

# Manufactures.

Goods.	Value given in the Report.	Deduct for raw Material already calculated and included in the produce, or imported and paid from produce.	Balance representing labour.
	Rs.		Rs.
Silks ... ..	19,62,049	Say half for Material (imported)	9,81,024
Cottons ... ..	1,75,05,556	" 40% per " "	1,05,03,334
Wool ... ..	9,42,329		9,42,329
Fibres ... ..	6,41,578	" 20% " "	5,13,263
Paper ... ..	1,58,565	" 25% " "	1,18,924
Wood ... ..	67,28,686		67,28,686
Iron ... ..	43,26,132	" 1/3rd " "	28,84,088
Brass and Copper ... ..	6,38,573	" 40% " "	3,83,144
Building ... ..	43,22,867		43,22,867
Leather ... ..	63,21,802		63,21,802
Gold and Silver lace ... ..	56,27,054	" 1/3rd " "	18,75,685
Dyeing ... ..	7,38,926	Material not stated.	7,38,926
Oil ... ..	12,45,966	" 1/3rd or say 1/2 Material	6,22,983
Shawls ... ..	8,96,507	" 1/4th Material imported	8,21,798
Other Manufactures ... ..	30,81,205	Not described	30,81,205
		Total.....	4,08,40,058

## MINES.

There is no clear statement of the value of the produce of Mines given in this Report. The chief article is Salt. The report does not give any account of the cost of Salt.

Parl. Return No. 176 of 1878 gives (page 30) "The quantity manufactured, excavated or purchased" during the year (1876-77) as Maunds 1,795,956. In the statistics published by the Government of India (1875) at Calcutta—part III., page 79, it is said "Since 4th July 1870, one anna per maund has been charged as the cost price of the salt in addition to the duty." At this rate the above production of Salt, viz. Maunds 1,795,956 will cost Rs. 1,12,247. Duty is paid from the produce of the country.

For other minerals I can get no estimate. I roughly and as a very outside estimate put down the *whole* product of mines at Rs. 3 lacs.

## STOCK.

I am unable to make any estimate of the annual addition to stock during the year. All that portion however which is used for agricultural or manufacturing purposes need not be estimated, as its labour, like that of the agriculturer and the manufacturer himself, is included in the agricultural or manufacturing produce. The portion of the annual produce or addition, which is used for other than agricultural and manufacturing purposes, such as carriage and food and milk, needs to be added to the production of the year. Though I cannot estimate this, still it will not matter much, for, as I have shown in the table for inferior grains, a certain portion of them goes in the feed of animals—and as this portion supplies the feed of the *whole* stock that requires grain, and not merely that of the *annual* addition, the non-estimate of that portion of the *annual* addition to the stock which is used for carriage and for food may be more than covered by the value of the grain used for animals. Moreover, as I also give a margin upon the total estimate for any omission, any such item will be fully provided for.

## Summary of the total production of Punjab.

					Value.
Agricultural Produce	...	...	...	...	Rs. 27,72,56,263
Manufactures	...	...	...	...	„ 4,08,40,058
Mines	...	...	...	...	„ 3,00,000
					<hr/> Rs. 31,83,96,321

In order to meet any omissions (fish, &c.) I allow a further margin of above  $3\frac{1}{2}$  crores of Rupees, making say the whole produce of Punjab  $35\frac{1}{2}$  crores of Rupees, or at 2s. per Re. = £35,330,000, which, for a population of 17,600,000, gives £2 per head per annum at the outside for the year 1876-7.

The approximate estimate I had made out for the year 1867-8 in my paper on The Poverty of India was 49s. 5d., showing that either my calculation for the year 1867-8 was too high or the production of the province has diminished in value. The truth most likely is between both.

At all events unless any error of importance is pointed out, it seems clearly established that the value of the production of one of the best Provinces of India is Rs. 20 per head per annum at the outside.

## FOOD PRODUCE.

	GRAIN.	Total Quantity. lbs.
Rice ... ..	...	541,492,369
Wheat ... ..	...	5,332,813,517
Makai (Indian corn) ... ..	...	1,593,872,255
Jow (Barley) ... ..	...	883,781,444
Gram ... ..	...	1,417,173,807
Inferior grains ... ..	...	3,169,169,607

Quantity raised for animals. about Total... 12,938,302,999

Gram lbs.	$1,417,173,807 \times \frac{1}{2} =$	708,586,903
Jow „	$883,781,444 \times \frac{3}{4} =$	662,836,083
Jowár acres	$2,221,535 \times \frac{1}{2} = 1,110,767\frac{1}{2}$	lbs. per
Bájrâ „	$2,339,796 \times \frac{1}{2} = 1,169,898$	acre less
Moth „	$982,208 \times \frac{1}{2} = 491,104$	seed
Másh „	$213,465 \times \frac{1}{2} = 106,732\frac{1}{2}$	(510-26)

Total...  $3,458,732 \times 484 = 1,674,026,288$

Total... 3,045,449,274

Balance remaining for } 9,892,853,725  
human use.

Or 562 lbs. per annum or lb. 1 oz. 8.65 per day per head for a population of 17,600,000.

Even taking the *whole* quantity of grain as for human use and thus not allowing any portion at all for animals (which would of course not be right to do) the quantity per annum will be 735 lbs. or 2 lbs. per day per head.

In the value I have calculated for grain, I have taken the *whole* grain, *i. e.* including the portion for animals.

#### VEGETABLES.

##### General Vegetables.

Total quantity 1,068,002,055 lbs. gives 60·7 lbs. per annum or 2·66 oz. per day per head.

##### POTATO.

\* Total quantity 78,966,000 lbs. gives 4·48 lbs. per annum or ·2 oz. per day per head.

#### LAND REVENUE OF THE PRINCIPAL PROVINCES, OF INDIA FOR 1875-6.\*

			Revenue.	Population.	Revenue per head.
			Rs.		Rs. a. p.
Bengal	...	...	3,77,65,067	60,502,897	0 10 0
Punjab	...	...	2,00,15,260	17,611,498	1 2 2
N. W. Provinces	...	...	4,24,57,444	30,781,204	1 6 0 $\frac{3}{4}$
Madras	...	...	4,54,50,128	31,672,613	1 6 11
Bombay (including Sind)	...	...	3,69,43,563	16,302,173	2 4 3

\* I have taken 1875-6, for, on account of the Famines in the Bombay and Madras Presidencies in the year 1876-7, a comparison for the year 1876-7 will be an unfair one.



Cost of absolute Necessaries of life of an agricultural labourer.—(Punjab, 1876-7.)

FOOD.

MAN.

Items.	Quantity per day.	Quantity for 1 year.	Price for Re. 1.	Cost for 1 year.	Remarks.
	Seers.	Seers.	Seers.	Rs. a.	
Flour ...	1	365	25	14 9	The price in the Report is 20 seers for 1st sort; I have taken 25 per cent. lower price for lower quality.
Rice ...	4	91	13	7 0	The price in the Report is 10 seers for 1st sort; I take 30 per cent. lower price for inferior quality.
Dal ...	1	45	18	2 8	The price in Report is 16 seers; I take it 12 per cent. lower.
Salt ...	1 oz.	11	9½	1 3	The price of the Report—which is Government sale price.
Ghee ...	1 "	11	3	3 11	The price in the Report is less than 2 seers.
					In taking 3 seers, I lower it above 50 per cent., or rather to the price of oil.
Condiment ...	2 pies worth.	.....	.....	3 13	The quantity 1 oz. is also rather low for a Punjabee.
Tobacco ...	1½ "	.....	.....	2 14	These are regarded as under the mark.
Vegetables ...	1 "	.....	.....	1 8	
Total..	.....	.....	.....	37 2	Without any meat, sugar, milk or any drink or any kind of luxury whatever.

