finance capital' its content." 206

The new role of the banks flowed from the lack of adequate capital in the hands of the small and medium-sized industrial enterprises. The more these enterprises depended on the banks for financing their industrial investments the more they became vulnerable to the domination and intervention by the banks which grew in importance. The dependence of the industrial enterprises practically meant representation of the banks on the board of directors of those enterprises and thus the increasing control of the banks in the affairs of the enterprises. Thus arose the inter-locking of the banks with the industry. This facilitated the coalescence of banking capital and industrial capital into finance capital,
leading to the rise of the financial bourgeoisie in the finance or money market. However, the tendency for industrial capital and banking capital to merge into finance capital, characteristic of the monopoly capitalist phase, does not abolish the distinction between the concentration of productive capital and the centralization of money capital within capital's expanded reproduction cycle. In this cycle, both the accumulation of capital and the rate of profit are determined by the cycle of productive capital, which alone produces surplus value. ... In point of fact, finance capital is not, strictly speaking, a fraction of capital like the others, but designates the process of merger and the mode of functioning of the combined industrial and banking fractions.

The Export of Capital

The expansion of capitalism outside the metropolises did not occur through free trade, as Marx thought, but through the export of surplus capital (i.e. foreign investment) on a massive scale in the phase under review. As a matter of fact the enormous increase in the export of surplus capital and an increased concern for foreign trade and investment in the privileged spheres of mines, plantations, ports, railways, banks, insurance etc., frequently under the guarantee of the metropolitan administration in the colonies, were a dividing line between an age of undeveloped capital accumulation in the competitive phase and the latter days of mature capitalism, i.e. monopoly capitalism. "Of this mature Capitalism, impelled by the need to find new extensions of the investment-
field, export of capital and of capital goods constituted a leading feature.209 The export of capital from Britain increased from £100 million in 1825-1830 to £210 million in 1854 and £1.3 billion in 1880. It jumped to £3.763 billion in 1913. For France it rose from 12-14 billion francs in 1870 to 45 billion francs in 1914. For Germany it rose from 5 billion marks in 1883 to 22-25 billion marks in 1914. In the case of the United States it rose from $500 million in 1896 to $1.5 billion in 1914 and $25.202 billion in 1933. The great period of capital exports coincided with the biggest growth in the international trade. The average rates of growth of world trade was 3.3 percent in 1840-1880 and 14 percent in 1880-1913. The export of capital indeed gave the export of commodities rather a fillip.210

A relevant question here is why the export of capital became "the fundamental and determinant tendency"211 of the phase of monopoly capitalism. Mandel gives several reasons for this development: the decline of the industrial reserve army due to massive emigration of labor power from Western Europe and the increase of the strength in workers' organizations prompting the metropolitan bourgeoisie to exploit cheap labor power outside Western Europe and North America, the attainment of the initial ceiling of industrialization in Western Europe leading to a search for investment outlets elsewhere, and so on.212 But, it must be noted, the reason
for exporting capital abroad does not imply that it cannot absolutely be applied at home. "If capital is sent abroad", said Marx, "this is not done because it absolutely could not be applied at home, but because it can be employed at a higher rate of profit in a foreign country." 213

In this connexion a brief attention may be given to the gains Britain derived, especially between 1870 and World War I. In the forty years between 1875 and 1914 capital at home increased by over 80 percent while foreign investment rose by some 250 percent. The number of employed persons rose by about 50 percent between 1873 and 1913. 214 British capitalists earned about £4,000 million in just over forty years in interest and dividends alone on their overseas investments. 215 This figure obviously does not include the salaries, pension or other income of the British officials in the colonies. 216 There were other gains for Britain. For example, Britain's capital exports expanded its both industrial production and market. "If the investment was on the Continent, the textile industries gained; if in América or the Colonies, the metal industries expanded." 217 There were other unquantifiable gains such as the expansion of buying power in the home market, increased orders for equipment with prospects of additional orders later for replacement of the previously sold equipment, and increased sales to consumers. These constituted a national gain due to an extension of export industries, "quite apart from any
increase in employment or rise in export prices that might result. Companies, regardless of who controlled them, were often staffed by British engineers or managers who tended "to specify British machinery for new construction and for replacement." Finally, Britain above all gained by cheapening of the import commodities (i.e. raw materials and foodstuffs). Between 1873 and 1895 there developed the tendency towards decrease in the relative cost of raw materials. In addition, there was a heavy fall in the prices of imported foodstuffs between 1880 and 1900.

Colonialism: The Final Phase

Colonization by the metropolitan power centres was not a new phenomenon. What was historically specific in this phase of monopoly capitalism was "the final partition of the globe". Lenin observed in this connexion: "For the first time the world is completely divided up, so that in the future only redivision is possible; territories can only pass from one 'owner' to another, instead of passing as unowned territory to an 'owner'." The development of monopoly capitalism in the metropolises did not lessen the economic importance of the colonies. Rather, it renewed and increased the importance of the colonies both as a producer of primary commodities and as markets for the metropolitan products. Colonialism remained integrally connected with the changing role of the CMP in the metropolises.
The extension of the investment-field and the search for the stimuli of new markets to keep productive equipment working to capacity, the race to partition the undeveloped parts of the globe into exclusive territories and privileged markets, were quickly to become the orders of the day.\textsuperscript{224}

In the new wave of colonialism which came about as a consequence of monopoly capitalist development, the metropolitan (i.e. European) nations' control of the earth increased from 67 percent in 1878 to 84.4 percent in 1914.\textsuperscript{225} Britain's colonial possessions increased from 2.5 million square miles and 145 million people in 1860 to 13.1 million square miles and 393 million people in 1914.\textsuperscript{226} The Empire countries absorbed 34.5 percent in 1880-1884 and 35.8 percent in 1910-1913 of British exports.\textsuperscript{227} It is no exaggeration to say that in Britain colonialism "came to be understood as an undertaking very much in the national interest."\textsuperscript{228}

Colonial Underdevelopment: Intensification of the Old and the Generation of the New Forces

The effect of capital's expansion across national boundaries and its concentration mainly in the metropolises were in themselves, in this phase of capitalism, an obstacle to the autonomous development of the internal dynamic of the colonies. The role of capitalism as the bearer of a historical mission to develop the productive forces was in the vast instance subject to, and a function of, the process of capital accumulation, i.e. tendency to concentration and centralization.
of capital. This was the major determinant in the structure and distribution of the productive forces, and hence in limiting the impact of capitalism's historical mission. The development of colonial capitalist underdevelopment gained new momentum in this new phase. On the one hand, the restrictive forces released earlier were intensified. On the other hand, new forces that were generated in the monopoly phase both accentuated and further promoted colonial capitalist underdevelopment. In brief, this phase also caused a certain limitation on the development of the productive forces in the colonies. In the last instance, the further penetration by the metropolises into the old or new colonies did not result in the reproduction of the image of the former in the latter.

The regime of free trade, so characteristic an ideology of the factory owners on behalf of capital's freedom of international movement in the days of competitive capitalism, was now on the decline despite, interestingly enough, the further internationalization of capital in this phase of monopoly capitalism. The rise of finance capital necessitated a new tariff policy to suit the needs of metropolitan capitalist development and accumulation. Insofar as the colonies were concerned, the aim of the metropolitan tariff policy was to protect the colonies against foreign competition so as to make the colonies appendages of the home markets of the metropolitan countries. In the monopolistic phase the
tariff policy ensured "a source of extra-profit to the monopolists of the mother country."\textsuperscript{230} Even Britain had to give up the policy of free trade as such:

Since her devaluation of the pound sterling in 1931 had failed to produce any new markets, what remained was to improve her market position by bilateral agreements. In 1932 British Commonwealth countries met in Ottawa and agreed on a new preferential system, 'to extend to each other increased import preferences'. But the whole strategy was intended to secure export markets for Britain and hence 'the colonies were instructed to grant preferences to British goods'.

... This was not all. Demands were also made on 'small foreign countries especially dependent on the British market', to increase the proportion of their imports from Britain. ... The chicken of the free trade ideology had come home to roost.\textsuperscript{231}

The decline of free trade, in any case, did not mean progressive colonial capitalist development.

... The enforcement of the international division of labor became more marked in this phase when the surplus capital from the metropolises came to the colonies in search of cheaper primary commodities and also for higher rates of profit for the metropolitan bourgeoisie. Indeed, the relative excess of surplus capital and the search for cheaper primary commodities, and, finally, the higher rates of profit form what Mandel rightly calls "an integrated complex."\textsuperscript{232}

The reinforcement of the international division of labor, i.e. the distortion of the colonial economies towards the production of primary commodities which absorbed the bulk of metropolitan surplus capital, continued to be determined
by the needs of capitalist production in the metropolises. "The fact is that the center's needs for primary products (agricultural and mineral) from the periphery follow, broadly speaking, the average rate of growth of the center. The countries of the periphery have to pay for their increasing imports with exports that need to increase at a faster rate so as to ensure that the profits exported by foreign capital are covered. The rate of growth of the center thus dictates that of the periphery." The domination of metropolitan capital, while spreading the capitalist mode of production in areas where profit could be maximized, results in depriving the colonies of autocentric development and also in creating further self-reinforcing structural imbalances in the colonial internal dynamic. In the twentieth century the range of production of primary commodities has been extended to include the production of citrus fruits, rubber, bananas, oil seeds etc.

It has already been pointed out that the major spheres of investment of metropolitan capital were in mines, plantations, railways, securities, banking and insurance etc., often under the guarantee of the colonial administrations. This means that the metropolitan bourgeoisie very rarely invested their capital in developing heavy industries (e.g. iron and steel, machine building, chemicals, etc.) that were the essential bases of industrialization. The investment of foreign capital took place in those sectors
(viz. light industries) of the colonial economy that were not competitive with, but complementary to, the metropolitan economy in general. In other words, the role of metropolitan capital in colonial industrial development was subject to the overriding interests of the metropolis; and hence, colonial industrial development was bound to be lop-sided, limited or restrictive. For extensive colonial industrialization would inevitably have resulted "in harmful repercussions upon the value of capital invested in similar industries in the home country" or "in the economic decolonization of the colony." Thus, alongside the development of the production of primary commodities in the colonial economy in the phase of competitive capitalism and later reinforced, there also occurred another distortion in the direction of the colonial industrialization. It occurred in channels suitable to the interests of the metropolis, a feature generated in the phase of monopoly capitalism. There were other factors that operated against colonial industrial development or that at least limited the scope of industrialization in the colonies. Take, for instance, the increased domination of the metropolitan bourgeoisie in the colonies. In the competitive phase, when the international division of labor was gradually coming into operation, it was generally the indigenous bourgeoisie who were in control of the production and export of raw materials. In the monopoly phase, this control passed to the metropolitan
bourgeoisie with enormous capital at their disposal since they began concentrating on this sphere in search of higher rates of profit. While narrowing the areas of profitable investment for the indigenous bourgeoisie and also limiting their business enterprise, this resulted in a transfer of more resources from the colonies to the metropolises. For metropolitan capital "absorbed the available local resources for primitive accumulation of capital by a qualitatively increased 'drain'. From the standpoint of the national economy, this drain now assumed the form of a continuous expropriation of the local social surplus product by foreign capital, which obviously entailed a significant reduction in the resources available for national accumulation of capital. "It was no longer the 'light artillery' of cheap commodities which now bombarded the underdeveloped countries, but the 'heavy artillery' of the control of capital resources." 238

What has been said here of the metropolitan bourgeoisie engaged in the production and export of primary commodities was also true of the metropolitan bourgeoisie engaged in those industrial enterprises which arose, at a certain point in time, as import-substitution industries undertaking production in the colonies of commodities that were previously imported from the metropolises.

As far as the metropolitan bourgeoisie who engaged in the industrial production in the colonies were concerned, their domination was not simply due to superior control over
the colonial resources. Of course this was important. But there was another reason behind their domination. This was related to their control over metropolitan technology, and hence their control, as a directing influence, of colonial industrial development. The metropolitan bourgeoisie tended to dominate because they had both technological know-how and capital, i.e. "technology embodied in machinery, and resources to supply it". On the whole, the effects of the operations of the foreign-owned enterprises on colonial industrial development were far from being positive. They did not generate an autocratic motion of self-sustaining industrialization. For example, the metropolitan bourgeoisie spent large sums of necessary capital in their own country in the acquisition of machinery and other inputs, thus limiting the stimulating effect which would have followed from such spending in the colonial economy. The metropolitan bourgeoisie also spent a larger part of their income from the colony in their home country. This served only to reinforce the external orientation of colonial industrial development. Once a big enterprise was established, the launching of another enterprise in the similar field was discouraged.

The amount of capital required to break into the monopoly's privileged sanctuary, the risks attendant upon the inevitable struggle, the leverages that the established concern could use to harass and to exclude an intruder - all tended to decimate the inducement for merchant capital to shift to industrial pursuits. The narrow market became monopolistically controlled, and the monopolistic control became an additional
factor preventing the widening of the market. This also explains how the indigenous bourgeoisie, when they attempted to establish certain industries similar to those owned by the metropolitan bourgeoisie, were prevented or discouraged by the monopolistic control. Occasionally they met with the hostility of the metropolitan bourgeoisie who more often than not received the blessing and favor of the colonial state. But there is also another aspect of foreign-owned enterprises. When these enterprises gained control of the market, aided by protective tariffs and/or government concessions, they themselves turned into monopolies. This minimized their own expansion by setting monopolistic price or by pursuing monopolistic output policy. This had a constraining effect upon colonial industrial development.

Monopolistic industry on the one hand extends the merchant phase of capitalism by obstructing the transition of capital and men from the sphere of circulation to the sphere of industrial production. On the other hand, providing neither a market for agricultural produce nor outlets for agricultural surplus labor and not supplying agriculture with cheap manufactured consumer goods and implements, it forces agriculture back towards self-sufficiency, perpetuates the idleness of the structurally unemployed, and fosters further mushrooming of petty traders, cottage industries, and the like.

In other words, the monopolistic development in the metropolitan bourgeoisie controlled industrial enterprises consolidated two tendencies; on the one hand, it maintained and extended the operations of merchant capital the
domination of which meant prolongation of a decadent feudal order, and not the acceleration of a new, capitalist order; on the other hand, it tended to spread small-scale or petty commodity production, which did not threaten the industrial enterprises of the metropolitan bourgeoisie either in the colony or in their mother country.

A new factor that slowed down or distorted colonial industrial growth in this monopoly phase of capitalist development was the nature and character of technology that was developed in Western Europe in accordance with the needs of its own emergent industrial societies. The 18th century industrialization was comparatively cheap and simple. To state otherwise, "the amount of new skills, capital and technical change needed to set the ball rolling were not very great." But this changed in the 20th century, if not a little earlier, with the progressive development of, and along with the cumulative advances in, the technology of the West. Industrialization was no longer simple or cheap. When France and Germany imported technology from Britain in the early decades of the 19th century it created employment opportunities for their growing populations. This was because the imported technology was "simple and labor-intensive enough to absorb the growing population resulting from the fall in mortality." On the other hand, when Western technology began being imported especially in the 20th century in the colonies it virtually created
what might be called technological dependency in the colonial industrialization. In the first place, the technology which was developed in, and brought from, the metropolises gradually became capital-intensive in nature as the industrial revolution progressed and as their industrialization proceeded. In the colonial countries, the import of capital intensive technology limited the impact of industrialization since it did not generate large numbers of jobs but led instead to the creation of a relatively small and semi-skilled labor force. Most of the preindustrial workers such as handicraft manufacturers or artisans, who had been previously displaced by the destruction of colonial industries either by the flood of cheap metropolitan-made commodities or otherwise, could not therefore be employed. In addition, the problem of unemployment became even more acute when, in the wake of the spread of medical knowledge, public health and welfare measures, and other positive programs, population increased as a result of "a marked fall in the death rate without any corresponding fall in the birth rate." In brief, imported technology, being labor dispensing, failed to create industrial employment, and thus tended to slow down the pace of colonial industrial development.

In any case when industrialization did begin to develop, it had to be bought at a very high price because of the metropolitan monopoly over the production of the means of production, i.e. technology. Since technology kept changing,
in the metropolises of its origin it had to be bought repeatedly. Because of the continuous development of technology it often became difficult to replace worn-out parts of the old machinery. All this limited prospects of colonial industrial development. The cost involved in the import of technology might even exceed net profits for an enterprise. So technological dependence became part of the general dependence of the colonies on the metropolises. This technological dependence is embedded in politicoeconomic dependence: without the latter, it is useless to speak of the former. 247 Colonial industrial development, aside from its limitedness, often proceeded without the creation of a local technological base. Indeed the establishment of such a base, a prerequisite of any industrialization or of any move towards developing technological autonomy, required funding for setting up research centres, laboratories, engineering institutes, technical schools etc. The colonial state rarely spent money on the development of a necessary technological base. It frequently did not have any industrial policy at all, let alone a department of industries in the administrative structure of the colonial state apparatus. What Leys says here in the context of Kenya well sums up the nature of colonial industrial development in the monopoly, if not in all, phase(s) of capitalism:

In short, the phase of industrialization at the periphery of the capitalist system does not lead to an autonomous process of capitalist
VI. Conclusion

My focus on the negative consequences of the rise of capitalism should be qualified by mentioning certain benefits that were conferred on all countries, especially those labelled as dependent, developing etc. countries. Marx himself stressed the progressive role of capitalism in the expansion of the productive forces (broadly conceived) everywhere. In his article on The Future Results of the British Rule in India (1853) Marx elaborated, in the following terms, the historic mission of capitalism in the development of the productive forces:

The devastating effects of English industry, when contemplated with regard to India, are palpable and confounding. But we must not forget that they are only the organic results of the whole system of production as it is now constituted. That production rests on the supreme rule of capital. The bourgeois period of history has to create the material basis of the new world - on the one hand the universal intercourse founded upon the mutual dependency of mankind, and the means of that intercourse; on
the other hand, the development of the productive powers of man and the transformation of material production into a scientific domination of natural agencies. Bourgeois industry and commerce create these material conditions of a new world in the same way as geological revolutions have created the surface of the earth. 250

That capitalism fulfilled its historic mission by releasing certain productive forces or, what amounts to the same thing, by promoting a certain degree of economic, political, cultural and ideological development in the colonies and other so-called backward areas cannot be doubted. This was the reason why Marx, Engels, and Lenin, who considered capitalism historically far more advanced than any earlier civilization, logically welcomed its extension to non-capitalist regions, whether by means of direct colonialism (India) or neo-colonialism (Russia). 251 Precisely for the same progressive role of capitalism Marx voted, as far back as 1848, "in favor of free trade." 252

What were, then, the progressive aspects of the expansion of capitalism? In broadest terms, these can be summarized as follows:

In sum, the epic achievement of capitalism was to release both the forces of individualism, of individual creative initiative, that pre-capitalist societies had stifled, and the economic potential of large-scale productive cooperation in the factory system. The complementarity of the two was the necessary condition for the cumulative character of economic and technological change ushered in by the industrial revolution. Market stimuli and technical complexity lent the process its dynamism. Neither organized cooperation in
production nor individual (competitive) economic initiative were new, but their explosive fusion in the capitalist factory system launched an unprecedented continuous momentum. The expansion of capitalism into the colonies signified the establishment of certain preconditions (viz., eradication of illiteracy, spreading modern science and technology, promotion of health and welfare measures, launching large-scale production based on the factory system, institutionalization of bourgeois political and legal rights, etc.) for capitalist development. But if that is taken to mean that since 16th century onward capitalist development had occurred in the colonies in the same sense as it obtained in the metropolises, there should, then, be no substantial disagreement as to, I think, the failure of the so-called historic mission of spreading productive forces by metropolitan capitalism.

If Marx had thought of, as he did, in case of India and other colonies, "a proliferation of autonomous capitalism" it certainly did not develop in this way. The reason for this is not far to seek. The very structure of colonialism, as the economic, political and ideological effects of metropolitan capitalism, ruled out any kind of autonomous development, especially in the "exploitation" colonies, let alone any kind of autonomous "capitalist" development. As Baran said:
Accelerating with irresistible energy the maturing of some of the basic prerequisites for the development of a capitalist system, the intrusion of Western capitalism in the now underdeveloped countries blocked with equal force the ripening of others. ... It is not railways, roads, and power stations that give rise to industrial capitalism: it is the emergence of industrial capitalism that leads to the building of railways, to the construction of roads, and to the establishment of power stations. ... It is the economic strangulation of the colonial and dependent countries by the imperialist powers that stymied the development of indigenous industrial capitalism ... 256

It has been suggested recently that even Marx seemed to have changed his mind on the progressive role or historic mission of capitalism. Mohri suggests that in 1867 Marx "has come to realize that the destruction of the old world by British industrial capital, far from bringing about the material base for the development of new productive powers, as he once expected, is quite likely to result in the destruction and plundering of the very mechanism that assures the development of productive powers." 257 Simply put, this means that it is not true that the more industrially advanced country necessarily reproduces its image in the less advanced. This is why I concentrated on the negative consequences of the rise of capitalism in the metropolises in their necessary relationship to the development of capitalist underdevelopment in the colonies. The two aspects were, once again, historically inseparable. To conclude:

Underdevelopment is ultimately always under-
employment, both quantitatively (massive unemployment) and qualitatively (low productivity of labor). ... The accumulation of capital itself produces development and underdevelopment as mutually determining moments of the uneven and combined movement of capital. The lack of homogeneity in the capitalist economy is a necessary outcome of the unfolding laws of motion of capitalism itself. 258

Footnotes

1. However, it must be noted that I draw mainly on the British experience in this regard. Britain was not only the country to develop this mode first and spread it elsewhere but it was also the "mother country" as far as colonial India was concerned.

2. A distinction should be made between "settlement" colonies and the "exploitation" colonies. The policy of Britain in regard to the former, in contrast to the latter, was based on equality and recognition of common economic and political interests. See W.W. Woytinsky and E.S. Woytinsky, World Commerce and Governments: Trends and Outlook (New York: The Twentieth Century Fund, 1955), p. 678.

3. It may be noted that the origin of the word "capitalism" may go back to before 1848 but it "hardly occurs before 1849 or comes into wider currency before the 1860s". See E.J. Hobsbawn, The Age of Capital 1848-1875 (London: Sphere Books, 1977), p. 13.


8. The dissolution of the feudal society set free the elements of the capitalist society, as Marx designated the process. See Marx, Capital, vol. 1, p. 715.

9. Ibid., p. 146.

10. Kay, Development and Underdevelopment, p. 26. Emphasis in original. The products of a peasant's day's work, for example, are exchanged for the products of a tailor's day's work. The products which are exchanged contain
one common element which is value (i.e. crystallized abstract labor). Value is measured by the socially necessary labor time required to produce a given commodity. A commodity contains value prior to the act of exchange so that "what exchange does is to make the value of the individual commodity apparent". See ibid., p. 28.

11. In addition, another distinct feature of the capitalist system is "the production of surplus-value as the direct aim and determining motive of production. Capital produces essentially capital, and does so only to the extent that it produces surplus-value". See Marx, Capital vol. 3, p. 880. The concept of surplus value refers to "the difference in value between what living labor produces and the necessary consumption of the workers". While in relative terms surplus value and profit are quite different they are equal in absolute terms. See Kay, op. cit., p. 44.

12. Marx, Capital, vol. 1, p. 82.


16. Ibid., p. 62.

17. Ibid., p. 63.

18. Ibid., p. 65.


21. It must, however, be noted that merchant capital, in contrast to industrial capital, does not create "either value or surplus value, at least not directly". See Marx, Capital, vol. 3, p. 280.

22. Kay, op. cit., p. 68.


26. F. Engels, "The Peasant Question in France and Germany".

33. Ibid., p. 762.
36. Ibid., p. 716.
38. Lazónick, op. cit., p. 5.
40. Lazónick, op. cit., p. 16.
42. Ibid., p. 147.
48. R. Hilton, "Introduction", in Sweezy et al., The Transition from Feudalism to Capitalism, p. 18.
50. See O. Cox, The Foundations of Capitalism (London: Peter Owen, 1959), pp. 252-3. The English "borough" was an equivalent to communities i.e. towns of Northern Italy, France, Spain and Portugal which "managed to secure more or less independence from feudal authority". See ibid., pp. 249 and 251.
51. Dobb, Capitalist Enterprise and Social Progress, p. 194.
52. Cox, op. cit., p. 252.
55. Ibid., p. 56.
56. Ibid., p. 54.
57. Ibid., pp. 54-5.
59. Ibid.
61. Ibid.
62. Ibid., p. 56.
63. Le Goff, op. cit., p. 91.
64. J. Merrington, "Town and Country in the Transition to Capitalism", in Sweezy et al., The Transition from Feudalism to Capitalism, pp. 180-1 and 191.
67. K. Marx, Theories of Surplus Value; Part 3, p. 470. Emphases in original.
69. Ibid., pp. 593-4.
70. Marx, Theories of Surplus Value; Part 3, pp. 531-2.
72. For certain technological innovations before the Industrial Revolutions in the 1770s see especially, C.M. Cipolla, Before the Industrial Revolution (New York: W.W. Norton, 1976), pp. 158-81; L. White, Jr., "The Expansion of Technology 500-1500", in Cipolla, ed., The Middle Ages, pp. 143-174; and Braudel, op. cit., pp. 285-324.
73. For Marx's views on Technology see especially P.A. Sweezy's two chapters on "Karl Marx and the Industrial Revolution" and "Marx and the Proletariat", in his Modern Capitalism and Other Essays (New York: Monthly

75: Ibid., p. 374.
76: Cf. Sweezy, Modern Capitalism and Other Essays, p. 132.
77: Mishra, op. cit., p. 141.
79: Cf. Sayer, Marx's Method, p. 84.
80: This is also true from another point of view as suggested by Schorsch in a recent article. He notes: "Marx's characterization of the path of the producer-turned-merchant-and-capitalist as 'really revolutionizing' indicates that in his view the qualitative leap to the capitalist mode was primarily effected by a revolution of technique, in which advances were made which permitted the real as opposed to the formal subjection of labor to capital. Since we generally do not find Marx's really revolutionizing path until the Industrial Revolution, this is where he would locate the actual birth of the capitalist mode of production in England": Schorsch, op. cit., p. 437. See also C.R. Littler and G. Salaman, 'Braverman and Beyond: Recent Theories of the Labour Process', Sociology, 16(May, 1982), p. 254, for tabular presentation of the distinction between manufacture and modern industry or machine factory in terms of (a) technology, (b) division of labor, (c) mode of control, (d) dominant mode of extraction of surplus value, and (e) working clan divisions.
82: Ibid., p. 510.
87: Roll, op. cit., p. 64.
100. For nature of different privileges which these foreign merchants enjoyed see Cox, *op. cit.*, pp. 284-91.
112. Quoted in Knörr, op. cit., p. 130
113. Frank, Dependent Accumulation and Underdevelopment, p. 17.
115. See the table showing the Company's substantial share of imports from Bombay, Madras and Calcutta in the total value of its all imports from Asia in K.N. Chaudhuri, The Trading World of Asia and the English East India Company 1660-1760 (Cambridge: Cambridge University Press, 1978), pp. 508-10.
120. Ibid., p. 331. Emphases added.
123. Schorsch, op. cit., p. 440.


138. Hobsbawm, Industry and Empire, p. 56; see also Lipson,
140. Mantoux, op. cit., pp. 204, 261 and 271; The chemical industry also owes to the cotton industry. See Hobsbawm, Industry and Empire, p. 69.
141. Williams, op. cit., p. 127.
143. Mantoux, op. cit., p. 203.
146. Frank, World Accumulation, p. 225.
151. Mandel, From Class Society to Communism, p. 55.
154. Amin, Accumulation on a World Scale, p. 41.
156. For commodity composition of the British imports between 1814 and 1933, see W. Schlote, British Overseas Trade From 1700 to the 1930s (Oxford: Basil Blackwell, 1952), p. 53.
161. Marx, Capital, vol. 3, p. 237. Constant capital is that portion of capital which purchases means of production such as raw materials, instruments of labor etc. Variable capital is that portion of capital which is spent on wages for the purchase of labor power. See also V.I. Lenin, The Development of Capitalism in Russia (Moscow: Foreign Languages Press, 1956), p. 44.


164. Semmel, op. cit., p. 131.


166. Marx, "On the Question of Free Trade", p. 221.


169. Frank, Dependent Accumulation and Underdevelopment, p. 75.


171. F. Engels, "The Condition of the Working Class in England", in K. Marx and F. Engels, On Britain (Moscow: Foreign Languages Press, 1962), pp. 25-6. Emphases added. The first electoral reform bill of 1831, enacted in 1832, put an end to the monopoly of the landed aristocracy, bankers and usurers thus opening, for the first time, the doors of Parliament only to representatives of the industrial bourgeoisie, not to those of the petty bourgeoisie and the proletariat. See ibid., p. 25 footnote.


179. See Semmel, op. cit., p. 91; and J.S. Mill, Principles


182. Ibid., p. 201.


184. Frank, Dependent Accumulation and Underdevelopment, p. 95.


188. Baran and Sweezy, op. cit., p. 6.


194. Ibid., pp. 81-2.


199. Glyn and Sutcliffe, op. cit., p. 35.


212. See Mandel, *Late Capitalism*, pp. 79-81.
223. Wayne argues that colonialism, for Britain and France, was necessitated in order to solve the problem of profitability. In the case of Germany, colonialism expressed the interests of particular capitalists. See Wayne, *op. cit.*, pp. 98-9.
232. Mandel, Late Capitalism, p. 58.
237. See Amin, Unequal Development, p. 288.
238. Mandel, Late Capitalism, pp. 55-6.
241. Ibid., p. 176.
245. Leys, op. cit., p. 15.
249. For a recent evaluation of Marx's views on this, see K. Mohri, "Marx and 'Underdevelopment'", Monthly Review, 30 (April 1979), pp. 32-42.
254. The most recent and powerful critique of this approach has been developed by Warren. For a fitting criticism of Warren's claim for future promise as well as contemporary fulfillment of the historic role of capitalism in terms of the Third World industrialization see especially, Petras, op. cit., pp. 103-36.


258. Mandel, Late Capitalism, pp. 60-1 and 85. Emphases in original. The concept of uneven and combined development, underlying the development of the world capitalist system as hierarchically structured into dominant and dominated economies, can briefly be described as follows. On the one hand, uneven development may occur at different interlinked levels such as between industry and agriculture, between branches of industry, and between countries. "Capitalism increasingly structures the whole world but it 'operates by methods of its own, that is to say, by anarchistic methods which constantly undermine its own work, set one country against another, and one branch of industry against another, developing some parts of world economy while hampering and throwing back the development of others'. On the other hand, capitalism develops in a combined way as it, at the same time, develops unevenly. "The constant economic and political pressure exerted by the advanced capitalist economies forces the backward countries, in order to avoid succumbing totally, to progress by leaps and to reach straight away the most advanced techniques: 'A backward country assimilates the material and intellectual conquests of the advanced countries. But this does not mean it follows them slavishly, reproduces all the cycles of their past ... Although compelled to follow after the advanced countries, a backward country does not take things in the same order. The privilege of historical backwardness ... permits, or rather compels, the adoption of whatever is ready in advance of any specified date, skipping a whole series of intermediate stages'. See Jacques Valier, "40 Theses on Imperialism and Permanent Revolution", International, 3(Summer 1977), p. 44.
CHAPTER THRÉE

PRE-COLONIAL INDIA:
THE WANING DOMINANCE OF THE NATURAL ECONOMY AND THE HISTORICAL TRANSITION TO CAPITALISM

I. Introduction

The major purpose of this chapter is to examine the internal dynamic of the mode of production of the Indian social formation broadly between the 16th and 18th centuries. A secondary purpose is to demonstrate the development of certain qualitative tendencies or preconditions for the rise of capitalism within the social formation of Mughal India. This development, alongside the dominance of the prevailing feudal mode of production, was indicative of India's entry into the historical process of transition to capitalism.

II. The Natural Economy of the Village Community

Preliminary Remarks

The Mughal economy was characteristic of the feudal social formation. The latter was dominated by "the land and a natural economy, in which neither labor nor the products of labor were commodities." The concept of natural economy indicates a form of economy in which the goal of production is to satisfy the immediate wants of the producers. It is
mostly self-sufficient, and this self-sufficiency further implies a complementary connexion between agriculture and the handicrafts industry. This complementarity or unity between agriculture and industry continues in different forms depending upon the concrete conditions in the mode(s) of production in a given social formation. It also exists in a simple commodity economy; and is only destroyed with the complete development of the CMP. The social division of labor, in the natural economy of the feudal social formation, remains at a very primitive level. The process of production is carried on generally by simple and inexpensive instruments of production.

The natural economy could best be understood in terms of its constituent units (viz. patriarchal peasant families, primitive village communities, feudal manors, etc.), their nature and activities. In pre-colonial India, such productive units were villages or village communities. A few points that are pertinent to understanding the operation of the village economy could be mentioned in terms of recent evidence produced by researchers on the Mughal agrarian system.

The village in India approximates the "civil parish" in England. Popularly called gaon or village, the village was described in Mughal revenue records as Mauza. In the first half of the 18th century, it comprised arable land, abadi (i.e. land under cultivation), pools, grooves, nullahs, forest and waste land. An average village generally
contained one thousand bighas of arable land. The "community" aspect refers to the corporate character "as far as certain common affairs of the village are concerned, such as management of common lands and common services." The concept of the village community does not mean that "there was a village commune that owned the land on behalf of all its members. No evidence exists for communal ownership of land or even a periodic distribution and redistribution of land among peasants. The peasant's right to the land ... was always his individual right." Theoretically speaking, revenue was assessed separately from each individual peasant, and this assessment depended on the area of his holding and the amount of the crops raised. In this sense, the village community was bypassed. Empirically speaking, the whole village was the usual unit of assessment, apparently for administrative convenience. Since the village was made into a single assessee to pay the revenue collectively on behalf of all concerned, the communal aspect of the village became important in this specific sense. Otherwise, the description of the village as a community is somewhat misleading because "it implies a much greater degree of common interests than usually existed." This was bound to be so where "individual ownership must necessarily have given rise to stratification within the peasantry, even if other causative factors are ignored." Finally, different occupational services needed by the community were not remunerated "ou
of a common fund. Each peasant was required, by custom to pay to each of the 'village servants' a customary prescribed fraction of his harvested crop. Thus although they were designated as 'village servants' they were neither the employees of nor remunerated by a corporate entity. It has already been pointed out that a large sector of the Mughal India's economy was subsistence, based on the self-sufficiency of the villages. How did this economic self-sufficiency and relative stability of the village economy develop? Did it exist from time immemorial, as many alleged? To seek answers to such questions, one has to consider several but interrelated factors.

The Role of Domestic Industry

The self-sufficiency and relative stability that characterized the Indian village economy arose, in the first place, out of the social division of labor in which domestic industry supplemented the household needs of the peasant and his family. By domestic industry is meant the working up of raw materials in the household (peasant family) which produces them. Domestic industries are a necessary adjunct of natural economy, remnants of which are nearly always retained where there is a small peasantry. The goal of domestic industry was the production of use-values for the immediate consumption of the peasant families. Conjoined to agriculture, domestic industry formed a living whole that generated conditions for the simple reproduction
of the village economy along with a certain degree of stability. Domestic industry's subordinate role was indicated by the fact that the industrial pursuits of the peasant producers did not as yet emerge as a variety of occupations that is characteristic of an economy passing through the simple commodity production and manufacturing phases of capitalist economic development. From this point of view, various domestic industrial pursuits of the Indian peasants were ancillary economic activities contributing to the self-sufficiency and simple reproduction of the peasants and their families. The domestic industries in the pre-colonial India were hand spinning and weaving, the production of vegetable oil and animal fats, the production of sugar, the cleaning of rice, the weaving of mats and baskets, etc.

Natural Exchange Between Agriculture and Handicrafts Industry

The second form in which the self-sufficiency and relative stability of the village economy were generated rested on the system of natural exchange (i.e. barter) between agriculture and handicrafts industry. It manifested in the form of remuneration and maintenance, especially by the peasants, of the handicraftsmen or artisans (usually along with other functionaries such as priests etc.) who supplied farming equipments to the peasants or otherwise served the village members. The source materials indicate the presence of the system of barter between direct producers in many
regions of pre-colonial India. Of course, it is obvious, the intensity of the prevalence of the system varied from region to region. A British official in the employment of the Company found the system prevailing, around the end of the 18th and the beginning of the 19th centuries, in the district of Gorakhpur (now in the province of Uttar Pradesh). He wrote: "The carpenter and blacksmith everywhere, and in most parts the priests of the local deities and spirits, a weigher, a barber, and tanner, receive certain allowances for their support."

The intra-communal barter between direct producers or the natural exchange between agriculture and industry, despite its progressive role in the beginning, became obstructive of the development of the productive forces with the passage of time. For example, in addition to promoting a stable equilibrium between agriculture and handicrafts industry and thus stabilizing the village economy, it prevented the rise of a market for the means of production.

**The Role of the Caste System**

The third form, in which the self-sufficiency and relative stability of the village economy were fostered, rested on the operation of the caste system, a feature that was historically specific to the Indian social formation. Caste has been defined as "a group which practises endogamy, has a particular area (generally within one linguistic region)
of spread or dispersion, and has a more or less determinate or flexible position in a hierarchical scale and has traditionally defined modes of behavior. 25

How did the caste system introduce economic self-sufficiency and relative stability into the structure of the village economy? In the first place, the caste system tended to stabilize the social division of labor by prescribing injunctions against pursuing crafts other than ones permitted on the basis of caste birth. That is to say, the caste system tended to become, by itself, an autonomous structure. A given caste or sub-caste, with the passage of time came to be associated with a given craft. Manu's injunctions are worth mentioning:

A man of low caste who through covetousness lives by the occupations of a higher one, the king shall deprive of his property and banish. It is better (to discharge) one's own (appointed) duty incompletely than to perform completely that of another; for he who lives according to the law of another (caste) is instantly excluded from this own. 26

Secondly, economic self-sufficiency and an attendant stability of the village economy followed in view of the job security which the caste system created by means of allocating occupational tasks to the village members in a more or less stable but hierarchical fashion. The caste system brought "a sense of sharing in a common enterprise among all the elements who formed the total system. It gave economic security in spite of obvious inequalities; and this security
was guaranteed both by law and by custom.\textsuperscript{27}

III. The Rise of Simple Commodity Production, etc.: Movement Towards Capitalist Transition

Preliminary Remarks

The solidity of the natural economy of pre-British India, as described in the foregoing section, would be misrepresentative of reality if that solidity were to be absolutedized. The source materials now available make abundantly clear that the natural economy was not invulnerable to penetration by productive forces that arose from within. The rise of new productive forces reflecting changes in the material conditions and relations of production in the natural economy illustrates a movement toward the indigenous development of capitalism. Such productive forces, as they arose within the natural economy, could be called preconditions for the transition to capitalism.\textsuperscript{28}

The natural economy does not exclude the practice of exchange. Even in feudal Europe with its natural economy, markets and money played a more important part than is usually conceded.\textsuperscript{29} The same is true of India between 1000-1200 A.D., a period that is marked by the climax and decline of feudal economy of India.\textsuperscript{30} Since the 13th century, the position of the natural economy was one of waning dominance. The buying and selling of foodgrains, salt, spices, liquor, oil, grass, pulses, betel leaves, vegetables, etc., however
small in scale in their origins, existed in most occasions in the rural areas.\textsuperscript{31} Even theoretically, a complete absence of exchange was impossible in the case of India if one simply considers the caste system. Within this system, commodity relations were guaranteed in terms of the role of traders or merchants in the Vaishya category. If there were no need for them, whether in the rural or urban areas, there would be almost no justification to include such a category in the caste system. Although "feudal forces" still dominated the scene, the village community and the caste system were "in the process of disintegration; new socio-economic-ideological forces headed mainly by the mercantile class were coming forward in society."\textsuperscript{32}

One of the several factors which corroded the self-sufficiency and relative stability of the village economy was increased property differentiation caused by the rise of feudal landowners. While more will be said about the rise of the feudal landed classes below, it suffices at this point to note the rise of feudal landownership (i.e. hierarchy of landownership) and the decline of communal rights in land.\textsuperscript{33} This was actually a result of feudalism, the beginnings of which can be traced to the first century of the Christian era. Later, in the Mughal period, the erosion of the village community proceeded along with that of the rights of smaller peasants. There occurred an increasing conversion of the communal organization "into
tax and administrative unit of the feudal apparatus for the exploitation of the peasants." There were other reasons for property differentiation and thus for the erosion of the village community. For example, "differences in produce and wealth arising from the differences in the family labor resources, skill and hard work, quality of land, crop pattern, etc. were already there." These were factors other than unequal taxes that could be passed on to the defenceless peasants by the headman who, under favorable circumstances, might very well turn out to be a "village autocrat" raising himself to the position of a zamindar or tribute-paying chief.

The gradual replacement of the intra-communal arrangement of the natural exchange between the producers by the system of direct exchange, whereby the artisans received remuneration, either in money or in kind, for their services, also caused the erosion of the self-sufficiency and stability of the village economy. The process was, of course, a slow one. In Madras, for example, the carpenters and the blacksmiths used to supply ploughs and other agricultural implements to the peasants without demanding wages for their services. But, "when they are engaged in the construction of the houses of the ryots (i.e. peasants - BKB), they obtain wages, but not otherwise." In Mysore, the ironsmith who, with his own materials, used to make all the instruments of husbandry and assisted in building and repairing the
peasant's house, generally received 20 seers of grain "for every plough." 38

Finally, the caste system too was not invulnerable to new forces of change. There are several reasons that led to the persistent disintegration of the caste system. In the first place, the specific institutional injunctions tying occupations to particular castes or sub-castes were subject to material overdetermination, in the last instance, by the necessity of maintaining the conditions of production and reproduction of physical and social life. For example, the law giver, Manu, lays down: "Learning, mechanical arts, work for wages, service, rearing cattle, traffic, agriculture, contentment (with little), alms, and receiving interest on money, are the ten modes of subsistence (permitted to all in times of distress)." 39 Hard realities of daily life made it impossible for the caste system to become effectively rigid. It is not difficult to see that, empirically, the material circumstances overdetermined occupational choice in the last instance. 40 In the early 18th century, for example, economic compulsions prompted a caste of tailors to change their occupation. One section of them took to dyeing while another opted for indigo-dyeing. 41 The Chitpavan Brahmans in Bombay were primarily agriculturists in the 17th century. 42 In eastern Rajasthan of the 18th century, the Brahmans were cultivators. 43 The same was also true in Assam, where royal attempts to establish a
traditional village community (i.e. a village with artisans brought from outside to serve the peasants in the village) failed.\textsuperscript{44} The position of the Brahmins in Bengal can be described in the words of Colebrooke:

\begin{quote}
Daily observation shows even Brahmins exercising the menial profession of a sudra... . Every profession, with few exceptions, is open to every description of persons; and the discouragement, arising from religious prejudices, is not greater than what exists in Great Britain from the effects of municipal and corporation laws. In Bengal, the numbers of people, actually willing to apply to any particular occupation, are sufficient for the unlimited extension of any manufacture.\textsuperscript{45}
\end{quote}

In the second place, caste was no barrier to the formation of the stratum called Gosains, or Sannyasis. The term Gosain, derived from Sanskrit 'Goswamin', stands for one who completely masters his passions and dedicates his life to devotion and austerities. In fact, they pursued diverse activities such as military or armed activities, money-lending, administration, trading, religious activities, etc.\textsuperscript{46}

Thirdly, the emergence of the Muslim political power in India practically meant the withdrawal of formal support necessary to enforce the caste rules, if they existed at all. As Sinder states: "With the arrival of Islam in the eighth century, however, and its ideal of an egalitarian faith and juxtaposition, in the thirteenth century, of a centrally organized state under the Muslims, the caste system as the operational aspect of society was in a great many ways negated."\textsuperscript{47} For example, the caste system did not create
any problem of labor shortage insofar as the demands of the labor market were concerned. European visitors did not point to any shortage of labor in any branch of production. On the contrary, they invariably pointed to the presence of large numbers of workers or to the low wages paid to the workers.48 Again the Mughals often tried to break the caste strength of disloyal zamindars (i.e., landholders).49 As a matter of fact, the results of contemporary investigations show that the caste system, which was not all rigorous when it originally existed, was continually subject to opposing currents of diverse social forces and ideologies.50 More importantly, one result of the complex transformation between the 7th and 10th centuries was the diminution in the significance of status attached to the Brahmans. The land itself became "the index of wealth and power" and was, accordingly, "highly prized."51 To put it otherwise, "not all Brahmans qua Brahmans were granted superior status."52 That land, not superior caste status (apart from the breakdown of the varnas into so many jatis so as to make the caste system no longer a useful category in the analysis of social relations) had become most important in social life around the 12th century can be summarized in the words of Yadava:

It was an age when landed property acquired special significance. The social status of the expanding landed aristocracy, which could not be confined to one particular varna or even to the first two upper varnas, clearly shows that the ascriptive lines of the four-fold varna system, connected with different
social, economic, religious and legal privileges and disabilities, began to be cut across when landed property, along with the samanta (i.e. lord-vassal - BKB) relations, emerged in this age as the most tangible basis for the differentiation of social and political status.  \[53\]

The caste system thus gave way to landholding which became, as Simon Digby recently noted, "the chief basis of social and political status." \[54\]

It does not seem that the position changed altogether in Mughal India. Sinder, who recently investigated the caste system in Mughal India more thoroughly than any other researcher, asserts that the actual occupations of different individuals did not conform to their nominal caste status (i.e. duties specified in the caste ideology). The point is that most individuals in the villages were subject to the domination of the crown appointed nobility or the nobility based on landholding.

To use, therefore, the relative rigidity of cultural levels in rural areas as proof that villages were basically independent and stable and that caste was the basic principle in causing people to adhere to age-old beliefs may be first untrue. ... Caste in Moghul times, in an operational sense, reflected verbally held age-old beliefs that were not fully indicative of the actual dynamism of life taking place in the sub-continent. \[55\]

However, if placed lower down the scale in the hierarchy of the castes, as was the case of the scheduled castes who were not permitted to hold land, the low caste status(es) expedited their subjection to the surplus extracting
In brief, the caste system was not something "eternal", remaining all the same from time immemorial and impervious to penetration and transformation by any force. It was not a rigid system as is traditionally believed.

Far more important was the rise of the Bhakti (i.e., devotion) movement which, arising between the 14th and 17th centuries, loosened the structure of social relations of caste throughout India. On many points, it bore a striking resemblance to the Reformation movement in the West. Its essential doctrine was that "salvation may be attained, independently of priests, ritual and caste; by devotion to the Divine Name. The Deity, whether manifested as Shiva, or Vishnu in his various incarnations, is Bhagavan, the Adorable and his devotees are the Bhagavatas. It has been not inaptly compared to the Protestant Reformation in Europe." The Bhakti movement stood for a revolt against high priesthood and caste degeneracy and symbolized the rise of the bourgeois elements (i.e., merchants and artisans) vis-à-vis the dominance of the feudal ruling class. The onslaughts against the caste system can be summed up in the following questions raised by two of these champions, Pran Nath (1618-1694) and Kabir (1440-1518). The former asked: "Now tell me who is an untouchable, the Brahmin with a most callous heart or a Chandal with an enlightened soul?" Kabir's query was this:

How are you Brahmin and why am I a Sudra? If
I have blood in my veins, do you have milk in yours?  

Two aspects of the Bhakti movement are worth mentioning. First, it promoted the formation of the different nationalities in terms of aiding the growth of different regional languages and their literature. For example, Namdev (1270-1350), Tukaram (1607-1649), Ekahatha (1533-1599), and Ramadasa (1608-1682) contributed to the growth of Marathi literature. Ramananda (1360?-1470?), Kabir, Tulsidas (1522-1623), Surdas (1483-1563), Dadu (1544-1603), Malukdas (1574-1652) and Nabhdas (c.1625) contributed to the growth of Hindi literature. Sankaradeva (1449-1568) and others stimulated, by their contributions, the use of Assamese "as the language of all the people." The Gujrati literature developed through contributions of Miranbai (1499-1547) and Narasimha Mehta (1414-1480).

Second, the Bhakti movement cut across caste divisions and coincided with the growth of simple commodity production. The latter reflected not only the growth of bourgeois elements (viz. artisans, traders, markets, towns, etc.) but also revolts of the peasants against feudal exaction and oppression. The development of regional languages was connected, among other things, with the increasing role of commodity production. In a profound sense the Bhakti movement was the ideological expression of progressive elements for the equality of all before God, for the equality
of all religions, for the recognition of the dignity of man on the basis of actions and not birth, and, finally, for the denigration of excessive ritualism and domination of the priests.\textsuperscript{68}

The rise of the new productive forces was not without its impact on the political apparatus, i.e. the Mughal state. The centralization of the Mughal state rested not on brute force or on an organized system of communication and transportation only. It is indeed difficult to imagine that "the state machinery dealing with even land revenue could have functioned properly without financial intermediaries and an active market mechanism."\textsuperscript{69} The meticulous care the state officials at the ports of Surat, Hugly or Balasore showed in recording the accounts of imports and exports was in itself a strong indication "among many of the Mughal administrative preoccupations with matters of trade."\textsuperscript{70} The growth of trade was clearly promoted by the Mughal kings, and to this extent it contained elements of a mercantilist state.\textsuperscript{71} In fact, the rise of simple commodity production and, consequently, the erosion of the economic self-sufficiency of the village economy in different regions in India between the 16th and 18th centuries are corroborated by many recent accounts. It is to these aspects - the agents of the historical transition to capitalism - that I now return to illustrate the spontaneous transformations occurring in India's feudal mode of production.
Commodity Production and the Rise of the Market

Abul Fazl, one of the closest officials of Akbar, wrote in his Ain:

The inhabitants of towns and country perform their transactions by money. Every man uses it according to the extent of his necessities; the man whose heart is free from worldly desires sustains by it his life, and the worldly man considers it the final stage of his objects - the wants of all are satisfied by it. The wise man looks upon it as the foundation, from which the fulfilment of his worldly and religious wishes flows. It is absolutely necessary for the continuance of the human race, as men obtain by money their food and clothing. 72

This statement of the Mughal historian precisely indicates how important money had become in the day to day life of an individual. It further illustrates how money became a commodity itself, a means of sustaining conditions of material and social existence. It was not yet capital, but was certainly on the way to becoming capital, i.e. an autonomous power and independent entity affecting the lives of all. The source materials clearly point to the formation, in the wake of expanding commodity production, of merchant capital and, to a small extent, industrial capital. 73 The rise of simple commodity production was expedited, in the first place, by the policy of the Mughal state to collect the ground or land tax in cash. This policy was, however, subject to possible exceptions in the backward areas. 74 It should be noted that the collection of the ground tax in cash was not a matter of arbitrary policy imposed by the
Mughal rulers but ultimately of significant changes in the mode of production. The policy of collecting the ground tax in cash had several consequences.

First, the practice had the effect of compelling peasants to sell a part of their produce in the market to secure the necessary money for payment of the revenue demand of the ground tax. Even when the ground tax was collected in kind, the Mughal officials preferred to convert it into money. In either case, a certain portion of the products of the peasants' labor now became commodities. Second, the buying and selling of the peasants' surplus provides a very important condition for the rise of the rural market. There also developed "a chain of villages which acted as collecting centres of grains (mandis) leading up to a bigger mandi for a region. These bigger mandis were closely linked to the large towns and to the big grain-dealers (the banjaras)." Third, the development of simple commodity production and the market necessarily led to the rise of certain classes operating on the level of circulation. For example, it led to the growth of money-lenders to whom the poor peasants would turn in cases of excessive ruling class demands on their surplus or in cases of crop failure and other reasons. The collection of the ground tax in cash would explain in part the rise of money-changers or, as they are technically called, shroffs, whose services were necessary because "the value of a coin
depended on the year of its minting, metallic purity etc., and no one would accept a cash payment unless it had been certified by a shroff." 80 In the fourth place, as a result of the expansion of commodity production, a market in land grew as an object of sale and purchase. 81 The market in landrights "not only contributed to the increasing heterogeneity of the zamindar class (hitherto comprising in the main distinct castes and clans), but also placed larger 'capital' at the disposal of that class as a whole." 82 In view of the prospects for profit in trade, many of the ruling class, whether the king, the princes or the nobility, began investing capital in horticulture in order to sell fruits in the market. This they did themselves or indirectly by leasing the season's fruits to professional contractors. 83 Finally, the rise of the khud-kasht (literally self-cultivation) agriculture was extremely important. It represented the indigenous development of capitalist agriculture. The khudkashta landholders (viz. zamindars and headmen) employed laborers as their servants in the tasks of agriculture. By making laborers plough, sow, reap and draw water out of the well, these landholders paid them fixed wages, whether in cash or in grain, "while appropriating to themselves the gross produce of cultivation." 84

Some examples of the rural and urban markets can now be cited. In the rural markets, whether held in specific territorial locations on fixed days or constituted by means
of peddlars without any fixed location or day, subsistence commodities generally such as rice, vegetables, fish, eggs, earthenwares, betel leaf, fruits etc. were available. 

Below is a description of the rural markets in Mysore:

At different convenient places in every Taluc there are weekly markets, which in good parts of the country may be about two or three miles from each other. To these the farmers carry their produce, and sell it, partly to consumers by retail, and partly by wholesale to traders. In the early part of the day they endeavor to sell their goods by retail, and do not deal with the traders unless they be distressed for money. It is not customary for traders to advance money on the crops, and to receive the produce when they ripen. At all these markets business is carried on by sale; no barter is customary, except among a few poor people, who exchange grain for the produce of the kitchen garden.

The rise of simple commodity production and the formation of the rural markets were also evidenced by the activities of itinerant traders, especially banjaras who travelled from one place to another with their bullocks, bullock carts, horses etc.

A few examples of urban markets can now be provided, Thomas Bowrey, who visited the countries adjoining the Bay of Bengal between 1669 and 1679, describes the town of Hugly in Bengal: "The towne is not very Uniforme, but is a very good and pleasant place, inhabited with Some of the richest Merchants of the Kingdom; and all sorts of Commodities that Orixa (i.e. Orissa – BKB), Bengala (i.e. Bengal – BKB), and Pattana (i.e. Patna – BKB) doe afford are here dayly to be
bought and sold in the publick Bazar, commonly called the
great Bazar, by reason there are many where onely Cotton,
course Callicoes, provisions, &c. are to be sold."^88 When
John Jourdain, another English merchant, was in Burhanpur
(in Madhya Pradesh in present day India) in 1611, he regarded
the place as "a very great cittie". The importance of its
market is borne out by his description that the city "doth
abound in makeinge of fine baftaies, bairames, serebafts,
rich turbants and girdles of silke and gould. To this towne
there is trade from all places of the India, and the Decanes
may freellie come to buye and sell, although at warrs."^89

Transport and Communications

It is unnecessary to emphasize the importance of
cheaper and quicker means of transport and communications
in the expansion of simple commodity production and markets,
in the rise and sustenance of the towns, or in the dissolution
of the insularity of the distant villages.90 Given the
circumstances and needs of a pre-industrial self-sufficient
economy, the system of internal transit of the period under
review was "a remarkable achievement."
It was also "fairly
adequate to meet the needs of the times."92

The safety and security of the travellers and the
upkeep of the roads were the tasks of the officials. In
particular, the zamindars who enforced law and order within
their respective jurisdictional territories were "to look
after the welfare of traders and caravans and not to harass
them with undue demands for tolls and transit duties."  

The principal overland roads system can be described in the words of Naqvi:

Regardless of the time element and hazards of the journey involved, a man starting from Sonargaon could by travelling along these roads reach Agra, Lahore, Kashmir, Kabul, Multan, Thatta, Ahmadabad, Cambay, Surat, Burhanpur, Orissa and back to Sonargaon. Again, from Agra, appropriately as the centre of the Empire, roads radiated in all directions, to Sirhind and Lahore in the west, Etah, Allahabad and Benaras in the east; to Jodhpur in the south-west, Dholpur, Mandu and Broach in the farther south-west the last two being extended further down terminating at Surat. Fatehpur Sikri, almost an annexe town of Agra, and the neighbouring capital town of Delhi were naturally kept well connected with Agra by road. Thus through Agra all the important urban centres commanding the produce and markets of adjoining areas as well as that of their own, had all been got linked together by roads. Also, the towns relegated far into the interior with no outlet otherwise could, again through Agra, establish commercial contacts with the existing points of the Empire.  

Compared to the overland roads, the inland waterways system provided a much cheaper and safer means of movement of men and commodities. In Mughal India, there existed a network of navigable rivers covering the provinces (subahs) of Sindh, Multan, Lahore, Kashmir, Delhi, Agra, Oudh, Allahabad, Bihar and Bengal. Along with their tributaries they afforded "easy means of access to the distant parts of the Empire."  

To cite an example, Federici, an Italian merchant visiting the East between 1563 and 1581, noted the following in connexion with the rural markets surrounding the city of
Satgaon in Bengal: "I was in this kingdom four months, where many merchants did buy or freight boats for their benefits, and with these barks they go up and down the river of Ganges to fairs, buying their commodity with a great advantage, because that every day in the week they have a fair, now in one place, and now in another, and I also hired a bark and went up and down the river and did my business." 96

The relative efficacy of pre-colonial India's inland transport and communications was corroborated even by British officials and merchants in colonial India. Tremenheere, at one time a superintending engineer in Punjab, answered "yes" to the question, raised in the course of an investigation by the Select Committee of the British Parliament, of whether it was not a fact that "for many hundred years India was superior to Europe" regarding the facility of transit "from one part of the country to another during a great part of the year." 97 Another British merchant, J.T. MacKenzie, said: "During the Hindoo and Mahomedan dynasties the interior of the country was intersected by roads; during our rule we have merely made great military roads." 98 Finally, it is worth mentioning Tavernier's remark on the carriages or manner of travelling in Mughal India. It was, he said, "not less convenient than all that they have been able to invent in order that one may be carried in comfort, either in FRANCE or in ITALY." 99
Towns

A number of towns arose between the 16th and 18th centuries. During Akbar's reign (1556-1605), Mughal India contained "120 big cities and 3,200 townships (gasbas), each having around it 100 to 1,000 villages." It is obvious that the rise, prosperity and sometimes decline of these towns/cities depended on the interplay of a variety of factors including the occurrence of natural disasters like earthquakes, famines or floods, political stability, the availability of market opportunities for industrial expansion, strategic location, the general condition of the economy, etc. In general, the Mughal rulers had a distinct urban bias in that they promoted urban development.

The significance of the progressive role and economic importance of Indian towns has varied, among Marxist and non-Marxist writers alike, from complete denial at one end to overall underestimation at another. On the one hand, the Indian towns were viewed as little more than moving camps of the military led by the despotic king. Even in the 1960s, Braudel, obviously following Bernier, goes on to say that India's example shows "how much these official towns were bound up with the prince - to the point of absurdity." Actually, the emphasis on the administrative and political functions and aspects of the Indian towns results in a fundamental confusion between the origins of towns on the one hand and their subsequent development and
economic importance on the other. As a matter of fact, many Indian towns such as Surat in Gujrat, Masulipatam on the Coromandel coast and Hugly in Bengal were without any political significance. No towns, on the other hand, existed anywhere without the protection of political authority and legal order.\textsuperscript{105} The towns as places of pilgrimage, state administration or commerce are not peculiar to India, for these were also found elsewhere.\textsuperscript{106} That the Indian town was not a moving camp is evidenced by the fact that, for example, "in Uttar Pradesh there is no town or city, to this day, other than Kanpur, which was not already in existence as an urban centre in Mughal times."\textsuperscript{107}

A fairer and objective assessment was made by Weber. He rightly points out that towns or cities in India were official centres of administration as well as market places. In addition, "guilds of merchants and castes largely coinciding with professional associations were present, enjoying considerable autonomy, especially with respect to their own legal competence and justice."\textsuperscript{108} He rightly points out that "citizenry" did not emerge in the Indian towns or cities.\textsuperscript{109} While this distinguishes the Indian towns from their counterparts in the West, this aspect of political development cannot be overemphasized in the rise of industrial capitalism. For England, where "towns were less developed than on the continent and considerably poorer" and where "cities were never left alone with their
freedom to become autonomous, nationalistic units as in Germany or even in France, was nevertheless the first country in the world to have developed the capitalist mode of production. In a sense, the Indian towns were politically important too because, for example, in about fifty years of Akbar's rule (1556-1605) twenty-eight, out of a total of thirty rebellions, took place in the towns, and these were undertaken by concerned feudal interests. Chaudhuri goes so far as to argue that in Mughal India there was "no historical necessity" to treat the towns "as politically autonomous." As far as the economic importance of the towns in the West or elsewhere is concerned, much depends on the mode(s) of production in operation. There is no reason to downgrade the economic importance of the Indian towns. Whether promoted by the indigenous rise of simple commodity production and/or accelerated by the intervention of the metropolitan mercantile bourgeoisie, the towns in pre-British India did retain varying degrees of economic importance. Viewed purely from the internal point of view, urban development in India was "one of the most important results of the deepening social division of labor, the separation of the crafts from agriculture, and the expansion of commodity-money relations."

The economic importance of a town or city in pre-British India depended on many factors. Take, for instance, the case of Ahmedabad, a city founded by Sultan Ahmad Shah of
Gujrat in 1411. In the 17th century its economic importance was due to the operation of a complex of factors. First, it had commodities like indigo and saltpetre. These were in high demand in Indian and European markets. Second, it was an important centre for the textile industry on which a large number of artisans depended. Third, it was an outstanding market for precious metals, stones and pearls. It was also a centre of the jewellery industry. Fourth, it was the market for food grains grown in Gujrat. It also served as a storehouse of foodgrains for the transit trade linked to Sind in the north, Surat in the south, Cambay in the west and Agra in the east. Fifth, its own economic importance attracted the metropolitan bourgeoisie whose mercantile participation therein contributed in turn to the growth of Ahmedabad's economic importance. Finally, because of intense mercantile activity, there developed in Ahmedabad an entrepreneurial class of merchants who accumulated capital both through strictly indigenous business activity and by playing subordinate partner of the metropolitan bourgeoisie. In addition, "the city also traded with distant areas like Mocha and Basra in the Middle East and Java and Sumatra in Southeast Asia." 118

Relevant source materials for the period contain much information in regard to the economic importance of many other Indian towns or cities. 119 The economic importance of another town, Murshidabad in Bengal, can be briefly
mentioned. In 1704, when it replaced Dacca as an administrative headquarter, Murshidabad emerged as an administrative city. It was chosen because it was already an important place in 1700. Although it gained subsequently prominence as the capital of Bengal, it retained its economic importance as an important trading city until it gave way to Calcutta. The economic importance of Indian towns and cities remained obvious to the metropolitan bourgeoisie for the simple reason that when they arrived in India they invariably opened their factories in those pre-existing towns and cities. This was true of urban centres elsewhere in Asia too. The English Company's officials found in Asian towns a focal point for both the necessary services in intermediate commercial transactions and their own need to coordinate all the physical arrangements demanded by the complex operational schedule of long-distance trading. The inseparable bond between communication, trade, and towns was as much a feature of Asia as it was of contemporaneous Europe. This simple basic fact goes a long way in explaining the structure and the regional pattern of the Company's factories and settlements not only in India but in Asia as a whole.

Trade

The necessary consequence of increasing simple commodity production and trade is the formation of merchant capital. The source materials for the period under review clearly point to the growth of both internal and external trade, although no estimate of the volume of trade is
available. With this in mind, the nature of regional trade patterns in the main may be briefly presented.

Bengal, along with Gujrat, the Coromandel coast and Malabar, developed trading links with many other regions both inside and outside of India. The country, said Varthema, an Italian traveller who visited India in the first decade of the 16th century, “abounds more in grain, flesh in every kind, in great quantity of sugar, also of ginger, and of great abundance of cotton, than any country in the world. And here there are the richest merchants I ever met with.” 123 Bengal, in particular, was a storehouse of cotton and silk manufactures not only for other regions in India but also for many other countries including those of Europe. Bengal sent rice to Patna in Bihar, Balasore in Orissa, Masulipatam and other places on the Coromandel coast. It sent sugar to Golconda and Karnatak. 124 It sent sugar and silk to Gujrat. 125 Agra, Benares, and Lahore received cotton manufactures from Bengal. Bengal received copper, zinc, tin, tobacco, spices and chintz of Masulipatam from the Coromandel coast, wool from Kashmir, salt, opium, tin, carpets, etc. from North-West Provinces, and pepper and other things from Malabar. 126 Bengal also sent cotton and silk stuffs to Turkey, Syria, Persia, Arabia Felix, and Ethiopia. 127 It sent sugar to Arabia, Mesopotamia, and Persia, and rice to Ceylon and the Maldives. 128

"This kingdom of Gujrat", said Barbosa in the early
16th century, "is very great and possesses many towns and
cities both along the coast and inland, and many seaports
with much sea-trade, wherein dwell many great merchants both
Moors and Leathen, who trade here in great abundance of
goods."¹²⁹ When the metropolitan mercantile bourgeoisie
came to India, they found Surat in Gujrat as "one of the
greatest marts in the world."¹³⁰ It was indeed Gujrat
which developed extensive commerce and considerable merchant
capital in the period under review. It developed close
trading links above all with Malabar which, in its turn,
became an emporium of commodities from East Africa, the Red
Sea, the Persian Gulf, Southeast and East Asia. Gujrat
itself had trading links with all these regions from the
latter 15th century onward.¹³¹ One can agree with Pires
who writes that "there is no trading place where you do not
see Gujrat merchants."¹³²

The economy of the Coromandel region embracing the
entire east coast of the Indian peninsula was no less
important. Along with other advanced regions, it developed
"a monetized non-subsistence sector, - (which had close
links with the subsistence sector in Asia as much as in
Europe), - marked by accumulation of capital and special-
ization of function."¹³³ The coastal region produced such
agricultural commodities as rice, millets, wheat, indigo,
cotton and tobacco, and such industrial commodities as
textiles, iron, steel, and saltpetre.¹³⁴ Bengal, Hindustan,
the Malabar coast, and Gujrat received cloth, foodgrains, iron, steel and other metals from this region. In its turn, it received copper, mercury, cinnabar, pepper, etc. from Gujrat, spices from Malabar, and sugar, certain types of clothes, and provisions from Bengal and Orissa. The Coromandel region had foreign markets in Persia, Arabia, East Africa, the Malay Archipelago, Pegu, Ceylon, China, etc. The indigenous merchants of this region, called Chettis, owned ships and were "very cunning in every kind of traffic in goods." Between the 16th and 18th centuries, the internal trade remained, despite continual attempts at intervention by the metropolitan bourgeoisie, "mainly in the hands of Indian merchant's capital."

The Banking System

The development of simple commodity production, the formation of the internal market, the increased trade and the rise of merchant capital in Mughal India would have been impossible without a commensurate development of the indigenous banking system. In its turn, it was a fair index of the strength of the monetary base of the Mughal economy. The amount of money in circulation in the early years of the rule of Jahangir is estimated to be no less than 250 million rupees. The total revenue collected (hasil) by the Mughal state towards the close of the 17th century is estimated to be 240 million rupees. The total number of places where
coins were struck from the time of Akbar (1556-1605) to that of Bahadur Shah II (1837-1858) was about 200. Coins in circulation were of gold, silver and copper. They were of various weights and value. However, silver was the most widespread currency and the basic unit was the rupee coin. The system of coinage was generally free. That is, any person could take bullion to the mint and get it converted into specie at a small charge. The relative values of the coins in circulation were basically linked to the current market prices of their weights in bullion. The development of an indigenous banking system was a natural consequence of the growth of the money economy and increased trade in Mughal India.

When the metropolitan bourgeoisie set up their business, they actually made extensive use of the existing indigenous commercial institutions. As the Report of the Bihar and Orissa Provincial Banking Enquiry Committee 1929-30 puts it: "When the Europeans came to India they already found in existence a highly organized system of commercial banking which was so eminently suited to the needs of the country that they found it convenient to use it for the purpose of their own trade." The metropolitan mercantile bourgeoisie did not make any serious criticism of the indigenous system either. In view of the circulation of numerous kinds of coins of different denominations or value, often minted in different places at the same time, the central figure in the
system was of necessity the shroff. As early as the first decade of the 16th century, Varthema pointed out that shroffs, or money changers, were "extremely acute in their business." 146 Tavernier paid them high tribute:

In INDIA a village must be very small if it has not a money-changer, whom they call Shroff, who acts as banker to make remittances of money and issue letters of exchange. ... All the Jews who occupy themselves with money and exchange in the empire of the GRAND SEIGNEUR pass for being very sharp; but in INDIA they would scarcely be apprentices to these Changers. 147

The primary functions of a shroff was to see that a particular coin was not counterfeit and that it did not depreciate in value by the loss of its weight through usage in the course of its circulation. 148 Thus he was called upon "to change old rupees or those which had fallen below the standard weight into the newly coined or current rupees." 149 The crucial significance of the role of the shroff as money changer derives from the fact that "every change in the value of either gold or silver bullion or of raw copper, therefore, affected the exchanges." 150 In addition to examining the purity of the coin, changing coins according to their values, and determining the value of the coins relative to their prices in bullion, the shroff also performed another function, i.e. the issuing and discounting of hundis, the equivalent of bills of exchange. The hundi was not simply a means of remittance of money; it was also a means of raising credit repayable
at a different place than where it was first drawn.\textsuperscript{151}

Since hundis were transferable in the sense that they could be bought and sold, there developed a market for them in Mughal India.\textsuperscript{152} Finally, the shroff also performed the function of an insurer. The movement of commodities was expedited by the system of insurance, indigenously called bina, which was tolerably well organized. It was widespread, and involved only moderate charges.\textsuperscript{153} A review of the above-mentioned material justifies Nehru's conclusion that "merchant capital had evolved."\textsuperscript{154}

Usury

The importance of usury as a solvent of feudal social relations and in bringing about capitalist development has been emphasized elsewhere.\textsuperscript{155} In the Indian social formation, usury constituted a legitimate means of acquiring property for the caste of the Vaishyas but not for the castes of the Brahmans and the Kshatriyas.\textsuperscript{156} The Vaishyas could practise usury in addition to serving as traders and cultivators.\textsuperscript{157} While this means that certain traders or merchants were also usurers, it does not mean that other caste or sub-caste members did not become either traders or usurers. Although Muslim jurists unanimously condemned usury in all forms, it did not disappear in the Mughal era. On the contrary, usury was practised with the full sanction of the state which provided protection to the creditor.\textsuperscript{158}
In pre-colonial India, the indigenous usurers were variously called Sahus, Sahukars or Mahajans. Besides these professional categories, merchants or shroffs too practised usury under favorable circumstances. The small peasant resorted to usurious borrowing for a variety of reasons: to pay for the land revenue, to meet additional levies, to replace draught cattle, to observe rites of marriage; etc.159 The merchant's usury took the form of advancing money to the peasant and collecting the payment in the form of commodities. Buchanan writes that "the merchants of Bangalore frequently advance them money to pay their rents, and are afterwards contented to take one half of the crop for the advance, and for interest. These advances are sometimes made six months before the crop is raised."160 This must have led to the proletarianization of the producer, i.e. his conversion into a wage laborer over a period of time.

The feudal landed interests too did not escape ruin by usury. For example, the Bengal zamindars often borrowed money from the mahajans to pay for their land revenues. "Such mahajans", writes Habib, "were in fact often ambitious of becoming zamindars themselves, taking over the zamindaris of their debtors when the latter failed to repay their debts."161 The Jagat Seths, the famous banking house in Bengal, "granted credits to the hereditary feudal landowners, the zamindars, who needed money to pay
the land tax and, then taking advantage of the zamindars' liabilities seized many of their estates. The dependence of the Bengal zamindars on the usurers must have also been due to their extravagance. This is borne out by the fact that, out of a total income of 92,000 rupees, the unproductive expenditure (viz. religion and charity, maintenance of relatives and dependents, payments to servants, etc.) of the Moysadul zamindar came to exceed 82,000 rupees, i.e. almost 90 percent of the zamindar's total income. This was true of other zamindars with lesser incomes.

Finally, that usurers became politically important is indicated by the fact that they often collected the land revenue as tax farmers. Insofar as this happened, it would corroborate Marx's statement that in the "Asiatic" social formation, usury merely gives "rise to economic decay and political corruption." One effect of the practice of usury by revenue farmers was surely obstructive of capitalist development by preventing the occurrence of the process of primitive accumulation in pre-British India. As a matter of fact, the practice actually operated to tie the peasants to the land despite their practical relegation to the position of wage laborers.

Merchant Capital: The Beginnings of its Dominance over the Commodity Crafts

The rise of the indigenous merchant bourgeoisie will
be traced in chapter 7 of this work. For the present it will suffice to note that various travellers, merchants, and others from the metropolitan states were extremely cognizant of the presence of the powerful indigenous bourgeoisie in the locations of their trading interest. 168

A corollary of the rise of the merchants was their "control over commerce and industry of the country." 169 This was expressed in manifold forms. With the broadening of the base of simple commodity production the control of the merchants, first, became manifest in the erosion of the role of the petty producers. This occurred for several reasons (viz. isolation, lack of time, complexities of market etc.). Their increasing failure to participate directly in the process of market (i.e. buying and selling) led to the increasing dominance of the merchants. Buchanan provides a more illustrative example from Mysore:

For betel nut and black pepper the merchants of Silagutta go to Codeal and Nagara. They carry with them some of the cloths that are manufactured in this country, and some tobacco which grows in the neighbourhood. Sometimes they are obliged to carry cash for a part of their cargo. They dispose of the greater portion of their pepper and betel at Wallajapetta, and of a little at the intermediate towns. From the lower Carnatic they again bring back raw silk, and other goods imported at Madras by sea. The silk they sell partly at Bangalore, and partly to the people from Balahari, Advany, and other places, who bring hither cotton-wool. These merchants take back raw silk, spices, and benjamin; but never to more than one half, and generally not to more than one quarter, of the value of the cotton-wool, the thread, and the blankets, that they
bring. The merchants of Silagutta go to a town in the Nizam's dominions, which is called Rajawully, and is situated on this side of the Tungabhadra; and from thence they bring silk and cotton cloths, which they sell either at home or in the neighbouring towns as far as Bangalore. This trade is carried on entirely with ready money. 170

With the growth of commercial activities the merchants began controlling production by the system of advancing money to the direct producers. It was a step beyond the simple process of buying the products of labor from the producers and distributing them in the market for the mass of consumers.

This system of advancing money, indigenously termed the dadan system, was undertaken either by the merchants themselves or by their appointed agents (viz. middlemen, brokers etc.). The system, as it operated, ensured the artisans' bondage to the indigenous merchant capital. 171

The rigor of the bondage, and, thus, the domination of merchant capital increased with the growing commercial intervention of the metropolitan bourgeoisie and their scramble for Indian commodities. Pelsaert, a Dutch official in India in the 1620's referred to the indigo merchants of Biana making "advances against indigo some months beforehand, binding the debtors to sell to no one else." 172 The increasing control of the merchants had important consequences. On the one hand, merchant capital was beginning to control as well as to dictate the nature, quality, or quantity of
the commodities to be produced. 173 This resulted, on the other hand, in the subjection and loss of independence of the direct producers. Their economic situation became worse than before. This process increased mercantile accumulation at the expense of the artisans. 174 On the dependence of the artisans, Buchanan provides a summary from the experience of the weavers in Mysore:

Native merchants frequently make advances for the cloth intended for country use. These persons endeavor to keep the weavers constantly in their debt; for, so long as that is the case, they can work for no other merchant, and must give them their goods at a low rate. When a merchant wishes to engage a new weaver, he must advance the sum owing to the former employer. With this the weaver buys goods to fulfill his old contract; but then he becomes equally bound to the person who has advanced the money. A few weavers are rich enough to be able to make cloth on their own account, and of consequence sell it to the best advantage. 175

The indebted artisans were "little better than slaves" working at "a very low rate" for the merchants. 176

Another way in which the merchants' control became manifest was the distribution of raw materials to the producers. 177 This transformed the producers into virtual wage laborers in spite of the fact that they retained their instruments of labor. For example, wrote Buchanan, "the makers (i.e. shoe-makers in Bihar - BKB) are very easy in their circumstances; and work chiefly by day wages for some traders, who supply all the materials. They get two or three anas a day for wages." 178 While this practice
developed in many handicraft industries, it was not as extensive as the practice of advancing money. Chaudhuri points out, in the context of his investigation of the textile industry of India, that the practice of handing out raw materials, which was similar to the putting-out system in England, developed in the second half of the 17th century, and that "it happened invariably under the influence of European trading."179

Free Labor

The growth of free labor from the ranks of the small peasants and artisans who, in the process of the historical transition from the beginnings of simple commodity production to the ripening of capitalist manufacture, are separated from their respective means of production, was not as rapid in pre-colonial India as it was in England. There were several reasons which impeded the growth of free labor in pre-British India. To begin with, there was no enclosure movement as in England. Neither was there a Parliament by means of which the landowners could transform their landrights into bourgeois rights, i.e. absolute ownership of landrights. On the contrary, the state in pre-colonial India generally continued to afford protection to individual peasants whether they were the owners or occupiers of the land which they cultivated. In a very real sense, one cannot talk of primitive accumulation in the sense of
massive and systematic expropriation of peasants from their holdings, let alone in terms of hundreds of enclosure Acts such as were passed by the British Parliament. The non-existence of the process of primitive accumulation was not, however, due to any lack of willingness or interest among the existing landed interests, especially among those at the top of the hierarchy of landownership, to appropriate for themselves as much land as they could. It was rather due to the existence of an abundance of virgin land which impeded those concerned from undertaking any enclosure. Thus the peasants continued to hold onto the lands they cultivated. Stated differently, the growth of free labor in pre-colonial India was hindered by a favorable land-man ratio until 1921 when it became unfavorable.\textsuperscript{180} The situation in Mughal India has been well described by Moreland:

During the Muslim period competition for productive land was not general; in most places land was waiting for peasants with the material resources needed for its cultivation; and an inefficient peasant might be better than none at all. In such circumstances the essence of successful administration was to keep peasants on the land, not to turn them off it.\textsuperscript{181} There was scarcely any part of precolonial India "where occupation of land had reached saturation point."\textsuperscript{182} This explains why the material motivations were lacking and the emergence of an absolute landownership on a general scale among the traditional landowners did not occur. This also
explains why the growth of free labor was retarded and why, consequently, the extent of the internal market and the base of commodity production was bound to remain limited in the last instance.

In terms of concrete experience, however, the source materials do not indicate any labor shortage. Moreland, on the other hand, states that in the 16th century and also much later, "the rural population included a large number of landless laborers." One reason for the permanent existence of a reserve of landless laborers, who would take up any work in lieu of wages for the sake of mere survival, was that, while the higher caste individuals would not themselves cultivate the land, the lower caste individuals were not permitted to hold the land. In other words, wage laborers were drawn from the reserve of the landless low caste population who earned their living as wage earners. Another source of the formation of wage labor was the increasing burdens of land taxation on the one hand and usury on the other—both eventually leading to the ruin of the small peasants.