WOMAN.

All the above items will be nearly the same, except tobacco. Deducting tobacco, it will be Rs. 34-2 as., say Rs. 32.

2 MORE MEMBERS IN A FAMILY.

1 Young person, say between 12 and 18—Say Rs. 26—though there will not be so much difference.

1 " " under 12 Say " 0 though this cannot be the case generally.

Cost of absolute Necessaries of Life of an agricultural labourer—  
(continued).

## CLOTHING FOR 1 YEAR.

Man.	Woman.	Remarks.
Rs. a.	Rs. a.	
2 Dhotees ... .. 1 0	2 Pajamas ... 1 0	No holiday clothing, nor for occasions of joy and sorrow, are reckoned,
2 Pairs shoes ... .. 1 0	1 Gagra ... 2 0	
1 Turban ... .. 1 0	2 Chadars ... 1 8	
2 Bandis for warm and cold weather ... .. 1 8	4 Cholees ... 1 0	
2 Kamlees ... .. 4 0	Bangles ... 0 8	
1 Small piece of cloth for langootee, &c. ... .. 0 4	2 Pairs shoes ... 0 8	
1 Chadar ... .. 0 12	Hair Dressing ... 0 3	
1 Pajama ... .. 0 12		
Total.....10 4	6 11	

For 1 young person, say Rs. 6—for the 2nd, say nothing.

## FAMILY EXPENSES IN COMMON.

Cottage, Rs. 60	Say Rs. 4 0 for 1 year.	Calculated on the lowest scale without any furniture—such as cots or mats, or stools or any thing.
Repairs ... ..	3 0	
Cooking and other utensils.	3 8	
Firewood, $\frac{1}{4}$ anna per day.	5 11	
Lamp oil, 1 oz. per day, at 3 seers per Re. 1 ... ..	3 12	
Total...	19 15	

Taking 4 in the family.

	Food.	Clothing.	Family expenses.	Total.
	Rs.	Rs. a.	Rs. a.	
Man ... ..	37	10 4		
Woman ... ..	32	6 11		
Youth (12 to 18) ... ..	26	6 0		
Child (under 12) ... ..	...	.....		
	95	22 15	19 15	137 14—say Rs. 136.

Which will be Rs. 34 per head per annum in a family of 4—against the production of Rs. 20 per annum at the outside.

No wedding, birth, and funeral expenses calculated, nor medical, educational, social and religious wants, but simply the absolute necessities for existence in ordinary health, at the lowest scale of cost and quantity.

The prices this year are the lowest during 10 years.

The Report says—page 83—“Salt and tobacco show a rise in price.” This is a mistake into which the writer is led by the mistake of the clerk in taking his totals and division by the number of districts. The figures in table 45 (page clxxvii) in the line of the “General Average” of tobacco *viz.* 4-5 and 5-7 are wrong. And so also in the line of Salt 7 and 7-5 are wrong. I do not mean these figures are wrong on account of the fallacious principle of the report in taking averages, but in taking the average according to the report's own method, *i. e.* of adding up the columns and dividing by the number of districts.

## 2

*Memorandum on Mr. Danvers's papers of 28th June 1880  
and 4th January 1879.*

Mr. Danvers says:—“In examining Mr. Dadabhai Naoroji's paper, it appears that in his calculations he has omitted to make any allowance for the value of straw, and he has made no attempt to estimate the value of the increase of Agricultural stock, but he has added an arbitrary sum for the latter and for other omitted items.”

I have omitted not only straw, but also Grass, Cotton seed, and any fodder or other food for animals which I have not taken in my tables; and further, I should also omit all that portion of the inferior grains which I have shown in my table at page 9—of about 30 per cent. of the whole acreage of grains, and which is grown for the food of animals.

The reason is this. The principle to be considered is:—1st—Either the whole gross annual production of the country may be taken (including straw, grass, &c. &c.) and from this *gross* production, before apportioning it per head of human population, a deduction should be made for the portion required for all the stock—which in the case of the Punjab are above 7,000,000 large cattle and near 4,000,000 sheep and goats; or 2nd—All straw, grass and every production raised for animal food should be left out of calculation, and only the rest of the production which is and can be turned to human use, should be apportioned among the human population. Mr. Danvers may adopt either of the above two methods—whichever he may consider would give most correctly the actual production for human use. It would not be correct to include the produce

raised for animal use and then not to make the necessary deduction for such use. I would put this matter in another form.

Suppose on the 1st of January 1880, we have in India a certain amount of material wealth in all its various forms, and we take complete stock of it; that during the year following the country works in all its varieties of ways, consumes for all its various human, animal and instrumental wants from the store existing on the 1st January 1880; and that after the end of the year, on 1st January 1881, we gather together or take stock of every possible kind of material production (agricultural, mineral and manufacturing and addition from profits of foreign trade) during the year. This production during the year will have to meet all the wants of the next year. If this production prove less than what would be wanted for the next year, then there would be a deficiency, and either the original wealth or capital of the country will have to be drawn upon, or the people will be so much less supplied with their wants in some shape or other; in either way showing a diminution of prosperity—both as property and capacity. If on the other hand, the whole material production of the year prove more than what would be necessary for the next year for all ordinary or usual wants, then a surplus would accrue, and so far in some permanent form, add to the capital of the country and increase its prosperity.

I request therefore that Mr. Danvers may be asked to work out the total production and wants of India, for say the last dozen years, on correct principles of calculations, from such materials as are already available at the India Office, supplementing such information as may be deficient by asking from India and from experienced retired officials who are now in this country. Such tables will show what the actual material condition of the country is, and whether it is increasing or diminishing in prosperity. Unless such information is obtained, the Government of the country will be blind and in the dark, and cannot but result in misery to India, and discredit to the Rulers, their best intentions notwithstanding. It is hopeless to expect intelligent government without the aid of such important information annually.

I am glad Mr. Danvers has made an estimate of the annual increase of agricultural stock in his paper of 4th January 1879, and as I have to say something upon this paper further on, I do not say anything here upon the subject of stock.

Mr. Danvers says :—"Mr. Dadabhai has adopted the principle of equally apportioning the value of agricultural produce and manufactures

as ascertained by him from the statistics available, amongst the whole population, without distinguishing how many are agriculturists, how many mechanics, and how many belong to other trades or professions, or possess property, and whose incomes therefore are derived directly neither from agriculture nor from manufactures. Thus he omits all reference to railway wealth, Government stock, house property, profits of trade, salaries, pensions, non-agricultural wages, professional incomes, and returns to investments, and all other sources from which a man who does not grow food himself may obtain the means of purchasing it."

"From the Census Report of 1871 it appears that, out of a total population of 17,611,498 under British Administration, in the Punjab 9,689,650 are returned as agriculturists, 1,776,786, adult males, equivalent to about 4,500,000 of population as engaged in industrial occupations, thus leaving a population of nearly  $3\frac{1}{2}$  millions directly dependent neither upon agriculture, manufactures, nor mining, and who must therefore derive their means of subsistence from other sources."

I take each of the items;—

1st—"Railway wealth." I am not sure what Mr. Danvers means by 'Railway wealth.' In his paper of 4th January 1879 he regards railways "enhancing the value of food grains and adding, *protanto*, to the wealth of the districts through which they run." If he means in the above extract, by "railway wealth" something different, then that needs to be explained. In the mean time I adopt the interpretation as I make out with the aid of his paper of 4th January 1879.

Suppose 100 maunds of wheat exist in the Punjab, and its cost to the producer, say, is Rs. 100—suppose that this wheat is carried by railway to Bombay and its value at Bombay is Rs. 125. Does Mr. Danvers mean that this circumstance has *added* Rs. 25 or anything at all to the existing wealth of India?

If so, then no such thing has happened. The 100 maunds of wheat existed in the Punjab, and the Rs. 125 existed in Bombay, before the wheat was moved an inch. After the movement, the only result has been change of hands. The wheat has gone to Bombay and the Rs. 125 are distributed between the owner at Punjab, who receives Rs. 100, and the railway owners and workers, and the merchant who carried through the transaction, who between them divide the Rs. 25. By the mere fact of the removal of the wheat from the Punjab to Bombay, not a single grain of wheat nor a single pie of money is *added* to what already existed in

India before the wheat was touched. Such "railway wealth" does not exist. If the mere movement of produce can *add* to the existing wealth, India can become rich in no time. All it would have to do, is to go on moving its produce continually all over India, all the year round, and under the magic wheels of the train, wealth will go on springing, till the land will not suffice to hold it. But there is no Royal (even railway) road to material wealth. It must be produced from the materials of the Earth till the great discovery is made of converting motion into matter. I should not be misunderstood. I am not discussing here the benefits of railways, whatever they are, to any country or to India. To show that the people of India are not deriving the usual benefits of railways, I give hereafter a short separate section. Here it is enough for me to state that railways are in a way an indirect means of increasing the material production of any country, but that whatever that "means" is, its result is fully and completely included in the estimate of the actual annual production of the country, and that there is nothing more to be added to such actual material production of the year.

2nd—"Government Stock." Suppose I hold a lakh of rupees of Government 4 per cent. Rupee paper. It does not from itself produce or create or make to grow out any money or food or any kind of material wealth for me. It simply means that Government will give me Rs. 4,000 every year, and that, not by creating anything by any divine power, but from the revenue of the country; and this revenue can be got from only the actual material production of the year. So in reality my income of Rs. 4,000 from "Government Stock" is nothing more nor less than a share out of the production of the country, and is therefore fully and completely included therein. No addition has to be made from "Government Stock" to the actual material production of the year. No such addition exists at all.

3rd—"House Property." Suppose I have taken a house at a yearly rent of Rs. 1,000. The house does not grow or create the rent by the mere fact of my occupying it. I have to pay this amount out of my income of the Rs. 4,000 from Government Stock, and so the house-owner receives through me and the Government his share out of the production of the country. The discussion of the other items further on will show that, be my income from any of the various sources Mr. Danvers suggests, it is ultimately and solely derived from and is included in, the yearly production of the country, and the owners of "House Property" simply take their share, like everybody else, from this same store.

4th—"Profits of Trade." I take first foreign trade. Mr. Danvers is quite right that the foreign trade of a country adds to its annual income or production.\* But unfortunately the case with India is quite otherwise. The present system of British Administration not only sweeps away to England the whole profits of the foreign trade, but also drains away a portion of the annual production itself of the country. So India, instead of making *any* addition from its "profits of foreign trade" to its yearly production, a deduction has to be made from such production in estimating the actual quantity that ultimately remains for the use of the people of India. A portion of the actual production, through the channel of foreign trade, goes clean out of the country to England, without an atom of material return. The manner in which the foreign trade of India becomes the channel through which India's present greatest misfortune and evil operate, I treat further on in a separate section, to avoid confusion. It is enough for me to say here, that as matters actually stand, instead of there being, as should be, any addition from foreign trade to the annual production of India, there is actually a diminution or drain of it, clean out of the country to England, to the extent of some £18,000,000 a year, together with and over and above all its "profits of trade." I grieve, therefore, that I have nothing to add from "profits of trade" as Mr. Danvers suggests, but much to subtract.

I take next the internal trade. Resuming the illustration of the 100 maunds of wheat at Punjab, say a merchant buys at Rs. 100 and sends it to Bombay, where he gets Rs. 125. The result simply is, that the wheat is still the same 100 maunds, and the Rs. 125 that existed in Bombay are still Rs. 125, but that out of Rs. 25, the merchant receives his "profit of trade," and the railway its charges for carrying. Not a single atom of money or wheat is added to the existing wealth of the country by this internal trade; only a different distribution has taken place. I should not be misunderstood. I am not discussing here the usefulness of internal trade whatever it is. I am only pointing out that any increase in the material income of the country by the mere transactions of the internal trade, is a thing that does not exist, and that whatever benefits and "profits of trade" there are from internal trade, are fully and completely included in the ultimate result of the actual material production of the year.

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\* Taking the aggregate wealth of the world, Foreign Trade even adds nothing. It simply then becomes Internal trade, and is mere change of hands, as explained further on.

5th—"Salaries and pensions." These will be official and non-official. Official salaries and pensions are paid by Government from revenue, and this revenue is derived from the production of the country; and so from that same store are all such salaries and pensions derived. For non-official salaries or pensions, the phenomenon is just the same. I pay my clerks or servants, either from my profits of trade, or interest of Government stock, or from rent of my house property, or from any of the sources which Mr. Danvers may suggest, but one and all of these incomes are drawn from the same store,—the annual material production of the country. All salaries and pensions are thus fully and completely included in the estimate of the production.

But this is not all. In these salaries and pensions, &c. do we come to the very source of India's chief misfortune and evil, which, as I have already said, works through the medium of the foreign trade. It is the salaries and pensions, and all other expenditure incident to the excessive European Agency, both in England and India, which is India's chief curse, in the shape of its causing the exhausting drain which is destroying India. In the ordinary and normal circumstances of a country when all the salaries, pensions, &c. are earned by the people themselves, and remain in the country itself to fructify in the people's own pockets, there is no such thing as an addition to the annual production of the country from "salaries and pensions." But as far as India is concerned, the case is much worse. All salaries and pensions &c. paid to Europeans in England and India beyond the absolute necessity of the maintenance or supervision of British rule, are actually, first, a direct deprivation of the natural provision for similar classes of the people of the country, and second, a drain from the property and capacity of the country at large. So, unfortunately, is there nothing to be *added*, as Mr. Danvers asks, from "salaries and pensions," but much to be *subtracted*, that is, either spent in England or remitted to England from the resources of India, and for which not a particle returns, and what is enjoyed in India itself by the Europeans.

Mr. Danvers may kindly consider his own salary. It is derived from the production of India. It is brought to England and not a farthing out of it returns to India. Even if it returned, it would be no *addition* to the wealth of India, but as it does not return, it is so much actual *diminution* from the means of the subsistence of the people. I should not be misunderstood. That for a good long time, a reasonable amount of payment for British rule is necessary for the regeneration of India, is true, and no thinking native of India denies this. It is the evil



of excessive payment that India has to complain of. But what I have to point out here is that salaries and pensions, even to the natives themselves, are no addition to the wealth, and much less are those which are not paid to the people of the country. The increase supposed by Mr. Danvers does not exist. There is, on the contrary, much diminution.

6.th—"Non-agricultural wages."

A person, employed by a farmer, say as a labourer, upon building his house, is paid from the farmer's agricultural income. A person employed by a merchant, a house holder, a stock holder, a pensioner, or a salaried man, or on a railway, is paid from their income, which, as I have explained, is derived from the only great store—the annual material production of the country. In short every labourer—mental or physical—has his share for his subsistence, through various channels, from the only one fountain-head,—the annual material production of the country. There is no source, outside the production (including any addition to it from profits of foreign trade) from which any individual derives his means of subsistence.

7.th—"Professional incomes."