In pre-colonial India, several forms of labor obviously existed simultaneously. First, there was the one in which "elements of hiring and feudal coercion" remained mixed. This extended to the construction of castles, mosques, fortresses, townhalls, buildings, caravanserais, etc. The second form was free hiring
for a fixed period which actually amounted to domestic servitude. The worker often became unfree because of a debt he might have incurred while in employment. It must be noted, however, that the workers were free to leave at the end of the contracted period if they did not receive any advances. Finally, there was the hiring of free labor which was widely used by farmers mostly in seed and harvest time. Payments were made either in kind or in cash. Buchanan cited examples from different places in South India. At one place, "men laborers get daily half a fanam or 3 1/4d. and women receive one half of this hire, which is seldom paid in money, but is given in Jola (i.e. a crop – BKB) at the market price." At certain places, hiring on a yearly, monthly or daily basis existed simultaneously. For example,

In the Malayar there are no slaves. Most of the labor is carried on by the farmers, and their own families. Servants are hired by the year, month, or day. A man's wages when hired by the year are annually 3 Pagodas, a pair of sandals, a blanket, and daily a meal of ready-dressed rice; worth all together about five Pagodas, or about 21. He eats another time daily, but this is at his own expense. A servant hired by the month gets half a Pagoda, or about four shillings, without any addition. The daily hire is 1/3 of a Canter – raya Fanam, or 2½d. Hired servants work from eight in the morning until six in the afternoon; but half an hour's intermission is granted, to give them time to eat some ready-prepared victuals.
The role of technology in capitalist development (i.e., manufacture as well as machinofacture) rests, in the final instance, on large-scale production by machines. But it is not in itself decisive for capitalist development because if it were decisive then the capitalist mode of production and the Industrial Revolution would have come first, not to England but to France, the latter country being superior in this respect in the mid-18th century.

As far as India is concerned, it definitely showed many signs of technological dynamism until the 16th century, and some since then.  Weber drew attention to the development of the productive forces in pre-British India. According to him, the contemporary rational number system—the technical basis of all "calculability"—was of Indian origin. Indians "cultivated rational science." Steel was invented "either in India or in Turkestan." Its method of manufacture in India "in effect made use of technological principles which were patented in Britain by two inventors only in 1800 and 1825." Cotton manufactures from the East, especially from India, were imitated in the West. The Indian technique of "printing on cloth had been copied in Britain." In particular, there was some dynamism in technological innovations and adaptations in Mughal India too. Habib summarizes:

There was no inbuilt resistance in the economic
system to technological changes. In certain spheres, such as horticulture and artillery, such changes were encouraged by the Mughal court and ruling class. In other spheres, like ship-building, a strong competitive challenge led to considerable adaptation, probably induced directly by demands from merchants. Elsewhere again - and possibly in the largest range - technical innovation was adopted by the actual producers' and craftsmen because of immediate economic advantage. Such was probably the case with the new crops in agriculture, with the new tools and devices in the textile industry, and with the introduction of the screw in metal work and belt drive in the drill. Elsewhere, as in liquor distillation or water-cooling devices, human appetite or comfort was the driving factor. 200

Given these few aspects of technological dynamism in the Mughal period, India was "definitely surpassed", argues Habib, by Western Europe in terms of technological developments during the 17th century and onward. 201

What are the criteria by means of which pre-colonial India's growing technological backwardness, insofar as it was related to the indigenous capitalist development, could be specified? Lenin, in The Development of Capitalism in Russia, provides a set of these criteria which can be utilized here. 202 According to him, at one extreme of capitalist development in the form of simple commodity production, industrial production is carried on by "totally primitive, hand technique that remained unchanged almost from time immemorial". At the other extreme of capitalist development, large scale production by machines "alone introduces a radical change, throws manual skill overboard,
transforms production on new, rational principles, and systematically applies science to production. 203 In between the two extremes there remains the phase of manufacture.

Manufacture introduces division of labor, which effects a substantial change in technique and transforms the peasant into an artisan, a "detail laborer". But production by hand remains, and, on its basis, progress in methods of production is inevitably very slow. Division of labor springs up spontaneously and is passed on by tradition just as peasant labor is. 204

If pre-colonial India's technological level is judged by the criterion of whether or not there had been "substantial changes" in the techniques of artisans' industrial production, it does seem that India was becoming increasingly technologically backward relative to the progress being made in the metropolitan countries since the 17th century. An important implication of this technological stagnation is that, so far as indigenous capitalist development was concerned, the rise of capitalist manufacture was bound to remain hindered and incomplete in pre-colonial India.

Some examples of India's vulnerability to growing technological backwardness could now be profitably cited. In the ship building industry, Indians failed to acquire certain types of skill and instruments possessed by their metropolitan rivals because they did not attempt to make pilot's observational instruments (viz. telescopes). There
was also a certain deficiency in the quality of iron materials, viz. nails or anchors. 205 Added to this was the inefficiency of the Indians in the handling of guns and cannons on ships engaged in naval warfare. 206 In the area of energy, coal was not discovered or mined. 207 In the iron and steel industry, it was charcoal, not coal, that was used. "Indigenous iron that was produced in Birbhum in Bengal was extremely malleable and for this reason it was "wholly unfit for any heavy work". The technique of production too remained "primitive". 208 In the Birbhum iron and steel industry, however, the division of labor seemed to have developed spontaneously since the mining, smelting and refining stages of production were done by separate groups of individuals, each group functioning independently of the other. 209 This was not so in the iron works in the Bhagalpur district in Bihar, where the same people were involved in the different stages of production. They neither weighed nor measured either the ore that went to the furnace or the masses of crude iron that came from it. Buchanan thus took note of "the very imperfect skill" of those working in the mines and also of "the defects in the manipulation necessary to fit the ore for the furnace." 210 In the area of basic tools and precision instruments, India remained demonstrably weak. Here the only achievement seems to have been multipurpose astrolabes which were "not only instruments for astronomical observation, but also for
fixing time and determining latitudes.\textsuperscript{211} Finally, Indians failed to introduce or imitate both mechanical clocks, which would have accelerated the social division of labor, and also book printing, which would have caused the diffusion of social and natural scientific knowledge.\textsuperscript{212}

The inevitable question in this connection is this: What were the causes of pre-colonial India's growing technological backwardness? In my opinion, there were structural constraints and objective reasons, rather than subjective individual judgements, prejudices or choices, that accounted for the progressive technological backwardness in the pre-colonial Indian social formation since the 17th century. The methodological postulate that men must first of all produce and reproduce the conditions of their physical and social existence may be utilized here.\textsuperscript{213} From this standpoint, first, the major constraint which eroded the drive to think about undertaking improvements in technology and thus dominate nature has to do with the relative economic security enjoyed by the majority of the population (who were mostly peasants). The Mughal system was designed "to produce an abundance of foodgrains."\textsuperscript{214} The peasant generally stuck to the cultivation of foodgrains in rather fertile lands that were most accessible to him. Despite an abundance of cultivable lands, he did not cultivate more than what would immediately ensured the conditions of his physical and social existence. This was probably because his surplus might have
been intercepted by the state and the ruling class or because there were not adequate markets to ensure an attractive margin of profit. The end result was that the peasant produced only enough to maintain him and his family in accordance with the traditional concept of living and to pay the unavoidable revenue demands of the state. Even when the peasant was poor, as was generally the case, in most cases he would stick to securing a basic minimum for his survival rather than work for a surplus that would have brought him a relative affluence. In a sense, to paraphrase Engels, the Indian peasant, just as the French, German or Russian peasant, dies hard. 216

Again in terms of basic food grains, the purchasing power of the urban wage workers in five cities (i.e. Delhi, Kanpur, Bombay, Calcutta, and Madras) during the time of Akbar (1556-1605) was consistently higher than that in those five cities in 1958-59. It was even considerably higher in terms of such commodities as milk, curd, ghee, and meat. 217

Thus, in the total context of the Indian social formation in Mughal times, it appears that the conditions of existence were not so threatening as to provide a compelling drive for technological inventions or innovations. This point becomes further strengthened when one takes note of the fact that India "saw an increase of barely 66 percent in 270 years, (i.e. 1600 to 1870 - BKB), whereas Europe had enhanced its population by some 140 percent in a period of 250 years."
(i.e. 1450 to 1700 - BKB). 218

Another structural constraint to technological improvements appears to have been the relative productivity of Indian agriculture. As Pavlov noted:

The favorable climatic and natural conditions in most of India's farming areas, coupled with the possibility of having 2 or 3 harvests a year of more labor-intensive and valuable crops (such as rice, sugar-cane, ground-nut and cotton) than those cultivated in Europe where only one harvest could be obtained, served to keep the Indian peasant occupied for longer periods during the year, and increase his productivity. The advantages of Indian agriculture over the artisan sector were enhanced further by irrigation which increased employment and productivity. 219

In addition, the Indian peasant used a variety of agricultural implements which were highly intricate on the one hand and which were well-suited to the existing needs of agriculture on the other. 220 The point thus remains that, because of the relative productivity of the Indian agriculture for various reasons (viz. abundance of lands, lower population growth, suitability of existing implements, fertility of the soil, availability of irrigation facilities, etc.), the drive towards improving technology remained less than what was needed to catch up with the West. 221 When the very survival of the Indian cotton textile industry was at stake during the period of colonialism for a variety of reasons, as I shall later show, the concerned Indian bourgeoisie were pushed to do the needful. "The necessary technology," says Chaudhuri, "was imported from abroad by Indian business
men themselves.\textsuperscript{222}

There were other structural constraints that created technological disincentives. These were related to the existing market conditions in Mughal India. Since there was no shortage of low paid workers, higher productivity could be secured by the use of cheap labor, without necessarily modernizing the existing technology.\textsuperscript{223} In addition, the existing high rate of profit for the merchants might have deterred them from making additional investments for modernizing the means of production.\textsuperscript{224} Again, this was probably due to the availability of abundant cheap labor. Writing at a time when the CMP was developing in the West, Marx observed that "the most fruitful soil" was not "the most fitted for the growth" of this mode:

This mode is based on the dominion of man over Nature. Where Nature is too lavish, she "keeps him in hand, like a child in leading-strings". She does not impose upon him any necessity to develop himself. It is not the tropics with their luxuriant vegetation, but the temperate zone, that is the mother-country of capital... It is the necessity of bringing a natural force under the control of society, of economizing, of appropriating or subduing it on a large scale by the work of man's hand, that first plays the decisive part in the history of industry.\textsuperscript{225}

It should be noted, however, that India "presents a noteworthy combination of tropical and temperate region conditions."\textsuperscript{226} In any case, it does not follow that the level of India's technological or industrial development was very low, as I already pointed out in chapter 1, in
relation to other metropolitan countries including England before the Industrial Revolution in the 1760s. On the threshold of the Industrial Revolution, a French scholar wrote that "in manufacturing art and industry, China and Indostan, though inferior, seem to be not much inferior to any part of Europe." These were, however, not isolated opinions. A fairer assessment of India's backwardness is that it was "relative" and "partly technological." And this gap, had there been no colonialism, was not insuperable.

**Pockets of Capitalist Manufacture**

The development of capitalist manufacture and the social division of labor remained on a lower scale in pre-colonial India due to the immaturity of the necessary material conditions in the social formation, viz. the slower growth of free labor and technology, among other things. Given this, let me turn to those cases of capitalist manufacture which developed in certain industries in pre-colonial India. Historically speaking, industrial capital originated in three areas: shipping, mining and textiles.

With extensive coastlines and a vast network of numerous interconnecting rivers and their tributaries in India, the shipping industry remained "one of the oldest engineering arts in the country." In the building of a ship 50 to 100 laborers were employed. It was the merchant
or the master carpenter who assumed the function of a capitalist. Although ships of 9, 12 or 15 hundred tons were sometimes built, their average was not less than 300 to 400 tons. Grose describes the ship-building industry at the port of Surat in Gujrat where it was organized on the lines of manufacturer.

At Surat too they excel in the art of ship-building. If their models were as fine as those of the English, of whom especially they refer the imitation, there would be no exaggeration in averring, that they build incomparably the best ships in the world for duration, and that of any size, even to a thousand tons and upwards. But their naval, like their other architecture, has always something clumsy, unfinished and un-artist like in it; otherwise the reign of their ships is much longer than that of the European-built ones: it is not uncommon for one of them to last a century, and that not so much owing to the commonly summer seas in those parts, as to the solidity of their workmanship and the nature of the wood they employ.

Like ship-building, not all diamond mining organizations grew into full-fledged capitalist manufactories. They too were subject to restraining regimentation of the state, i.e. "feudal state tenure of the land and of all it contains, the poor development of the institution of wages and of the free labor market, etc." Apart from these restraining circumstances that were obviously accompaniments of a social formation in transition, the diamond mining organizations exhibited many features of capitalist manufactories: the emergence of the merchant as industrial capitalist taking
lease of the appropriate land for a specific period of time, employment of wage laborers, simple cooperation among the laborers, and supervision over them. The number of the laborers varied from mine to mine depending on the scale of operations. It could be 50, 100 and even 60,000.

There were numerous iron and steel establishments operating throughout India. The number of those operations during the latter part of the 18th century is estimated in the neighbourhood of 10,000. The production of each furnace that worked on an average for 35-40 weeks a year is estimated to be 20 tons of iron annually. Many of them were small-scale establishments. Furthermore, some of them acquired features of capitalist manufactories. Small-scale capitalist manufactories existed in other industries as well. For example, in the weaving industry the "master weavers" apparently employed wage laborers to work for him. "Workmen that are employed in cotton cloth with silk borders make daily about a Fanam, or nearly 8d. Those who work in cloth consisting of silk entirely make rather less, or from 10/12 (6 3/4 pence) to 6/8 (6 pence) of a Fanam, according to the fineness of the work." Capitalist manufactories also developed, though not always in their full-fledged form, in such industries as glass, silk, saltpetre, sugar, etc.

IV. Conclusion: Hindrances to Indigenous Capitalist Development
The relevant source materials concerning pre-colonial India's mode(s) of production amply point to the growth of new qualitative tendencies or, alternatively, of certain preconditions for the rise of capitalism within the existing social formation. While the emergence of these new tendencies rule out any ahistorical concept of a timelessly stagnant mode of production characterized by the absence of any internal forces of contradiction and thus social change, it does not warrant any speculation about India's compulsive movement into the phase of industrial capitalism, had there been no colonial-metropolitan presence.249 Neither should one conclude that, in the absence of colonialism, pre-colonial India could not have developed industrial capitalism.250 The point is that India was colonized.

Considered in light of the totality of preconditions necessary for the establishment of the specifically capitalist mode of production, pre-colonial India's social formation was not mature or sufficiently developed. The relative immaturity of the pre-colonial social formation does not, however, warrant an underestimation of the importance of new tendencies or phenomena, for they imply the waning of the dominance of the natural economy, i.e. of the feudal mode of production. In addition, it means that, in the beginning, any new tendency or phenomenon is bound to remain weak and immature. In brief, the immaturity of the new tendencies or phenomena suggest weak capitalist
development in pre-colonial India. This, at the same time, explains the loci of colonial dominance of Britain over India. That is, the relative maturity of the conditions of capitalism in the metropolis, in contrast to the relative immaturity of those conditions in India, explains, in the final instance, the roots of colonialism. Put otherwise, the victory of Britain over India was the victory of a social formation that had the advantages of superior capitalist development in all its aspects (i.e. economic, class relational, political, and ideological). Leaving the weakness of class relational, political and ideological aspects of capitalist development for later treatment elsewhere, let me make a few observations bearing on the emergence of industrial capitalism in pre-colonial India.

If the Western European experience of capitalist economic development is of any use as a point of comparison, particularly that of Britain, it does seem, then, that the capitalist economic development of pre-colonial India was inadequate and weak. First of all, the major source of the inadequacy or weakness of pre-colonial India's capitalist economic development and, thus, a major hindrance to the indigenous capitalist development was the relatively narrow base of the commodity economy in the social formation.

Commodity production, which existed in non-communal handicrafts and in the peasant economy in the form of separate elements,
had not yet matured as such, because the sale of the agricultural products was effected for the purpose of acquiring mainly consumer goods or obtaining the means to pay off tributes. The husbandman bought goods to ensure reproduction only as an exception, while the artisans confined themselves to purchasing semi-finished products and materials (yarn, dyes, metals, wood, etc.). In other words, petty commodity production in India did not, after all, mature to the extent of providing an extensive basis for the genesis of capitalist relations. Wherever pockets of such relations did take shape in industry, they were fed (foreign trade apart) by rent, while merchant’s capital was just in the process of securing control of the existing forms of economy, without modifying the process of reproduction itself or its technology. 251

The dominance of the natural economy based on relatively productive agriculture explains the limitedness of the base of simple commodity production which, in its turn, conditioned the expansion of domestic commerce and the growth of the internal market. These did not develop adequately because the peasants, in view of the abundance of cultivable lands, remained tied to their holdings. This was so because, in view of the existence of still colonizable lands where peasants might migrate, the traditional landowners or other higher landed interests did not undertake measures—similar to enclosures in England—for their mass eviction.

In the absence of such a process the formation of free labor was naturally obstructed. This, again, restricted the expansion of the domestic market. Since the domestic market remained limited, the bourgeois elements, especially
the merchants; did not have the compelling drive to intervene in production directly. For the same reason, the growth of manufacture in its full fledged form was obstructed. The merchants and the artisans had little compelling incentive, in the absence of a large domestic market, to undertake the large scale of production implied in manufacture. This, among other factors mentioned elsewhere, slowed down the growth of technology. It was especially obstructed by the poor remuneration of the handicraftsmen who might be expected to become early inventors or innovators. The merchants lacked the incentive to modernize existing technology because of the possibility of increasing output by the employment of numerous low paid workers. The cheapness of labor power was, again, "predetermined by the low prices of the produce they consumed" (especially foodstuffs, because of the relatively high level of productivity in agriculture), and the limited volume of vital requirements in clothes and housing (which sprung from natural conditions and historically rooted moral and ethical standards)."^{252}

To sum up, the necessary conditions for the rise of capitalism or, more specifically, industrial capitalism, remained immature and weak in pre-colonial India's social formation.

The fact of the relatively stronger economic, class relational, political and ideological aspects of British capitalist development or the relatively weaker economic, class relational, political and ideological aspects of
Indian capitalist development was not due to the working
of any mysterious forces in the respective social formations.
Neither was it due to the operation of something "inherent"
over which Britain, just as any other country, had a pro-
prietary monopoly granted by the law of nature. The su-
periority and inferiority of capitalist development in Britain
and India respectively were connected with the uneven and
combined development of capital itself in Britain and India.
This, in turn, was linked to the strength or weakness of
the preconditions for the rise of the CMP or to the maturity
or immaturity of the material conditions in the respective
social formations. Such a conclusion is bound to follow
if one accepts what Marx wrote:

No social order is ever destroyed before
all the productive forces for which it is
sufficient have been developed; and new
superior relations of production never
replace older ones before the material
conditions for their existence have
matured within the framework of the old
society.\[253\]

Footnotes:
1. Anderson, Passages from Antiquity to Feudalism, p. 147.
   405-9; and Hindess and Hirst, Pre-Capitalist Modes of
   Production, pp. 201-2.
5. Lenin, op. cit., p. 12.
6. The classic statement of the concept of the village
   community, originally formulated in connexion with Fort
   St. George but widely publicized later as an actual
description of the Indian social structural units, can


15. Habib, The Agrarian System of Mughal India, p. 60.


17. Lenin, op. cit., p. 354.


21. Pavlov, Historical Premises for India's Transition to Capitalism, p. 55. This work is hereafter cited as Historical Premises.


24. The word "caste" is of "Portuguese and Spanish origin: 'casta, properly something not mixed, from the Latin Castus, chaste'... The word seems to have been used in the sense of race by the Spaniards, and to have been applied to India by the Portuguese in the middle of the fifteenth century." See L. Dumont, Homo Hierarchicus: An Essay on the Caste System (Chicago: The University of Chicago Press, 1970), p. 21.

25. I. Karve, Hindu Society - An Interpretation (Poona: Deccan College, 1961), p. 9. It should be noted that the indigenous word for caste is varna (literally color). The varna system broke down, coinciding with the rise of the feudal mode of production, around the 7th century and gave way to what may be called jati system. The word jati contextually may mean a varna, a race; a group of castes, a caste, a sub-caste, a religious or a linguistic community. Throughout this work I would, however, use the word "caste" for purposes of my analysis. For relevant details about caste in India, see the following: D. Gupta, "From Varna to Jati", Journal of Contemporary Asia, 10(1980), pp. 249-71; and "Caste, Infrastructure and Superstructure: A Critique", Economic and Political Weekly 61 (December 19, 1981), 2093-2104; A. Beteille, Castes: Old and New (Bombay: Asia Publishing House, 1969), pp. 45-8; G.S. Ghurye, Caste and Race in India (Bombay: Popular Prakashan, 1969), pp. 42-113; D.D. Kosambi, An Introduction to the Study of the Indian History (Bombay: Popular Prakashan, 1975), pp. 96-101, 132-41, and 249-62; and R.S. Sharma, Indian Feudalism (Calcutta: University of Calcutta, 1965), esp. pp. 263-73.


31. Ibid. For the development of the commodity economy under the sultanate (d.1200-1500), see I. Habib, "Non-Agricultural Production and Urban Economy", in Raychaudhuri

32. Mukherjee, *The Rise and Fall of the East India Company*, p. 211.


49. Habib, The Agrarian System of Mughal India, p. 182.
50. For excellent details, see Gupta, "Caste, Infrastructure and Superstructure", passim; and "From Varna to Jati", passim.
51. Gupta, "From Varna to Jati", p. 262.
55. Sinder, op. cit., pp. 29 and 32.
57. Damodaran, op. cit., p. 315.
60. Quoted in R.C. Khandelwal, "Kabir Panth and its Social Contents", in Ibid., p. 80.
66. "The great rebellion of the Jat peasants in the Agra-Mathura regions and the peasant struggles in central India were also inspired by the Bhakti movement."
Damodaran, op. cit., p. 322.
67. See Mukherjee, op. cit., pp. 189-90.
70. Ibid.
73. Habib, "Potentialities", pp. 70-1; and Chicherov, op. cit., p. 175.
75. As Marx said in connection with the rise of money rent: "The transformation of rent in kind into money-rent, taking place first sporadically and then on a more or less national scale, presupposes a considerable development of commerce, of urban industry, of commodity production in general, and thereby of money circulation. It further assumes a market-price for products, and that they be sold at prices roughly approximating their values ..." Marx, Capital, vol. 3, p. 797.
76. Habib, The Agrarian System of Mughal India, pp. 77 and 239.
80. Chandra, op. cit., p. 327.
81. Ibid., p. 325. See also Irfan Habib, "Aspects of Agrarian Relations and Economy in a Region of Uttar Pradesh During the 16th Century", IESHR 4(September 1967), pp. 205-32; and his The Agrarian System of Mughal India, especially pp. 157-9 and 179-82.
82. Habib, "Potentialities", p. 45.
83. Ibid., p. 46.

84. Ibid., p. 47.


90. For details see B.K. Sarkar, Inland Transport and Communication in Mediaeval India (Calcutta: Calcutta University Press, 1925), passim.; A.K.M. Faroque, Roads and Communications in Mughal India, (Delhi: Idarah-i-Adabiyyat-i-Delli, 1977), passim.

91. Moreland, Indiâ after the Death of Akbar, p. 227.


94. Naqvi, *Urbanization and Urban Centres under the Great Mughals*, p. 66.


97. Minutes of Evidence, First Report from the Select Committee on Colonization and Settlement in India, Parliamentary Papers (hereafter cited as P.P.), 1857-58 (261), VII, Pt. 1, p. 8. Note that pagination here, as in cases of all subsequent references to Parliamentary Papers in this work, refers to that of the document concerned.


106. For this characterization of the Indian towns, see D.R.

107. Naqvi, *Urban Centres and Industries in Upper India*, p. 3.


114. See chapter 2, pp. 91-4.

115. For details, see Naqvi, *Urbanization and Urban Centres under the Great Mughals*, pp. 77-138 and *Urban Centres and Industries in Upper India*, pp. 135-265; Chicherov, *op. cit.* , pp. 134-51; and I. Prakash, "Organization of Industrial Production in Urban Centres in India during the 17th century with special reference to Textile", in Ganguly, ed., *op. cit.* , pp. 44-52.


121. *Ibid.* , p. 27.


126. Chicherov, op. cit., p. 106.
127. Varthema; op. cit., p. 79.
129. Barbosa, op. cit., vol. 1, p. 108. For his summary, see ibid., pp. 154-6.
131. For extensive and excellent details see Gopal, op. cit., passim.
133. Raychaudhuri, Jan Company in Coromandel, p. vii.
134. Ibid., pp. 9-10.
135. Ibid., p. 13; and Chicherov, op. cit., p. 107.
136. Raychaudhuri, Jan Company in Coromandel, pp. 12-3; and Chicherov, op. cit., p. 108.
141. Aziza Hasan, "The Silver Currency output of the Mughal Empire and Prices in India during the 16th and 17th Centuries", IESHR, (March 1969), p. 86.
142. Habib, "Banking in Mughal India", pp. 3 and 5.
143. Chaudhuri, "Markets and Traders in India during the Seventeenth and Eighteenth Centuries", p. 144.
146. Varthema, op. cit., p. 67.
original.


149. Habib, "Banking in Mughal India", p. 5.


152. Habib, "Banking in Mughal India", pp. 13-4.

153. Ibid., pp. 15-6.


155. See Chapter 2.


158. Habib, "Usury in Medieval India", pp. 413 and 417.

159. Ibid., p. 394. See also Pavlov, *The Indian Capitalist Class*.


177. For details see Chicherov, *op. cit.*, pp. 175-80; Pavlov, *Historical Premises*, p. 135; and Habib, "Potentialities", p. 68.


180. Raychaudhuri, "A Re-Interpretation of Nineteenth Century Indian Economic History", p. 82.


186. See Habib, "Usury in Medieval India", p. 398.

187. Chicherov, *op. cit.*, p. 188.


192. A machine is "a mechanism which, worked by any motive power, excutes the elaborate movements of a technical operation, which it had previousy taken one or several men to do". Mantoux, _The Industrial Revolution in the Eighteenth Century_, p. 190.


194. For a summary of India's technological position in Mughal India, see Ifran Habib, "The Technology and Economy of Mughal India", _IESHR_, 17 (Jan-Mar. 1980), pp. 1-34. For a general survey of Indian science and technology and their originality, see Dharmapal, _Indian Science and Technology in the Eighteenth Century_ (Delhi: Impex, 1971), passim.


197. Pavlov, _Historical Premises_; p. 152.


200. Habib, "The Technology and Economy in Mughal India", p. 32. In the context of the beginnings of colonialism, it must be noted that metropolitan military technology was not overwhelmingly superior to that of any Asian country. At least, "the European challenge had not been on such a scale that Asians could not adapt to meet it". P.J. Marshall, "Western Arms in Maritime Asia in the Early Phases of Expansion", _Modern Asian Studies_, 14 (1980), p. 28.


202. See also Chapter 2.

203. Lenin, _op. cit._, p. 596.

204. _Ibid._

205. Habib, "The Technology and Economy in Mughal India", p. 16.


207. Habib, "The Technology and Economy in Mughal India", p. 23.


212. Ibid., pp. 31 and 34.

213. See chapter 1, pp. 54-5.


215. For the concept of traditional living see Marx, Capital, vol. 1, p. 171. For a discussion of this concept in India, see E.W. Kapp, Hindu Culture, Economic Development and Economic Planning (Bombay: Asia Publishing House, 1963), pp. 43-6. Here is what an official of the English Company said in connexion with Bengal peasants and manufacturers: "The food of an Indian is very simple; the diet of one is that of millions, namely rice, with split pulse and salt, to relieve its insipidity. Two and half ounces of salt, two pounds of split pulse, and eight pounds of rice, form the usual daily consumption of a family of five persons in easy circumstances. ... The necessaries of life are cheap, the mode of living simple.... The simplest diet and most scanty clothing suffice to the peasant; and the price of labor is consequently low". See Colebrooke, op. cit., pp. 20; 25 and 122. For similar observations in connection with Golconda peasants and artisans, see Methwold, op. cit., pp. 8 and 27.

216. See Engels' letter dated Oct. 29-31, 1891, to Danielson, in Marx and Engels, Selected Correspondence, p. 517.


221. See Maitra, "Underdevelopment, Marx and Marxist Economists II", pp. 269-70.


223. Ibid., pp. 179-80.


229. Maddison, op. cit., p. 32.


231. The predecessors of capitalist manufactories in India were Karkhanas, i.e. indigenous workshops.


235. For details see Quaisar, op. cit., esp. pp. 165-6. In Europe ships did not go much above the maximum range of 300 to 500 tons until after 1800. See Cipolla, Before the Industrial Revolution, p. 167.


238. Chicherov, op. cit., p. 199.


240. Tavernier, op. cit., vol. 2, pp. 59 and 75.

249. I differ from Roy in this respect. He says "In the middle of the eighteenth century, when the English merchant invaders were establishing their political domination in some parts of the country, India economically stood at a stage which under a normal course of development would have led up to modern capitalist industrialism". See Roy, India in Transition, p. 97.
250. See chapter 1, pp. 10-1 for Weber's position in this respect.
252. Ibid., p. 113.
CHAPTER FOUR

CAPITALIST UNDERDEVELOPMENT

I. Introduction

The main concern of this chapter is to analyze the destructive processes in the historical interaction between Britain and India and, pari passu, to demonstrate why Britain, the country that was more developed industrially, did not necessarily show, to the less developed, India, the image of its own future. The metropolitan-British interaction with colonial India resulted rather in a large-scale destruction and/or blockage of the existing productive forces. This undid and arrested the growth of what had hitherto been achieved, on the one hand, and generated new forces which brought about distorting transformations, reducing even farther the prospect of the reproduction in India of the advanced industrial image, on the other. Focussing on the destruction and/or blockage of existing productive forces as well as on the creation of new ones affecting the internal dynamics of India's mode(s) of production, I shall deal only with the negative impact of Capital in general and metropolitan merchant and industrial capital in particular.

II. British Merchant Capital: 1757-1833

Preliminary Remarks
The processes of consolidation of the CMP in Britain and simultaneously the constriction of its growth in colonial India, as aspects of the combined and uneven development of Capital itself, began with the British victory at Plassey on June 23, 1757, when the Company emerged as the zamindar (i.e. landlord) of the district of Twenty-four-parganas. After their victory at Buxar on June 22, 1764 the Company became the Diwan (i.e. revenue administrator) over the provinces of Bengal, Bihar and some parts of Orissa in the eastern India. Between 1757 and 1764 the foundation was laid, not of political ascendancy alone, but, more importantly, of the economic base for British external primitive accumulation,¹ further colonization and the arrest of the growth of productive forces in colonial India.² The implications of the accession of British merchant capital to political power in India were indeed enormous.

The nature of merchant capital has been stated elsewhere. The effective destruction or attenuation of indigenous productive forces in various forms (viz: serious limitations on simple/petty commodity production, restrictions on the extensions of commercial exchanges and thus on the broadening of the indigenous domestic market, facilitation of the ruin of traditional manufactures such as textiles, shipping and shipbuilding, iron and steel, etc., ruralization of existing urban centres of manufacturing industries, prevention of the further expansion of capitalist relations, and so on) took
on an absolutist dimension in view of merchant capital's direct union with political power in India from 1757-1764. This was now so because methods of power could be increasingly used to weight the balance of exchange and secure the maximum goods for the minimum payment. The margin between trade and plunder, from the outset never very sharply drawn (the original 'adventurers' often combined trade with piracy), began to grow conspicuously thin. The merchant, in any case always favorably placed in relation to the individual producer, whether weaver or peasant, to dictate terms favorable to himself, was now able to throw the sword into the scales to secure a bargain which abandoned all pretense of equality of exchange.

Let me now turn to certain aspects of the transformations, brought about by the metropolitan merchant, that generated, in varying degrees, the destruction and attenuation of various productive forces and, consequently, a real retrogression in colonial India.

Conquest

The development of colonialism was the structural outcome of the rise of capitalism in the metropolitan countries, especially in Britain and France, and the consequent rivalry between them over the subjugation of India. The external factor became operative in conjunction with the internal circumstances obtaining in India. There had been no centralized state structure since the death of Aurangzeb in 1707 to curb or altogether stop the expansionist moves of the metropolitan mercantile companies. In addition,
India was not a nation-state. Neither its bourgeoisie nor nationalism was developed in any significant sense. Colonialism or the metropolitan Raj, was, thus, in this sense, inevitable. But this does not mean that the concept was not conceived earlier. For example, Josiah Child made the following remarks in the 1680s:

That which we promise ourselves in a most especial manner from our new President and Council is that they will establish such a Politie of civil and military power, and create and secure such a large Revenue to maintain both at that place, as may be the foundation of a large, well-grounded, sure English Dominion in India for all time to come.5

The Raj came as Child seems to have predicted. It also came as Munro anticipated it in the 1790s.6 The Raj, of course, did not grow suddenly; the pace of its growth varied from time to time. But it grew inexorably. It grew through conquests and wars, most more importantly, through the Mysore Wars (1767-1769, 1780-1784, 1790-1792 and 1799), the Maratha Wars (1775-1782, 1803-1805 and 1817-1819), and the Sikh Wars (1845-1848 and 1848-1849).7

The Raj would grow through subsidiary alliances by means of which the local princes were to purchase peace and order and security for men, money or territory. Marx wrote in 1853:

As to the native States, they virtually ceased to exist from the moment they became subsidiary to or protected by the Company. If you divide the revenue of a country between two governments, you are sure to cripple the resources of the one
and the administration of both. Under the present system the native State's succumb under the double incubus of their native administration and the tributes and inordinate military establishments imposed upon them by the Company. The conditions under which they are allowed to retain their apparent independence are, at the same time, the conditions of a permanent decay, and of an utter inability of improvement. Organic weakness is the constitutional law of their existence, as of all existence living upon sufferance. 8

The last important indigenous state to disappear was Oudh, which represented one of "the largest, richest and strategically most important" 9 of the political systems that arose after the decline of the Mughal state. As a subsidiary ally, it began suffering erosion of its independence and territory in varying degrees since 1765 when the Company "started the century-long process of tapping progressively larger amounts of its surplus wealth." 10 It was annexed on the grounds that "the British Government would be guilty in the sight of God and man if it were any longer to aid in sustaining by its countenance an administration fraught with suffering to millions." 11 On February 8, 1856, Dalhousie, Governor-General from 1848-1856, wrote: "So our gracious Queen has 5,000,000 more subjects and £1,300,000 more revenue than she had yesterday." 12 By the end of May, 1857, there took place in Oudh "nothing less than a national uprising." 13

Plunder

The accession of metropolitan merchant capital to
political power in 1757 in reality led to the rise of 'plunderful times' or the decades of 'the conquistadors' and 'the shaking of the Pagoda Tree'. With the progress of colonialism, this more visible form of plunder was to abate, especially by the 1790s. These first few decades were of crucial importance in terms of the rise of industrial capitalism in Britain and the underdevelopment of the forces of capitalism that had been nurtured to this point in India. A massive transfer of resources or economic surplus from India to Britain took place precisely at the time when the latter was experiencing an accumulation crisis. It was so because of the drying up of the Brazilian source of British gold since 1760, of the American War of Independence in the 1770s, and of the economic depression between 1762 and 1789 in the entire British dominated international economy. It was precisely at this point that metropolitan "primitive accumulation went on without the advance of a shilling. As Marx puts it:

During the whole course of the 18th century the treasures transported from India to England were gained much less by comparatively insignificant commerce, than the by direct exploitation of that country, and by the colossal fortunes there extorted and transmitted to England. Plunder took on many dimensions and involved all, whether the officials of the Company individually or the Company itself as a collective entity. It may incidentally be noted that all those who came to India in the 18th century to get
rich quick, officials or not, regarded themselves as merchants. 18

One form of plunder which followed conquests or wars was the distribution of prizes in order to reward "British heroism." 19 Another form of plunder was the collection of presents by putting up and pulling down of the Nawabs of Bengal at the pleasure of the merchant-officials of the Company. 20 In 1773, the British Parliamentary Committee estimated the total value of presents received between 1757 and 1765 at £2,169,665. 21 Clive, governor of Bengal from 1765 to 1767, became perhaps the wealthiest subject of the British Crown. 22 The distribution of presents ceased by the 1770s, although there remained "still a luxuriant undergrowth of unacknowledged incomes, often involving extortion from Indians or defrauding of the Company, in every branch of the civil service." 23

In view of the increasing revenue demands of the colonial state, a form of plunder that grew up with intensity was the usurious practices of the metropolitan bourgeoisie, which ruined the landed aristocracy and the peasants who were to bear eventually the exactions when the burdens were successfully passed on to them. This led to a decrease in cultivated areas, the flight of peasants, the decline of agriculture, the destruction or blockade of actual or potential capitalist relations, etc.

The practice of borrowing in advance of their
receipts seems to have been universal among zamindars, their needs presumably providing much of the business of the bankers of pre-British Bengal. Shortly after Plassey, Englishmen began to explore the possibility of making such loans themselves. Luke Scafton, Clive's first Resident at Mir Jafar's court, got back Rs. 90,000 on Rs. 50,000 which he had advanced to the zamindar of Rajshahi. ... Servants in the Revenue Department evidently regarded loans to zamindars as a customary perquisite. ... Captain Mackenzie, who was stationed in Rangpur with a detachment of sepoys, made loans to zamindars there in 1769 and 1770 at 60 percent (5 percent a month) rising to 168 percent (14 percent a month). The dowager Rani, in whose name a portion of the Burdwan zamindari was managed, was charged 2 percent a month, regarded as moderate interest on zamindari loans, on a sum of Rs. 170,000 put up in 1773 by a syndicate of Europeans. 24

The usurious plunder was not confined to Bengal alone. It spread to Oudh where the Wazir (i.e., the King) "borrowed money from private Europeans, in some cases at 48 percent (4 percent a month). By 1778, he had built up a debt to private English creditors of over twenty-six lakhs. 25 No less important were the cases of Carnatic and Tanjore, and of Hyderabad in south India. In the former, the metropolitan "parasites": included Paul Benfield, several Directors of the Company, and at least 13 members of the British Parliament in July 1784. 26 In Marx's words, the sum and substance of the plunderous usury was this:

First case brought before the scamp Dundas; the debts of the Nabob of Arcot (alias Mohammed Ali; of the Carnatic). This Mohammed Ali, a libertine and reveller and debauchee of the worst kind, borrowed large sums from private individuals, whom he repaid
by assigning to them the revenues of considerable tracts of land. The lenders (alias English swindler usurers) found this 'very advantageous'; it established the 'vermin' at once in the position of large landowners and enabled them to amass immense fortunes by oppressing the ryots (i.e. the peasants — BKB); hence tyranny — the most unscrupulous, too — towards the native peasants of these upstart European (i.e. English) zamindars! Entire Carnatic ruined by them and the Nabob. 27

In brief, the progress of simple commodity production was both undone and arrested.

Similar was the case with Hyderabad state, a subsidiary ally of the British since 1789. Here, the Nizam of the state fell into debt because of heavy expenses for the maintenance of the praetorian guards—subsidary troops—and because of the mismanagement of his prime minister, Chandu Lal, again an appointee of the British Resident Henry Russell at Hyderabad from 1811 to 1820. The joyous catchword "Nizzy pays for all" 28 sums up the pressures on the available surplus. The British armed force was employed to put down the rebellion against further revenue collection by those peasants who were still there. 29 When all resources dried up, the mercantile farm of Palmer and Co. emerged apparently to develop the timber resources of the state. 30 With the assistance of the British Resident, "Palmer and Company almost became the rulers of Hyderabad, collecting revenue and not infrequently besieging villages for payment." 31 The agents of Charles Metcalfe, who succeeded Russell as Resident in 1820, brought to light that Nizam's debt to
Palmer and Company totalled about Rs. 8.5 million.\textsuperscript{32} Metcalfe discovered "decay and depopulation" everywhere in Hyderabad.\textsuperscript{33} A sum of Rs. 78 lakhs was paid to the firm by the Bengal government on Nizam's behalf by 1823 although controversies over large arrears of interest claimed by the creditors continued for a long while.\textsuperscript{34}

A form of plunder by the officials/merchants of the Company, until about the Permanent Settlement (1793) in Bengal, was the collection of more revenue from the zamindars or peasants than was deposited to the Company. The Company's collection itself went up by leaps and bounds, the total land revenue collection rising from £646,000 in 1762-63, to £1,470,000 in 1765-66, and to £2,680,000 in 1790-91.\textsuperscript{35} So the private exactions were additional. These exactions of agricultural surplus "could take many forms from simple embezzlement of money before it reached the Company to the levying of extra cesses for the personal profit of the European collector or the extraction of presents from zamindars."\textsuperscript{36} In 1770 a widespread famine carried off "at least One-Third of the Inhabitants of the Province" and resulted in "the consequent Decrease of the Cultivation."\textsuperscript{37} By 1770's the destruction of the landed aristocracy had begun.\textsuperscript{38} The exactions on the surplus revenue expedited further the ruin of agriculture by officials' involvement in the revenue farming, although it was officially banned from 1776. The participation of the British in
revenue farms actually increased, especially after 1772, when the Company put much of Bengal under temporary farmers. But more circumspection was required than before. Farms in which Europeans were involved were generally held in the name of an Indian agent, usually that of the European’s banian (trader or middle man -- BKB). The existence of clandestine European revenue farms was made public in 1775, when investigations were begun by the new Supreme Council. The Collector of Monghyr in Bihar admitted that he farmed part of the area under his jurisdiction through his banian; the Collector of Sylhet (in East Bengal -- BKB) did the same, and a pargana in Burdwan was also farmed by a Company servant in the same way. 39

In 1789 Cornwallis, governor general from 1786 to 1793, indicated a compelling reason for the permanent settlement of land revenue: "I may safely assert that one-third of the Company’s territory in Hindostan is now a jungle inhabited by wild beasts." 40 The question of the growth of agrarian capitalism was indeed something that can hardly be raised. Bentick, governor general from 1828 to 1835; wrote in 1829, while wondering over "the actual state" of India:

Is not the agriculture of the country, in most places, conducted with a beggarly stock and without skill or enterprise? Are not its manufactures generally in a degraded condition? Is not commercial intercourse spiritless and ill-informed? 41

Plunder extended to Oudh also. In ensuring the collection of Oudh’s payments to the metropolitan regime, the colonial military officers themselves became revenue collectors. The "most notorious" of them was Alexander Hannay "who ran the district of Gorakhpur for a few years as his personal fief." 42
He departed in 1781 with £200,000. The case of Oudh, along with that of Benaras, in northern India, as a matter of fact, represents a glaring example of plunderous exactions by both the Company and its official agents.

A form of plunder was the exorbitant salary which the colonial state liberally allowed to the metropolitan employees. Before Clive (1757), the average emoluments of the British civil servants in Bengal was under £150 a year per person. By 1783 it reached the figure of £2,261 a person. Even by standards of British public life this was "very high indeed." Before Clive the Governor was paid £2,300. By about 1773 his emoluments reached about £25,000 a year at which it was fixed by the Regulating Act (1773). The salary of Cornwallis as governor general of three presidencies and as commander-in-chief of Bengal was £31,000 which amounted to over $300,000 in current value.

External Primitive Accumulation: Non-Equivalent Exchange, and the Strengthening of the Metropolitan and Colonial Relationship

The importance of that immense Empire to this Country is rather to be estimated by the great annual addition it makes to the wealth and capital of the Kingdom, than by any eminent advantages which the manufacturers of the country can derive from the consumption of the Natives of India.

The character of metropolitan-colonial intercourse basically changed after Clive since "methods of power could be
increasingly used to weight the balance of exchange and secure the maximum goods for the minimum payment." It was now a completely unequal intercourse in the sense that Britain began exporting resources, whether in the form of commodity or bullion, without importing any equivalent into India. As Vernest, governor of Bengal from 1767 to 1769, said: "Bengal, like other subjected provinces, must yield its tribute; but experience will inculcate the necessity of moderating our demands, that the country may be enabled long to continue this payment."

The decline of Bengal, not only in terms of the outflow of its resources in exchange for nothing but also in terms of having to experience a drastic reduction of its internal trade and handicraft manufactures, began noticeably with Plassey. This was predictable from what Clive wrote to the Company masters in 1765 upon the grant of the diwānī over eastern India. After meeting necessary costs such as Nawab's allowance (Rs. 42 lakhs), tribute to the Mughal King (Rs. 26 lakhs) and the Company's peacetime civil and military expenses (maximum Rs. 60 lakhs) out of a possible total revenue of Rs. 250 lakhs in the ensuing year, Clive wrote:

there will be remaining a clear gain to the Company of 122 Lack of Sicca Rupees, or £1,650,000 Sterling, which will defray all the Expenditure of the Investment, furnish the Whole of the China Treasure, answer the Demands of all your settlements in India, and leave a Balance in your Treasury. Besides, in Time of War, when the Company may be subject to the Invasions of Bodies of Cavalry,
we shall, notwithstanding, be able to collect a sufficient Sum for our Civil and Military Exigencies, and likewise for our Investments. ... What I have given you is a real, not imaginary, State of our Revenues, and you may be assured, they will not fall short of my Computation. 52

As explicit in Clive's letter, there emerged a non-equivalent exchange in the sense that the company's investment (i.e., purchase of commodities) in India and elsewhere could now be made out of the available colonial surplus revenue, mainly from land, without "any Remittance from England." 53 This continued until 1813. 54 This aspect of the Company's unilateral appropriation of colonial surplus received a classic formulation in the Ninth Report (1783):

When an account is taken of the intercourse (for it is not commerce) which is carried on between Bengal and England, the pernicious effects of the system of investment from revenue will appear in the strongest point of view. In that view, the whole exported produce of the country, so far as the Company is concerned, is not exchanged in the course of barter, but is taken away without any return or payment whatsoever. 55

It is no wonder that exports from India increased very disproportionately compared with imports, as the following table indicates.
Table No. 4.1

Anglo-Indian Foreign Trade
1766-1805
(in thousands of Pounds Sterling)

<table>
<thead>
<tr>
<th>Annual Average</th>
<th>Indian Imports from Britain</th>
<th>Indian Exports to Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1766-1771</td>
<td>399</td>
<td>1,562</td>
</tr>
<tr>
<td>1772-1777</td>
<td>392</td>
<td>2,149</td>
</tr>
<tr>
<td>1778-1784</td>
<td>363</td>
<td>1,826</td>
</tr>
<tr>
<td>1785-1791</td>
<td>493</td>
<td>1,765</td>
</tr>
<tr>
<td>1792-1798</td>
<td>670</td>
<td>3,109</td>
</tr>
<tr>
<td>1799-1805</td>
<td>1,586</td>
<td>2,770</td>
</tr>
</tbody>
</table>

Source: Frank, World Accumulation, p. 164.

A simultaneous result of the rise of colonialism was India's integration into the world market, in particular into a multilateral trading system which was dominated by Britain but in which, at the same time, India emerged as a financial base of Britain.

The main nexus in this multilateral system was provided between India, China, and Britain, and on the other by Britain, China, and the United States. The reciprocal international-payment arrangements between these trading partners were naturally determined by the balance of indebtedness among them. Since Britain occupied a large creditor position vis-à-vis India, who herself had a similar position in relation with the rest of the world, Britain was able to increase her imports from these areas while at the same time she increased her exports to India. Thus apart from being a source of raw materials and a potential market for Britain's industrial products, India was of vital significance in a strictly financial sense. 56

In the triangle of India-China-Britain, India was the starting point, Britain the receiving end, "while China a midway station in the India-to-Britain wealth movement." 57
The China investment of the East India Company, which had a monopoly of China trade until 1833, expanded by five hundred percent in seven decades (i.e. £4,365,847 in 1761-1770 to £19,098,326 in 1821-1830), "without developing a corresponding expansion of the Chinese market for British manufactures." In these investments between 1761 and 1833, more than 90 percent was payment for Chinese tea. The consumption of tea produced for the British exchequer one tenth of Britain's total revenue, the annual average of revenue on its tea account being £3,433,355 in the 24 years between 1814 and 1837. In order to buy Chinese tea and raw silk, the Company had to send, in addition to woollens, "large quantities of silver to China in order to balance its trade." After the rise of colonialism in India, this need was largely eliminated. The Chinese import of British silver became drastically reduced by 1791-1799 and was negligible from the onset of the 19th century. Indian silver and commodities such as raw cotton and opium began to move from India to China in payment for the expanding British imports of Chinese tea. Indian exports to China progressed rapidly. In the total of all British-Indian imports into China, the share of Indian goods rose from an estimated 24.3 percent in 1761-1770 to 83.6 percent in 1821-1830. The annual average of Indian exports of opium to China rose from 2,043.5 chests in 1795-1800, to 11,423 chests in 1821-1830 and to 24,355 chests in 1831-1840.
In any case Indian exports to China swelled because of the necessity of remitting metropolitan accumulation in India and because India was indebted to Britain for the purchase of British administration and manufactures. One result of the new alignments was that, in view of Indian exports of opium to China, Chinese silver now began to flow to both India and Britain. It is needless to emphasize that in this regional arrangement of the world market India's integration was a structural result of the rise of colonialism. Alternatively, put:

There was no lack of ingenious mechanisms to first convert Indian opium, cotton, and other goods into Chinese silver, and then, convert the silver into pound sterling through the instrument of Chinese tea. ... At last we see the equilibrium in the trade triangle under review, namely: Indian opium for the Chinese, Chinese tea for the Britons, and British Raj for the Indians.

There is no consensus as to the amount of external metropolitan accumulation in India, especially in the formative years of the rise of industrial capitalism in Britain and colonialism in India. But Indian surplus continued to flow, in all years, in varying amounts to Britain:

There can be no denial that there was a substantial outflow which lasted for 190 years. If these funds had been invested in India they could have made a significant contribution to raising income levels.

In the decades following Plassey, metropolitan primitive accumulation occurred mainly in Bengal until about the early 1790's. It has been stated in chapter 3 that the Company
earned between £40 and £36 million in gross profit in the five years before Plassey. Digby estimated that the drain of economic surplus from India amounted to £1,000 millions between 1757 and 1815. Knight's estimate was £2,100 millions between 1757 and 1842. Griffiths put the figure at £60 millions for the period 1757-1813.

After 1813, when the Company was freed of its monopoly over Indian trade, metropolitan accumulation took the form of Home Charges. The constituent items of "Home Charges" were variable, depending on the exigencies. Such items as these were subject to Home Charges: dividends of the proprietors of the East India Stock, interest on Home debt (i.e. debt incurred in England by the Company), cost of transporting troops from Britain to India and back, the furlough and retired pay to military and civil officers, salaries of officials in the Home Department of the colonial state, etc. It is important to note that the entire amount in Home Charges was not drain or tribute. A portion of it, the amount varying from year to year, certainly was. A recent analysis by Chaudhuri summarizes the extent of "capital export" (i.e. Home Charges and private fortunes) from India between 1814 and 1858:

The East India Company's Home Charges were naturally the largest amount in the capital account. The various breakdowns of the Home Charges are given by Crawfurd, and between 1814 and 1858 these amounted on an average to £8.5 million. The private export of capital was estimated by Prinsep to be about
£1 million in 1822. In addition, the Government of India was frequently asked by the Court of Directors at home to remit further sums in order to liquidate part of the public debt incurred on behalf of the Indian Government. Thus in all, it would seem that India had to meet an annual capital export of £5-6 million. India's very large export surplus on merchandise balance of trade throughout the period was clearly the result of this unilateral transfer of funds, and it is also evident that she effected the transfer by a multilateral payment system. 

The continuous outflow of economic surplus from India provides substance to the argument that British "investment in India was entirely financed from India." 

Obstacles to the Further Growth of Indigenous Simple Commodity Production and Primitive Accumulation: The Case of Monopoly and Manipulation of Domestic Trade and Market

The massive predatory intervention of the metropolitan bourgeoisie, coinciding with their acquisition of political power, nowhere more seriously impeded the further growth and progress of indigenous simple commodity production and primitive accumulation than in the diwani provinces where colonialism first sprouted. Here the metropolitan bourgeoisie, armed with political power and thus freed of shackles, revealed what is inherent in Capital: "Accumulate, accumulate. That is Moses and the prophets." In light of this, it is not unexpected that "European trading was not only being conducted with a use of force that would have been impossible before Plassey, it was also openly.
invading areas which the Nawabs had previously tried to protect. The Bengal regions faced a situation of double jeopardy from the massive intervention by both the Company itself and its officials as private traders. If the effect of this was to expedite the process of accumulation and capitalism in the metropolis, in the case of colonial India, it was just the reverse. The events that followed Plassey indeed, while revealing the reality of Capital, "shattered both law and logic." The Ninth Report (1783) summarizes:

The servants, therefore, for themselves or for their employers, monopolized every article of trade, foreign and domestic; not only the raw merchantable commodities, but the manufactures; and not only these, but the necessaries of life, or what in these countries habit has confounded with them, — not only silk, cotton, piece-goods, opium, saltpetre, but not infrequently salt, tobacco, betel-nut, and the grain of most ordinary consumption. In the name of the country government they laid on or took off, and at their pleasure heightened or lowered, all duties upon goods; the whole trade of the country was either destroyed or in shackles.

This monopolistic control affected not only Bengal's internal trade but its trade with other regions (viz. Malabar coast, etc.) also. This also marked the beginnings of the supplanting of the indigenous bourgeoisie: Their independent emergence and operation now became impossible.

The development of capitalism from the indigenous productive forces (viz. expansion of simple commodity production, commerce, market, etc.) was also obstructed because of the magnitude of the expansion and the continued
outflow of the Company's investment (i.e., purchase of Indian commodities out of surplus Indian revenue) until 1813. The growth and consolidation of the Company's monopolistic control was a result of compulsive investment, and practically all indigenous commodities producing attractive profit passed through the Company's hands. 80

The urgency of investment and thus control over internal trade are reflected in Verelst's remark in the early 1770s that London could become "the great emporium of Europe, for the various produce of the East." 81

Further Obstacles: The Case of Internal Duties

Between 1788 and 1795 India's internal trade "enjoyed comparative freedom owing to the abolition of the Government customs." 82 But the respite was temporary and new forces that promoted deindustrialization and ruralization soon took over. Almost simultaneously several other constraints became operative. These were, for example, the growth of internal duties, the imposition of tariff duties (on exports from and imports into India) favorable to Britain, and the exclusion of certain Indian manufactures from the markets of Britain and other British colonies. These factors both destroyed on a large scale the indigenous capitalist development which had occurred in pre-British India and introduced such transformations (viz. deindustrialization and ruralization) which prepared the grounds for
making India's mode(s) of production complimentary to that of Britain. The results of the dominance of capitalist development in the metropolis and its operational effectiveness in colonial India can be aptly summarized by what Baran called "industrial infanticide." In this section I concentrate on the internal duties insofar as these were destructive of indigenous capitalist development in various forms. I focus on the situation in the Bengal presidency, which was no better, and possibly worse, than in other presidencies. Mughal India was no exception with regard to the imposition of internal duties in the form of sayer (i.e. various kinds of imposts and taxes other than land revenue) or in the form of rahdari (i.e. road patrol charge or transit duties). Generally speaking, the Mughal Kings abolished or attempted to limit the imposition of such duties in order to encourage internal trade and indigenous manufactures.

In British India, internal duties were of two types: transit duties levied on commodities in movement from one place to another, and town duties levied on commodities moving in or out of specified towns or cities. Between 1795 and 1801, and especially thereafter, internal duties, along with tariff duties, came to be a burden on most aspects of indigenous capitalist development. One result of this new situation was this, as an Indian analyst summarizes: "Until 1815 Indian goods had not been discriminated against. From
then onwards British goods in particular and European goods in general began to enjoy preferential treatment over our own goods in our own market." 85 Consider, for instance, the case of the transit duties. First, in the indigenous system these could "never seriously" interrupt commercial intercourse between neighbouring places. In contrast, an official report says: "Under our system, the duty is so heavy as seriously to interrupt commercial intercourse between neighbouring places, which are cut off from each other by the intervention of chokees (i.e. custom or toll stations-- BKB)." 86 Second, under the indigenous system the merchants were required to take pass or rowannah only once for transit of their commodities from one place to another in the entire region such as Bengal. 87 "Under our system, they must invariably be procured, often from a great distance, before any goods liable to duty are allowed to pass a chokee, and afterwards they must be renewed as often as the goods change their form, or are divided, or the pass becomes out of date." 88 Finally, in the indigenous system duties were levied according to general denominations of quantity and kind, and this required no excuse of search and detention.

Under our system, an exact correspondence is required between the goods and the written description of them which is contained in the pass; and as every chokee officer is separately charged with the duty of ascertaining, and certifying on the back of the pass that this correspondence actually exists, an almost unlimited power of extortion is conferred on a large body of ill paid native officers. 89
Hence the Report of Commissioners relative to the Customs and Post Office System concluded that in all three aspects the system introduced by the British was "decidedly inferior" to the indigenous one. Under Regulation X of 1810, the number of commodities subjected to transit duties in Bengal presidency was 243. The duties were levied at different rates: 2½, 5, 7½ and 10 percent. This Regulation X of 1810 was to remain, with modifications from time to time, in force until 1836 when both transit and town duties were abolished in the Bengal presidency.

The impediments that restricted the rise and progress of the productive forces favorable to indigenous capitalist development were numerous. One prime impediment in the way of indigenous capitalistic development was the transit duties which brought about the decline of the traditional industrial manufactures as well as of the market towns. This, in its turn, promoted ruralization by displacing the manufacturers and resettling them as small peasants on lands that were still available until about the 1860's and 1870's. To elucidate the impact of this "utterly barbarous" system in the words of Trevelyan from his Report (1834):

The injurious effect of internal duties on the progress of a country in wealth and improvement, therefore, mainly consists in their preventing the natural distribution of its resources to the most profitable employments. . . . Instead of forming one great market, sufficiently extensive to admit of a considerable degree of development of the national industry, the interior of the
country is split up into a number of petty markets, each of which, standing alone, is quite unequal to afford it due encouragement. As far as the interests of the productive classes are concerned, the presidency (i.e. Bengal--BKB) is virtually dismembered and placed in the condition of the petty German states, which being shut in on every side by cordons of custom houses, offer a very limited scope for the extension and improvement of agricultural and manufacturing industry. ... The intercourse between adjoining districts in the interior is positively burthened with heavier duties than the trade between England and India. ... Under present circumstances, the power of carrying on business on a large scale, of using expensive machinery and engaging numerous labors, is contradicted in an infinite degree; employments cannot be subdivided and improved, industry languishes and a general tendency exists towards that barbarous state of things in which everybody is obliged to produce and manufacture everything he requires for his own consumption. ... If it were desired to depress the productive powers of Indian industry to the greatest possible extent, could any scheme be devised for the purpose more effectual than this? ... If the effect which these restrictions have in depressing its productive powers were properly understood, people would no longer wonder at the low state of Indian manufacturing industry.

The constraints on the formation of a unified market, on the extension of commodity production on a larger scale, on the expansion of the social division of labor, in brief, on the productive forces, constitute one facet of the blockade of indigenous capitalist development. The other facet was the hindrance to, if not outright destruction of, the simple or petty commodity production that grew over the years before the rise of colonialism. The transit duties expedited especially the decline of the small capitalists
who were principally employed in carrying on the internal trade. The blockade of indigenous capitalist development received further stimulus in view of the additional aggravation created by the tariff system which, as will be shown later, only contributed to the rise of the industrial capitalism in the metropolis. It is no wonder that indigenous cotton manufactures, among others were "almost entirely superseded in the market of the world" or were "on the point of sinking before the unequal competition even in the market of their own country" between 1813 and 1833. India emerged as "a protected market for the British bourgeoisie and for products made in Britain."

Town duties were levied by the Company in Bengal as far back as 1757-58. Between 1795 and 1810 town duties were levied in all important commercial towns or cities in Bengal, Bihar and northern India. It is to be noted that the payment of town duties in one town did not mean exemption from similar payment in another town. In 1829, however, 19 towns were subjected to town duties in the above-mentioned region. The imposition of town duties led to the same results as the imposition of transit duties. Apart from its despirting effect on the entrepreneurial small merchants by means of extortion, delay or detention in the hands of the underpaid subordinate Indian officials, the town duties obstructed both internal commerce and manufactures.
The most serious evil of all, however, to the inhabitants of the taxed towns is, that they are virtually excluded, by this partial impost, from participating in general trade. The town duty tariff includes salt, sugar of every description, tobacco, ghee, betelnut, turmeric, oil, oilseeds, and pulse, all of which are great staple articles of trade. These articles cannot be brought to any of the taxed towns without being subjected to an extra duty of from 5 to 10 per cent., and merchants do not, therefore, resort to them at all when they can avoid it. Large-scale manufacture in the towns became "simply impossible or uneconomical." This also explains how the growth of indigenous entrepreneurship was thwarted. The general effect of the town duties was to drive away manufacture and commerce from the towns concerned and, thus, cause their ruralization. The internal duties were abolished, however, between the late 1830s and 1840s. But by this time colonial India was already in the process of such transformations as to make its mode(s) of production complimentary to that in the metropolis.

III. British Industrial Capital: 1830s - 1870s

Preliminary Remarks:

The Beginnings of Penetration

The beginnings of the erosion of merchant capital and its eventual subordination to industrial capital were as much manifest in Britain as in colonial India. Even before Plassey (1757), the Company, representing metropolitan
merchant capital, was subject to certain restrictions in the interests of the British industrial bourgeoisie or the nation state as a whole. For example, "limits were placed on the Company's borrowing, and the type of goods which it took to the East, the cargoes it brought back and the way in which it disposed of these cargoes were all regulated according to some concept of the national interest." ¹⁰¹

A fair indicator of the progress of industrial capitalist development in the metropolis and, hence, of the erosion of merchant capital's dominance is that, by the 1780s, the first generation of converts were seeking to translate free trade into practice. ¹⁰² It should be mentioned that in the decades between the 1760s and 1790s there were many years of economic depression in Britain. In 1788, Lancashire and other cotton interests clashed with the Company, and the former succeeded in securing a promise from the latter of bringing raw cotton to the British manufacturers. ¹⁰³ Against the background of economic crises in the early 1790s, various factions of the metropolitan industrial bourgeoisie (i.e., shipping, metal, textile, etc.) coalesced again to press the Company with various demands (viz. prohibition of the import of certain Indian textile manufactures and, thus, protection of the metropolitan home industry, guarantee of export of certain British manufactured commodities, import of certain raw materials, reduction of freight, etc.). ¹⁰⁴

Although they did not get all they wanted, the
exclusive monopoly of the Company was broken for the first time in 1793. Once set in motion, the movement of metropolitan industrial capital appeared inexorable, and its decisive moment came in the early 1810s when the Company's Charter was again up for renewal. In the face of the organized campaigns of British merchants and manufacturers, the Company had to surrender the monopoly of the Indian trade under the Charter Act of 1813. But it should be noted, the Company's merchant role still remained. That is, metropolitan merchant capital, as represented by the Company, still continued to operate, but in subordination to metropolitan industrial capital. As a natural corollary, the Company's trade declined and private trade was constantly on the rise between 1814 and 1829. In addition, the Company's Indian accounts showed a deficit. The ground was thus prepared for the eventual abolition of the mercantilist role of the Company at the next renewal of its Charter. The manufacturing interests of England won the complete freedom of trade in India. Most of the less than 150 members who attended the Charter debates in the British Parliament were hostile to the Company. Thus, by 1834, metropolitan merchant capital, as represented by the Company, quietly disappeared. The point of importance is that the transformations in the mode(s) of production of India were now, as will be shown, subject to determining controls of the metropolitan industrial capital. It should
be recalled that merchant capital, as an independent form of capital, was "fatally undermined by the parliamentary reforms of the 1830s and finally smashed by the Repeal of the Corn Laws in the 1840s."\textsuperscript{111} By 1858, the Company's political role as well disappeared altogether, the Indian administration having come directly under the aegis of the metropolitan state. But this transition did not occur without the transfer of a substantial surplus to compensate the metropolitan bourgeoisie. The total, amounting to a purchase price paid by India for the surrender of the Company's rights and properties, stood at £37,200,000.\textsuperscript{112}

Deindustrialization and Peasantization: Some Case Studies

Having stressed the freedom of penetration of metropolitan industrial capital into India it is worthwhile to examine its destructive aspects in terms of deindustrialization (i.e. the disorganization or disestablishment of the traditional handicraft industries and the reduction in the number of employed artisans) and peasantization (i.e. the process of the artisans turning into peasants) effects. This lends some content to the thesis that India was obstructed in its passage "from mercantile capitalism to industrial capitalism."\textsuperscript{113} The consequences of deindustrialization and peasantization or the process that compelled "the Indian weaver to exchange his loom for the plough"\textsuperscript{114} indeed caused transformations of immense significance in India's mode(s)
of production. In an important sense, they introduced distortion into the course of Indian capitalist development. The beginnings of this distortion or, alternatively put, dependent capitalist development were articulated, in a way, by Larpent before a Select Committee of the British Parliament in 1840. He stated that:

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this Company has, in various ways, encouraged and assisted by our great manufacturing ingenuity and skill, succeeded in converting India from a manufacturing country into a country exporting raw produce.
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The fact of the matter is that colonial policies, in the decades of the growth of industrial capitalism in Britain and also later, were subject to the primary constraints derived from and the demands set up by industrial capitalist development in Britain. As a result, the decline of the indigenous handicraft industries was inevitable.

The most important branches of the textile industry in pre-British India were cotton and silk manufactures which began dominating British home markets and which became extremely popular with all consumers of the higher and lower classes towards the late 1670s. The industrial bourgeoisie of Britain began reacting, for the obvious reason of protecting their own manufactures, from the latter end of the 17th century. More specifically, by the Acts of 1700 the use and wear of certain cotton goods and of all silk manufactures of Persia, China or East India was banned in England. By four different Acts between 1759 and 1782 the import duty
on cotton manufactures was raised "from £38 5s. lid. per cent. to £53 5s. lid. per cent." (120) The Table No. 4:2 summarizes the import duties on certain Indian commodities, including cotton and silk manufactures upon their entry into Britain between 1812 and 1832.

Table No. 4.2

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of value of commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1812</td>
</tr>
<tr>
<td>Commodities</td>
<td></td>
</tr>
<tr>
<td>1. Ornamental canework</td>
<td>71</td>
</tr>
<tr>
<td>2. Muslins</td>
<td>27.3</td>
</tr>
<tr>
<td>3. Calicoes</td>
<td>71.7</td>
</tr>
<tr>
<td>4. Other Cotton Manufactures</td>
<td>27.3</td>
</tr>
<tr>
<td>5. Woollen Shawls</td>
<td>71</td>
</tr>
<tr>
<td>6. Lacquered Ware</td>
<td>71.7</td>
</tr>
<tr>
<td>7. Mats</td>
<td>68.3</td>
</tr>
<tr>
<td>8. Silk Manufactures</td>
<td>Prohibited</td>
</tr>
<tr>
<td>9. Taffetees or other plain or figured silk</td>
<td>Prohibited</td>
</tr>
</tbody>
</table>


The duties on cotton manufactures from British colonies, in contrast to those from foreign countries, were only 5 percent in 1842. Indian silk manufactures remained completely prohibited in the British market between 1700 and 1826. In 1860 duties of all kinds on silk manufactures were repealed. (121) It is interesting to note that Indian cotton and silk manufactures were not displaced from the British market only.
These were displaced from markets of other countries in some of which (viz. Ceylon and Cape colony, for example) Indian money was spent for building and/or maintaining British colonialism. The following testimony was given by a witness before a Select Committee of the British Parliament in 1840:

The duties levied in Ceylon on manufactured goods and other merchandise, the produce of the United Kingdom, or any possession abroad, are four percent., but if they come from British India, which is contiguous to Ceylon, the duty levied is 10 percent. Even rice is charged 7d. a bushel, and paddy, which is unprepared rice, 3d. Now, by examining the trade between Ceylon and India, and between Ceylon and other states, I find the trade of Ceylon increasing with foreign states, but not increasing in the same ratio with British India, although contiguous. And in Australia a similar inequality and injustice has been committed. (For instance, British silk and cotton goods are admitted free into Australia, but East India and foreign goods have a duty of five percent. levied on them. ... The Cape of Good Hope levies on British goods three percent., and on East India goods ten percent.)

No wonder the indigenous industries, especially cotton, which so long held what Chaudhuri calls "advantage in comparative cost" were inevitably ruined. The scale of advantage was reversed by the early 1830s in the sense that, to paraphrase Marx, the mother country of cotton manufactures was inundated by cotton manufactures from Britain, the metropolitan mother country now. Henry St. George Tucker, a Chairman of the Company, stated in 1823 that "the cotton fabrics, which hitherto constituted the staple of India, have
not only been displaced in this country but we actually export our cotton manufactures to supply a part of the consumption of our Asiatic possessions. India is thus reduced from the state of a manufacturing to that of an agricultural country. "127 Table No. 4.3 provides an indication of the reversal of the positions of Britain and Calcutta in respect of the cotton industry.

Table No. 4.3

Exchange of Cotton Cloth between Calcutta and Britain, 1801-1830
(in Rs.)

<table>
<thead>
<tr>
<th>Period</th>
<th>Calcutta Exports to Britain</th>
<th>Calcutta Imports from Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1801-1810</td>
<td>18,311,672</td>
<td>750,759</td>
</tr>
<tr>
<td>1811-1820</td>
<td>7,584,199</td>
<td>8,854,578</td>
</tr>
<tr>
<td>1821-1830</td>
<td>2,992,943</td>
<td>47,206,216</td>
</tr>
</tbody>
</table>

Source: Chung, op. cit., p. 431

The decline of the indigenous cotton industry and the rise of the one in the metropolis is a profound link between the arrest of capitalist development in India and the rapid growth of the same in Britain. Without a variety of restraints imposed on the Indian cotton and silk manufactures in order to protect those of Britain, "the mills of Paisley and Manchester", says H.H. Wilson, "would have been stopped in their outset, and could scarcely have been again set in motion, even by the power of the steam." 128 The significance of the cotton industry in the rise and sustenance of the Industrial Revolution in Britain can
hardly be underestimated. In brief, it was "the seed-bed of industrial capitalism and the industrial proletariat, the parent of the factory system, and a vehicle of the Industrial Revolution." Until the late 1930s India remained "the single largest purchaser of British goods" and also of Lancashire's "largest market" for cotton manufactures.

The indigenous shipbuilding industry grew in pre-British India for a variety of reasons including such natural advantages as the availability of excellent material, skill and cheap labor. The progress of this industry in Bombay, superseding that of Surat in Gujrat, from the mid-1730s onward and in Bengal from the 1780s was a product of Indo-British enterprise. In all, 264 ships were built in Bombay between 1735 and 1854. Of this total, 38 and 36 were built in the decades 1805-1814 and 1845-1854 respectively. The ship named "Calcutta" built for the Bombay navy was of 2,298 tons. In Bengal no less than 272 ships with a total tonnage of 123,693 were launched between 1781 and 1821.

The shipbuilding industry, both in Bombay and Calcutta, soon acquired a reputation for producing ships of high quality and low cost. By 1814, the nascent Indian ship-building industry was beginning to damage the well established British shipbuilders because its cost structure was found economical by the British users of merchantmen. The development of the Indian shipbuilding industry until the mid-1850s was due.
to coastal commerce between the ports of India and to maritime trade between the Indian ports and those in other Asian regions. The industry received some impetus when the British were compelled to take an interest in India built ships during the Napoleonic wars because Continental sources of British timber were cut. They were forced to use Indian ships to carry the Company's so-called investments to Britain.  

Shipbuilding in Bombay was abandoned after 1857. Since the 1840s no large ships were built in India. Between the 1850s and 1890s, India lost its merchant marine. The Navigational Acts, while principally directed at the Dutch but promoting British mercantile and industrial interests as well, affected India's shipbuilding industry which from the very beginning grew on capitalist lines. The Navigational Acts had the effect of "preventing the appearance in European waters of ships built in India and manned by Indian crews." The metropolitan shipping policy, while promoting the British industrial capitalist development, was obstructive of colonial industrial capitalist development. In 1802, the Company accepted this as a general policy: "The best, and only means, consistent with the combined and extensive interest of land, commerce, and manufacture, and navigation, at the same time, that the public faith will thereby be preserved inviolate, will be to employ British ships." In a memorial by the shipbuilding and other
allied interests of the port of London, the following was
stated in 1809 against the threat posed by the rise of
the Indian industry:

In fine it will be a sacrifice of great national
interests and establishments to support one of
dubious utility, and of unquestionable danger
in the East Indies, where the most confident
politician cannot be secure that at no distant
period it will not be made a powerful engine
of annoyance to the mother country, which so
imprudently admitted its establishment, and
since has raised it to its present dangerous
state.145

The decline of the indigenous shipbuilding industry and
merchant marine was further expedited because of the dis-
placement of the Indian bourgeoisie by their metropolitan
counterpart from the Indian coastal trade by the end of the
18th century and from the India-China trade in the early
1840s.146 British shipping to the Indian ports in Bengal,
Bombay and Madras increased from 77,900 in 1830 to 242,700
in 1845 in total tonnage.147

The indigenous metal industry, which produced
commodities of various descriptions, almost died out at the
end of the 19th century when large-scale production had
hardly begun. In India "the production of copper, lead, iron
and steel, and other metalliferous minerals and metals was
also either completely stopped or drastically curtailed."148
British iron—manufactured or unwrought—began entering
the Indian market duty free between 1815 and 1817.149
Especially since the mid-19th century, India began importing
large quantities of iron and steel for various purposes (i.e. construction of railways, etc.). In addition, the revival of the indigenous iron and steel industry and the growth of industrial capitalism in this regard became well-nigh impossible due to the fierce opposition of the metropolitan bourgeoisie and the colonial state. 150

The indigenous paper industry, that developed an advanced social organization and relations of capital, 151 also experienced the deindustrializing consequences of the forces released by industrial capitalism in Britain and colonialism in India. This handicraft industry suffered from the lack of protection in the face of the metropolitan competition. Further, its decline was expedited by the preference of the colonial state, the largest consumer of paper, for buying British manufactured paper as a matter of policy. Charles Wood, the Secretary of State for India from 1859 to 1866, made it "obligatory" for the colonial state to use "only British-made" paper. 152 This, says George Watt, "threw back very seriously the growing Indian production." 153 An official Report (1874) states that this indigenous industry survived more or less in 28 of the 53 districts in Bengal. 154 The process of its decline in Bombay Deccan is described by Joshi. The paper industry at Poona, Junnar, Nasik and Erandole in the Deccan flourished under the encouragement of the Peshwas. However, the industry declined between the 1880s and 1930s. 155
The impact of the deindustrialization process released by the forces deriving from the capitalist development in Britain and colonialism in India was no less dramatic in terms of transformations in India's mode(s) of production. On the one hand, there was the decline of the industrial towns or of the capitalist class forces such as artisans and merchants. On the other hand, there resulted the process of peasantization and, so, of ruralization in the Indian social formation. The two were related.

The liquidation of the artisan class led to unemployment on a prodigious scale. ... Where were they to go? ... They drifted to the land, for the land was still there. But the land was fully occupied and could not possibly absorb them profitably. So they became a burden on the land and the burden grew, and with it grew the poverty of the country, and the standard of living fell to incredibly low levels. This compulsory back-to-land movement of artisans and craftsmen led to an ever-growing disproportion between agriculture and industry; agriculture became more and more the sole business of the people because of the lack of occupations and wealth-producing activities. India became progressively ruralized. 156

It may profitably be mentioned that the process of ruralization in India was expedited by other factors such as the disbanding of the retainers of the landed class (i.e. princes and zamindars). It was also expedited by the colonial agrarian policy which was predominantly oriented to extracting the maximum of support from the most numerous class (i.e. small peasants) in various forms (viz. the authoritarian assertion of the colonial state's rights over the land, the denial of
absolute ownership of land, a plethora of tenancy rights' legislation, the recognition of a wide variety of either "owners" or "tenants", etc.). The agrarian policy, in a profound sense, hindered primitive accumulation while accelerating ruralization.

In the wake of determinations by metropolitan industrial capital (i.e. the transformations in India's mode(s) of production due to the enforcement of the international division of labor) no one talked of making London the emporium of Indian manufactures from the 1790s onward. Cornwallis enacted the permanent settlement (1793) of land to expedite agricultural, rather than industrial development with a view to reversing the destructive impact of the previous years of Company's misrule: "Although agriculture and commerce promote each other, yet in this country, more than in any other, agriculture must flourish before its commerce can become extensive." The concept of development, agricultural but not industrial, as understood by Bentinck, governor general from 1828 to 1835, was no different. In 1829 he writes:

I look at all this country as a great estate, of which I am the chief agent, whose principal business is to improve the condition of the tenantry and to raise the income, not by rackrenting and subletting, but by bringing into play, by judicious management and encouragement, all the resources which its soil and circumstances abundantly offer.

From the 1830s, India was well on its way to developing
specializations in accordance with the international division of labor as defined by the rise and consolidation of industrial capitalist development in the metropolis. As Thornton, an official, puts it in the mid-1830s: "India is not calculated to become a great manufacturing country in the present condition of the world."\textsuperscript{160} Mayo, viceroy from 1869 to 1872, stated with unmistakable clarity: "For generations to come the progress of India in wealth and civilization must be directly dependent on her progress in agriculture."\textsuperscript{161} In a profound sense, the ruralization of colonial India became a structural outcome of the operational effectiveness of the industrial capitalist development in the metropolis.