I consult a doctor or a solicitor. The mere act of my consulting these professional gentlemen does not enable me to create money to pay them. I must pay them from my income as an agriculturist, or a miner, or a manufacturer, or a stockholder, or a householder, &c. &c., and my such income is all and solely derived from the material production of the country.

I need not now go any further into a repetition of the same argument with regard to.

8.th.—"Returns to investments, and all other sources from which a man who does not grow food himself may obtain the means of purchasing it;" or leaving a population "directly dependent neither upon agriculture, manufactures, nor mining, and who must therefore derive their means of subsistence from other sources."

There *do not exist* any such "other sources," except profits of foreign trade. But unfortunately for India, instead of foreign trade bringing any profits, it is actually the channel by which, in addition to all such profits, a portion of the production itself is also swept away. So India exhibits the strange phenomenon, that her people cannot get any benefit from profits of foreign trade, and cannot enjoy for their subsist-

ence even their own production fully or adequately. The result of all the different influences, forces, labour, knowledge, land, climate, railways or all other kinds of public works, good government, justice, security of property, law, order, and all the above 8 and other so-called sources of income, is *fully and completely* comprised in the *ultimate resultant* of all of them, viz. the actual material income of the year. Its increase or decrease every year, is in fact *the* test of the ultimate and full result of all the above direct and indirect means of the production of a country. If the material income of the year does not suffice for all the wants of the whole people for the year, the existing "capital" wealth of the country is drawn upon, and so far the capital and the capacity for annual production are diminished.

I submit therefore that Mr. Danvers' argument of the "other sources" has to be laid aside.

Mr. Danvers says, "Mr. Dadabhai makes out the total value of the agricultural produce of the Punjab to be Rs. 27,72,56,263, and that from manufactures and mines Rs. 4,11,40,058. To this he adds, to meet any omissions, a further margin of  $3\frac{1}{2}$  crores, making the whole produce of the Punjab  $35\frac{1}{2}$  crores of Rupees, "which for a population of 17,600,000 gives Rs. 20 per head per annum at the outside for the year 1876-77," to which year the figures he has taken refer. At page 27 of his tables he shows that the cost of absolute necessities of life of an agricultural labourer is Rs. 34 per annum, but he omits to explain how, under these circumstances, the people of the Punjab managed to live, and leaves the reader to draw his own conclusions how, with only Rs. 20 per annum, he can provide for an expenditure of Rs. 34."

Why, that is the very question I want government to answer,—how they can expect people to manage to live, under such circumstances, without continuously sinking in poverty. The first real question is,—are these facts or not? If not, then what are the actual facts of the "means and wants" of the people of India? If they are, then the question is for Mr. Danvers and government to answer how people can manage to live. The answer to the question is however obvious, viz. that as the balance of income every year, available for the use of the people of India, does not suffice for the wants of the year, the capital wealth of the country is being drawn upon, and the country goes on becoming poorer and poorer, and more and more weakened in its capacity of production; and that the American War, for a little while, gave, and the various loans, give a show of prosperity to end in greater burdens, and great destruction by famines.

These facts of the insufficiency of the means for the wants go to prove late Lord Lawrence's statements made in 1864 as Viceroy and in 1873 before the Finance Committee. In 1864 he said that India was on the whole a very poor country and the mass of the people enjoyed only a scanty subsistence; and in 1873 he repeated that the mass of the people of India were so miserably poor that they had barely the means of subsistence, that it was as much as a man could do to feed his family or half feed them, let alone spending money on what might be called luxuries or conveniences. Such then is the manner in which the people of India manage to live; scanty subsistence, and dying away by millions at the very touch of drought. In the case of the Punjab as the latest British possession and least drained, and from other circumstances noted below,\* the people have had as yet better resources, in their "Capital" wealth to draw upon. But taking India as a whole, Lord Lawrence's words are most deplorably but too true.

I need not discuss Mr. Danvers's paper of 28th June 1880 any further. The fallacy of "other sources," besides agriculture, mines, manufactures, and foreign trade, pervades his whole argument, and in the latter part of the paper, 2 different matters are mixed up, a little misapprehension has taken place as to my meaning, and some part is irrelevant.

The whole question now before us is simply this.

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\* The Punjab is favoured by nature and by circumstances. By nature, inasmuch as it is one of the most fertile parts of India. It is "Punj-aub," the land of the 5 waters, and it has both natural and artificial irrigation. It is favoured by circumstances, inasmuch as that (excepting Bengal in its special fortunate circumstances of the permanent settlement, Punjab pays the least land revenue—viz. the Punjab pays Rs. 1-2-2 per head per annum, the North West Provinces pay Rs. 1-6, Madras Rs. 1-7, and Bombay Rs. 2-4-3 (see my tables, page 25). I have taken these figures for 1875-6. Those for 1876-7 would be unfair and abnormal on account of the Bombay and Madras Famines. Further, the Punjab has been further favoured by other circumstances in the following way:—

The Administration Report of 1856-8 says—"In former reports it was explained how, the circumstance of so much money going out of the Punjab, contributed to depress the agriculturists. The native regular army was Hindoostani. To them was a large share of the Punjab revenue disbursed, of which a part only they spent on the spot, and a part was remitted to their homes. Thus it was, that year after year, lakhs and lakhs were drained from the Punjab and enriched Oudh. But within the last year the native army being Punjabi, all such sums have been paid to them and have been spent at home. Again many thousands of Punjabi soldiers are serving abroad. These men not only remit their savings but also have sent a quantity of prize property and plunder, the spoils of Hindustan, to their native villages. The effect of all this is already perceptible in an increase of agricultural capital, a freer circulation of money, and a fresh impetus to cultivation."

It will be seen that the Punjab has more capital to draw upon, and has some addition to its resources at the expense of the other provinces, to make up some of its deficiency of its production.

1st—What the whole actual, material, annual income of India is, as the ultimate balance of all sources and influences, that is available for the use of the whole *people of India*.

2nd—What the absolutely necessary wants, and the usual wants of all classes of the people, are; and

3rd—Whether the income of India is equal to, less, or more than such wants.

By carefully ascertaining these facts every year, shall we ever be able to know truly, whether India is progressing in prosperity, or sinking in poverty, or is in a stationary condition. This is the whole problem, and it must be boldly faced and clearly answered, if the mission of Britain is the good of India, as I firmly believe it to be.

As to the question, how and by whom, directly or indirectly, the income is actually produced, and how, and by whom, and through what channels, this income is distributed among the whole people, is entirely a different matter, and though important in itself and involving much legislation, is quite separate from the first and fundamental question of the whole total of the means and wants of India.

I may explain the misapprehension to which I alluded above. In my tables for consumption, in taking "the cost of absolute necessities of life of an agricultural labourer," I meant him, as merely representing the lowest class of labourers of all kinds, so as to show the lowest absolute necessary wants of the people.

I am under the impression that there is a Statistical Committee at Calcutta existing for the past 20 years, and I hope it will adopt means to give complete tables of the means and wants of India.

As I am requesting His Lordship, the Secretary of State for India, that Mr. Danvers be asked to work out the means and wants of the people of India during the last 12 years, and that the Government of India may adopt means to perfect the machinery for getting complete information for the future, I submit a few remarks on Mr. Danvers's tables of 4th January 1879, so kindly sent to me. As I have my Punjab tables only, for comparison, I examine Mr. Danvers's Punjab tables only.

In his table of quantities of all the inferior grains, Mr. Danvers has taken the crop per acre of only some of the grains whose average is 510 lbs. per acre. But the produce of makai and gram, which are included by Mr. Danvers in the inferior grains, is larger, and the result is a large

error. The acreage of makai is 1,084,339 acres, and the average produce per acre is 1,500 lbs., so that this produce is under-estimated to the extent of taking only about one-third of the actual quantity. The average produce of gram is 645 lbs. per acre, and the acreage is 2,272,236 acres. On this large acreage, there is nearly 26 per cent. of under-estimate. The result of the whole error in the table of inferior grains is, that the total quantity is taken by Mr. Danvers as 6,504,880,162 lbs., when it actually is 7,371,110,343 lbs., or above 866,200,000 lbs. more.

In the prices of inferior grains it is necessary to make proper allowance for the lower prices of such grains as Moth, Kangni, Chinà, Mater, and Masur, which are nearly 25 per cent. lower than the other grains—Jowár, Bájrà, Másh, Múng, and Arhar. This makes an over-estimate of £240,000. The price for makái, jow, and gram are given in the report, and separate estimates should, therefore, be made of the values of these grains, to obtain all possible approximation to truth and accuracy.

The total under-estimate by Mr. Danvers is £1,300,000 in the value of inferior grains.

In "other crops," the value assumed by Mr. Danvers is nearly only one-fourth of what I make, by taking every item separately, *i. e.* I make Rs. 19,16,294 against Mr. Danvers's Rs. 4,73,200.

In the following articles, Mr. Danvers has adopted the average given in the report, which, as pointed out by me on previous occasions, are taken on the fallacious principle of adding up the produce per acre of the districts and dividing by the number of districts, without any reference to the quantity of acreage of each district.

Produce.	Incorrect average.	Correct average.	Error.	
			Correct average.	
			More per cent.	Less per cent.
Vegetables .....	4,008	4,753	18½	...
Sugar* .....	449	646	44	...
Cotton* .....	102	105	3	...
Tobacco .....	825	846	2½	...
Fibres .....	322	366	13½	...
Indigo .....	47	31	...	33
Opium .....	10	12½	25	...

\* For some probable errors in these two articles in the Report, I have already given my views in my tables.

In the case of Indigo, Cotton, Tobacco, and Hemp, the error has not been large, as the incorrect average is adopted by Mr. Danvers for a few districts only. I notice such differences, as  $2\frac{1}{2}$  and 3 per cent. also, because in dealing with figures of hundreds and thousands of millions, these percentages, singly as well as collectively, seriously disturb the accuracy of results. It is very necessary to avoid, as much as possible, all *avoidable* errors, large or small, so that then reliance can be placed upon the results.

The report gives the price of 1st sort sugar only, but which, applied to the whole quantity of all kinds, makes the value of nearly  $\frac{2}{3}$  of the whole quantity, quite  $2\frac{1}{2}$  times greater than it actually is—the over-estimate comes to near £1,800,000.

The price of Indigo, as ascertained by me (Rs. 60 per maund), is nearly 20 per cent. higher than that assumed by Mr. Danvers (Rs. 50 per maund).

Mr. Danvers has taken seer=2 lbs. when in reality it is nearly 6 per cent. of a lb. larger, which becomes a serious error in the large amounts to be dealt with.

Mr. Danvers has adopted the prices of 1st January 1877 only, instead of taking an average of the prices of the 4 periods given in the Report, to represent the whole year.

In his remarks at page 16, Mr. Danvers makes no allowance for seed, which is an important item. He includes straw, all inferior grains, and cotton seed, and yet makes no allowance at all for the feed of animals, (some 7 millions large cattle and near 4 millions sheep and goats) before apportioning the produce per human head. Grass being not taken, makes some allowance for animals so far.

I cannot say on what grounds, (page 16) 4 per cent. is assumed for annual increase of large cattle and 15 per cent. of sheep and goats. I have not got the report for 1878-9, when the next quinquennial enumeration of stock must have been made, but on comparing the numbers of

the last two enumerations of 1868-9 and 1873-4, the result is as follows :—

	1868-9.	1873-4.	Increase.	Decrease.	Per cent.
Cows, Bullocks and Buffaloes* ... ..	6,797,561	6,570,212	...	227,349	3 $\frac{1}{3}$
Horses ... ..	96,226	84,639	...	11,587	12
Ponies ... ..	51,302	51,395	93	...	...
Donkeys ... ..	257,615	288,118	30,503	...	11 $\frac{1}{8}$
Camels ... ..	148,582	165,567	16,985	...	11 $\frac{1}{4}$
Total ... ..	7,351,286	7,159,931	=	191,355	
Sheep and Goats ... ..	3,803,819	3,849,842	46,023	...	1 $\frac{1}{4}$

From this comparison, it appears, that in the important items of cows, bullocks and buffaloes, instead of any increase, there is actually decrease of 227,349 or 3 $\frac{1}{3}$  per cent. during the 5 years. In horses also, there is a decrease of about 2 $\frac{1}{2}$  per cent. every year instead of 4 per cent. increase. In ponies the increase is hardly  $\frac{1}{8}$  per cent. in 5 years, in donkeys about 11 per cent., and in camels about 11 per cent., in all the 5 years, or about 2 $\frac{1}{4}$  per cent. per year instead of 4 per cent. In sheep and goats, the increase is hardly 1 $\frac{1}{4}$  per cent. in 5 years instead of 15 per cent. per year. For cows and bullocks, and sheep and goats, there is one allowance to be made, viz. for what are killed for food. To make out the increase in cows, &c. of 4 per cent. every year, nearly 4 $\frac{3}{4}$  per cent. must have been killed every year for food, and for sheep and goats the percentage of killed should be nearly 14 $\frac{3}{4}$  per cent. per annum. Is it so?

Mr. Danvers has assumed ghi, produced in the Punjab, as 4 times as much as imported (52,303 maunds) into it, and he thus makes the quantity produced to be 209,212 maunds. Now the value of the imported ghi is also given in the report, as Rs. 9,64,028 which, taken 4 times, would be £385,611. But Mr. Danvers has overlooked this actual price and adopted the fallacious average of the table of prices in the report, which makes the price 1s. 12c. per Rupee. At this incorrect price, the value will be £478,198, or nearly 25 per cent. more than

\* In the report of 1868-9, the heading is only "cows and bullocks," while in 1876-7, it is given as "cows, bullocks and buffaloes." Now if buffaloes are not included in 1868-9, the diminution in cattle will be very much larger. Most probably buffaloes are included in 1868-9 figures. But this must be ascertained. It is a serious matter.

the actual value given in the report. But not only has there been this incorrect increase thus made, but by some arithmetical mistake, the value put down by Mr. Danvers, is above 3 times as much as even this increased amount, *i. e.* instead of £478,198, Mr. Danvers has put down £1,501,096. If this be not merely an arithmetical mistake, it requires explanation.

Mr. Danvers has taken the import of ghi from "foreign trade" only, and has overlooked a further quantity of import "inter-provincially" of 16,312 maunds of the value of £34,741, which, taken 4 times, would be £138,964, making up the total value of the assumed produce of ghi in the Punjab to be £385,611 + 138,964 = £524,575.