Given the colonial structure of the world capitalist system, it was the very development of industry in Britain, as we observed earlier, which generated the underdevelopment and de-industrialization of India. There, the artisans and peasants whose former sources of livelihood were being destroyed by capitalist development (even if painfully for them and their children as in England) were not, and could not be, reabsorbed in a concomitant process of industrial development. In India, the elimination of the previously highly developed village (and town—BKB) artisanry only displaced this work force into village agriculture at precisely the time when, also as a result of the same capitalist development in the metropolis, this agriculture was obliged to undergo a transformation of its own that made it even less able to carry this new burden than it would otherwise have been. Thus, it could not be, as Marx had erroneously foreseen, that British industrialization showed India the mirror of its future.\textsuperscript{162}
Free Trade and the International Division of Labor

Few would disagree with what Marx said in 1852 about the role of the British in India. That is, England as "the unconscious tool of history" was causing "a social revolution" or "a fundamental revolution in the social state" of India.\(^{163}\) An important aspect, perhaps the most important one, of this social revolution was caused by forces that were released by industrial capitalism in the metropolis and colonialism in India. The forces in point were free trade and the concomitant international division of labor which, though not originating in India, were powerful enough to cause momentous transformations in the internal dynamic of India's mode(s) of production. Once industrial capitalist development matured behind the impenetrable walls of national protection, all that the owners of industrial capital then wanted was "freedom to trade--to obtain food and raw materials wherever they were most cheaply produced and to open up the whole world as markets for their wares."\(^{164}\) This remark by Brown needs some amendment. If the colony does not produce the raw materials or food required by the metropolis then it must be developed in such a way as to produce them. Thus, the colonial state in India took the initiative, conducted various experiments and spent money for purposes of capital accumulation, i.e. for the production of raw materials and/or primary commodities and the opening up of markets. This was one of the detrimental aspects of the so-called social
revolution effected by the British bourgeoisie unconsciously. Indeed, insofar India is concerned, the freedom of metropolitan industrial capital to move into India can be traced as far back as 1793, as has been shown elsewhere.

In any case when free trade came, as it did in Britain in the 1830s and 1840s, the international division of labor was not far behind as far as colonial India was concerned. It was in fact not without a reason that a member of the Select Committee of the British Parliament asserted that "we have it in evidence that India is an agricultural rather than a manufacturing country, and that the parties formerly employed in manufactures are now absorbed in agriculture." Indeed, the very intensity of metropolitan industrial capitalist development was such that enforcement of the international division of labor became, in an important sense, inevitable. At the same time, the very meaning which it had within the context of industrial capitalism and colonialism was logically obstructive of any reproduction of metropolitan industrial capitalism in the colony. If most decision makers of 19th century India, let alone Britain, "leaned more towards a free trade orientation" as Ambiraj demonstrates, the transformation of India's mode(s) of production by the enforcement of the international division of labor became all the more inevitable under the determining sway of industrial capitalism in Britain. Robert Rickards, a high colonial official of the
Bombay branch of the colonial state said the following in 1821:

Probably, the most beneficial trade that can be carried on between India and this country, will be found to consist in the exchange of the raw produce of the East, for the manufactured goods of Britain. ... It is obvious that it will be far better for the Indian to raise cotton than to spin and weave it, when he can procure the manufactured article he wants, cheaper than he can make it, by exchanging it for the raw material. 168

The implications of the preceding citation require no expounding.

The Loss of the Balance between the Handicrafts Industry and Agriculture: Formation of the Internal Market of India

The interaction between the metropolis and the colony, it is now clear, resulted in the destruction of the balance between and consequent transformations in pre-capitalist handicrafts and agriculture. Of the several forces that accelerated this was the creation of the internal market on a significantly larger scale than that which had existed in Mughal India. The naturalization of the international division of labor, however, conceived as part of providential dispensation in the mode(s) of production of the colonies was far from natural. In fact the process of naturalization was preceded, generally speaking, by extensive, among other things, parliamentary enquiries in the metropolis. 169 It was only later implemented with the active, rather than
passive, assistance of the colonial state. Let me now turn to some of the mechanisms that fostered the growth of the internal market of colonial India.

The most fundamental precondition in the formation and expansion of the internal market, whether for purposes of import or export, was the abolition of internal duties, the systematic growth of which was obstructive of indigenous capitalist development in various ways. In 1829 Ellenborough, then President of the Board of control and governor general from 1842 to 1844, wrote to the then governor general Bentinck:

India cannot rise under the pressure of the present taxation and to make the people of that country consumers of the manufactures of England, we must first make them rich. That object is remote indeed, but we must endeavor to attain it. The first tax I should wish to see amended is that levied on the transit of commodities.170

The abolition of internal duties became inevitable in view of the freezing of the mercantile role of the Company especially between 1814 and 1834 and because of the urgency of opening up the Indian market to metropolitan industrial capitalist penetration. The British bourgeoisie did not see it otherwise. As Larpent puts it: "Our view is, as India merchants, that all India is one country; that the great object is to throw down all barriers, to get rid of transit duties, and to get rid of custom-houses throughout India."171 The internal duties came to an end in the Bengal
presidency in 1836, in the Bombay presidency between 1838 and 1844, and in the Madras presidency in 1844. 172

The role of the colonial tariffs (i.e. duties levied on commodities either imported into or exported from a given country) as an important catalyzing agent in the creation of a market and, consequently, in the break down of the precapitalist equilibrium in the handicrafts industry and agriculture hardly requires to be emphasized. The tariffs fostered the international division of labor and created a market for metropolitan manufactured commodities in colonial India. Insofar as tariff policies fostered the creation of the market and the international division of labor, a few key points can be gleaned from the complicated and ever changing tariff structure.

Leaving aside the internal duties, one may begin with Regulation III of 1811, passed by the Bengal government. Its passage doubly benefited the metropolitan bourgeoisie by providing a stimulus to the growth of British shipping, shipbuilding and manufactures on the one hand and to the formation of a protected colonial market on the other. By means of this regulation "the duties levied on exports and imports on foreign bottoms were raised to double the rates that were charged of trade conveyed on British bottoms." 173 By 1815 the privileges accruing to the metropolitan bourgeoisie were "considerably extended." 174 In addition it provided stimulus to the export of raw materials from
Regulation XV of 1825 in the Bengal presidency, which remained in force until 1836, further promoted the cause of the metropolitan bourgeoisie. The import duties benefited the bourgeoisie of Britain most, those of foreign Europe and America somewhat, and those of the rest of the world, mainly Asia, least. British commodities such as metals, woollens and marine stores were altogether exempted. The rest were subject to a duty of only 2½ percent. With some exceptions, commodities of foreign Europe and America were subject to a duty of 5 percent. Imports from other places were assessed at 7½ or 10 percent. That was not all. All these duties were to be charged only if the commodities were brought on British ships. They were to be charged double the rate if transported by non-British vessels. Under the Act IX of 1845, the British bourgeoisie were able to maintain their double advantage in respect of both commodities and shipping vis à vis other fractions of the metropolitan bourgeoisie in the Indian market. This is quite interesting in view of the abolition of the internal duties by 1844. The import tariff, imposed in 1845, remained substantially in force until 1859. Differential duties continued to exist until then although discrimination against foreign shipping was abolished between 1848 and 1850. This was not surprising in view of the fact that the Navigational Laws were abolished in Britain in 1849.
Generally speaking, export duties on raw materials almost disappeared between 1860 and 1875.\textsuperscript{180} The export tariff schedule was reduced from 97 items to only 9 in 1867 and to only 3 (indigo, lac and rice) in 1875. The first two items were freed in 1880; whereas a small duty still remained on the last.\textsuperscript{181} Let me add a few additional points on the import tariff. In 1859 the general rate of duties was raised from 5 percent (double in the case of non-British goods) to 10 percent ad valorem on a large mass of commodities, including cotton piece goods. The duties on cotton twists and yarn were 5 percent.\textsuperscript{182} In 1860 the duties on cotton twists and yarn were raised to 10 percent so that the import tariff consisted of a uniform rate of 10 percent. Special rates on such items as beer, wine, spirits and tobacco remained.\textsuperscript{183} This import tariff affected the Lancashire textile interests. From 1861 onwards, "until the taxes were repealed in 1882, the Lancashire manufacturers carried on an agitation for the removal of these duties."\textsuperscript{184}

Although the high noon of free trade was yet to come in the 1880s and 1890s, when Britain's industrial dominance was sharply on the decline, the general impact is quite impressive in terms of India's specialization in the international division of labor. The growth of India's foreign trade was phenomenal for the period between 1841-42 and 1891-92. Parshad states: "If we are to consider the growth only for fifty years, where 100 rupees' worth was
imported in 1841-42, 874 rupees' worth was brought into the country in 1891-1892. For exports the proportion was as 100:777 in 1841-1842 and 1891-1892 respectively.¹⁸⁵ This impressive increase in the foreign trade of India, to be sure, was not simply due to tariff measures but rather to the combined result of several mechanisms one of which was public works (i.e. roads, post offices, irrigation works and railways). It is to this aspect that I now turn my attention.

It is highly important to note that when India was under the administration of the Company, representing metropolitan merchant capital, public works were grossly neglected. Indeed, in the first half of the 19th century, the expenditure for public works was seldom more than 2 percent of the total. Even then, most of it was for the construction of civil and military buildings. But from the 1840s there was a drastic reversal of the trend in response to the demands of metropolitan industrial capitalist development and accumulation. From this time on the metropolitan industrial bourgeoisie began "sustained agitation" for the installation of public works in India.¹⁸⁶ The construction of roads - creating an internal market, increasing the mobility of men and commodities, linking producers to consumers, and making the Indian market into an extension of the metropolitan market - was systematically underway by the 1850s. In 1850 there were about 3,200 miles
of metalled trunk road. By 1880 there were about 20,000 miles of metalled road. At the end of the 19th century this increased to about 37,000 miles, while the length of unmetalled roads amounted to 136,000 miles. Telegraph lines spread rapidly across the sub-continent. They grew from 82 miles in 1852 to 11,736 miles in 1864. The number of private foreign and inland telegrams was 66,000 and 472,000 respectively in 1870-71. The increasing number of messages over the years, like the growing transport facilities, "did more for commerce than for industry. They brought Indian commodities into touch with world markets, and apparently aided Europe in becoming the manufacturer for India, rather than India becoming manufacturer for herself." Irrigation works was less of a priority for the colonial Raj. Down to 1902, the total outlay on irrigation works was £24 millions compared to £226 millions spent on the railways in India. But when irrigation works were undertaken, their planning and expenditure were guided, along with other reasons (viz., "agricultural development", insurance against failures of monsoon, etc.), by considerations of producing raw materials and commercial crops in specific areas and of immediate profitability. One can cite the examples of the famous Cauveri, Godavari and Krishna irrigation projects, constructed by Arthur Thomas Cotton, a famous colonial engineer in South India. These
projects gave high returns on investment: 23.5 percent for Cauvery works, 45 percent for Godavari works, and 16 percent for Krishnā works. Cotton points out in the following why such works should be given priority:

Whether England is to be dependent on America alone for cotton and cheap bread, or whether it is to have two strings to its bow, two customers for its custom, is the question. India can supply it fully, abundantly, cheaply, with its two essentials, flour and cotton, and nothing whatever prevents it doing so but the want of public works. If only the country is by means of irrigation supplied abundantly and cheaply with food, and by means of communications its produce can be cheaply conveyed to the coast, Manchester is safe; its supply with the two things upon which its very existence depends cannot fail.

In a very real sense, Cotton's prediction did not prove wrong. Madras became one of the largest raw cotton producing areas in India which also sent certain amount of raw cotton to Britain. Indian wheat accounted for more than 12 percent of all British wheat imports in the 1880s, and this rose to 18 percent between 1904 and 1913. In the years 1904, 1911 and 1912 India was the largest single supplier of wheat to Britain.

Of all the mechanisms that imposed international division of labor on India, the most important was the railways whose real potential to become "truly the fore-runners of modern industry" was, in a real sense, actualized after the disappearance of the metropolitan Raj. The coming of the Railway age imposed tremendous strains on the
available surplus of India. The railways constituted, as Thorner justifiably calls it, "private enterprise at public risk." At the same time, the railways failed to generate, while accelerating the further decline of the indigenous industries, industrial capitalist development for many reasons, including the importation of coal, iron and timber even though India was rich in these resources. But in the main, metropolitan objectives were fast realized. As Buchanan says, "the farmer raised a specialized crop which was sold to London, and bought in his railway town for cash, Manchester and Birmingham goods." Integral to the creation of the internal market by the railways was its role in stimulating the production of raw materials and primary commodities.

To sum up, the importance of colonial India as a market for manufactured commodities can hardly be ignored. It remained, as a single country, one of the few largest purchasers of the British manufactured commodities. The following Table No.4.4 illustrates the share of the United Kingdom in the total imports into and exports from colonial India between 1866-67 and 1899-1900. It may be noted that the share of cotton goods, as compared to that of machinery, was overwhelming in the Indian imports.
Table No. 4.4

Percentage Share of the United Kingdom in the Value of Imports into and Exports from India (Merchandize only but including Re-exports) 1866/67 - 1896/1900

<table>
<thead>
<tr>
<th>Annual Average</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1866-7 to 1869-70</td>
<td>73.7</td>
<td>53.2</td>
</tr>
<tr>
<td>1876-7 to 1879-80</td>
<td>81.4</td>
<td>43.6</td>
</tr>
<tr>
<td>1886-7 to 1889-90</td>
<td>78.2</td>
<td>38.4</td>
</tr>
<tr>
<td>1896-7 to 1899-1900</td>
<td>68.7</td>
<td>30.3</td>
</tr>
</tbody>
</table>


Table No. 4.5 illustrates India's specialization in the international division of labor as apparent in its imports.

Table No. 4.5

Imports into India: percentage share of selected items in total value, 1850-1 to 1920-1

<table>
<thead>
<tr>
<th>Year</th>
<th>Cotton twist and yarn</th>
<th>Cotton piece goods</th>
<th>Metals</th>
<th>Machinery</th>
<th>Railway materials</th>
<th>Mineral oils</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850-1</td>
<td>9.0</td>
<td>31.5</td>
<td>16.8</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>1860-1</td>
<td>7.4</td>
<td>39.6</td>
<td>10.6</td>
<td>8.1</td>
<td>4.4</td>
<td>---</td>
</tr>
<tr>
<td>1870-1</td>
<td>10.1</td>
<td>47.0</td>
<td>8.1</td>
<td>4.4</td>
<td>4.3</td>
<td>2.5</td>
</tr>
<tr>
<td>1880-1</td>
<td>7.4</td>
<td>45.5</td>
<td>7.5</td>
<td>4.5</td>
<td>4.3</td>
<td>2.5</td>
</tr>
<tr>
<td>1890-1</td>
<td>5.2</td>
<td>37.9</td>
<td>8.4</td>
<td>3.0</td>
<td>4.5</td>
<td>4.3</td>
</tr>
<tr>
<td>1900-1</td>
<td>3.1</td>
<td>33.8</td>
<td>8.6</td>
<td>2.9</td>
<td>4.8</td>
<td>4.3</td>
</tr>
<tr>
<td>1910-11</td>
<td>2.3</td>
<td>11.2</td>
<td>11.2</td>
<td>3.7</td>
<td>4.6</td>
<td>2.5</td>
</tr>
<tr>
<td>1920-1</td>
<td>4.0</td>
<td>26.4</td>
<td>12.1</td>
<td>4.2</td>
<td>4.2</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Commercialization of the Village
Economy: Colonial India as Producer of
Raw Materials and Primary Commodities

If one aspect of India's transformation, under
conditions of industrial capitalism in the metropolis and
colonialism in India, consists in its developing an internal
market for metropolitan manufactured commodities, the other
aspect of its transformation consists in its conversion to
a supplier of raw materials and primary commodities, as
evident in Table No. 4. 6. The resultant superimposition of
this facet of the international division of labor on the
natural social division of labor only brought about certain
transformations which were not necessarily productive of
industrial capitalist development in colonial India. For
instance, while breaking down the unity of or balance between
traditional handicraft industry and agriculture, the interna-
tional division of labor only promoted the further
peasantization via commercialization of the village economy.
Indigenous agriculture continued to remain oriented, not to
large-scale production by machines along capitalist lines,
but to providing subsistence for a very large mass of very
small producers by antiquated methods of farming. The lack
of growth of modern industry and land tenurial measures
were further to hinder the rise of capitalist agriculture.

But, at the same time, the enforcement of the
international division of labor in India became inevitable.
Table No. 4.6

Exports from India: commodity composition, percentage share of selected items in the total export value, 1850-1 to 1920-1

<table>
<thead>
<tr>
<th>Year</th>
<th>Raw Cotton</th>
<th>Cotton goods</th>
<th>Indigo</th>
<th>Opium</th>
<th>Food Grains</th>
<th>Seeds</th>
<th>Raw Jute</th>
<th>Manufactured Jute goods</th>
<th>Hides and skins</th>
<th>Tea</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850-1</td>
<td>19.1</td>
<td>3.7</td>
<td>10.9</td>
<td>30.1</td>
<td>4.1</td>
<td>1.9</td>
<td>1.1</td>
<td>0.9</td>
<td>1.8</td>
<td>0.2</td>
</tr>
<tr>
<td>1860-1</td>
<td>22.3</td>
<td>2.4</td>
<td>5.7</td>
<td>30.9</td>
<td>10.2</td>
<td>5.4</td>
<td>1.2</td>
<td>1.1</td>
<td>2.0</td>
<td>0.5</td>
</tr>
<tr>
<td>1870-1</td>
<td>35.2</td>
<td>2.5</td>
<td>5.8</td>
<td>19.5</td>
<td>8.1</td>
<td>6.4</td>
<td>4.7</td>
<td>0.6</td>
<td>3.7</td>
<td>2.1</td>
</tr>
<tr>
<td>1880-1</td>
<td>17.8</td>
<td>4.2</td>
<td>4.8</td>
<td>18.2</td>
<td>17.1</td>
<td>8.6</td>
<td>5.2</td>
<td>1.5</td>
<td>5.0</td>
<td>4.2</td>
</tr>
<tr>
<td>1890-1</td>
<td>16.5</td>
<td>9.5</td>
<td>3.1</td>
<td>9.2</td>
<td>19.5</td>
<td>9.3</td>
<td>7.6</td>
<td>2.5</td>
<td>4.7</td>
<td>5.5</td>
</tr>
<tr>
<td>1900-1</td>
<td>9.4</td>
<td>6.4</td>
<td>2.0</td>
<td>8.8</td>
<td>13.1</td>
<td>8.3</td>
<td>10.1</td>
<td>7.3</td>
<td>10.7</td>
<td>9.0</td>
</tr>
<tr>
<td>1910-1</td>
<td>17.2</td>
<td>6.0</td>
<td>0.2</td>
<td>6.1</td>
<td>18.4</td>
<td>12.0</td>
<td>7.4</td>
<td>8.1</td>
<td>6.2</td>
<td>5.9</td>
</tr>
<tr>
<td>1920-1</td>
<td>17.4</td>
<td>7.6</td>
<td>---</td>
<td>---</td>
<td>10.7</td>
<td>7.0</td>
<td>6.8</td>
<td>22.1</td>
<td>3.5</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Source: Chaudhuri, "Foreign Trade and Balance of Payments (1757-1947)", p. 844
in view of the rise and consolidation of industrial capital in the metropolis. Colonialism only expedited this enforcement. Let me, therefore, refer to some important forces deriving from industrial capitalism in Britain and colonialism in India that made this new division of labor a reality. The nature of the changes to come in the mode(s) of production of India is expressed well in the following observations of an official Report (1830) which clearly points to the consequences and demands resulting from the rise and consolidation of industrial capital in the metropolis:

The chief manufactures of India having been supplanted to a great extent by the manufactures of England, not only in the market of this country, but in that of India itself, it has become an object of the deepest interest to improve the productions of the soil; the Committee therefore instituted a full inquiry into the quality of the silk and of the cotton in India, and into the measures which might be adopted for their improvement: they likewise made inquiries as to sugar, tobacco, and other articles of Indian produce.

There were other forces or structural constraints that expedited India's acquirement of specialization as a primary producer. These were not unrelated to the industrial capitalist development in the metropolis. For instance, the metropolitan Raj in colonial India was under pressure to raise an export surplus sufficiently large to cover a wide variety of expenses (viz. Home Charges, remittance or private fortunes, etc.). In view of the decline of indigenous manufactures which previously generated the required surplus
for purposes of remittance, the colonial Raj was under compulsion, in the words of Bentinck, "to neglect no means which may call forth the vast productive powers of the country, now lying inert from the want of adequate encouragement." It was under pressure to promote "a demand for her (i.e. India's—BKB) products on the part of other countries." Again, there was the compulsion of raising colonial India's purchasing power to enable it to pay for the manufactured commodities for which it was becoming a market.

I now turn to some specific examples of enforcement of the international division of labor, promoting production of raw materials and primary commodities (viz. raw silk, raw cotton and tea) in India.

It has been stated that Indian silk manufactures remained ousted from the internal British market for a long time. What is more important historically from the point of view of the obstruction of capitalist development in India was the decline of indigenous silk manufactures because of certain measures implemented by the colonial Raj in fulfilment of the demands of the metropolitan bourgeoisie. This is one of the first concrete examples of the subservience of the colonial Raj to, but not its independence from, the metropolitan bourgeoisie. It also illustrates the subordina

To
furnish a cheap supply of materials to the manufactures of England", in the words of the Ninth Report (1783), "they formed a scheme which tended to destroy, or at least essentially to impair, the whole manufacturing interest of Bengal." 206 In their letter of March 17, 1769, the authorities in London instructed their officials in Bengal "to induce the manufacturers of wrought silk to quit that branch, and take to the winding of raw silk." 207 Since production of raw silk by erstwhile manufacturers could only be effected by offering material rewards, the authorities suggested an increase in wages or reduction of the "rents" on those lands which would be planted with shrubs required for the production of raw silk. 208 The execution of the plan was to cause the eventual deindustrialization of the indigenous industry in subservience to, in the words of the Ninth Report (1783), "the manufactures of Great Britain. The manufacturing hands were to be seduced from their looms by high wages, in order to prepare a raw produce for our market." 209 The censure of the Ninth Report (1783) was, however, without any effect. The colonial Raj was under the compulsion of the demands of this industry in the metropolis. Thus, it continued, as systematically as it could, to enforce the "naturalization" of the production of raw silk by all means including the importation of experts from outside. 210

Indeed, throughout the entire period of colonialism the indigenous manufacture continued to decline. Earlier
it had suffered because of the rise of its counterpart in the metropolis. Later it suffered due to external competition and the lack of protection. An official publication states in the 1940s: "Largely owing to the competition from abroad, a steady decline of this industry has been going on."\textsuperscript{211} The decline of the silk manufactures was visible in terms of the reduction of its exports from £162,000 in 1893-94 to £37,740 in 1913-14 and to £14,678 in 1922-23.\textsuperscript{212} Between 1864-65 and 1873-74 the total amount of raw silk annually exported from India to different countries averaged over 2 million lbs. This annual average declined to a little over 1 million between 1914-15 and 1923-24.\textsuperscript{213} In any case, the rise of this industry in the metropolis remained historical tied to colonial India.\textsuperscript{214}

The most poignant example of the enforcement of the international division of labor is the systematic and intensive attempt of the metropolitan state and the colonial Raj to produce raw cotton in India by every possible means. This stands in sharp contrast to what happened to the indigenous cotton manufactures as we have seen. The case of the production of raw cotton production also illustrates in the clearest way the subservience of the colonial state to both the metropolitan state and the industrial bourgeoisie in the metropolis. Both seem to have left no stone unturned in promoting the production and improving the quality of raw cotton in colonial India.
In the words of an official Report (1848), the earlier efforts could be summarized, as follows:

For 60 years past the Court of Directors have taken an interest in this question; they have expended considerable sums in various attempts to stimulate the growth of cotton in the countries subjected to their rule. 215

The measures undertaken to augment the production of raw cotton were various: conduct of empirical investigations, initiation of experimentations; establishment of plantations, inducing or encouraging merchants or producers by means of publicity, exhibitions, distribution of prizes, leasing of lands at low rates and distribution of seeds free of cost, the importation into India of experts and machinery, the passing of laws to prevent the adulteration of raw cotton, the appointment of officials for the specific purpose of accelerating the production or marketing of raw cotton, and so on. All these measures were taken in addition to the establishment of a favorable tariff system and public works. 216 Since India was available the metropolitan authorities (viz. Court of Directors) could look to India for the means of rendering Great Britain independent of foreign countries for a considerable portion of a raw material upon which her most valuable manufacture depends. 217

At the same time, the production of raw cotton would, by raising an export surplus, "facilitate the remittance of the annually increasing political and commercial debt, for which India becomes liable to the mother country." 218 Besides a
host of officials, different governor generals such as Bentinck (1828-1835), Auckland (1836-1842), Ellenborough (1842-1844), and Canning (1856-1862), did not differ in the view that the raising of raw cotton of improved quality at the least expense was one of the vital ingredients of the policy objectives of the colonial Raj in bringing about the agricultural development of the country and welfare of the masses. The metropolitan attempt to enforce the international division of labor in this respect extended well into the 20th century. In a letter of December 31, 1905, the colonial Raj observes:

Our object must be to make cotton of any kind, without regard to the length of staple, a more certainly paying crop to the Indian cultivator, whilst we understand that one main object of the British Cotton Growing Association is to increase the production of the long-stapled varieties suited to the needs of Lancashire. These objects are by no means antagonistic, as the Association themselves remark. 219

The result of the metropolitan efforts were quite impressive.

On the one hand, India emerged not as a exporter of cotton manufactures but as a supplier of raw cotton in the world market. Between 1786 and 1790, India (the East Indies) was the third largest source of British imports of raw cotton in weight, behind the British West Indies, Mediterranean and Brazil respectively. From 1836 until 1883, India remained second only to the United States as a supplier. Between 1831 and 1883 India was also the second largest source of supply in the world market. 220 India supplied more raw
cotton to Britain than the U.S.A. in the years 1818 and 1819, and in the five years between 1862 and 1866. In forty years between 1820 and 1859 India supplied 13.8 percent of Britain's total imports in weight of raw cotton. India remained important as "an auxiliary source of supply" to Britain until 1891. Eventually, Europe and Japan emerged as the major consumers of Indian cotton, the first taking 40.3 percent and the latter 46.6 percent in the value of Indian exports of principal commodities in 1902. On the other hand, the metropolitan attempt to raise raw cotton in colonial India bore fruit in the sense that it became a major source of securing export surplus. Table No. 4.6, cited earlier, bears this out. Later, between 1900 and 1940, raw cotton continued to remain one of the few most valuable commodities in the list of Indian exports.

One of the most successful metropolitan attempts, initiated by the colonial state and later developed and monopolized by the metropolitan bourgeoisie in India, was the production of tea. This endeavor originated in the early 1830s with Bentinck initiating the process. In the minute placed before the Tea Committee on the 13th of February 1831, C. Macsween, Secretary to the Revenue Department of the Government of India, pointed out:

If we should succeed in rearing the tea-plant in India of a quality, and in quantity, to satisfy the English market, the advantage to this country would be an addition to its wealth, that, after making every allowance for the fall
in price that may be expected to follow the opening of the trade with China, may be estimated at from two to three millions sterling per annum. Bengal would thus become possessed of an additional staple for export nearly equal in value to that of the aggregate mass of indigenous articles now shipped to England, and this without displacing a single production useful either for nutriment or in the arts. 225

The appropriate measures - appointment of officials, establishment of experimental plantations, importation of experts and expertise, necessary land tenurial measures, etc. - were to follow. The authorities in the metropolis felt a deep interest. 226 The growth of tea production and its export soon took on the importance of a "national enterprise." 227

The metropolitan attempts did produce brilliant results. The foundations of the industry were laid between 1856 and 1859. 228 It eventually became concentrated in Assam which produced 75 percent in 1885, 71 percent in 1900 and 66 percent in 1914 of total output in India. The home consumption of tea was not more than 10 million lbs. of over 313 million lbs. produced in India in 1914. 229 The export of this commodity increased from £35,525 in 1849, to £3.7 millions in 1882-83, to £6.4 millions in 1900-01, and to £14.7 millions in 1922-23. 230 In 1895 Britain emerged as the largest buyer of India tea. 231 This trend continued in the mid-20th century. 232

IV. Conclusion
The enforcement of the international division of labor or the naturalization of agricultural staples was not restricted to the commodities discussed in the above. It was extended to many other commodities, whether previously cultivated or not, such as opium, indigo, coffee, chinchona, sugar, etc. From what has been stated so far, it is quite clear that the growth and consolidation of the international division of labor, far from being a providential dispensation, was the structural outcome determined primarily by metropolitan industrial capital. From this point of view, the course of development of India's mode(s) of production was neither autonomous nor natural. The result of the historic interaction between the metropolis and the colony did not result in the reproduction of the industrial capitalism of the former in the latter. The result was, insofar as the latter is concerned, the transformation and consolidation of a mode of production that was integrated with, complimentary to and dependent upon the dominating capitalist mode of production in the metropolis. Between the 1850s and 1870, colonial India emerged as a producer of raw materials and primary commodities and, simultaneously, as a market for metropolitan manufactured commodities. The old division of labor which existed between the country and the town in the genesis of capitalist development was reproduced in the international division of labor, as part of the process of combined and uneven development of Capital itself, between
rural India and metropolitan Britain.

In any case, the enforcement of the international division of labor ruled out prospects of industrial capitalist development in colonial India with devastating implications. On the one hand, the prospect of industrial capitalist development in colonial India was hindered because of the lack of any emphasis by the colonial Raj or the metropolitan state on the necessity of protecting the existing and encouraging the growth of new industries during a substantial period of colonialism, say, until 1914. On the other hand, the overwhelming emphasis on agriculture, resulting from the international division of labor, only resulted in triggering forces of peasantization and ruralization in the colonial social formation. These forces provided a blockade of indigenous industrial capitalist development in view of previous deindustrialization and subsequent non-industrialization. In Britain, modern industry annihilated the peasant and replaced him by wage labor and, also, revolutionized its agriculture. In colonial India, this did not happen. The effects produced by the enforcement of the international division of labor, in the wake of previous deindustrialization and subsequent non-industrialization, were further intensified by the effects produced by land tenurial policies (viz. denial of exclusive ownership, peasant orientation of the colonial Raj to secure maximum support of the largest class, etc.) of the colonial Raj.
Thus, the reason why capitalist development did not occur, despite transformations brought about by the metropolis in colonial India's mode(s) of production, can be put in the words of a contemporary analyst of the Indian capitalist development:

The colonial authorities did not deliberately set out to underdevelop the colony. On the contrary, their entire effort was to develop it so that it could complement, though in a subordinate position, the metropolitan economy and society. Underdevelopment was not the desired but the inevitable consequence of the inexorable working of colonialism of trade and of its inner contradictions (that are in the last instance traceable to the industrial capitalist development in the metropolis - BKB). For the same reason, there was no imperialist theory of underdevelopment - underdevelopment was the result of the practice of particular theories of development. 235

Footnotes


10. Ibid., p. 67.
25. Ibid., p. 204.
32. Ibid., p. 216.
37. Sixth Report from the Committee of Secrecy appointed to enquire into the State of the East India Company (26 April 1773), in Lambert, ed., *op. cit.*, vol. 136, p. 300.
44. For summary see Mukherjee, *op. cit.*, p. 362-7.
46. Ibid., pp. 184-5.

47. Gardner, op. cit., p. 125.


49. Dutt, India To-day, p. 87.

50. For various forms of transfer, see Marshall, East Indian Fortunes, pp. 220-56; and Parshad, Some Aspects of Indian Foreign Trade 1757-1893, pp. 49-61.


52. Third Report (8 April 1773), Appendix No. 73, p. 394. Emphases in original.

53. Ibid. Emphasis in original.


55. E. Burke, The Writings and Speeches (Boston: Little, Brown and Company, 1901), vol. 8, p. 49.


58. Ibid., p. 412.

59. Ibid., pp. 412 and 416.


61. Ibid.


63. Ibid., p. 419.
64. Ibid., pp. 422-4; and Frank, World Accumulation, pp. 161-2.


68. See chapter 2.


73. Brown, The Economics of Imperialism, p. 136. Emphases in original. See also Clairmonte, op. cit., p. 85; and Misra, The Indian Middle Classes, pp. 89-90.


78. See the evidence of T. Hinchman, in Ninth Report from the Select Committee, appointed to take into consideration the State of the Administration of Justice in the Province of Bengal, Bahar, and Orissa (13 June 1783) in Lambert, ed., op. cit., vol. 140, Appendix Nos. 38 and 39, pp. 201-2.


80. Parshad, op. cit., p. 62; and Pavlov, Historical Premises.


84. T. Banerjee, The Internal Market of India 1834-1900 (Calcutta: Academic Publishers, 1966), pp. 2-3; Naqvi, Urbanization and Urban Centres under the Great Mughals, pp. 70-1; Faroque, Roads and Communications in Mughal India, pp. 164-209. For definition of different Indian terms including those mentioned here see Yule and Burnell, Hobson-Jobson, pp. 753 and 798-801.


86. Copies of Instructions issued by Lord William Bentinck, Governor General of India, when at Madras in the year 1834, to a Commission of Civil Servants appointed by his Lordship to Examine and Report upon the Customs and Post-Office Systems: and, of the said Report, P.P., 1851 (151), XLII, p. 23.


89. Ibid.

90. Ibid.


94. Ibid., pp. 103-4.

95. Ibid., p. 106.


100. Trevelyan, *op. cit.*, p. 481.
108. East India Company, *Papers Respecting the Negotiation with His Majesty's Ministers on the subject of the East-India Company's Charter and the Government of His Majesty's Indian Territories, for a further term after the 22nd April, 1834* (1833), p. 133.
109. Ibid., pp. 15-6 and 23.
115. C. Dutt, *India To-day*, p. 85.
117. See David Hill's observations in Minutes of Evidence, Report from the Select Committee on the Affairs of the East India Company (1831-32; XI.), p. 113.
118. For details see Thomas, *Mercantilism and the East India


120. Parshad, op. cit., p. 84. For rates of duty on cotton goods imported in Great Britain from 1787 onwards, see Ibid., p. 85.


126. Marx, On Colonialism and Modernization, pp. 91 and 106.


133. Pavlov, Historical Premises, p. 236.

134. Staples, op. cit., p. 87.


137. Ambirajan, op. cit., p. 189.
139. Pavlov, The Indian Capitalist Class, p. 151.
140. Ibid., and Mookerji, op. cit., p. 182.
142. Pavlov, The Indian Capitalist Class, p. 149.
143. Pavlov, Historical Premises, p. 233.
147. Staples, op. cit., p. 85.
152. Desai, Social Background of Indian Nationalism, p. 78.
155. See N.M. Joshi, Urban Handicrafts of the Bombay Deccan (Poona: Gokhale Institute of Politics and Economics, 1936), pp. 63-4, 83 and 95.
157. See chapters 7-9.
162. Frank, Dependent Accumulation and Underdevelopment, p. 89.
163. Marx, On Colonialism and Modernization, p. 94.
169. Minutes of Evidence, Report from the Select Committee on East India Produce (1840), p. 108. For additional examples, see also Minutes of Evidence, Report (Relative to the Trade with the East Indies and China) from the Select Committee of the House of Lords, Appointed to Inquire Into the Means of Extending and Securing the Foreign Trade of the Country, and to Report to the House, P.P., 1821 (476), VII, pp. 54, and 204.
175. Parshad, op. cit., p. 129.
176. For details, see ibid., pp. 130-1.
177. Ibid., Table No. XVI, p. 216.
178. [Ibid., p. 138.]
180. Parshad, op. cit., p. 177.
186. For details, see Ambirajan, op. cit., pp. 252-4.
188. Banerjee, The Internal Market of India, p. 80.
189. Government of Britain, Statistical Abstract relating to British India from 1840 to 1865 (1867). Table No. 52, p. 72.
199. For the growth of foreign trade due to the progress of the railways, see Minutes of Evidence, Report from the Select Committee on East India Railway Communications, P.P., 1884 (284), XI, Appendix No. 5, p. 595.
200. See Tomlinson, "India and the British Empire, 1880-1935", p. 264; Mitchell, Abstract of British Historical Statistics, pp. 282-3 and 313-4; and Government of
Britain, Statistical Abstract for the United Kingdom in each of the Last Fifteen Years from 1854 to 1868 (1869), Tables Nos. 18 and 19, pp. 52-5.

Report from the Select Committee of the House of Lords appointed to inquire into the Present State of the Affairs of the East India Company and into the Trade between Great Britain, the East Indies and China, P.P., 1830 (646), VI, p. 4. Emphases added. See also A Return of Papers in the Possession of the East India Company, Showing What Measures have been taken since 1836 to promote the Cultivation of Cotton in India, with the Particulars and Result of any Experiments which have been made by the said Company, with a view to introduce the Growth of American Cotton, or to encourage the Production of Native Cotton in India, P.P., 1847 (439), XLII, p. 2.


Philips, ed., The Correspondence of Lord William Cavendish Bentinck, vol. 1, p. 204.

Minutes of Evidence, Report from the Select Committee on the Affairs of the East India Company (1831-32, X), Appendix No. 38, Query III, p. 431. For Holt Mackenzie's evidence see ibid., pp. 32-4.

For evidence of Tucker, a chairman of the Company, see Minutes of Evidence, First Report from the Select Committee on Sugar and Coffee Planting, P.P., 1847-48 (123), XXIII, Part 1, p. 206.

Burke, op. cit.; vol. 8; p. 89.

Ninth Report (13 June, 1783), Appendix No. 37, pp. 200-1.

Ibid., p. 201.

Burke, op. cit.; vol. 8, p. 91.

See East India Company, Reports and Documents connected with the Proceedings of the East-India Company in regard to the Culture and Manufacture of Cotton-Wool, Raw Silk, and Indigo in India (1836), esp. pp. xxxviii and 29. Note that pagination here refers to that in the section on raw silk.

212. C.W.E. Cotton, Handbook of Commercial Information for India (Calcutta: Central Publication Branch, Govt. of India, 1924), p. 319.

213. Ibid., p. 317. The figures include not only reeled silk but also chasam (silk waste) and cocoons. For figures of exports of Bengal raw silk to Britain in the early decades of the 19th century, see Minutes of Evidence, Second Report (Relative to the Silk and Wine Trade) from the Select Committee of the House of Lords, appointed to inquire into the Means of Extending and Securing the Foreign Trade of the Country, and to Report to the House, P.P., 1821 (703), VII, Appendix No. A, pp. 58-61.

214. See Second Report (Relative to the Silk and Wine Trade) from the Select Committee of the House of Lords, appointed to inquire into the Means of Extending and Securing the Foreign Trade of the country, and to Report to the House (1821), p. 3.


216. For most of these measures between 1850s and 1880s, see Harnetty, Imperialism and Free Trade, esp. pp. 82-122. For certain measures proposed to increase raw cotton production in the late 1910s, see Government of India, Report of the Indian Cotton Committee, (1919), passim.

217. Correspondence relating to the Cultivation of Cotton and Tobacco in the East Indies, P.P., 1830 (57), CCLXXXVII, Letter No. 7, p. 13

218. Ibid.


221. A.W. Silver, Manchester Men and Indian Cotton (New York: Barnes & Noble, 1967), p. 28; and Farnie, op. cit., p. 108. See also Harnetty, Imperialism and Free Trade, p. 57 for figures of British consumption Indian cotton between 1855 and 1872.

222. H. Venkatasubbiah, Foreign Trade of India: 1900-1940 (Bombay: Oxford University Press, 1943), Table No. IV,


225. *Copy of Papers received from India relating to the Measures adopted for introducing the Cultivation of the Tea Plant within the British possessions in India*, P.P., 1839 (63), XXXIX, p. 19.

226. Ibid., pp. 40, 42, 76 and 93; and Minutes of Evidence, Report from the Select Committee on East India Produce (1840), pp. 39-40.


228. Ibid., p. 13.


CHAPTER FIVE

CAPITALIST UNDERDEVELOPMENT

I. Introduction

The main objective of this chapter is to discuss and analyze the themes presented in the previous chapter. That is, the metropolitan-colonial interaction, primarily determined by constraints flowing from the consolidation of and changes in metropolitan capitalism, resulted in the destruction and/or blockade of the productive forces conducive to the growth of the capitalist mode of production and the concomitant social structural transformations in colonial India. This was so; as will be shown, despite new developments in metropolitan industrial capital. These new developments strengthened the earlier trends and generated new constricting forces. It should, however, be pointed out that the new developments in metropolitan capital or, what amounts to the same thing, the decelerating forces of colonial capitalist underdevelopment did not originate exclusively in Britain. They remained integrally connected with the consequences of the rise of other metropolitan centres of industrial capitalism (viz., France, Germany, the U.S.A., Japan, and some others) and the resultant changes in the structure of the world economy.
II. British Monopoly Capital: 1880 - 1940

Preliminary Remarks

From the early 1870s onwards, metropolitan capitalist
development and accumulation as a whole entered its third
phase, the phase of monopoly capitalism which lasted to the
end of colonialism in India in the later 1940s. The
metropolitan-colonial relations of domination and subordination
acquired new meanings in response to the structural trans-
formations that characterized monopoly capitalism. However,
if the metropolitan countries experienced "the comprehensive
development of the specifically capitalist mode of production
to a relatively high degree", this blocked the forces productive
of industrial capitalist development in the colonies. "The
process of the degradation of the developing countries to the
status of complementary instruments for metropolitan accumu-
lation was finally accomplished." 2

In a sense, this was true of colonial India vis à vis
metropolitan Britain within the context of new monoplistic
developments in metropolitan capital. Britain, the birthplace
of industrial capitalism, emerged no longer as the heartland
of industrial capitalism. In brief, "as the world was
'catching up' with Britain in the development of modern
capitalism, her opportunities for continued economic growth
were continually threatened and became increasingly precarious." 3
This does not mean, however, that Britain did not gain. More
specifically, colonial India once again emerged as the vital
base for British capitalism but it was for the last time.

India became the second centre for the extension of British power and influence in the world; and when she dropped this role after 1947, the British empire did not take long to disappear. Indeed, not without reason has it been stated that India was "the brightest jewel in the British Crown", that it was India "which has made the Empire" or that India "had always been the core of the Colonial Empire." In the monopolistic phase of metropolitan capitalist development and accumulation, colonial India assumed a new role the fulfilment of which involved, among other things, a transfer of resources from the colony to the metropolis. An official Report (1874) states that "India, as a component part of the (British but not Indian-BKB) Empire, must be prepared to share in the cost of a system the expense of which may be enhanced for Imperial purposes."

In any case, India's new role meant priority of metropolitan interests to those of India and the latter's faithful carrying out of imperial commitments on behalf of the metropolis. These imperial commitments, embodying the overriding interests of the metropolis in this final phase of capitalist development and accumulation more before the First World War and 'less so afterwards, meant three things in practice: that India should be retained as a market for British exports, which meant that the Government of Indian should not impose insurmountable barriers, especially tariffs, to the flow of British merchandise to India; that the Indian army be kept available for the imperial cause; and that the Indian administration should ensure that
repayment of interest on guaranteed debt bonds was made smoothly and that adequate revenue and remittance was available for the Home Charges.

Each prong of its triple commitment cost the Government of India money. The requirements of British exporters obstructed attempts to impose revenue tariffs; the Home Charges and debt repayments were always a strain on revenues, and could be crippling when the rupee exchange was low; the army, with its high percentage of British troops whose pay, pensions and training costs were a great deal higher than those of native sepoys, was another drain on resources, especially when it was overseas playing an imperial role. . . . The role which India played in supporting the imperial system only became apparent at times of imperial crisis. Between 1914 and 1947 there were four such crises—those of the two World Wars, that of the early 1920s, when a trade depression coincided with the British realization that the cost of holding their new empire in the Middle East was prohibitive, and that of the early 1930s, when the Great Depression and the disruption of established patterns of international investment and capital flows pushed sterling off the gold standard. . . . By 1945 each part of India's triple imperial commitment had been badly eroded, so that very little remained.

It is to these aspects that I now turn to illustrate the colonial fulfilment of imperial priorities which were in themselves restrictive of colonial industrial capitalist development.

Imperial Priorities of the Metropolis

As Imperial interests expanded, so did their demands upon India. Indian revenues had to pay for any army liable to defend British interests outside India.

The British territorial possessions in the colonies increased from 8.7 million square miles with a population of 252 millions in 1876 to 13.1 million square miles with a population of 393
millions in 1914. Despite the victory of free traders, the British Empire increased in both size and population. India's link with Britain, instead of loosening in the wake of the victory of free trade, became further strengthened. Except for a very few of them (e.g., James Geddes and Willaim Stokes) the free traders did not envisage India as an independent country comparable to Canada or Australia. Neither did they advocate withdrawal from India. Most champions of the Manchester School, which distrusted state intervention, denounced protectionism and militarism and even denied economic usefulness of the colonies, rather contributed to strengthening Britain's "imperial connection with India."  

India's imperial connection meant, among other things, the defence and sustenance of the metropolitain imperium whenever necessary. In real terms it meant India's ability to successfully become "a military milch cow" and so realize its military role as "the glorious jewel in the British imperial diadem." Table No. 5.1 illustrates India's involvement and share of expenses in military operations in the 19th century. Jeffrey summarizes India's military role: "During the last ninety years of British rule in India, the 'Jewel of the Empire' was, as Lord Salisbury remarked in 1882, easily regarded by many British imperialists as 'an English Barrack in the Oriental Seas from which we may draw any number of troops without paying for them.'" Consider, for instance, the case of the Abyssinian war (1867-68) in which India was
Table No. 5.1
Indian Military Involvement and Expenditures
1838-1896

<table>
<thead>
<tr>
<th>Expedition</th>
<th>Ordinary Charges</th>
<th>Extraordinary Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1st Afghanistan (1838-42)</td>
<td>All</td>
<td>None</td>
</tr>
<tr>
<td>2. 1st China (1839-40)</td>
<td>All</td>
<td>None</td>
</tr>
<tr>
<td>3. 2nd China (1856-57)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>4. Persia (1856)</td>
<td>All</td>
<td>Half</td>
</tr>
<tr>
<td>5. 3rd China (1859)</td>
<td>None except expenses of Indian Navy Vessels</td>
<td>None</td>
</tr>
<tr>
<td>6. Abyssinia (1867-68)</td>
<td>All</td>
<td>None</td>
</tr>
<tr>
<td>7. Perak (1875)</td>
<td>All</td>
<td>None</td>
</tr>
<tr>
<td>8. Malta (1878)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>9. 2nd Afghanistan (1878-80)</td>
<td>All</td>
<td>All but £500,000</td>
</tr>
<tr>
<td>10. Egypt (1882)</td>
<td>All</td>
<td>All but £500,000</td>
</tr>
<tr>
<td>11. Soudan (1885-86)</td>
<td>All</td>
<td>None</td>
</tr>
<tr>
<td>12. Burma (1886)</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>13. Soukim Sudan (1896)</td>
<td>All</td>
<td>None</td>
</tr>
</tbody>
</table>


In no way more concerned than was Canada or Australia, which were not, however, asked to share the expenses of that war. Consider again, the Egyptian operations (1882) in which Britain shared only £500,000 out of a total cost of £1,700,000. The threat to Indian security was exaggerated to justify India's involvement. The cry of "India in danger" was", as Kiernan points out,
a convenient one for financiers and concession-hunters, as well as historians; for anyone with an eye on Burmese timber, Yunnan railways, Malayan rubber, or Persian oil. It was a plausible excuse for all businessmen found in compromising situation, an unanswerable claim for official backing. If there had been space-travellers in those days India would have been a compulsory reason for Britain to take part in the race to the moon—which after all is actually within the sight of Simla. It was a plausible excuse, besides charged the cost of military operations up and down Asia and Africa to the Indian taxpayer.

In both World Wars India's participation as the imperial guardsman was not less spectacular.

In the First World War, Indians were fighting in such places as France, East Africa, Mesopotamia, Egypt, Gallipoli, Salonika, Aden and the Persian Gulf. An official evaluation of India's fulfilment of the imperial military role is as follows:

It is because India has for many years past maintained a large army, that she was able, at a critical moment, to despatch a large and fully equipped force to the Western front to help in stemming the tide of invasion of the territory of our Allies. The army in India proved itself once more to be a great Imperial asset. So, too, have been the forces hastily raised and trained in every part of the Empire, but the essential difference is that India at the outbreak of war had an army in being, which cost her annually a large sum to maintain; while the Colonies and Dominions had been exempted for all these years from a correspondingly heavy burden of military expenditure.

The financial strains of the First World War can be summarized in the words of Gallagher and Seal:
More than a million Indian troops were recruited for duty overseas; by 1920, the Indian tax-payer was paying three times more for the army than he had a year before the outbreak of the war; in addition India made a free gift of £100,000,000 to Britain’s war effort. ... India had been bled 'absolutely white', the Viceroy reported to London. It came out of the war with a national debt of £370 million and a bad financial headache.

Neither were the financial strains of the Second World War less gruesome. The military expenditure of the colonial Raj constituted as much as about 30 per cent of total governmental expenditures in the period from 1872 to 1947. In the periods from 1911 to 1920 and from 1938 to 1947 the percentages were 20 37 and 43 respectively. India became a cheap and convenient repository of the British army. In 1914 India was supporting 21 80,000 British troops.

The consequences of Indian military involvement, determined as it was by imperial considerations of metropolitan priority, can hardly be exaggerated. Substantial economic surplus that could have been utilized to build up a necessary industrial infrastructure was plainly wasted by the colonial Raj whose sources of revenue, throughout the colonial period, were extremely limited. In addition, the growth of indigenous industrial capitalism was obstructed in varying degrees by India’s military involvements. This was in particular true of World War II. The following is a summary description of the hindrance to indigenous, large-scale capitalist industrialization:
Having completed a substantial phase of import substitution, India seemed poised on the threshold of a new stage in industrial growth. The outbreak of the Second World War hastened the transition to the new phase of production. It implied a structural transformation of India's industrial economy, leading to production of heavy chemicals, sophisticated machinery, aircraft, automobiles, locomotives, ships and a variety of other heavy capital goods. ... But during the Second World War India really missed splendid opportunities of initiating heavy industries on a large scale. A nationalist government would have seized these opportunities with a view to long-term development of India's industries after the war. The Imperial government concentrated on the war and on nothing else, for the future of India after the war was quite uncertain. The future industrial development of India, which was such a major issue to Indian businessmen, was a minor consideration in the global strategic calculations of British statesmen fighting a world war. India's industrial potential was tapped, not in terms of her own future growth, but in terms of the most efficient international organization of war production and distribution in order to defeat the Axis. The international division of labor idealized by nineteenth century laissez-faire economics was propagated in a modified form by the penetrating controls of twentieth century warfare, ... India was not being built up by the British as a power in her own right, but only as an appendage to Britain's global imperial power.

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In a sense, however; the Second World War was instrumental in bringing about the demise of colonialism because India was fast developing into a liability for metropolitan purposes. Although the metropolitan state obtained the services of the Indian army cheaply, paying less than the market cost of enormous number of soldiers and vast amounts of supplies and stores, India became a declining military asset in view of Britain's increasing contribution to India's military expenses.
By the end of the war India not only repaid its sterling debt but also emerged as the largest single sterling creditor. The historical reversal of roles between Britain and India meant, in effect, that the former was on its way out from the latter.

But before this occurred the colonial Raj had to ensure that repayment of interest on guaranteed debt bonds was made smoothly and that adequate revenue and remittance was available for the Home Charges. Given this priority, the colonial Raj was a mere "mediator between imperial and domestic demands for the use of colonial resources."

The Home Charges (viz. civil and military charges, guaranteed interests on railways and irrigation, payments for stores purchased in the U.K., etc.) were indeed "a severe strain on India's finances." India's Home Charges increased from a little over £5 million in 1856-57 to about £15 million in 1872-73. It was over £17 million in 1901-02. Economic surplus to the metropolis was effectuated by means of India's growing debt. In particular, the sterling debt, held in London, rose from less than £4 million in 1856 to £55 million in 1877 and £133 million in 1900. In the 1920s and 1930s the increasing sterling debt became a significant component in the Home Charges. The inability to meet the Charges compelled the colonial Raj "every year to transfer unpaid demands to the public debt and to pay a heavier interest on it." Table No. 5.2 shows the Home Charges, public Debt and
Table No. 5.2

Home Charges and Public Debt of India
1913-1935 (Int)

<table>
<thead>
<tr>
<th>Years</th>
<th>Home Charges</th>
<th>Public Debt</th>
<th>Interest Paid on Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913-14</td>
<td>20,311,673</td>
<td>177,064,757</td>
<td>5,912,796</td>
</tr>
<tr>
<td>1917-18</td>
<td>26,065,057</td>
<td>236,942,654</td>
<td>9,938,905</td>
</tr>
<tr>
<td>1924-25</td>
<td>31,888,776</td>
<td>341,040,430</td>
<td>12,556,031</td>
</tr>
<tr>
<td>1934-35</td>
<td>28,503,796</td>
<td>383,885,070</td>
<td>14,307,955</td>
</tr>
</tbody>
</table>

Note: Public debt included the ordinary, railway and irrigation debt.


As will be shown later, India could only fulfill its imperial commitment by raising the necessary export surplus. In practical terms this meant the loss of self-sufficiency of a segment of the Indian village economy and, concomitantly, increased commercialization and peasanization. It is estimated that between 1898 and 1914 sterling debt servicing absorbed 45.12 percent of the commodity balance, i.e. export surplus.

In the period between 1921 and 1938 interests on debt absorbed no less than 60.78 percent of India's export surplus in the commodity balance. In an important sense, the 1930s were expressive of the future changes in the relations of domination and subordination between the metropolis and the colony. There was, in the 1930s, a "sudden, massive, and persistent withdrawal of capital from India" and this was at a time when India "could hardly be said to have matured economically."

By the Second World War, the annual outflow of wealth from India amounted to over £130 millions.
By the 1930s, however, British capitalism had become parasitic. Let me now turn to the third component of the metropolitan priority, i.e. India's compulsive pursuit of free trade and specialization in the international division of labor.

If the enforcement of free trade and the international division of labor had their beginnings in the era of competitive-industrial capitalism these became accentuated in the succeeding period of monopoly capitalism. As before, the enforcement of free trade and the international division of labor were the results not of colonial, but of metropolitan determination. Reminiscent of the earlier phase, India, between 1870 and 1914 was again forced into and became integrated with the metropolitan capitalist world economy and world market within a multilateral trading system. It came to constitute the third leg in the triangular pattern between Britain on the one hand and Europe and North America on the other. As before, India was once again to emerge as a strictly financial base for Britain. India became vital in the settlements of Britain's balance of payments deficit with Europe and North America. "The key to Britain's whole payments pattern lay in India, financing as she probably did more than two-fifths of Britain's total deficits." Simply put, India was forced to raise substantial amounts of export surplus, whether for meeting its own financial obligations (viz. Home Charges, payments for invisible services such as
shipped and insured, etc.) or to pay for manufactured
British commodities, that would enable Britain to sustain,
to a certain degree its declining industrial capitalist
dominance vis a vis increased competition from other
metropolitan centres of industry. But this could not be done,
as shall be shown below, without at the same time forcing
India to stick to the 'glorious' path of free trade under
metropolitan stewardship and, hence, (under) 'developing'
India by intensifying the international division of labor.
This explains, correspondingly, the creation of obstacles in
the way of the development of colonial industrial capitalism.

It has been stated elsewhere that the industrial sun
of metropolitan Britain began fading from 1870s as other
metropolitan centres of industry rose under state-sponsored
protectionism and began competing in the world market.
Britain was confronted with a situation of double jeopardy.
Its commodities met with increasing tariff barriers in the
external markets of other metropolitan countries. As a result,
Britain accumulated import surplus because it sold less in
these countries. In this situation, colonial India proved
its worth as the so-called jewel in the imperial diadem by
acting as a "safety-valve", sustaining the declining
metropolitan imperium. Saul explains.

It was partly through her Indian connections
that Britain was able to survive the blows of
of the tariff barriers. The Indian market was
kept open to British goods and Indian exports
overcame the tariffs for her. It has been
estimated that in 1985 three-quarters of India's exports to Germany, nearly all to France, all to Belgium, 70 percent to Austria and about one half to the United States were free from duty. To take a more specific case, British exports of jute goods found competition severe in the early years of the twentieth century. Total exports declined from an average of 260m. yards in 1887-1891 to 170m. in 1909-1913. Indian goods had taken pride of place in the United States and Australia, and even sold in the high-tariff South American markets where British goods had a particularly rough time. But from the general payments point of view, it was an admirable situation. India contributed to Britain's dollar settlements by exporting jute and jute goods to the United States to a value of over £10m., something Dundee, by its own admission, could not have done because of the obstacle formed by the American tariff. So long as exports of other goods to India from Britain continued to rise, all was well. Thus it was that although Britain took a smaller proportion of the exports of India than of the exports of any other part of the Empire, it suited the world settlements pattern that this should be so.

Another dimension of India's importance in the maintenance of the imperial system is indicated by a colonial official: "Whilst India's purchase are mostly made inside the Empire, her sales are mostly outside Empire. The importance, therefore, of foreign markets to India is clear, and consequently the importance of these foreign markets to England's sales to India, because her imports are paid for by exports." Obviously, India's specialization in the international division of labor in the production of raw materials and primary commodities for industrializing the metropolises had to be developed. Even when the country was facing famines (viz. 1876-79) India was to export foodgrains (viz. rice and wheat).
If export surplus was to be raised, the colonial Raj had to pursue non-protectionist tariff. The export duties had to be low or non-existent. By 1880 there was a small duty only on rice and this remained in effect until 1916. From then on financial difficulties necessitated the reluctant imposition of export duties on certain items (viz: jute, tea etc.) from time to time. But these duties were low and were not utilized "for the protection of an industry."

If one aspect of India's integration into the world economy by means of the growth of a multilateral trading system since the 1870s was the accentuation of its specialization in the production of raw materials and primary commodities, another aspect was the artificial conversion of India into a market for metropolitan, especially British, manufactured commodities. In other words, the colonial Raj was to realize, on a priority basis, the interests of the metropolitan bourgeoisie and defend metropolitan industry. "Indian industry was required to face the full blast of English competition without the possibility of protection, and governed by a British regime disposed to purchase only British manufactures, and unwilling to enter even into long-term contracts with local new manufacturers."

Britain remained the largest source of supply of Indian imports. Although Britain's share began declining throughout this monopolistic phase of capitalist development and accumulation. In the 1880s Britain supplied 80 percent of
of Indian imports. In 1901 it was 63.8 percent; it rose to 67.3 percent in 1915 and then declined to 54.1 percent in 1925 and 40.6 percent in 1935. It was only 21.2 percent in 1945. However, this does not mean insignificance, as a whole, of the Indian market for British manufactured commodities.

India alone bought 8.2 percent of Britain's total exports in 1870-72, 12.6 percent in 1890-92, 11.4 percent in 1910-12, 16 percent in 1913 and 13 percent in 1917. In 1870 India was the third largest purchaser of British commodities, in 1890-92 second, and in 1913 first. Throughout the interwar period India remained one of the best British markets. "Up to 1935, India was the single largest market; after 1935 she was among the top three." Without emphasizing any further the importance of the Indian market for Britain, I may mention the relative importance of British export trade as a source of British national income. Foreign trade represented 58.8 percent of British national income in 1911-13, 45 percent in the 1920s and 33.9 percent in 1930-38.

India was however never as important a market for capital exports as it was for exports of cotton commodities. India emerged as the largest single purchaser of British cotton commodities whose role in British exports can hardly be exaggerated. Even in 1935 textiles were Britain's second largest manufacturing industry, accounting for 5.6% of the national income. Textiles were still the largest export (18.8 percent) item. Cotton manufactures alone accounted for
10.6 percent of this export—second only to machinery (12.9 percent). India continued to remain a protected market and became "Lancashire's single most important market, taking around 40 percent of cotton piece-good exports in the period 1880-1913." In 1936-38 India was still the largest single market for British cotton piece-goods. Towards the closing decades of colonialism India emerged, despite some industrialization based on import-substitution, as a major market for capital goods. As will be shown in the next chapter, this only meant the continued prevalence of the so-called international division of labor between Britain and India, and the perpetuation of the industrial distance between the two. In 1913 India was the largest single market for British iron and steel manufactures and general electrical machinery. In 1936-38 too India was the largest importer of general machinery from Britain. In respect of electrical goods and iron and steel manufactures India was respectively the second and third largest purchaser from Britain. It is important to note that "the British hold on the Indian market for imported engineering products remained almost complete." Finally, it may also be mentioned that India, by acting as captive market for British commodities, enabled Britain to undertake certain amounts of investment in the American continent and elsewhere.

Given the support colonial India provided to metropolitan capitalist development and accumulation vis-à-vis the increasing
onslaught of other metropolitan centres of industry, it is hardly surprising that the colonial Raj, bound as it was by the imperial priorities of the metropolitan state, pursued the policy it did. That is, India had to follow a free trade policy and specialize in the non-industrializing sector of the international division of labor. The whole of the import duties, with the minor exceptions of those levied on arms and liquor, were abolished in 1882. A small duty on petroleum was levied in 1888. The colonial Raj undertook a sacrifice of £1,219,000 in revenue. Until 1894, India became, under metropolitan "good" guidance, an absolutely free trader by carrying out the principles of free trade, as Strachey remarks with some pride, "more completely than in any other country". More than India's metropolitan guide, for Britain itself imposed duties on tea and coffee without consulting India. From 1894 to the outbreak of the First World War, the colonial Raj had to impose "a low revenue tariff with a general rate of 5 percent" under compulsion of the fall in the sterling value of Indian rupee. There were, however, exceptions where the import tariff was lower. An important one was the import duty of 3¾ percent on cotton piece goods levied in 1896. Simultaneously, there was a countervailing exercise duty of 3¾ percent imposed on indigenously manufactured cloth. No where perhaps was the metropolitan class determination of the colonial Raj more clear than in this case. Barring exceptions, the general rate of import duty increased from 5,
percent to 7½ percent in 1916, 11 percent in 1921, 15 percent in 1922 and 25 percent in 1931. By the 1920s the revenue tariffs became the largest source of state revenue.

Although the Indian environment improved for large-scale industrialization due to the indirect protectionist effects of the revenue tariffs, this does not mean that India compared favorably with other countries in terms of tariff reforms. For example, the average tariff levels of India and other selected countries for 1913 and 1925 respectively were as follows in percentages: India, 4 and 14; the U.S.A., 33 and 29; Australia, 17 and 25; Canada, 18 and 16; Sweden, 16 and 13; Germany, 12 and 12; France, 18 and 12; Spain, 33 and 44; Italy, 17 and 17; Austria, 18 and 12; and U.K., 0 and 4. Moreover, constraints did not disappear altogether, as will be shown later, even when India was conceded a certain amount of protectionism in the 1920s because of various indigenous as well as metropolitan factors.

As a result of India's compulsive pursuit of free trade and specialization in the international division of labor it "became an exporter of raw materials and depended on imports from outside for manufactured articles." The importance of India for the metropolis was precisely stated by Joseph Chamberlain (a colonial secretary from 1895 to 1903) who conceived of an Imperial Zollverein and was a critic of free trade. Not without reason he stated in 1894 that he "would never lose the hold we now have over our great Indian
dependency—by far the greatest and most valuable of all the 72 customers we have." The latter part of the statement remained true both before and after 1894, it may be added. As one Britisher put it: "To the trade with India is due much of our past and present prosperity and wealth."

The Role of Metropolitan Capital

Before discussing the role of metropolitan capital in blockading and distorting colonial industrial capitalist development, let me mention some relevant points. First, it may be noted that in the 1880s and 1840s the metropolitan theme was India's requirement of British surplus capital. In the 1870s and 1880s it changed to British surplus capital's requirement of India. Bentinck wrote in 1829 and 1830:

In all branches of industry, indeed, it is European capital, skill and example which India requires, and for which she offers a marker. European labor is not wanted, and could not be maintained. The settlers therefore must be men of capital and skill. ... India I am satisfied can produce anything in her varied climate, but I must repeat again and again, that it is only to be done by European skill and capital, with a free and open market.

But from the 1870s, as illustrated by the rapidity of railway investments in particular, the search for protected outlets for investment became more evident. The Viceroy (1869-1872), Mayo wrote:

We are determined as long as the sun shines to hold India. Our national character, our commerce, demand it; and we have, one way or another, two hundred and fifty millions of English capital fixed in the country.
What was the role of the British and the Indians in the process of investment to further India’s specialization in the international division of labor? J. H. Johnstone states in 1832 that "Europeans are not capable of laboring in India; they can only superintend." In 1858 G.B. Tremenhere stated: "The true function of the European in India is not as a laborer, but as a director of labor." In other words, the tendency was to encourage the growth of a mass of unskilled workers.

More importantly, it is most likely that metropolitan capital originated right inside India and did not come from Britain. "Investment in India was entirely financed from India."

British capital certainly did encourage development, first in Europe, then in the United States and then in the Dominions, but not in India or Latin America. India was not, of course, an empty land; and investment was internally financed, although the dividends returned to Britain; and that was cause enough for under-development.

The growth of capital investments in India, says rightly Levkovsky, "cannot be explained solely by the export of capital from Britain." Bagchi states that "in fact, apart from the investment in railways and other public utilities of India, most of the net transfers of capital were made to countries to which white settlers migrated in substantial numbers."

It seems that, with possible exceptions, metropolitan capital appears to have originated in India itself in view of the latter.
payments in various forms throughout the period of colonialism. Early evidence suggests this. In any case, between 1854 and 1869 British capital in India amounted to about £150 million. It totalled £160 million in 1870, £270 million in 1885 and £380 million in 1913. Although the amounts grew absolutely, British investment in India declined relative to the total amounts of British overseas investment. Indian investment fell roughly from 20 percent of the total in 1870 and 1885 to about 10 percent in 1913.

Metropolitan capital flowed into areas that generally ensured a higher and steadier profit but which, at the same time, did not pose any threat to the industrial dominance of the metropolis. It went into developing public works, extractive or export industries. Rather than accelerating large-scale industrialization, metropolitan capital went in the direction of strengthening the peasantization and ruralization processes in the colonial social formation. It promoted an agricultural bias by flowing into such areas as tea, jute, coffee, rubber and mining industries. Among other things, it intensified the international division of labor and developed India’s industrial dependence on the metropolis for manufactured commodities. Metropolitan capital, by penetrating into selective areas, created a fundamental distortion in the colony’s mode(s) of production by giving rise to export enclaves within the economic structure. The disarticulation in the mode(s) of production grew in the sense that the commercialized rural sector did not produce
for the growing industrial sector in the urbanizing areas; neither did the latter need the support of the former. Since the expansionary benefits of the rural sector leaked out to the metropolis, the growth of the indigenous industrial sector was rather blockaded. The export enclaves emerged as alien bodies due to metropolitan determination but they remained unintegrated within the internal structure of the mode(s) of production. The effects of metropolitan capital's selective penetration were indeed many: broadening the base of simple commodity production, expansion not of industrial but of merchant capitalism, retardation of the growth of the industrial bourgeoisie and, simultaneously, the preservation of feudal social classes and feudal social structure, creation of technological dependence in various ways (viz. exclusion of Indians from technical and managerial positions by both the metropolitan firms and the colonial Raj) overemphaes and on literary education by the colonial Raj that was committed to the international division of labor, devaluation and non-expansion of scientific, technological and engineering education and so on. In brief, it was obstructive of the indigenous process of primitive accumulation in all its dimensions. The following remark of a Britisher towards the end of the first decade of the 20th century elucidates an important aspect of the role of metropolitan capital in India:

One of the most noteworthy characteristics of the British investor is his objection to placing capital in any enterprise or in any country...
for the matter of that, the development of which appears to be against the interest of the Motherland.

Let me briefly discuss some of the aspects of the role of metropolitan capital.

Take for instance, the role of the railways that absorbed the bulk of the metropolitan investment in India. Railway construction expanded from 4,771 miles in 1870 to 8,996 miles in 1880 or by 88 percent. For various reasons, the great potential of the railways remained largely unrealized. In the colonial period it did not precisely become the forerunner of modern industry. The railways "did not give rise to a flood of satellite innovations and it destroyed more occupational opportunities than it opened up." Apart from the promotion of such tendencies as the intensification of the international division of labor, the distortion of the mode(s) of production towards export orientation and the expansion of merchant capitalism, the railways proved baneful in other ways too. For instance, the locations of railway stations and depots were such as to cause unnecessary inconvenience and expenditure for the public; nor was sufficient attention given "to the creation and development of local industries." Indians overwhelmingly remained excluded from higher positions. European and Eurasian railway employees in the 1920s were mobilized against Indian strikers. More importantly, railways were built at an
excessive cost, without any motive of economy whatsoever as Henry Beaumont stated:

In the case of India we reaped a benefit all around. Next to Australia, India was the largest customer we had for locomotives; we had supplied all the material and all the equipment and built the railways and we reaped the profit very largely.

No wonder, the benefits that were supposed to flow from the railways leaked out to the metropolis, i.e. to its various industries (viz. coal, iron & steel, engineering, etc.). "After all", said Thornton in 1955, "the prime concern of British railway policy in India was to make India useful to Britain, not to make Britain useful to India."

Let me now consider the role of the British-controlled agency houses which, while less inclined to venture into any risky areas of productive activity, expedited the enforcement of the international division of labor by encouraging production and commerce in raw materials and/or primary commodities such as indigo, opium, sugar, etc. In addition, they attempted to obstruct the formation of new banks (viz. the General Bank or the Bank of Bombay) outside their control. In the early 1830s these agency houses disappeared. On their ruins emerged the managing agency system. From the 1870s especially, "the managing agency system became the most general accepted way of doing business corporations in the country." Formally, managing agents were entrusted with the management of the affairs of the enterprise on behalf of
its shareholders. The agents continued as long as shareholders retained them in office. The managing agents take full charge of construction of buildings, purchase of machinery, securing of staff, conduct of operations and marketing. Usually they also take the leading part in finance. Generally the agent has considerable financial standing and is able either to furnish relatively large capital or to borrow it advantageously from such places as the London market.

At bottom, the managing agency system was "one of the leading weapons for maintaining British control of Indian industrial development." The system enabled "British finance capital to found capitalist enterprises in India." But these enterprises specialized in export-oriented production (jute, tea, coffee, etc.) and hence intensified the international division of labor. As such, the managing agents combined their activities with their participation in the colonial import and export trade.

The managing agencies promoted the growth of simple commodity production and expedited the expansion of merchant capitalism. The managing agents, so goes the Report of the Indian Industrial Commission (1919), have not escaped criticism as being unduly conservative in their methods of business and as exhibiting undue reluctance to embark on new ventures. They have been charged with lack of enterprise and an unwillingness to follow up lines of development naturally proceeding from the expansion of operations in their own specialized industries. In other words, they have been inclined to develop commerce rather than industries, and have thus been at times less helpful than
might have been the case, in clearing the way for continuous industrial progress.

The managing agency system, with its control over the industries also fostered the creation of technological dependence in the form of exclusion of Indians from employment in or training for technical, managerial or supervisory positions.

The prejudices of race and class which complicate so many Indian problems are not absent from industry. A large number of the most successful business concerns in India are in the hands of Europeans, and we are told that they were, as a rule, reluctant to offer employment to Indians.

The monopolistic position of the British financial bourgeoisie within the total metropolitan domination over the monetary policy of the colonial Raj was no less obstructive of the growth of productive forces conducive to colonial industrial capitalist development. The activities of the exchange banks, controlled by the metropolitan financial bourgeoisie, were "confined almost entirely to the financing of foreign trade at the sea ports." In other words, these contributed to the enforcement of the international division of labor. What is more important is that the exchange banks remained "a closely guarded monopoly" and "systematically opposed any measure which might lead to any competition."

The Exchange Banks opposed the Presidency Banks' move to open London offices, refused to admit the Tata Industrial Bank to the list of eligible purchasers of Council Bills, opposed the establishment of a Central Bank
and, as late as 1940, the introduction of banking legislation. During the Second World War, the Exchange Banks' Association effectively annulled the gains Indian banks had made (in association with one or two American banks) in handling foreign transactions. It was not until the end of the war that they began to come to terms with the Indian sector.

If the exchange banks profited in the course of the colonial foreign trade, other banks (viz. Presidency banks and the Imperial Bank of India in the main) dominated the organized money market, and Indians remained largely excluded there from. There remained formal and informal links between the Presidency banks, the exchange banks, the Imperial Bank of India (formed out of merger of the Presidency banks in 1921), and the managing agencies. To this should be added any patronage that the colonial Raj could offer to them. As a result the growth of the indigenous industrial capitalist class was frustrated. The role of metropolitan capital, though secondarily progressive from one point of view, remained primarily negative insofar as the reproduction of the industrial image of Britain in India was concerned. Thus, metropolitan capital did in no way, by flowing into selective colonial sectors, develop industries in India which posed any real threat to the industries securing dominance to the metropolis, Peis says that it is beyond question that the main course of British foreign investment was in accord with the main national purposes. The feelings and decisions of the investors showed substantial identity with those of the government in power. Capital went primarily to those lands from the development of which the British people hoped
for benefit — in the way of new sources of raw materials and foodstuffs, new markets. Likewise it entered chiefly those types of employment which brought benefit, in the form of orders, to British industry.

Blocking and/or Underdeveloping Industrialization: Some Case Studies

For a variety of reasons, basically of metropolitan determination, the reproduction of the industrial image of Britain in India was restricted. As will be shown below, the growth of the productive forces that might have given rise to the development of the capitalist mode of industrial production by machines was, instead of being expedited by the metropolitan-colonial interaction, rather blocked or retarded.

The Role of the Colonial Raj and/or the Metropolitan State

It will be argued in chapter 9 that the colonial Raj was an organization that represented predominantly metropolitan bourgeoisie class relations until the early 1920s. As such, it did not hesitate to intervene in various ways to promote enterprises of the metropolitan bourgeoisie or to secure the necessary conditions of reproduction and accumulation for metropolitan capital in India in blatant repudiation of the canonized dogmas of free trade or laissez faire. In due course, when this clashed with the cause of the indigenous bourgeoisie, the hostility and indifference of the colonial Raj and the metropolitan state became highly evident.

For example, when the Madras branch of the colonial
Raj took the lead in pioneering certain small scale industrial enterprises and eventually instituted a separate provincial Department of Industries with Alfred Chatterton as its head in 1906, this provoked outright metropolitan resistance to this supposed violation of laissez-faire principles by the colonial Raj to the detriment of the private enterprise which, of course, was dominated by the metropolitan bourgeoisie. The leadership role of the Madras government and its various activities in the industrial sphere were welcomed by the indigenous population. But these activities aroused the opposition of the local European commercial community who interpreted them as a serious menace to private enterprise and an unwarrantable intervention on the part of the State in matters beyond the sphere of Government.

The efforts of the Madras government were quashed by John Morley, the Secretary of State for India, in 1910 and the Department was disbanded. Although Departments of industries grew up in many British Indian provinces by about the end of the First World War, their contribution in terms of indigenous industrialization did not amount to much in view of magnitude of the problems facing it: lack of funds, lack of sufficient experts, lack of an all-India policy of industrialization, lack of coordination between different departments of industries, blind adherence by the dominant majority of the ruling class to the efficacy of free trade and laissez-faire, the characteristic indetermination of the ruling class as to
the necessity of large-scale industrialization for India at all and, hence, consensual faith in agriculture as India's golden road to prosperity under the industrial guardianship of Britain, and so on. Under the circumstances the results were negative. It should be, however, noted that since the 1920s Britain "began to show some concern for the lack of Indian industrialization." This does not mean that this change in metropolitan attitude was complete or favored prima facie India's case for speedy large-scale industrialization.

**Discriminating Protection**

The dominant official view regarding India's need for large-scale industrialization before the First World War can be summed up by referring to Alfred Chatterton's own ideas. As late as the early 1910s, he advocated the development not of "an artificial industrial system" that was "foreign to the habit of the people and inimical to their best interests" but of "the internal agricultural resources of India."

The cry for protection is, I hold, a mistaken attempt to force the country into a course of action for which it has but few natural facilities and for which its people possess little inclination or aptitude. But with the outbreak of World War I, the indigenous demand for political support by the colonial Raj for indigenous industrialization had become sufficiently strong. This necessitated as well as elicited an increasingly favorable
response from the metropolitan ruling class to the cause of colonial industrial development. India was granted "fiscal autonomy" in 1919 and "discriminating protection" in 1922. It must not be imagined, however, that India was granted discriminatory protection because Indians wanted full protection. Britain itself had already made moves to depart from the ideology of free trade in 1921.

Neither fiscal autonomy nor discriminatory protection were as real as they appeared to be. That is, the slight shift in the attitude of the metropolis in favor of colonial industrial capitalist development was both "tentative and piecemeal." For example, the majority of the Indian Fiscal Commission (1922) did not suggest substantive protection so as to enable India, in the words of the minority of the Commission, "within a reasonable period of time, in addition to supplying her own needs, to export her manufactured goods."

Still within the framework of the international division of labor, the majority held on to the comparative advantage yardstick and suggested stricter criteria for "discriminating protection." Industry, in order to qualify for this, (1) must possess "natural advantages" (viz. abundant supply of raw materials, cheap power, home market, etc.), (2) must be such as to be unlikely to develop at all without protection; and (3) must eventually be able to face "world competition without protection." It is extremely doubtful whether industries in Britain itself ever fulfilled all these
conditions simultaneously in the infancy of their development. These stringent criteria were *prima facie* a disincentive for many infant industries even to apply for protection. There existed "no provision for starting such needed new industries as chemicals and machine tools." Generally speaking, protection was not visualized as an instrument of general economic development but was viewed as a means of enabling particular industries to withstand foreign competition, when they applied for protection. This resulted in a somewhat lop-sided development. With such an approach, it was not possible for basic and key industries to develop. ... The pattern of industrialization visualized by the Commission, was, however, the simpler forms of manufacture.

The encouragement of small-scale industrialization was in conformity with the over-all policy, though never formally formulated, of the colonial Raj and/or the metropolitan State.

The majority of the Fiscal Commission recommended a permanent and independent Tariff Board to examine applications for protection. The colonial Raj decided for an ad hoc and semi-official one. The Raj was not bound to refer every application for protection to the Tariff Board. The latter was not bound to send its report to the Raj within any specified time so that the time factor may operate disadvantageously to the applicant industry. The Raj was not bound to accept the recommendations of the Tariff Board or the resolution of the Indian legislature. The period of tariff protection was often too short to strengthen the position of the industry concerned. The uncertainty of future protection eroded the confidence of
the industry in the face of the competition of the metropolitan centres of industry. The following Table No. 5.3 illustrates the delay at various levels.

Table No. 5.3

<table>
<thead>
<tr>
<th>Name of Industries</th>
<th>Date of Reference</th>
<th>Time Taken by the Tariff Board to Submit Report (months)</th>
<th>Time Taken by the Govt. to arrive at decision (months)</th>
<th>Total Time (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>April 9, 1932</td>
<td>7</td>
<td>24</td>
<td>31</td>
</tr>
<tr>
<td>Textiles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
<td>Aug. 26, 1933</td>
<td>8</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Paper</td>
<td>Dec. 11, 1937</td>
<td>5</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Sugar</td>
<td>Mar. 27, 1937</td>
<td>9</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td>Matches</td>
<td>Oct. 2, 1923</td>
<td>18</td>
<td>5</td>
<td>23</td>
</tr>
</tbody>
</table>


Between 1923 and 1939, the Tariff Board conducted 51 enquiries and recommended protection for 11 industries. In 1939, eight industries (viz., iron and steel, cotton textiles, sugar, paper, magnesium chloride, sericulture, gold and silver thread, artificial silk and cotton and silk mixed fabrics) enjoyed protection and this was continued during the Second World War.