Working upon Mr. Danvers's own assumption, and what information I have been at present able to obtain, it appears that the assumption of 4 times the import—or £525,000, will be an under-estimate by a good deal. I am not at present able to test the accuracy of Mr. Danvers's assumption of the produce of milk, nor of the information I am using below, but I give it just as I have it, to illustrate the principle. I adopt Mr. Danvers's assumption of 10 per cent. of the whole cattle to be milch animals. The number then will be 657,000. Of these, cows may be taken, I am told by a Punjabee, at 75 per cent., and buffaloes 25 per cent. This will give 164,250 buffaloes and 492,750 cows. Each buffalo may be taken, on an average, as giving 6 seers of milk per day for 6 months in the year, and each cow about 3 seers. The

	seers	days	
quantity of milk will then be	164,250	$\times 6 \times 180 =$	177,390,000 seers.
	492,750	$\times 3 \times 180 =$	266,085,000 „
	Total ..		<u>443,475,000</u> „

Mr. Danvers assumes for milk used in the province to be about Rs. 10 per annum from each of the 10 per cent. of the cattle, and taking the price of milk to be 16 seers per Rupee, the quantity of milk used would be  $657,000 \times 160 = 105,120,000$  seers. This, deducted from the above total produce of milk, will give (443,475,000—105,120,000) 338,355,000 seers as converted into ghi. The produce of ghi is about  $\frac{1}{8}$  to  $\frac{1}{10}$  of milk, according to quality. Assuming  $\frac{1}{10}$  as the average, the total quantity of ghi will be about 28,196,250 seers = 704,906 maunds, or allowing a little for wastage, say 700,000 maunds, which, at the import price (Rs. 13,11,445 for 68,615 maunds) of Rs. 19 per maund, will give about £1,339,300, or nearly  $2\frac{3}{4}$  times as much as Mr. Danvers



has assumed. I have endeavoured in a hurry to get this information as well as I could, but it can be obtained correctly by the officials on the spot. My object, at present, was simply to show that, calculated on Mr. Danvers's assumption of milch-cattle and milk used, how much ghi should be produced in the country, if the information I have used be correct.

For hides and skins, the export only is taken into account, but a quantity must be consumed in the province itself, which requires to be added.

The value assumed, Rs. 100 per horse, is rather too high. Rs. 60 or 70, I am told, would be fairer, so also for ponies, Rs. 25 to 30 instead of Rs. 35, and camels, Rs. 60 or 70 or 75 instead of Rs. 100. For sheep, &c. Rs.  $1\frac{1}{2}$  instead of Re. 1, would be fairer.

But as I have said above, officials in India can give all this information correctly for every year, and I do not see any reason why this should not be done. I urgently repeat my request, that the wants and means of the last 12 or 15 years may be ordered by His Lordship, the Secretary of State, to be carefully worked out, as far as practicable, and that future reports should be required to give complete information.

#### RAILWAYS.

I may take railways to represent Public Works.

The benefits generally derived from Railways are these.

They distribute the produce of the country from parts where it is produced or is in abundance, to the parts where it is wanted, so that no part of the produce is wasted, which, otherwise, would be the case if no facility of communication existed. In thus utilising the whole produce of the country, the railway becomes directly a saving agent, and indirectly, thereby, helps in increasing the production of the country.

It brings the produce to the ports at the least possible cost for exportation and commercial competition for foreign trade, and thus indirectly helps in obtaining the profits of foreign trade, which are an increase to the annual income of a country.

Every country in building railways, even by borrowed capital, derives the benefit of a large portion of such borrowed capital, as the capital of the country, which indirectly helps in increasing the production of the country. Excepting interest paid for such borrowed capital to the foreign lending country, the rest of the whole income remains in the country.

But the result of *all* the above benefits from railways, is ultimately realised and comprised in the actual annual income of the country.

The misfortune of India is that she does not derive the above benefits as every other country does.

You build a railway in England and, say, its gross income is a million. All the employes, from the Chairman down to the common labourer, are *Englishmen*. Every farthing that is spent from the gross income, is so much returned to Englishmen, as direct maintenance to so many people of *England*, and to England at large as a part of its general wealth. Whether the shareholders get their 5 per cent. or 10 per cent. or 1 per cent. or 0 per cent. or even lose, it matters not at all to the whole country. Every farthing of the income of the million is fully and solely enjoyed by *the people of the country*—excepting only (if you borrowed a portion of the capital from foreign parts) the interest you may pay for such loan. But such interest forms a small portion of the whole income, and every country with good railways, can very well afford to pay. All the benefits of railways are thus obtained and enjoyed by *the people of the country*.

Take the case of the United States. India and the States are both borrowers for their railways (the latter only partially), and they both pay interest to the lending countries. They both buy, say, their rails, machinery, &c. from England, the States buying only a portion. So far they are under somewhat similar circumstances. But here the parallel ends. In the United States, every cent of the income of the railway (excepting the interest on the Foreign loan) is the income of *the people of the country*—is a direct maintenance for the people employed on it, and an indirect property of the whole country and remaining in it.

In India the case is quite different. First, for the Directors' home establishments, Government Superintendence, and what not in England, a portion of the income must go from India; then a large European staff of employes (excepting only for inferior and lowest places or work left for natives) must eat up and take away another large portion of the income, and to the rest, the people of the country are welcome, with the result, that out of their production which they give to the railways, only a *portion* returns to them and *not the whole*, as in all other countries (except interest on foreign loan); and the diminution lessens so far the capacity of production every year. Such expenditure, both in England and India, is so much direct deprivation of the natural maintenance of as many people of India, of similar classes, and a loss to

the general wealth and means of the people at large. Thus, the whole burden of the debt is placed on the shoulders of the people of India, while the benefit is largely enjoyed and carried away by the people of England, and yet Englishmen raise up their hands in wonder, why India should not be happy, pleased, and thankful ! Some years ago, I asked Mr. Danvers to make a return in his annual Railway report, of the salaries and every kind of disbursement on Europeans, both in England and India. If I remember right (I cannot just now lay my hands on the correspondence) he was kind enough to promise he would try. But I do not know that this information has been given. Let us have this information, and we shall then know why India *does not* derive the usual benefits of railways ; how many Europeans displace as many natives of the same class, and deprive them of their natural means of subsistence (some 3,600 in India and all those in England), and what portion of the income the people of India do not see or enjoy a pie of.

Instead, therefore, of their being any ' railway wealth ' to be added to the annual production or income of India, it will be seen that there is much to be deducted therefrom to ascertain what *really* remains for the use of its own people. For the income of railways is simply a portion or share of the production of the country, and what is eaten up and taken away by Europeans, is so much taken away from the means of the people.

It is no wonder at all, that the United States have their 70,000 or more miles of railways, when India, under the *British Government*, with all its wonderful resources, with all that good government can do, and the whole British wealth to back, has hardly one-tenth of the length, and that even, with no benefit to the people of the country. In short, the fact of the matter is, that as India is treated at present, all the new departments, opened in the name of civilization, advancement, progress, and what not, simply resolve themselves into so much new provision for so many more Europeans, and so much new burden on exhausting India. We do pay to our British rulers, let us have railways and all other kinds of beneficial public works, by all means, but let *us* have their natural benefits, or talk not to a starving man of the pleasures of a fine dinner. We should be happy too and thankfully pay for such European supervision and guidance as may be absolutely necessary for successful work ; but do not, in heaven's and honesty's names, talk to us of benefits which *we do not* receive, but have on the contrary to pay for from our own. If *we* are allowed to derive the usual benefits of railways and other public works, under such government as the British—of law,

order and justice,—we would not only borrow 200, but 2,000 millions and pay the interest with as many thanks, with benefits both to ourselves and to England, as India would be then her best and largest commercial customer.