The reality of fiscal autonomy or discriminating protection was further diluted by the growth of the Imperial preference for British manufactured commodities vis à vis those of other metropolitan centres of industry. Chatterj
The 'fiscal autonomy' which Britain had conceded to India after the First World War did not indicate that colonial economic control was being substantially weakened, or that India was moving into the position of Canada or Australia. Britain had to give something in order to retain its essential interests, and fiscal autonomy was a technique to gather support, rather than a milestone to decolonization.

India began extending preferences to British commodities in various protective and revenue tariffs even before India's entry into the system of Imperial preference established by the Ottawa Agreement of August 1932. For low quality cotton textiles meant for mass consumption, British manufactures paid an import duty of 15 percent whereas non-British competitors had to pay 20 percent in 1930. The latter rate increased to 50 percent in 1932 and 75 percent in 1933.

What is important is that the Ottawa Agreement (1932-39) further intensified the international division of labor in terms of Indian exchanges of raw materials and primary commodities (i.e. tea, raw cotton, jute, tobacco, etc.) for British manufactured commodities (i.e. motor vehicles, chemicals, electrical and engineering goods, etc.). So did the Anglo-Indian Trade Agreement of 1939 which secured preference for 47 percent of the total British exports to India in areas that were crucial to retaining Britain's competitive position in the Indian market. The Indian legislature denounced both the Ottawa Agreement in 1936 and the Anglo-Indian Trade Agreement in 1939. Even then, the latter became operative by
of certification of the Viceroy. These two rejections demonstrate that the metropolitan and indigenous bourgeoisie were indeed in conflict with one another in the 1930s.

The Rise of Technological Dependence: The Stores Policy

The Colonial Raj’s policy of purchasing stores (i.e. commodities bought for use by government departments or agencies) in Britain is an important instance of structural constraint blocking the reproduction of the industrial image of the metropolis in the colony. The stores purchase policy was, along with other contributory factors, a leading factor that gave rise to the development of colonial India’s technological dependence.

Given the metropolitan priority that India “should be retained as a market for British exports”, it is less surprising to find that even the stationery supplies (viz., papers, ledgers, pens, inkstands, etc.) were imported from Britain. The stores policy was, of course, revised occasionally. But this did not mean any consistent relaxation to favor manufacturers (viz., mainly British) in India. The motive for any relaxation, when that was done, was primarily fiscal rather than developmental. Until about the early 1920s, the India Office in London, indeed, “exercised rigid control over the stores policy” and “generally obliged the ‘Home Manufacturers’ of different capital goods.” In 1887, for example, there was a reversal in the policy in favor of the
manufacturers in India. However, the Secretary of State for India insisted that "the Government should limit to the utmost the local purchase of building material not produced in India, such as iron, steel, tools, and plant, and especially machinery." The reasons underlying this and the obstruction of the growth of capital goods industries in India can be summarized in the words of Bagchi.

The government often took shelter behind the argument that the engineering concerns used mostly imported components or raw materials and so their products could not be regarded as of bona fide Indian manufacture. But it was obvious that without the hope of some continuity of orders, and without the assurance that orders would normally be substantial enough, the engineering firms could not invest in machinery and equipment on a scale large enough to compete successfully with their British counterparts, nor could the accessory industries grow up if the industries manufacturing the final goods for the government were themselves stunted.

It is of particular interest to note that most of the engineering firms operating in India were owned and controlled by the British bourgeoisie. It was they who were affected and who struggled for a relaxation of the rigid stores purchase policy favoring British manufacturers in Britain. It was the metropolitan priority, not considerations of adequate profit or domestic market, that hindered the growth of the capital goods industries (e.g. iron and steel, engineering, etc.) in colonial India.

In 1924, the Secretary of State surrendered his control over the stores policy to the colonial Raj. But even in
the 1920s, steril payments for stores still amounted to 4 million annually. Even under the new store rules of 1929 "ordance stores, railway materials, locomotives and wide range of other stores continued to be imported." Along with other factors such as the exclusion of Indians from technical and managerial positions, emphasis on literary education, etc., metropolitan dominance, expressed directly through controls implicit in colonialism, contributed to the creation of an almost complete lack of organized industry even in the light engineering industry, let alone heavy engineering.

The stores purchased in Britain for the construction of projects of the public works department the rolling stock, locomotives, various engineering materials represented, of course, a definite value to India, but the growth of the engineering industries in India was inhibited by the systematic purchase of these stores in Britain. Thus, the indirect benefits of railway and canal construction, i.e. the stimulus to heavy industry, took place more in Britain than in India.

Before the Second World War no "regular machine tool industry" existed in India although engineering industry itself had its beginnings decades ago. The production of the Indian machine tools industry immediately after partition (in August 1947) "could hardly meet three percent of the domestic demand."

The Locomotive Industry

Like many others, the case of the locomotive industry exemplifies a multitude of constraints that inhibited colonial
industrial capitalist development: blockade in the growth of
industry and the industrial bourgeoisie, acceleration of the
rise of technological dependence, obstructive role of the
colonial Raj in its utter subjection to the metropolitan state
and metropolitan industrial bourgeoisie, hindrance to the
primitive accumulation of capital, artificial restrictions on
the manufacturers to utilize existing market demands, and so
on. In the beginning, all locomotives were brought from
Britain whose locomotive building industry retained an
immensely important share of the Indian market. As happens
everywhere, with the passage of time the increasing familiarity
in the use of locomotives and growth in the number of skilled
personnel resulted in the initiation of local attempts to
manufacture locomotives in India. It first commenced in
1885 in the Jamalpur railway workshop. But the first
locomotive for meter gauge was manufactured in the Ajmer
railway workshop in 1896. In spite of those early
beginnings, however, only about 700 locomotives were actually
manufactured in India before independence in 1947.

In 1867, the East Indian Railway bought thirty
locomotives from Germany. After this no Indian railway, with
certain exceptions, bought locomotives from outside the
country until 1898. From then on, constraints on the
development of the indigenous industry began to appear.
About that time, in view of demands for locomotives both in
India and in Britain, orders had to be placed in Germany and
the U.S.A. To prevent any future large-scale orders outside of Britain and, therefore, to monopolize the Indian market, the concerned metropolitan bourgeoisie brought heavy pressure to bear on the Secretary of State for India (George Hamilton) who, in turn, appointed a Committee to prepare standard locomotive designs for Indian use. The Committee prepared BESA standard types for broad and meter gauge railways. It was a clever manoeuvre. "The purpose in preparing these designs was to enable the British firms to build for stock in slack periods, thereby flattening out their production curves, and to enable them to supply locomotives quickly even in rush periods so that the Indian railways would not have to go elsewhere to fill urgent orders." While the BESA standard types "inhibited continued locomotive designs and construction in India", the metropolitan bourgeoisie simultaneously succeeded in retaining the Indian market with the help of the metropolitan state in conjunction with the colonial Raj by excluding the competition of other metropolitan centres of industry. The British bourgeoisie even appealed to national sentiments in their frantic effort to retain the Indian market in the face of stiff competition from their other metropolitan rivals.

In the wake of increasing Indian demands for indigenization of the industries, the Peninsular Locomotive Company was established in 1921 under the chairmanship of H.L. Read, the head of a well-known firm of English locomotive
manufacturers, apparently to utilize the opportunity arising out of the colonial Raj's encouragement of "private enterprise" in the locomotive industry in India. When it applied for protection in 1924, it was turned down on the grounds of an absence of a sufficient domestic market. The Company went out of business without manufacturing a single locomotive. The denial of protection was based on the assessment of the market on a short-term basis. In 1940, a report submitted to the Railway Board of the colonial Raj recommended production of locomotives on the grounds that "the uncertainty of an adequate and steady demand for steam locomotives during a sufficiently long period has ceased to exist." Apparently nothing was done "till 1945 when the Tata Locomotive and Engineering Co. Ltd. was established under an agreement with the government to purchase the locomotives and boilers manufactured by the firm." The conclusion seems obvious. But for the reluctance of those "in control of railway policy", India would have become "completely self-sufficient in terms of locomotives several years ago."

Shipping and the Shipbuilding Industry

The case of the shipping and shipbuilding industry too evidences a choking off the growth of productive forces at the hands of the metropolitan bourgeoisie. Table No. 5.1 illustrates the decline of India's shipping and shipbuilding industry.
Table No. 5.4

Nationality of Ships Calling at Indian Ports
1857-1899

<table>
<thead>
<tr>
<th>Year</th>
<th>British and Others</th>
<th>British</th>
<th>Indian</th>
<th>No.</th>
<th>Tonnage</th>
<th>No.</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1857</td>
<td>34,286</td>
<td>1,219,958</td>
<td>59,441</td>
<td>2,475,472</td>
<td>--</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>1898-99</td>
<td>2,302</td>
<td>133,033</td>
<td>6,219</td>
<td>7,685,009</td>
<td>1,165</td>
<td>1,297,604</td>
<td></td>
</tr>
</tbody>
</table>

Source: W. Digby, 'Prosperous India', p. 88

The decline of the indigenous industry, while beginning earlier, seems to have coincided with the rise of the monopolistic phase of metropolitan capitalist development. "From the eighties (i.e. the 1880s – BKB), the British shipping interest in India had become consolidated and from this period onwards, they fiercely resisted any attempt by Indians to enter the shipping business." In 1921 about 90 percent of coastal trade and 98 percent of foreign trade were conducted by the foreign (mainly British) shipping companies. On the eve of the Second World War, the Indian share of shipping in the coastal trade was 21 percent, while the British share was 79 percent. In the overseas trade Indian shipping was practically non-existent.

Most of the 102 Indian shipping companies that were registered between 1860 and 1925 with a total capital of Rs. 46 crores went into liquidation one after another. Two prominent examples of the liquidation of the Indian companies due to the use of monopolistic devices (e.g. rate cutting and deferred rebates) by the British bourgeoisie or due to the...
hostility of the colonial Raj are the cases of the Tata Line established by J.N. Tata in 1899, and of the Swadeshi Shipping Company of Tuticorin established by Chidambaram Pillai in 1906. The case of the Scindia Steam Navigation Company (1919), with which the growth of India's modern shipping and shipbuilding industry is integrally connected, illustrates more clearly the colonial constraint that deterred the growth of capitalist productive forces. When Walchand Hirachand (Chairman: 1929-1950) and Narottam Morajee (Founder Chairman: 1919-1929), the founders of the company, tried to buy six steamers from the Palace Shipping Company of Liverpool for 1 million, their efforts met with a cold reception. "The Government of Britain was at first reluctant to sanction the purchase of the steamers and finally gave their consent to the transaction only with the proviso that no more ships were to be purchased for the moment." When the company started to ply these steamers on the Bombay-Rangoon line, the British company (BI) reduced rates from Rs.18 to Rs.5. Following the failure of this rate cutting attempt, the Indian company having sustained financial losses, the British interests proposed to buy up the company. The proposal was turned down. In 1923 the British and Indian companies concluded a ten year agreement. The Scindia Company made gains because the rate war was ended and because it was admitted to the Indian Coastal Conference which had remained until then an exclusively British body. For the first time the British shipping bourgeoisie recognized "the right to existence
of an Indian concern." But the Scindia Company had to pay a stiff price for these concessions. In the first place, they had to agree not to engage themselves in passenger trade or overseas operations. Until March 31, 1933, they had to confine themselves to coastal trade. They were not to expand their fleet until 1924 after which they could add only two ships a year for three years and, thereafter, only one ship in 1927. Each ship's tonnage was not to exceed 4,160 the total tonnage being pegged at 70,000 GRT. The charter of additional ships was specifically excluded. Scindias were not to charge lower freight rates than those of the B.I., but freedom was given to shippers to extend their patronage as they liked.

In other words, the expansion of the Scindia enterprise was blocked. In 1928 it was restricted to "14 steamers with a gross tonnage of about 64,000 tons, though it was able to finance an additional growth of 80,000 tons of shipping and thus raise its gross tonnage to 150,000 tons." According to the 1933 agreement Scindia was allowed to increase their tonnage to 100,000 tons. They could also carry passengers on two of the four lines between India and Burma (a part of British India until 1935). The sphere of operations thus remained confined to coastal trade. Although the agreement was to expire in 1939, the conclusion of any new agreement was suspended by the BI and the colonial Raj under the sheltering pretext of World War II. In 1940 the total tonnage of Indian shipping engaged in coastal trade was 131,748 gross tons, while that of British shipping exclusively engaged in overseas freight from India amounted to 2,756,400 gross tons. During
World War II Scindias' total tonnage, instead of expanding, went down because 16 out of 19 ships were requisitioned for war purposes. "At the end of the war Scindias' gross tonnage had come down to 72,000 tons, eight of its steamers having been sunk in the war and those returned by the government having badly deteriorated."

There are yet other constraints. For instance, whatever support (viz. a secure income for the carriage of mails or stores between India and the rest of the world) the colonial Raj could normally offer went to the British companies. In war time, both colonial and metropolitan authorities imposed controls (licensing of ships, restriction on movements, limitations on the nature of cargoes to be shipped etc.) on the ships on the Indian register, but these did not affect the operations of the British ships in the Indian coastal trade. The main recommendations of the Indian Mercantile Marine Committee (e.g. reservation of coastal trade for shipping companies registered in India, Indianization of the coastal marine in 25 years etc.), were not implemented by the Raj. Though passed by the Indian legislature (Central Legislative Assembly), the Bill seeking the reservation of coastal traffic to Indian owned tonnage was disapproved by the Secretary of State for India (Lord Birkenhead) and the Viceroy (Lord Irwin).

Without a substantial Indian Mercantile Marine which necessitated the reservation of coastal traffic to Indian
shipping, without breaking the hold of the metropolitan monopoly, without a positive attitude and concrete measures - all of these being structural impossibilities under the conditions of colonialism - it was difficult to develop an indigenous shipping and shipbuilding industry.

Scindias' request for government assistance for a shipbuilding yard during the Second World War met with the cold and extraordinary response that the Government of India had decided 'not to encourage actively the merchant shipbuilding industry in India as a part of their war effort'. This was at a time when the Government of India was desperately placing orders for ships in America, Australia and Canada; and was even proposing to construct a shipyard in Turkey by giving a 2 million loan to the Turkish government. But Walchand had been expecting this and had started construction of a shipbuilding yard at Vishakhapatnam with no expectation of aid. Even such a courageous and self-reliant enterprise proved helpless in the face of restrictions imposed by the government. Government's sanction for essential imports from Britain during the war was not forthcoming, and when in spite of that some progress in construction of a shipyard had been achieved, the government ordered the removal of all equipment at Vishakhapatnam to Bombay for urgent repairing of vessels damaged in the war. Not until March 1946 did Walchand succeed in shifting back the equipment from Bombay to Vishakhapatnam. By getting the construction done piecemeal, he had a yard with two berths completed in 1947. Next year Scindias built their first two steamers.

No wonder Walchand, the pioneer representative of the national bourgeoisie, stated bitterly in 1944: "We have a Government which take their instructions from Whitehall, not for the benefit of India, but for furthering the interests of England."
The Oil Industry

The importance of oil's industrial uses, whether for transportation (motor vehicles, aircraft, etc.), for running machinery and equipment or for the production of chemicals (fertilizers, man-made fibres, etc.), can hardly be ignored or overemphasized in the industrial development of any social formation. Oil was discovered in Assam in 1867. It was, however, in 1890 that commercial deposits were discovered in Digboi (Assam) by the Assam Railways and Trading Co. Since then they were worked by Assam Oil—a subsidiary of the British-owned Burmah Oil. About the same time, deposits were also discovered in Burma and Pakistan (a part of British India until August 1947). In 1900, only India and Canada produced oil in the British Empire, and their combined production amounted to some 1.2 percent of the total global production. Practically all of British Indian production in 1900, 38 million gallons of oil, came from Burma. Purely Indian production amounted to about 750,000 gallons and just under 2,000 gallons in Assam and in Punjab respectively.

Different constraints stifled the growth of this industry. For example,

The British Government was strongly opposed to any non-British company undertaking crude oil production in India. As early as 1902 two subsidiaries of the Standard Oil Trust, the Colonial Oil Company of New Jersey and the Anglo-American Company of Britain, applied to the Government of Burma for a licence to prospect for oil. These applications were refused on the ground that "it is not desired by the Government of India to introduce any
of the American oil companies or their subsidiary companies to India. Again, in 1917, Standard of New York's effort to prospect for oil was opposed on the ground that "a cardinal principle" of the Government policy was that "the licensee shall be and remain British or state subjects." Shell was refused permission to prospect Burma because of the fear that Standard Oil might enter through it and destroy Burman Oil's virtual monopoly over India including Burma. It was not until 1949, when the Standard Vacuum began prospecting the West Bengal area, that any non-British company was allowed exploration rights in India.

It has been stated that Standard Oil's exclusion from Burmese oilfields in 1902 was prompted by the colonial Raj's realization that Standard Oil would use, if allowed entry, "price-cutting and other forms of business warfare to destroy the existing oil companies" and that it would subordinate, as a "monopoly", the development of Burmese oilfields to its producing interests elsewhere. The argument does not seem to be convincing within the total context of the roles of the colonial Raj and the metropolitan state in colonial India. For instance, in the case of the shipping and shipbuilding industries, the colonial Raj was either hostile or indifferent when the British companies resorted to various monopolistic devices to beat the indigenous companies. As late as 1922, the majority of the Indian Fiscal Commission were stressing the need for legislating against practices productive of "monopoly" in the Indian coastal trade. Again, the colonial Raj and the metropolitan state practically guaranteed the monopoly of the British industrial bourgeoisie in the Indian market in the
sense that "in the field of government and railway purchases British iron and steel remained supreme, for the simple reason that government departments and railways refused to buy any other kind of steel." Moreover, price cutting devices to eliminate or defeat adversaries in the oil industry on the Indian market existed both before and after 1902. When, in the 1930s, the price weapon was used by Burmah-Shell to beat the indigenous merchants (i.e. independents), local demands were raised to fix the maximum and minimum prices for kerosene and motor spirit. The colonial Raj did not take any legislative action - a posture that was in sharp contrast to experiences in Goa (a Portuguese colony in the western coast of India) and New Zealand where the respective governments intervened to fix the maximum and minimum oil prices to enable small independents to survive the competition of the international oil giants. Except during the brief price wars of 1909, 1911 and 1928, the colonial Raj watched "the monopolization of the Indian oil market" since 1905 while, at the same time, the price agreement between the oil giants including Burmah Oil "had a detrimental effect on Indian customers, for the discriminatory pricing policies pursued by the companies almost certainly led to prices in India being higher than they should have been."

Indeed, there was a complex of structural factors inhibiting the growth of this industry. The importance of oil from the strategic or military point of view of the metropolis
(i.e. Royal Navy in this case), an area of priority of the metropolitan state, coincided with the Burmah Oil Company's campaign, obviously for profit considerations, to exclude non-British rivals. In March 1905, the Secretary of State for India confirmed the colonial Raj's policy "to confine the granting of future concessions in the oilfields to British companies in respect of control and organization." This had the practical effect of protecting the monopoly of the British bourgeoisie concerned even if imperial strategic considerations are assumed to be separate from the interests of the bourgeoisie. Further, the policy of non-British exclusion took on openly nationalistic consideration and justification. On its own part, Burmah Oil did not have good prospects for making a profit by increased investment in India because it was already producing oil in nearby Burma and Persia. Burmah Oil and its associates were facing increasing difficulties in marketing their products in Burma and Persia in view of the restrictive market sharing arrangements between the oil giants. The overproduction and the Depression in the 1920s and 1930s provided further disincentives. Under the circumstances, the British company undertook minimum legal exploration activity that was essential to retaining its existing rights. This was where the colonial Raj acted also negatively:

The state itself did nothing to encourage oil exploration beyond preliminary geological surveys. In Egypt and China on the eve of the First World War governments formed joint
enterprises with oil companies to develop petroleum resources. In India, however, a similar proposal from a British oil company for a joint venture with the government to explore Baluchistan received no encouragement. The only substantial company able to operate in the region, Burmah Oil, had little desire, especially after 1918, to develop new sources of oil in India. Yet the company was left free to acquire concessions in India outside Burma for 'pre-emptive' reasons. India Office officials were aware of Burmah Oil's policy and even on occasion deprecated it, but would or could do nothing about the situation.

At the same time, the colonial Raj "allowed and even encouraged excessive competition among smaller British oil companies on the established Burma oilfields." This competition "gave rise to wasteful methods of exploitation of the existing Burmese oilfields." In the overall context, the role of the colonial Raj was nothing new, and was usually and generally opposed to the growth of industrial capitalist development in India. As Edith Penrose says: "British colonial policy in India was not conducive to the development of an indigenous industry."

Additional Examples: Iron and Steel, Automobiles and Aircraft

It is important to note that all those industries that threatened, really or potentially, their counterparts in the metropolis were either altogether blocked or substantially underdeveloped in varying degrees. Consider, for instance, the case of the iron and steel industry whose importance in the total process of industrialization is beyond question. The effectiveness of colonial constraints was almost total.
Sen argues that the opposition of the 'Home Manufacturers' against the development of iron and steel (and engineering industries in India) was open and unconcealed, and throughout the nineteenth century the relaxation of the Store Rules was not extended to these industries.

The opposition lasted almost to the end of colonialism. The indigenous iron and steel industry, almost completely represented by the Tata Iron and Steel Company (TISCO), grew because of the coincidence of different factors: natural advantage of different raw materials, high enterprise, displacement of British iron and steel products by those of Belgium and Germany, and protection between 1923 and 1934.

However, this does not mean that the TISCO did not face constraints. The Tatas could not, despite their efforts, borrow from the London money market. Similarly, they failed to procure British expertise. They had to start with German machinery and German and American technical personnel. The colonial Raj refused to grant a "running contract" to them to supply steel manufactures at fixed prices, and this restricted their expansion until 1926. The Tata industry actually developed before it received the protection which allowed it to mature. In the First World War, the TISCO significantly contributed to the metropolitan war effort by adapting most of its output to munitions and rails to be sent to Egypt, Palestine, Mesopotamia and East Africa, at prices that were only 40 percent of those at which steel could have
been bought (if at all) in the market." When the Tariff Board sanctioned its application for protection, the Viceroy (Lord Reading) admitted "reluctantly" that protection had become "quite inevitable." In 1932 Australia did not produce an ounce of steel. But in 1942 it produced 1.5 million tons of steel, more than the annual production of India which was, ironically, equipped with a steel industry before the First World War.

The metropolitan automobile industry had a vital interest in the Indian market. In 1949-50, total Indian imports of vehicles and Britain's share respectively are as follows: motor cars including taxi cabs, 7,159 and 5,289; commercial vehicles, 11,455 and 4,388; and motor cycles, 2,466 and 1,681. The automobile industry was ineligible for discriminatory protection. Before 1935, it was difficult for the industry to grow because of the lack of the necessary ancillary industries or the lack of a technological base. But the outbreak of the Second World War presented an opportunity in view of military demands. Neither was there any lack of capital or interested capitalist to undertake the venture. The Secretary of State for India opposed the move with the argument that aid to automobile manufacturing in India would divert machinery and skilled personnel to the detriment of war production. This line of argument suggests that "in the over all British scheme of production for global war, India was to occupy the position of a supplier of raw materials rather than a manufacturer of finished instruments.
for waging war, a position strictly analogous to her nineteenth century role in the international economy." Hindustan Motor Ltd. was incorporated in 1942 in Baroda under the directorship of B.M. Birla, L.N. Birla and D.P. Khaitan. Premier Automobiles Ltd. was incorporated in 1944 in Bombay under the directorship of Walchand Hirachand, D.M. Khatau, M. B. Nanavati, D.B. Cooper, P.D. Nanjee and L.Hirachand.

Only the latter commenced operations for the assembly of cars in March 1947 when, granted the absence of impeding forces, the automobile industry could have possibly become a substantial industry.

Before the Second World War, "India was ill-equipped even for the repair of aircraft, and its manufacture was therefore a far cry." When Walchand presented a plan for the manufacture of aircraft in 1939, the colonial Raj reacted with "customary dilatoriness." It approved the plan after the fall of France and in the face of the Japanese threat to Southeast Asia in 1940. Rejecting it at first, the British ministry approved the proposal; under political pressure, on the condition that the necessary raw materials and components could not be imported from America and Britain due to defence requirements. Moreover,

it was not the Government of India, but the Indian state of Mysore, that came to Walchand's aid in raising the capital for the company. The Government of India placed a small order for 200 planes in two years with the Hindustan Aircraft Company. It neither placed giant orders as did the Canadian or Australian governments, nor did it give aid for building
a factory equipped for such large-scale production. The small orders were reluctantly placed under the pressure of opinion of British officials and businessmen in India. In 1942, under the threat of Japanese attack, the Government of India took over the company from Walchand.

There is however, more to it. A 1944 "confidential" Report states:

In 1941, the factory turned out its first aeroplane. Subsequently the manufacturing programme of the factory was given up in order to give absolute priority to servicing, repair and overhaul of all American purchased aircraft, aero-engines and aircraft equipment used in India.

Thus ended the career of an industry initiated by the private efforts of the indigenous industrial bourgeoisie.

III. Conclusion

The conclusion is somewhat compelling. The reproduction of the industrial image of the metropolis in the colony does not automatically take place because the latter does not necessarily receive from the former all that is necessary for this reproduction to occur. It is not difficult to trace concretely how colonial technological dependence was developed or how large-scale capitalist industrialization could not be an autonomous process but had to be dependent on factors traceable in the main to the constraining factors of metropolitan determination. In a profound sense, this is what colonialism was and stood for. There is a great deal of truth in what Rungta says in the following:
Mad it not been for the subordination of the national interests of India to those of Britain by the Government of the country, particularly in such matters as industrialization and transport development, and for the fact that the agricultural sector sadly lagged behind, India might well have reached the stage of "take off" many years earlier than it is supposed to have done.

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In brief, industrial capitalism was not simply "taken over as finished artifact" from Britain; neither was its growth facilitated by "direct and strong incentives" of the colonial Raj, as Weber, the German sociologist, suggests. The case was, in reality, almost exactly the reverse.

Footnotes

1. Recent theorists emphasize further transformations in the nature of metropolitan capitalist development and accumulation from the 1940s onwards. For details, see Amin, Unequal Development, pp. 188-91; F. Frobel, "The Current Development of the World Economy: Reproduction of Labor and Accumulation of Capital on a World Scale", Review, 5 (Spring 1982), pp. 507-55; and Mandel, Late Capitalism, pp. 62-74.


6. Report from the Select Committee on East Indian Finance, PP., 1874 (329), VIII, p. IV. For similar views of the Secretary of State for India, see Minutes of Evidence, in ibid., p. 156.
8. Seal, "Imperialism and Nationalism in India", p. 329.
10. Ambirajan, Classical Political Economy and British Policy in India, pp. 49-50; and Brown, The Economics of Imperialism, p. 107.
15. See Minutes of Evidence; Third Report from the Selection Committee on East India Finance, P.P., 1873 (354), XII, p. 151.
17. Kiernán, Marxism and Imperialism, pp. 82-3.
22. For massive increases of deficit spending, phenomenal monetary expansion, huge price increases, decline of agricultural production, etc., see S. Mittra, Monetary Politics in India, (Bombay: Vora, 1972) pp. 56-63; and N.C. Sinha and P.N. Khera, Indian War Economy: Supply Industry & Finance (Delhi: Combined Inter-Services Section, 1972), p. 348.
23. Ray, Industrialization in India, pp. 21, 256 and 258.
25. Ibid., p. 27.
29. Frank, *Dependent Accumulation and Underdevelopment*, p. 147.
36. For details, see Frank, *op. cit.*, pp. 172-208.
41. See Chapter 2.
43. Ibid., pp. 62-3.


64. Strachey, India: Its Administration and Progress, pp. 199; and Bagchi, Private Investment in India, p. 49.


74. Ambirajan, op. cit., p. 51.


80. Ibid., p. 139.

81. Levkovsky, Capitalism in India, p. 150.


83. For details, see Dutt, India To-Day, pp. 113-7; Chaudhuri, ed., The Economic Development of India, pp. 35-41; Ray, Industrialization in India, pp. 13-4 and 347-53; and Bagchi, Private Investment in India, pp. 159-60.

84. For testimonies of Thomas Bracken and David Hill, see Minutes of Evidence, Report from the Select Committee on the Affairs of India (1831-32, X), p. 151; and Ibid., (1831-32, XI), p. 110.


87. It is important to note that metropolitan capital did not flow necessarily, interestingly enough, into areas where its self-expansion was more guaranteed. That is, the metropolitan bourgeoisie were markedly reluctant to support and develop cotton textile and iron and steel industries even when both large market and prospects of attractive profit existed. The reasons are obvious. See A.K. Sen, "The Pattern of British Enterprise in India 1854-1914: A Causal Analysis", in B. Singh and V.B. Singh, eds., Social and Economic Change (Bombay: Allied Publishers 1967), pp. 415-29.


95. See Government of Britain, Report of the Committee appointed by the Secretary of State for India to enquire into the Administration and Working of the Indian Railways, (1921), pp. 58 and 92.
105. Dutt, India To-Day, p. 138.
106. Levkovsky, op. cit., p. 112.
110. Government of Britain, Report of a Committee appointed by
the Secretary of State for India to inquire into the System
of State Technical Scholarships established by the

111. "India is perhaps the only country, among the great trading
countries of the world, in which Government exercises
direct control over currency in general and over the note
issue in particular". See Government of Britain. Report
of the Royal Commission on Indian Currency and Finance
(1926), Vol. 1, p. 9. For different dimensions of India's
financial dependence (viz. enforced financial integration
with the metropolis, dramatic loss in exchanges sustained
by India, artificial flushing out of India's raw materials
and/or primary commodities, absence of any proper central
banking system until 1935 when the Reserve Bank was estab-
lished, the use of London-held Indian money by the Secretary
of State for India for purposes of investment or loan in
Britain, etc.) see Szentes, op. cit., pp. 177-86; D.
Rothermund, "The Monetary Policy of British Imperialism",
ESHR, 7 (March 1970); pp. 91-107; Mittra, op. cit., exa.
16-26; 64-89 and 126-33; and Amin, Accumulation on a World
Scale, pp. 463-74. For a general discussion, see D.K.
Malhotra, History and Problems of Indian Currency 1825-1959

112. Government of Britain, Appendices to the Report of the
Committee appointed by the secretary of State for India
to Enquire into Indian Exchange and Currency (1920), Vol.
3, Appendix I(a), p. 11.

113. H. Sinha, Early European Banking in India with Some
Reflections on Present Conditions (London: Macmillan, 1927,
pp. 221 and 186.

114. M. Kidron, Foreign Investments in India (London: Oxford

115. For details, see Bagchi, Private Investment in India, pp. 170-4.

116. Ibid., p. 423.

117. Raychaudhuri, "A Re-interpretation of Nineteenth Century
Indian Economic History", pp. 96 and 98.

118. H. Feis, Europe the World's Banker 1870-1914 (New York:

119. Bagchi, Private Investment in India, pp. 50-1.

120. Anstey, The Economic Development of India, p. 211.


125. See Beauchamp, British Imperialism in India, p. 53.


127. Ibid.


130. In 1903 Lord Hamilton wrote to Lord Curzon: "I am strongly of opinion that, if this country departs from a policy of free trade, and adopts a quasi-protective system in defence of its own rights, you cannot expect India to adhere to free trade". Cited in Philips, The Evolution of India and Pakistan, p. 606. "By the end of 1921 Great Britain had four protective measures in operation: the McKenna duties passed during the war but continued by the coalition after the armistice; the system of Imperial preference introduced by Austen Chamberlain to give advantage to the Empire over foreign countries; the Dyeuffs Act shielding the British producer by completely excluding foreign supplies; and, finally, the two sections of the Safeguarding of Industries Act". See R. K. Snyder, The Tariff Problem in Great Britain, 1918-1923 (California: Stanford University Press, 1944), p. 92.


133. Ibid., pp. 54-5.


136. Lamb, op. cit., p. 98. In many cases protection was afforded where British control existed (viz. as in paper industry) or where other industrial metropolises held the Indian market (Germany in the case of magnesium chloride, Finland in the case of plywood and tea chest industry or France in the case of gold thread industry, etc.). See, for details, B.P. Adarkar, The Indian Fiscal Policy (Allahabad: Kitabistan, 1941), pp. 468-73.


138. See next chapter.


140. Bagchi, Private Investment in India, pp. 45-6.


143. See Table No. at p. of chapter 6.


168. See Return of Correspondence with Certain British Firms as to Competition between German and British Manufacturers of Railway Locomotives, P.P., 1902 (298), LXXI, p. 8.

171. Humphries and Srinivasan, op. cit., p. 3.
172. Ibid. p. 6.
175. Rungta, op. cit., p. 124.
177. Ray, Industrialization in India, p. 95.
180. Ray, Industrialization in India, p. 100.
182. Ibid., p. 34.
183. Ray, Industrialization in India, p. 98.
184. Jog, op. cit., p. 34.
186. Ibid., p. 98.
187. Ibid., p. 100.
188. Ibid., pp. 108-10; and Jog, op. cit., pp. 45-53 and 64-72.
190. Cited in ibid., p. 110. See also Kidron, op. cit., pp. 16-7.

192. Ibid., p. 38.


199. Ibid., pp. 58-60 and 237.


202. Ibid., pp. 367-8: It should be noted that Burmah's share in the Indian import of kerosene increased from 10 percent in 1900-1 to 36 percent in 1904-5 and 48 percent in 1905-6. See Dasgupta, *op. cit.*, p. 17.


205. Ibid., p. 369.

206. Ibid., p. 374.


219. Ray, *Industrialization in India*, pp. 177 and 183. Walchand's earlier effort in the later 1930s failed because of official rejection of his application for registration of the company, which meant impossibility of importation of the necessary machinery and technical expertise. See *ibid.*, p. 177.


CHAPTER SIX

DEPENDENT CAPITALIST DEVELOPMENT: THE RISE OF THE CAPITALIST MODE OF PRODUCTION

I. Introduction

In the last two chapters, I have discussed how different constraints, flowing mainly from the emergence, consolidation and changes in metropolitan capitalism in its various phases of development, operated to destroy or impede the productive forces that were conducive to the rise of the CMP in colonial India. As a result, the social structural transformation of the Mughal social formation into a capitalist social formation was obstructed. But, it should be noted, not all constraints were external in character, solely emanating from the metropolis. The negative role of the archaic survivals (e.g. narrow base of simple commodity production, stagnating condition of technology, relative weakness of the capitalist elements such as merchants and artisans, etc.) bequeathed by the Mughal social formation was not insignificant. One of the objectives of this chapter is to show that some of the archaic survivals, although advantageously transformed or conserved by the colonial Raj in conformity with the demands of the metropolitan capitalist development and accumulation and of securing and stabilizing the legitimacy of the Raj itself, combined with different...
external (i.e. metropolitan) constraints to limit the growth of the capitalist mode of production - the industrial image of Britain in India. It should, however, be pointed out that it was the metropolitan constraints, and not the internal constraints of the Mughal archaic survivals, that were fundamental in inhibiting the reproduction of the industrial image of the metropolis in colonial India. While more will be stated in the following chapters, it suffices here to say that the autonomous industrial capitalist development of colonial India was rendered impossible also due to the many-sided domination of the metropolitan bourgeoisie and the metropolitan state over the indigenous social classes and colonial state almost until to the very end of the period of colonialism. In addition, the indigenous constraints did not remain purely indigenous or internal to the Indian social formation.

Regardless of what has been stated, it cannot be seriously denied that metropolitan capitalism and colonialism also played a positive or reconstructive role. Thus, another objective of this chapter is to show that the British-Indian interaction did indeed result in the reproduction of the industrial image, though in an arrested or subordinate way, of the British social formation in the Indian social formation even within the framework of colonialism. In this connection, however, I emphasize the structural origins of colonial India's capitalist mode of production or, put alternatively, colonial industrial capitalist development. Colonial industrial
capitalist development was not due to the goodwill of the metropolitan ruling class, just as underdevelopment of industrial capitalism was not due to their ill-will. Furthermore, as will be shown the development of colonial industrial capitalism was the structural outcome of both metropolitan and indigenous accelerators, just as the underdevelopment of colonial industrial capitalism was the structural outcome of both metropolitan and indigenous constraints.

Similarly, the last objective of this chapter is to demonstrate that the final outcome of the British-Indian interaction (i.e. the nature and content of colonial capitalist industrialization or the CMP) depended on the dialectical interplay of constraints and accelerators of both metropolitan and indigenous provenance. It suffices here to mention that the end product - the capitalist mode of production - remained weak and incomplete in its development for numerous reasons, and this phenomenon has been variously labelled as "dependent capitalism", "peripheral capitalism", or "stunted capitalism" by contemporary analysts.

II. Internal Obstacles

The present state of the underdeveloped countries basically derives from their external relations, their role in the world economy. It is, on the one hand, primarily the consequence of the colonial system of the international division of labor, and, on the other hand it is also due to the changes and disturbances this division of labor has undergone. ... The internal factors do not provide a satisfactory, logically consistent and historically verifiable explanation
of underdevelopment, and that the most typical of the large number of various internal factors are the very ones that can only be derived from the effect of the external, international forces.

It is often difficult to distinguish purely internal (i.e., Indian) from external (i.e. metropolitan) constraints because they become fused and interwoven in a complex way once (exploitation) colonies become subjected to intensive penetration by colonialism and metropolitan capitalism within international contexts. This line of analysis is followed below without, however, losing sight of the "internal" factors that were obstructive of indigenous industrial capitalist development.

It is often alleged that the high rate of population growth is a cause of underdevelopment. From about 255 million in 1871, the Indian population increased to about 389 million in 1941, giving the average rate of increase of approximately 0.6 percent per year. This was less than in many industrialized countries. The total increase in India during 1871-1941 was 52 percent, while that in the British Isles in the same period was 57 percent. Between 1870 and 1910, Britain and Germany registered a 58 percent growth in population. In the same period the Indian population grew by 19 percent. In 1948, India's population per square mile was 280. In the same year, this figure for the UK population was 533. It is obvious that India's population growth could not hold up colonial industrial capitalist development. Interestingly enough, despite the very slow population growth, the situation became
aggravated, on the one hand, by the lack of any rise in the per capita income. This was bound to slow down prospects for rapid industrialization because of its bearing on the extension of the domestic market and the growth of demands for commodities, despite the loss of self-sufficiency of the village economies due to the enforcement of the international division of labor.

From the beginning of British conquest in 1757 to independence, it seems unlikely that per capita income could have increased by more than a third and it probably did not increase at all. In the U.K. itself there was tenfold increase in per capita income over these two centuries. The most noticeable change in the economy was the rise in population from about 170 million to 420 million from 1757 to 1947.

An optimistic estimate suggests that for over about 90 years from 1860 the rate of growth of per capita real income averages about 0.5 percent a year. All this means that India emerged, at the time of its independence, with a so-called population problem as a colonial bequest from Britain.

On the other hand, while per capita income did not in all probability rise at all, commercialization under the impact of the international division of labor led to a decline of per capita food availability. As will be shown in the next chapter, the growth of capitalist agriculture was blocked for a variety of reasons (de-industrialization, small-peasant oriented land tenurial reforms and legislation, etc.) of metropolitan determination. The commercialization
of a segment of the Indian agriculture, instead of promoting capitalist agriculture, intensified "tenancy and sharecropping." Regardless of the form of tenure, the average number of acres of land per cultivating person declined from an already low figure of 2.23 in 1891-92 to 1.90 in 1939-40, a decline of 15 percent.

All this means that the domestic market and demand could not expand because of the growth of an ocean of (small) peasants remaining compulsively tied to tiny holdings, engaged in non-mechanized agriculture for the simple reproduction of life, and living and dying in litigation and indebtedness. The deteriorating condition of the largest segment of the population was bound to limit the possibilities of colonial industrialization in view of the restricted home market and demand that followed. The growth of free labor was obstructed. In sum, the historic process of primitive accumulation was simply thwarted or distorted. When the chance for industrialization actually arose, mainly due to the extraordinary events of two World Wars via import substitution, its complete realization was made structurally impossible due to the existence of the mass of poor small peasants. The impoverished condition of the largest segment of the Indian population— the small peasants— thus stood in the way of the expansion of demands for both consumer and capital goods and, hence, limited the scope of an accelerated pace of large-scale industrial capitalist development. This
at the same time leads one back to the archaic survivals of the Mughal social formation.

The archaic survivals which were due to the immaturity of the growth of material conditions necessary for capitalist development became "internal" constraints on industrial capitalist development in colonial India. As Parlov argues:

In the social and institutional spheres society was not purged of the inert elements of the traditional structures, whose links were weakened or disrupted but not broken, while the prerogatives of the relevant institutions were largely reduced or restricted, but not eliminated. In the sphere of ideology, rationalism did not become even a superficial, elitist philosophical trend, while fideism continued to reign, even if in different forms, in every section of society; there was no change in the claims to material and spiritual goods, but many sections had to be satisfied with less. In the theoretical and applied sciences and in the arts there were no fundamental changes in the cognition and comprehension of nature, society and man; the great achievements of the past were dogmatized and became the highest standard. In the sphere of technology there was no systematic or purposeful transformation of implements, no changes in the methods and organization of labor; both exploiters and exploited maintained the traditional attitude to work.

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The role of different archaic survivals, that are generally present in all pre-capitalist societies, should not be exaggerated because all of them were sustained and often encouraged in varying degrees by the colonial Raj for purposes of securing stability and legitimacy. The Raj was not popularly elected and the decision makers were aliens. The enforcement of the international division of labor, de- or non-industrialization, and the devaluation of scientific and
technological education and emphasis on literary education were largely connected with the non-development of rationalism, the traditional attitude to work, and the lack of changes in the organization and methods of labor.

Such societal constraints as the other-worldly values of Hinduism or the immobilizing effects of the caste system should not be exaggerated, as has been done by many in fact. While more will be said about this in chapters 8 and 9 it suffices to state here that "as the infrastructural changes pointed to the new avenues of profit, the religious inhibitions and the value systems sanctified by the scriptures and traditions were either compromised or readapted to break the occupational immobility." On the other hand, the role of the castes vastly increased, in an important sense, due to the retrogade policies pursued by the colonial Raj. Given the overall domination of the metropolitan bourgeoisie over the indigenous industries until about 1919, "Indian businessmen could only enter fields in which the whole of Indian production had not already been entirely allocated by administrative and political preference to European businessmen." At the same time, British managing agents were no less conservative in their entrepreneurial behavior, and seldom entered into ventures such as the metallurgical or chemical industries - areas where metropolitan interests dominated. But all this is not to suggest that there were no constraints. Macpherson summarizes:
Many Indian entrepreneurs failed to get off the ground because they lacked business acumen, managerial skill and technical competence. This was stated time and again to the Industrial Commission of 1916-18. Thus, a lac trader failed in shellac manufacture because he was ignorant of the techniques and because other manufacturers maintained secrecy. Mr. Sinha of the Bengal Preserving Company tried the Californian process of canning and found it wanting in the case of delicate mangoes. Second-hand equipment, bought for cheapness and now advocated in some sophisticated circles as a cure for capital shortage in developing countries, was a continual problem because it frequently broke down, spare parts were lacking and maintenance difficult. The most enterprising overcame these difficulties.

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But all these were not "purely" indigenous constraints because of the colonial Raj's emphasis on literary education, the general exclusion of Indians from managerial and technical positions and from training by both the colonial Raj and the British firms, and, finally, the conversion of India into a market for metropolitan manufactured commodities which reduced the urgency of indigenous industrialization.

Likewise, the shortage of capital in India as an internal constraint has been exaggerated. While this ideology justified the continued financial domination of the metropolitan bourgeoisie, the truth of the matter is that "capital in India was scarce, but less scarce than was often supposed." There was bound to be, to a certain extent, a shortage of capital in a social formation in which the historic process of primitive accumulation did not as a whole occur.
In addition, this was bound to be so when a certain amount of economic surplus was continuously drained out of the country by visible and invisible (shipping, insurance charges, etc.) means throughout the period of colonialism. Moreover, per capita income probably remained stagnant. Rungta summarizes the position for the 19th century:

Up to 1875 about £95 million were invested by British companies in Indian guaranteed railways. By contrast, the total paid-up rupee capital of all Indian companies working at the end of March 1901 amounted to a mere £25 million. British ownership in Indian companies apart, five-sixths of the total investment in the tea industry at the end of last century was in sterling. A similar situation prevailed in the jute industry. For the most part, these industries paid handsome dividends, and it is therefore difficult to resist the conclusion that the amount of capital in the hands of Indians willing to take risks was very small.

Over time the position must have possibly improved for neither the British managing agencies nor the large Indian business houses complained of the lack of availability of capital.

The situation in the 20th century can be summarized in the words of Ray:

In the overall context there was no absolute shortage of capital for the rate at which industrialization was going on up to 1947. There were in fact large accumulations from trade and banking which did not find sufficiently attractive outlets in the industrial sector during the period under review. ... However, this must not be interpreted as indicating no lack of capital for rapid industrialization in India from 1914 to 1947. The difficulties experienced by Tata, and Walchand in raising the money for their large new ventures in steel
and shipbuilding give some indication of the tightness of the money market which would certainly have been encountered if several such new works had been launched to achieve a much faster rate of industrialization. The rapid structural transformation of the Indian economy required very large surpluses for investment which that economy was certainly not generating in the inter-war period.

Hoarding as an internal obstacle has been, similarly, exaggerated. "The hoarding habit is sanctioned by the experience of centuries in India and by religious and racial laws and customs." The fact of the matter is that it is present in all pre-capitalist social formations or in all peasant societies.

It is important to note that the British did not inherit in India an advanced social formation that was ripe for quick industrial capitalist development. But this should not be exaggerated in order to rationalize the large-scale destruction of the productive forces or the inaction (or negative action) of the colonial Raj and metropolitan state in India. It is quite reasonable to assume that India needed an infrastructure on the basis of which large-scale industrialization was to proceed. To increase the pace of industrialization by building up a necessary infrastructure India required "massive social overhead investment in education, public health, communications, power and water supply, irrigation, and drainage systems, etc." This was needed not only for the employment of the underutilized and unutilized.
resources in men, money or materials available but also for raising the level of internal demand and expanding the domestic market for both consumer and capital goods. The problem in this connection is that such a heavy dose of public investment could not possibly come from the colonial Raj for a variety of reasons under conditions of colonialism determined by metropolitan capitalism. For most of the period of colonialism, the Raj simply did not have any policy for industrializing India. It only stepped in to do what was necessary, i.e. build up a system of needed public works, for promoting in the first instance the interests of the metropolitan industrial bourgeoisie. Indeed, most public investment took place in transport and communications including the railways. The least investment occurred in power and industry. Despite the inflexible sources of Indian revenue, the colonial Raj had to fulfill for most of the period of colonialism, imperial priorities. This drastically reduced or wasted available colonial surplus which could have been used to build up the necessary infrastructure for industrialization. All this boils down to the fact that Mughal archaic survivals were aggravated and intensified in the colonial period. The result was the formation of an environment that affected the investment behavior and business calculations of both metropolitan and Indian bourgeoisie.

The general pattern of economic backwardness in South Asia made uncertainties about costs of production and distribution truly formidable. ... There were the difficulties of selecting appropriate technology from what existed in the
developed countries. This technology inevitably had to be adapted to different relative factor prices, to the fact of more costly capital and cheaper labor. At the same time, the indigenous capacity for redesign was limited and very costly. The lack of skilled labor meant that the entrepreneur had to train his own. The costs of training were hard to predict and the rate of turnover was difficult to estimate. Not only might labor respond to its 'rural connections', but to the extent that other enterprises came on the scene the trained labor would be raided by competitors. Lack of complementary facilities means that the entrepreneur typically had to provide his own power and his own repair and replacement facilities and inventories. Thus, he needed not only more fixed capital but more working capital than the same enterprise would require in a developed system. Yet the businessman faced a situation where capital was typically more costly than in developed regions. Because local systems of credit were badly underdeveloped, capital would flow only in a fitful fashion...

All this suggests that the entrepreneur encountered higher real costs that needed the promise of higher rates of return if a gamble was to be taken. The great areas of uncertainty combined with the obvious objective obstacles to inhibit rapid expansion of modern industry. The problems afflicted individual entrepreneurs and affected all entrepreneurs in all sectors.

It should be mentioned, however, that not all constraints mentioned above were purely internal to the Indian social formation:

III. **Limitedness of the Progressive Role of Metropolitan Capitalism**

It should have been obvious by now that for a variety of reasons of both metropolitan and indigenous determination, the progressive role of metropolitan capitalism was structurally limited. Even Marx's optimism in respect of the progressive
role of metropolitan capitalism evaporated. In the 1860s, Marx became increasingly sceptical of the benefits accruing to colonial India in its interaction with the metropolis. He was careful to point out:

The Indians will not reap the fruits of the new elements of society scattered among them by the British bourgeoisie, till in Great Britain itself the now ruling classes shall have been supplanted by the industrial proletariat, or till the Hindoos themselves shall have grown strong enough to throw off the English yoke altogether.

Just how much the Indians reaped the benefits of the "new elements of society scattered among them" since the end colonialism is outside the scope of this chapter.

What is relevant here is that the reception of the progressive role of metropolitan capitalism (and also colonialism) has been varied among contemporary analysts of Indian industrial capitalist development. Bagchi denies it altogether:

A naive faith in the progressive role of capitalism is shared by essentially conservative thinkers like Schumpeter (cf. his characterization of the function of capitalism as "creative destruction"). In my view, British imperialism created in India a structure of society which made its evolution into a modern capitalist economy well-nigh impossible. The frustration of social evolution did not stem simply, or even primarily, from the brutal exploitation of ordinary people; it was due much more to the non-competitive structures fashioned by British rule, and to the precapitalist formations shored up by the peculiar action of capitalist imperialism on the Indian economy.
Chandra sums up in this way: "Capitalism developed the forces of capitalism; colonialism obstructed them. Capitalism developed society; colonialism retarded and reversed it— that is, underdeveloped it." According to Dutt, the progressive role (i.e. the benefits) of metropolitan capitalism was realized in an unconscious way. One aspect of this was the destruction of the old social order as "the necessary precedent to any new advance." The other achievement, flowing from British rule, less completely carried out, was the laying of the material basis for the new order by the political unification of the country, the linking up of India with the world market, the establishment of modern communications, especially the railways and telegraphic system, with the consequent first beginnings of modern industry and training of the necessary accompanying personnel with administrative and scientific qualifications.

These were not complete in themselves, the completion of the process being dependent on the actions of the Indians. This brief survey of representative reviews indicates that the progressive role of metropolitan capitalism and colonialism was in the main limited but not altogether absent. Just as Marx remarked, the new elements of society—"the material foundations of Western society"—remained only scattered among the Indians.

For one thing, the importance and real potential of these new elements are not amenable to quantitative estimation. I am inclined to think that these scattered elements definitely
set India on the road to capitalist development in the colonial period. There is no denying the fact that Britain provided India with the necessary preconditions of capitalist development, however weak and inadequate these might be, and hence enabled it to advance to the bourgeois stage of societal development. The nature of this development, i.e. the nature of the emergent capitalist mode of production or capitalist industrialization, will be taken up later. For the time being, let me follow Marx in singling out these preconditions which India inherited in its colonial intercourse with Britain.

An essential precondition of industrial capitalist development which India inherited in the process was, first of all, the growth of political unity, "more consolidated, and extending farther than it ever did." It was expedited by the formation of an indigenous army on a modern basis and also by the installation of the electric telegraph. Second, the movement towards the formation of the nation state was further promoted by the establishment of a free press that made the interaction of ideas of individuals and classes possible. It made political democracy possible. Third, the growth of the nation state was also promoted by the introduction of railways and steamships whose potential for accelerating capitalist development were as varied as they were complex. Some further aspects of this were as follows: the annihilation of village isolation and self sufficiency, the expansion of
production and exchange of commodities, formation of a domestic market, the extension of the division of labor, the promotion and growth of ancillary industries and services, the rise of individualism, and so on. Fourth, the introduction of railways specifically signified the rise of modern industry and, concomitantly, processes of large-scale industrialization.

When you have once introduced machinery into the locomotion of a country, which possesses iron and coals, you are unable to withhold it from its fabrication. You can not maintain a net of railways over an immense country without introducing all those industrial processes necessary to meet the immediate and current wants of railway locomotion, and out of which there must grow the application of machinery to those branches of industry not immediately connected with railways. The railway system will therefore become, in India, truly the fore-runner of modern industry.

In other words, India received a specifically capitalist mode of production in its colonial interaction with the metropolis. Fifth, the British recognized "two distinct forms of private property" especially in terms of the establishment of a formal legal system to adjudicate conflicting individual claims over immovables (viz. land). Aside from being the base of industrial capitalism, modern industry became the general catalyst of societal transformation since it was bound to "dissolve the hereditary divisions of labor, upon which rest the Indian castes, those decisive impediments to Indian progress and power."

Indeed, there are other aspects of the advent of
modern industry in India. The coming of colonial rule gradually necessitated, as a formal legal system was entrenched, "the establishment of the principle of equality and the creation of a consciousness of positive rights." With the quicker expansion of the print media, neither the growth of political parties and associations nor the growth of nationalism could be postponed. More importantly, the development of the new productive forces connected with large-scale industrialization based on the factory system generated an increasing rational consciousness which was manifested in the growth of modern science, engineering, and scientific institutions and societies. In brief, from the perspective of developmental sociology, India entered the era of what Turner calls industrialism, i.e. "the societal accompaniment of industrialization." The marks of industrialism, which presupposes the formation of industrial society, were many: large-scale production based on machines as a feature of the mode of production, a technological division of labor, emphasis on science and technology, dominance of legal-rational bureaucracy in both administrative and political structures, higher degree of social and geographical mobility, rise of diverse professions, concentration of workers in and around workplaces, separation of work from leisure, increasing prominence of money economy, accumulation of capital, and so on. This does not mean that India became a "mature" industrial society; it only made the transition, to an "early"
Colonial India made a transition, as will be shown in the next section, mainly to the process of manufacture rather than machinofacture without, however, experiencing any notable (primitive) accumulation of capital. But even then, India experienced large-scale industrialization based on machine production and thus entered the era of industrial capitalism. There is no doubt that, to a limited extent, the industrial image of the metropolis was reproduced in colonial India.

Finally, it is important to note Marx's prediction concerning the railways as the precursor of India's modern industry. Different constraints notwithstanding, "by far the most important development of mechanical engineering in India" was due to the growth of "the numerous locomotive and carriage-building shops" as an essential adjunct to the railway system. The release of the productive forces can be summed up in the words of Sen:

The coal industry could grow and expand because of the railways; the development of the engineering firms was geared to the needs of the railways, as the history of Jessop, Burn, Richardson and Cruddas clearly indicates. When the Tatas embarked on steel manufacture, they depended, in the initial years, on Government orders of rails. The railways created new types of employment, and called into being the railway towns. Trade marts grew around railway stations. It is sometimes forgotten that the needs of railways forced the Government to participate directly in the productive process. Some coal mines were worked by the Government in Central Provinces, Central India, Baluchistan and the Punjab; the main object was to supply the State railways
with fuel. The railway workshops came to be founded in the wake of railway construction; the Jamalpore Workshops, the Kanchrapara Workshops, the North Western Railway Workshops at Lahore, the Great Indian Peninsula Railway Workshops at Parel grew to a substantial size. It would be fatuous to hold that the railways failed to generate domestic incomes and employment. From 1900 the railways had begun to be remunerative, and gross earnings rose steadily.

Some other effects that expedited India's transformation to a capitalist social formation can be pointed out. For example, if it is assumed that the sphere of the trading area extended for 32 kilometres on either side of the railway track, then 78 percent of India's total area came within the range of the railway system by 1946-47. The net metric tonnage of freight carried by the railways was 3.6 million in 1871. This rose to 42.6 million by 1901, to 116 million by 1929-30, and to 143.6 million by 1945-46. The railways employed 34,000 workers in 1865. This figure rose to 273,000 in 1895, to 790,000 prior to the Great Depression, and to 1,047,000 by 1946-47. In any case, if during colonialism the railways failed to become, in the complete sense of the term, "the forerunner of modern industry", it certainly became so after the demise of colonialism. In independent India, it emerged as the principal carrier of men and commodities, as the biggest "nationalized" industrial enterprise, and as the largest consumer of a wide variety of commodities produced by other industries. It is the railways, the biggest field of
metropolitan capital investment, which "made industrialization of India possible."

IV. Towards Capitalist Industrialization

Structural Origins of Colonial Industrialization

Colonial industrial capitalist development can be better understood in terms of the structural determination of impersonal forces of both metropolitan and indigenous origins. In the last instance, it depended on the concrete material conditions prevailing in both Britain and India within a context that did not always remain confined to the territorial spaces of the said countries.

Let me cite some examples of the structural determination of colonial industrialization. Consider, for instance, India's inheritance of a centralized political and administrative state apparatus conducive to the growth of industrial capitalism. If Britain was to bend India to imperial purposes, London needed a strong government which would, in its turn, be strong enough over subordinate governments at various local levels. In the context of metropolitan-colonial relations, the British had to be unifiers.

Step by step the British imposed upon India an interconnected structure of government which stretched from its summit at Whitehall to the districts and taluks at the base, an administration close at the top, however lightly it rested upon the base.

In other words, political unity was to follow. Similarly,
while the establishment of public works was primarily determined by metropolitan considerations, these nevertheless gave rise to many preconditions for the growth of industrial capitalism. From the 1870s, the metropolitan authorities and the colonial Raj very slowly began relaxing store rules with the result that local manufacturers received an impetus to develop certain industries in India. Even the colonial Raj encouraged and established certain industries on a small scale. All this no doubt advanced indigenous industrialization, although it was mainly the metropolitan bourgeoisie who gained. Again, the relaxation of the store rules or the Raj's participation in industries was not for developmental reasons but for saving surplus that could be otherwise utilized.

The importance of the two World Wars (1914-1918 and 1939-1945) in providing powerful stimuli to colonial industrialization via import substitution can hardly be exaggerated. The outbreak of the First World War meant the erosion of India's role as a market for metropolitan manufactured commodities. The extraordinary situation necessitated the inevitable restriction on imports which, in turn, provided protection to indigenous industries. The shortage of shipping facilities due to submarine warfare provided further stimulus. The characteristic expansion of demand in the domestic market for manufactured commodities, first arising when external sources of supply were cut off, was further consolidated by
the necessities of the military role which colonial India played. That is, steps were taken "to ensure that the India economy made a full contribution to the Allied war effort." The result of the outbreak of the First World War was to generate certain conditions (prospects for profit, support for protection and the availability of a segment of domestic market) that prompted the cropping up of new industrial units to produce commodities that used to be imported from metropolitan centres. In other words, World War I provided the needed "stimulus" and hence prompted indigenous industrialization via the import-substitution of consumer commodities. In the Second World War too, the indigenous industries received a similar stimulus, but it was somewhat less than in the First World War.

There were other factors of metropolitan origin that were, in varying degrees, conducive to indigenous industrialization by means of loosening the linkage of India with Britain within the context of the rise of other industrial metropolises. Britain increasingly lost its hold over the Indian market in the face of tougher competition from other metropolitan rivals. Table No. 6.1 illustrates this. The loss of the Indian market by Britain was important in the sense that the British response to indigenous industrialization became less obstructive and more positive. It became rational to encourage indigenous industries, ameliorate the deteriorating conditions of the peasants and workers, and satisfy
the nationalist demands and the indigenous bourgeoisie when Britain was already in the process of losing its market in India. In the last instance, it increased the legitimacy of the Raj, ensured its safety, and broadened further the prospects for metropolitan capital investment in India.

Table No. VI

| Changes in the Source of Supply of Manufactured Imports into India |
|---|---|---|---|---|---|
| (Percentages based on Value) | | | | | |
| U.K. USA Germany Japan Belgium Italy | | | | | |
| Cotton | 1913-14 90.1 | 0.4 | 2.1 | 1.8 | --- | --- |
| Manufactures | 1932-33 53.0 | 1.3 | 0.3 | 37.9 | 0.1 | 0.9 |
| Iron and steel | 1913-14 69.9 | 2.6 | 14.5 | --- | --- | --- |
| Manufactures | 1932-33 51.1 | 1.2 | 0.6 | 0.7 | 24.1 | --- |
| Machinery | 1913-14 89.8 | 3.3 | 5.6 | --- | --- | --- |
| | 1932-33 74.1 | 11.8 | 10.2 | 0.4 | 3.7 | --- |
| Mechanical Vehicles | 1913-14 71.3 | 15.1 | --- | --- | 4.5 | --- |
| Instruments & Co. | 1932-33 50.5 | 13.9 | 16.9 | 5.9 | 1.6 | 1.9 |
| Chemicals | 1913-14 74.7 | 0.3 | 12.4 | 1.5 | --- | 5.2 |
| | 1932-33 51.6 | 5.4 | 14.9 | 4.9 | --- | 5.6 |


By the end of the 19th century, Indian nationalism had come into being, and indigenous leaders became convinced that the colonial rule was "fundamentally rooted in a desire to exploit India economically and was therefore harmful to India's economic growth." As nationalism grew and the demands of the social classes were articulated, the colonial Raj and the metropolitan state became increasingly subject
to the indigenous rather than metropolitan determination. As a result, the colonial Raj began to increasingly respond to the interests of Indians.

A sure sign of the growth of economic nationalism was the Swadeshi movement. It arose out of nationalist reaction to the partition of Bengal in 1905, but symbolized a large-scale mobilization of popular support for boycotting metropolitan manufactures and, hence, for promoting the cause of indigenous industries. Even though a failure, the movement showed very clearly the extent of mass support for indigenous industrialization and, also, how it could seriously jeopardize the continuity or legitimacy of metropolitan rule in India. The response of the colonial Raj, as expressive of the Indianization of the colonial state apparatus, can be indicated in terms of the following observation made by the Hardinge administration (1910-1916) in 1915:

It is becoming increasingly clear that a definite and self-conscious policy of improving the industrial capabilities of India will have to be pursued after the war, unless she is to become more and more a dumping ground for the manufactures of foreign nations.

In addition, if India was to play its military role, it had to be industrialized. Hence, there followed the appointment of the Indian Industrial Commission in 1915. In 1919, the Joint Selection Committee on Government of India Bill of 1919 (relating to constitutional reforms) recommended fiscal
autonomy for India. Its acceptance by the Secretary of
State for India was communicated to the Government of India
in 1921. It was now recognized that "nothing is more likely
to endanger the good relations between India and Great Britain
than a belief that India's fiscal policy is dictated from
Whitehall in the interests of the trade of Great Britain"
and that India should have its own fiscal policy in accordance
with "the needs of her consumers as well as for her manufac-
turers." Hence there followed the appointment of the
Indian Fiscal Commission in 1921, which recommended discrimi-
natory protection for India. By the end of 1931, the
metropolitan authorities came to accept "that they could not
interfere in the tariff policy of the Government of India,
and that this method of maintaining a British commercial
advantage was closed to them." To what extent the dis-
criminatory protection or the fiscal autonomy was real has
already been dealt with elsewhere.

The Choice of the Capitalist Path
for Indigenous Industrialization

An important factor that structurally influenced the
course and content of colonial industrialization was the choice
of capitalism as the broad basis of Indian societal develop-
ment. The policies and the perspective of the metropolitan
ruling class do not require any discussion since they were
fundamentally committed to the Weltanschauung of capitalism.
What must be discussed is the essentially capitalist class commitment of the hegemonic bloc (i.e. dominant fraction) of the nationalist leadership in view of its bearing on the progress of colonial (and post-colonial) industrial development.

It is important to note that the indigenous leaders, who in one way or another led the struggle for Indian independence, were committed to capitalism and, hence, encouraged capitalist industrialization. To summarize their position in the first decade of the 20th century in the words of Chandra:

The economic outlook of the Indian nationalist leadership was basically capitalist. In nearly every aspect of economic life they championed capitalist growth in general and the interests of the industrial capitalists in particular. ... They represented the industrial capitalist class only in the sense that their economic thinking and programme did not go beyond the limits which industrialization along capitalist lines imposed in practice.

This overall choice of capitalist industrialization based on private ownership of the means of production and private enterprise continued to be emphasized in the main by the hegemonic bloc of the nationalist leadership until the end of colonialism and even later. For example, the 1931 resolutions at both Karachi and Bombay endorsed the right to private property, and stated that it could not be interfered with "save in accordance with law." The Congress denied, in 1931, any suggestions of "confiscation of private property without just cause or compensation." It further clarified its position by declaring that
"the Congress does contemplate wiser and juster use of private property so as to prevent the exploitation of the landless poor, and also contemplates a healthier relationship between capital and labor." This position was repeated in 1945 and 1947-48.

But as will be shown in the next section, colonial industrial capitalist development did not depend on the thinking or action of the leaders as such. It rather depended on the concrete material conditions prevailing in the mode(s) of production of the social formation. Table No. 6.2 provides an illustration of the structure of colonial industrial capitalist development in terms of the contribution of the industrial sector to the Indian national income between 1900 and 1947.

Table No. 6.2

National Income of India from Secondary Sector at 1938-39 Prices (in million rupees)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mining</th>
<th>Manufacture</th>
<th>Small Industries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900-01</td>
<td>89</td>
<td>298</td>
<td>1251</td>
<td>1638</td>
</tr>
<tr>
<td>1905-06</td>
<td>115</td>
<td>616</td>
<td>1394</td>
<td>2125</td>
</tr>
<tr>
<td>1910-11</td>
<td>136</td>
<td>570</td>
<td>1565</td>
<td>2271</td>
</tr>
<tr>
<td>1915-16</td>
<td>151</td>
<td>705</td>
<td>1586</td>
<td>2442</td>
</tr>
<tr>
<td>1920-21</td>
<td>155</td>
<td>729</td>
<td>1337</td>
<td>2221</td>
</tr>
<tr>
<td>1925-26</td>
<td>161</td>
<td>845</td>
<td>1902</td>
<td>2908</td>
</tr>
<tr>
<td>1930-31</td>
<td>173</td>
<td>979</td>
<td>2233</td>
<td>3385</td>
</tr>
<tr>
<td>1935-36</td>
<td>182</td>
<td>1288</td>
<td>2006</td>
<td>3476</td>
</tr>
<tr>
<td>1940-41</td>
<td>258</td>
<td>1779</td>
<td>1963</td>
<td>4000</td>
</tr>
<tr>
<td>1941-42</td>
<td>289</td>
<td>2139</td>
<td>1712</td>
<td>4140</td>
</tr>
<tr>
<td>1945-46</td>
<td>212</td>
<td>2749</td>
<td>1840</td>
<td>4801</td>
</tr>
<tr>
<td>1946-47</td>
<td>192</td>
<td>2173</td>
<td>1942</td>
<td>4307</td>
</tr>
</tbody>
</table>

From Table No. 6.2, it is apparent that small industries (i.e., small-scale as well as cottage industries) consistently dominated until 1940-1941. The large-scale factory industries began dominating since 1941-42. A more recent estimate by Chandra confirms this. It must not, however, be assumed that the importance of the small-scale industries (synonymously used for small industries hereafter) otherwise diminished. For instance, in 1946-47, the total number of persons engaged in small-scale industries was slightly over 12 million compared to a little less than 3 million persons engaged in the large-scale factory industries. In other words, an aspect of colonial industrial capitalist development was the broadening of the base of simple or petty commodity production. It is to this aspect of simple commodity production representing, on the one hand, a varying combination of subsistence production and commodity production, and indicating, on the other, growth of the indigenous process of capitalist industrialization, that I now turn my attention in order to locate and analyze different constraints and accelerators of colonial industrialization.

**Small-scale Capitalist Development**

Small-scale capitalist development in colonial India encompassed cottage industries on the one hand and small industries on the other. The small-scale capitalist
industrialization process involved both the expansion of traditional handicraft industries and their transformation into intermediate forms of capitalistic manufactures. Nehru, Chairman of the National Planning Committee, distinguished between the two in the following way in 1940:

Cottage industries may be those which have:
(1) No mechanical power and no hired labor.
(2) No mechanical power and hired labor under 10 persons. They may possibly also be:
(3) No mechanical power but hired labor over 10 persons.
(4) Mechanical power under 10 B.H.P. but no hired labor. Small-scale industries may be (3) and (4) as in cottage industries and also (5) mechanical power under 10 B.H.P. and hired labor.

An official definition distinguishes between the two on the basis of the size of the unit and the contractual relationship between the proprietor and workers.

A cottage industry is thus one which is carried on wholly or primarily with the help of the members of the family, either as a whole or a part-time occupation. A small-scale industry, on the other hand, is one which is operated mainly with hired labor usually 10 to 50 persons.

Generally speaking, the cottage industries are characterized by these features: use of skilled craftsmanship, prevalence of antiquated or traditional techniques of production, less mechanization and division of labor, limited character of operations involved, close connections with the local market, concentration in the rural areas, production mainly for use or subsistence, little or no employment of wage labor.
All these increasingly change in the cases of (a) small and (b) large industries. The small-scale industries (i.e. cottage industries and small industries) cover the widest areas of productive activity: cotton or silk wearing, leather tanning, sugar and gur making, manufacture of footwear, carpentry, cutlery, pottery, soap manufacture, and so on.

These industries are, I am inclined to think, capitalistic units of production in varying degrees. In particular, the cottage or domestic industries, representing a lower form of capitalist production, basically produce for the market. The cottage industrialist is always in the market to make a profit when he can. The expansion of these industries advance the social division of labor beyond simple barter and contribute to the increase in the production of commodities for the domestic market. In an important sense, these enlarged the basis of Indian capitalism. In the case of the small industries as such, the employment of wage labor and the guiding motive of profit are always marked features. Both types - designated as small-scale or petty capitalist industries - represent at bottom lower and intermediate forms of capitalist production. This is true because of the element of proprietorship - a factor that was emphasized by the indigenous leadership in their support and justification for developing the small-scale industries. As K.T. Shah, General Secretary of the National Planning Committee, puts it:
For instance, the sense of proprietorship, which the worker working in his own home with his own tools, material and technique, gets a stimulus that cannot be measured by the extent of the profit or earnings he receives. It is a psychological force which distinguishes between (the small industrialist and - BKB) the wage-earner in a factory, who has no concern with the quality or quantity of the produce he helps to make; wherein there is no scope for personal skill or craftsmanship, and where there is no responsibility on the worker as regards the demands of the customer.

In view of the different indigenous and metropolitan constraints and accelerators, growth of the petty bourgeois production was quite in conformity with the expansion of merchant capitalism and of the blockade of large-scale production in colonial India.

Small-capitalist development was expedited in India for many reasons that include: paucity of adequate capital in the hands of most producers, availability of small capital even at usurious rates of interest, requirements of local markets in view of the loss of economic self-sufficiency, low cost of marketing, no overhead expense, competitive advantage in terms of the adjustment of production to local requirements with respect to the design, taste or purchasing ability of the consumers, opportunity for affording additional income, low cost of production involving little or no reason to modernize techniques of production, and so on. The 1947 All India Congress committee resolution states:
In the conditions prevalent in our country, emphasis will be on providing opportunities for employment of our unutilized or partially utilized reservoir of labor, and minimizing the use of costly capital goods. Large-scale industry should also be utilized to improve the economic basis and the operative efficiency of small-scale and cottage industries. Certain lines of manufacture should be reserved for cottage industries. In order to avoid competition between production so reserved for cottage industries and large-scale production, the State may bring under its control such competing large-scale industry. Where a cottage industry is allowed to cooperate in the same field as large-scale mechanized industry, its output should be protected from the competition of the latter by subsidies or some method of price equalization. This applies specially to cotton textile industry. In this and similar cases, further expansion of large-scale machine industry should be restricted except where this is considered necessary. In such cases it should be undertaken under State auspices.

Simply stated, the spontaneous growth of large-scale capitalist industrialization was not to be allowed to run its course even when its expansion, in the last instance, could not be prevented as India's experience proved.

This brings us to a more important reason for the obstruction of the spontaneous process of large-scale industrialization. This concerns the role of populism — an area that remains unresearched as far as I know — in the context of the nationalism represented by the hegemonic bloc of the indigenous nationalist leadership. In brief, populism is "a protest against capitalism from the point of view of the small immediate producers who, being ruined by capitalist development, saw in it only a retrogression but, at the same time, demanded the
abolition of the older, feudal forms of exploitation."

The representative example of indigenous populism is the perspective of Gandhi who began dominating the movement for national independence from the 1920s onward. Gandhi could not find enough "pejoratives" to vent his hatred for a civilization based on large-scale capitalist industrialization.

In the words of Frankel:

It was Satanic; a Black Age; a disease and an affliction. Man, to become well, had to resist the tyranny of the machine; return to manual labor and production for use; forsake the illusory civilization of bodily comfort, and cleave to the real civilization of the spirit and morality.

What was the alternative, which Gandhi and his adherents proposed and, to a certain extent, carried out? The brief answer is that Gandhi sought "a return to an idealized past."

Thus,

Clearly, for Gandhi and his followers, the path ahead was also the road back. India of my dreams, wrote Gandhi, "would express the ancient moral glory". It would do this by placing strict limitations on opportunities for the accumulation of wealth. The reconstructed Indian village, using simple hand technologies in agriculture and industry, and engaged mainly in production for use rather than profit, was the nearest approach to a civilization based on religion Gandhi could imagine.

It is important to note that Gandhi did not advocate state ownership in place of private ownership. He thought that "capital and labor need not be antagonistic" or that they "would get to respect each other as equal partners in a common
enterprise." It is needless to emphasize that at bottom Gandhi was championing the cause of the small owners, whether of the agrarian or of the industrial variety.

The growth of petty capitalist industries, as visualized by Gandhi, was promoted both before and after the end of colonialism in various ways (viz. enactment of legislation providing for establishment or revival of small industries, conduct of surveys, provision for loans, etc.). Planning, sanctioning and locating large-scale industrialization came to be dependent, to a noticeable extent, upon how it could best serve petty bourgeois or small capitalist industries. An official Committee in its Report (1950) goes so far as to assert that it "does not wish to make the development of small industries dependent on their being supplementary or complementary to large-scale industries. It feels that the small scale industries must be developed even if this development is antagonistic to large-scale industries." Put crudely, petty industries were to be "the rule and big industries the exception."

It is, however, not to be imagined that it was only the indigenous forces that promoted small-scale industrial capitalist development in colonial India. As a matter of fact, there were also metropolitan forces in operation. For instance, the growth of small-scale industrialization was a natural result of de- or non-industrialization which in varying degrees continued throughout the entire period of
colonialism. The enforcement of the international division of labor and peasant oriented land tenurial reforms and legislation promoted the processes of ruralization and peasantization in the colonial social formation and, hence, fostered the small agrarian producers. The encouragement to develop petty industries, once land became fully occupied by the 1860s and 1870s, was a way of reducing visible unemployment on the one hand and of providing for additional income for many when per capita income did not in all probability increase on the other. As one official wrote:

"if engineers and artificers of the present day in India are unable to rival the beautiful structures left by dynasties that have passed away, the field for employment for masons, carpenters, and artificers in India is wider and larger than it was before." Given the domination by the metropolitan bourgeoisie in the modern industrial sector and the exclusion of Indians from important positions by both the British firms and the colonial Raj, Indians could enter only what was left open to them, i.e. the small industrial sector. It was easier to establish a small-scale enterprise because one does not have to depend upon organized money markets nor make large expenditures and long-term investments. In view of technological dependency, it was easier to turn to simple machinery or traditional techniques of production.

The small-scale industries could be encouraged because
they did not threaten the industrial dominance by the metropolis. Thus the colonial Raj concentrated "on developing small-scale industries and helping the small man through guidance rather than on giving any substantial financial help to large-scale industries." Small-scale industrial capitalist development was also expedited by the creation and support of the colonial Raj for the establishment and running of industrial schools that imparted training for the development of the cottage and small industries. They were oriented to reviving the indigenous manual industries. These included carpentry, embroidery, tailoring, wood and metal work, masonry, etc.

The achievements of the technical schools whose goal was directed in an elementary way to the more organized industries (mining, engineering, etc.) were not substantive either. The control of these industries primarily rested with the Raj. The Raj also established demonstration factories the object of which was "not to demonstrate to the public that similar private ventures would be successful but to train workers and persons engaged in small industries in up-to-date methods at the expense of the State." The growth of technological dependence in different forms only acted to expedite small-scale industrial development because small industrial units could be started without importing complex machinery or undergoing necessary technical training.

Finally, the role of free trade and the international division of labor, as determined by metropolitan capital,
needs to be stressed. The colonial Raj and the metropolitan state left no stone unturned in enforcing these by means of necessary tariff changes and the establishment of public works. But when it came to the issue of colonial industrialization, especially in its large-scale variant, the ruling class became characteristically ambivalent, leaving aside the overt cases of obstruction. "Men doubted not only whether industrialization would do India much good, but whether industrialization was an option at all." No wonder, Chatterton, a leading member of the Indian Industrial Commission (1919) wrote as late as the early 1910s:

Our attention should be concentrated on the decaying indigenous industries: hand-weaving, working in metals, tanning and leather manufactures, on all the petty industries which supply the simple needs of the people. Labor must be trained to work more efficiently - there must be less of brute force and more of skill, the primitive tools of the artisan must be superseded by better implements; sub-division of labor must be introduced and from the crude simplicity of each family as a unit of productive effort strong combinations must be evolved, either by co-operative working, or by the concentration of manufacture in small factories. That this can be done there is not the least reason for doubt. Every well-directed effort that has been made on these lines has met with success.

Large-Scale Capitalist Development

If small-scale capitalist development based on the growth of cottage and small industries was more an internal product, large-scale capitalist development based on the
growth of factory industries was determined from without. If the former signifies the broadening of the indigenous base of simple commodity production and exchange, the latter exemplifies the reproduction in India of the industrial image of Britain. Large-scale industrial capitalist development was weak, for India lacked among other things, a technological foundation required to support its large-scale industries. India remained dependent on the import of the means of production (i.e. machinery, equipment) from metropolitan centres, mainly Britain. But both small-scale and large-scale industries had to co-exist. As Pavlov puts it, large-scale production condemned itself "willy-nilly to co-existence with the petty mode of production."

Before the First World War

The growth of large-scale industrialization was gradual and coincided with the fuller penetration and domination of metropolitan industrial capital from the early 1830s. By the 1870s and 1880s, there also developed, in a rudimentary way, an industrial infrastructure in the form of public works. A few government workshops and engineering institutions like Thomason Engineering College at Roorkee (1848), Poona Engineering College (1854), and Shibpur Engineering College (1856) developed to meet the requirements of the Raj and the public works projects. Above all, By the seventies, the country had also acquired an industrial labor force which, although not yet of any high technical order, was, at least,
oriented towards the atmosphere in the mills and factories of India and was developing an aptitude for mechanical matters. At times, one also heard of Indians whose engineering abilities and inventive bent were held as second to none.

Table No. 6.3 illustrates the developing structure of indigenous industrialization in terms of the business companies registered, wound up and working in India from 1851 to 1882. It is apparent from this table that the process of industrialization was slow and hesitant. Only 503 companies out of 1,149 survived until the end of March 1882. The activities of the companies remained confined mainly to banking, tea, textiles (especially cotton), and trading. The expanding ambit of merchant capitalism and the hesitant growth of various industries is further brought out in Table No. 6.4 in terms of the paid-up capital of companies registered in India between 1851 and 1882. Finally, Table No. 6.5 illustrates continuing trends of colonial industrialization in terms of the share of the various industries in the increase in paid-up capital between 1882 and 1901.

The large-scale industrial development in colonial India began with the growth of plantation industries directly as a result of the enforced international division of labor. "The plantation was the first to be introduced into India; from the beginning the industry was purely European." In the main there were three plantation industries: tea, coffee and rubber. Of these tea emerged as the most important export
### Table No. 6.3*

**Industrial Breakdown of the Number of Companies Registered, Wound-Up and Working between 1851 and 1882 in India**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Registered 1851-65</th>
<th>1866-82</th>
<th>1882</th>
<th>Wound-Up 1851-62</th>
<th>Working 1882</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>77</td>
<td>246</td>
<td>323</td>
<td>182</td>
<td>141</td>
</tr>
<tr>
<td>Tea</td>
<td>62</td>
<td>106</td>
<td>168</td>
<td>55</td>
<td>119</td>
</tr>
<tr>
<td>Cotton Mills</td>
<td>13</td>
<td>52</td>
<td>65</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Multiple Textile Mills**</td>
<td>1</td>
<td>41</td>
<td>42</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>Jute Mills</td>
<td>2</td>
<td>14</td>
<td>16</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Screws &amp; Presses</td>
<td>35</td>
<td>53</td>
<td>88</td>
<td>58</td>
<td>30</td>
</tr>
<tr>
<td>Coal</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Navigation</td>
<td>30</td>
<td>14</td>
<td>44</td>
<td>36</td>
<td>8</td>
</tr>
<tr>
<td>Railways</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>5</td>
<td>4</td>
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<td>Ship/Agents</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>21</td>
<td>21</td>
<td>10</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Sugar Mills</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Breweries</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Insurance</td>
<td>14</td>
<td>25</td>
<td>39</td>
<td>34</td>
<td>5</td>
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<tr>
<td>Miscellaneous</td>
<td>125</td>
<td>180</td>
<td>305</td>
<td>199</td>
<td>106</td>
</tr>
<tr>
<td><strong>Details Misc.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>---</td>
<td>11</td>
<td>11</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Coffee</td>
<td>12</td>
<td>5</td>
<td>17</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>Printing</td>
<td>12</td>
<td>10</td>
<td>22</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td>Sundry Manfg.</td>
<td>37</td>
<td>56</td>
<td>93</td>
<td>55</td>
<td>38</td>
</tr>
<tr>
<td>Sundry Trading</td>
<td>49</td>
<td>72</td>
<td>121</td>
<td>81</td>
<td>40</td>
</tr>
<tr>
<td>Paper Mills</td>
<td>---</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Land Reclamation, etc.</td>
<td>10</td>
<td>14</td>
<td>24</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>Formation of Bazaar</td>
<td>2</td>
<td>9</td>
<td>11</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Indigo</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>---</td>
</tr>
</tbody>
</table>

*The period 1882 runs from 1 January to 31 March only.

**Multiple textile mills are those, which were classified in the official records as 'Mill for Cotton, Wool, Jute, Silk, Hemp, etc.'

Table No. 6.4

Paid-Up Capital of Companies registered in India between 1851 and 1882, by industries (Capital in Rs. '000's)

<table>
<thead>
<tr>
<th>Industry</th>
<th>1851-1865</th>
<th>Capital Co.</th>
<th>1866-1882&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Capital Co.</th>
<th>1851-1882&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Capital Co.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>44,895</td>
<td>30</td>
<td>31,639</td>
<td>277</td>
<td>76,534</td>
<td>257</td>
</tr>
<tr>
<td>Tea</td>
<td>21,725</td>
<td>53</td>
<td>17,692</td>
<td>91</td>
<td>39,417</td>
<td>144</td>
</tr>
<tr>
<td>Cotton Mills</td>
<td>7,276</td>
<td>8</td>
<td>35,767</td>
<td>42</td>
<td>43,043</td>
<td>50</td>
</tr>
<tr>
<td>Jute Mills</td>
<td>1,800</td>
<td>2</td>
<td>11,033</td>
<td>13</td>
<td>12,833</td>
<td>15</td>
</tr>
<tr>
<td>Multiple Textile</td>
<td>453</td>
<td>1</td>
<td>31,257</td>
<td>30</td>
<td>31,710</td>
<td>31</td>
</tr>
<tr>
<td>Mills&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Screws &amp; Pressing</td>
<td>5,514</td>
<td>17</td>
<td>12,681</td>
<td>39</td>
<td>18,195</td>
<td>56</td>
</tr>
<tr>
<td>Coal</td>
<td>4,495</td>
<td>4</td>
<td>1,695</td>
<td>3</td>
<td>6,190</td>
<td>7</td>
</tr>
<tr>
<td>Navigation</td>
<td>9,115</td>
<td>14</td>
<td>3,465</td>
<td>8</td>
<td>12,580</td>
<td>22</td>
</tr>
<tr>
<td>Railways</td>
<td>---</td>
<td>--</td>
<td>2,416</td>
<td>4</td>
<td>2,416</td>
<td>4</td>
</tr>
<tr>
<td>Ship/Agents</td>
<td>1,071</td>
<td>4</td>
<td>122</td>
<td>1</td>
<td>1,193</td>
<td>5</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>---</td>
<td>--</td>
<td>288</td>
<td>17</td>
<td>288</td>
<td>17</td>
</tr>
<tr>
<td>Sugar Mills</td>
<td>253</td>
<td>1</td>
<td>716</td>
<td>3</td>
<td>969</td>
<td>4</td>
</tr>
<tr>
<td>Breweries</td>
<td>600</td>
<td>1</td>
<td>384</td>
<td>2</td>
<td>984</td>
<td>3</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,472</td>
<td>5</td>
<td>2,569</td>
<td>19</td>
<td>4,041</td>
<td>24</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>31,401</td>
<td>74</td>
<td>57,363</td>
<td>122</td>
<td>88,764</td>
<td>196</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td><strong>130,070</strong></td>
<td><strong>214</strong></td>
<td><strong>209,087</strong></td>
<td><strong>621</strong></td>
<td><strong>339,157</strong></td>
<td><strong>835</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup> The period 1882 ended on 31 March 1882.

<sup>b</sup> See Table No. 6.3.

<sup>c</sup> The total number of companies formed in each of the three periods were 373; 776; and 1,149 respectively. The companies included here are only those for which figures of both nominal and paid-up capital were available, hence the difference.

Source: Rungta, op. cit., p. 289.
Table No. 6.5

<table>
<thead>
<tr>
<th>Industry</th>
<th>Increase in Paid-up Capital in Rs. (000's)</th>
<th>1882-1901 % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton Mills</td>
<td>85,106</td>
<td>40.0</td>
</tr>
<tr>
<td>Railways</td>
<td>27,881</td>
<td>13.1</td>
</tr>
<tr>
<td>Banking</td>
<td>24,227</td>
<td>11.4</td>
</tr>
<tr>
<td>Jute Mills</td>
<td>22,863</td>
<td>10.7</td>
</tr>
<tr>
<td>Trading</td>
<td>21,598</td>
<td>10.1</td>
</tr>
<tr>
<td>Coal</td>
<td>10,106</td>
<td>4.7</td>
</tr>
<tr>
<td>Tea</td>
<td>5,624</td>
<td>2.6</td>
</tr>
<tr>
<td>Others</td>
<td>16,407</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>213,812</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>


In the total British tea imports, India's share rose from only 2 percent in 1865 to 13 percent in 1875 and to 30 percent in 1885. In 1895 it was 46 percent, and India emerged as the largest supplier of tea to British consumers. The average annual production of tea rose from 34 million lbs. in 1875-1879 to 90 million lbs. in 1885-1889 and 195 million lbs. in 1900-1904. It rose to 352 million lbs. in 1915 to 396 million lbs. in 1935 and 551 million lbs. in 1947.

It should be noted that manufacturing operations leading to the production of black tea (i.e. the marketable commodity) became "an automatic mechanized process" from about 1875.

What is relevant here is that plantation industries, (i.e. mainly tea, coffee and rubber) emerged as "the second largest employers of labor in India." Considered, however,
exclusively from the point of view of free wage labor, plantation industries were not units of industrial capitalism. The development of free labor and the capitalistic labor market will be dealt with later in chapter 8. It suffices here to state that plantation industries represented a movement towards the growth of industrial capitalism and of a "a spread of industrialized agriculture." 120

Like the tea industry, the coal industry was a large-scale industrial enterprise dominated by the metropolitan bourgeoisie. 121 In both, production relations were, from the viewpoint of free wage labor, unfree. In both, there developed a strong tendency to recruit families rather than individuals and to stabilize the labor force in and around plantations and mines by a grant of small holdings for purposes of personal cultivation. 122 As Papendieck states: "In their organization of the labor force they (i.e. the coal companies - BKB) took over many features of the feudal system prevailing in Bengal." 123 The industry developed in order to meet the demands for coal of various government departments (military, mint, etc.), steam navigation, railways, jute and other industries. The quinquennial average production of coal rose from 1.2 million tons in 1881-1885 to 7.6 million tons in 1901-1905; 20.1 million tons in 1921-1925, 27.8 million tons in 1941-1945 and 30.1 million tons in 1947. Imports into India decreased as indigenous production rose since the beginning of the 20th century. To a lesser extent, India
also developed an export market.

Like many others, the jute industry was both dominated by the metropolitan bourgeoisie and export oriented. In 1855, "the first Indian machine jute spinning mill was cradled", and in the initial years output amounted to only 8 tons per day. The average number of mills rose from 21 in 1879/80-1883/84 to 60 in 1909/10-1913/14. In the same period, the number of looms and spindles increased from 5,500 thousand and 88 thousand to 33,500 thousand and 691,800 thousand respectively. In 1945-1946, there were 111 mills, over 68 thousand looms and about 1.4 million spindles.

The cotton textile industry was atypical because it was largely pioneered by Indians. But the metropolitan bourgeoisie held a strong position in this industry - the citadel of Indian capital. This industry became a central point, however, in the growth of Indian nationalism and in the clash between a subservient indigenous bourgeoisie and the dominating metropolitan bourgeoisie. The number of cotton mills increased from 1 in 1854 to 58 in 1888, 178 in 1901, 249 in 1921, 396 in 1941 and 423 in 1946. The number of spindles rose from over 4 million in 1901 to over 7 million in 1921, and to over 10 million in 1941 and 1946. The looms increased from 405,000 in 1901 to over 1 million in 1921 and over 2 million in 1941 and 1946. The share of imports in the total cloth supply in India declined from 57 percent in 1906/07-1908/09 to 13 percent in 1936/37-1938/39 and to less
than 1 percent in 1948-1950. In other words, by 1939 India became self-sufficient in cotton textile production.

To sum up, metropolitan or indigenous constraints definitely deterred the growth of large-scale industrialization in colonial India. But, I am inclined to believe that it did not completely deter this growth. As a recent researcher states:

Compared to other tropical and underdeveloped countries, however, India's industrial growth and capital formation was quite impressive, both before and after the First World War. A comparative study of tropical development between 1880 and 1913 shows that India had done better in organized industry than most other tropical countries, such as Egypt, Kenya, Uganda, Nigeria, Indonesia, Philippines and Venezuela. Only Colombia and Brazil seem to have done as well as India in this period. Brazil had an average annual growth rate of about 4 percent in industry between 1880 and 1913. Colombia enjoyed a 5 percent average annual increase of manufacturing output from 1905 to 1925. India's annual rate of industrial growth from 1880 to 1913 was about 4 to 5 percent. In the inter-war period, again, India did better than most other tropical countries.

After the First World War:

Broadly speaking, large-scale industrial capitalist development, a product of import-substitution industrialization, proceeded in two distinguishable phases. The first phase, occurring between the two World Wars, is characterized by considerable development of such consumer industries as cotton textiles, iron and steel, coal, shipping, paper, glass,
safety match and chemical (viz. magnesium chloride and sulphuric acid) industries. The second phase coincides with the last decade of the colonial Raj. This phase is characterized by the slower expansion of such industries as caustic soda, aluminium, automobiles, cotton textile machinery, machine tools, sewing machines, bicycles, shipbuilding and aircraft manufacture. If the first phase marks a transition to the growth of consumer goods industries, the latter phase marks a hesitant transition to the growth of capital goods industries. Both remained interlinked to a certain extent. In other words, the reproduction of the metropolitan industrial image in colonial India, though incomplete, was indeed in progress.

Without detailing the development of the industries since World War I, let me illustrate the above-mentioned point. The structural transformation of the Indian economy (which is also connected with growth of capitalist mode of production as a whole) is illustrated by Table No. 6.6.

Table No. 6.6

<table>
<thead>
<tr>
<th>Shares of Raw Materials, Consumer Goods, and Capital Goods in India's Imports, 1925-1939</th>
<th>Percentages of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Goods</td>
<td>54.0</td>
</tr>
<tr>
<td>Raw Materials</td>
<td></td>
</tr>
<tr>
<td>a. Mainly Processed</td>
<td>4.1</td>
</tr>
<tr>
<td>b. Partly Processed</td>
<td>11.5</td>
</tr>
<tr>
<td>Capital Goods</td>
<td>23.2</td>
</tr>
</tbody>
</table>

Note: 1: Consumer Goods = Food, drink and tobacco, apparel, cutlery, certain instruments and
apparatus, paper, textiles and certain vehicles. 2. Raw Materials, (a) mainly processed = Hides and skins, rubber, cotton, jute, silk wool, hemp, wood and timber; and (b) partly processed = gums, resin and lac, oils, dyes and colors, jute manufactures and cotton, silk, wool and artificial silk yarn. 3. Capital Goods = Electrical instruments, machinery and millwork, printing and lithographing machinery, railway plant and rolling stock, certain vehicles, metals-manufactured, and hardware (excluding cutlery and electroplated ware).


The table clearly indicates that India's industrialization proceeded along the lines of increased import substitution in consumer goods, the increased import of raw materials and the increased import of capital goods. In particular, "in the capital goods group significant increases were recorded by various electrical instruments (4 to 9 percent), and machinery and millwork (28 to 39 percent), while metals (manufactured) fell from 48 to 35 percent." The noticeable erosion of the century old enforced international division of labor, signifying the structural transformation of metropolitan-colonial relations, is further illustrated by Table No. 6.7. In an important sense, the Indian economy became a great deal less 'colonial' on the eve of World War II than "it had been twenty years before using the classical definition of a colonial economy as one which has no manufacturing industry of its own but which exchanges national primary produce against foreign manufactures through international trade." In other words, by the 1930s colonial India was becoming, in view of the rise
Table No. 6.7
India's Progress in Industrial Import Substitution, 1919-1936
(In percentages)

<table>
<thead>
<tr>
<th>Name of Commodities</th>
<th>1919</th>
<th>1936</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grey and white</td>
<td>57.6</td>
<td>85.3</td>
</tr>
<tr>
<td>Colored</td>
<td>69.6</td>
<td>74.1</td>
</tr>
<tr>
<td>Sugar</td>
<td>12.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Steel</td>
<td>14.0a</td>
<td>70.0</td>
</tr>
<tr>
<td>Paper</td>
<td>54.0b</td>
<td>78.0</td>
</tr>
<tr>
<td>Cement</td>
<td>51.0c</td>
<td>95.4</td>
</tr>
<tr>
<td>Tin Plate</td>
<td>24.5d</td>
<td>71.4d</td>
</tr>
</tbody>
</table>

Note: a = 1920; b = 1924; c = 1923; d = 1937
Source: Tomlinson, The Political Economy of the Raj, p. 32

The process of large-scale industrialization less complementary to the metropolitan economy. Table No. 6.8 provides the indices of industrial production since 1925, and indicates the speedier growth of new industries than the old ones (viz. cotton, jute or coal).

Table No. 6.8
Indices of industrial Production in Selected Industries, 1925-1937

\[ 1925 = 100 \]

<table>
<thead>
<tr>
<th>Industries</th>
<th>1931</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>111</td>
<td>152</td>
</tr>
<tr>
<td>Jute</td>
<td>81</td>
<td>90</td>
</tr>
<tr>
<td>Sugar</td>
<td>128</td>
<td>584</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>84</td>
<td>133</td>
</tr>
<tr>
<td>Paper</td>
<td>119</td>
<td>168</td>
</tr>
<tr>
<td>Cement</td>
<td>121</td>
<td>222</td>
</tr>
<tr>
<td>Coal</td>
<td>92</td>
<td>103</td>
</tr>
</tbody>
</table>

Source: Anstey, op. cit., p. 519
Although different constraints slowed it down, indigenous industrial capitalist development was brought to a climax following World War II. The following Table No. 6.9 gives an indication of the growth of industrial production between 1938 and 1946.

Table No. 6.9
Indices of Indian Industrial Production, 1938-1946
(1937 = 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>General</th>
<th>Cotton</th>
<th>Jute</th>
<th>Steel</th>
<th>Chemicals</th>
<th>Paper</th>
<th>Cement</th>
<th>Ch seas</th>
<th>Paint</th>
<th>Sugar</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>105.4</td>
<td>109.0</td>
<td>98.3</td>
<td>108.0</td>
<td>84.4</td>
<td>121.6</td>
<td>124.8</td>
<td>85.1</td>
<td>130.1</td>
<td>88.4</td>
</tr>
<tr>
<td>1939</td>
<td>102.7</td>
<td>104.3</td>
<td>92.4</td>
<td>125.0</td>
<td>103.9</td>
<td>135.1</td>
<td>152.9</td>
<td>87.6</td>
<td>147.1</td>
<td>62.5</td>
</tr>
<tr>
<td>1940</td>
<td>109.9</td>
<td>103.6</td>
<td>96.1</td>
<td>125.5</td>
<td>133.3</td>
<td>169.7</td>
<td>152.1</td>
<td>90.0</td>
<td>185.6</td>
<td>106.0</td>
</tr>
<tr>
<td>1941</td>
<td>117.8</td>
<td>114.8</td>
<td>92.4</td>
<td>131.1</td>
<td>153.2</td>
<td>185.4</td>
<td>185.8</td>
<td>76.4</td>
<td>211.9</td>
<td>108.2</td>
</tr>
<tr>
<td>1942</td>
<td>111.2</td>
<td>102.0</td>
<td>99.5</td>
<td>136.7</td>
<td>138.7</td>
<td>180.9</td>
<td>194.5</td>
<td>60.0</td>
<td>233.5</td>
<td>78.4</td>
</tr>
<tr>
<td>1943</td>
<td>117.0</td>
<td>117.0</td>
<td>84.4</td>
<td>141.5</td>
<td>138.6</td>
<td>179.2</td>
<td>188.4</td>
<td>68.8</td>
<td>251.3</td>
<td>95.3</td>
</tr>
<tr>
<td>1944</td>
<td>117.0</td>
<td>122.9</td>
<td>86.7</td>
<td>139.6</td>
<td>126.3</td>
<td>192.7</td>
<td>182.1</td>
<td>68.1</td>
<td>259.3</td>
<td>97.1</td>
</tr>
<tr>
<td>1945</td>
<td>120.0</td>
<td>120.0</td>
<td>84.4</td>
<td>142.9</td>
<td>134.1</td>
<td>196.5</td>
<td>196.5</td>
<td>90.2</td>
<td>232.4</td>
<td>85.5</td>
</tr>
<tr>
<td>1946</td>
<td>109.0</td>
<td>101.9</td>
<td>84.6</td>
<td>130.0</td>
<td>111.2</td>
<td>183.4</td>
<td>181.1</td>
<td>90.5</td>
<td>177.8</td>
<td>80.5</td>
</tr>
</tbody>
</table>


V. Dependent Capitalist Development

It is difficult to deny the progressive role, however limited, of metropolitan capitalism and colonialism. Weisskopf has rightly said:

In view of the lack of government support, the favored position of British nationals, and the opportunities for profit in trade and other unproductive ventures in India's largely feudalistic economy, it is remarkable that there was any indigenous industrial development at all.

However, this development remained incomplete because of the
constraints flowing from metropolitan capitalism and colonialism. Lidman and Domrese state that "given effective government interest, India could have completed the stage of industrialization through import substitution by 1913—an accomplishment which was postponed for nearly half a century." It is somewhat ironic that colonial India was "the first of the oriental countries to feel the impact of industrialism and yet never completed the transition."

The incompleteness and slow pace of industrial development can be further illustrated by Maddison's "crude estimates" of colonial India's real national income by sectors, (Table No. 6.10).

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Mining</th>
<th>Manufacturing &amp; Small Enterprises</th>
<th>Other</th>
<th>Net Domestic Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>13.1</td>
<td></td>
<td></td>
<td></td>
<td>22.7</td>
</tr>
<tr>
<td>1905</td>
<td>13.9</td>
<td></td>
<td></td>
<td></td>
<td>24.1</td>
</tr>
<tr>
<td>1910</td>
<td>16.3</td>
<td></td>
<td></td>
<td></td>
<td>26.9</td>
</tr>
<tr>
<td>1915</td>
<td>16.3</td>
<td></td>
<td></td>
<td></td>
<td>27.1</td>
</tr>
<tr>
<td>1920</td>
<td>13.9</td>
<td></td>
<td></td>
<td></td>
<td>24.1</td>
</tr>
<tr>
<td>1925</td>
<td>16.0</td>
<td></td>
<td></td>
<td></td>
<td>26.6</td>
</tr>
<tr>
<td>1930</td>
<td>17.2</td>
<td></td>
<td></td>
<td></td>
<td>28.2</td>
</tr>
<tr>
<td>1935</td>
<td>17.1</td>
<td></td>
<td></td>
<td></td>
<td>28.6</td>
</tr>
<tr>
<td>1940</td>
<td>17.8</td>
<td></td>
<td></td>
<td></td>
<td>30.7</td>
</tr>
<tr>
<td>1945</td>
<td>17.9</td>
<td></td>
<td></td>
<td></td>
<td>33.4</td>
</tr>
<tr>
<td>1946</td>
<td>18.0</td>
<td></td>
<td></td>
<td></td>
<td>32.5</td>
</tr>
</tbody>
</table>


Evidently the role of mining, manufacturing and small industries, even taken together, was very limited in terms
of their contribution to the net domestic product. The industrialized sector based on factory production remained, thus, only an "enclave" within the colonial economic structure. It has been rightly stated that Indian capitalism developed "in indissoluble unity with British capitalism." 143 Colonial India only experienced dependent capitalist development in the sense that there was hardly any indigenous industry that escaped the constraining forces of metropolitan determination. In many the growth of industrial capitalism was positively deterred. This generated the process of underdevelopment of indigenous industrial capitalist development. Indeed, the dependent nature of colonial capitalist development or distortions of it can be singled out.

Consider, for instance, the case of free wage labor which is an essential characteristic of the CMP. Though free labor developed, it did not emerge completely in view of different constraints (small-peasant oriented land tenurial reforms and tenancy legislation for raising maximum surplus or for gaining legitimacy, peasantization and ruralization because of the enforcement of international division of labor, etc.). Inevitably, the result was a certain amount of obstruction in the development of generalized commodity production. Similarly, extra-economic coercion in the extraction of surplus, characteristic of the feudal mode, disappeared to a certain extent. In the case of plantation and mines its persistence was very much conspicuous.
The growth of the capitalist mode of production was obstructed, as it was deformed, by the lack of integration between the commercialized agricultural sector and the indigenous industries. To elaborate in the words of a contemporary sociologist:

In the metropolitan economy capitalist development had brought about a complementary development in various sectors of the economy; though by no means an autarchic development. There was, however, a balanced development between agriculture and industry and between different branches of industry, in particular, between industries producing consumer goods and those producing capital goods. It was integrated development in these terms. By contrast in the colonies the pattern of production was progressively lopsided, geared to the requirements of the metropolitan economy, (i.e. exports) and also providing a market for the products of metropolitan industry (i.e. imports). Thus the circuit of generalized commodity production was not completed within an integrated and internally balanced economy but only by way of linkage with the metropolitan economy, through dependence on exports and imports. It was a disarticulated generalized commodity production, characteristic of a colonial economy and not an integrated generalized commodity production characteristic of the metropolitan economy. Although the condition of generalized commodity production was, thus, realized, it was realized in a specifically colonial structural form that distinguishes the structure of colonial (capitalist - BKB) mode of production, from that of metropolitan capitalism.

As a matter of fact, the process of colonial capitalist industrialization was different from that in the metropolis. As I already pointed out, colonial industrialization conformed to the process of import-substitution which "climbs up" from the consumer goods industries to the industries producing
semi-finished goods and, then, to the capital goods industries. By contrast, in the metropolis "the process of industrialisation embraced all forms of industry at the same time, when it did not 'descend' from the heavy equipment-producing industries to the consumer-goods industries downstream."

Colonial industrial development was weak at bottom. Consider for instance, the case of the cotton textile industry which was the most important among all industries developed before or after the First World War. In Britain, this industry encouraged the development of both the chemical and machine industries. The Indian experience was different. By 1939 the Indian cotton textile industry is said to have undergone a "revolution" in terms of self-sufficiency in cotton textile production. Around the same time indigenous industrialists took steps to remove their dependence on supplies of textile machinery from Britain - "a channel through which a substantial portion of the gains from the burgeoning cotton-textile industry had leaked annually to Britain for more than half a century." The autonomous development of the indigenous cotton textile industry remained dependent on the growth of the textile machinery industry which, in its turn, could not grow because the iron and steel, and engineering industries did not develop. The development of the latter two remained blocked for a long time for reasons discussed earlier. Thus the indigenous cotton textile industry remained dependent on the imports of machinery from
the metropolis. In addition it failed to stimulate the relevant chemical industries. At the time of the First World War, the chemical industry as a whole was "almost non-existent" and by 1939 "a good beginning" had been made. It is important to note that Imperial Chemicals and its associates dominated the market in India. The discriminating protection was not adequate to help such specific industries as were necessary for making the indigenous cotton textile industry substantially independent.

The cotton textile industry, for example, had reached the level when even its simple reproduction could easily provide enough work for enterprises engaged in the production of textile machinery, dye stuffs, bleaching materials, starch, and so on. Since protectionism covered only the manufacture of fabrics, their increased production left this industry more dependent on the world market.

The weakness of colonial industrial development can be illustrated with particular reference to the machine tools industry whose growth remained blocked by various constraints.

The machine tools industry had its beginnings as early as 1890. Until the outbreak of the Second World War, it produced "a few tools of inferior quality." The industry made some progress after this for a variety of reasons (restriction on imports, demands of the defence and supply services, etc.). As a result, there was an increase in the production of "a wide variety of plant tools or ancillary components from a figure of about 100 units a year in 1939 to some 8,810 in 1946 (undivided India), of which 50 percent were
classed as 'graded' by the Government's Machine Tools Inspection branch. There were in 1946 some 24 'graded' firms and about 100 others. But the progress was far too inadequate to meet the demands of colonial industrialization. Practically this meant awful technological dependence on the metropolitan centres of industry for the supply of means of production necessary for indigenous industries.

In 1937–38 machine tools worth £228,251 were imported. Of this nearly 64 percent came from Britain, 15 percent from Germany, 9 percent from the USA, and 5.8 percent from Japan.

The overall technological dependence and, hence, the weakness of colonial industrial development at bottom can be indicated in terms of the following description:

Machinery of all kinds constituted the second largest single item after foodgrains in the total import trade of India both in 1947–48 and 1948–49 and represented 13.7 and 14.8 percent respectively in the two years. ... The United Kingdom was the best supplier of machinery and millwork to India and shipped 70 percent of total Indian imports in 1947–48 and 66 percent in 1948–49. The United States of America was the second best source of this item and her share amounted to about 23 percent in both the years. According to the figures released by the British Board of Trade, in 1948 Indian was by far the largest market for United Kingdom machinery of almost every description, taking more than 13 percent of the total United Kingdom exports to all countries, the second largest market taking 8 percent. Of the total British machinery imports by India, textile items represented nearly 27 percent of the whole.

In 1950 import of machine tools amounted to Rs. 2.23 crores whereas domestic production was valued only at Rs. 29.6 lakhs.
Lack of technological independence including managerial expertise and a skilled labor force made it necessary for the indigenous industrial bourgeoisie, even with adequate financial resources, to collaborate with multinationals or their subsidiaries (viz. Philips, British Oxygen, Metal Box, Imperial Chemicals, Unilever, Dunlop, General Motors, etc.) to share ownership and/or control of modern technology especially in the electrical, chemical and engineering industries. The problems of the transfer of modern technology are manifold (e.g. cumulative complexity of metropolitan technology, profitability of transferring technology, absorptive capacity of the recipient, problems of payments, etc.). Since modern technology lies at the very basis of profit and power, it is not easily transferred from the metropolises to the rest of the world. What is often transferred is fragmented technology that would maintain and expand the donor's market for accumulation. In this connection, it is interesting to note the following observations in a memorandum by the India Office and the Board of Trade in 1944, a few years before the demise of colonialism:

United Kingdom firms may also find it desirable... to manufacture in India those items which can be economically made there and which, otherwise, would be manufactured in any event by Indian concerns. ... Generally speaking, local manufacture would at the first stage be appropriate in the simpler and cheaper forms of a firm's products in order to be able to compete in the bazaar trade. In addition, it would probably be found to be economical to manufacture locally heavy castings and other simple parts of machinery and machine tools,
thus reducing the Tariff burden on the price of the complete machine. This movement towards local manufacture as a necessary adjunct to the retention of the market for as wide a range as possible of a manufacturer's production has developed rapidly during the past ten years, partly as a profitable investment per se, but mainly as the only means of maintaining and extending a firm's trade in its staple, higher grade items imported from the United Kingdom and of guiding domestic production in the interests of both countries.

What it boils down to is this: aside from the externally-induced distortion of colonial industrialization in the form of the compulsive development of industries using simple technology, the international division of labor continues to persist, though in a different form, between the metropolis and the colony.

This was so despite the fact that, as has been shown elsewhere, India became less complementary to Britain between the two World Wars. On the one hand, for example, the principal Indian export commodities between 1935-36 and 1939-40 remained raw materials and primary commodities. The average annual percentage share of the principal commodities in the total value of exports were: raw cotton (17.8), jute manufactures including twist and yarn (17.2), tea (12.6), raw jute (8.5), seeds other than oil seeds (7.7), rice 'not in the husk' only (3.5) and cotton manufactures including twist and year (3.5). This proportion did not essentially change later. The percentage shares of the principal commodities in the total value of Indian exports in 1947-48 and 1948-49
respectively were as follows: jute manufactures (32.4 and 33.3), raw cotton and cotton waste (10.0 and 4.4), mostly vegetable oils (3.1 and 3.4), and hides and skins tanned or dressed and leather (3.7 and 2.9). On the other hand, India continued to remain vulnerable to penetration by metropolitan capital and capital goods even after the end of colonialism in 1947.

An important feature of the capitalist mode of production is the "expanded reproduction of capital, where the surplus is primarily deployed towards capital accumulation (though not without supporting rising consumption levels of the exploiting classes) and consequent expansion of the forces of production and technological advance." Leaving aside the point of the primitive accumulation, it may be noted that the process of expanded reproduction of capital was also hindered in view of the continuous outflow of economic surplus to the metropolis from India.

In this case also, as in the case of generalized commodity production, there is a mutation in the manner in which extended reproduction of capital was realized in the colonized economy. Extended reproduction of capital refers to the realization of surplus value and its accumulation in the process of capitalist production and reproduction. That leads to 'a rise in organic composition of capital,' or rise in capital intensity, or a higher degree of mechanization. In the colony, although surplus value is realized, it is not accumulated locally within the colonial economy. By virtue of colonial exploitation, it is drained out of the colony and leads to capital accumulation and rise in the organic composition of capital not in the colony but in the imperialist metropolis.
Thus, the indigenization of the capitalist mode of production in the form of large-scale industrial capitalist development did not mean that the process was either complete or even autonomous. Decolonization neither offered quicker prospects of realization of the process nor assured the disappearance of the metropolitan constraints.

VI. Conclusion

It is indeed difficult to avoid the conclusion that metropolitan capitalism and its offspring, colonialism, were not altogether devoid of any progressive role. Put more bluntly, "to lay all the blame on British shoulders is obviously absurd." It is remarkable that, to a certain extent, colonial India inherited from Britain not only many of the preconditions for capitalist development but also specifically capitalist mode of production. However, India experienced what should be properly called dependent capitalist development. Similarly, it inherited what may be regarded as dependent capitalist mode of production. In an important sense, I am inclined to think, the pace of the growth of productive forces in Britain and in India remained as uneven and combined in 1947 as it was, generally speaking, in 1757. More importantly, there was the reproduction of the so-called metropolitan-satellite relations within the colonial social formation. To conclude, therefore, with Kemp:
Bullock carts and sacred cows existed side-by-side with advanced capitalist industry and a modern industrial proletariat. Religious fanaticism and superstition abounded; there was an archaic and distorted land system, stagnation, mass poverty, sloth and filth. On the other hand there were railways, factories, banks, modern city centres and a sophisticated intelligentsia in touch with the most advanced ideas. These contradictions and paradoxes were essential parts of India's historical legacy of colonial dependence.

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Footnotes


32. See chapter 2, p. 153.
37. Ibid.
39. Ibid., p. 133.
40. Ibid., p. 136.
41. Ibid., p. 133.
42. Ibid., p. 137.
43. Industry refers to "the fabrication of raw materials into intermediate components or finished products by primarily mechanical means dependent on inanimate sources of power" W. B. Moore, *The Impact of Modern Industry* (Englewood Cliffs,

45. See B. Prasad, ed., The Progress of Science in India during the Past Twenty-Five Years (Calcutta: The Indian Science Congress Association, 1938); and Government of India, Scientific Institutions and Societies (1949).


47. These are taken from ibid., pp. 61-2 and 108; and E. Harvey, Industrial Society: Structures, Roles, and Relations (Homewood, Ill.: Dorsey, 1975), pp. 11-2.


49. For details of manufacturing transition, see Wright, Class, Crisis and the State, pp. 171-2.


52. Hurd, "Railways", pp. 739-40, 745 and 748.


55. Gallagher and Seal, "Britain and India between the Wars", p. 390.


62. See Beauchamp, British Imperialism in India, pp. 46-7 and 52-3; Tomlinson, The Political Economy of the Raj, pp. 142-52; Dutt, op. cit., p. 127; and Bagchi, Private Investment in India, p. 426.


68. Adarkar, Indian Fiscal Policy, p. 420.


72. See chapter 5, pp. 352-7.

73. Chandra, The Rise and Growth of Economic Nationalism in India, p. 753.


75. Ibid., p. 16.

76. Ibid.

77. Ibid., pp. 15-6, 31 and 35.


82. The use of wage labor, though on a limited scale, is often emphasized. See, for example, the Government of United Provinces (India), Report of the Cottage Industries Sub-Committee (1950), p. 6.

83. See Report of the Sub-Committee on Rural and Cottage Industries (1948), pp. 146-8. For general details of these industries including measures and actions to promote them, see V.R. Chitra, gen. ed., Cottage Industries of India (Madras: Silpi Publications, 1948), Section VI, pp. 2-15.

84. As one puts it clearly: "The difference between a cottage and a factory worker is that in the case of the former, the entire profit goes to him, while in the case of the latter most of the profit goes to the organizer or the capitalist or industrialist, as they are called". C.M. Singh, Cottage and Small-Scale Industries, (Allahabad: Kitabistan, 1947), p. 16.


93. Frankel, *op. cit.*, p. 11.

94. Moore, Jr., *op. cit.*, p. 375.


98. Singh, *Cottage and Small-Scale Industries*, p. 36.

100. Government of Britain, Memorandum on Some of the Results of Indian Administration during the Past Fifty Years of British Rule in India, (1909), p. 24.

101. Bagchi, Private Investment in India, p. 52.


106. State Action in Respect of Industries 1928-1935 (1936), p. 44.


109. Not all factory industries were due to the metropolitan bourgeoisie. An important example is the case of cotton textile industry that became important before the First World War.


116. Statement Exhibiting the Moral and Material Progress and Condition of India during the Year 1898-99 (1900), p. 115.


121. For important Indian entrepreneurial and financial participation in this enterprise, see C.P. Simmons, "Indigenous Enterprise in the Indian Coal Mining Industry c. 1835-1939", IESHR, 13 (1976), pp. 189-218.


124. For details, see A.B. Ghosh, "India's Foreign Trade in Coal before Independence - A Note", IESHR, 6 (December 1964), pp. 431-37. 1 Lakh = 100,000.


129. Levkovsky, Capitalism in India, pp. 239-40.


132. Ibid, p. 15.

133. For details, see ibid., pp. 4-5, 21, 58, 208-9 and 250; and D.K. Rangnekar, Poverty and Capital Development in India (London: Oxford University Press, 1959), pp. 84-86.


135. There are many excellent existing accounts of the growth of modern industries. See Bagchi, Private Investment in India, passim; Sivasubramonian, op. cit., passim; and Morris "The Growth of Large-Scale Industry to 1947", pp. 553-676, in particular.


137. Tomlinson, The Political Economy of the Raj, p. 44.


143. Pavlov, "India's Socio-Economic Structure from the 18th to mid-20th Century", p. 92.

144. Alavi, "India: Transition from Feudalism to Colonial Capitalism", p. 393.


146. Bagchi, Private Investment in India, p. 433.


150. See chapter 5, pp. 357-9.


152. Ibid. Grading is evaluated according to the degree of accuracy achieved by the producer and the consistency with which it is maintained by him.


157. Baran says: "The main task of imperialism in our time is "to prevent, or, if that is impossible, to slow down and to control the economic development of underdeveloped countries". See Baran, The Political Economy of Growth, p. 197.


159. Venkatasubbiah, Foreign Trade of India, p. 29.


163. Ibid., pp. 393-4.

164. Moore, Jr., op. cit., p. 355.

165. See Frank, Latin America, pp. 227-8.

CHAPTER SEVEN

SOCIAL CLASSES AND THE STATE IN MUGHAL INDIA:
THE DEPENDENT DEVELOPMENT OF AGRARIAN CAPITALISM

I. Introduction

In chapter 3 I discussed the internal dynamic in the
Mughal Indian social formation. In this chapter I focus on
the social classes and the state in Mughal India. This
discussion presents a total view of the Indian social formation
in its class structural and political aspects, and at the
same time prepares the ground for understanding the
possibilities and limits of the development of the capitalist
class structure and capitalist state in colonial India.
Another objective of this chapter is to undertake an exami-
nation of how far and to what extent colonial India
experienced social change in terms of the development of
agrarian capitalist class relations and agrarian capitalism.

II. The Mughal Class Structure

Preliminary Remarks

To begin with, let me make three pertinent points
bearing on my discussion of the class structure in Mughal India.
The first concerns the concept of property, in particular the
concept of feudal property. Generally speaking, the concept
of property (or ownership) can be defined as "a right in the
sense of an enforceable claim to some use or benefit of something. Furthermore, "what distinguishes property from mere momentary possession is that property is a claim that will be enforced by society or the state, by custom or convention or law." The central feature of real property rights in feudalism is that it was a "complex and hierarchical system of land tenure." Marc Bloch explains:

For nearly all land and a great many human beings were burdened at this time with a multiplicity of obligations differing in their nature, but all apparently of equal importance. None implied that fixed proprietary exclusiveness which belonged to the conception of ownership in Roman Law. The tenant who - from father to son, as a rule - ploughs the land and gathers in the crop; his immediate lord, to whom he pays dues and who, in certain circumstances, can resume possession of the land; the lord of the lord, and so on, right up the feudal scale - how many persons there are who can say, each with as much justification as the other, 'That is my field!' Even this is an understatement. For the ramifications extended horizontally as well as vertically and account should be taken of the village community, which normally recovered the use of the whole of its agricultural land as soon as it was cleared of crops; of the tenant's family, without whose consent the property could not be alienated; and of the families of successive lords.

Bloch further points out that "it is very rare, during the whole of the feudal era, for anyone to speak of ownership, either of an estate or of an office; much rarer still - never perhaps, except in Italy - for a lawsuit to turn on such ownership." What parties claimed was seisin, i.e. "possession made venerable by lapse of time." In contrast to feudal
property which was conditional in nature, capitalist property is unconditional or absolute. Thus, Blackstone defines property as "that sole and despotic dominion which one man claims and exercises over the external things of the world, in total exclusion of the right of any other individual in the universe." It is, as the French Civil Code defined it, "the right of enjoying and disposing of things in the most absolute manner." In England, for instance, landownership became absolute in 1646. It was reconfirmed in 1660.

The second point concerns the century old eurcentric dogma that all lands in India were owned by the state and that no private property in land existed in pre-British India. This view was introduced by Megasthenes, the Greek ambassador who visited the court of Chandragupta Maurya, in about 320 B.C. The mainstream of official colonial thinking also favored this view. Even Marx, after some vacillations, denied the existence of private ownership of land in India. As will be shown later, the espousal of this doctrine substantially, if not completely, by the colonial Raj was quite advantageous insofar as the enforcement of this doctrine enabled it to raise the maximum agrarian surplus. For a significant period of colonialism, land taxes remained extremely high. In the greater part of India, land revenue demands of the Raj were not permanently limited. And, finally, its land tenurial policies were marked by distinct hostility to the existence of landlords who tended to absolutize their
landed property vis-à-vis the peasants.

The available evidence, however, points in the main to the existence of the private ownership of land in both Hindu and Muslim India. In the Hindu theory the right of ownership is distinguished by the pronoun svām i.e., "one's" and by such terms as svātvā (ownership), svāmya (ownership), svāmitava (ownership) and svāmin (owner). The mere right of possession is indicated by the verb bhuj "to make use of" or "to enjoy" and its derivatives like bhukti, bhoga, upabhoga and others. The period of the Dharma-Sutras, mainly formulated between 600 B.C. and 300 B.C., marks a movement towards the evolution of the distinction between ownership and possession. With the further development of the social productive forces greater sanctity was placed on the rights of ownership. The period that was allowed for possession to ripen into ownership increased from 10 years in Manu (200 B.C. - 100 A.D.) to about 60 years in Narada (100 A.D. - 400 A.D.) and Brihaspati (300 A.D. - 500 A.D.) and 105 years in the 13th century. Brihaspati writes that "immovable property may be acquired in seven different ways, viz, by learning, by purchase, by mortgaging, by valor, with a wife (as her dowry), by inheritance (from an ancestor) and by succession to the property of a kinsman who has no issue." It should not be supposed that the rise of the Mughals in India meant the eclipse of the role of Hindu laws and customs. Subject to
the varying revenue demands of the Mughal state, the Hindus continued to enjoy property rights. Even the Muslim era 
 witnessed characteristic development of Hindu law.

Many of the British officials also discovered the 
 existence of private property in land. Two examples may be 
 cited from the Fifth Report (1812). With respect to Canara 
 and Malabar it was stated that "the lands in general appear 
 to have constituted a clear private property, more ancient, 
 and probably more perfect, than that of England. The tenure, 
 as well as the transfer, of this property, by descent, sale, 
 gift, and mortgage, is fortified by a series of regular 
 deeds, equally various and curious, and which bear a very 
 strong resemblance, in both parts of the country." About 
 Tanjore and Trichinopoly in Madras, the collector stated:

Without entering on the question of who is the 
 proprietor of the soil, I will content myself 
 with stating, that immemorial usage has estab-
 lished, both in Tanjore and Trichinopoly, that 
 the occupants, whether distinguished by the 
 names of meerassadar or mahajanums, have the 
 right of selling, bestowing, dividing, and 
 bequeathing their lands, in the manner which, 
 to them, is most agreeable. Whether this right 
 was originally granted by the ancient consti-
 tution of the country, appears to me not worth 
 considering, at the present day. I think it 
 a fortunate circumstance, that the right does 
 at present exist: whether it originated in 
 encroachment of the sovereign's right, in a 
 wise and formal abrogation of those rights, or 
 in institutions coeval with the remotest 
 antiquity. It is fortunate, that at a moment 
 when we are consulting on the means of 
 establishing the property and welfare of the 
 numerous people of those provinces, we find the 
 lands of the country in the hands of men, who 
 feel and understand the full rights and
advantages of possession, who enjoyed them, in a degree more or less secure, before the British name was known in India; and who, in consequence of them, have rendered populous and fertile, the extensive provinces of Tanjore and Trichinopoly. The class of proprietors to whom I allude, are not to be considered as the actual cultivators of the soil: the far greater mass of them, till their lands by means of hired laborers, or by a class of people termed pullers, who are of the lowest, and who may be considered as the slaves of the soil. The landed property in these provinces, is divided and subdivided in every possible degree. There are proprietors of 4,000 acres, of 400 acres, of 40 acres, and of one acre.

In the Mughal system, the state demand on the agrarian surplus was not in the nature of rent. It was not even land tax, technically viewed. It was a kind of tax on the crop, i.e. "a claim on behalf of the state to a share of the actual crop." The Mughal state was, however, "the proprietor of all the jungles and unclaimed land for agrarian purposes." The communal ownership of land did not disappear altogether and persisted in backward and tribal areas.

Finally, it should be noted that the Mughal social formation between 16th and 18th centuries was in transition to capitalism, as I discussed in chapter 3. The Mughal social formation cannot be indiscriminately called feudal because, when strictly viewed from the experience of many West European countries, certain incidents of feudalism (i.e. fief, commendation, demesne, serfdom etc.) were either not general or altogether absent. Classical feudal developments, however, emerged between the 7th and 12th centuries. Having said this, I am inclined to think that, as I have already pointed
but, Mughal India continued to remain feudal although the
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dominance of the natural economy was in decline.

**The Zamindars and Mansabdars.**

In the Mughal class structure the zamindars and
mansabdars constituted the dominant class(es). They were
integral components of the Mughal state. Let me concentrate
on the zamindars first.

Considered from the top in the hierarchy of interests
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in the land characteristic of feudalism, the fundamental
agrarian class of the Mughal India comprised the zamindars
whose rights varied from region to region. The term zamindar
means keeper or holder of land (zamin). Originally, the suffix,
dar implied a degree of control but not necessarily ownership.

The author of *Mirat-āl Istilah*, an 18th century
manual, defines the term *zamindar* as 'literally
meaning master of the land (Sahib-i-Zamin) but
now (actually) the mālik (proprietor) of the
land of a village or township, who (also)
carries on cultivation'. A zamindar, therefore,
was not a person who merely owned the land he
cultivated. Many petty zamindars corresponded
in economic status to better-off peasants, who
leased the land they cultivated. On the other
extreme stood the various tributary chiefs and
autonomous Rajas, who were also called
zamindars by the Mughal Chancery.

The zamindars, in general, can be sub-divided into
three groups. First, there were the intermediary zamindars
who were dominantly revenue collectors. Second, there were
primary or proprietary zamindars. They included not only
peasant proprietors who cultivated their lands themselves or
by means of hired laborers but also the proprietors of one or several villages. Third, there were autonomous chieftains or vassal zamindars. They stood at the top of the hierarchy of zamindars. They remained autonomous within their own domains despite their acceptance of the overlordship of the Mughal kings and rendered, often unwillingly, tribute and military service. The three categories of zamindars are not 29 it should be noted, mutually exclusive.

The zamindars, especially of the higher echelon (viz. zamindars in Bengal and Bombay or talukdars in the United Provinces) were like feudal lords within their domains and exercised wide administrative powers. According to the eighteenth century sources, the zamindar's gross income (i.e. malikana or proprietary share and nankar or allowance for the collection of revenue) is estimated minimally to be 15 to 20 percent of the land revenue in northern India and 30 to 35 percent in Sujrat. Like a feudal lord, the zamindar was a military arm of the Mughal state. The zamindar's fortress was the symbol of his resolution to defend the land inherited from his ancestors. Naturally the zamindars' real power consisted in "their millions of armed retainers." Insofar he was also a revenue collector, the zamindar could not be deposed by anyone except the Mughal King. He was thus expected, in addition to being loyal, to be a good collector and payer of land revenue. Hereditary succession to the zamindar was in general a law of the Mughal state.
Finally, it should be noted that the zamindars could sell or mortgage their rights over land.\(^{36}\) In 1703 the English bought certain villages in Bengal from the zamindars there, apparently to transact their business.\(^{37}\) If the state itself needed privately owned agrarian land, it had to purchase them "from the zamindars and the private owners."\(^{38}\) The zamindars could evict peasants especially in the villages which they had settled. The customary security of the peasants had force so long as there was plenty of land which was the case in Mughal India.\(^{39}\) Not less important is the feature that the institution of zamindari and zamindari villages was independent of the Mughal state in origin. The Mughal state only tried to control the zamindars by reducing them to revenue payers.\(^{40}\)

If the zamindars were dominantly landed interests, the mansabdars were the ruling class akin to the feudal lords in the West. To be sure, there were important differences between the Mughal ruling class or the nobility on the one hand the feudal lords in the West on the other. The former, unlike the latter, were officers of and subordinate to the Mughal king. Again, the Mughal ruling class was exactly "a hereditary aristocracy with political-cum-proprietary control over land and its yield."\(^{41}\)

Mansabdars were those who held mansabs (i.e. positions or ranks). Each of them generally had dual ranks, viz. (a) the zat rank indicating his personal status and pay, and (b) the sawar rank indicating the military contingent he was to
maintain and also the payment to him for the maintenance of this regiment. The mansabdars received their pay either in cash (nagd) or in the form of assignments of areas of land (jagirs) where they were to collect the land revenue and other taxes officially imposed or sanctioned. The larger part of the Mughal territories was assigned in jagirs. The jagirdars were usually, but not necessarily, mansabdars.

Although mansabs and jagirs were not heritable it is remarkable that the social composition of the ruling nobility was fairly stable and permanent. The over-riding factor in their recruitment by the king was heredity. In 1658-78, out of a total of 486 mansabdars holding ranks of 1,000 and above, 213 (44%) were either sons or close blood relations. This does not include "those merely connected by marriages". In 1679-1707 such mansabdars (i.e. sons or close blood relations) numbered 272 (47%) out of a total of 575. It is quite apparent in the process of recruitment that sons or descendants of mansabdars had the best claim. An important facet of the social composition was the recruitment of the zamindars (or their sons) of the higher echelon, viz the autonomous chief etc. During Akbar's rule mansabs were awarded to "a large number of zamindars". During the first part of Aurangzeb's rule, between 1658 and 1678, there were 68 zamindars or about 14% of the 486 mansabdars of the rank of 1,000 and above. During 1679-1707 there were 81 zamindars, amounting to slightly over 14% of 575 mansabdars of the same rank.
Like the feudal lords in the West, the Mughal ruling nobility was a parasitic class living a life of conspicuous luxury and consuming the overwhelming bulk of the agrarian surplus produced by the direct producers. But the Mughal nobility lacked the security of the feudal lords. According to Moosvi's estimate, 82 percent of the entire net resources was consumed, at the time of Akbar (1556-1605), by only 1,571 mansabdars. Functionally, the mansabdars constituted a kind of bureaucracy for the administration of all public services other than judicial ones, and were thus the governing class. In the main, however, they were the direct military arm of the Mughal state. "The principal obligation of the mansabdars was the maintenance of cavalry contingents with horses of standard breeds." From the point of view of agrarian class structure, the role of the jagirdars, who were usually mansabdars, was extremely crucial. Their essential function was the collection of land revenue through intermediary agencies. This put the jagirdars in direct confrontation with the landed interests, the zamindars and the peasants. Technically, the jagirdars could not remove or dispossess the zamindars. All that they could do was to recommend the removal of hostile zamindars to the Mughal king. The potential for conflict between the zamindars and the jagirdars consisted in the fact that the latter could not hold same jagirs for more than three or four years. In contrast, the zamindars had permanent or hereditary interests.
in the lands within the jagirs. With respect to the peasants, the jagirdars claimed the power to detain them on the land, like the serfs in the West, and "bring them back if they ran away."

The Peasants, Slaves and Serfs: Social Structure of the Village Community

The social structure of the village communities in rural India presented a picture of complex stratification based on a wide variety of factors (ownership and possession of land and other means of production, extent or quality of cultivated land, and so on).

At the top of the hierarchy of landed interests within the village stood the raiyat, who were either peasant proprietors or zamindars. The word raiyat, more commonly used in the Mughal documents, generally implied "zamindars" or "large peasant proprietors." The term khudkasht (or malik-i-zamin) stood for a resident peasant proprietor cultivating his own land with the help of his family members. The peasant proprietor holding and cultivating lands elsewhere in village(s) than where he lived was called riaya pahi-kasht. The equivalent of khudkashta was gharuhala or gaveti in Rajasthan, and mirasi or thalwahik in Bombay.

There were large number of these peasants who held 50,200, or 300 bighas of lands. Many gave out lands to tenants for cultivation and crop sharing. Those who cultivated lands as tenants were called muzarians. The paltis were a specific group of cultivating tenants in Rajasthan who were tenants
at will without any hereditary right to possession.

At the bottom, there existed the landless proletarian usually belonging to the lower jatis (or castes). Their number does not seem to be great in view of the abundance of still unpopulated and cultivable lands. But there existed a significant segment of the population in pre-British India who raised agrarian surplus for the landholders and whose conditions of life were of clear servitude varying between slavery and serfdom. If a slave was without any rights, the serf was bound to "the place of his labor obligations" and owed to his master specified annual services.

The forms of servitude, varying from slavery to serfdom or any intermediate forms in between these two, were unevenly developed in different regions of Mughal India. Some examples of the forms of servitude could be provided to illustrate the different forms of these pre-capitalist class relations. In different places of eastern India, such as Mymensingh, Sylhet, Rajshahi, Purnea, Patna or Shahabad, many or most cultivators were slaves. In Sylhet, when estates were sold, slaves were included in the deeds. In other places, separate deeds were executed. In Assam, "no strict distinction appears to have been maintained between serfdom and slavery, in the absence of the classical form of a dehumanized slavery. Serfs and bondsmen often lapsed into conditions of slavery in course of time; and slaves, too, when attached to land, were treated increasingly as serfs, with some socially recognized
rights silently acquired in the meanwhile. It is estimated that slaves, serfs and bondsmen constituted 5 to 9 percent of the population." Similarly, different forms of servitude prevailed in varying degrees of intensity in the whole of south India. In one group called the "maurey dherd" in Canara, the laborers were "generally attached to the land" and could not leave their master's service even if the master did not give them "their allowances". The term *mannaalu* was a name for an agricultural laborer who was "a serf attached to the soil." In southern Malabar nine-tenths of cultivation was carried on by *cherumas* who were "slaves of the soil".

The *cherumas* are absolute property; they are part of the live stock on an estate. In selling and buying land it is not necessary that they should follow the soil; both kinds of property are equally disposable and may fall into different hands. The *cherumas* may be sold, leased, and mortgaged, like the land itself, or like any cattle or thing.

In Coorg there were those who remained "attached to the soil, transferable from one proprietor to another, but not removable from the land to which they belong." Let me now take up the case of those — artisans and merchants in the main — from whom emerge the bourgeoisie in any social formation.

**The Artisans and Merchants**

In chapter 3 I have already discussed, though not directly, the roles of the artisans and merchants in the context of Mughal India's transition to capitalism. Here, I wish to make some specific points concerning the position of
the artisans and merchants in the Mughal transitional social formation.

Whether in the villages or in the towns, the social status of the artisans was one of subservience. In the villages, the artisans were called "village servants" who were expected to serve the entire village community. In practice it meant, whether in the raiyati villages where cultivators were dominantly peasant proprietors or in the zāmīndāri villages where the elements of rent and absentee landlordism dominated, the artisans catered to the interests of the higher echelon of the agrarian class structure. Only some of them held "small plots of land to cultivate with or without payment of government assessment." In general these village servants were paid in kind. The position of the artisans in the towns or cities also does not present a favorable picture either. The urban artisans were usually commodity producers in the market. As will be shown later, it was impossible for most of them to emerge as part of the industrial bourgeoisie in the future because of a number of constraining factors, mainly poverty and the oppression of the ruling class. But there were indications that some of them were already in the process of proletarianization.

Consider, for instance, the case of an independent artisan waiting to be called by his client. Stavorinus informs: "If shoes are wanted, a shoemaker is called from the bazar, who, with the leather, and other requisites, makes four pair of
shoes in a day, for the value of half a crown." Elsewhere I have already mentioned the increasing dependence of the artisans on the rising merchant bourgeoisie.

The merchants remained an integral component of India from the earliest time. "By 600 B.C. Indian traders had scattered far and wide throughout India and abroad." In the 17th and 18th century, suggests Chaudhuri, "India and China were about the only Asian countries with a very rich merchant class trading in its own ships with distant markets. Even in Europe, only a few countries had merchants so well provided with liquid capital and with such a wide area of operation." The indigenous bourgeoisie did not constitute a homogeneous class. They remained stratified between themselves in terms of the scale of commercial activities undertaken and the levels of specialization developed, while performing the social functions of linking the producers to the consumers in different markets. Here, I shall only cite a few examples of those who were at the top in the hierarchy of the bourgeoisie. One of them was Abdul Gafur who drove "a trade equal to the English East-India Company." It is stated that "Asian business houses headed by merchants such as the members of the Gafur family were not after all very different from a Fugger or a Cranfield able to undertake comprehensive and co-ordinated commercial ventures." It is Abdul Gafur who was in the main responsible for successfully establishing in the second half of the 17th century the
fortunes of his successors known as the Mulla family of the Ismaili Bohras. This family remained one of the most important family-managed business houses at Surat—the major port of the Mughals from about the middle of the 16th century. When Abdul Gafur died in 1718, it is estimated that he left behind, among other things, eight and a half million of rupees in cash. His grandson, Muhammad Ali, was also a premier merchant, and he raised a small army of 2,000 men in the early 1730s to defend against the local port officer. Virji Vora was another prominent merchant at Surat in the 1620s. He had extensive business both inside and outside of India. Haji Yusuf, one of the leading merchants of Calicut in the late 18th century, could "still scrape up loans amounting to Rs. 600,000 in the days of his crashing fortunes." Along with others, Mir Jumla of the Golconda Kingdom, Malay Chetti, Kasi Viranna and Sunca Rama Chetti of southern Coromandel were "masters of extensive commercial empires." In Bengal, the most prominent were Khemchand, Chintaman and Mathuradas. These merchants combined their commercial operations with money changing and banking activities. They also acted as brokers to the metropolitan companies in India but retained their independence throughout. Finally, there were many bigger financiers who were allies of the Mughal ruling class, and who appropriated a portion of the agrarian surplus in as much as they were involved in the collection of land revenue. The most important of the bankers was the House of Jagat Seths.
III. The Mughal State: Class Contradictions

And Constraints on Capitalist Development

The Mughal state has been variously considered as a despotic state, bureaucratic state or patrimonial - bureaucratic state. In contemporary analyses, there still remains a characteristic dearth of emphasis on social relational aspects of the Mughal state. It is seldom presented as a crystallization and condensation of conflicting class relations. "It is from this point of view that I discuss the Mughal state in what follows.

In certain respects the Mughal state was not a feudal state which can be defined as one "in which all the members of the ruling class form a feudal hierarchy with a chief lord or suzerain at its peak." The Mughal state was not a feudal state insofar as the ruling class (i.e. mansabdars including the jagirdars and the king) was not directly a hierarchy of lords, bound to each other by a hierarchy of personal services and obligations, who appropriated the means of production (i.e. land) and its surplus. The ruling class of the nobility was, theoretically, subject to the king who could promote, demote, depose or otherwise reward or punish. In Western feudalism, especially in England, feudal relations that were characterized by a hierarchy of personal services and obligations matured to such a level that they not only regulated the tasks of the state itself but also produced a unity among the nobility. On the other hand, the Mughal ruling class where individuals were not bound to each other
in the above-mentioned terms, was marked by centrifugal, rather than centripetal tendencies. Again, while the weak position of the ruling class vis à vis the king meant a strong Mughal state, the comparatively stronger position of the ruling class vis à vis the feudal king as *primus inter pares* meant that the feudal state was a weak state or that the authority had become fragmented. At the height of feudalism, each feudal noble in his domain was "the head of the army, the tax collector, empowered to mint new currency, the administrator in chief, and director of the economy." In Mughal India this was applicable only to certain zamindars in different regions.

On the other hand, it should not be supposed that the Mughal state was bereft of elements of feudal relations altogether. The Mughal state was a feudal state in the sense that the jagirdars and (certain) zamindars were holders of benefices of a fiscal nature. The zamindari or jagirdari was a kind of benefice insofar as they were fiscal offices with certain remuneration in cash or kind such as land. I have already mentioned that zamindari became a hereditary institution and that certain zamindars exercised wide ranging powers within their domains. In the 18th century even jagirdari tended to become hereditary.

The mansabdars were essentially a military elite hierarchically bound by their royal appointment to the Mughal king. From this point of view, the tasks of the Mughal
state resembled those of the feudal state.

Under feudalism, where landed property (incorporating a number of tied peasants) was the principal means of production and where consumption was oriented towards noble consumption, the characteristic social dynamic was the urge to acquire and subjugate more land and to extract a greater surplus from what was already possessed. Since the land could not normally be bought and sold on the market, armed conquest was the chief means to expand the property and sources of consumption of the nobility. Military proficiency was the only specific skill of the ruling class, and the preparation and waging of war was a major preoccupation of the state, in both its medieval and absolutist forms.

Besides conquest, other means of expansion were colonization and marriage. Finally, the feudal nobility were not agrarian capitalists and performed no entrepreneurial function. Generally speaking, the tasks of the Mughal state or the activities of the ruling class followed this pattern. "The history of Mughal India is an annal of continual conquests." The Mughal king could hardly do anything without the ruling class. In other words, the state was dominated by the nobility whose strength, in the last instance, lay in the successful extraction and appropriation of agrarian surplus.

The Mughal state crystallized, embodied and manifested the dominance of the ruling class. It produced and reproduced the class relations in a rather direct and unmediated manner because of the coalescence of the polity and economy. In this regard, the Mughal state was like a feudal state.
The feudal state expressed class relations in a direct and unmediated manner. This is the most important social aspect of the lack of a clear, 'bureaucratic' demarcation between on the one hand the household, land and attached peasants of the king or local seigneur, and on the other hand the sphere of state administration. The two were rather fused in the royal court or the noble estate.

The Mughal state could not be separated from the royal household although departments specializing in public matters existed. Further, theoretically the sole claimant to land revenue and other taxes was the Mughal king. Land not assigned in jagir was known as khalisa where revenues were collected by the officials for the royal treasury. The size of the khalisa was variable. The Mughal state was thus a feudal state though not essentially like a feudal state in the West. I am inclined to conclude with Hussain that "the Mughal feudal state was ... centralized, militaristic and hierarchical, with power vested in the hands of the Mughal ruler and his nobility."

Dahrendorf said that "every society displays at every point dissensus and conflict; social conflict is ubiquitous." This is completely true of Mughal India. The Mughal state was crisis-ridden. There were several dimensions of agrarian conflict: between the state and the ruling class on the one hand and the peasants on the other, between the state and the ruling class on the one hand and the zamindars on the other, between the zamindars themselves, and between the zamindars and the peasants. The main cause of agrarian conflict in the
Mughal Indian social formation centered around the extraction and distribution of the agrarian surplus. Let me give some examples of this conflict. Insofar as the direct producer, the peasant, was concerned, Bernier points precisely to the antagonisms between him and the state in these words:

Why should I toil for a tyrant who may come tomorrow and lay his rapacious hands upon all I possess and value, without leaving me, if such should be his humour, the means to drag my miserable existence?

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Greater was the antagonism directly between the ruling class, especially the jagirdars, and the zamindars who represented immediate or superior interests in land, whose rights were independent of royal grants and who maintained military retainers. The zamindars were frequently, but not always, joined by the aggrieved peasants, and both united against the jagirdars. The zamindars' rebellion centered around many causes: the expansion of a small zamindari, the defence of a threatened ancestral zamindari, unification of jagirdari and zamindari, or creation of a new zamindari. The peasants invariably protested, insofar as zamindars were concerned, against the increasing number of new impositions on them, and against the conversion of raiyati or peasant held villages into zamindari villages.

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It was not only the development of the agrarian capitalist class structure which was deterred by prevalence of hierarchical land rights, the lack of growth of absolute ownership, the high land revenue demand of the state, and the
oppression and impositions by the ruling class including zamindars, within the limits of the relatively weaker development of small-scale commodity production. The rise of industrial capitalist class structure and industrial capitalism also remained circumscribed at a time when metropolitan colonialism was fast being consolidated in the early 18th century. The relative weakness and lack of development of the indigenous capitalist elements (i.e. artisans and merchants), not surprising in view of the dominance of the feudal ruling class in the natural economy, resulted in fateful political consequences, the colonization of India.

Pavlov has correctly stated that "in general, one can say that the Golden Age of the handicrafts, if this term is to imply the prosperity of the artisans, never existed in feudal India, but they did at any rate have work and food, although they were deprived of any opportunities for adequate productive accumulation." It is true that the artisans at times resisted the oppressions of the ruling class in various ways: the threat of migration in a body, actual migration, petition, and uprisings. Often the caste solidarity of occupational groups lent unity to the fight against the oppressions and extractions of the ruling class. But, in general, the position of the artisans remained precarious; it was marked by low wages and unfreedom. There was little chance that industrial capitalists would ever emerge from the ranks of the artisans given their working conditions:
The mechanic or artificer will work only to the measure of his necessities. He dreads to be distinguished. If he becomes too noted for having acquired a little more money than others of his craft, that will be taken from him. If conspicuous for the excellence of his skill, he is seized upon by some person in authority, and obliged to work for him night and day, on much harder terms than his usual labor acquired when at liberty. Hence all emulation is destroyed. ... If any improvements have been made in the few years of a [illegible] administration, they are utterly lost again when the common methods of government succeed.

Bernier was one of those who pointed to the lack of certain fundamental pre-conditions for productive accumulation by capitalist elements such as artisans and merchants. One condition which was lacking was the presence of a juridical structure that would ensure the security of life, liberty and property of the accumulating capitalist elements on the one hand and simultaneously act as restraint on the legislative and executive arbitrariness of the ruling class on the other. This condition was lacking in Mughal India. Thus Bernier states:

There is no one before whom the injured peasant, artisan, or tradesman can pour out his just complaints; no great lords, parliaments, or judges of local courts, exist, as in France, to restrain the wickedness of those merciless oppressors, and the kadis, or judges, are not invested with sufficient power to redress the wrongs of these unhappy people.

In the absence of this, the mainspring of capitalist entrepreneurship — investment for accumulation — was obstructed for both artisans and merchants. At the same time, it was difficult for the artisans to emerge as industrial bourgeoisie
because, given their low wages and working for subsistence, they could rarely be industrial innovators. There is strong evidence which showed that they worked with the simplest of tools.

The conditions of the merchants were not radically different from those of the artisans. To a certain extent, to be sure, the indigenous bourgeoisie did indeed emerge as a political class force and played important political roles especially in Gujrat where the development of simple commodity production and merchant capital was more significant than elsewhere. They not only formed associations to guard and promote their interests but also acted as intermediaries in disputes between the metropolitan bourgeoisie and the Mughal ruling class. But there is a great deal of evidence to support the argument that the indigenous bourgeoisie remained a very weak political force vis-à-vis the Mughal state and the ruling class. Virji Vora was imprisoned because he incurred "the displeasure of the local authorities." The ruling authority is stated to have extorted more than a million sterling from the estate left by Abdul Gafur. The same was the case with other merchants in Gujrat. In Bengal, Khemchand, when arrested in 1722, had "to buy his release by giving security to pay Rs. 10,000 in seventeen days and Rs. 20,000 in three months." There is little doubt that the merchants community could not "stand up to the feudal lords, whose position in politics it failed to undermine." There were
other indications of the political ineffectivity of the nascent indigenous bourgeoisie. For instance, in Mughal India custom duties were quite low varying from 2% to 5 percent but the metropolitan bourgeoisie paid generally less. The striking fact is that the indigenous bourgeoisie did never object to this discrimination.

What Mughal India lacked was maintenance of the fundamental political and ideological conditions of capitalist accumulation such as rights to the security of person and property as enacted formally and enforced by autonomous courts of law. This was what the indigenous bourgeoisie, in contrast to their counterpart in feudal Europe, was unable to achieve in Mughal India. The absence of stable guarantees to life, liberty and property - the integral components of the constitutionalism and the state system of England in the 17th century or of France in the 18th century - explains why, in pre-colonial India, "the growing fortunes of merchants of cities would be exhibited outwardly, where such outward exhibition was not considered unsafe." The indigenous bourgeoisie, in sharp contrast to the metropolitan bourgeoisie, who were products of highly developed commodity economy in the declining feudal social formation, were generally incapable effectuating a separation of the public from the private, i.e. a separation of the state which stands for the general interests of all from the private realm of the royal household. The nascent bourgeoisie, more importantly, were incapable of expediting the process of formation of the nation state in pre-British
India. In chapter 3 I argued that an important effect of the Bhakti movement throughout India between 14th and 17th centuries was to give rise to nationalities which largely coincided with the development of specific languages in different regions. Although it was by no means a small achievement, yet the process was far away from being consummated. The indigenous bourgeoisie were structurally bound to the concrete conditions in the Mughal social formation. They were incapable of demonstrating their progressive or revolutionary role, as the metropolitan bourgeoisie did in the West, by promoting the formation of the nation state.

The bourgeoisie keeps more and more doing away with the scattered state of the population, of the means of production, and of property. ... The necessary consequence of this was political centralization. Independent, or but loosely connected provinces, with separate interests, laws, governments and systems of taxation, became lumped together into one nation, with one government, one code of laws, one national class-interest, one frontier and one customs-tariff.

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Measured against these criteria, pre-colonial India did not have a nation state, especially in terms of political and ideological effectiveness of the bourgeoisie to synchronize their economic, political and ideological interests as interests of all, i.e. as interests of all other classes, castes, religious groups, etc, of one nation. There is little doubt that pre-colonial India was "not a unified nation but a geographical unit."

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In general, the inability of the indigenous
bourgeoisie to emerge as a political force, within the context of the inadequate development of simple commodity production in the Mughal social formation, had disastrous consequences. It revealed class structural limits to the development of capitalism from within. More importantly, while sealing the fate of the indigenous bourgeoisie, it insured the dominance of the metropolitan bourgeoisie and rise of colonialism in Mughal India. With astonishing foresight Munro wrote in 1798:

There are few of the obstacles here that present themselves to conquer in Europe. We have no ancient constitution or laws to overturn, for there is no law in India but the will of the sovereign; and we have no people to subdue, nor national pride or animosity to contend with, for there are no distinct nations in India, like French and Spaniards, Germans and Italians.

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The political and ideological ineffectiveness of the indigenous bourgeoisie meant that the dominant class in the Mughal social formation was comprised of those who appropriated the agrarian surplus: the ruling class. As a matter of fact it is rightly stated by Raychaudhuri that "the state power and the ruling class were essentially indistinguishable." The contradiction between the indigenous bourgeois elements and the ruling class continued to find resolution in favour of the latter through state power.

Numerous source materials show that under Akbar and his successors the feudal lords oppressed merchants and artisans. Of course, this is only to be expected, for even though Akbar succeeded in resolving the contradiction between the "general" interests of the feudal class as a whole and the "personal" interests of its separate groups in favor of the former
the contradiction between the interests of the feudal class and those of the merchants and artisans remained, while the state power, naturally, stood up in defence of the interests of the feudal class.

State power did not exist in a vacuum. It was the power of the ruling class whose dominance was assured by the political and ideological ineffectiveness of the rising capitalist class forces within a feudal mode still-dominated by the natural economy. The continued domination of the Mughal ruling class that only represented centrifugal, rather than centripetal tendencies of feudalism was by itself a formidable constraint on pre-colonial India's social change to capitalism.

Lacking common bonds and mutuality of interests they remained always potentially and in fact internally divided over carving out a possible independent domain, over the acquisition of extensive or profitable jagirs, over monopolizing trade in commodities, and over promoting, by extra-legal military or other means, their particularistic individual or factional interests. They could not do what the feudal lords did in the West, especially in England, viz. restrict the arbitrariness of the king and promote constitutionalism.

When the opportunity seemed to arise following the death of Aurangzeb in 1707, the Mughal ruling class was still incapable of organizing itself in order to set up a constitutional monarchy. More than this, they became instead a positive catalyst in the disintegration of the Mughal state itself. The consequences of the continued dominance of the Mughal
ruling class were also fateful from the point of view of the further development of the indigenous capitalist class structure at a time when colonialism, itself a product and a promoter of metropolitan capitalist development and accumulation, was already in the process of consolidation. To conclude, in the words of Gopal,

In order to escape from the indigenous feudal exploitation, the Indian business community made peace with the European trading companies which proliferated in the seventeenth century. They turned into comprador agents and assisted them in internal markets with their expert local knowledge and financial credits. ... Their capability as accumulators and investors of wealth in the process of production further suffered. The capital was turned into usurious capital. A fundamental change in the nature of Indian trading classes had come about. The capital began to be utilized more and more for speculative purposes, like insuring goods in transit and advancing money at exorbitant rates of interest. ... In other words, the growth of the Indian bourgeoisie was checked at the moment when it could have blossomed forth into a full-fledged capitalist class. The short-sighted policies of the nobility were responsible for this. Thereby the capacity of the Indian business community to undermine feudalism and usher in capitalism was delayed at that particular juncture when in the West the rising bourgeoisie was becoming the harbinger of a new era in history.

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IV. Dimensions of Agrarian Transformation: External and Internal Constraints on the Development of the Agrarian Capitalist Class Structure and Agrarian Capitalism

Preliminary Remarks

In this historic British and Indian interaction, stretching for about two hundred years, it was the agrarian sector of colonial India that first became vulnerable to
forces of intense societal transformation - forces that flowed from the rise and consolidation of capitalism in the metropolis and colonialism in India. Ironically, the agrarian sector of colonial India changed least. Neither the development of an agrarian capitalist class structure nor that of agrarian capitalism was in any way remarkable. Agrarian social change remained minimal compared to industrial social change in the sense that the development of the (dependent) capitalist mode of production in the industrial sector was far more distinct and visible. Colonial agriculture continued to remain under-capitalized, overmanned, small-scale and archaic. This was so despite India's long-standing colonial interaction with Britain which was, as Marx pointed out, "the classic land of the capitalist mode of production in agriculture." The rise and eclipse of colonialism was both followed and preceded by famines in Bengal in 1770 and 1943. While famines in Europe almost disappeared after 1850, colonial India continued to remain chronically famine stricken.

There is little doubt that the development of the dependent capitalist mode of production in industry severely limited the possibilities of the rise of agrarian capitalism in colonial India. The role of industry, in general, in this respect could be summarized in the words of Marx:

In the sphere of agriculture, modern industry has a more revolutionary effect than elsewhere, for this reason, that it annihilates the peasant, that bulwark of the old society, and replaces him
by the wage-laborer. Thus the desire for social changes, and the class antagonisms are brought to the same level in the country as in the towns. The irrational, old-fashioned methods of agriculture are replaced by scientific ones. Capitalist production completely tears asunder the old bond of union which held together agriculture and manufacture in their infancy. But at the same time it creates the material conditions for a higher synthesis in the future, viz., the union of agriculture and industry on the basis of the more perfected forms they have each acquired during their temporary separation.

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Implicit in this revolutionary role of industry is the progressive role of capitalism in agriculture. For a variety of reasons (the transformation of agriculture from a mere mechanical and self-perpetuating process carried on by scattered small peasants into the conscious scientific application of agronomy; rationalization of agriculture, annihilation of stagnation of the natural economy, increased diversity of agricultural production, expansion of agricultural specialization, etc.) the classical Marxists such as Marx and Lenin welcomed capitalism in agriculture. In particular, the progressive role of capitalism in agriculture consists in the radical transformation of pre-capitalist agriculture into modern agriculture with higher productivity and the socialization of labor. From this point of view, insofar as external constraints inhibited agrarian social change and the development of agrarian capitalist class relations and agriculture, the metropolitan Britain, the country that was
more developed industrially, failed to show to colonial India, the country that was less developed, the image of its own future. However, before I discuss the multifarious external constraints, flowing from different phases of metropolitan capitalism and colonialism, let me outline the essential features of agrarian capitalist class structure in the words of Marx:

The actual tillers of the soil are wage-laborers employed by a capitalist, the capitalist farmer who is engaged in agriculture merely as a particular field of exploitation for capital, as investment for his capital in a particular sphere of production. This capitalist farmer pays the landowner, the owner of the land exploited by him, a sum of money at definite periods fixed by contract, for instance, annually (just as the borrower of money-capital pays a fixed interest), for the right to invest his capital in this specific sphere of production. This sum of money is called ground-rent, no matter whether it is paid for agricultural land, building lots, mines, fishing grounds, or forests, etc. It is paid for the entire time for which the landowner has contracted to rent his land to the capitalist farmer. Ground-rent, therefore, is here that form in which property in land is realized economically, that is, produces' value. Here, then, we have all three classes - the wage-laborers, industrial capitalists, and landowners constituting together, and in their mutual opposition, the framework of modern society.

Metropolitan Obstacles

Overassessment

One of the major metropolitan constraints that continued to block the growth of capitalist class relations
and agriculture in various ways (viz. erosion of the content of property or possessory rights in land, inhibition of capital formation for both landlords and peasants, increased indebtedness of both landlords and peasants, destruction and transformation of existing class relations, etc.) for a long period of time was overassessment in ascending scale at each regular land revenue settlement. To this was added the rigorous methods of collection that were alien to the customary practices of the Mughal state. It was in the 1880s that incidence of land revenue taxation was on the decline although the agrarian surplus constituted the major source of revenue for the colonial Raj for most of the period of colonialism. The maximization of the extraction of the agrarian surplus was determined by different constraints that included the building up and consolidation of colonialism within India, the military expenditure by the Raj in fulfilment of its obligation (i.e. defense of metropolitan colonialism outside of India) imposed by the metropolitan state, the maintenance of a costly colonial administration by imported personnel, payments for the purchase of metropolitan manufactured commodities, the inability of the Raj to impose custom duties in view of its enforcement of free trade as dictated by the metropolitan state, and the limitedness of other sources of revenue in view of early de-industrialization and non- or inadequate industrialization later.