The real important question, therefore, in relation to public works, is, not how to stop them, but how to let *the people of the country* have their full benefits. One of the most important part of England's great work in India, is to develop these public works, but to the *people's* benefit and not to their detriment—*not that they should slave and others eat.*

#### FOREIGN TRADE.

| Resuming our illustration of the 100 maunds of wheat from the Punjab, arriving at Bombay, costing to the Bombay merchant Rs. 125, we suppose that this merchant exports it to England. In ordinary course and natural conditions of trade, suppose the Bombay merchant, after two or three months, gets his net proceeds of Rs. 150, either in silver, or as a bale of piece-goods, which could be sold at Bombay for Rs. 150. The result then of this "foreign trade" is, that before the wheat left Bombay, there were 100 maunds of wheat costing Rs. 125 at the time of export; and *after* the operation, India has either Rs. 150, or a bale of cotton goods worth Rs. 150. There is, thus, a clear "profit of trade" of Rs. 25, or in other words, an addition of Rs. 25 worth either in silver or goods, to the annual income or production of the country. This, in ordinary commercial language would be, India exported value Rs. 125 in the shape of wheat, and imported value Rs. 150 in the shape of silver or merchandise, or both, making a trade-profit of Rs. 25.

Under ordinary natural circumstances, such is the result of foreign trade to every country. I shall take the instance of the United Kingdom, and we may see what its ordinary foreign trade-profits are during a few past years, say, from 1871 to 1878.

# PROFITS OF FOREIGN TRADE OF THE UNITED KINGDOM.

IMPORTS.				EXPORTS.					
Years.	Merchandise.	Treasure. (Gold and Silver.)	Total.	Years.	Merchandise.	Treasure. (Gold and Silver.)	Total.	Foreign Trade Profits.	Per cent.
•	£	£	£		£	£	£	£	
1871	331,015,480	38,140,827	369,156,307	1871	283,574,700	33,760,671	317,335,371	51,820,936	
1872	354,693,624	29,608,012	384,301,636	1872	314,588,834	30,335,861	344,924,695	39,376,941	
1873	371,287,372	33,599,231	404,886,603	1873	311,004,765	28,899,285	339,904,050	64,982,553	
1874	370,082,701	30,379,188	400,461,889	1874	297,650,464	22,853,593	320,504,057	79,957,532	
1875	373,939,577	33,264,789	407,204,366	1875	281,612,323	27,628,942	309,240,365	97,964,001	
1876	375,154,703	37,054,244	412,208,947	1876	256,776,602	29,464,082	286,240,684	125,968,263	
1877	394,419,682	37,152,799	431,572,481	1877	252,346,020	39,798,119	292,144,139	139,428,342	
1878	368,770,742	32,422,955	401,193,697	1878	245,483,858	26,686,546	272,170,404	129,023,293	
Grand Total...			3,210,985,926	Grand Total...			2,482,463,765	728,522,161	= 29'34

The result of the above table is, that during the 8 years, the United Kingdom has received as trade-profits 29·34 per cent. This result requires the following further consideration. It includes the results of all money-trade, or loans to and from foreign countries. Suppose England has lent a hundred millions to foreign countries; that forms a part of Exports. Suppose it has received in interest, say, £5,000,000—that forms a part of the imports, and unless any portion of the Principal of the loan is returned, the whole or balance (if a portion is paid) of the loan remains outstanding, and is so much more to be added to the above figure of trade-profits. Again, there is the political profit from India of some £27,000,000 a year (as shown further on). That forms a part of the import, and has to be deducted from the figure of trade-profits. England contributes to the expenses of the Colonies. This is a part of its exports. Thus the formula will be :—

£728,522,161 + outstanding balance of loans of the 8 years—the political drain from India to England (£216,000,000) + contributions to the Colonies = the actual profits of all commercial and monetary transactions with the world, or in other words = the actual profits of the Foreign Trade of the 8 years.

Now the figure £728,522,161 is 29·34 per cent. The Political drain of India forms nearly 9 per cent. out of this. There remains, above 20 per cent. + the amounts of balance of loans, and contributions to the Colonies, as the actual rate of profits of the Foreign Trade of the United Kingdom.

I may fairly adopt this rate, of at least 20 per cent. for the profits of the Foreign Trade of India. But to be quite under the mark, I adopt only 15 per cent.

Now we may see what actually happens to India—taking the same period of 1871-8.

The actual Exports (excluding Government stores and treasure).

Merchandise and Gold and Silver...	...	...	= £ 485,186,749
Take profits only 15 per cent.	...	...	= £ 72,778,012

The Imports as they <i>ought to be</i>	...	...	= £ 557,964,761
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*Actual Imports* (excluding Government stores and treasure.)

Merchandise and Gold and Silver...	...	...	£ 342,312,799
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Deficit in Imports, or what is drained to England ...	£ 215,651,962
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*i. e.* nearly 27 millions a year.

Again taking actual Exports-	...	...	...	£ 485,186,749
And actual Imports...	...	...	...	£ 342,812,799

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Abstraction from the *very produce* of the country  
(besides the whole profits), is ... .. = 142,873,950  
in 8 years or nearly £18,000,000 a year or 29·4 per cent.

Thus, with all the advantages of good Government, law, order, justice, &c., railways, and every other influence of a civilized rule, the actual result is, that not only does India *not* get a *single farthing* of the 15 or 20 per cent. or whatever it be, of the profits of her foreign trade, but actually has a further amount of nearly 30 per cent. of her exports kept away from her. This is not all. There is, moreover, the halter round her neck of the accumulated railway debt of nearly a hundred millions, held in England, (from which her people have not derived the usual benefits); about 60 millions of public debt (out of £134,000,000—mostly owing to wars) held in England, and £5,000,000 spent in England on account of State Public Works; and yet Englishmen wonder why India is poor, and her finances inelastic! Good God, when will this bleeding-to-death end!

Keeping as much as possible on the right side, we find some £18,000,000 from the production itself, swept away from India, besides all her profits, and besides what Europeans enjoy in India itself, to the so much exclusion and deprivation of her own people. But this item of £18,000,000 would be found much under the mark. For instance, all duty-articles imported into India, are, I believe, valued 10 per cent. more than their laying down value. If so, roughly taking, the customs, revenue being  $2\frac{1}{2}$  millions, represents roughly a duty at 5 per cent. on £50,000,000—and to make up this £50 millions, with 10 per cent. extra, require an addition to the actual value of imports of about £5,000,000. If so, then there will be this much above £18,000,000—taken away from the actual production from India, besides the whole trade profits, maintenance of Europeans in India, debts, &c.

The real abstraction from the *very produce* of the country is most likely much above £20,000,000 a year, and the whole loss above £30,000,000 a year—besides what is enjoyed in India itself by Europeans.

Under such circumstances it is no wonder at all, that Famines and Finance should become great difficulties, and that Finance has been the grave of several reputations, and shall continue to be so, till the dis-

covery is made of making 2 and 2 equal to 5, if the present unnatural treatment of India is to continue.

Far, therefore, from there being anything to be added to the annual income of India, as Mr. Danvers thinks, from the "profits of trade," there is the deplorable fact of much to be deducted in the case of India, and the consequences of such abstraction, in impoverishment and destruction by famines &c., lay mostly at the door of the present unnatural policy of the British Administration. Let our rulers realise this fact intelligently and face it boldly in a way worthy of the British moral courage and character, and the whole scene will be entirely changed—from deplorable poverty to prosperity; from the wail of woe to joy and blessing. Our misfortune is that the great statesmen of this country have not the necessary time to see into Indian matters, and things are allowed to drift blindly; or England would never become, as she unwittingly is at present, the destroyer of India. Her conscience is sound.

It is natural that in all discussions on Finance, curtailment of expenditure and economy are, at first blush, recommended:—to cut the coat according to cloth. But, unfortunately, no one asks the question, why the cloth is short; why, under such rule as that of the English, India should not do well, if not quite as well as these Islands, but should be only able to pay the wretched revenue of some 6s. a head, and that even after "wringing out the last farthing."