All this meant that the raising of maximum agrarian
surplus became the colonial Raj's major objective "to which every other should be made subservient." It is not surprising, if the Raj's frantic drive to maximize the appropriation of agrarian surplus is duly considered, that only 19 percent of the land was held by permanently settled zamindars. The rest was held in temporary tenures. In their search for appropriate agrarian reforms and land tenure policies, the metropolitan and colonial ruling class transformed India into "a series of laboratories for experiments in political economy." The process of agrarian transformation began in Bengal and, in the course of the consolidation of colonialism, spread elsewhere in India. The ruling class initiated "a succession of institutional disasters, each consciously designed to remedy the faults of the last, and each driven down the well-known path to hell, paved with good intentions, and impelled by the economic imperative of surplus extraction more disastrous than its predecessors." Some examples from different regions of colonial India are in order here.

In Bengal, the land revenue increased from £646,000 in 1762-63 to £1,470,000 in 1765-66, £2,680,000 in 1799-91, and £2,858,772 in 1793 when permanent settlement was enacted. Before permanent settlement both zamindars and peasants revolted in the districts of Rangpur and Dinajpur in 1783. After the permanent settlement many landlords defaulted in payment, and "a complete revolution" ensued within a decade "in the constitution and ownership of the estates."
Such ancient zamindars as those of Rajshahi, Dinajpur, Nadia, Bishnupur, Birbhum and Midnapur suffered the most. In Orissa, temporary settlements between 1804 and 1837 included 4 annual, 1 biennial, 4 triennial, 1 quinquennial and 1 decennial settlements at the discretion of the colonial officials. Compared with the last 12 years of Maratha rule in Orissa (1791 to 1802), the land revenue of the new region increased by about 12 percent in 1804-5. It increased by a further 93 percent between 1805 and 1897. Here, in Orissa, out of 3,000 proprietors of the first settlement of 1804, only 1,449 survived till 1818. Thus, within a span of 15 years, 51.6 percent of the original zamindars were wiped out. The estates remaining unaffected by auction sales in this period paid only 21.5 percent of the revenue demand fixed in 1804-5. In 1817 the Khurda revolt broke out. Colonialization in Assam proper began in 1825 and by 1840 the position of the colonial Raj became stabilized. Here settlement made with the peasants remained annual in the main. In 1883 ten year settlements were enforced in the advanced tracts of land in continuous cultivation. Here too, the intervention by the colonial Raj resulted in the destruction and disintegration of the feudal 'landed aristocracy.' Their estates were gradually confiscated. The land revenue demand increased by 480.72 percent between 1824-25 and 1849-50.

Similar dislocations in the agrarian social structure also occurred in other regions. In the North-Western Provinces
(a part of the United Provinces) the state demand for agrarian surplus dropped from 83 percent in 1822 to 66 percent in 1833 and 50 percent in 1855. Along with the other regions (Bombay, Madras, etc.), it was here in the North-Western Provinces that the ruling class pushed to extreme the implementation of the doctrine of state ownership of land. The settlements were made mainly with direct producers though they were apparently called village zamindars. This peasant orientation of the Raj, obviously to maximize the appropriation of agrarian surplus, was accompanied by a direct and distinct hostility towards the higher landed interests (talukdars) whose continued existence meant a reduction of the Raj's share of the surplus. Thus, this landed aristocracy, the talukdars, were largely replaced apparently on the assumption that they were merely revenue collectors. This does not mean that the new beneficiaries, the village zamindars, were not affected by overassessment. In fact, both talukdars and village zamindars were affected in the same way. When the Revolt of 1857 broke out, the erstwhile disaffected landholders attempted to regain possession of their estates and oust auction purchasers. By the end of 1858 the Revolt in the North-Western Provinces were crushed. Lands assessed at Rs. 2,207,954 were confiscated by the Raj.

When Oudh, the other part of the United Provinces, was annexed in 1856, the Raj pursued the same policy of displacing the talukdars. But, in the revolt of 1857, many of these
dispossessed succeeded in recovering the villages they lost, and in this effort they were backed by the village zamindars who actually benefitted by the policy of the Raj. The demonstration of the power and status of the talukdars made it politically wise for the Raj to seek their class support. As a result most talukdars, though defeated, were declared proprietors. In other words, the talukdars got back after the Revolt of 1857 all that they lost in 1856. However in the first regular settlement, in the 1860s the revenue demand increased by 38 percent. In the second, carried out in the 1890s, it went up by 23 percent.

Elsewhere, in the western and southern regions of colonial India where peasant oriented (i.e. ryotwari) land revenue settlements were made, the agrarian transformations were no less profound. In Bombay, the greater part of which was acquired in 1818, the land revenue settlements remained temporary or annual until 1837 when 30 years' rule was introduced. Even then, the occupant peasant could relinquish his tenancy or holding whenever he liked, by formally notifying the local authorities. As elsewhere, overassessment continued to hinder the possibilities of the emergence of capitalist farmers from the ranks of the peasants from the very beginnings.

In their first assessments of 1818 the British tended to adopt the highest rates of revenue fixed in the later Maratha period as their standard rate of assessment. Peasants had to mortgage their whole crop to the moneylender.
There were frequent crop failures, and, when harvests were good, prices further fell. There was widespread official agreement that the Deccan suffered from some twenty years of over assessment; the people were impoverished, villages dilapidated, and land went out of cultivation.

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This state of affairs did not radically change later. The only rule was "that the assessment should not exceed the cultivator's ability to pay." In Madras, 30 years rule for the settlement of land revenue became effective in 1864. It was only since then that the occupant peasants could get relief from "annual inquiries, harassment, and trouble."

Leaving aside the possibilities for the rise of capitalist farmers from the ranks of petty peasants, there were other effects of this peasant oriented land tenure reform in Madras as it operated until the 1850s:

It had held back cultivation. It had encouraged fraud. The need for remissions led to excessive interference by government servants. It had reduced the value of property in land and the practice of allowing anyone who was prepared to pay land revenue to take up land had greatly increased the number of 'pauper raiyats'. The cultivator often had to sell even his bullocks to meet the land revenue and could only start again with the help of a loan from the government.

Denial of Absolute Property in Land

The importance of absolute ownership enabling the landowners to throw their lands onto the free market for prospective capitalist tenant farmers, on the one hand, and enabling the
peasants to develop their personal independence and simple commodity production completely, on the other, cannot be overemphasized. In colonial India, the ruling class generally enforced the system that prevailed in the Mughal period, i.e. the hierarchical system of land rights that was characteristic of feudalism. It is wrong to assert, as some do, that it was the British who introduced private property in land. Thorner has rightly pointed out that

The key fact about all the British land settlements of the late eighteenth and nineteenth centuries, whether zamindari, raiyatwari, mahalwari, taluqdari, or malguzaari, whether permanent or temporary, was that the new rights in the land were invariably subordinate to the rights of the State. To no holder was granted the exclusive right to occupy, enjoy and dispose of land which, in practice, is the hallmark of Western private ownership. Without this quality of exclusiveness, real private property cannot be said to exist. ... What the British established in India might be described, in fact, as an imperfect or kaccha kind of private ownership of land.

At bottom, the conferral of absolute private ownership was prevented, aside from difficulties of the ruling class to discover precisely the nature of private property in the complex of hierarchical land rights in Mughal India, by other over-determining considerations such as the maximization of agrarian surplus and the avoidance of any political threat to the very existence of colonialism in case an independent landed class or propertied peasantry came into existence. This political aspect of the land tenure reforms will be
dealt with later.

However, an indication of the nature of property or possession in land in colonial India is in order here. Consider, for instance, the case of Malabar and Canara where land seems to have constituted, according to the *Fifth Report* (1812), "a clear private property, more ancient, and probably more perfect, than that of England". The content of the ruling class conferred ownership here can be precisely revealed by pointing out that the colonial Raj, under the settlement of 1805, reserved for itself 40 percent of the total net agrarian surplus, leaving only 26.7 percent to the proprietors but 33.3 percent to the tenant cultivators. This continued till 1900. In Bengal, where permanent settlement (1793) declared the zamindars proprietors, the zamindars were already in possession of all necessary incidents of property right. Under this settlement they were entitled only to one-eleventh of the rent paid by the peasants; the rest was appropriated by the Raj. The progressive aspect of permanent settlement consisted in the perpetual limitation of the state demand on agrarian surplus. It was never the intent of the permanent settlement to give rise to exclusive-individualistic private property for it did not intend to sweep away the so-called traditional or customary rights of the tenant peasantry. Furthermore, the landlords' property rights came to be restricted, in Bengal as elsewhere, by the passage of tenancy and other legislation as the agrarian discontent of
the peasants became evident from the 1850s onward.

Similarly, in the ryotwari areas, such as in Bombay and Madras, the peasants remained occupants but not proprietors. It was only later that they came to enjoy certain incidents of property rights, viz, sale, mortgage etc. In Madras, for instance, these rights were not invariably granted to the occupant peasants before 1859. The development of absolute or individualistic private property in land was also hindered by the reluctance of the ruling class to interfere with what it perceived to be the essential customs and institutions unique to India. This conservationist policy was the product of the efforts by the alien ruling class to minimize, if not to totally eradicate, any potential or real threat to its domination and rule. An integral component of this conservatism was its active support for and promotion of communal village structures and corporate property both of which concerned the mass of direct producers or small peasants in the main. The village communities were presumed to exist when they did not; and joint proprietary bodies were born anew. The conservatism became so intense that the ruling class even declined to make the necessary corrections of past mistakes. As Maine puts it in the context of the controversy over the existence of and indigenous legal sanction behind the tenancy rights in Punjab: "In the existing state of authority and opinion I can see no rule to follow, except to abide by actual arrangements, whether founded or not on
an original misconception of native usage. I say, let us stand even by our mistakes. It is better than perpetual meddling."

The International Division of Labor

In chapter 4, I discussed that the enforcement of the international division of labour was dictated by structural constraints flowing from metropolitan capitalism and colonialism. I also pointed out that, in the wake of early de-industrialization and subsequent non- or inadequate industrialization, the enforcement of international division of labor promoted colonial India's industrial and technological dependence, on the one hand, and expedited the process of peasantization and ruralization, on the other. The emphasis on the international division of labor was continued in the policies of the colonial Raj until the end of colonialism.

As Irwin, Viceroy from 1926 to 1932, points out: "The Indian agriculturist is accordingly the foundation upon which the whole economic prosperity of India rests and upon which the structure of her social and political future must in the main be built." To be sure, the apparent concerns of the ruling class for agrarian development meant only the encouragement of the production of commercial crops by a mass of small peasants rather than by large-scale capitalist farming. Although agricultural departments cropped up at the provincial levels from the 1880s for limited purposes (such as the
collection of information, the establishment of model farms for encouraging production of commercial crops, etc; the development of an all-India agrarian policy and the co-ordination of the policies of provincial agricultural departments were goals that would receive the attention of the Raj only in the closing decades of colonialism.

However, for reasons ultimately connected with the enforcement of the international division of labor, metropolitan capitalist development and accumulation, and the maintenance of colonialism, the development of capitalism and agrarian capitalist class relations came to be blockaded. Consider, for instance, the hindrance to the formation of free labor arising out of the colonial Raj's intervention in order to encourage production of commercial crops and the payments of land revenue by the peasants.

Very importantly, political force also was used to keep labor tied to the land and to coerce production for the market. The cash demand of the land revenue naturally obliged farmers to grow crops for exchange. In addition, the early settlements in many areas forced farmers to pay revenue on land whether they wished to cultivate it or not. Equally, the Company recognized various types of serf and (before 1843) slave relations of labor and threw its weight behind their maintenance. Its officials seem to have spent much of the early nineteenth century setting up serf-catching patrols and chasing runaways in order to bring them back to their masters. The Company also tried to discourage the custom of hijrat and to prevent the physical movement of the peasantry to avoid revenue and rental exactions. Forms of labor compulsion, validated by, and resting on, the support of the state, played a large role in the relations...
of production of the period.

Indeed, there were other forms of colonial state interventions that hindered the emergence of agrarian capitalist class relations but promoted the creation of an environment that was conducive to the growth of petty capitalist production by the mass of small peasants.

One form of state intervention directly concerned landlord-tenant relations, and it generally obstructed the free play of market forces. For instance, in the 1820s the colonial officials in Madras were empowered to intervene in disputes between zamindars and peasants in regard to arrears of rent and rates of assessment. The state interventions between landlords and tenants grew with the passage of time, when the Raj was increasingly facing nationalist opposition as well as agrarian discontent. Washbrook rightly points out:

Under the fiction of a special branch of 'revenue law', the bureaucracy had kept in touch with the administration of landlord/tenant relations and influenced the setting and collection of rents. Revenue law, however, had existed alongside the civil law and been dependent upon it for many of its sanctions. Defaulting tenants might be penalized at revenue law but they could lose their occupancy tenurs, which would represent a species of property transfer, only by due process of the courts. But the domain of revenue law had shown a strong tendency to expand, especially towards the end of the nineteenth century and in the early twentieth century. By the interwar period, it was dominant over litigation in the zamindari regions and effectively being used by the state to convert rental relations into a department of government administration,
Rental rights and obligations were fixed down to increasingly small details and taken further out of the market context.

Finally, state intervention in securing for the peasants varying degrees of security in their tenures and in eroding, simultaneously, the content of landownership was also important. For instance, the permanent settlement (1793) in Bengal never "intended to trench upon the rights" possessed by the tenant peasant at that time. By the 1940s the tenants came to possess "a large measure of proprietary rights." The regulations under the permanent settlement (1802) in certain areas of Madras guaranteed that the peasant "was entitled to possession of the land as long as he paid the accustomed rent; the zamindar could not dispossess him nor levy new rent over and above it." By the 1860s, the right to occupancy became so well entrenched a juridical presumption that it was the zamindar's burden "to establish the circumstances giving him a right to eject." By the 1830s the colonial officials in the North-Western Provinces were able to secure widespread acceptance of the rule that twelve years' continuous possession entitled the cultivating peasant to hold on to his holding. By 1856 the recognition of this rule was complete, and the colonial Raj was looking ahead "to the growth of a transferrable title on the part of the cultivators." The opportunity soon came in 1859. The Bengal Rent Act X of 1859, which now formally granted the peasants
their rights to occupancy in case of 12 years' continuous possession of their holdings and which was later extended to other provinces, was enacted not only to minimize agrarian discontent but also to allow the peasants to freely produce primary commodities. If the Rent Act of 1859 was "a revolution" for the peasants, the later Bengal Tenancy Act of 1885 was a "a magna carta" for "the urban pseudo-bourgeoisie" who championed the cause of the peasants in order to add to their own income as subordinate officials, lawyers, school teachers, and so on. From the new middle class arose the leaders as well as active supporters of the nationalist struggle against colonial domination. It was also this class which acquired different interests in land as intermediaries or owners.

In any case, the tenancy legislation spread to different regions as conflicts between the landlords and the peasants or between the dominant metropolitan and dominated indigenous social classes intensified with the passage of time. Property rights increasingly suffered erosion. Occupancy rights almost completely separated ownership from control. The situation can be summed up in the words of Baden-Powell, who says with respect to the position of the landlords vis-à-vis tenants in the Central Provinces: "We have here a system of landlords, with tenants over a large proportion of whom they have no power of enhancement or interference." The implications of all this is clear from the point of view of the
development of agrarian capitalist class relations. The colonial class structure was transformed in such a way as to ensure the predominance of small peasants in the constellation of indigenous social classes. This also substantially prevented the formation of a class of free wage laborers as well as the emergence of capitalist farmers who only rarely had control over or access to lands in view of the restrictions on property rights. Other factors exacerbated the situation. Washbrook summarizes:

Adequate access and control, of course, meant having the ability to dispossess resident cultivators. Yet the biases of the law, the potential for prevarication contained in its processes and the lack of executive machinery to enforce decrees if won, made dispossession, at least by outsiders to the agrarian community, a parlous exercise. The cost of this impotence, from the perspective of capital, was to reduce the pressures of competition at work in the market and the possibility of investment in the means of production. If landlords could not charge competition rents, what forces drove peasants to increase production? If they could not repossess their tenants' lands, why should they invest in improving them? If urban and mercantile capitalists did not possess the ultimate sanction of being able to seize their defaulting debtors' lands, how could they impose the rhythms of the market on production? Indeed, without this sanction, what kind of security was offered to them to invest at all? A large gap was opened up and perpetuated between existing large accumulations of capital and the productive base.

The tendencies at work only promoted the growth of petty capitalist production. Capital was diverted from productive investment in agriculture and was forced into rentierism.
commodity speculation or short term usury. The agrarian base, resting on small peasants, remained vulnerable to the vagaries of nature but insensitive to market forces of change.

Landlords and Peasants: Limits to Their Emergence as Capitalist Farmers

In seeking an explanation of agrarian social change in colonial India, it is relevant to explore the respective roles of the landlords and peasants and structural limits to the emergence of capitalist farmers from their ranks.

Let me, first of all, take up the case of the landlords who more or less constituted a continuous class between Mughal and colonial India. The traditional sociological explanation simply blames the landlords for their alleged failure to bring about some sort of agrarian revolution or for rackrenting and evicting the dependent peasantry. This view grossly ignores the historical class character of the landed class and underrates the effectiveness of the constraining forces operating in the social formation that flowed from metropolitan capitalism and colonialism. For instance, as I have argued elsewhere, a segment of the dominant class represented by certain zamindars, talukdars and others were not simply landowners, but like feudal lords, administrators with a wide range of functions. This class was essentially feudal in values, attitudes and behaviors. They were not, generally speaking, agrarian entrepreneurs. Since the advent of colonialism this feudal orientation of the
landlords could hardly have been expected to disappear when the social formation remained largely non-industrialized and offered few alternative opportunities. In Bengal, the zamindars' role changed from the public to the private sphere. "The public role of the lord of the land became the private role of the landlord." In Madras, major zamindari estates had their origins "as quasifeudal territories" and they also did not develop "concepts of estates management." Similarly, the public role of the talukdars in the United Provinces changed into the role of the landlord. They generally emerged as an aristocracy busy in litigation, leisure and conspicuous consumption. In other words, they were unable to overcome their feudal class character.

In the 1860s and 1870s the situation changed. In the absence of industrialization the population pressure on the land became evident. "Instead of headmen seeking cultivators, cultivators came to ask for land." This was what Auckland Colvin said in 1872 of the situation in the United Provinces. Under the circumstances, the landlords responded to the market forces and increasingly came to rely on rental exactions as a source of income. That was exacerbated by the absence of alternative opportunities and by increasing restrictions on landownership. An indication of the indebtedness of many of the landed class was the passage of Encumbered Estates and Court of Wards Acts in different provinces in order to
save their properties. It does not seem altogether unexpected that in Bengal as many as fifty or more intermediate interests came into being between the zamindar, at the top, and the direct producers, at the bottom. Further, the emergence of new intermediaries did not necessarily lead to the direct expropriation of the peasants, for they were retained on the land as sharecroppers (bargadars).

The possibility of the emergence of capitalist farmers from the ranks of the mass of peasants turned out to be no greater. Prima facie, the introduction of small peasant oriented ryotwari settlements, covering as much as 51 percent of British India, ruled out the development of agrarian capitalism for a variety of reasons. It should be noted that the development of petty holdings was not restricted only to the ryotwari areas. It also developed in other areas through the fragmentation of zamindari or talukari estates, the growth of intermediary interests, and the buying and selling of peasant holdings. In any case, the introduction of the petty productive system by the ruling class in the ryotwari areas excluded, from the outset, "cooperation, division of labor within each separate process of production, the control over, and the productive application of the forces of Nature by society, and the free development of the social productive powers." Leaving aside the issue of ownership, the ryotwari system plainly inhibited the growth of the capitalist mode of production by setting up a mass of petty peasants who
were without capital, position and literacy.

In chapter 2, I stated that the small peasants were future proletarians rather than capitalist farmers. Indeed there are many causes of the continual deterioration in the physical and social existence of the peasants in a social formation, like that of colonial India. These include: crop failures, fragmentation due to scatteredness of holdings, sale or mortgage, the subdivision of holdings due to unique inheritance laws or customs, the inclination to hold on to the tiny holdings due to lack of alternative avenues of employment, the diminution of capital because of the tendency to add to the tiny holdings, the decline of rural industry that added to the income of the peasants, the propensity to ritual and traditional consumption, the lack of necessary knowledge as how to convert surplus into productive investments, the lack of knowledge of market conditions and hence the peasants' vulnerability to merchants and money lenders, the inability to make long-term decisions favorable to productive accumulation in view of production for immediate consumption, and so on. There is a formidable array of evidence which shows that the material conditions of the Indian peasants progressively deteriorated.

The possibility of emergence of capitalist farmers was, under the circumstances, extremely limited, though not completely absent as I shall show later. The following observation of the Report of the Indian Famine Commission
(1901); though made in connection with the peasantry in Bombay, explains the point very well and holds good also for the peasants elsewhere:

They (i.e. colonial land reformers - BKB) expected accumulation of agricultural capital, but their plans did not promote thrift, nor did they conduce to the independence of the ryot. They looked for the capitalist cultivator, and we find the Saukar's (i.e. moneylender's - BKB) serf. 193

The later official and non-official findings also point in the same direction. For instance, the Report of the Royal Commission on Agriculture in India (1928) points out quite clearly that the Indian peasant generally "labors not for profit nor for a net return, but for subsistence." 194

Several dimensions of the progressive deterioration of the peasants can be highlighted: First, their indebtedness was definitely general. What M.L. Darling found about peasants' indebtedness in Punjab was also true elsewhere. That is, the bulk of them "live in debt, and die in debt." 196

The phenomenal growth of usury was a feature not of Mughal India but of colonial India. It was one of the striking consequences that flowed from metropolitan capitalism.

Some of the colonial officials even came to eulogize the role of usury. "Moneylenders are obviously as necessary to the Indian agriculturist as the seed which he sows, or as the rain which falls from heaven to water his fields." 198 The phenomenal growth of usury can be precisely brought out by
referring to the fact that the colonial Raj was compelled to pass legislation restricting alienations of land to, and putting limits on the rates of interest chargeable by, moneylenders. In Bengal, this expedited the outright sale, rather than the mortgage, of peasant holdings since the moneylenders declined to advance mortgage money under such restrictive conditions. It should be noted that usury grows only where small-scale production predominates. The two mutually sustain each other, paralyzing the productive forces instead of developing them for the usurer does not directly confront the independent producer as the industrial capitalist confronts the laborer.

Secondly, the peasants did not necessarily emerge as strictly free wage laborers even when their holdings were sold. They often continued to remain tied to the land, cultivating under worse conditions and handing over a share of the surplus to the new intermediaries. On the other hand, it was the interest of the usurers as mortgagees to keep the peasants tied to the land in order to maximize their share of the surplus. In other words, the formation of strictly free wage laborers, who are stripped of ownership/possession of any land and also free to sell their labor power to any employer, was greatly hindered. It seems that the process of peasantization continued even after the end of the colonial period. It is reported that wage payments, for agricultural laborers, "made entirely in land" increased from 31.3 percent in 1950-51 to 40.5 percent in 1956-57. In any case, the
deterioration of colonial agriculture was further aggravated by population growth especially from the 1920s onward, as also by the diversion of land for the purpose of producing commercial crops. The per capita output of food crops declined from 587 pounds in 1893/94 to 1895/96 to 399 pounds in 1936/37 to 1945/46.

Finally, as a corollary of the peasant oriented agrarian transformations, there developed a distinct and unmistakable tendency towards the progressive diminution of the size of cultivated holdings. The average Indian peasant did not emerge in the same way as his European or American counterpart. For instance, the average size of a holding in England and Wales was 111 acres around the 1850s. It was not much different at the turn of the 19th century. The colonial situation in India presents a stark contrast to this.

The Report of the Royal Commission on Agriculture in India (1928) presents the following figures for the average size of holdings in different provinces in India: Bombay, 12.2 acres; Punjab, 9.2 acres; Central Provinces and Berar, 8.5 acres; Madras, 4.9 acres; Bengal, 3.1 acres; Bihar and Orissa, 3.1 acres; Assam 3.0 acres; and United Provinces 2.5 acres. There is little doubt that this process of small peasantization was an integral component of the agrarian (and also industrial) transformations.
Internal Constraints.

While the metropolitan factors predominated, there were other structural constraints - internal to the Mughal social formation - that played their part, though in a subordinate way, in hindering the development of agrarian capitalist class structure and capitalism. Earlier in this chapter and elsewhere in chapter 3, I discussed several internal constraining factors, such as the weak base of simple commodity production, the lack of adequate development of free labor, the abundance of land, the persistence of the hierarchy of land rights and lack of general growth of absolute ownership in land, technological backwardness, the weakness of the capitalist elements in the class structure, the lack of the necessary political and ideological conditions for productive accumulation, and so on. In other words, there were internal obstacles that stood in the way of the growth of large-scale capitalist farming.

For instance, Grose noted that in Malabar, one of the commercially advanced regions in pre-colonial India, literacy was poor among the people. "Scarcely one in ten thousand can read and write his own language with accuracy." As a result, the study of the sciences was uncommon among them, and there was hardly any notable technical improvements in the tools used by the Malabarians. "Their plough is a very simple machine, and a branchy bough serves for a harrow." In Bengal, Colebrooke points out in the beginning of the 19th century,
the art of husbandry, requiring "much improvement", was in its
infancy. "The simple tools, which the Indian employs in every
art, are so coarse, and apparently so inadequate to their
purpose, that it creates surprise how he can ever effect his
undertaking." Moreover, the Indian peasants were confronted
with the problems of the dearth of capital and division of
labor. "In agriculture particularly, which is the basis of
the prosperity of a country, the want of pecuniary funds is
a bar to all improvement."

There were also strong indications that the nationalist
leadership, the hegemonic fraction in the Indian National
Congress under the leadership of Gandhi, was opposed to the
growth of (large-scale) capitalism in agriculture. That is,
they were active supporters of small-scale agrarian capitalism.
At bottom, this petty bourgeois agrarian orientation derived
basically from two sources. First, the process of peasantiza-
tion in all its dimensions in the colonial social formation had
been complete by the 1920s when the nationalist movement was
rapidly gathering momentum. The lack of adequate industrial-
ization with all its consequences (such as disguised unemploy-
ment) only worsened the situation. Second, the hegemonic
fraction of the nationalist leadership from the 1920s onward
was bitterly engaged in a conflict with the metropolitan ruling
class and the colonial Raj over the allegiance or the political
support of the largest segment of the indigenous population,
the small peasants. As I will show later, the internal class basis of metropolitan domination and the colonial Raj was the passive and inarticulate support of the peasants. In any case, the search for the allegiance of the masses and their political mobilization generated an orientation toward the small peasant in the hegemonic fraction of the nationalist leadership. As a result, they emerged as extreme advocates of petty peasant production within the bounds of capitalism. In rather populist terms, the Report of the Congress Agrarian Reforms Committee, appointed in 1947, observes the following that sufficiently illustrates wherein their encouragement lies:

Capitalist farming cannot be recommended as a general method of utilization of agricultural resources because it would deprive the agriculturists of their rights in land, turn them into mere wage-earners and subject society to capitalist control in such a vital matter as supply of food. It would also create the problem of displaced personnel. ... We are of the opinion that peasant farming, on suitable units of cultivation under a properly determined scheme of rights in land, would satisfy the agrarian tradition of our land, the psychology of the peasantry as well as the agricultural needs of the nation. ... Our aim therefore should be to reinstate the village community to the position in the rural economy which rightfully belongs to it.

To be sure, the leadership did not call for the abolition of private ownership in land. On the other hand, the same sentiments against (large-scale) capitalist farming were echoed again and again.
V. Limitedness of the Progressive Role of Metropolitan Capitalism

While different metropolitan and indigenous constraints were at work generating conditions favorable to the growth of small-scale agrarian capitalist class relations and capitalism, it should not be assumed that it was only the hegemonic fraction of the indigenous nationalist leadership that was opposed to the growth of large-scale agrarian capitalism as such. As a matter of fact, there is strong evidence to show that the metropolitan ruling class too was opposed to such large-scale capitalist development in agriculture and, hence, to the necessary transformation of what they conceived to be village India into industrial/urban India. To allow the spontaneous development of colonial capitalism would have meant increasingly endangering the position of the metropolitan bourgeoisie engaged in the internal and external trade of indigenous commodities and limiting the colonial market for commodities manufactured in the metropolis. Again, such a spontaneous development of capitalism would have brought forth an agrarian bourgeoisie that could have demanded such a share of state power which could not be handed over by the ruling class without it imperilling its own position. As a matter of fact, the ruling class virulently resisted any devolution of the decision-making political power to the last days of the colonial Raj. Further, when the metropolitan ruling class increasingly confronted rising waves of nationalist
struggle and agrarian discontent, especially in the 20th century, it strengthened in various ways (e.g., tenancy legislation, devolution of political power at the local levels, etc.) the rural, petty bourgeois, interests. Hence, there arose the myth of 'martial races' and 'yeoman' peasantry in Punjab, for instance.

All in all, the ruling class and the Raj were constrained to promote petty agrarian capitalism. As Washbrook summarizes:

Whatever the wider possibilities of the situation, the prospects of an active Indian capitalism, gnawing at the bases of the agrarian order, displeased the civil servants and businessmen who composed the British Indian establishment. They made their own interests and prejudices synonymous with the fate of any raj at all. In view of their influence over Indian policy, it may not be surprising that they managed to drive many of the elements of a proto-Indian capitalism, especially on the land, into opposition to themselves and thus to bring their prophesy of a connection between capitalism and nationalism to self-fulfilment. Blocked and frustrated by the protective legislation, Indian business groups showed a strong tendency to respond to the appeal of nationalism. ... Having established a context for the capitalist development of agrarian society, it (i.e. the colonial Raj—BKB) could see no way of allowing the corollary social transformation to come about and survive. It therefore proceeded to obstruct the unfolding of the logic which it had set in motion in the first place.

This is a pointer to the limitedness of the progressive character of metropolitan capitalism. However, it would be
a mistake to altogether deny certain progressive aspects of metropolitan capitalism and colonialism. I am inclined to suggest that two centuries' colonial dependence of India on Britain, while ruling out the autonomous or spontaneous development of agrarian capitalist development, nevertheless, generated certain conditions for the growth of agrarian capitalist class relations and agrarian capitalism. Let me briefly mention a few of the more important of these conditions.

In the first place, the British created the conditions for the development of capitalist private property in land insofar as land tenure reforms and agrarian legislation increasingly moved in the direction of formally defining the extent of the rights of different parties such as landlords, tenants and others. What was predominantly an inchoate complex of hierarchical rights in Mughal India increasingly, but not completely, became transformed into more precise rights (proprietary/possessory) over land. As the base of simple commodity production expanded and the population grew, both the land and the different rights over land became marketable commodities. This meant that rights in land were no longer attached to or functions of ascriptive social status and political office.

Second, formal definitions of land rights are meaningless unless, as a precondition for productive accumulation, a relatively autonomous juridical structure which is capable
of determining and enforcing the respective rights of the disputants exists. In colonial India such a juridical structure came into being and a juridical revolution took place, which gave substance to property rights. Indeed, the juridical revolution took various forms: relative distancing of the executive and legislative apparatuses from the jural apparatus of the State, the establishment of a hierarchy of courts of law subject to central control, the creation of successive courts of appeal to set aside errors in the lower courts, the growth of the tendency toward uniform application of law, and the development of the administration of justice by a body of professionally trained personnel. This was in stark contrast to the paper existence of the courts of law in Mughal India. In addition, there arose a body of legislation (viz. Contract Act of 1872, Transfer of Property Act of 1872, etc.) that ensured the definition, security and transferrability of property in land. Furthermore, "the growth of registration departments and documented property title improved land's legal security and freed it for exchange from prescriptive social encumbrance."

Third, following from the preceding conditions, there developed a fairly strong movement in colonial India towards separating the public right of the state from the rights of the individuals. This distancing of the state and the private sphere enriched the proprietary content of the landlords'
rights in land. Again, much of the land locked up in status and role-specific tenures (viz., lands granted to certain persons by the state conditionally upon performance of certain services) became freed and marketable. The revenue system progressively dropped the imposition of differential rates on the basis of owners' differential caste statuses.

Finally, although the colonial Raj invoked the indigenous rule that the state has a right to share in the produce of the land and expanded it so that this right "carries with it the right to share in any increment of the produce or its value," there developed an unmistakable tendency towards limiting the demands of the state on land and its produce. This tendency became more distinct as dependent capitalist industrialization proceeded and more sources of revenue for the colonial Raj were opened up. As a result, this provided further substance to the proprietary right in land by making it more valuable.

VI. Conclusion

It is difficult to avoid the conclusion that capitalist developments in agriculture were at bottom a product of the interplay of constraints and accelerators of metropolitan and indigenous forces. These developments were bound up with the impersonal forces of the world economy, world market and the international division labor within the context of and changes in metropolitan capitalist development and accumulation.
For the same reason the agrarian social transformation, the growth of agrarian capitalists and the development of agrarian capitalism remained strictly limited. The result was the rise of the small peasants and the development of small-scale agrarian capitalism, rather than large-scale capitalist farming based on modern scientific and technological methods of production. Table No. 7.1 indicates that the increasing commercialization of peasant agriculture did not ripen into industrialized agriculture at the end of the period of colonialism.

Table No. 7.1

Agricultural Machinery and Implements (In thousands)

<table>
<thead>
<tr>
<th>Implements</th>
<th>1945</th>
<th>1951</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ploughs: Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Wooden</td>
<td>27,306.3</td>
<td>31,779.5</td>
<td>36,615.1</td>
</tr>
<tr>
<td>(b) Iron</td>
<td>481</td>
<td>931.1</td>
<td>1,366.9</td>
</tr>
<tr>
<td>Sugarcane Crushers: Total</td>
<td>489</td>
<td>540.7</td>
<td>568.3</td>
</tr>
<tr>
<td>(a) Operated by Bullock</td>
<td>480.6</td>
<td>519.5</td>
<td>545.0</td>
</tr>
<tr>
<td>(b) Power-driven</td>
<td>9</td>
<td>21.2</td>
<td>23.3</td>
</tr>
<tr>
<td>Oil Engines</td>
<td>12</td>
<td>95.1</td>
<td>122.2</td>
</tr>
<tr>
<td>Electric Pumps</td>
<td>8.6</td>
<td>29.8</td>
<td>54.8</td>
</tr>
<tr>
<td>Tractors: Total</td>
<td>4.5</td>
<td>8.4</td>
<td>21</td>
</tr>
<tr>
<td>(a) Government owned</td>
<td>-</td>
<td>1.5</td>
<td>3.3</td>
</tr>
<tr>
<td>(b) Privately owned</td>
<td>-</td>
<td>6.9</td>
<td>17.7</td>
</tr>
</tbody>
</table>


However, let me point to two important facets of agrarian social transformations in terms of changes in the
agrarian class structure. The first concerns the composition of the landed class as it evolved during the period of colonialism. The findings of recent investigations bear out the conclusion that the class base of the landowners expanded in colonial India due to several factors discussed above. As the social division of labor underwent expansion, landowners emerged from the new middle class (lawyers, judges, government officials, doctors, teachers etc.) and capitalist elements (usurers, merchants, rich peasants etc.). The landed class no longer comprised almost exclusively the traditional landed interests (e.g. the zamindars, etc.) or higher caste groups, as was the case in Mughal India.

No less dramatic was the growth of the stratification among the peasantry. The findings of several investigators point to the emergence of big (rich) and middle peasants in different regions of colonial India. An example of the rich peasants in the large central zone of dry cultivation in certain areas of Madras (viz. upland Kistna, Godavari, Guntur and Nellore districts, the ceded districts and hinterland Madras) is as follows:

In every district and every 'rural locality', there were families who paid the government upwards of Rs. 50 per annum in land revenue and whose broad acres contrasted with the miserable plots of their neighbours. In 1900, the 7½ percent of pattas (i.e. documents giving holding rights to the peasants - BKB) paying more than Rs. 50 p.a. met 43 percent of the total revenue demand; and the 1 percent paying more than Rs. 100 met 14 percent. The men who held these large pattas and possessed
landed resources twelve or more times greater than the average, stood at the centre of the agrarian economy. They supplemented employment by letting out lands on unprotected tenancies. They also hired laborers. Ryots with a considerable surplus had the capital to sink wells and to buy heavy ploughs, which they made available to small cultivators. At the harvest, they bought much of the village produce on the spot and put it into large storage pits. Above all, they had the cash and grain to pump into village credit in order to keep the economy turning over.

In brief, there is no need to altogether dismiss any positive results that structurally accompanied metropolitan capitalism and colonialism. The emergence of the capitalist farmer was already in progress as an integral component of the agrarian social transformations that India experienced even within the connections of its colonial dependence on metropolitan Britain.

Footnotes


2. Ibid.


5. Ibid., p. 115.

6. Ibid.

7. Cited in Gray, op. cit., p. 73.

8. Ibid.


25. See, among others; Kemp, Historical Patterns of Industrialization, p. 133; R. Fox, The Colonial Policy and British Imperialism (London: Martin Lawrence, 1933), p. 15; Hasan, Thoughts on Agrarian Relations in Mughal India, p. 3;

26. See Grover, "Nature of Land-Rights in Mughal India". passim; and "Nature of Dehat-I-Taalluga (Zamindari Villages) and Taalugdari System During the Mughal Age: Parts I and II." IESHR, 2 (1965), pp. 166-77 and 259-88.

27. Habib, "North India", p. 244.


33. Ibid., p. 165.

34. Ibid., p. 180.

35. Ibid., p. 154.

36. Hasan, "Zamindars under the Mughals", p. 27; and Grover; "Nature of Land-Rights in Mughal India", p. 15.


42. Ali, op. cit., p. 3.

43. Ibid., p. 74.


46. Ibid., pp. 12-3.


52. Habib, "North India", p. 243.


62. For details, see Kumar, Land and Caste in South India, pp. 39-40.


64. Ibid., p. 244.

65. Gupta, Agrarian Relations and Early British India, p. 46.


70. Chaudhuri, "Markets and Traders in India during the Seventeenth and Eighteenth Centuries", p. 151.


78. See Sen, State, Industrialization and Class Formations in India, pp. 1-45.


80. Ali, op. cit., pp. 94 and 149.


82. See M. Weber, The Theory of Social and Economic Organization (New York: Free Press, 1964), pp. 349-51 and 378-81. Note that elsewhere, in The Religion of India (pp. 71-2), Weber states that feudal relations, though "also to be found in India", were not decisive in the constitution of fiefs.
83. A benefice may be defined as a piece of land granted for a term of years or for life in return for the performance of stipulated service. Among other things, the benefice may include tenures involving even some menial kinds of service. Likewise, a fief, though usually stands for a piece of land, may stand for other things than landed property. See Stephenson, Mediaeval Feudalism, p. 7; F. L. Ganshoff, Feudalism (New York: Harper & Row, 1964), pp. 106-49; and G. Fourquin, Lordship and Feudalism in the Middle Ages (London: George Allen & Unwin, 1976), pp. 130-7.

84. Alavi, op. cit., p. 367.


90. Ali, op. cit., p. 149.

91. Therborn, op. cit., p. 91. Emphases in original.


108. Gopal, "Merchants in Western India", p. 244.


121. Davis, "Social and Demographic Aspects of Economic Development in India", p. 293.


123. For a list of numerous famines in colonial India, see Visaria and Visaria, "Population", pp. 528-31.

124. Bhatia, Famines in India, p. 2; and Digby, 'Prosperous India', p. 121.


128. Sixth Report (26 April 1773), p. 311. See also Ambrian, Classical Political Economy and British Policy in India, p. 177.

130. Edwardes, British India, p. 62.


132. Mukherjee, The Rise and Fall of the East India Company, p. 359; and Statement Exhibiting the Moral and Material Progress and Condition of India during the Year 1872-73, P.P., 1874 (196), IXL, p. 15.


137. B. Chaudhuri, "Eastern India", in Kumar, ed. (Cambridge Economic History of India, Vol 2, p. 90.


165. Washbrook, "Law, State and Agrarian Society in Colonial India", p. 663.


170. Ibid., p. 66.


175. Ibid., See also B.S. Cohn, "Structural Change in Indian Rural Society, 1596-1885", in Frykenberg, ed., op. cit., pp. 53-121; Metcalf, Land, Landlords, and the British Raj, pp. 127-9; and Chaudhuri, "Land Market in Eastern India, 1793-1940 Part II", pp. 166-7.


179. Ibid., pp. 678-9.


184. Cited in Siddiqi, op. cit., p. 38. See also, for Madras, Kumar "South India", pp. 236-1.


204. Thorner, *Land and Labour in India*, p. 106.


208. Ibid., p. 341.

209. Colebrooke, Remarks on the Husbandry and Internal Commerce of Bengal, p. 43.

210. Ibid., p. 46.


214. Ibid., pp. 690-1. Emphases added.


219. Ibid.


221. See footnote no. 175.


CHAPTER EIGHT

DEPENDENT CAPITALIST DEVELOPMENT: RISE OF THE CAPITALIST CLASS STRUCTURE

I. Introduction

In this chapter I discuss different destructive and reconstructive dimensions of colonial India's historical social change with respect to the development of a capitalist class structure as the dialectical outcome of an interplay of constraints and accelerators flowing from both metropolitan and indigenous forces. There is little doubt that the major determinants of class formation in colonial India were not indigenous factors but those which emanated from metropolitan capitalist development and accumulation, on the one hand, and colonialism, on the other. The latter, however, was both an effect and a promoter of the former. Precisely for the same reason of external conditioning, the development of the capitalist class structure comprising the industrial bourgeoisie, the industrial proletariat, and the new middle class (teachers, lawyers, engineers, etc.) remained weak and restricted. In a profound sense, the dependent development of the capitalist class structure was a natural corollary of the dependent development of the capitalist mode of production, in particular the retarded expansion of large-scale industry and social division of labor in colonial India. The resultant
class structure, like the CMP, was far from being what obtained in the metropolis. Nevertheless, I should point out, the formation of the dependent capitalist class structure was an integral component of social structural transformations that India experienced in its interaction with Britain. From the point of view of the Sociology of Development, the great significance of the rise of a capitalist class structure in colonial India consists in its historical specificity, because such a class structure as a whole hardly existed in Mughal India.

II. The Capitalist Class Structure: Aspects of Underdevelopment

Preliminary Remarks

In chapters 3 and 7 I have already discussed different dimensions (i.e. the economic, class relational and political) of internal constraints that stood in the way of further development of the capitalist class structure and the capitalist state on indigenous soil. Their role need not be exaggerated for, as I have repeatedly asserted, the constraints were connected with the immaturity or inadequacy of the development of those conditions that are productive of capitalism. The situation is not at all unique to India. For instance, in chapter 2 I pointed out how the mercantile bourgeoisie in England emerged as a progressive political force in the 17th century, and how they led the formation of the nation state there. Furthermore, even in the feudal West,
the merchant was at one time an outcaste. Feudal regulations and justice were not congenial to his activities. He was rather "an object of derision, scorn, and hatred."

During the colonial period it was the metropolitan constraints that played a more significant role in underdeveloping the capitalist class structure. On the one hand, this took the form of large-scale destruction and/or blockage of the existing capitalist elements (merchants and artisans), thus undoing and arresting the growth of capitalist class relations that emerged in the Mughal India. On the other hand, it also took the form of a slowing down in the growth of an indigenous capitalist class structure autonomous of metropolitan and colonial determinations. These two processes continued to operate more than less throughout the period of colonialism and prevented the reproduction in India of the capitalist class structure which Britain possessed as an industrially developed social formation. Before I discuss these two processes, let me briefly call attention to the general significance of two other factors - the decline of the towns and cities and the promotion of the caste system - that in one way or another hindered the formation of the modern social classes in India.

The Decline of the Towns and Cities

The process of de-urbanization, as it accompanied other concomitant processes of deindustrialization and
ruralization, meant the destruction and blockage of multifarious forces that were productive of capitalist development, viz. a hindrance to the further extension of the division of labor, commodity production, the market, and, above all, the rise of urban manufacturers and merchants. De-urbanization began in Bengal where colonialism first appeared, and it spread to other regions as the international division of labor was enforced in colonial India in response to the demands set up by the industrial capitalist development and accumulation in the metropolis. Martin evidenced before the Select Committee of the British Parliament to the effect that

the decay and destruction of Surat, of Dacca, of Moorshedabad, and other places where native manufactures have been carried on, is too painful a fact too dwell upon. I do not consider that it has been in the fair course of trade; I think it has been the power of the stronger exercised over the weaker, and it would have been for our interest, as I am sure it was our duty, to have levied the same rates of import in India on British manufactures as are levied in England on Indian manufactures.

The enormity of the consequences flowing from the conversion of India into a market for manufactured commodities can hardly be ignored insofar as the destruction and constriction of the development of indigenous capitalist social relations are concerned.

To illustrate, Manrique, a visitor in India in the 1620s and 1640s, spoke of Dacca as "the metropolis" in Bengal. Its industrial importance in the mid-18th century
can be highlighted by mentioning that the export of cloth to Europe from Dacca, the biggest foreign trade centre, was only 30 percent of its total trade. This town of Dacca, described by Clive in 1757 as "extensive, populous and rich as the city of London", became, so evidenced Trevelyan in 1840, "a very poor and small town." Its population declined from about 200,000 in 1800 to about 60,000 in 1838. Murshidabad, an important commercial and political centre by 1700, was described by Major Calliaud in 1759 as "famous for nothing more than being at present the metropolis of the Kingdom of Bengal". By 1800, it lost its importance. Its population declined from about 165,000 in 1815 to about 24,500 in 1872. About the towns and cities in Northern India, Kessinger writes:

Some artisans, like the gold and silk embroiderers, were able to re-orient production toward a wider Indian and overseas market; others, including the weavers of fine textiles, jewellers, and merchant-bankers could not. Real wages fell in part because of the disappearance of court-related jobs. Agra, Lahore, Nagpur, and Delhi must have suffered similar fates at the time of annexation.

In Western India, the port town of Surat, which was at its glory in the 17th century, had declined by mid-18th century. Reginald Herber, who visited the city in the 1820s, pointed to the "very trifling" trade of Surat and noted "dismal decay" in the circumstances of the indigenous merchants. To him, Surat was "an uninteresting and unpleasant city."
Similarly, the commercial importance of Poona began declining by the late 1810s and that of Ahmedabad in the first half of the 19th century. The causes of their decline were, in the main, the disbanding of the ruling houses and the unrestricted competition imposed by the free inflow of metropolitan manufactures.

The decline of the towns and of the mercantile and manufacturing classes in South India was a kind of a reversal of the persistent urbanization which, continuing for five centuries or so, left South India with a large number of towns in the mid-18th century. Various witnesses before the Select Committees of the British Parliament attested to the decline of Madras and Tanjore in the 1780s. Recently Ramachandran points to the decline of several towns in the Madras presidency: Coringa including Coconada, Masulipatam, Nagapatinam, Cuddalore and Portonovo, and Cochin. About the port town of Masulipatam, he writes:

The town had formerly very extensive trade, principally in piece goods, and maintained a constant and extensive commercial intercourse with Persia. During the last fifty years of the Company's rule this trade had entirely ceased and the entire commerce of the port very much declined. This lamentable deterioration of the port appears to be entirely due to the neglect of the port by the Company.

The Promotion of the Caste System

In a sense, the intervention of colonialism was a
direct assault on the caste (or varna/jati) system in India. The rise of modern and secular education, industrialization and the concomitant expansion of socioeconomic opportunities indubitably had the effect of corroding the internal basis of the caste system. The Castes Disabilities Removal Act of 1850 ensured that an individual would not forfeit his ordinary rights of property by loss of caste or change of religion. The Special Marriage Act of 1872 ensured inter-caste marriages provided the parties registered the contract of marriage and declared that they did not belong to any religion. But the positive aspects of the policies of the colonial Raj are not many, and are far outweighed by the negative aspects. Weber stated that the core of obstruction in the development of industrial capitalism lies "in the 'spirit' of the whole system" of the caste. This sociological tradition, more appropriately called the "culturological" school, has continued in the works of recent analysts such as Dumont and Godelier. It is needless to add that this tradition of looking at the Indian social structure as anthropological conglomerates of innumerable castes completely ignores the historical specificities in the formation of and changes in the caste system. Empiricist in character, this tradition also completely ignores how different forces, emanating from metropolitan capitalist development and accumulation, on the one hand, and the maintenance of colonialism, on the other, promoted, revitalized and expanded the indigenous caste system.
As matter of fact, the continuing trends in the decline of the caste system in Mughal India, as discussed in chapter 3, were reversed in colonial India. The result was, aside from class formation, the retardation of the growth of productive forces such as individualism, market relations and nationalism. Let me present some of the more important accelerators that revitalized the decadent caste system in colonial India. First of all, the process of revitalization was integrally connected with the metropolitan search for and extension of colonial markets for its manufactured commodities. Richard C. Temple, a colonial official in India, stated this in his comments on the practical value of anthropology:

In seeking a market, the habits, ways, predilections, and prejudices of many kinds of people have to be learnt, and this is the case in a much higher degree in preserving the market when found. Practically nearly all the blunders made by British manufacturers in supplying foreign markets, and mistakes made by British merchants whereby markets have been lost, have been due to ignorance of the local inhabitants, and others have been due to their own pride, born of the same ignorance. ... The habit of intelligently examining the people, among whom his business is cast cannot be overrated by the merchant wishing to continuously widen it to profit.

In addition, neither the solution of "delicate questions of revenue and taxation," nor the framing of civil and criminal rules and regulations for "gaining a hold on the people" could be successfully achieved unless the ruling class
acquires "the anthropological habit" and appropriate actions are taken. No wonder, Temple came to consider, like many others, "India to be an exceptionally, though far from being the only, favored land for study." The caste became synonymous with Indian social structure; it "permeates everything" that is Indian.

The second structural force that led to the revitalization of the caste system was the policy of social conservatism which was, in its turn, dictated by the perception, more imagined than real, of an alien ruling class that any change in this and related matters (such as the caste system, the village community, religion, etc.) would result in the destruction of what they considered an inherently beneficial administration for the Indians. This led to the patronization by the colonial Raj of the Brahmanical and Muslim orthodoxy. In particular, orthodox Hindu scholars were recruited to institutionalize Hindu customs and usages. Predictably, they institutionalized only the reactionary aspects:

Under their influence, the personal law, recognized and validated the caste system and the varna theory of social order. It also applied a theological definition to the concept of the family and to the proper basis of relations within it. With the support of British power, the Hindu law expanded its authority across large areas of society which had not known it before or which, for a very long period, had possessed their own more localized and non-scriptural customs. There is evidence that processes bringing about nuclear family formation were set into reverse.
that discretionary and voluntaristic elements in family relations were suppressed by enforced prescription; that the position and independence of women declined. ... But it was not only with regard to the Hindu family that the principles of the personal law affected market relations. Social prescriptions derived from the caste system could interfere with property right: where it could be shown that local customs had denied access to land or a trade to members of a particular community, they might find legal as well as practical obstacles placed in their path if they tried to precipitate change. The law also validated (or at least had no competence to invalidate) the inegalitarian conventions of the tax system, which laid differential rates of assessment on the properties of different castes, with obvious implications for the value of property when transferred. The extent to which different communities were subject to different bodies of law posed a further limit to market activities.

Indeed a veritable process of casteization of the indigenous social relations began in colonial India compared to what existed in the caste system of Mughal India.

For instance, Mughal India was what may be called a status society. The caste system and its customary practices could only be enforced, at best, under specific circumstances. The sanctions behind the caste system were informal and customary. There was no hierarchical structure of judiciary to enforce it; neither was there anybody of judge-made laws or precedents. All this changed in colonial India. The castes were "recognized as juridical entities with the right to sue and be sued, to sue on behalf of their members, and to acquire, hold, and manage property". The caste was
recognized as "a group having the power to make rules for itself and to constitute tribunals to enforce these rules". A caste could make "whatever rules it wished" concerning all matters affecting its "internal autonomy and social relations". Similarly, it could "modify, and revoke its rules."

Furthermore, the courts went on to develop different tests for juridical identification of the castes. A doctrine that "clear proof of usage will outweigh the written text of the law" came into existence as a component of Hindu legal institutions. In other words, the castes emerged as autonomous entities, and went through what constituted no less than a revolutionary process of casteization. Lucy Carroll rightly points out:

In granting to India what they considered the boon of being subject to her own legal traditions in the important area of family law, the British architects of the judicial administration of the Raj not only standardized that traditional law by subjecting local customary law to the chapter and verse of the legal treaties, and froze it under British legal notions of precedent and stare decisis; they applied it to large collectives, assuming them to be (at least legally) corporate units in a manner that they had never been (socially or legally) in the past.

As I shall show below, the juridical concerns for the identification of the castes and for the enforcement of the caste system were only an aspect of a complex set of factors. For instance the revitalization of the caste system was also the structural outcome of the metropolitan policy
of divide and rule, as it became evident from the 1860s onward when the problems of unemployment of the educated Indians and the nationalist opposition to the colonial Raj loomed large on the horizon. Elphinstone, a governor of Bombay, stated in 1859 that "divide et impera was the old Roman motto and it should be ours." James Kerr, a colonial educationist, put it rather bluntly in 1865: "It may be doubted if the existence of caste is on the whole unfavorable to the performance of our rule. It may even be considered favorable to it, provided we act with prudence and forebearance. Its spirit is opposed to national union." But disunity and conflicts could not be generated unless some material rewards, whether jobs or places in the political institutions, are provided to the contending caste groups or its individual members. This necessitated, on the one hand, the collection of the finest details about the castes, the division of the Indians into innumerable castes and eventually the ranking of them. This would also, on the other hand, enable the extension of the market for metropolis-produced commodities as well as aid the juridical apparatus in the task of conservatism. Hence, it became a major preoccupation of the colonial administrators to write voluminous works on castes. More importantly, relevant data were collected through censuses in which the caste system received progressively elaborate treatment since the 1870s.
As a natural corollary, new caste formations and organizations rapidly grew to ensure their real or imagined social status and, more importantly, to secure material advantages at the disposal of the Raj. As Carroll summarizes:

By viewing caste-categories as units of patronage and proscription, as categories for the award or denial of favors (e.g., public employment and political representation), the colonial administration forced a predictable Indian response: those seeking patronage or protesting proscription had to speak in the name of the bureaucratically recognized category; favor had to be courted and attempts to project a favorable image (e.g., the emphasis of the Kayastha Conference on loyalty) had to be launched in the name of the category.

A good example of the casteization policy and the impact of the distribution of patronage on the basis of caste differentials can be provided from the experience in the Madras presidency.

From about 1910, then, the face of South Indian politics, if not its heart, underwent a rapid change. Communal, particularly caste, associations blossomed in great numbers; the political vocabulary became loaded with communal vitriol and a wide range of previously neutral political activity became characterized as caste activities. By the time of the First World War, few self-respecting politicians, other than Brahmans, would go to the government without a caste badge behind them somewhere. The caste badge represented many interesting prizes.

From this point of view, there is little doubt that "the caste system must have been an extremely useful device for the British rulers and their Indian compradors in
'reconstituting' Indian society and in maintaining their rule."

Let me now turn to an examination of the different dimensions of the underdevelopment of the capitalist class structure as outcome of the operational potency of various constraints flowing from metropolitan capitalism and colonialism.

Monopoly and the Manipulation of the Internal Market and Trade

The massive predatory intervention of the metropolitan mercantile bourgeoisie (the English Company and its officials) in the internal market and trade, initiating the process of destruction of the existing and blockage of the further growth of indigenous merchants and artisans, coincided with the rise of colonialism from the later 1750s in Bengal. Later it spread to other regions of India. Metropolitan trading, as Marshall rightly points out, "was not only being conducted with a use of force that would have been impossible before Plassey, it was also openly invading areas which the Nawabs had previously tried to protect."

Immediately after Plassey (1957) the officials of the Company claimed the privilege of exporting and importing indigenous commodities without the payment of duties, like the English Company which enjoyed this privilege by virtue of a firman (or order) of the Mughal king Farruksiyar (1713-1719) in 1717. They improperly began selling dastak
(i.e. a permit to enable the movement of commodities duty free) in the internal market of Bengal. More importantly, the metropolitan bourgeoisie, along with their hired Indian comprador subordinates called gomastahs, began participating massively in the internal trade in the commodities of mass consumption. This coincided with the Company's policy of compulsive investment (i.e. purchase of Indian commodities out of surplus Indian revenue) for purposes of export to the European market. All this had disastrous consequences for the existing indigenous merchants and artisans. Bolts describes it as follows:

Various and innumerable are the methods of oppressing the poor weavers, which are daily practised by the Company's agents and gomastahs in the country; such as by fines, imprisonments, floggings, forcing bonds from the, & c. by which the number of weavers in the country has been greatly decreased. ... The whole inland trade of the country, as at present conducted, and that of the Company's investment for Europe in a more peculiar degree, has been one continued scene of oppression: the baneful effects of which are severely felt by every weaver and manufacturer in the country, every article produced being made a monopoly, in which the English, with their Banyans and black gomastahs (i.e. Indian merchants and agents-BKB), arbitrarily decide what quantities of goods each manufacturer shall deliver, and the prices he shall receive for them.

In order to procure commodities for itself the Company instituted regulations that ensured feudal coercion rather than freedom of choice. In the early decades of colonialism "the impartiality of the judicial court may be left to the
imagination."

The oppressions perpetrated by the metropolitan bourgeoisie and their comprador Indian subordinates especially affected the textile artisans and dislocated the organization of the indigenous textile industry in Bengal. The affected artisans went in for fishmongering or took to cultivation and became peasants. The scourges of feudal control and low wages did not remain confined to Bengal alone; it also spread to other regions such as South India. Similarly, the metropolitan bourgeoisie intervened in the internal markets of Banaras and Oudh in North India and enjoyed, especially in Oudh, the privilege of trading free of all duties.

The Negative Impact of the Internal Duties

In chapters 3 and 4, I drew attention to the development of small-scale or simple commodity production in Mughal India as well as to the constraints thereon due to the system of internal duties maintained by the metropolitan ruling class. The maintenance of internal duties, an outcome of the Company's search for maximum surplus in the early decades of colonialism and also of the demands set up by the rise of industrial capitalist development in the metropolis, hindered the further growth of the existing mercantile and manufacturing class.

Holt Mackenzie stated the following in his testimony
before the Select Committee of the British Parliament in 1832 with regard to the impact of the duties on the small capitalists:

For small capitalists can hardly pay their way through the custom-house posts they will meet if moving to any considerable distance. The great highway to Calcutta, for many hundred miles, is the river Ganges; and along that river the custom-house posts are chiefly stationed. Now from the central district of Allahabad there are eight custom-houses, including that station and Calcutta, and to each custom-house there are several posts attached; at each of which the goods of the merchant are liable to detention and search. So that all goods making use of that great channel of inland communication, especially those belonging to petty merchants, are subject doubtless to a very considerable tax in the shape of bribes, delay and annoyance.

One aggravating factor, apart from many other built-in evils of the internal duties system, was the extortion of bribes from the small merchants by the subordinate indigenous custom officials. The reason for this is not far to seek. "The pay of our native officers is generally not at all proportioned to the responsibility of their station; and they have not, I imagine, any high sense of honor, nor can have under those circumstances." In any case, the impact of the internal duties system was generally obstructive of the formation of the bourgeoisie. "The various rules and obligations of the inland system, and the oppressions which grow out of them, fall much heavier upon petty traders than they do upon rich capitalists."
The Constraints of Land Tenure Policies and Agrarian Legislation

In chapters 4 and 6 I argued that from about the last decade of the 18th century colonial India became vulnerable to forces of industrial capital in the metropolis which produced various effects such as deindustrialization, the pursuit of free trade, the enforcement of the international division of labor, etc. Of the several resulting consequences that blocked the growth of an indigenous capitalist class structure, an important one was the negative role played by the policies and legislation of the colonial Raj in respect of land. These policies and legislation, themselves an outcome of the constraints and accelerators of the forces of both metropolitan and indigenous determination, inhibited the growth of an industrial bourgeoisie and proletariat in varying degrees throughout the period of colonialism.

For instance, when a potential entrepreneur required a small parcel of land to build a fish curing yard and a depot in Orissa, the colonial official refused to grant him land on the ground that the state law "precludes grant of land excepting for purely agricultural purposes." Again, "large landholders frequently petitioned for improvements in their rights over property; mercantile capitalists, such as the Nattukottai Chetties of South India, began to vote on the issue with their feet and to take their capital out of India in protest at legal insecurities and frustrations."
The enormity of the constraints flowing from the land tenure policies and agrarian (especially tenancy) legislation may very well be summarized in these words of the Report of the Indian Industrial Commission (1919):

Many witnesses, representing both large and small interests, complained of the handicap imposed on industrial enterprise by difficulties in obtaining land for the sites of factories and other industrial concerns, and the surface rights of mines, in cases where mineral rights are not the property of Government. These difficulties are said to lie, first, in the trouble experienced in obtaining a good title in view of the complicated system under which land is held in certain parts of the country, especially in Bengal, and in the absence in some provinces of an authentic record of rights; second, in provincial laws, designed to prevent the expropriation of tenant interests; and last, in the attitude of landowners, who are too apt to exploit unduly the necessities of an industrialist whose 'choice of the site' for a new venture is limited by considerations of transport, water supply, etc., while he is still more fettered when he desires to extend an existing factory. There are also often cases where the land required belongs to a large number of small owners, and when anyone of these declines to sell, his refusal may render that consent of the rest useless. ... We have no hesitation, therefore, in recommending that provision should be made in local laws, where necessary, to enable tenants, who are prevented by legal restrictions from transferring their land or from conferring an absolute title therein, to do so with the sanction of some proper authority, when it is required for an industrial enterprise, more particularly for the housing of industrial labor; and this without depriving the proprietor of his existing rights of profit on such transfers.
Deindustrialization, Lack of Protection and Stores Purchase Policy

As colonial India became what Borpujari calls "a protected market" for metropolitan bourgeoisie, the process of deindustrialization began in the last decade of the 18th century and it was especially intense in the 1830s and 1840s. In a recent quantitative estimate of the extent of deindustrialization in terms of the decline of the artisans in the Gangetic Bihar (Patna-Gaya, Bhagalpur, Purnea and Shahabad) in Eastern India, Bagchi points out that the percentage of the industrial population as a proportion of the total population declined from 18.6 percent in 1809-13 to 8.5 percent in 1901. The industrial population declined from 1,816,776 in 1809-13 to 987,752 in 1901.

The metropolitan obstacles to the growth of the indigenous bourgeoisie elsewhere, such as in South India, can be seen in the following observations of Kumar:

Bengal imported salt from the United Kingdom although the Madras Government was always urging it to import salt from Madras instead. In 1810 it was agreed that Madras would export 30 million lbs. to Bengal but this was reduced four years later to 12.5 million lbs., and exports declined to 250,000 lbs. in 1853. This was in spite of the fact that Bengal was importing more than thirty times as much salt from the United Kingdom at a much higher price. In its turn the shipping industry was affected adversely, since the chief occupation of the country vessels was to take salt to Bengal and bring back rice and other commodities. To continue the chain, imports of grain were reduced.
If one facet of colonial tariff policy was to safeguard the internal market for the manufactured commodities, another facet was the denial of protection for the real or potential entrepreneur's in colonial India. D. Pudumjee, an indigenous capitalist, pointed out: "The cause of failure and the dread of others in launching into new industries is not far to seek. It lies in European competition."

No less significant was the constraint flowing from the colonial Raj's policy of purchasing stores (viz. commodities for use by government departments or agencies) compulsively from Britain. To cite an example from the experience of a British manufacturer (W.A. Lee) in India:

I was interested in a project for a factory to manufacture in India a requirement of railways. Plans were prepared, and the capital was partly arranged. The President of the Railway Board was consulted and he advised us that, unless the Secretary of State so directed, the Government of India would not be able to purchase from us, and it was also pointed out that the railway companies, whose offices are in London, would be extremely unlikely to purchase from us in any circumstances, so that, although we were confident of being able to provide an article of equal quality at a less price, it was hopeless to expect that we should be able to sell our manufacture, in spite of the fact that the Government of India is the owner of the railways and provides, alike for the state-managed and the company-managed lines, the capital which would be expended in the purchase of our product. The project was therefore abandoned.

The stores purchase policy prevented, in addition, the
formation of technically trained personnel in colonial India. While more of this will be said later, it suffices here to point out that the metropolitan manufacturers in India declined to employ and train for technical positions Indians more than was absolutely necessary, in view of the colonial Raj's refusal to place contracts for the purchase of certain manufactured commodities with them.

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The Bias of Colonial Education Policy

Colonial education policy, like many other policies of the Raj, was subject to various determinants. Relevant in this regard is the role of the international division of labor that was enforced in India. The advancement of European knowledge, so wrote Charles Wood, a Secretary of State for India, in 1854,

will teach the natives of India the marvellous results of the employment of labour and capital, rouse them to emulate us in the development of the vast resources of their country, guide them in their efforts and gradually, but certainly, confer upon them all the advantages which accompany the healthy increase of wealth and commerce; and, at the same time, secure to us a larger and more certain supply of many articles necessary for our manufactures and extensively consumed by all classes of our population, as well as an almost inexhaustible demand for the produce of British labor.

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Much earlier, in 1833, Macaulay emphasized the consideration of profit. "To trade with civilized men is infinitely more profitable than to govern savages." 59
As a matter of fact, the content as well as direction and emphasis of colonial education came to be heavily determined by, among other things, the policies of free trade and international division of labor which the colonial Raj vigorously enforced. The results were, indeed, disastrous insofar as these generated almost insurmountable obstacles to the growth of a capitalist class structure. They also perpetuated colonial India's technological and industrial dependence. On the one hand, the content of colonial education comprised "literary and philosophical studies to the neglect of those of a more practical character." As will be shown later, the colonial educational system came to expedite the formation of a huge body of subordinate officials who would link the ruled to the rulers, and produce more lawyers and judges, than engineers and others, that would play a vital role in mediating between disputant agrarian interests. At the same time, on the other hand, the compulsive enforcement of free trade and international division of labor, while promoting de- or non-industrialization and peasantization, devalued the importance of technological and scientific education, legitimated non-intervention by the colonial Raj in the creation of conditions for colonial industrialization, and, finally, produced an environment that rendered difficult the emergence of capitalist class relations.

For instance, as a witness before the Indian Industrial
Commission (1919) pointed out:

It is primarily the function of the State to create such an atmosphere of industrial education as to make good entrepreneurs. In this the Government has done very little, almost nothing. To make successful conductors of industries, we want firstly a diffused knowledge of science, secondly technical schools to increase the skill of our craftsmen to facilitate the work of the entrepreneurs in training the labor, thirdly demonstration factories to bring this knowledge home to the people in a practical and instructive manner; and lastly a widely diffused knowledge of the science of economics to enable our young people to study the forces of demand. In short the Government should make science the "handmaid of industries".

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Given the commitment of the Raj to enforce free trade and the international division of labor in order to secure favorable conditions for capitalist production and accumulation by the metropolitan bourgeoisie, it was impossible that science would have become the handmaid of industries. Thus, another witness pointed out that an indispensable condition for the formation of industrialists is that the ruling class must have genuine interest in colonial industrialization.

"However able a man he may be, if he comes with the orthodox prejudice that India is fit for agricultural pursuits only and nothing better, and that all this desire for industry is sentimental, he will do no good whatsoever and may cause a great bitterness." The agrarian orientation of the Raj and its emphasis on literary education simply ruled out the creation of an environment that was conducive to the formation
of an industrial bourgeoisie. "When people desire to start a new industry they do not know where to go for the necessary information." A good indicator of the negative consequence produced by the literary tradition of the colonial education was the failure of the Swadeshi movement, a popular movement to promote indigenous industrial enterprises by educated Indians in the mid-1910s.

While the colonial educational system produced abundant lawyers and subordinate administrative officials to ensure the determination of rights over land, preservation of law and order, and collection of agrarian surplus, it produced few engineers, managers, supervisors and skilled artisans. The demand for the engineers developed when the colonial Raj undertook the establishment of public works (viz. railways, irrigation, etc.) in order to enforce the international division of labor. Thus, a few institutes cropped up, mainly, for civil engineering and, to a very limited extent, for mechanical and electrical engineering education. What was tragic was that only a very small portion of the successful students could get employment in the higher branches of the engineering services of the Raj. The rest had to accept less remunerative inferior positions when available. There also developed an intense dearth of supervisors, skilled artisans or foremen. Like the engineers, they too were imported from the metropolis. In the early 1910s an official inquiry revealed that "wherever we went,
there was a universal cry for a better class of mechanics and the report of a scarcity of skilled labor." The education necessary to qualify and train Indians for posts requiring industrial or technical knowledge was non-existent. "The opportunities for gaining experience were not easy for Indians to come by, and there was no attempt at technical training for industries until nearly the end of the century, and then only on an inadequate scale." As a matter of fact, the situation with regard to the availability of skilled workmen did not change later as a whole.

The Barriers of Race.

While more will be said later on the social distance between the dominant metropolitan social classes and the dominated indigenous social classes, it should be mentioned here that racial barriers provided a further impetus in holding down the growth of the capitalist class structure in colonial India. A few examples of racial discrimination are in order.

The Royal Indian Engineering College was established by the Colonial Raj at Coopers Hill to train personnel for the higher ranks in the Public Works Department. It was maintained at the expense of the Indian revenue, and it cost £280 a year to train a personnel in 1901. But, interestingly, "the prospectus of the college laid down, among other things, that candidates for admission must be British subjects of
European race' - except that the President of the College could admit, in case of there being spare accommodation, up to two 'natives of India'. It was in the railways where the prospects of Indians being employed and trained for managerial and technical positions were almost zero. The formation of the skilled workmen was deterred because the railway workshops, generally, did not recruit Indians. They were paid less when employed. The recruitment to the managerial and higher technical positions did not undergo any dramatic improvement in favor of the Indians. As late as 1921, an official report points out: "We recommend that greater facilities should be provided for training Indians for the superior posts in railway service; and that the process of their employment in such posts should be accelerated." Nevertheless, the evidence remains that the Indians, even when duly qualified, experienced difficulties in getting employment in the enterprises controlled by the metropolitan bourgeoisie in India.

Finally, the racial factor became a constraint, in conjunction with other economic and political factors, on the emergence of an indigenous industrial bourgeoisie.

The racial and political affinity of the European (British) businessman with the administrators and their shared prejudices against the Indians placed the latter at an enormous disadvantage in matters of business. The ranks of the European businessmen were often reinforced by the entry of senior administrators and politicians. The emergence of Indian entrepreneurship in most parts of India was
systematically discouraged by the political, administrative and financial arrangements maintained by the British rulers, and in the few cases before 1914 in which 'native' entrepreneurship had emerged, it was no less enterprising or interested in industry than were British businessmen in India. If anything, Indians showed a greater degree of courage, since they did not have many of the tangible advantages that British businessmen enjoyed because of their birth. ... It can be argued that the systematic preference for the European businessman, built into the political administrative and financial framework before the First World War, acted as a system of quotas for investment and production such that the 'agreed quota' for Indian businessmen at any moment of time was zero; Indian businessmen could only enter fields in which the whole of Indian production had not already been entirely allocated by administrative and political preference to European businessmen.

One of the results of the activated effect of the numerous metropolitan constraints that inhibited or slowed down the emergence of an indigenous capitalist class structure was the expansion of commercial bourgeoisie, from which, as will be shown in the following section, the industrial bourgeoisie arose since the First World War.

III: The Capitalist Class Structure: Aspects of Dependent Development

Preliminary Remarks

The development of the dependent capitalist class structure, though an outcome of the constraints and accelerators of both metropolitan and indigenous determination, vividly illustrates a fundamental aspect of the social change that India experienced in its forward movement from Mughal
feudalism to colonial capitalism. Furthermore, it also illustrates the progressive aspect, however limited it might have been, of metropolitan capitalism and colonialism insofar as India, even within its colonial connexions of dependence on the metropolis, came to inherit a modern (industrial) capitalist class structure. However, before I discuss specific historical processes and features of this class formation, let me briefly point out the important roles played by the mass media and capitalist urbanism.

**Growth of the Mass Media**

The importance of the mass media (newspapers, books, magazines etc.) in the production and reproduction of ideological hegemony can hardly be underrated. The concept of hegemony can be defined as "political leadership based on the consent of the led, a consent which is secured by the diffusion and popularization of the world view of the ruling class." The element of consent is provided by ideology - social practices as well as a system of ideas or representations. The element of consent of the governed, as provided by ideology, is an integral aspect of the capitalist state. For if it openly used coercive measures to enable one class to accumulate at the expense of other classes, it would in no time lose its legitimacy and undermine the basis of the loyalty and support of the dominated classes.

In colonial India the social significance of the rise
and expansion of the mass, mainly printed, media consisted in breaking the ideological hegemony of the dominant metropolitan classes insofar as the nature, legitimacy and representativeness of the colonial Raj and the ruling class became increasingly, in the monopoly phase, targets of nationalist media. Simultaneously, they also helped, to a certain extent, in organizing and arousing the indigenous social classes. Let me highlight a few dimensions of the emergence and impact of the mass media in colonial India.

First of all, the growth of the mass media was hindered by such things as the lack of transportation facilities, the lack of growth of a cheap postal system, the lack of literacy and, above all, the increasing restrictions on the freedom of publication. More specifically, it was not necessarily the lack of literacy and poverty among the masses that hindered the growth of mass media. For instance, these constraints were overcome, to a certain extent, by the unique device of reading out printed materials by the literates aloud before larger illiterate audience in the shops and bazars. This process of oral communication, directed at opinion formation and at mobilizing masses against the dominant metropolitan classes, is corroborated by various accounts. On the other hand, the mass media grew not simply because the ruling class desired it. The very emergence of the newspapers in colonial India was due to the disgruntled ex-employees of the Company. The newspapers became a forum
for ventilating what they considered the evils and malpractices of the ruling class and their administration.

The free development of the press was, in an important sense, difficult in colonial India. "Munro understood it very well when he said in 1822: "A free press and the dominion of strangers are things which are quite incompatible, and which cannot long exist together; for what is the first duty of a free press? it is to deliver the country from a foreign yoke, and to sacrifice to this one great object every measure and consideration. ... It must spread among the people the principles of liberty, and stimulate them to expel the strangers who rule over them, and to establish a national government." By the 1870s the Indian press, though still constituting a small world of journalism confined to a few urban centres, had posed such a threat. However, the existence of the press was a kind of necessary evil because in the absence of any indigenous political participation in the decision-making apparatuses of the Raj, it was the indigenous press that assumed the political and ideological role of ventilating the dissatisfaction and desires of the dominated classes on key public issues of the time (such as special privileges of the dominant metropolitan classes, partiality and corruption of the judiciary and the police, etc.). Recent investigations by Saxena and Paul confirm that the Raj indeed took notice of the "public opinion" articulated by the indigenous press and was moved to act on
certain occasions. In other words, the indigenous press acted as a "safety valve" giving the colonial Raj timely warnings of danger. Thus Charles L. Stevens, a high ranking colonial official, stated: "We must therefore look to native writers for criticism of government measures and of government servants."

In 1905 there were 1,359 newspapers and journals that reached an estimated two million subscribers. By this time India had developed a network of publications. "Indian literature became a major vehicle for communicating and stimulating the new political ideology. Among other means, mass politics involved using printed matter to affect a widened audience." The numbers of periodical publications in different languages in 1905 were as follows: (1) English, 285; (2) English and a vernacular, 82; (3) Other European, 16; (4) Two or more Indian vernaculars, 28; (5) Urdu, 388; (6) Gujarati, 97; (7) Marathi, 93; (8) Tamil, 79; (9) Hindi, 78; (10) Bengali, 74; (11) Malayalam, 54; (12) Kanarese, 30; (13) Telegu, 29; (14) Panjabi, 12; (15) Sindhi, 11; (16) Oriya, 7; (17) Khasi, 5; (18) Sanskrit, 3; (19) Persian, 2; (20) Assamese, 1; (21) Nagra, 1; and (22) Unknown, 14. The growth of the process of breaking the ideological hegemony of the dominant metropolitan social classes and of furthering nationalism by the press invited corresponding repressive measure by the Raj. This experience for the indigenous press in the last decades of colonialism
can be summarized in the words of Barrier:

The bureaucracy did manage to exert legal restraint on approximately 2,000 newspapers between 1907 and 1947 and seized 8,000 to 10,000 individual titles. This action had immediate tactical value. The government met challenges at key junctures by striking at the most visible features involved in unrest - organizations and printed matter. The Congress communication network was damaged in 1932, and in 1942 censorship resulted in an almost total news blackout on Quit India activities. Moreover, repression or the threat of repression had a psychological effect. Numerous journalists and politicians have noted the sudden - albeit short-lived - acquiescence of Indian publicists in the face of possible reprisals. Controls temporarily tended to moderate the tone of the press and set limits on what was acceptable. ... Controls could not stem the tide of nationalism, nor did they appreciably affect Indian politicians. Polemical literature grew out of feelings over which the British had little influence.

The indigenous press enabled, in varying degrees, the formation of class consciousness and political mobilization for realization of class defined goals through unity and concerted action just as the press enabled the breaking of the ideological hegemony of the metropolitan classes and promoted nationalism among the dominated. The following, taken from a poster, illustrates the essential message of the proletarian forces in the context of a religious conflict in Punjab:

Labourers and peasants of the world, unite yourselves, and overthrow Imperialism. ... 0 starving laborers and peasants. Rise up and understand the motives of the capitalists, and understand the policy of a government thirsting
for your blood, and move toward class struggle in order to dash to the ground the hopes of the government and its henchmen (i.e. capitalists - BKB). Long live Hindu, Muslim and Sikh alliance. Down with Hindu-Muslim boycott. Down with the capitalists. Down with the government which thirsts for Indian blood.

The Growth of Capitalist Urbanism

The process of de-urbanization to which I earlier drew attention was gradually accompanied by a process of capitalist urbanism or, rather, dependent capitalist urbanism. The dominance of the cities or towns in capitalist urbanism rests on capitalist industrialism, is reproduced as part of the accumulation process, and remains relatively unmediated by state intervention. Among other things, the progressive aspect of capitalist urbanism consists in promoting individualism and in freeing the individual from coercive pre-capitalist social fetters of all kinds as the capitalist mode of production develops. Above all, capitalist urbanism promotes class formation and class consciousness by creating class specific residential segmentation. The class differentiated residential spaces emerge as distinct milieus of social interaction and provide individuals a source from which is derived "their values, expectations, consumption habits, market capacities, and states of consciousness". For instance,

Working-class communities "produce individuals with values conducive to being in the working
class, and these values, deeply embedded as they are in the cognitive, linguistic, and moral codes of the community, become an integral part of the conceptual equipment which individuals use to deal with the world. The making of classes at work is thus complemented by the making of classes where people live; in both places, adaptive and rebellious responses to the class situation are inevitably closely intertwined. Community spaces provide the necessary, if not sufficient, nurturing environments for the continuity of shared cultural identities. Within the spaces created by the logic of capitalist territoriality, the working class creates its own cultures of everyday life. And within the community, shared institutions of family, worship, politics, conversation, shopping, and recreation facilitate the reproduction not only of class, but of the ties of affect made even more important by the increasing depersonalization and routinization of workplace relations.

Let me now illustrate some important facets of dependent capitalist urbanism as it developed in colonial India, focusing mainly on the port cities - Madras, Bombay and Calcutta - that grew out of petty villages and subsequently became centres of both political and economic power of the metropolitan ruling class.

One major specific feature of colonial urbanism is that it remained weak and unstable in view of limited colonial industrialization. Table No. 8.1 illustrates the slow growth of urban population between 1891 and 1971. Similarly, the total number of industrial workers in the major port cities (Madras, Bombay and Calcutta) remained unstable and even decreased between 1901 and 1931.
Table No. 8.1

Selected Data on Urbanization in India, 1891-1971

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban Population (in millions)</th>
<th>Urban Population as percentage of total population</th>
</tr>
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<tbody>
<tr>
<td>1891</td>
<td>26.7</td>
<td>9.4</td>
</tr>
<tr>
<td>1901</td>
<td>28.2</td>
<td>10.0</td>
</tr>
<tr>
<td>1911</td>
<td>28.6</td>
<td>9.4</td>
</tr>
<tr>
<td>1921</td>
<td>31.1</td>
<td>10.2</td>
</tr>
<tr>
<td>1931</td>
<td>37.5</td>
<td>11.1</td>
</tr>
<tr>
<td>1941</td>
<td>49.7</td>
<td>12.8</td>
</tr>
<tr>
<td>1951</td>
<td>69.7</td>
<td>16.1</td>
</tr>
<tr>
<td>1961</td>
<td>78.94</td>
<td>18.0</td>
</tr>
<tr>
<td>1971</td>
<td>109.0</td>
<td>19.9</td>
</tr>
</tbody>
</table>

Source: Visaria and Visaria, "population", p. 519 for years 1891-1951; and "Indian Population Scene After 1981 Census: A Perspective", Economic and Political Weekly, 16 (Special Number 1981), pp. 1729 and 1752 for later years.

A second historically specific feature of colonial urbanism was the growth of spatial segmentation between the British and Indian communities. It was an integral component of the social and political distances between the two. This aspect can be illustrated in the words of Lewandowski, who describes the typical experience of Madras.

In the period from 1750 to 1850, the British began moving out of Black Town and the Fort Area in larger numbers, and garden suburbs began to alter the physical form of the city. Now there was clearly a separation between where one worked and where one lived. This was accompanied by the decentralization of shopping facilities as a European market area emerged, the construction of administrative buildings outside the Fort, and the general expansion of the colonial sector over a wide area of the city. ... The Presidency cities were, in essence, microcosms of the colonial...
empire, and as the empire grew and firmly established itself as a political entity, the colonists began to control more of the cities, and to leave an impact on their physical structures. One can argue that as power shifted out of the center of the city, building became more decentralized. As such the cities themselves became an expression of the colonial world view. ... The increasing segregation of the colonists from the indigenous inhabitants of the city went hand in hand with growing permanence among colonial settlers in India.

In contrast, the class specific residential segmentation between the indigenous classes, especially between the bourgeoisie and the proletariat, remained incomplete. Lewandowski mentions that in Madras the richer echelon of the social structure, especially the non-Brahmins, moved out of the city for residential quarters elsewhere with attached garden houses as the 19th century progressed. Essentially, this was a reproduction of the pattern set up by the metropolitan classes. That the process of class differentiated spatial segmentation remained incomplete could be illustrated from the case of Calcutta. This city constitutes an example of "a very wealthy city as well as a squalidly poor one and the two elements live so close together, they present such grotesque contrasts, the one has so begotten the other, that anger is the most natural and the healthiest response in the world. In a sense, Calcutta is a definition of obscenity."

Third, the impact of the working class residential
communities and the formation of class and class consciousness, on the one hand, and the growth of the separation of the workplace from the household of the working class, on the other, - two important aspects of colonial capitalist urbanism can be illustrated by the experience in Bombay where urbanism rested on its textile industry and where indigenous capital was dominant. From the late 19th century a distinctly working class district emerged there. By 1925 ninety percent of the factory workers lived within fifteen minutes' walking distance from their places of work, the cotton mills. The physical structure of the working class neighbourhoods exhibited the same features - overcrowding, squalor, lack of ventilation, lack of drainage, and so on - that Engels discussed earlier in connection with working class neighbourhoods in England.

However, seen from a sociological point of view, the working class neighbourhood communities and streets became the social milieus of the production and reproduction of individuals with working class values, of their conceptual apparatus and identity, of private mitigation of public alienation, of leisure and recreation, and so on. It was here in the neighbourhoods where tensions within the working class became manifest and where ties of class solidarity were formed. To summarize in the words of Chandravarkar:

The tensions and conflicts with the working class were most obviously manifested in the neighbourhood; but here, too, the solidarities of labor politics were forged. Political experience in this arena was formed, in part, by the struggle to constrain and at times
direct neighbourhood leaders. Power and control in the neighbourhood entailed a set of shifting relationships in which dominance was achieved and limited through negotiation, manoeuvre and sometimes violence. As the 'neighbourhood was increasingly brought into the sphere of industrial and public politics as well, it shaped the development of the political consciousness and political action of the working class.

Needless to add, the working class neighbourhoods were also totally enveloped within market relations that are symptomatic of capitalist urbanism.

Finally, another historically specific feature of colonial urbanism is that the main port cities - Madras, Bombay and Calcutta - remained outside the orbit of modern town planning which characterized capitalist urbanism in the metropolitan centres of industry in the West. The concept of modern town planning hardly emerged in colonial India before Patrick Geddes, a founding father of the British Sociological Society, came to occupy the first Chair of Sociology in Bombay University in 1919. It was only in the 1910s that New Delhi, the capital of India since 1912, and Jamshedpur, the location of the indigenous iron and steel industry, came to be developed according to principles of modern town planning. By then, however, it was too late for Madras, Bombay and Calcutta.

The Rise of the Bourgeoisie

The emergence of the capitalist class structure was bound up with the specific development of the dependent
capitalist mode of production in colonial India. If the development of this class structure was an indicator of the rise of the social relations of capital in colonial India, then the rise of the industrial capitalist was at the heart of these new social relations. "The handmill gives you society with the feudal lord; the steam-mill, society with the industrial capitalist." From this point of view, there is little doubt that the formation of the industrial bourgeoisie, however limited the process might have been, was a directly progressive aspect of metropolitan capitalism and colonialism. However, before I discuss the emergence of the bourgeoisie as a whole, let me mention certain pertinent aspects bearing on the issues concerned here.

First, the emergence of the capitalist - the personification of capital - was not a fortuitous event. "The bourgeoisie itself, with its conditions, develops only gradually, splits according to the division of labor into various fractions and finally absorbs all propertied classes it finds in existence ... in the measure to which all property found in existence is transformed into industrial or commercial capital." Second, there are two ways in which the industrial bourgeoisie was formed. In contrast to the conservative way in which the merchant becomes a capitalist by establishing his direct sway over production, "the really revolutionizing path" is one in which the direct producer becomes a merchant and a capitalist. Finally, although Marx's
"really revolutionizing path" does explain the earliest origins of a significant segment of the industrial bourgeoisie from the ranks of the producers, the real origins of modern industrial bourgeoisie - those of the specifically capitalist mode of production - remain connected with the growth of large-scale industry which, in its turn, depends on technological developments and their applications in the small-owner operated establishments. As Schorsch summarizes from his own empirical investigation:

Marx's characterization of the path of the producer-turned-merchant-and-capitalist as "really revolutionizing" indicates that in his view the qualitative leap to the capitalist mode was primarily effected by a revolution of technique, in which advances were made which permitted the real as opposed to the formal subjection of labor to capital. ... It was the direct producers who were most active in devising and commercializing the new techniques of machinofacture and hence played the really revolutionizing role. This argument is strengthened by the fact that in Germany as well as in Great Britain, the role of the direct producers was most dominant in just those industries which were most dynamic. Understood in this way, Marx's description and assessment of the "two paths" is a correct and useful insight. ... Since we generally do not find Marx's really revolutionizing path until the Industrial Revolution, this is where he would locate the actual birth of the capitalist mode of production in England.

In light of this discussion, let me point to other more important, historically specific, features of the rise of the industrial bourgeoisie in colonial India.

The most important of these, in the first place, is the almost complete absence of Marx's really revolutionizing
path in colonial India. For reasons including deindustrialization earlier and limited industrialization and peasantization later, which I discussed above, it was difficult, if not altogether impossible, for the direct producers in colonial India to emerge as a modern industrial bourgeoisie. It was even impossible towards the closing decades of colonialism because by then the situation in India was different than in 18th century England. It was no longer possible for the Indian artisan, with ordinary literacy, some familiarity with simple mechanical devices and a small sum of money, to set up industrial enterprises, as happened in 18th century England. In the 20th century the setting up of industrial enterprises involved both large-scale expenditure and the application of a cumulatively complex technology, and these were anything but possible for the Indian small producers. Furthermore, one of the devastating consequences of the enforcement of international division of labor was the devaluation of science and technology in India where machine industry, which is the foundation of all modern industries, was almost non-existent. It has been rightly pointed out by Pavlov that "the majority of the big Indian industrial capitalists emerged almost entirely direct from among the representatives of big trading and moneylending capital, which had certain opportunities of expanding its operations in the conditions of the colonial dominion." The subsequent
investigations of Hazari and Timberg also point to the same direction.

Another important feature of the indigenous industrial bourgeoisie is that it evolved in two phases marked, first, by the rise of the comprador bourgeoisie until about the 1910s and, since then, by that of the national bourgeoisie. These two concepts of comprador and national bourgeoisie can be defined briefly as follows. The comprador bourgeoisie is that fraction of the indigenous bourgeoisie which may or may not have its own base of capital accumulation but which acts, in some way or other, as an intermediary of the metropolitan bourgeoisie. Lacking an autonomous political and ideological position, the comprador bourgeoisie collaborates with the metropolitan bourgeoisie and the ruling class. In contrast, the national bourgeoisie is that fraction of the indigenous bourgeoisie which personifies its own national capitalist mode of production and, at the same time, opposes the domination of the metropolitan bourgeoisie and the ruling class. Their opposition, ultimately rooted in their independent base of capital accumulation, is most evident at the political and ideological levels. Their relatively autonomous economic, political and ideological positions render them capable of adopting, in times of specific conjunctures of anti-imperialist and national liberation struggles, class positions that make them an integral component of the larger
social whole, i.e. the people or nation. This division of
the indigenous bourgeoisie need not be considered in absolute
terms in concrete political situations. This is also true
of colonial India. For instance, while distinct tendencies
leading to the formation of national bourgeoisie as a political
and ideological class force behind the nationalist movement
emerged from 1905 and definitely from the 1920s, it was
also observable that in the short-run the entire indigenous
bourgeoisie had to accept concessions and compromises or make
accommodations vis à vis the metropolitan bourgeoisie and the
colonial Raj.

It was in Calcutta where the "new subservient capita-
list class" was born. The most prominent of the new
bourgeoisie was Dwarkanath Tagore (1794-1846), "the first
native captain of industry", as Sinha rightly calls him.
Until the mid-1850s Calcutta was a "center of industrial
progress and technology". By the same time, the decline of
the new Bengali bourgeoisie had begun. However, they did
not altogether disappear. The clearest example of the
formation of the comprador bourgeoisie is the case of the
Parsees, a religious community, from whom emerged the pioneers
of the indigenous textile and iron and steel industries. The
most notable of them was Jamsetji Nusserwanjee Tata (1839-
1904).

It was mainly in the last three decades of colonialism,
when colonial industrialization gathered relative momentum as I pointed out in chapter 6, that the new national bourgeoisie made their appearance. In the 1920s the houses of Birla, Juggilal Kamlapat, Walchand, Mafatlal, Kasturbhai, Kirloskar and Seshayee emerged. They were followed by Dalmia Sahu Jain, Thapar, Shapoorji and Indra Singh in the 1930s and by Banguar, Mahindra, and Ramakrishna after the World War II. Among the purest representatives of the national bourgeoisie were Ghanashyam Das Birla, Ramkrishna Dalmia, and Walchand Hirachand. In the 1930s and 1940s the rising dominance of indigenous industrial capital vis-à-vis the British capital became more and more evident. By 1946 the assets of the three indigenous industrial houses (the Tata group, Rs. 3,000 million; the Dalmia Join group, Rs. 2,000 million; and the Birla group, Rs. 1,000 million) totalled Rs. 6,000 million. In comparison, the total assets of the three largest British industrial houses were only Rs. 745 million (Martin-Burn, Rs. 284 million; Bird-Heilgers, Rs. 246 million; and Andrew Yule, Rs. 215 million). If different metropolitan constraints expedited the formation of the comprador bourgeoisie, it was nationalism, as it was emerging in the 20th century in the wake of the development of the dependent capitalist mode of production, that acted as a positive catalyst for the rise of the new aggressive national bourgeoisie in colonial India. Many members of this group, such as Birla, Walchand and Shri Ram, were impelled by the driving forces of nationalism
to go beyond the many formidable but immediate technological and market barriers (profitability, risks, limitedness of the market, etc.) and initiate many new industries that advanced colonial industrialization (such as the automobile industry).

Finally, it was neither the absence of the protestant ethic nor the immobilizing effects of the other-worldly values of the Hindu religion that hindered the formation of the indigenous bourgeoisie. I have already drawn attention to this in chapter 6. It was not the Parsees, who are said to possess protestant values, but other religious groups that became pioneers in India's second largest textile industry (in Ahmedabad in Gujrat). It was a Hindu brahmin, Ranchhodlal Chhotalal, who first set up a cotton textile mill in Ahmedabad in 1861. In Bombay, it was another brahmin, Laxman Rao Kirloskar, who founded an industry for the production of agricultural machinery. Ranchhodlal, an adherent of orthodox Hinduism, "performed the daily duties of his religion with scrupulous regularity and was careful to carry out other ceremonies enjoined by the Shastras upon the Brahmanical classes." Birla, the premier representative of the national bourgeoisie, wrote: "Gandhi ji was the dominant influence in my life because of my feeling as a Hindu. I came of a family of merchants which has a tradition of sanatan dharma, the eternal religion of duty." Dalmia, another top representative of the national bourgeoisie, was no less religious and even proposed "protection to the cow"
that could only be possible provided "a Sovereign Hindu State" was established.

In any case, the progressive role of metropolitan capitalism and colonialism, structurally limited as it was, cannot be altogether dismissed insofar as also the formation of the indigenous bourgeoisie is concerned. To conclude with Tripathy:

The British rule, on balance, had a positive influence on the Indian entrepreneurial behavior. Under the impact of the changes in the material constellation, and as a result of the contact with the superior entrepreneurial activities of the British, the Indians started enterprises covering far greater risks than ever in the past, and displaying a keener sense of entrepreneurial initiative. Also, as the environment became more and more favorable, the enterprises which had made humble beginnings expanded themselves into sizeable industrial empires by taking advantage of new opportunities - an exercise in entrepreneurial continuum. I do not suggest that the policies of the British deliberately encouraged Indian entrepreneurship.

The Rise of the Industrial Proletariat

It was the main centres of colonial urbanism, the port cities of Madras, Bombay and Calcutta, that not only constituted the territorial bases of capitalist industrialism but which were also the breeding grounds of colonial India's factory proletariat and of the new middle class both of which accompanied the gradual emergence of the dependent capitalist mode of production. In particular, the growth of the industrial (i.e. factory) proletariat remained extremely
limited in conformity to the skewed development of the industrial bourgeoisie and the capitalist mode of production. Table No. 8.2 illustrates this very well for the years between 1900 and 1947.

Table No. 8.2

<table>
<thead>
<tr>
<th>Year</th>
<th>Govt. &amp; Local Fund A</th>
<th>Govt. &amp; Local Fund B</th>
<th>All Industries A</th>
<th>All Industries B</th>
<th>Number engaged in Small-Scale and Cottage Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-02</td>
<td>-</td>
<td>-</td>
<td>617</td>
<td>12,302</td>
<td></td>
</tr>
<tr>
<td>1905-06</td>
<td>34</td>
<td>492</td>
<td>803</td>
<td>13,204</td>
<td></td>
</tr>
<tr>
<td>1910-11</td>
<td>67</td>
<td>456</td>
<td>957</td>
<td>13,160</td>
<td></td>
</tr>
<tr>
<td>1915-16</td>
<td>97</td>
<td>534</td>
<td>1,073</td>
<td>12,327</td>
<td></td>
</tr>
<tr>
<td>1920-21</td>
<td>127</td>
<td>623</td>
<td>1,389</td>
<td>11,254</td>
<td></td>
</tr>
<tr>
<td>1925-26</td>
<td>152</td>
<td>732</td>
<td>1,547</td>
<td>10,891</td>
<td></td>
</tr>
<tr>
<td>1930-31</td>
<td>156</td>
<td>755</td>
<td>1,724</td>
<td>10,379</td>
<td></td>
</tr>
<tr>
<td>1935-36</td>
<td>147</td>
<td>814</td>
<td>1,759</td>
<td>10,601</td>
<td></td>
</tr>
<tr>
<td>1940-41</td>
<td>199</td>
<td>948</td>
<td>2,144</td>
<td>12,280</td>
<td></td>
</tr>
<tr>
<td>1945-46</td>
<td>496</td>
<td>1,028</td>
<td>3,121</td>
<td>11,883</td>
<td></td>
</tr>
<tr>
<td>1946-47</td>
<td>394</td>
<td>1,156</td>
<td>2,844</td>
<td>12,265</td>
<td></td>
</tr>
</tbody>
</table>


It is evident from the above table that the factory producers remained a tiny minority, who represented one set of agents of the CMP, vis-à-vis the small producers, who represented simple commodity production which, in itself, is a breeding ground of capitalist production and accumulation.
In chapter 2, I argued that the emergence of the process of primitive accumulation (i.e. the formation of the free wage laborers) was an integral component of British capitalist development. In colonial India, this process largely, but not entirely, remained absent for most of the period of colonialism for different reasons (such as ruralization, peasantization, non-industrialization, etc.) which have been discussed above. The formation of free wage labor, i.e. labor strictly separated from any means of production, stagnated. For instance, there developed a distinct tendency in the mining and plantation industries to bind labor to the soil. About the plantation industry, an official Report (1931), observes: "The concession to which the worker attaches most importance is the grant of land for private cultivation. The garden worker is essentially an agriculturist, and his desire for the possession of a holding which he can cultivate with the help of the members of his family is great." In other words, the formation of a capitalistic labor market which presupposes, among other things (such as freedom of the worker to choose from amongst employers, pecuniary considerations, etc.), the existence of a pool of available laborers, was impeded. However, the formation of a capitalistic labor market was evident in the mid-1920s. "Up to that stage, labor tended to have the upper hand in that there was competition for its services; since then the tendency has been for the workers to compete for jobs."
There were another set of forces operative in the changing colonial social formation that initiated the growth of the industrial proletariat. The latter grew out of the retainers of the higher echelons of landed and political interests whose territories were annexed by the Raj in the formative years of colonialism. For instance, in 1801 when Wellesley imposed a treaty on the nawab or king of Oudh, the latter had to disband about 80,000 of his retainers in the military establishment. The industrial proletariat also grew out of the process of deindustrialization, for many artisans could not be employed because of limited industrialization or because there was no land for them to become peasants. They also grew as the population increased due to public hygiene measures which came to be implemented. The emergent industrial labor force was heterogeneous in its background. Gupta points out that in Calcutta, Kanpur, Ahmedabad and Bombay the new industrial labor force comprised those released by the pressure of population on land and those affected by diminished opportunities for the artisans. Misra provides a breakdown by industrial sources of origin of 92, of a total of 96 witnesses recording their evidence before the Indian Factory Commission (1890), as follows: agriculturists: 23 (25%); artisans: 15 (16.3%); service (viz. priests, washermen, etc.): 8 (8.7%); and lumpens (viz. beggars, criminals, etc.): 46 (50%). In the case of the jute industry in Bengal, a sizeable segment of the labor force
came from artisans and from those at the bottom of the caste hierarchy. In Madras, the Binny's textile mills had, around the 1910s, an industrial work force of over 9,000 drawn from the villages around Madras. "Initially the mill hands were reluctant members of the work force forced into industrial employment by poverty or lack of opportunity in the village. Some of them lived in a transitional state to full proletarization. Many, for example, still lived in their village and worked part-time on family holdings." In the Bombay textile industry, low caste representation (untouchables) remained insignificant for a good length of time: .99 percent in the total mill labor force in 1872, 11.91 percent in 1921, and 13.81 percent in 1941.

The formation of the free labor market also remained incomplete in view of the unique role the intermediary agencies - the jobbers in Bombay and Madras, sardars in Bengal and Assam, and kangani or maistries in Madras - came to play between the laborers and their employers. This intermediate agency, the jobber for instance in Bombay, indubitably contributed in very many significant respects to keeping the textile industry running by helping not only to recruit laborers but also by training and disciplining them for the changing division of labor within the factory itself. Usually recruited from the shop floor, the jobber was the traditional predecessor of today's supervisor or foreman. However, the jobber was an authoritarian figure on whose satisfaction
everything of the worker depended (viz. appointment, job security, promotion, dismissal, etc.). This meant restrictions on the formation of the free labor market and on the relative freedom of the worker. It was only in the 1930s, when regular employment offices and other institutions developed, that the jobber's authority was in certain decline. The conditions of the laborers in the plantations, in contrast to those in the organized industries, were even worse. The Report of an Inquiry into Conditions of Labor in Plantations in India (1946) points out, towards the end of colonialism, that "there is no doubt that the laborer is now legally free to leave his garden and to seek employment in any garden he likes, but in actual practice he does not feel that he is free to move."

The development of the industrial proletariat and the capitalistic labor market in colonial India, however limited, can hardly be gainsaid. This stands in sharp contrast to the situation in the Mughal social formation as I have shown in chapter 3. Moreover, the indigenous industrial labor force was in the process acquiring such qualities as discipline, specialization, mobility, etc. that characterize their counterpart in the industrially advanced social formations. For instance, Murphy argues that a relatively stable and committed industrial labor force, characterized by the decline of absenteeism, rise in their literacy, and growth of their organization and class consciousness, had developed in Madras
between the later 1910s and early 1920s. In Jamshedpur, where the Tata Iron and Steel Company was established in 1908, a stable and committed labor force, dependent on factory employment, emerged within a decade especially in view of the technical requirements of the industry, viz. a broader range of skills and elaborate investment in training without which the industry’s survival would have been in doubt. This was in contrast to the Bombay textile industry which required a relatively easier training in rather simple tasks thus generating a free floating and near casual labor force.

Finally, a capitalistic labor market does seem to have developed in view of the increasing availability of a reserve army of the proletariat ready to seize any opportunity for employment. To give an example of the abundant supply of labor, there were about 140,000 available seamen in Calcutta alone in 1919 for 53,000 posts. In brief, the Indian social formation, as it existed at the time of the Mughals, was indeed in a period of social change in terms of the development of modern social relations of capitalism in colonial India.

The Rise of the New Middle Class

No less spectacular was the formation of different occupations and professions in the new middle class (teachers, lawyers, judges, doctors, engineers, journalists, etc.) as an accompaniment of the extension of the social division of
labor brought about by the development of the dependent CMP in colonial India. The rise of this new middle between capital and labor, especially of those who provided the leadership for the nationalist movement, was a further dimension of class structural change experienced by the colonial social formation.

Earlier in this chapter I argued that different (economic) forces flowing from the metropolitan capitalist development and accumulation, on the one hand, and maintenance of colonialism, on the other, operated to hinder the growth of a capitalist class structure, especially of scientifically and technically trained personnel in colonial India. To put it otherwise, the social division of labor regulated the evolving occupational and professional structure of the new middle class. For instance, if the enforcement of free trade and the international division of labor devalued the importance of scientific and technological education or of colonial industrialization, the training of a few doctors and engineers was connected to the requirements of either providing medical services to the personnel of the colonial Raj or maintaining, rather than establishing, the public works. If there were more lawyers and judges it was because their social functions were the product of a social formation that was on the road to capitalist agrarian and industrial change, viz. the determination of the respective rights and shares of the agrarian surplus of the landlords, the subordinate
peasantry and the Raj, maintenance of the conditions (contract, sale, etc.) for emergent capitalist production and accumulation, and so on.

Colonial educational policy bears this out quite well. Table No. 8.3 illustrates the directions of specialization produced by colonial education and, hence, of the emergent occupational and professional structure of the new middle class in India.

Table No. 8.3

<table>
<thead>
<tr>
<th>Universities of Calcutta, Bombay and Madras, 1857-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities</td>
</tr>
<tr>
<td>C.U.</td>
</tr>
<tr>
<td>B.U.</td>
</tr>
<tr>
<td>M.U.</td>
</tr>
</tbody>
</table>

Notes: 1. C.U. = Calcutta University; B.U. = Bombay University; and M.U. = Madras University.
2. Figures incomplete.

Table No. 8.4 illustrates the employment patterns of the graduates until 1882. Above all, if there grew a body of subordinate state officials, it was because it carried on, for a considerable length of time, the administration of law and order for the Raj and maintained its legitimacy by linking the dominated indigenous classes to the dominant metropolitan classes.
Table No. 8.4

Employment of Graduates:
All India Review by
Region until 1882

<table>
<thead>
<tr>
<th>Province</th>
<th>No. of Public 1</th>
<th>Public 2</th>
<th>Law</th>
<th>Medicine</th>
<th>Civil Education</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Graduates' Services</td>
<td></td>
<td></td>
<td></td>
<td>Engineering</td>
</tr>
<tr>
<td>1. Bengal</td>
<td>1,696</td>
<td>534</td>
<td>471</td>
<td>131</td>
<td>19</td>
</tr>
<tr>
<td>2. Bombay</td>
<td>625</td>
<td>324</td>
<td>49</td>
<td>76</td>
<td>28</td>
</tr>
<tr>
<td>3. Madras</td>
<td>808</td>
<td>296</td>
<td>126</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>4. N.-W.P.</td>
<td>and Oudh</td>
<td>130</td>
<td>61</td>
<td>33</td>
<td>-</td>
</tr>
<tr>
<td>5. Punjab</td>
<td>38</td>
<td>21</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6. Central</td>
<td>Provinces</td>
<td>14</td>
<td>8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3,311</td>
<td>1,244</td>
<td>684</td>
<td>225</td>
</tr>
</tbody>
</table>

Note: l. Includes British India and Native States.
Source: Seal, op. cit., p. 357

Hence, Munro stated, in unmistakable terms, as far back as 1824:

The preservation of our dominion in this country requires that all the higher offices, civil and military, should be filled with Europeans; but all offices that can be left in the hands of natives without danger to our power, might with advantage be left to them. ... They are in general better accountants, more patient and laborious, more intimately acquainted with the state of the country and the manners and customs of the inhabitants, and are altogether more efficient men of business. ... Even if we could suppose that it were practicable, without the aid of a single native, to conduct the whole affairs of the country, both in the higher and in all the subordinate offices, by means Europeans, it ought not to be done, because it would be both politically and morally wrong. The great number of public offices in which the natives are employed, is one of the strongest causes of their attachment to our Government. In proportion as we exclude them from these, we lose our hold upon them; and were the exclusion
entire, we should have their hatred in place of their attachment; their feeling would be communicated to the whole population, and to the Native troops, and would excite a spirit of discontent too powerful for us to subdue or resist.

The creation of a stratum of intermediaries, who would above all link the bottom to the top, was a structural requirement for the maintenance and legitimacy of the Raj and of colonialism itself. As Macaulay said in 1835: "We must at present do our best to form a class who may be interpreters between us and the millions whom we govern; a class of persons, Indian in blood and color, but English in taste, in opinions, in morals, and intellect."

An integral aspect of the formation of the occupational and professional structure was the special role assumed especially by the colonial Raj. It was precisely what Gramsci called the role of an ethical or cultural state. The higher education, which the Raj introduced, itself became, among other things, "an instrument of British cultural and ideological domination." The Raj became the main initiator and controller of higher education. Of the total of 23 working "colleges of general learning" in 1857, 14 were conducted by the Raj and the rest by the missionaries. Besides these, there were 3 colleges of medicine and one of civil engineering run by the Raj. The number of universities rose from 3 in the port cities (Calcutta, Bombay and Madras) in 1853 to 20 in 1947. In 1887 the fourth university was
established. Between 1916 and 1929, by which time nationalism had emerged as a formidable social force to reckon with in terms of demands for educational expansion, 11 more grew up. Attached to 20 universities were 437 university and affiliated colleges. The educational system became bureaucratized. "Government initiative has been responsible for the founding of almost all universities and many colleges in India. A strong assertion of government influence in the management of higher education flowed from this initiative, and from the concern to protect the political interests of the Raj." As will be later shown, the colonial Raj directly intervened in the mid-1910s to promote mass education at the lowest level when the nationalist leadership was able to compete with it for the allegiance of the masses.

IV. Conclusion

It can hardly be denied that the emergence of a capitalist class structure, though weak and restricted in the overall indigenous class structure comprising both pre-capitalist and capitalist social classes, was an integral constituent of the historically specific social change experienced by colonial India. The formations of the industrial bourgeoisie, the industrial proletariat, and the new middle class in the context of the rise of large-scale industry and of the expansion of social division of labor were an essential ingredient of colonial India's dependent capitalist development.
The importance of this class structural change lies in the fact that pre-British India neither developed nor ever possessed any capitalist class structure. At the same time, this testifies to the historical specificity of colonial social change. For instance, the emergence of a class of industrial bourgeoisie is what distinguishes colonial social formation from Mughal social formation. What is even more important is the fact that the newly arisen bourgeoisie demonstrated, to a remarkable extent, their historically progressive role as a great agency of social change in India. This parallels, it may be argued, the progressive role the metropolitan bourgeoisie played in course of transition from feudalism to capitalism in the West. A notable aspect of the progressive role of the indigenous bourgeoisie is that they proved more entrepreneurial than even their metropolitan counterparts during the closing decades of colonialism. Edison attests to this:

The foremost ... reason why the Thapar and Birla enterprises have moved ahead more rapidly in the paper making field than have those of Heilgers and Balmer Lawrie is that the managers of the former have been more energetic, aggressive and willing to take financial risks than have the directors of the latter. The Indian firms were prepared to gamble on the growing demand for paper both in the late 1930s and in the early 1950s to a much greater extent than were their Western managed counterparts. They did not limit themselves to the expansion they could achieve out of their own resources but made much of their growth on borrowed money. Their financial policies have not been such as would appeal to a conservative banker, but under
conditions prevailing in India, they have succeeded remarkably well.

It is also needless to point out that the process of formation of the industrial bourgeoisie was not hindered by the presence as well as the expansion of caste divisions in colonial India, although the caste background might have facilitated some caste groups (e.g. Brahmans) rather than others in their emergence as an entrepreneurial class. But, again, this was possible due to their pre-existing privileged socio-economic position in the social formation.

The formation of the industrial bourgeoisie implied simultaneously the rise of the industrial proletariat whose existence, as a modern class, can hardly be traced to Mughal social formation. The latter comes into being only when the CMP develops with its distinct productive process within the factory establishment. The historical specificity of the proletariat consists in the fact that they are all organs of the collective laborer in capitalist production process. As Marx noted:

The product ceases to be the direct product of the individual, and becomes a social product, produced in common by a collective laborer, i.e., by a combination of workmen, each of whom takes only a part, greater or less, in the manipulation of the subject of their labor. As the co-operative character of the labor-process becomes more and more marked, so, as a necessary consequence, does our notion of productive labor, and of its agent. the productive laborer, become extended. In order to labor productively, it is no longer necessary for you to do manual work yourself; enough, if you are an organ of the collective laborer, and perform one of its subordinate functions.
From the standpoint of social change, colonial India thus came to possess two great historical agencies of social change: the bourgeoisie and the proletariat.

Like the fundamental classes in the CMP, the new middle class comprising various occupational and professional strata was also a historically specific class in that it could not be traced, in its modern form, to pre-colonial social formation. The growth of the new middle class was, however, far from being an autonomous process. The intervention by the Raj as an initiator and director especially of higher education profoundly influenced formation of the process of emergence of this class. In controlling its formation and, hence, in shaping the functional nature of the emergent occupational and professional structure that would serve best the interests of the dominant metropolitan classes, the Raj performed indeed what Gramsci called the role of an ethical (or cultural) state.

Every State is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level, a level (or type) which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes. The school as a positive educative function, and the courts as a repressive and negative educative function, are the most important State activities in this sense: but, in reality, a multitude of other so-called private initiatives and activities tend to the same end—initiatives and activities which form the apparatus of the political and cultural hegemony of the ruling classes. ... The previous ruling classes were essentially conservative in the sense that they did not tend to construct an organic passage from the other classes into their own, i.e. to enlarge their class sphere "technically" and ideologically: their
conception was that of a closed caste. The bourgeois class poses itself as an organism in continuous movement, capable of absorbing the entire society, assimilating it to its own cultural and economic level. The entire function of the State has been transformed; the State has become an "educator", etc.

To be sure, the Raj and the metropolitan ruling class did not raise the entire colonial formation to their own level. But what they had done was scarcely possible by the Mughal state and its ruling class. Similarly, the Raj might have typically shaped the new middle class by producing more wage earners and "professional" politicians for bureaucratic and political domains, or more lawyers and judges rather than engineers and managers for resolving problems of the petty agrarian social order with a view to lengthening the exploitative regime of foreigners. Even then, in spite of distortions in the newly arisen class structure as a whole, the Raj, unlike the Mughal state, could not have done what it did without acting as a capitalist state. It is to this final aspect of dependent capitalist development in colonial India that I now return in the next chapter.

Footnotes

1. In this chapter I discuss the formation of the capitalist class structure from the class-in-itself perspective, i.e. from the point of view of its position in relation to the means of production and social division of labor in the CMP. For the discussion of the above-mentioned class structure from the class-for-itself point of view, see next chapter.

2. See pp. 101-4 of chapter 2.


14. V.D. Divekar, "Western India", in Kumar, ed., *ibid.*, vol. 2, pp. 342-3; and Pavlov, *The Indian Capitalist Class*, pp. 127-8.

15. Kumar, "South India", p. 357.

16. See *Ninth Report (13 June 1783); Appendix No. 14, pp. 121-2*; and *Fourth Report from the Committee of Secrecy, appointed to Enquire into the Causes of the War in the Carnatic, and of the Condition of the British Possessions in those Parts (6 February 1782)*, in Lambert, ed., *House of Commons Sessional Papers of the Eighteenth Century*, vol. 143, Appendix No. 22, p. 705. See also D.A. Washbrook, "Political Change in a Stable Society: Tanjore District..."


20. For a critique of this school, see Gupta, "Caste, Infrastructure and Superstructure: A Critique", pp. 2093-2104.


23. Ibid., pp. 66-7.

24. Ibid., p. 83. Emphases added.

25. Ibid., p. 94.


29. Ibid., p. 303. Emphases added.

34. Carroll, op. cit., p. 249.
41. Frank, World Accumulation, p. 159.
43. Ibid., p. 331; and Sinha, op. cit., p. 170.
45. Marshall, op. cit., p. 128.
47. Ibid., p. 73.


62. Ibid., p. 341.

63. Ibid., p. 143.


70. Bagchi, Private Investment in India, 152.


72. Report of the Committee Appointed by the Secretary of State for India to Enquire into the Administration and Working of Indian Railways (1921), p. 87.


74. Bagchi, Private Investment in India, pp. 169, 423 and 439.


83. For apprehensions of Viceroy Lytton (1876-1880), see V.C.P. Chaudhary, Imperial Policy of British in India (Calcutta: Puthi Pustak, 1968), p. 118.


89. Ibid., p. 10.
90. Ibid., p. 160. Emphases added.


92. For an excellent discussion of the historical specificities of capitalist urbanism, as distinct from those of feudal urbanism, from a class point of view, see I. Katznelson, "Community, Capitalist Development, and the Emergence of Class", Politics and Society, 9(1979), pp. 203-37.

93. Ibid., p. 227.


98. S.J. Lewandowski, Migration and Ethnicity in Urban India (Delhi: Manohar, 1980), p. 50.


100. For excellent details of these aspects see R. Chandravarkar, "Workers' Politics and the Mill-Districts in Bombay between the Wars", Modern Asian Studies, 15(1981), pp. 603-47.


104. Ibid., pp. 613-5.


106. Cf. Marx's letter to J. Weydemeyer of March 6, 1852, in Marx and Engels, Selected Correspondence, p. 86; and S. Hall, "The 'Political' and the 'Economic' in Marx's Theory of Classes", in Hunt, ed., Class & Class Structure, pp. 54-5.


113. Pavlova, The Indian Capitalist Class, 383.


115. These descriptions are based on the ideas of Poulantzas, Classes in Contemporary Capitalism, p. 71; and Levkovsky, Capitalism in India, pp. 310-1.


128. This argument was originally developed by Weber and later expanded by others. See, for instance, Kennedy, Jr., "The Protestant Ethic and the Parsis", pp. 16-26.


132. Dalmia; op. cit., p. 69.


147. For details, see Das Gupta, "Structure of the Labor Market in Colonial India", pp. 1781-806.


149. See Wilensky and Lebeaux, op. cit., p. 56.


153. An occupation may be defined as "a particular class of work activity whose practicing individual members perform generally similar tasks in the production of goods and services regardless of their particular organizational or industrial affiliation. The dividends of this work activity for the individual members are both financial remuneration and social prestige with the magnitude of such dividends usually dependent on the relative importance of their particular work activity to the society." See E.B. Harvey,
Occupations become professions when they acquire generally these characteristics: (1) skill based on theoretical knowledge; (2) the provision of training and education; (3) testing the competence of members; (4) organization; (5) adherence to a professional code of conduct; and (6) altruistic service. See T.J. Johnson, Professions and Power (London: Macmillan 1972), p. 23.


CHAPTER NINE

DEPENDENT CAPITALIST DEVELOPMENT: RISE OF THE CAPITALIST STATE.

I. Introduction

The major objective of this penultimate chapter is to focus on the historical formation of the dependent capitalist state in colonial India. Like the other two integral components of colonial social change (the dependent capitalist mode of production and the dependent capitalist class structure), the dependent capitalist state was also the dialectical outcome of an interplay of constraints and accelerators that sprang from both metropolitan and indigenous forces of determination. Similarly, it was again the metropolitan forces which prevailed upon the historical constitution of a dependent type of capitalist state. The predominance of the metropolitan forces lay, in the final analysis, in the fact that the British represented superior class forces—the social relations of the specifically CMP—in terms of their political and ideological potency. As the indigenous social classes—the social relations of the dependent CMP—increasingly became politically and ideologically effectual, especially in the monopolistic phase of metropolitan capitalism marked by the decline of Britain vis-à-vis other metropolitan centres of industry, the political and ideological domination of the
British simultaneously suffered erosion. This process was complex indeed, but it eventually culminated in the nationalization of the Raj, i.e. the Indianization of the colonial state, and in the demise of colonialism. In class terms, the Raj (the colonial state) then, from the 1920s when a significant transfer of political power was taking place, increasingly came to crystallize and embody the dominance of and the contradictions between the indigenous social classes constituted as a nation.

In the long run, however, this was possible because of the successful political and ideological struggles launched by the representatives of the newly arisen capitalist class structure. The peasantry, especially of the smaller variety, too played no mean part in the nationalist movement and, ultimately, in limiting the role of the emergent national capitalist state as a guarantor and reproducer of the conditions of indigenous capitalist production and accumulation. In other words, the capitalist state which developed in colonial India, though historically specific, was not essentially what obtained in the metropolis. The metropolitan-colonial interaction resulted in the formation of what can be legitimately called a dependent capitalist state.

The weakness of this state stemmed from the dependent capitalist class structure. The dependence of the latter manifested in many ways. For instance, the newly born
mercantile and industrial class remained weak as a political and ideological force vis-à-vis other indigenous social classes in the colonial social formation. The process of the emergence of nationalism was delayed. They also lacked the political and ideological strength to overdetermine the actions and policies of the hegemonic fraction of the nationalist leadership whose ranks were filled mainly by members of the new middle class. As a result, the actions and policies of the nationalist leadership were not fundamentally oriented towards securing conditions of private capitalist production and accumulation. The weakness of the inadequately developed capitalist class presupposes the weakness of the industrial proletariat as well, for their developments are reciprocal. The weakness of the former rules out the latter's ability to seize political power and accomplish a proletarian revolution.

From this point of view, another objective of this chapter is to highlight not only the direct metropolitan class character of the Raj for most of the period of colonialism, but also the class base of the emergent national capitalist state with significant devolution of political power from the 1920s. In brief, this chapter shows that the rise of the dependent capitalist state was the final dimension of the historically specific social change that India experienced in course of its movement from Mughal feudalism to colonial capitalism.
II. The Capitalist State: Aspects of Underdevelopment

Preliminary Remarks

In chapters 3 and 7 I discussed certain indigenous constraints that inhibited the capitalist state formation in Mughal India. I also pointed out that those class-relational and political constraints flowed fundamentally from the inadequacy or immaturity of the conditions in the Mughal social formation—conditions that generate capitalism in all its dimensions. However, it was the various external constraints, emanating from capitalist development and accumulation in the metropolis, that primarily blocked and/or destroyed the formation of the capitalist state or the growth of the conditions thereof in manifold forms: the exclusion of the Indians from decision making positions in the state apparatuses, the concentration of political authority in the hands of the metropolitan ruling class, the policies pursued to secure conditions of capitalist production and accumulation by the metropolitan bourgeoisie, the skewed development of constitutionalism, the lack of organizational expansion of the state structure, etc. Insofar as the state apparatuses embodied and crystallized dominant metropolitan class relations, on the one hand, and the state power secured and maintained for the metropolitan bourgeoisie as a whole conditions of capitalist production and accumulation, on the other, the British-Indian interaction did not necessarily result in the
reproduction of the capitalist state of the former in the latter. Before I examine the role and consequences of the metropolitan constraints, certain relevant remarks are in order.

First, when I refer to the (capitalist) state in colonial India I refer only to the capitalist type of state in the colonial social formation. Since a social formation is the actual site of several coexistent modes of production, the actual state in such a social formation is the product of several types of states. In other words, a real capitalist state may very well embody features of other types (e.g. feudal) of state. Thus, when I discuss the capitalist state in India, I refer to the capitalist type of state which is in formation insofar as the capitalist mode of production was itself in formation in colonial India. In the same way, when I refer to the underdevelopment of the (capitalist) state I refer to the capitalist type of state the formation of which was hindered or slowed down because the development of the capitalist mode of production was hindered or slowed down, as I have shown in chapter 6.

Second, the colonial state is conceptualized here as the materialization and condensation of a complex of contradictory class relations involving not only metropolitan and indigenous bourgeoisies, in particular, but also, in general, dominant metropolitan and dominated indigenous social classes. Until about the 1920s or so there is little doubt that the
colonial Raj represented above all the contradictory unity of the dominant metropolitan social classes including the bourgeoisie and the dominated indigenous social classes including the bourgeoisie within a totalistic hegemony of the former. This embodiment and crystallization of the dominant metropolitan class relations in the Raj is scarcely surprising in view of the presence of internal constraints (such as the weakness of indigenous capitalist elements, the lack of nationalism, etc.) bequeathed by the Mughal social formation.

Finally, it is most important to note that neither the political and ideological domination of the metropolitan social classes through the state apparatuses nor the accumulation by the metropolitan bourgeoisie in colonial India was a mechanical imposition simply because their source lay exclusively in the metropolis. More specifically, the internal class base of metropolitan domination as a whole or the metropolitan bourgeois class character of colonial state power also derived very importantly from the presence of a mass of small holders' whose numbers expanded phenomenally throughout the period of colonialism. It is this fact that accounts for the concentration of political authority in the metropolitan hands or the exclusion of the Indians from the decision-making state apparatuses. This accounts for the Raj emerging as a form of military-bureaucratic state. It was surely not a sign of an overdeveloped state, as some sociologists suggest, but rather a symptom of the underdevelopment
of a capitalist state in various forms including its facilitation of the accumulation of capital by alien bourgeoisie. The reason for this is, as Marx and Brenner have particularly demonstrated, that the decline or insignificance of the peasants, a transitional class, vis-à-vis other classes (especially the market minded or capitalist landlords) is itself symptomatic of the growth of capitalist class relations and, hence, of the capitalist state. In brief, the internal class base of the Raj and the metropolitan bourgeoisie class character of the Raj's power rested on the interlocking of the dominant metropolitan bourgeoisie with the subordinate indigenous petty agrarian bourgeoisie - a pattern that was the product of another development, that is, the interlocking of industrial Britain with agrarian India within the contexts of global capitalism and its division of labor.

**Metropolitan Bases of the Colonial State and State Power**

The origin, nature and functions of the colonial Raj were, in a sense, predetermined by the structure of the relations of dominance and subordination between the mother state (i.e. the metropolitan national capitalist state representing all its social classes constituted into a nation under the hegemony of the metropolitan bourgeoisie) and the colonial state. For the same reason, the Raj remained, until about the 1920s, almost exclusively bound by various means to implement and enforce the priorities (e.g. retention of the
colonial market for the metropolitan manufactures, guaranteed
use of the colonial army to defend the world wide interests of
the metropolis and its bourgeoisie, payments on accounts of
Home Charges, and so on) not of colonial India but of the
metropolis. If the capitalist state in the metropolis must
"maintain, and if possible strengthen, the economic position
of national capital vis-à-vis that of other nations and secure
economic prosperity at home," the colonial state, as its
agent, must maintain, and if possible strengthen, such
national capital in the colony and, accordingly, produce and
reproduce the necessary conditions for capitalist production
and accumulation in the interests of the metropolitan bour-
geoisie. Because a colonial state was a colonial state,
structurally it could hardly do anything without the super-
intendence, direction and control of the metropolitan state.

A few examples of this structural subordination of the
colonial state to, rather than its relative autonomy from, the
metropolitan national capitalist state may be provided. In
the context of the loss of America (1776-1783) by Britain,
Governor General Hastings stated that it was "incumbent on
those who are charged with the interest of Great Britain in
the east to exert themselves for the retrieval of the national
loss." Trevelyan directly points to the absence of any
relative autonomy of the colonial Raj in his evidence before
the Select Committee of the British Parliament in the early
1870s:
The truth is that the Home Government, or rather the Home Government, backed by the Home public, has a giant's strength which no Indian Government can stand against; and when the Government of India, powerful as it is in India, sees that the people of England are bent on a thing, and have their heads full of it and their imagination excited, and are determined to have it, the Indian Government cannot resist it.

To put it otherwise, as a Secretary of State for India (Marquess of Salisbury) said, the "interests of England and her vast Empire must be considered in the first instance, and India may occasionally suffer by that necessity." All this, boils down to the fact that the Raj was guided, in all its actions and policies, by "the 'national situation' not of the colony but of the metropolis." The Raj was, as Vicgroy Curzon aptly put it, "a subordinate branch of the British Government 6,000 miles away."

Having outlined the general nature of the colonial Raj vis-à-vis the metropolitan state under the hegemony of the metropolitan bourgeoisie, let me highlight some of the structural bases that connected the two.

It may be asserted very strongly that colonialism produced a colonial structure in dominance that inscribed within itself the subordination and subservience of the Raj to the metropolitan state and to realizing, on a priority basis, the interests of the metropolis. Consider, for instance, the role of the Raj in the phase of mercantilism which prepared the ground for the rise of industrial capitalism.
in the metropolis. As I argued in chapter 2, the national priority of the metropolis was very much tied up with the mercantilism that stood for increasing wealth and power of the British nation state. Whether it is "the exploitation of raw materials" for the metropolitan manufacturing industry or it is "colonization itself", these were "of necessity national policies" to be implemented by the metropolitan state. Before the rise of colonialism, Josiah Child, a director of the English East India Company, wanted to realize the mercantilist objectives of the metropolis in the later 17th century in order "to make the English Nation as formidable as the Dutch or any other European nation" in India. In the mid-18th century the English Company remained subject to various controls "according to some concept of the national interests."

Similarly, the political economic doctrines, such as those formulated by Adam Smith, David Ricardo, James Mill, John Stuart Mill and others, arose in the metropolis but these became the guide-posts of virtually every policy debated or implemented in colonial India. There is little evidence, so argues Lionel Robbins, that these political economists often went beyond the test of national advantage as a criterion of policy" and that "we get our picture wrong if we suppose that the English Classical Economists would have recommended, because it was good for the world at large, a measure which they thought would be harmful to their own community."
The point may very well be illustrated by the following observation by Charles Grant, then the President of the Board of Control, who states in 1833 why free trade should be implemented from 1834:

The establishment of an advantageous system of trade with the regions of the East, though primarily to be desired on account of the manufacturing and commercial interests of this country, is hardly less material to the well being of our eastern subjects; and, on the other hand, the establishment of a just and benignant system of administration over the territories of British India, an object of the last moment to the nations who inhabit them, is, at the same time, not only most important to our national honour, but must, in several views, reflect back on us the benefits which we bestow; and, among other considerations, cannot but essentially minister to the commercial and manufacturing interest more immediately consulted under the former head of arrangement.

...now in India we have found an abundant demand for British staples. That which is wanted is a corresponding return; and should this be more extensively furnished through the medium of the China trade, the interests of England would be materially promoted, even though the amount of British imports into China remained the same.

Not surprisingly, metropolitan merchant capital, as represented by the Company, had quietly disappeared by 1834 and colonial India became more vulnerable as a market to metropolitan manufactures.

Another structural constraint, that inhibited the autonomous expansion of the colonial Raj, lay in the political and administrative relationship between the Raj and the metropolitan state. The Raj itself was subject to dual controls
of the Court of Directors (i.e. the governing body of the
Company), on the one hand, and the Board of Control (i.e.
the agency of superintendence, direction and control by the
metropolitan state), on the other, until 1858 when colonial
India passed into the direct administration of the metropolitan
state. These two bodies worked harmoniously in general
although there developed a strong tendency to increase the
control exercised by the Board of Control, the agency of the
metropolitan state. The Company's political role having
altogether ceased in 1858, the Raj was subordinated to the
Secretary of State in Council replacing the Board of Control.
The Secretary's powers were even greater than those of the
President of the Board of Control for the simple reason that
there was now only one controller, the metropolitan state.
The subordination of the Raj can be put very well in the words
of a Secretary of State who wrote to the Raj the following in
1870:

The Government established in India is (from the
nature of the case) subordinate to the Imperial
Government at home. And no Government can be
subordinate unless it is within the power of
the Superior Government to order what is to be
done or left undone, and to enforce on its
officers, through the ordinary and constitutional means, obedience to its directions as to
the use which they are to make of official
position and power in furtherance of the policy
which has been finally decided upon by the
advisors of the Crown.

It is not be be assumed that the authority of the Secretary
of State was merely formal. On the contrary it was terribly real, "a living control" that was exercised "not very sparingly" as Sapru stated in 1923. I have already drawn attention to certain examples of real control exercised by the Secretary of State (e.g. control exercised over the stores purchase policy of the Raj).

No less fundamental was the social distance between the dominant metropolitan social classes and the subordinate indigenous ones. The racial cleavage operated to retard the indigenization of the Raj in terms of both political participation of the Indians in the state apparatuses and pursuit of policies conducive to securing the conditions of capitalist production and accumulation by the indigenous bourgeoisie. In the formative phase of the colonialism, metropolitan orientalists (including Warren Hastings, William Jones, and others), whether driven by intellectual curiosity or not, tried to make "the best case they could for the Hindus, even if they could not conceive of a case in other than European terms." Towards the end of the 18th century, since when the industrial dominance of the metropolis became increasingly clear, the British became conscious of their racial "superiority". At its bottom lay "growing national pride and arrogance." From then on racial cleavage continued to widen centering around the sense of all-round superiority of the British and the feeling of resentment by the Indians. The steady growth of racial prejudice became "a psychological concomitant of
imperialism." The Indians came to be viewed, as Charles Grant put it in 1792, as "a race of men lamentably degenerate and base." By the 1840s, the word 'native' came to be replaced by the word 'nigger' especially by those not belonging to the covenanted civil service.

The Revolt of 1857, while acting as a brake upon the evangelical and utilitarian reformism on the one hand and demonstrating the vulnerability of metropolitan domination on the other, further exacerbated the racial antagonism and hatred of the metropolitan social classes. To add fuel to the fire, race theories came into prominence in different metropolitan centres of industry. By 1860 the British were conditioned "to think in racial terms." Viceroy Mayo (1869-1872) instructed the Lt. Governor of Punjab: "Teach your subordinates that we are all British gentlemen engaged in the magnificent work of governing an inferior race." In the context of the employment of Indians in subordinate positions, Viceroy Lytton (1876-1880) stated that "the essential and insurmountable distinctions of race qualities" were "fundamental to our position in India."

A few dimensions of racial cleavage between the dominant and subordinate classes may be highlighted. While many Indians became Anglicized, "the British never became Indianized". They remained a tightly-knit community creating "for themselves in India a social world intended to be as much like life in England as possible." The growth of
racial distance did not simply affect ordinary Indians. It also affected those leading Indians who were pioneers of social change. For instance, Rammohan Roy (1772-1833), one of the pioneers of the Bengal Renaissance, "did not win the affection of the majority of Europeans in Calcutta. They resented the fact that a 'presumptuous black' should surpass them in knowledge and persuasiveness concerning the important issues of the day." It was the same with his British partners, who visualized India's future only as "a vast agricultural dependency feeding raw materials to British industry", and the indigenous captain of industry, Dwarkanath Tagore (1794-1846), who conceived of India "as a potentially modern, industrialized nation". All the overtures, industrial or social, came from Tagore. In particular, his metropolitan partners did not "reciprocate his bid for genuine social intercourse. It was at his home that they gathered to be lavishly entertained by their solicitous host; they did not return the invitation. If Dwarkanath wanted interracial cooperation, he had to provide the framework, whether it be a charitable society or a joint-stock company." Finally, the most authentic manifestation of the racial distance between the dominant and the dominated was built around the Ilbert Bill of 1883. Ilbert, the legal member in the council of Viceroy Ripon (1880-1884), introduced this bill to give Indians equal powers with the British as magistrates. The opposition to this Indianization of the Raj united almost all of the
British, whether officials or not. As a result, Ripon was forced in the end to drop the Bill. By this time, however, nationalism as a force uniting the Indians was on the horizon. In the last days of 1883, when the British were celebrating their victory, the Indians were convening their first National Conference at Calcutta. In the long-run, there is little doubt that British nationalism produced its antithesis, Indian nationalism.

Last, but not least, was the role of oriental despotism whose historical origins go back to the earliest European perception of the Eastern political systems. It was tenaciously espoused and enforced by the metropolitan ruling class in colonial India. At bottom, oriental despotism became a political and ideological hindrance to the Indianization of the Raj and a legitimating maneuver for justifying the concentration of all powers in the hands of the ruling class. If Indians were consigned, as they were after the revolt of 1857, "to a permanent and irredeemable status of inferiority of color, anatomy, and intellectual and moral endowments," how could they do without the providentially efficient metropolitan rule? Thus, Charles Wood, a Secretary of State, like many others believed that the Raj was bound of necessity to be a despotism. In 1861 he wrote:

I am as much as anybody can be for the self-govt of a colony of British settlers. They can manage their own affairs, & if they mis-govern themselves they suffer & will learn to mend their ways - but such a form of gov't seems to me singularly unsuited to India.
Warren Hastings justified despotism in the 1780s to improve or create new resources and to reform abuses. More than a century later, in 1907, Viceroy Minto (1905-1910) stated that, as long as the uneducated masses remain absolutely incapable of understanding the meaning of representative government and of taking any effective part in the election process, the Raj "must remain autocratic" and "the sovereignty must be vested in British hands and cannot be delegated to any kind of representative assembly." Stated plainly, India must pass through all stages through which Britain itself passed since the Middle Ages before Indians can achieve the capacity for self-governance:

Having examined the different bases of metropolitan domination, let me now discuss certain specific forms and consequences of political underdevelopment, i.e. the exclusion of the Indians from vital positions in the state apparatuses and the metropolitan bourgeois class character of state power.

The Colonial Raj and the Metropolitan Ruling Class
Vis à Vis the Indigenous Social Classes

Looking at the state from a dynamic point of view, its formation is related to the developmental logic of class struggles and of the various modes of production in the social formation. The class relations which the state embodies are themselves reproduced and transformed by the state itself. This means that state power is the central focus of struggles between different classes. In India the rise and
consolidation of colonialism from the mid-18th century resulted in the passage of state power into metropolitan hands. The structural consequence of this was not only the exclusion but also the systematic maintenance of the exclusion of Indians from the vital positions in the apparatuses of the Raj until about the 1920s and 1930s when indigenous social classes, especially those of the capitalist class structure (bourgeoisie, proletariat etc.) brought forth by the dependent capitalist mode of production, had become sufficiently strong to reverse the hitherto existing trends. The hindrance to the formation of the capitalist state in terms of the political participation of the Indians in the state apparatuses had important negative consequences, as I shall show. The reason for this is that what the state does it does through state apparatuses that are material crystallizations of specific class relations and of the social division of labor. They were the strategic bases of policies. From this point of view, the overwhelming predominance of metropolitan class relations in the Raj assured the fulfilment by it of the priorities and interests of the metropolis and the maintenance and reproduction of the conditions of capitalist production and accumulation by the metropolitan bourgeoisie.

Table No. provides an indication of the political underdevelopment of the Raj in terms of the extremely poor indigenous representation in the highly paid public services.
Table No. 9.1

General Distribution of Posts Carrying Rs. 200 and Over a Month As Between Europeans, Anglo-Indians, and Indians and Burmans in India, 1887-1913

<table>
<thead>
<tr>
<th>Income Category (Rs)</th>
<th>1887</th>
<th>1913</th>
<th>1887</th>
<th>1913</th>
<th>1887</th>
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<td>200 and over</td>
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<tr>
<td>1887</td>
<td>4,836</td>
<td>4,898</td>
<td>1,001</td>
<td>1,593</td>
<td>3,003</td>
<td>4,573</td>
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<td>1913</td>
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<td>500 and over</td>
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<tr>
<td>1887</td>
<td>3,163</td>
<td>3,691</td>
<td>83</td>
<td>351</td>
<td>427</td>
<td>942</td>
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<td>1913</td>
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<td>800 and over</td>
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<tr>
<td>1887</td>
<td>1,637</td>
<td>2,153</td>
<td>7</td>
<td>106</td>
<td>77</td>
<td>242</td>
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<td>1913</td>
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<td>1000 and over</td>
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<tr>
<td>1887</td>
<td>1,007</td>
<td>1,568</td>
<td>0</td>
<td>69</td>
<td>27</td>
<td>141</td>
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<td>1913</td>
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It has been rightly stated by Mudford that "the concessions which the English in India made towards fuller participation of Indians in the administration of the country were slow and grudging, because they believed the Englishman's job was to rule." No Indian was ever appointed to the superior posts in the covenanted service before 1864. The steel frame of metropolitan administration and political domination was the elite Indian Civil Service (ICS). By 1913 only 5 percent of the ICS was Indian, and the percentage rose to 15 in 1922 when
the first competitive examination was held in India. On January 1, 1947, a few months before the eclipse of colonialism, there were 510 Indians as against 429 Europeans on active service in the ICS. In the same way, if the ICS assured metropolitan domination within British India, the Indian Political Service (IPS) did the same outside, in the indigenous states that survived in subservience. As late as July 1947, there were only 17 Indians out of total of 124 left in the IPS. The reason for the total concentration of political power in metropolitan hands, a sure outcome of the predominance of the metropolitan social classes in the colonial state apparatuses, is not difficult to locate. A high ranking official (J. Strachey) frankly stated: "Let there be no hypocrisy about our intention to keep in the hands of our own people those executive posts – and there are not very many of them – on which, and on our political and military power, our actual hold of the country depends."

Different structural constraints (including the priorities and interests of the metropolitan state, accumulation by the metropolitan bourgeoisie, the racial cleavage between the dominant and the dominated, oriental despotism, the exclusion of indigenous participation) produced two negative consequences for the formation of the modern capitalist state in colonial India. First, the movement towards constitutionalism came to be retarded for its growth would eventually mean extinction of colonialism altogether.
Secretary of State, Wood, was opposed to the constitution of a House of Commons in India which would be, as he said, "a farce if not mischievous." Dufferin, Viceroy (1884-1888), wrote the Secretary of State that "you cannot apply constitutional principle to a conquered country." Like many others, Henry Maine said that the ideal at which the educated natives of India are aiming is absolutely unattainable. How can 180 million souls govern themselves? Responsible and representative Government are terms without meaning when they are applied to such a multitude. Societies of that magnitude have seldom held together at all under the same political institutions, but, when they have, the institutions have been sternly despotic.

There were others, such as Birkenhead, Secretary of State (1924-1925), who doubted whether India "will ever be fit for Dominion self-government."

Second, the centralization of all vital authority in metropolitan hands in the state apparatuses made autonomous organizational expansion of the Raj for attaining developmental objectives (industrialization, education etc.) of a changing social formation almost impossible. Edwin Montagu, Secretary of State (1917-1922), pointed precisely to stagnating colonial state machine when he said in 1917 that it was "too wooden, too iron, too inelastic, too antediluvian to be of any use for the modern purposes we have in view." In 1913 the average population for an ICS executive officer ranged from 200,000 in Assam and Bombay to over
530,000 in Bihar and Orissa. For an ICS judicial officer this number ranged from roughly 500,000 to almost 2 million.

On the one hand, the requirement of compliance with metropolitan priorities by the Raj meant the latter’s subordination to the metropolitan state. This in turn called for tight control by the Raj over its subordinate branches of administration at the provincial levels to keep them in line with the policies of London. Effectively, this meant that provinces were "degraded into mere agents of the centre."

On the other hand, granted the structure of relations between the metropolis and the colony, the organizational or bureaucratic expansion of the Raj remained strictly limited. For instance, in 1843 there were only 4 departments (i.e., Military, Foreign, Home and Financial) in the central secretariat of the Raj. The Department of Public Works came in 1855. It was abolished in 1905 when the Railway Board was established. Between 1862 and 1919 only four new departments were established: (a) Legislative (1829), (b) Agriculture, Revenue and Commerce (1871), (c) Industry and Commerce (1905), and (d) Education (1910) departments.

At the same time, the functions of the Raj remained minimal in view of the limitedness of the objectives (the collection of land revenue, civil and military defence etc.) which it was called upon to realize.
It absolutely refused to build the 'modern' administrative structure necessary to underpinning such freedoms of the market as the courts were coming to provide. The essential development of an efficient and centrally-disciplined police force, to protect 'legal' rights, safeguard the emancipation of the individual from community constraint and impose the rule of law, was neglected. The 'police' continued to be drawn from locally dominant (or warrior/ criminal) castes and to be the agents of local agrarian elites. Equally, the bureaucracy notably failed to provide the courts with the facilities which would enable them to convey their jurisdictions to society. In spite of their new role and increased business, funds to sustain the courts and facilitate their use were kept painfully short. The expansion in the number of courts, especially in the rural areas, was slow; little executive machinery was afforded them so that, in most provinces, the proportion of their decrees which could be enforced was negligible; with the new weight of business, delays in obtaining legal arbitration remained enormous. In effect, if the rule of law were meant to provide the social and political force driving the market economy, the Raj was doing its best to see that it had little power.

Colonial India had neither a written constitution nor an independent legislature which remained subject to the executive that could make or unmake laws. Neither was the judiciary independent because it was dependent on the executive (ICS) for the recruitment of its members and because law was at bottom a department of the executive. When a separate judicial branch of the ICS was constituted in the 1870s, the linkage between the executive and the judicial continued in the sense that the judicial members of the ICS were not required to possess specialized knowledge or qualification.
in law. As late as 1913, the Raj sanctioned a scheme for improved legal training for the judicial officers of the ICS.

The Metropolitan Bourgeois Class

Character of State Power:

State power is a relation between social class forces expressed in the content of state policies. The class character of these policies may be seen in their direct effects upon the forces and relations of production, upon the ideological superstructure and upon the state apparatus. ... The class character of a given state power does not necessarily refer to back-stage string-pulling; it denotes the societal content of the actions of the state, and indicates thereby the ruling class of that society.

Before I illustrate the metropolitan bourgeois class character of colonial state power, certain pertinent remarks are in order. First, it must not be assumed that the members of the ruling class, i.e. those occupying positions in the state apparatuses and exercising state power, directly belonged to the metropolitan bourgeoisie, whether in India or in Britain, or were their agents. Second, the metropolitan ruling class was not necessarily homogeneous. Third, neither was the metropolitan bourgeoisie a homogeneous class. For instance, a fraction of the metropolitan bourgeoisie sold textile machinery to the Indian bourgeoisie and this was not in the interests of the metropolitan textile manufacturers. Finally, the ability of the metropolitan bourgeoisie to bend the colonial Raj and/or the metropolitan state to obtain policy
decisions favorable to their accumulation was structurally limited by other considerations, namely the overall financial standing of the Raj and the commitment of the Raj to fulfill metropolitan priorities to support the larger British imperial interests worldwide.

Having said this, I should point out that there is a large body of evidence to show that the Raj secured and maintained conditions of capitalist production and accumulation, not for the indigenous bourgeoisie as such, but for the metropolitan bourgeoisie for most of the period of colonialism. In addition to the evidence in chapters 4 and 5, there is more to support what Leys said in the context of Kenya. "To the extent that the state in the metropolitan countries was a 'committee for managing the common affairs of the whole bourgeoisie', the state which emerged in the periphery country was a sort of sub-committee." From this point of view, the Raj was not, and could not be, given the structure of the metropolitan-colonial relations, independent of the metropolitan bourgeoisie. Until about the 1920s the Raj remained a capitalist state of the metropolitan bourgeoisie insofar as it made the expanded reproduction of the national metropolitan capital possible. Viceroy Elgin (1894-1899) thus describes the role of the Raj in 1899:

India has most of the advantages which are calculated to inspire the capitalist with confidence. It has cheap labor and abundant resources awaiting development and every year becoming more accessible. It has above.
all, the protection of a great Empire pledged to the security of life and property at home and abroad. Why should not English capital feel attracted by these opportunities and as safe here as in other parts of the Empire?  

There are several immediate reasons for this. First, although the ruling class individuals were not directly agents of members of the metropolitan bourgeoisie, it can be strongly argued that the former were committed to the values, belief and orientations characteristic of the worldview of capitalism. Almost all of them were champions of private enterprise, pure and simple. The policy of laissez-faire that was enforced in India was itself a secular religion in Britain, and the metropolitan ruling class could hardly do anything without it. John Lawrence, Viceroy from 1864 to 1869, was one of the very few who, having been irritated by the excesses of metropolitan bourgeoisie in colonial India, favored occasional intervention by the state for "social, financial and even political reasons". Even then, he said: "I have not a particle of jealousy of English enterprise in India. On the contrary, I sympathize with it and take an interest in it, and have assisted, and will assist it, whenever I can do so conscientiously."

At the other end of the spectrum were those who became the unswerving guardians and defenders of metropolitan capital and capitalists. For instance, Viceroy Dufferin considered it a "criminal" dereliction of duty if the Raj failed to
watch over and protect the commercial interests of the mother country and of the metropolitan bourgeoisie. From the 1920s when socialist and communist forces were increasingly visible on the national scene in their struggle against metropolitan domination, the ruling class repeatedly cracked down on them, e.g. the Peshwar Communist Conspiracy Case (1923), the Kanpur Bolshevik Conspiracy Case (1925), the Meerut Communist Conspiracy Case (1929-1933). The Communist Party of India remained banned between 1934 and 1942. The Raj emerged as the defender of private property. As Viceroy Irwin (1925-1931) put it: "India as much as, or perhaps more than, any country in the world has constructed her life upon the framework of property and social custom and distinction."

Second, even if the ruling class in the state apparatus was not necessarily of one mind always on matters of policy formulation and enforcement, it should be qualified by pointing out that "if a particular policy happened to be vital, the final decision almost always went against Indian interests." Finally, there were other reasons that brought the metropolitan bourgeoisie closer to the corridors of colonial state power and the ruling class. For instance, there were various linkages that united them, such as common national bond, common faith in metropolitan supremacy and imperial glory, a common sociocultural background, etc. The indigenous bourgeoisie thus remained at one remove from the colonial state power and was too weak to overdetermine the
content of the state policies to promote their accumulating interests. Furthermore, there is evidence of traffic of personnel between the Raj and metropolitan business.

In addition to what I discussed in chapters 4 to 6, let me give some specific instances of how the Raj directly or indirectly promoted the interests of the metropolitan bourgeoisie. Consider, for instance, the case of the Orissa Irrigation Company in the 1860s. Originally, the Company was to provide the whole of the expenditure and get the whole of the profits. But when the metropolitan bourgeoisie got into difficulties, to quote Trevelyan who was the Finance Member of the Raj from 1863 to 1865, "first of all the Government of India had to subsidize them, and then it took over the concern at an exorbitant rate. In fact, this is an instance of an unsuccessful speculation turned over to the Government of India, that is, to the people of India, at a rate which converted it into a highly successful speculation." The operation of the Company was a complete failure; the Raj inherited the undertaking and the whole loss while the Company got back "the whole of their money at a premium". Trevelyan further points out that the Raj had to take over the Company in view of "the pressure of the monied people in this (i.e. Britain - BKB) country, upon the Secretary of State for India in Council" and that the Raj, left to itself, "would not have done it as a transaction beneficial to Indian interests." The reverse examples are also available.
In Madras, Alfred Chatterton's successfully run pioneer factory for aluminum manufacture was gifted away in 1903 to one Eardley Norton even with half the net profit that came to Rs. 60,000. Similarly, the Barakar Iron Works, though successfully worked by the Raj between 1882 and 1889, was handed over, under the direction of the Secretary of State, to the Bengal Iron and Steel Company in 1889 when the latter was incorporated in England.

The case of locomotive industry illustrates, along with many others, quite clearly the métropolitain bourgeois class character of the state power. In the early 20th century the locomotive manufacturers relied more on political pressure on the ruling class to secure a larger share of the Indian market than on direct competition with the manufacturers of other metropolitan centres of industry in the open market. Lehman, having examined the case of the locomotive industry, concludes that the Secretary of State in the end "had to favor the British firms even giving them special privileges in tendering their bids in addition to awarding them contracts regardless of lower bids by foreign firms."

No where perhaps was the determination of the Raj and the manipulation of its power to advance the interests of the métropolitain bourgeoisie more blatant and naked than in the case of the cotton textile industry. The Raj hastily conceived and built road, canals and ports without regard to the costs involved in order to satisfy the interests of the Lancashire
mill interests. To the very end of colonialism measures were taken to turn India into a producer of raw cotton. The Indian Central Cotton Committee, formed in 1923 to promote improved raw cotton production, financed about 150 to 160 projects for this purpose. Similarly, the metropolitan cotton manufacturers carried on sustained political agitation from 1861 to create and protect markets for their manufacturers in colonial India. The culminating point was reached in 1882 when the Raj repealed all general import duties. Furthermore, from 1894, when pressing financial necessity compelled the Raj to levy a small duty on certain British cotton manufactures, a countervailing excise duty was imposed on Indian mill produced cotton goods in order to remove any protective advantage to the indigenous industry.

Viceroy Hardinge (1910-1916), noted this aspect of metropolitan bourgeois determination of the colonial state power in these words:

This excise duty on cotton goods was imposed on India as a protective measure for the cotton industries of Lancashire and it certainly exposed the British Government to the accusation that India was being governed in the interests of Lancashire rather than of India. To this reproach there was absolutely no reply and I felt its injustice so keenly that I left no stone unturned during my term of office in India to obtain its removal.

The cotton excise duty, it may be noted, was only repealed in 1925 for reasons connected with capital-labor conflict in colonial India. It has been pointed out elsewhere that the
Anglo-Indian Trade Agreement (1939), having been rejected by the Indian legislature, had to be introduced by viceregal certification. In this regard Chatterji's conclusion also points to the determination of colonial state power by the metropolitan bourgeoisie:

Lancashire had got most of her pound of flesh, right up to the eleventh hour of imperial rule. Lancashire had managed to manipulate the imperial connection, in the face of strong nationalist opposition, to gain a favored position in the Indian market. The relative decline of the Lancashire cotton textile industry did not, as some have argued, lead to a concomitant decline in its political clout. It retained its capacity to influence British policy and to mould the Indian economy, though the needs of imperial finance had tended to take a higher priority than Lancashire during times of crisis.

This was hardly surprising because in 1936-38 India was still the largest single market for British cotton piece-goods.

It was again to satisfy the manufacturing interests of Lancashire in the main that the colonial Raj moved to enact India's factory legislation in 1881.

The Indigenous Base of Metropolitan Determination

As I stated above, metropolitan domination, as manifest through various policies and actions of the Raj, did not rest solely on brute force, as some allege, but perhaps to a far greater degree, on the consent of the various indigenous classes, especially on the passive and inarticulate mass of small peasants. Churchill rightly points out that
"our reign in India or anywhere else has never stood on the basis of physical force alone, and it would be fatal to the British Empire if we were to try to base ourselves only upon it." The internal opposition or contradiction between the dominant metropolitan and dominated indigenous classes remained latent until nationalism began to appear from the 1860s onward. As Metcalf put it in 1829: "It is the curse of a government over a conquered, that it cannot trust the people. Our subjects are internal enemies, ready at least for change, if not ripe for insurrection." In any case, the internal basis of metropolitan domination rested, until about the 1920s, on the successful articulation of the relations of the subordinate petty agrarian producers with those of the dominant metropolitan classes, especially the bourgeoisie. Various policies, actions or interventions of the Raj and the ruling class very evidently demonstrate that they were always in search of broad based political support and hence they had to appeal to the largest segment (i.e. the small peasants) of the Indian population. It was on their claim to represent the small producers that the legitimacy of the alien rule largely rested. R.A. Cross, Secretary of State (1886-1892), wrote in 1892 that "the ryot cannot be represented. The other classes are against the ryot whose sole protector is the British Government." In brief, the position was this: "Take care of the peasants and the politics would take care of themselves." As a matter of fact, at no time did the British in India "ever cease to acknowledge a responsibility
for the welfare of the peasantry."

It was the presence of the small peasants that generated so much powerful bureaucratic-military apparatus as the Raj was - a phenomenon that may be designated as colonial Bonapartism. If, as Therborn says, "in reality, Bonapartism expressed not an equilibrium or vacuum of classes, but the power of the big bourgeoisie in a new political conjuncture" in France, colonial Bonapartism implied the power of the metropolitan bourgeoisie in the extraordinary conjunctures of metropolitan capitalism and colonialism. However, colonial Bonapartism was not based on universal suffrage as was the case of French Bonapartism. Several dimensions of the policies, actions or interventions of the Raj and the ruling class may be highlighted in this regard.

The first dimension relates to the land tenurial reforms and tenancy legislation which I discussed in chapter 7. As early as 1776 the Governor General Warren Hastings intended "to secure to the ryots (i.e. peasants - BKB) the perpetual and undisturbed possession of their lands, and to guard them against arbitrary exactions". The welfare of the cultivator was emphatically stated "to be the immediate and primary care of government." In the permanent settlement (1793), the Raj reserved the right to intervene for the protection of the tenant peasants against the landlords. Elsewhere, in different areas, except prominently in Oudh immediately after the Revolt of 1857, land tenure reforms were
inspired by, among other things, explicit political considerations of peasant support and hostility against a potentially powerful landlord class. Munro, the high priest of the small peasant oriented land tenure (i.e. ryotwari) policy, stated in 1794-95 and 1824:

We have only to guard the Ryots from oppression, and they will create revenue for us. ... If we look only to the security of our own power in this country, it would perhaps be wiser to keep the lands, as they now are, in the possession of Government, giving them to the inhabitants in leases of from five to twenty years, than to make them over to them for ever, because there is reason to fear that such a property may beget a spirit of independence, which may one day prove dangerous to our authority. ... One great advantage which the Rayetwar settlement has over every other, is the strength and security which it gives to our Government, by bringing us into direct communication with the great body of the Rayets, or landowners.

William Thackeray, while anxious to retain in metropolitan hands "as much power and influence as is consistent with the preservation of the rights of the people" and hence to maintain "communication and immediate connection with the people at large", also agreed with Munro. In 1807 he explicitly stated that "considered politically therefore, the general distribution of land, among a number of small proprietors, who cannot easily combine against government, is an object of importance." Elsewhere, in the mahalwari areas where land settlements were made with the village zamindars who were also peasant producers, the same considerations were
applied. Holt MacKenzie, one of the founding fathers of mahalwari settlements in the United Provinces, wrote in 1819 that the existence of large landed proprietors "is not, I think, politically advantageous to the interests of government."

Lawrence, who was mainly responsible for peasant-oriented land tenure settlement in Punjab and who secured the talukdars' consent to the right of occupancy for their peasants in Oudh in 1866, eulogized the peasants as the flower of the population. From them all the native soldiers and the native officers come; and they are the men on whose conduct and loyalty, and general contentment with our rule, so much depends; and therefore, in my mind, to conciliate them by a permanent settlement would be a matter of the very highest importance.

The permanent settlement with the peasants, leaving aside the denial of property rights to the peasants in ryotwari areas (viz. Madras, Bombay, etc.), never arrived. On the other hand, the colonial Raj, like the Bonapartist state, continued to draw soldiers from the ranks of the small peasants.

Second, the continued prestige and emergence of the small peasants, on the one hand, and the needs of the Raj and the ruling class to remain in direct contact and communication with those peasants, on the other, generated the institution of the district officer who was usually called the district collector and/or magistrate. Usually dawning from the ICS, he was the real embodiment of metropolitan dominance, and enjoyed
literally wide ranging civil, judicial, and police powers that were sufficient to link "the agricultural class" to the rulers at the provincial, national and metropolitan levels of authority. Among other things, so observes the Report of the Royal Commission upon Decentralization in India (1909),

he is concerned with questions relating to the registration, alteration, relinquishment or partition of land-holding which pay revenue direct to Government, and, in the greater part of India, has to deal in these respects with an immense number of petty peasant proprietors. He is likewise, in most provinces, concerned with the adjudication of disputes between landlords and tenants, and also with the administration of estates taken under the management of the Courts of Wards.

In brief, the function of the district officer, until about 1920s when politicization and nationalism were activating the peasants increasingly in favor of the nationalist politicians, was "to mediate between a specialized service and the people."

From the mid-19th century onward several consequences resulting from de- or non-industrialization and peasantization became increasingly evident. There arose immediately the problem of unemployment of the newly educated. This problem encouraged the unemployed to join the ranks of the nationalists who increasingly, as metropolitan capitalism and colonialism passed into its final phase, questioned the efficacy of the metropolis-dictated policies of Raj and, eventually, the representativeness or legitimacy of the metropolitan rule.
as a whole. To counter this, the ruling class again claimed to represent the masses—the small peasants. Viceroy Dufferin said in 1888:

The chief concern of the Government of India is to protect and foster the interests of the people in India, and the people of India are not the seven or eight thousand students who have graduated at our Universities, or the Pleaders recruited from their numbers who are practising in our Courts of Justice, or the newspaper writers, or the Europeanized Zamindars, or the wealthy traders, but the voiceless millions whom neither education, nor civilization, nor the influence of European ideas or modern thought, have in the slightest degree transfigured or transformed from what their forefathers were a thousand years ago.

The voiceless millions—the small peasants in the main—of whom Dufferin spoke were also "the patient, humble, silent millions" to another Viceroy, Curzon, as he referred to them in 1905. The Indian peasant, said Curzon, has been in the background of every policy for which I have been responsible, of every surplus of which I have assisted in the disposition. "Above all let us keep him on the soil and rescue him from bondage or expropriation."

At bottom, the problem which confronted the Indian peasant and hence the internal social base of metropolitan domination was rooted in the operation of the contradictory forces released by the metropolitan capitalism and colonialism. More specifically, as the Mughal social formation became subject to the developing forces of capitalism and as market forces began to operate autonomously, it shook the very basis.
of the rural social structure. Agrarian discontent for various reasons (e.g. the tendency of the landlords to increase rent or evict, the growth of peasant indebtedness and hence the compulsive transfer of lands to creditors, etc) threatened metropolitan rule. As Curzon, like many others, said, the ruin of the peasants constituted "a grave political as well as economic danger." This meant interventions in manifold forms by the Raj to ameliorate the condition, or rather to prolong the misery, of the small peasants.

One form of intervention, in the third place, was the passage of a plethora of tenancy laws in various provinces, beginning with the Bengal Rent Act of 1859. In chapter 7 I already referred to this aspect. Like the French Bonapartist state, the Raj could not give to one class (the peasants) without taking from another (the landlords or potential landlords). Thus, further peasantization followed. Another form of intervention was purely legislative. For instance, the introduction of the Code of Civil Procedure in 1859 enabled "the district officer to disallow the alienation of land if this would cause hardship to the people concerned." This code was further amended in 1877 to save the debtor peasants in various ways. The amended provisions were utilized immediately in Bombay and the Central Provinces. But the survival of the small peasants seemed in even greater danger with the progress of capitalism and this prompted the Raj to pass legislation expressly restricting the alienations of
land. The peasants' riot in the Bombay Deccan in 1875, directed at the moneylenders, was followed by the passage of the Deccan Agriculturists' Relief Act in 1879. Of far greater importance was the passage of the Punjab Alienation of Land Act (1900) which made the alienation of land in the open market even more restricted and allowed the Raj to intervene between the parties concerned. Here, again, political expediency prompted the metropolitan ruling class to push for the passage of this legislation for strengthening the petty agrarian elements. But their condition remained as precarious as ever for there were indications that the indebtedness of the Punjab peasants did not at all decrease. Among other things, this was indicated by passage of a plethora of subsequent laws to save the peasantry in face of the rising tide of capitalism in Punjab and elsewhere in colonial India. Another form of state intervention to ameliorate the condition of the sinking small peasantry was the popularization of the cooperative movement and credit institutions. The concern of the Raj in this regard was, again, "directly related to the stability of British rule over India and the maintenance of British authority over the country." The number of cooperative societies increased from 843 in 1907 to 3,498 in 1910, 39,361 in 1920, 102,639 in 1930, 136,344 in 1940, and 171,699 in 1946. The number of members in these societies increased merely from 1,610 in 1920 to 4,268 in 1930, 6,130 in 1940 and 9,166 in 1946.
But this cooperative movement did not work.

Fourth, in the mid-1910s, when the educated unemployed were fast joining the ranks of nationalists and political agitators and demanding the Indianization of the Raj, the metropolitan ruling class intervened not only to limit and control higher education but also to spread education among the masses (mainly small peasants) in order to gain their support and, hence, bolster the legitimacy and representativeness of the Raj. Curzon expressly stated that "in proportion as we teach the masses, so we shall make their lot happier, and in proportion as they are happier, so they will become more useful members of the body-politic." As a matter of fact, since then primary education made rapid strides. To be sure, it was, among other things, only a step towards the politicization of the inert masses.

Finally, the last form of state intervention, perhaps the last shot in the arsenal of the metropolitan ruling class, was the direct politicization of the peasants by means of enfranchisement. This came in the 1920s and 1930s when the metropolitan ruling class and the Raj were in direct confrontation with all indigenous classes united into a nation and, more importantly, when the nationalist leaders were also in the political and ideological arena seeking to win the allegiance of the peasant masses. For the ruling class then it was no longer a matter of securing for the peasant "possession of his plot of land", improving "seed or stock".
manures, ploughs, wells", providing "facilities for grazing his cattle or getting wood for his implements" or even establishing "co-operative banks to lend him money and co-operative societies to develop his market". It was above all a matter of teaching him to learn how "to shoulder political responsibilities."

Hitherto, they have regarded the official as their representative in the councils of government; and now we have to tear up that faith by the roots, to teach them that in future they must bring their troubles to the notice of an elected representative - further, that they have the power to compel attention.

However, until the peasant could so, the metropolitan ruling class reserved the right to "retain power to protect him."

III. The Capitalist State: Aspects of Dependent Development

Preliminary Remarks

The historical formation of the dependent capitalist nation state was indubitably the final dimension of the social structural transformations which India experienced in the course of its movement from Mughal feudalism to colonial capitalism. The formation of this state was indeed a complex process that only culminated in the total nationalization of the colonial Raj, i.e. the Indianization of the colonial state, and in the eclipse of colonialism itself. The process involved the complex replacement of the hegemony of the metropolitan social classes, especially from the 1920s, by
that of the indigenous ones in the state apparatus. The indigenization of the state or, alternatively, the development of the capitalist state, took many forms including the gradual devolution of power to Indians at different levels, the increasing recruitment of Indians into the state apparatuses, and the greater responsiveness of the metropolitan ruling class and the Raj to policies favorable to colonial industrialization or to capitalist production and accumulation by the indigenous bourgeoisie. However, the capitalist state that emerged as a product of the interaction between metropolitan and indigenous forces was not the exact reproduction of one found in Britain or in other metropolitan centres of industry. It was a rather weak, dependent, capitalist state for the bourgeoisie above all was far from a universal class vis-à-vis other classes, especially the petty industrial and agrarian producers. The predominance of the latter two is hardly surprising as my findings especially in chapters 6 and 7 suggest.

Aspects of Capitalist Class Formation: The Development of Consciousness and Organizations

An integral component of the capitalist state formation was the emergence of the fundamental classes, i.e. the bourgeoisie and the proletariat. In chapter 8 I discussed the historical formation of the capitalist class structure mainly from the point of view of the class-in-itself, i.e. from the point of view of its position in relation to the means of
production in the capitalist mode of production. I also drew 
attention to the roles of the mass media and colonial urbanism 
in promoting a national and a class consciousness. Here, I 
want to discuss class formation from the class-for-itself 
point of view insofar as this led to the nationalization of 
the Raj or Indianization of the colonial state. The emergence 
of the class-for-itself involves the development of class 
consciousness, on the one hand, and of class organizations, 
on the other. Class consciousness develops, as an attribute 
of common action and a "we" identification, when class members 
or individuals "become consciousness of their common identity, 
interests and political goals." This entails their organ-
ization on that basis. The passage from a class-in-self 
to a class-for-itself is more complex than not in the con-
crete. Put simply, the class-for-itself refers to how a 
class, having defined its goals and interests and achieved a 
certain unity, is constituted in the course of its political and 
ideological struggles in the political arena.

Against this background, let me point to some pertinent 
dimensions of the development of class consciousness and organ-
izations among the indigenous, national, bourgeoisie. The 
first Indian Chamber of Commerce, expressive of "the growing 
sense of dissatisfaction of the Indian commercial community 
against the discriminatory policies of British rule," was 
founded in 1885, when Indian National Congress (INC) was also 
founded. Since then, especially from the 1920s, a plethora
of Chambers of Commerce were established to safeguard the interests of the indigenous bourgeoisie. This culminated in 1927 when the Federation of Indian Chambers of Commerce and Industry (FICCI) was formed in reaction to the organization of the Associated Chambers of Commerce of India and Ceylon (ASSOCHAM) established by the metropolitan bourgeoisie in 1920 to safeguard their own interests. The growth of bourgeoisie class consciousness at the individual level can be illustrated in the words of G.D. Birla, the premier representative of the national bourgeoisie, who said in 1953, while acknowledging the superiority of the entrepreneurial abilities of the metropolitan bourgeoisie, that their racial arrogance could not be concealed. I was not allowed to use the lift to go to their offices, nor their benches while waiting to see them. I smarted under these insults, and this created within me a political interest which, from 1912 until today, I have fully maintained. There were no political leaders, apart from the late Lokmanya Bal Gangadhar Tilak and Gokhale, with whom I did not associate; there were no political moves in the country in which I did not take a deep interest and try to help in my own way.

The following is an example of the growth of class consciousness at the level of collectivity taken from the testimony of an Indian capitalist (S.R. Bomanji) before the British Parliamentary Committee enquiring into the conditions of Indian exchange and currency (1920):

There is just one thing I would like to say with regard to the political effect of currency. You are probably aware that, within the last two or
three years, a lot of monied people - I am talking of the Marwaris and the mercantile classes - are taking more and more interest in politics, and are going in more for political activities. The reason is that they are beginning to understand that, in their own dealings, they have a certain amount of grievance against the Government. I will give you an instance of that. A couple of years ago I went with one or two others to collect money for political funds, and, to my great surprise, in two hours, in the silver and bullion market, where I am familiar with big merchants, I got 36,000 rupees. That was in October 1917. That simply arose from the fact that Indian people are beginning to understand now in their own dealings that the restrictions imposed on trade in regard to silver transactions in which they are interested practically everyday, are not imposed with a view to India's interest, but with a view to the interest of someone else; and it is this knowledge that they have acquired through their business dealings that adds recruits to the political parties and the political activities of India.

Despite the divisions among themselves on specific issues and interests, there are strong indications that the indigenous bourgeoisie had emerged in the 1920s and 1930s as an effective political and ideological force. This can be seen in the opposition to proletarian movements, the presentation of the Bombay Plan (1944) to promote indigenous large-scale capitalist industrialization, the boycott of the Round Table Conference in London in 1930, the denunciation of the Ottawa Agreement (1932-39) and the Anglo-Indian Trade Agreement (1939).

In this connection it is most important to note the relationship of the indigenous bourgeoisie to the hegemonic fraction of the Indian nationalist leadership within the INC.
(i.e. Indian National Congress) which tasted political power even before the eclipse of colonialism. Their relationship was indicative of things to come, i.e. the ability of the bourgeoisie to overdetermine the policies of the emergent nation state, to indirectly secure and promote the conditions of private capitalist production and accumulation. For three important reasons it becomes evident, as my findings suggest, that their relationship was not at all one of unlimited happy collaboration or that the emergent state power was not exclusively determined by their interests as some analysts seem to suggest. First, under specific conditions of dependent capitalist development the bourgeoisie as a whole remained weak vis à vis petty agrarian and industrial producers, as I have repeatedly stressed above. The bourgeoisie was incapable of undertaking large-scale colonial industrialization for various reasons, including the large investment involved, technological dependence, etc. It was also incapable of acquiring "social hegemony over the values and aspirations of Indian society." Second, the hegemonic fraction of the INC was, since the 1920s, in competition with the metropolitan ruling class for the allegiance of the largest segment of the population. This meant a reorientation of the programs and policies of the nationalist leadership to implement, to a certain extent, the interests of the petty bourgeois elements. Third, the nationalist leaders (such as Jawaharlal Nehru,
M.N. Roy, and many others, came to be convinced that capitalism and the bourgeoisie had already exhausted their roles as historically progressive social forces in the struggles against imperialism and for national liberation. They increasingly came to rely on the mass of peasants and workers (including the industrial proletariat) as the quickest road, not only to independence, but to socialism as well. In this, the nationalist leadership was influenced by contemporary international socialist thinking and political developments.

In the context of the inadequate industrial capitalist development and of the growing political importance of the petty agrarian and industrial producers, there developed a strong tendency in colonial India, as elsewhere in other third world countries, among the nationalist leaders to emphasize the role of the state as a class-neutral entity to promote industrialization through planning. This, however, remained loosely defined but strongly championed by populistic exhortations on the desirability of reducing disparities of wealth in the 1930s and 1940s. In other words, under the specific conditions (including the growing political importance of the mass of petty bourgeois elements) in the colonial social formation, the hegemonic fraction of the nationalist leadership stood more for state-led capitalist industrialization than for autonomous capitalist industrialization led by the bourgeoisie. Implicitly, it meant hindrance to the development of the capitalist state especially when the indigenous ruling class
was in favor of limiting the scope of the autonomous growth of capitalism, on the one hand, and of promoting petty capitalist industries, on the other. Thus, Congress resolutions, beginning with the one at its Karachi session in 1931, repeatedly emphasized state ownership and control of certain key industries. As late as 1949 Nehru, while addressing the indigenous bourgeoisie on the future extents of nationalization, stated that "certain basic industries, the key industries, should be under State control, partly because it is dangerous for those key and basic industries to be controlled by private interests and also for other reasons which I need not go into" perhaps "essentially because of certain practical considerations." As early as 1939 he also stated that "where there is any conflict between a privately owned large-scale industry and cottage industry, the state should own or control that large-scale industry."

At the same time, there were signs that a distance was growing between the indigenous bourgeoisie and the hegemonic fraction of the INC. It was G.D. Birla again, one of the most important political and financial supporters of the INC, who squarely faced the tendency of the indigenous leadership to devalue the progressive role of the bourgeoisie in India. In 1937 he aptly raised this question, directed mainly at Nehru:

*I ask, "is capitalism in India already grown into such a spent-up force, an anachronism too much out of time to be of any further good?" In my opinion, far from being old, in India at least it has not yet even developed the
vigour of youth and therefore if its past has been good, there is nothing to make one despair of its future.

In 1949 he complained that the Congress government "never" sought the cooperation of the bourgeoisie. "The businessman, with all his faults, must be given a chance, which he has not been given since the advent of our National Government (after 15th August, 1947 - BKB)." Factually, however, all recent evidence suggests that the indigenous bourgeoisie did indeed play a progressive role, especially since the 1920s, as an agency of social change in colonial India by their aggressive entrepreneurial contributions to the cause of colonial industrialization under the constraining circumstances of metropolitan capitalism and colonialism.

There are other indications of the widening gulf between the nationalist leadership of the INC and the bourgeoisie. For instance, in the 1937 provincial elections the success of the INC was striking. But it was not mainly the bourgeoisie, except for Birla and a few others, who provided funds for the election expenses of the INC which was then significantly joined by "middle-level agriculturists and professional men with strong links to rural areas." The bulk of the money came from the candidates themselves and their local supporters. Furthermore, in the 1937 elections there were 93 seats in 11 Provincial Legislative Assemblies to represent 37 landlords and 56 members of the bourgeoisie.
('commerce and industries'). The INC secured only 7 out of
93 seats, 4 and 3 seats respectively from the constituencies
reserved for the landlords and the bourgeoisie. By 1938,
the Congress governments "started making efforts at placating
capitalist interests and at improving their relations with
the business world." In the 1946 elections, this produced
a little better result. Out of the same total of 93, the INC
won 25 seats, i.e. 9 and 16 seats from the constituencies
reserved for the landlords and the bourgeoisie respectively.

Just as the indigenous bourgeoisie did not exhaust
its progressive role and was unable to overdetermine policies
of the emergent indigenous ruling class, so also the tiny
industrial proletariat did not emerge as a universal class
and was incapable of accomplishing a proletarian revolution
in colonial India. In view of the dependent capitalist
development the industrial proletariat played a progressive
role insofar as it, as a subordinate but antagonistic partner
of the bourgeoisie, enabled the destruction of pre-capitalist
remnants and expedited the formation of the national capitalist
state in India by its struggle against metropolitan domina-
tion.

As an integral component of India's historical social
change to industrial capitalism, there gradually emerged an
antagonism between capital and labor - the two fundamental
agents of the capitalist mode of production. In this respect,
the (industrial) working class had come a long way from the
1860s and 1870s when there were no working class organizations and when their strikes and protests were spontaneous and sporadic to the 1920s when they acquired certain ingredients of class consciousness and formed themselves into organizations such as trade unions. The formation of the industrial proletariat as a united force can be better illustrated in these words said in 1914 by J.B. Petit of the Bombay Millowners' Association:

Indian laborers are now beginning to combine among themselves for the attainment of their common good and the removal of their common grievances; and I should not wonder if before long, they are in a position to dictate terms to capitalists as they are doing in Europe. Labor in this City (i.e. Bombay - BKB) has now commenced to realize the force of numbers and the power of combination. Under such circumstances our attitude as employers should be one of conciliation, co-operation and sympathy. Capital and labor are like two partners in a joint business and each must, in his own interest, work harmoniously and peacefully with the other.

The first systematic attempt at trade unionism with a regular membership and flow of funds was realized by the Madras textile workers employed by the British firm, the Binny's, through the establishment of the Madras Labor Union (1918-1921) in 1918. The establishment of this Union, though it was eventually crushed by the Binny's with the active assistance the Madras branch of administration of the Raj, symbolized the fact that the Indian workers had come of age to take united action for attaining certain objectives (e.g. increased wages,
better working conditions, and more humane treatment from the supervisory staff). It should be noted, however, that the Madras workers did not reach such a level of class consciousness "when the workers perceive there to be irreconcilable gap between them as a proletariat and the capitalist society which must be replaced by the socialist state if the true needs of a proletariat are to be realized." Although the All India Trade Union Congress (AITUC) was formed in 1920, with Lajpat Rai as its president, to represent the workers at the national level, it was not till 1926 that the Trade Union Act, enabling the workers to combine, was passed. The number of registered trade unions rose from 29 in 1927-28 to 170 in 1932-33, 420 in 1937-38, 693 in 1942-43, and 2,766 in 1947-48. The membership of the registered trade unions submitting returns increased from 100,619 in 1927-28 to 237,369 in 1932-33, 390,112 in 1937-38, 685,299 in 1942-43, and 1,662,929 in 1947-48.

From the 1920s, when the forces of socialism and communism increasingly dominated the Indian national scene and tended to converge with the national movement, India experienced sustained industrial conflicts and labor unrest. They reached significant proportions in terms of mandays lost in 1921-25, 1928-29, 1937-42 and 1946-47. Bombay, the main textile centre of the indigenous cotton textile industry and capital, experienced eight general strikes, aside from several one-day closures, between 1919 and 1940. As late as 1940
Bombay was still regarded as the "nerve centre" of communist movements in India. However, it was in October 1946 that the industrial proletariat, led by the Communist Party of India, actualized their potential for concrete revolutionary insurrection known as the Punnapara-Vayalar revolt - so named after the two places in the princely state of Travancore that now constitutes the southern part of the province of Kerala. The insurrection was organized by disciplined, not manipulated, workers who were motivated not by economic reasons but by somewhat a vague conviction that they were helping "to advance some broad masterplan or historical force." But the communist leadership, though correctly identifying mass discontent, was itself "unable to channel that discontent in ways that would increase the chances of revolution,"

In retrospect, the chances of a proletarian revolution were remote not only because industrial capitalist development remained too weak in colonial India but also because of the ability of the hegemonic fraction of the INC to win a significant number of the proletariat to their side in the course of the nationalist movement for independence. As this movement gathered momentum, since 1939 onwards, the disunity within labor accompanied the erosion of their militancy. The trade-union movement itself became politically docile. The average membership per union consistently declined from 3,594 in 1927-28 to 1,137 in 1937-38, 1,026 in 1947-48, and 546 in 1957-58. From the later 1930s the socialist and
communist leadership forces were also in the process of 
disintegrating, on account of, among other things, hair- 
splitting ideological disagreements and personality clashes. 
The INC was clearly in sight of political power. For instance, 
in the elections of 1937 and 1946 there were 38 seats reserved for 
the representation of labor in the Provincial Legislative 
Assemblies. In 1937, the Congress contested 20 seats winning 
18 of these. In 1946, it contested 32 seats winning 23. In 
this election, the Communist party contested 30 seats but was 
able to secure only 7 of these. The nationalization of the 
colonial Raj, to which I now turn, could not, however, be 
accomplished until the Congress was able to win the allegiance 
of the largest segment of the Indian population - the rich, 
middle, and, above all, the small peasants.

The Nationalization of the Raj

In my opinion the colonies proper, i.e. the 
countries occupied by a European population - 
Canada, the Cape, Australia - will all become 
independent; on the other hand, the countries 
habited by a native population, which are 
simply subjugated - India, Algeria, the Dutch, 
Portuguese and Spanish possessions: - must be 
taken over for the time being by the proletarian 
and led as rapidly as possible towards independe-

How this process will develop is 
difficult to say: India will perhaps, indeed 
very probably, make a revolution, and as a 
proletariat in the process of self-emancipation 
cannot conduct any colonial wars, it would 
have to be allowed to run its course; it 
would not pass off without all sorts of de-
struction, of course, but that sort of thing 
is inseparable from all revolutions.
To be sure, India did make a revolution which Engels envisaged in 1882 in his letter to Karl Kautsky. Once colonialism was overthrown in India, it did not take very long for it to disappear elsewhere too. However, what is more important is that the nationalization of the Raj, i.e. Indianization of the colonial state and its formation into a national capitalist state, was the final outcome of a manifold of structural forces in which those of indigenous determination played the dominant role. To provide a simple instance, there existed some (e.g. Ernest L. Bevin and Albert Victor Alexander in Attlee's Labor ministry) who, at the eleventh hour of metropolitan domination disliked, so the penultimate Viceroy (P.A. Wavell), tells us, "any idea of leaving India." Earlier, in the later 1910s, the metropolitan bourgeoisie was galvanized into political action and resisted every step leading to the grant of the Montagu-Chelmsford constitutional reforms aimed at transferring a certain amount of political power to the Indians. That the hegemony of all indigenous classes, united into a nation by the force of nationalism, was fast becoming real and that they were increasingly making demands which the Raj could ignore only at the cost of the total eclipse of colonialism itself, were lucidly expressed in 1930 when Viceroy Irwin said that "in the future relationship between Great Britain and India the time has definitely come for the relation of partnership to supersede that of sub-ordination."
Let me point to some important facets of the Indianization of the colonial state as the outcome of an interplay between different structural accelerators of international, metropolitan and indigenous determination. Of the more immediate international catalysts that powerfully shaped the direction of public opinion, consolidated nationalism and strengthened nationalist struggle in colonial India were the effects of the Russian Revolutions on many burning issues of the twentieth century, such as the future of capitalism, imperialism, socialism, and so on. Similarly, two World Wars intensified nationalist resolution for the Indianization of the colonial state and, ultimately, for national independence.

Second, insofar as the metropolitan catalysts are concerned, in chapters 5 and 6 I have shown how the requirements of metropolitan capitalism and colonialism necessitated the creation of certain conditions for the development of a national capitalist state, such as the unification of indigenous markets into a national market, the growth of national frontiers due to territorial integration and the railways, the rise of a modern bureaucratic structure of administration, political and administrative centralization of the colonial state linked to the metropolitan state at the top and to the provincial and district administrations at the bottom, and so on. There were, however, other important metropolitan factors that operated in the same direction. Consider, for
instance, the political impact of the colonial tariff (i.e., free trade) policy as a product of the demands set up by industrial capital in the metropolis. From the 1880s, the tariff policy provided the burgeoning Indian nationalist movement directly with a concrete issue for condemning British rule. It was scarcely surprising "that the view became widely held in India that it was British policy to destroy the Indian textile industry, and that British tariff manipulations gave a decided stimulus to Indian nationalism." The tide of nationalism could not be stemmed since tariff manipulations for metropolitan purposes continued in varying degrees even in the closing decades of colonialism. "In the early 1930s, at a time of economic crisis, a National Government (in Britain - BKB) could still manipulate Indian tariffs and the exchange rate to Britain's advantage."

The introduction of modern education led to a similar result. It was only for a certain length of time that the colonial educational policy could produce collaborators and subordinate officials to link the ruled to the metropolitan rulers. In time the educated unemployed and even the employed Indians, as the effects of metropolitan domination in different dimensions became visibly manifest, joined the ranks of the nationalists, called for Indianization of the Raj, and eventually struggled for an end to colonialism itself. Once modern education became the generator of nationalism, the metropolitan ruling class began to deprecate the complaints
of the educated Indians in various ways and even questioned their representativeness to speak for other Indians, especially for the voiceless and silent millions of peasants. The growth of the newly educated was regarded by Salisbury in the 1870s as "a deadly legacy from Metcalfe and Macaulay." By the time of the Viceroy Curzon, the emphasis of the colonial education policy shifted to primary education for the masses. By this time, the indigenous demand for Indianization of the state had also become intensified. Curzon while emphasizing administrative reforms rather than the transfer of political power, wrote the following in 1901:

I want to infuse principle, direction, consistency, into our policy, so that we may know what we are driving at, and pursue it with consistency; my one object being to make our administration equitable, and our dominion permanent. The advanced natives care about little but constitutional reform. They want to get a larger share of the government of the country; and they count justice, equity, sympathy, the even hand, as of little account, compared with a larger control of the executive, for which they are as yet profoundly unfitted and which they will never get from me.

The "heavy and electric" political atmosphere of dissatisfaction and discontent which Minto, another Viceroy (1905-1910), confronted was attributed by him in 1910 mainly "to the ripening of the educational seed which British rule has systematically sown."

Finally, Indianization of the Raj was also a structural outcome in other ways. In the provinces, municipal and local boards sprang up after 1882. Provincial legislative councils
were set up from the 1860s. The Act of 1892 introduced the elective principle in the sense that the district boards and municipalities, along with the landlords, chambers of commerce and universities, could nominate a certain number of the members in those councils. By 1919 the Indian ministries responsible to the elected legislatures at the provincial level became established. In 1918 the British, while retaining vital controls over matters of metropolitan interests, withdrew from the provincial scene. All these were, at bottom, linked to the purpose of securing capitalist development and accumulation in the metropolis and colonialism in India. The progress of constitutional advance was determined by different requirements in order "to attract Indian support for British rule, to swell Government revenues and maintain political tranquillity, leaving the Government of India free to fulfil its imperial role." In this regard, it is important to note what Viceroy Linlithgow (1936-1943), one of the main architects of the constitutional reforms of 1935, said:

We framed the constitution as it stands in the Act of 1935, because we thought that way the best way ... of maintaining British influence in India. It is no part of our policy, I take it, to expedite in India constitutional changes for their own sake, or gratuitously to hurry the handing over of the controls to Indian hands at any pace faster than that which we regard as best calculated, on a long view, to hold India to the Empire.

However, in the 1930s the metropolitan framework for
Indianization of the colonial state had been supplanted by one visualized by the INC, the chief contender of political power then.

The reason is that by the 1930s nationalism, apart from violent and non-violent struggles of the different indigenous social classes, had emerged as a powerful social force compelling Indianization of the Raj. The role of nationalism is generally ignored by the established Marxists who, though professing internationalism, act as nationalists everywhere. In this regard, fortunately, it is the sociologists who have shown greater interest, especially after the World War II, in issues of nationalism, nationalist movements and the formation of nation states in the Third World. Insofar as colonial India is concerned, the catalytic role of nationalism can hardly be debated. More perceptive members of the metropolitan ruling class were sure in the 1860s and 1870s that nationalism was becoming a great political reality as an integral component of colonial India's political transformation and development. By the mid-1910s the nationalist leadership became convinced that, notwithstanding the goodwill of individual members of the metropolitan social classes, "Britain was ruling India for British and not Indian purposes." The launching of the nationalist movement for the reversal of the partition of Bengal (1905) and of the Swadeshi movement (1905-1908) in order to encourage indigenous manufactures by calling for the boycott of those commodities produced in the metropolis, illustrated
the growing maturity of Indian nationalism. In the wake of weak development of the capitalist mode of production, this movement became most popular among the mass of petty bourgeoisie elements (such as handicraftsmen, small traders, intellectuals, etc.) and less so among the middle and richer bourgeoisie. In 1906 the goal of the INC was declared to be the attainment of Swaraj or self-government. As colonial industrialization proceeded, the dependent capitalist mode of production grew stronger, and the indigenous bourgeoisie emerged as an effective political and ideological class force around the outbreak of World War I, nationalism entered its adult phase. By then factional rivalries and the pursuit of particularistic ends by competing groups could no longer hold back the pervasive unity of the social classes which were formed into a nation on issues of Indian national interest. Nationalism meant "a feeling of national solidarity against imperialism, an alien political and economic force that stood against the interests of the population of the Indian subcontinent as a whole and constituted the objective basis of nationalism." In the Lahore session of 1929, the INC declared its goal to be complete independence rather than dominion status of self-government. Irwin in 1931 clearly points to the realignment of power relations between the hitherto dominant metropolitan and the subordinate indigenous social classes and, hence to the indigenous class structuration of the Raj:
Great Britain will delude herself if she does not recognize that, beneath all the distinctions of community, class and social circumstances, there is a growing intellectual consciousness, or more truly self-consciousness, which is very closely akin to what we generally term nationalism. . . . But that it is a real thing and a thing of growing potential force, few who know modern India intimately will be concerned to deny. The two principal fields of expression for this growing self-consciousness with which we are concerned are the political and the economic, in which fields the natural demand is for political control by Indians of their own affairs and economic development of India's resources for India's good.

Thus, it was no surprise that from the 1910s onward the dominance of metropolitan social relations in the Raj became subject to persistent erosion accompanied simultaneously by increased representation of indigenous social relations therein. This process of Indianization of the colonial state took two manifest forms from the 1910s onward.

First, to satisfy the demands of the national leadership and the aspirations of the national bourgeoisie the metropolitan ruling class was now forced to accept what the Report on Indian Constitutional Reforms (1918) called "a forward policy in industrial development." In a dispatch of the Hardinge administration to the Secretary of State it was pointed out in 1915 that in view of the national demand for colonial industrialization a definite industrial policy was needed for both economic and political reasons. In other words, the colonial Raj was now moved to secure conditions of capitalist production and accumulation for the
national bourgeoisie in the first instance.

The attitude of the Indian public towards this important question is unanimous, and cannot be left out of account. Manufacturers, politicians, and the literate public have for long been pressing their demands for a definite and accepted policy of State aid to Indian industries; and the demand is one which evokes the sympathy of all classes of Indians whose position or intelligence leads them to take any degree of interest in such matters.

No policy of colonial industrialization could succeed unless India could have fiscal autonomy for its tariff matters. Hence, as I stated in chapter 6, India was allowed fiscal autonomy:

Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa.

Second, there followed increased representation of the Indians in the Indian Civil Service. The Indian representation in the ICS rose from mere 5 percent by 1913 to 15 percent in 1922 and about 50 percent by 1939. On January 1, 1942, there were 625 Indians as against 573 Europeans in the ICS including its listed posts.

However, the final moments of nationalization of the colonial Raj could come only when the mass of the peasantry especially the small peasantry - the internal social base of metropolitan domination for so long - was won over to their side by the INC. It has been rightly observed by Charlesworth
that "during the last thirty years of British rule, agrarian protest campaigns came to play a valuable supporting role in the undermining of British rule." For various reasons including those connected with the onward march of capitalism, colonial India indeed experienced a series of peasant uprisings. It was the peasants that became, as a massive political force behind nationalist movement, the decisive force in the final hours of the overthrow of colonialism. Their importance was not something, however, unique only to India. The agrarian disturbance of 1907 in the province of Punjab signalled the fact that agrarian discontent had become linked to nationalism. In the 1920s and 1930s, peasant organizations, Kisan Sabhas, cropped up in different provinces of colonial India. The Congress, especially under the leadership of Gandhi, led these important peasant movements: the Champaran movement (1917) in Bihar, the Kheda (1918) and the Bardoli (1928) movements in Gujrat, movements in Oudh (1920-2 and 1930-2). In these movements the Congress, which emphasized class cooperation between the landlords and the peasants, received more active support from the relatively richer sections of the peasantry. On the other hand, the peasant movements led by the socialist and communist forces drew more active support from the smaller peasantry. The most important of these were the peasant movement (1942) in parts of Bihar and the United Provinces, the Tehbhaga movement (1946) in Bengal, the Telengana movement (1946-48) in Hyderabad.
(now in Andhra Pradesh) and the Mapila movement (1921) in Kerala. It should be noted, however, that from the 1930s onwards the INC under Gandhi's leadership was generally able to win the support of all categories of peasants as I shall show below. In fact, leaving aside the point that India's average rich peasant may not be equal to the average small peasant in the West, the majority of peasant movements in India drew more active support from the mass of small peasants (i.e. peasant proprietors, tenants, sub-tenants or share-croppers) rather than from the middle peasants as some, such as Alavi, have suggested. In truth, I am inclined to think that it was the support of the mass of small peasants - the largest segment of the population of mainly agrarian colonial India - that made the Congress led movement against the Raj a mass-movement.

As I suggested earlier, almost to the very end of colonialism the metropolitan ruling class claimed to represent the small peasants and successfully built up the legitimacy of the Raj on their passive support: The Report of Indian Constitutional Reforms (1918) stressed the point that until the peasant's "political education" was complete or until he can take care of his own "interests" or through his political representative "we must retain power to protect him." When the Civil Disobedience (1930-31) movement was launched and the peasants were asked to withhold payment of land revenue, the INC and the Raj were again in direct confrontation for the
political allegiance, above all, of the small peasants. The ruling class saw the sponsors of the movement, in the words of Viceroy Irwin, "callously ready to involve the small landholder in the risks of legal processes and even forfeiture of his land." It was for the same reason of enlisting the political support of the less rich segments of the peasantry that the Raj extended voting rights. The size of the electorate increased five times between 1919 and 1935, i.e. from 7,049,372 or 2.75 percent of the total population in 1919 to 35,982,000 or 13.3 percent of the total population in 1935.

But ironically, especially from the 1930s when politicization and mobilization of a sizeable section of small peasants was proceeding speedily, the INC beat the metropolitan ruling class by following their own strategies pursued for so long. For instance, Gandhi, who was the sole representative of the INC at the Second Round Table Conference (1931), stated the following regarding constitutional reforms:

I am but a poor humble agent acting on behalf of the Indian National Congress. ... Above all the Congress represents, in its essence, the dumb semi-starved millions scattered over the length and breadth of the land in its 700,000 villages. ... Every interest which, in the opinion of the Congress, is worthy of protection, has to subserve this interest and if there is a genuine real clash I have no hesitation in saying on behalf of the Congress that the Congress will sacrifice every interest for the sake of the interest of these dumb millions. It is, therefore, essentially a peasant organization, and it is becoming so progressively.
To be sure, that was not the political rhetoric of a dishonest politician. The Congress Election Manifesto (1936) directly addressed small peasants' appalling poverty, indebtedness, and other tenurial problems. It promised several alleviating measures (such as the scaling down of peasants' indebtedness, the provision of credit facilities, etc.) to "the agricultural tenants, peasant proprietors, small landholders, and petty traders." The Congress registered a massive victory in eight of the eleven provinces largely by "its anti-feudal pronouncements." Once in power the Congress ministries (1937-1939) did deliver certain benefits to the small peasantry (and to small-scale industrial producers as well). Even the non-Congress ministry, such as the one in Bengal under the leadership of Fazlul Huq (1937-1943) representing literally a peasants' party (the Krishak Praja Party), adopted the small peasant strategy of the metropolitan ruling class. For instance, within two years the ministry amended the Bengal Tenancy Act, which the Raj single-handedly passed in 1885, "to put curbs on rents and imposts, greatly reduced peasant indebtedness, and set up permanent arbitration boards for debt settlement." Nowhere was the win of the Congress by the support of the newly politicized peasants more significant than in the United Provinces and Madras where some of the ruling class directly aided the landlords in varying degrees to enlist the support of their dependent peasants and hence to rejuvenate the dying
metropolitan domination.

In the United Provinces, in particular, Nehru was assuring the tenant peasantry that they would become full proprietors of their cultivating lands and that his objectives included: "the total expropriation of landlords." In his presidential address at the all-India convention of Congress members of provincial legislatures in 1927, Nehru explained how and why the INC won the political allegiance of the peasants:

Where we went to the masses direct, we won overwhelmingly. Our partial lack of success in some provinces was clearly due to the Congress organization there being confined to the cities and having little contact with the peasantry. We must remedy these failings and speak more and more the language of the masses and fashion our policy to meet their needs. We must carry the Congress organization to every village, the Congress message to every mud hut. ... We went to our people and spoke to them of freedom and the ending of their exploitation; we went to that forgotten creature, the Indian peasant, and remembered that his poverty was the basic problem of India: we identified ourselves with him in his suffering and talked to him of how to get rid of it through political and social freedom. ... It was a pilgrimage for them to give their allegiance to the Congress ...
suffrage in independent India. In any case, once the peasants were politicized and mobilized by the INC, as was the case since the 1920s, the indigenous base of metropolitan dominance crumbled as quickly as the house built on sand. This was evident in ways other than in the electoral success of the INC. For instance, the position of district officials—the actual reservoir of metropolitan authority in the peasant-dominated agrarian India—was visibly declining, and the control was passing into the new Congress politicians of the burgeoning rytot Raj. In the 1920s, "defiance of authority became widespread—an extraordinary development in Indian districts where the power of Government had never been questioned within living memory." Similarly, the role of Madras headmen who constituted the link between the local peasants and the district administration began to decline in the 1920s. Many of these village officers even voluntarily sided with the Congress sponsored movements and were thus dismissed by the Raj.

IV. Conclusion

A few concluding remarks are in order. First, it was evident that until the INC became a mass party and until the bourgeoisie, the workers and, more importantly, the peasantry actively intervened on the national scene from the 1920s onward, the prospect of nationalization of the Raj remained a far-fetched possibility at best. The metropolitan
ruling class knew very well that the leadership of the educated few from the new middle class by themselves could not, unless backed by the masses, turn the British out of India. Salisbury pointed out in 1876:

> Whether the (landed - BKB) aristocracy themselves are very powerful may be doubted, and any popularity we may achieve with them is not much to lean upon in a moment of trial. But it is good as far as it goes; their goodwill, and co-operation, if we can obtain it, will at all events serve to hide to the eyes of our own people and perhaps, of the growing literary class in India the nakedness of the sword on which we rely.

In the first thirty years of the INC (1885) it was dominated by the loyalists who remained firmly committed to liberalism and to attaining whatever it could for social and constitutional reforms by means of "prayer, petition and protest." The nationalist movement became increasingly significant especially in the mid-1910s when Tilak and Anne Besant formed their Home Rule Leagues in 1916 and carried the movement to the masses. This prepared the ground for Gandhi.

The successful political broker in the Indian contest is one who, respectful of India's 'great tradition,' is able to transfer traditional loyalties to modern political institutions, values and customs by presenting new ideas in familiar language. Such approach is open to those political leaders who are not only familiar with Western political institutions and values but also retain a nostalgic attachment for the indigenous culture. Gandhi was such a leader. Exhibiting a form of populism, Gandhi was able to project himself as a living symbol of the Indian masses and to stigmatize his political opponents, whether British administrators or Indian socialists, as cultural aliens objectively hostile to the best interests of his people.
Indeed, India's religious values did play an important role in the political arousal and mobilization of the Indian peasant masses.

From the standpoint of class structural and political change the diminishing political importance of the feudal landed class in colonial India is also relevant. The higher segment of the landed class, the ruling princes in the indigenous states, were the conservative allies of the metropolitan ruling class. Generally speaking, they were not pioneers of social change in any respect. It was scarcely a surprise that nationalism developed in British India where modern education acted, along with other factors, as a breeding ground of the indigenous capitalist class structure and especially of the new middle class that produced both the nationalists and the nationalist leadership. By the 1930s it was evident that they were an antiquated and spent class force although they were able to receive handsome compensation for the loss of their domains in independent India.

There was a similar decline of the other segment of the landed aristocracy, viz. zamindars, talukdars, etc., that was an integral component of the feudal class structure of the Mughal social formation. Generally, it can be argued that the relations between this section of the landed class, on the one hand, and the metropolitan ruling class and the Raj, on the other, were mutually supportive for a good length
of time. Viceroy Lytton (1876-1880) suggested in the 1870s that since the Indian peasantry was "an inert mass" it would be better not to rely on them. "To secure completely, and efficiently utilize, the Indian aristocracy is, I am convinced, the most important problem now before us." The so-called "Oudh School" of colonial administrators emphasized the role of the landlords as natural leaders of the subordinate peasantry in their estates. Hence this school suggested, with a view to guaranteeing the political stability of the Raj, the strengthening of the hands of landlords especially in the United Provinces. There is little doubt that the landlords, whether zamindars, talukdars or others of their kind, became recognized as landowners. Many of them were coopted or participated in the emergent political institutions. Furthermore, many of them, having proved their incapability in running even their estates, were helped by the Raj as is evident by the passage of the Encumbered Estates and the Court of Wards Acts in several provinces. However, in spite of all this, the landed class, as a politically and ideologically effective class force, was on the decline.

My own findings point to this direction, as I have shown, for reasons connected with capitalist development and accumulation in the metropolis and colonialism in India. The colonial Raj increasingly exhibited hostility to the existence of a powerful landed class and went on to consistently intervene in many ways (such as fixation of rent, passage of
tenant legislation, etc.) on behalf of the peasants, especially of the smaller variety. Since the Raj could not give to the peasants without taking from the landlords, it was the latter that lost out. They could do nothing when the Raj and the ruling class determined to enact the Bengal Tenancy Act of 1885—withstanding their opposition. The containment of agrarian discontent, posing a direct threat to the existence of metropolitan domination, received due priority under the conditions that were continually reproduced until the hegemonic fraction of the nationalist leadership stepped in from the 1920s. The decline of the landlords was quite visible elsewhere such as in Madras or the United Provinces where the landlords, conforming mainly to the centrifugal tendencies of the feudal lords, failed to organize themselves into successful political parties in the 1930s. There were still other indications of their decline. For instance, in the first Bengal Legislative Council elections in 1893 only two of the six Indians elected were known zamindars. In the second elections of 1895 there were no zamindars elected while four lawyers and a newspaper editor were returned. Between 1885 and 1918 the INC never chose as its president either a landlord or a merchant who gave money to it.

On the other hand, under the circumstances of the inadequate development of the CMP and the bourgeoisie, the Congress was constrained to realize the political potential
of the mass of peasants and to orient its policies and programs to them, policies and programs that were clearly not conducive to the interests of the landlords after all. As a matter of fact, the Congress set many objectives for itself that promoted the interests of the small industrial and, especially, agrarian producers, viz. the abolition of "all feudal dues and levies" other than rent, the exemption of "uneconomic holdings" from rent or land tax, the reduction of "canal and other irrigation rates", the provision of relief to "small zamindars", the freeing of labor from "serfdom or conditions bordering on serfdom", and so on. The emergence of the small peasants as a political class force had profound implications for the further development of the nascent capitalist state in colonial India. These implications of a negative nature can be described in the words of Marx who said the following of the French Bonapartist State.

By its very nature, small-holding property forms a suitable basis for an all-powerful and innumerable bureaucracy. It creates a uniform level of relationships and persons over the whole surface of the land. Hence it also permits of uniform action from a supreme centre on all points of this uniform mass. It annihilates the aristocratic intermediate grades between the mass of the people and the state power. On all sides, therefore, it calls forth the direct interference of this state power and the interposition of its immediate organs. Finally, it produces an unemployed surplus population for which there is no place either on the land or in the towns, and which accordingly reaches out for state offices as a sort of respectable aims, and provokes the creation of state posts....
With the progressive undermining of small-holding property, the state structure erected upon it collapses. The centralization of the state that modern society requires arises only on the ruins of the military-bureaucratic government machinery which was forged in opposition to feudalism.

Considered in this light the emergence of the small peasants, a major heritage of colonialism, politically signified that the nature of the nascent capitalist state and the character of its state power would continue to remain dependent on the outcome of the trials of their strength vis-à-vis that of the bourgeoisie or the working class. From the 1920s the nascent capitalist state was in a real sense on the road to becoming relatively autonomous from the bourgeoisie in independent India. Colonial India's case, however, illustrated what Engels said in 1894: "From Ireland to Sicily, from Andalusia to Russia and Bulgaria, the peasant is a very essential factor of the population, production and political power."

Footnotes
2. These ideas are based on Poulantzas, Political Power and Social Classes, pp. 143-4.
3. See chapter 1, pp. 31-8.
5. San Francisco Bay Area Kapitalistate Group, "Political Parties and Capitalist Development", Kapitalistate, 6 (Fall 1977), p. 22.


11. See also Thomas, Mercantilism and East India Trade, pp. 3-4.


13. Cited in Masani, Britain in India, p. 11.


15. See Ambirajan, Classical Political Economy and British Policy in India, passim; and Stokes, The English Utilitarians and India, passim.


17. Papers Respecting the Negotiation with His Majesty's Ministers on the Subject of the East-India Company's Charter and the Government of His Majesty's Indian Territories, for a Further Term after 22d. April 1834 (1833), pp. 15-6 and 23. Emphases added.

18. For details, see B.B. Misra, The Central Administration of the East India Company 1773-1834 (Manchester: Manchester University Press, 1959), passim; and The Administrative History of India, passim.
24. Edwardes, British India, p. 49.
27. Ibid., p. 143.
29. Cited in Gopal, British Policy in India, p. 121.
30. Cited in Seal, The Emergence of Indian Nationalism, p. 140.
32. Mudford, op. cit., p. 115.


47. Mudford, *op. cit.* , p. 203.


54. Ibid., p. 45.

55. Cited in Seal, *The Emergence of Indian Nationalism*, p. 185.


58. McLane, *Indian Nationalism and the Early Congress*, p. 34.

59. Seal, "Imperialism and Nationalism in India", p. 331.

60. For details, see Misra, *Administrative History of India*, pp. 107-28.


62. Ibid., p. 714.


64. Therborn, op. cit., pp. 34-5 and 132.

65. For occupational backgrounds of the fathers of the ICS officers, see Misra, *The Bureaucracy in India*, p. 201.


unequivocal defense of English national capital, as represented by the manufacturing interests of Manchester, see Chandra, *The Rise and Growth of Economic Nationalism in India*, p. 250, n5.


74. Ambirajan, op. cit., p. 201.

75. For some examples, see Bhattacharyya, *Financial Foundations of the British Raj*, pp. xxxviii-xl.

76. See Bagchi, *Private Investment in India*, p. 169.

77. For different aspects of the failure of this venture, see J.K. Sasmal, *Orissa Under the British Crown 1858-1905* (New Delhi: S. Chand, 1977), pp. 194-209.


79. Ibid.

80. Bagchi, op. cit., p. 50.


82. Lehman; "Great Britain and the Supply of Railway Locomotives in India," p. 301.


85. See Ambirajan, op. cit., pp. 193-202; and Dutt, *The Economic History of India*, vol 2, pp. 402-16.


92. See, for example, James Fitzjames Stephen's analysis in Philips, The Evolution of India and Pakistan, p. 57. This is however, not to deny the fact that British rule surely would not have lasted until 1947 without the aid of the enormous organized police and military force at the disposal of the Raj. See D. Arnold, "The Armed Police and Colonial Rule in South India, 1914-1947", Modern Asian Studies, 11(1977), p. 125.


95. Cited in Gopal, op. cit., p. 183.

96. Seal, The Emergence of Indian Nationalism, p. 192.


102. Cited in Gupta, Agrarian Relations and Early British Rule in India, p. 117. Emphases added.


105. For the figures of army recruits, mainly from the peasant dominated provinces, see M. O'Dwyer, India As I Knew It 1885-1925 (London: Constable & Company, 1925), p. 419.


110. Ibid., pp. 236-7. Emphases added.

111. Ibid., vol. 2, p. 28.


114. Ibid., p. 59.


122. Ibid., pp. 488 and 778.


125. Ibid., p. 113. Emphases added.

126. Ibid., p. 127.


128. Marx, The Eighteenth Brumaire of Louis Bonaparte, p. 106; and his letter to F. Bolte of November 23, 1871, in Marx and Engels, Selected Correspondence, p. 28.


132. For details, see ibid., pp. 22-50; and Cotton, op. cit., pp. 28-48.


134. Minutes of Evidence taken before the Committee Appointed by the Secretary of State for India to Enquire into Indian Exchange and Currency, P.P. 1920 (Cmd. 528), XIV p. 140. Emphases added.


145. See Bagchi, *op. cit.*, passim; and Ray, *Industrialization in India*, passim.


151. For the role of the proletariat, especially in the transition from feudalism to the rise of the capitalist mode of production, see Marx and Engels, "Manifesto of the Communist Party", in their *The Marx-Engels Reader*, pp. 342-4 and 350.


162. For details, see Misra, *The Indian Political Parties*, pp. 254-90 and 442-82; and J.P. Haithcox, *Communism and Nationalism in India* (Princeton: Princeton University


164. Engels' letter of September 12, 1882 to K. Kautsky in Marx and Engels, Selected Correspondence, p. 423. Emphases added. See also Marx's "The Future Results of British Rule in India" (August 8, 1853), in Marx, On Colonialism & Modernization, p. 137.


166. Ray, Industrialization in India, p. 299; and Chatterji, op. cit., p. 540, n43.

167. Lord Irwin, op. cit., p. 287.


173. Seal, The Emergence of Indian Nationalism, p. 133.


175. Mary Minto, op. cit., p. 413.

176. See Seal, "Imperialism and Nationalism in India", pp. 332-5.


201. Tomlinson, The Indian National Congress and the Raj, pp. 70 and 173.


Misra, The Indian Political Parties, pp. 314-6 and 326-30.

Sitaramayya, op. cit., vol. 2, pp. 689-702; and Haithcox, Communism and Nationalism in India, p. 276.


Misra, The Indian Political Parties, p. 297.


Cited in Seal, The Emergence of Indian Nationalism, p. 193.


222. Washbrook, op. cit., p. 575.

223. McLane, op. cit., p. 232; and Mehrotra, "The Early Indian National Congress, 1885-1918", p. 46.


CHAPTER TEN

CONCLUSION

This study of social change has been prompted by a desire to explain and illustrate the processes of dependent, capitalist development by focussing on the historical formations of the capitalist mode of production, the capitalist class structure and the capitalist state in colonial India as a dialectical outcome of the historical interaction between the British and the Indian social formations or, what amounts to the same thing, between metropolitan and indigenous forces. The foregoing examination of the origins and nature of the alterations in the economic, class and political structures, which India experienced in its movement from Mughal feudalism to colonial capitalism, was conducted in order to establish the historical specificities of colonial social change in terms of dependent capitalist development along the stated dimensions. Furthermore, despite the emphasis laid on external forces (i.e. contradictory roles of metropolitan capitalism and colonialism) in generating dependent capitalist development, the present study has made it abundantly clear that those external forces, constraints as well as accelerators, were not the exclusive causal agents of colonial social change. They acted on and interacted with both the constraining and
accelerating internal forces in the indigenous social formation to generate processes which led to the historical formations of the capitalist mode of production, the capitalist class structure and the capitalist state.

These concrete aspects of colonial capitalist development were illustrated from the methodological and theoretical orientations of Marxist Sociology. Among other things, I emphasized four fundamental aspects of Marxist Sociology in studying colonial capitalist development. First, I emphasized the relational aspects as ingredient components of the Marxist sociological concerns with regard to the social formation. Whether it was the Mughal or the colonial social formation, it was fundamentally conceived as an ensemble or structure of relations (e.g., economic, political etc). Second, in illustrating the dialectical emergence of colonial capitalist development, I emphasized the concrete conditions in the social formation, whether Mughal or colonial. Third, I emphasized the historical specificity of colonial social change in the sense that capitalist development is in itself a product of historically determined conditions.

Implicit in this is inexorable changeability of the social formation, its relations and productive forces. This was true of both pre-colonial and colonial India.

Social relations are closely bound up with productive forces. In acquiring new productive forces men change their mode of production; and in changing their mode of production, in changing the way of earning their living, they
change all their social relations. The handmill gives you society with the feudal lord; the steam-mill, society with the industrial capitalist. The same men who establish their social relations in conformity with their material productivity, produce also principles, ideas and categories, in conformity with their social relations. Thus these ideas, these categories, are as little eternal as the relations they express. They are historical and transitory products. There is a continual movement of growth in productive forces, of destruction in social relations, of formation in ideas; the only immutable thing is the abstraction of movement — mors immortalis.

Finally, I stressed the conflictual aspects at different levels, between metropolitan and indigenous social classes, between metropolitan and indigenous bourgeoisies, and between indigenous social classes. In the final analysis, dependent capitalist development in India, the historically specific colonial social change, was the complex outcome of class struggles at different levels. From this standpoint, the social formation was not simply regarded as a structure of relations but, more importantly, as a complex configuration of antagonistic class relations and practices, and as sites of the conditions of existence of antagonistic classes. The inherent changeability and development of the social formation, in this perspective, is thus due to complex and interacting contradictions between classes and class practices leading to shifts in the balance of class forces, viz. increasing dominance of a new class(es) or eclipse of an erstwhile dominant class(es). Having outlined the basic theme(s) and
the focal points in emphases, let me summarize and assess the findings in this study of colonial capitalist development.

In chapter 2 it was illustrated that the development of capital or rather of the capitalist mode of production was bound up with the development of certain preconditions in any given (feudal) social formation. None of these preconditions (e.g. monetary wealth, usuary, free wage labor, trade, technology etc.), if taken singly, was important to act exclusively as the élan vital for capitalist development. Different factors played their roles in complex and dynamic interaction with each other. The process of transition was a development of certain conditions that generated the dominance of the capitalist mode of production and its economic, political and ideological conditions of existence. The primary focus in chapter 2, however, was on the theoretical discussion and empirical demonstration of capitalist development in the metropolises of the West as historically related to capitalist underdevelopment or dependent capitalist development in the erstwhile colonies or semi-colonies in the Third World. It was asserted, while mainly considering the case of capitalist development in Britain, that the development of capitalism in the metropolises and its under or dependent development in the Third World including colonial India were two facets of one and the same historical process, i.e. the combined and uneven development of capital in its different historical phases, and its concomitant effects
including the concentration and centralization of capital in the metropolises. More specifically, the blockage of the productive forces that were conducive to the growth of the industrial capitalism and to progressive economic structural change in the colonies remained integrally related to the over-all domination of the metropolises and to the release and expansion of the productive forces therein. This remains true in spite of the fact that the development of productive forces themselves in the metropolises and in the colonies did not occur at the same pace. In a profound sense, as I emphasized in this chapter, the role of metropolitan capitalism or, for that matter, metropolitan capitalism and colonialism, was significantly negative.

It would be erroneous, however, to deny altogether any progressive role to metropolitan capitalism and colonialism. There is little doubt that they have acted as powerful engines of progressive social change, promoting, in a retarded form, capitalist development which has, in its turn, generated new dynamism in the pre-capitalist social formations of the Third World countries. By releasing irresistibly certain conditions (such as literacy, modern science and technology, large-scale methods of industrial production, urbanism, individualism, parliamentary democracy, etc.) metropolitan capitalism implanted elements of a forward-driving thrust for progressive changes in the dependent social formations. Above all, even as no more than a transitory phenomenon it
has conditioned man to the rugged realism, rather than backward-looking nostalgic romanticism, of the necessity for realizing creativity of his self and mastery over nature.

As Marx argued:

The ancient conception, in which man always appears (in however narrowly national, religious or political a definition) as the aim of production, seems very much more exalted than the modern world, in which production is the aim of man and wealth the aim of production. In fact, however, when the narrow bourgeois form has been peeled away, what is wealth, if not the universality of needs, capacities, enjoyments, productive powers, etc., of individuals, produced in universal exchange? What, if not the full development of human control over the forces of nature — those of his own nature as well as those of so-called "nature"? What, if not the absolute elaboration of his creative dispositions, without any preconditions other than antecedent historical evolution which makes the totality of this evolution — i.e., the evolution of all human powers as such, unmeasured by any previously established yardstick — an end in itself? What is this, if not a situation where man does not reproduce himself in any determined form, but produces his totality? Where he does not seek to remain something formed by the past, but is in the absolute movement of becoming? In bourgeois political economy — and in the epoch of production to which it corresponds — this complete elaboration of what lies within man, appears as the total alienation, and the destruction of all fixed, one-sided purposes as the sacrifice of the end in itself to a wholly external compulsion.

To be sure, the afore-mentioned goals had been only partially realized in the colonized social formations in the throes of dependent capitalist development.
The sole source of the historically specific and progressive social change in the indigenous social formation of India was never exclusively external, i.e. metropolitan capitalism and colonialism. The discussion in chapter 3 illustrates this. In the Mughal social formation the autonomous development of its economic structure kept pace with the growth of its own productive forces or concrete conditions. An accompanying feature of the autonomous development of the economic structure was the latter's dynamism that consisted in the growth of certain productive forces that were congenial to capitalist development from within, e.g. the expansion of the social division of labor, the disintegration of the economically self-sufficient village communities, the separation of agriculture from the handicrafts, the growth of market towns, the formation of the internal market, the rise of the simple commodity production and merchant capital, etc. The emergence of these new productive forces, largely qualitative in nature and developing more in certain regions (e.g. Bengal, Mysore, etc.), than in others, was suggestive of Mughal India's passage from feudalism to capitalism. It ruled out any ahistorical concept of a timelessly stagnant social formation or mode of production in Mughal India between the 16th and the first half of the 18th centuries. The process of capitalist transition, however, was significantly incomplete. Thus, Mughal India's entry into the process of transition to capitalism hardly warrants the
conclusion that it was definitely and inevitably on the road to experiencing industrial capitalist development or the CMP in the absence of any intervention by metropolitan capitalism and colonialism. The feudal mode of production, given the concrete conditions in the Mughal social formation, continued to remain dominant although it began to show signs of disintegration. Thus, when the specifically capitalist mode of production developed in India in the course of its colonial intercourse with Britain, the historical specificity of India's social change became quite evident.

The development of the specifically CMP as an integral component of colonial social change was not, however, autonomous but remained primarily dependent on the conditioning role of the external forces. As shown in chapters 4 and 5, the progressive role of metropolitan capitalism and colonialism was quite limited. The British interaction with colonial India since the latter half of the 18th century inaugurated the era of capitalist underdevelopment. The domination of metropolitan capitalism and colonialism resulted, on the one hand, in large-scale destruction and blockade of the existing productive forces that were conducive to capitalist development in the Mughal social formation. It both undid and arrested the progressive forces of social change that had developed prior to the consolidation of colonialism since the mid-18th century. On the other hand, the domination resulted also in generating new, regressive, forces that transformed
the Mughal economic structure for further capitalist underdevelopment. The colonies including India became arenas of external primitive accumulation which, in its turn, prepared the ground for the rise of metropolitan industry and industrial capital.

The impact of metropolitan industrial capital in colonial India began to appear from the last decade of the 18th century. In this respect, what began in a rudimentary way during the mercantile phase became consolidated during the industrial capitalist phase. That is to say, by the 1870s colonial India emerged as market for metropolis manufactured commodities in exchange for raw materials and primary commodities as a result of the determinations of metropolitan industrial capital which now broke, as an integral aspect of the economic structural change, the balance between the handicrafts and agriculture in the indigenous social formation. The continuing trend of deindustrialization was joined by the new trend of non-industrialization. The agrarian structure could not escape the distorting transformations either. The processes of de- or non-industrialization generated, in their turn, the ruralization and peasantization processes.

The economic transformations that were obstructive of indigenous industrial capitalist development continued, as shown in chapter 5, also in the final phase of metropolitan capitalism and colonialism. Once again, colonial India emerged
as strictly a financial base for British capitalist
development and accumulation. The surplus metropolitan
capital flowed into selective areas (e.g. public works,
export or extractive industries) that guaranteed higher
and steady profit but which did not pose any threat to
industrial hegemony of the metropolis. By flowing into the
production of raw materials and primary commodities, it
further accentuated the processes of ruralization and
peasantization in the indigenous economic structure. At
the same time, further expansion of certain new industries
(such as the iron and steel industry, the shipping and ship-
building industry, the locomotive industry, the oil industry
and so on) came to be retarded in varying degrees. India
rapidly built up industrial and technological dependence as
a result of the colonial dependence. It came to constitute
the most classic case history of the development of capitalist
underdevelopment.

Although the extraneous constraints played the prim-
ary role in shaping colonial industrial capitalist development,
one can hardly ignore the indigenous constraints that were
internal to the Mughal social formation - the archaic survivals
that colonial India inherited. The vast array of certain
economic, political and ideological preconditions that could
generate and sustain significant economic structural change
and large-scale capitalist industrialization remained
inadequately developed. In the absence of primitive
accumulation the formations capital, free wage labor and home market remained inadequate. As a result, both the internal and external forces limited the indigenous capitalist development. In the same way, as I have shown in chapter 6, both conditioned the economic structural change by setting limits to the development of the specifically capitalist mode of production in colonial India.

The significance of this change (i.e. the development of dependent industrial capitalism) can hardly be gainsaid, for it constituted, in a profound sense, the bases of all real and potential social changes in all dimensions in the postcolonial India since 1947. From this point of view, the progressive role of metropolitan capitalism and colonialism cannot be denied altogether. The image of the metropolis was indeed reproduced in the colony even if it was on a limited scale. Indian industrial capitalism grew in indissoluble union with metropolitan capitalism. There is little doubt that in many respects, such as the nature and types of industries, the production and occupational structure, the nature of entrepreneurship, the financial structure, transport and communications, education, the nature of political structure and process, and so on, fundamental changes took place in India in the course of its movement from Mughal feudalism to colonial capitalism. The momentum that is now growing in the present day Indian economic structure was hardly possible in the absence of certain conditions (e.g. modern scientific
education, the development of an industrial and financial infrastructure, etc) that developed only in colonial, and not Mughal, India. It was during the period of colonialism that India entered the phase of industrialism and urbanism based on the specifically capitalist mode of production. The present day large-scale industrialization, however expedited by relatively autonomous contexts of free India, is built upon and has proceeded along the experience of large-scale industrialization initiated during colonialism, especially from the 1920s when structural conditions of such industrialization became more conducive than ever before. Similar is the case with regard to the growth of small-scale industries.

Aspects of the Mughal class and political structures, as also those of the agrarian social change, constituted the leading themes for examination in chapter 7. The specific capitalist developments in respect of the class and political structures, as my findings suggest, were no maturer than was the case in respect of the economic structure of the Mughal social formation. What, however, stands out very significantly in my findings is the magnitude of the internal limits imposed by the Mughal class and political structures on the possibility of capitalist economic transformation from within. It is in these respects that it becomes extremely clear why capitalist development in the West including Britain was of higher level than that in Mughal India. In no small degree does it also explain the internal basis of colonialism.
In the West, as capitalist economic development matured to a certain level, the dominance of the (merchant) capitalists became evident at various levels of the respective social formations. They succeeded to translate their economic importance into a reality, especially at the level of the state. Marx and Engels noted this aspect of their emergence as a political and ideological force by drawing attention to the fact that the bourgeoisie in the West took a leading role, given the existence of favorable conditions in the social formation, in ending "all feudal, patriarchal, idyllic relations." In the transitional social formations of the West, the feudal state, did not remain simply feudal but became absolutist too. The absolutist state, though remaining feudal in the sense that it was "a redeployed and recharged apparatus of feudal domination", was simultaneously over-determined by the bourgeois elements in that it also ensured "the basic interests of the nascent mercantile and manufacturing classes." The political and ideological dominance of the newly arisen bourgeoisie became evident further in the fact that the absolute state became a nation state and promoted the goals of mercantilism. The following summary points precisely to the emergence of the Western bourgeoisie as a political and ideological class force in the 17th century. England and in the 18th century France.

When absolute monarchy could not, as in England in the seventeenth and France in the late eighteenth century, defend the old social order
as well as protect property, and afford opportunities for gain as the bourgeoisie desired, the bourgeoisie plus some aristocrats limited the monarchical power by constitutional provision and when this was not enough, removed the king's head (Charles I, Louis XVI). When the kings were limited or dethroned, the propertied citizens became sovereign, and they, the Cromwellians and French Revolutionaries, calling themselves the nation, ruled in the name of the nation. ...

The nation was no longer a king, his territory, and his subjects. It was now composed of citizens, propertied citizens usually, who inhabited a common territory, possesses a voice in their common government, and were conscious of their common (imagined or real) heritage and their common interests.

This Western experience stands in sharp contrast to the Mughal experience.

The indigenous capitalist elements including the merchants did not emerge significantly as a politically and ideologically effective class force vis-à-vis the feudal ruling class in the social formation which was still then dominated by natural economy. They were incapable either of over-determining the Mughal state to secure stable conditions of productive accumulation or of setting up a constitutional monarchy. The Mughal state did not thus emerge as an absolutist state in any realistic sense. Neither can Mughal India be stated to have experienced an era of mercantilism. From this point of view, the specificity of colonial social change in terms of the historical formations of the capitalist class structure and the capitalist state can appropriately be illustrated and understood, as this study has sought to do.
Against the back-drop of the Mughal class and political structure, I also examined, in chapter 7, why and how transformation in the indigenous agrarian structure produced only dependent agrarian capitalist class relations and agrarian capitalism despite colonial India's interaction with Britain, the first country in the world to develop the capitalist mode of production in agriculture. My findings suggest that, among other things, the historical specificity of agrarian social change in colonial India consisted, on the one hand, in the rise of the unmistakable tendency of the decline of the erstwhile lords of the land. The public lords of the land, whether zamīndars, talukdars and others of their kind, became private owners of the land insofar as their political functions, characteristic of the Mughal system, were ended in substance. The social base of the landed changed so as to include members of different strata of the new middle class which grew due to the expansion of the social division of labor brought about by both industrial and agrarian transformations. The decline of the traditional, feudal, landed class was further expedited by a series of complex structural factors, flowing from capitalist development and accumulation in the metropolis and the maintenance of colonialism in India, that simultaneously produced and increased the number of small holding (often not-proprietary) peasants. Such factors comprised both economic and, as shown in chapter 9, political considerations which enabled the colonial Raj to intervene on behalf of the small
peasants against the landlords. The peasantization of the agrarian structure, a historically specific aspect of colonial social change, due to the rise and expansion of the mass of petty peasant producers seriously blocked the rise of agrarian capitalist relations and, hence, of agrarian capitalism. The process of primitive accumulation was seriously retarded with grave implications including the continuing constriction of the home market for machinofactured commodities. The British, thus, carefully bequeathed an agrarian structure which ensured, at least for some decades to come, that no agrarian revolution would follow their departure from colonial India.

The penultimate dimension of colonial social change in terms of capitalist development was, as illustrated in chapter 8, the formation of the historically specific social relations of capital or of the dependent capitalist class structure. The development of the industrial class structure remained subject to constraints of both indigenous and metropolitan determination. However, it was the metropolitan constraints that played the major role in slowing down the social relations of capital. In the last instance, this retardation only followed the incomplete capitalist transformation of the indigenous economic structure, and especially the retarded development of large-scale industry. But, as was shown, metropolitan capitalism and colonialism never did completely operate solely as a negative force directly and nakedly suppressing all possibilities of the development of capitalist
social relations. Their emergence was, at the same time, expedited by the structural contexts, both metropolitan and indigenous, that became favorable to capitalist development with the progressive erosion of British dominance over India.

However retarded, the formations of the three modern social classes, the industrial bourgeoisie, the industrial proletariat, and the new middle class, are definite yardsticks of colonial India's historically specific social change in terms of possession of a capitalist class structure. This distinguishes the colonial Indian from the Mughal Indian social formation. The indigenous industrial bourgeoisie might have emerged along the conservative path. But they constituted a new brand of aggressive and nationalist bourgeoisie that can hardly be found in the Mughal social formation. If the formation of the industrial bourgeoisie implies simultaneously the formation of the industrial proletariat, the latter's formation, then, remained as narrow as that of the former in the constellation of both the precapitalist and the capitalist class structures. Regardless of their size, especially vis-à-vis the mass of petty producers, it is needless to assert the specific historical significance of the emergence of the industrial proletariat who, like the industrial bourgeoisie, cannot be traced to the Mughal social formation. For the same reason, their specificity consists in their existence as collective laborers. The emergence of the bourgeoisie and the proletariat practically meant, from the standpoint of
of social change, that colonial India bequeathed to postcolonial India two great agencies of the future historical social change. The transmission of this motor of dynamism to modern India became feasible because it was only in colonial India that these fundamental classes, representing social relations of capital, developed.

No less significant was the development of the new middle class as an indicator of specific historical social change which India experienced during the period of colonialism. A product of both agrarian and industrial transformation, this class comprising a wide variety of occupational and professional strata can hardly be traced to the indigenous social formation in Mughal India. It was the members of this class who provided both the leadership and the activists necessary to bring about the demise of colonialism which, ironically, begot them in the first instance. In this regard, it is important to note the ethical role the colonial Raj played in their formation, especially in respect of directing the course and content of modern education.

The formation of the capitalist state or rather the capitalist type of state, discussed in chapter 9, was the final dimension of the historically specific social change that India experienced in the process of capitalist development during the period of colonialism. The rise of the capitalist state, however retarded it was in the final analysis, is definitely an indicator of political structural change that
differentiates the political landscape of Mughal India in terms of capitalist development. The historical formation of the capitalist state was not, as demonstrated, a simple linear process but was marked by complexities flowing from the contradictions between the contending classes in the different modes of production.

The historical specificities of the new, capitalist, state hardly need emphasis. For instance, the emergence of the capitalist state within the concrete contexts of the development of the CMP in colonial India implied a structural break in the fusion between the "economic" and the "political", which was so characteristic of the Mughal economic and political structures. The differentiation of the economic in the process of capitalist development, giving rise to the conditions of relative autonomy of the political from the economic in the social formation, can be summarized in the words of Wood:

The social functions of production and distribution, surplus extraction and appropriation, and the allocations of social labor are, so to speak, privatized and they are achieved by 'non-authoritative', non-political means. In other words, the social allocation of resources and labor does not, on the whole, take place by means of political direction, communal deliberation, hereditary duty, custom, or religious obligation, but rather through the mechanisms of commodity exchange. The powers of surplus appropriation and exploitation do not rest directly on relations of juridical or political dependence but are based on a contractual relation between 'free' producers - juridically free and free from the means of production -
and an appropriator who has absolute private property in the means of production.

The separation of the political and the concomitant tendency of the political to emerge as relatively autonomous from the economic gives rise to the possibility of transforming the economy by an intervention of the political. Stated simply, economic development may consciously be promoted or retarded, to a certain extent, by the state pursuing and implementing necessary policies and actions. It enhances the chance of a conscious reorganization of the social system.

Another important political structural change that distinguishes the Mughal state from the colonial state is the development of the latter as a public domain of all individuals. The separation of the public from the private, which progressed only during the phase of colonialism, was first accomplished in the West by the metropolitan bourgeoisie who demanded that the state be separated from the private realm of aristocratic lineage and be firmly based on 'public opinion'; it should be concerned only with matters subsumable under general principles, and not with the material or legal interests of particular individuals or categories of individuals. The distinction was intrinsically related to the concept of bureaucracy of the bureau as a public office separated from the household of the king and the aristocrats. As regards society, the conceptions of the private was directed against the estates, guilds, village communities, royal charters and all other quasi-public corporations that restricted the action of the individual. The location and sharpness of the line of demarcation between private and public has
varied considerably with the conjuncture of the class struggle. Generally speaking, the private sphere has extended to the choice of occupation and place of work, the choice of marriage-partner, and the ideological convictions, consumption habits and life-style of the individual. In other words, it has comprised the labor market, capital accumulation, the bourgeois nuclear family, and the whole field of bourgeois 'individualism'.

To be certain, all these features, characterizing the political and the capitalist state in India, did not develop completely in view of the narrow base of capitalism and also because of the relative weakness of the bourgeoisie vis-à-vis other classes in the indigenous class structure. But the colonial capitalist state is indisputably different from what the Mughal state was. An instance of this, among other things, was the emergence of a modern bureaucratic apparatus that operated in accordance with defined rules but which was not subject to exclusive control by a supra-individual, the king, as was the case with the Mughal state. The development of the relative autonomy of the political and its transformation into a public arena in colonial India widened the scope of politics – the field of activity in which two or more classes (or fractions thereof), organized through institutional mechanisms (e.g. parties, pressures groups, etc.), compete for the seizure of governmental power to realize their defined goals and interests. No longer politics remained, as it was in the Mughal era, a domain exclusively reserved for the ruling
class and its members who were linked to each other by parochial-traditional ties of kinship, interests in land, caste, and so on.

Finally, it was demonstrated that metropolitan domination was not simply an external imposition but rested also on the support provided by different indigenous classes, especially the smaller peasantry, in varying degrees. Indeed, the metropolitan domination vitally rested on rather the apolitical and passive acceptance of the peasants who constituted the largest segment of the colonial social structure. They constituted the single most important internal structural base of metropolitan domination, of the authoritarianism of the bureaucratic-military state apparatus of Raj, of the legitimation of the alien regime, and of power for the metropolitan bourgeoisie. Almost from the rise of colonialism until to its dying decades in the 1920s and 1930s, the metropolitan ruling class exhibited its peasant orientation by the pursuit of different policies and the implementation of different measures. At the same time, this was a structural outcome of different economic as well as political forces flowing from capitalist development and accumulation in the metropolis and the maintenance of colonialism in India. In brief, the Raj's peasant orientation fitted perfectly with the international division of labor between agrarian India and industrial Britain.

The nationalization of the colonial state, i.e.
Indianization of the Raj, was not accomplished until and unless the Indian National Congress was finally able to win the backing of this mass of peasants, especially of the smaller variety. To do this, the INC had to orient its policies and take measures, when feasible while occupying offices, that were conducive to the interests of the petty agrarian (also industrial) bourgeoisie whose spectacular expansion during the colonial era made them a preponderant social force, both politically and ideologically, vis-à-vis the newly arisen weak bourgeoisie and, also, the proletariat. The material conditions in the indigenous social formation in the last decades of colonialism were far from congenial to the establishment of the hegemony of any of them, either the industrial bourgeoisie or the industrial proletariat. As Marx stated in the French context:

The development of the industrial proletariat is, in general, conditioned by the development of the industrial bourgeoisie. Only under its rule does the proletariat gain that extensive national existence which can raise its revolution to a national one, and does it itself create the modern means of production, which become just so many means of its revolutionary emancipation. Only its rule tears up the material roots of feudal society and levels the ground on which alone a proletarian revolution is possible. ... The industrial bourgeoisie can rule on where modern industry shapes all property relations to suit itself, and industry can win this power only where it has conquered the world market, for national bounds are inadequate for its development.
Leaving aside their position in colonial India, it is doubtful, if strictly viewed, whether such conditions as stated in the above are even present in postcolonial India.

Given the incomplete industrial capitalist development and the weakness of the fundamental class agents of capitalism, the emergent capitalist state remained weak, being vulnerable to overdetermination by the petty bourgeoisie for their interests in colonial India. There are many pieces of concrete evidence of this. For instance, the agrarian disturbances of Pabna in the early 1870s, which provided powerful stimulus to the enactment of the Bengal Tenancy Act of 1885, grew out of the discontent of the occupancy peasants who wanted the reduction of rents, the abolition of illegal cesses, the security of tenure, etc. The leadership comprised also the petty bourgeois elements such as the petty landlords, the village headmen, etc. Again the Swadeshi movement (1905-1908), one of the objects of which was to promote the expansion of the indigenous industry, was mainly championed by the petty bourgeoisie (e.g. artisans, small traders and intellectuals).

The implications of the growing importance of the petty bourgeoisie in the constellation and alignment of class forces, on the one hand, and, hence, for the character of the state and its power, on the other, are quite clear. The preponderance of the petty bourgeoisie meant that the emergent capitalist state cannot follow either completely a capitalist
strategy or completely a socialist strategy of economic development, with the result that India was faced with the worst of both the worlds. The unprecedented rise of the petty bourgeoisie in the public domain of political power made the Indian capitalist state all the more an arena of conflicting class forces. Until a particular class, whether the bourgeoisie or the proletariat decisively wins with or without the support from elements of other classes (or fractions), the petty bourgeoisie would continue to remain a balancing force in the class structure and would impinge on the policies, actions and power of the postcolonial state.

The reason is that the petty bourgeoisie, having become the prime house of voters in free India, are now capable of dispensing rich dividends that can hardly be ignored by any democratic party including the political democrats of the INC. As long as this continues, the scope for further radical but necessary social change remains strictly limited, for, as Marx said in the French context,

the democrat, because he represents the petty bourgeoisie, that is, a transitional class, in which the interests of two classes are simultaneously mutually blunted, imagines himself elevated above class antagonism generally. The democrats concede that a privileged class confronts them, but they along with the rest of the nation, form the people. What they represent is the people's interests that interests them is the people's interests. Accordingly, when a struggle is pending, they do not need to examine the interests and positions of the different classes. They do not need to
weigh their own resources too critically. They have merely to give the signal and the people, with all its inexhaustible resources, will fall upon the oppressors.

Footnotes

1. Marx, Grundrisse, p. 265.
6. See Pavlov, "India's Socio-Economic Structure from the 18th to Mid-20th Centuries", p. 52; and Chicherov, India: Economic Development in the 16th-18th Centuries, pp. 175.
7. See Frank, Latin America, p. 225.
10. Anderson, Lineages of the Absolutist State, pp. 18 and 40. Emphases in original.
11. Ibid., p. 35-6.
12. Shafer, Nationalism, pp. 102 and 104-5.
13. The post independence peaks in per capita crop production, i.e. 1964-65, 1970-71 and 1975-6, have hardly exceeded those reached earlier, i.e. 1909-10, 1910-11 and 1916-17. In 1971 the same proportion of Indian population (70%) was dependent on agriculture, as it was in 1901. See Chandra, op. cit., pp. 521-4:


15. However, the separation of the political from the economic should not be overstressed. See ibid.


17. Marx, Class Struggles in France 1848 to 1850, p. 37. Emphases added.


Report from the Select Committee on East India Produce, with Minutes of Evidence, Appendix and Index. 1840 (527). VIII. 1.

A Return of Papers in the Possession of the East India Company, Showing what Measures have been taken since 1836 to Promote the Cultivation of Cotton in India, with the Particulars and Result of any Experiments which have been made by the said Company, with a view to Introduce the Growth of American Cotton, or to Encourage the Production of Native Cotton in India. 1847 (439). XLII. 1.

First Report from the Select Committee on Sugar and Coffee Planting, with Minutes of Evidence and Appendix. 1847-48 (183). XXIII, Pt. 1. 1.

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