No doubt, vigilance for economy will always be a necessity in the best of states (not excepting England, as debates in Parliament testify) as long as the world lasts. But the real question, the most important question of all questions at present, is not how to get £60,000,000 or £100,000,000 for the matter of that, if that be necessary, but how to *return to the people* what is raised from them.

There is no reason whatever, why India with all her vast resources, the patient industry of the people, and the guidance and supervision of British high officials, should not be able to pay 2 or 3 times her present wretched revenue, say a hundred or hundred and fifty millions, for efficient administration by her own people under British supervision, and for the development of her unbounded material resources. Is it not unsatisfactory or even humiliating, that British statesmen should have to confess, that they have hopelessly to depend, for about a sixth of the net revenue, on supplying opium to another vast human race; and to ask despairingly, what they were to do to get this amount of revenue from India itself. Then again, nearly as much more income has to be



raised by an oppressive and heavy tax on salt, so that between a third and a fourth of the net revenue has to be derived, a part, by pinching and starving the poor millions of India in one of the absolute necessities of life, and the other part, by poisoning and demoralising the millions of China. Surely a great people like the English, with their statesmanship of the highest order and with all their genuine desire to do good to, and to advance mankind, should not be able to get the necessary revenues from India from her own healthy and natural prosperity, is a strange phenomenon in this advanced age.

Only restore India to her *natural* economical conditions. If as in England the revenue raised from the people, *returned to the people*; if the income of railways and other public works taken from the people, returned to the people, to fructify in their pockets,—then will there be no need for anxiety for finance or famines, nor for pinching in salt, nor poisoning with opium, millions of the human race. India will then pay with ease a hundred or two hundred millions of revenue, and will not be the worse for it. It would be far better also, which would then be the case, that India should be able to purchase a pound or two worth a head of British manufactures, and become England's best and largest customer, instead of the wretched one she is at present.

I repeat, therefore, with every earnestness, that the most important question of the day is, how to stop the bleeding drain from India. The merit or good of every remedy, will depend upon and be tested by its efficacy in stopping this deplorable drain, without impairing the wants of the Administration, or checking India's natural progress towards prosperity.

There is a deep conviction among educated and thoughtful natives, that, if there is any one nation, more than another, on the face of the earth, that would, on no account, knowingly do a wrong to or enslave, degrade or impoverish a people, and who, on feeling the conviction of any injury having been unintentionally done by them, would, at once and at all reasonable sacrifice, repair the injury without shrinking,—that nation is the British nation. This conviction keeps the thinking natives staunch in their loyalty to the British rule. They know that a real regeneration, civilization and advancement of India, materially, morally and politically, depends upon a long continuance of the British rule. The peculiarly happy combination of high civilization, intense love of liberty and nobility of soul in the British, cannot but lead them to the desire of the glory of raising a vast nation, instead of trampling upon them. This noble desire has found expression from some of their best men.

The English people have a task before them in India, for which there is no parallel in the history of the world. There has not been a nation, who, as conquerors, have like the English considered the good of the conquered as a duty, or felt it as their great desire, and the natives of India may, with the evil of the present drain stopped, and a representative voice in their legislation, hopefully look forward to a future under the British rule, which will eclipse their greatest and most glorious days.

May the light of heaven guide our Rulers.

DADABHAI NAOROJI.

32, Great St. Helens,  
London, 13th September 1880.

INDIA OFFICE, S. W.,  
15th October 1880.

Sir,

I am directed to acknowledge the receipt of your letter of the 13th September, which, together with its enclosure, has been duly laid before the Secretary of State for India.

I am, Sir,  
Your obedient servant,  
LOUIS MALLET.

MR. DADABHAI NAOROJI.

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32, Great St. Helen's,  
London, 16th November 1880.

SIR LOUIS MALLET,  
The Under Secretary of State for India,

India Office,  
London, S. W.

Sir,

Thanking you for your letter of 15th ultimo, informing me that my letter of 13th September with enclosure had been duly laid before His Lordship the Secretary of State for India, and hoping that the same kind attention will be given to it as to my previous letter, and that if I am wrong in any of my views I would be corrected, I beg to submit for His Lordship's kind and generous consideration the accompanying Memorandum No. 2, on the Moral Poverty of India and Native Thoughts on the British Indian Policy.

I am, Sir,  
Your obedient servant,  
DADABHAI NAOROJI.

## THE MORAL POVERTY OF INDIA,

AND

## NATIVE THOUGHTS ON THE PRESENT BRITISH INDIAN POLICY.

In my last paper, I confined myself to meet Mr. Danvers's line of argument, on the question of the material destruction and impoverishment of India by the present British Indian policy. I endeavoured to show that this impoverishment and destruction of India was mainly caused by the unnatural treatment it received at the hands of its British rulers, in the way of subjecting it to a large variety of expenditure upon a crushing foreign Agency, both in India and England, whereby the children of the country were displaced and deprived of their natural rights and means of subsistence in their own country. By what was being taken and consumed in India itself and by what was being continuously taken away by such agency clean out of the country, an exhaustion of the very life-blood of the country was unceasingly going on. That till this disastrous drain was not duly checked, and till the people of India were not restored to their natural rights in their own country, there was no hope for the material amelioration of India.

In this Memorandum I desire to submit for the kind and generous consideration of His Lordship the Secretary of State for India, that from the same cause of the deplorable drain, besides the material exhaustion of India, the moral loss to her is no less sad and lamentable.

With the material wealth go also the wisdom and experience of the country. Europeans occupy almost all the higher places in every department of government, directly or indirectly under its control. While in India they acquire India's money, experience and wisdom, and when they go, they carry both away with them, leaving India so much poorer in material and moral wealth. Thus India is left without, and cannot have, those elders in wisdom and experience, who in every country are the natural guides of the rising generations in their national and social conduct, and of the destinies of their country—and a sad, sad loss this is!

Every European is isolated from the people around him. He is not their mental, moral or social leader or companion. For any mental or moral influence or guidance or sympathy with the people, he might just as well be living in the moon. The people know not him, and he knows not, nor cares for the people. Some honorable exceptions do, now

and then, make an effort to do some good they can, but in the very nature of things, these efforts are always feeble, exotic, and of little permanent effect. These men are not always in the place, and their works die away when they go.

The Europeans are not the natural leaders of the people. They do not belong to the people. They cannot enter into their thoughts and feelings; they cannot join or sympathise with their joys or griefs. On the contrary, every day the estrangement is increasing. Europeans deliberately and openly widen it more and more. There may be very few social Institutions started by Europeans in which, Natives, however fit and desirous to join, are not deliberately and insultingly excluded. The Europeans are and make themselves strangers in every way. All they effectually do, is to eat the substance of India, material and moral, while living there, and when they go, they carry away all they have acquired, and their pensions and future usefulness besides.

This most deplorable moral loss to India needs most serious consideration, as much in its political as in its national aspect. Nationally disastrous as it is, it carries politically with it its own Nemesis. Without the guidance of elderly wisdom and experience of their own natural leaders, the education which the rising generations are now receiving, is naturally leading them (or call misleading them, if you will) into directions which bode no good to the rulers, and which, instead of being the strength of the rulers as it ought to and can be, will turn out to be their great weakness. The fault will be of the rulers themselves for such a result. The power that is now being raised by the spread of education, though yet slow and small, is one that in time must, for weal or woe, exercise great influence. In fact it has already begun to do so. However strangely the English rulers, forgetting their English manliness and moral courage, may, like the ostrich, shut their eyes by gagging acts or otherwise, to the good or bad influences they are raising around them, this good or evil is rising nevertheless. The thousands that are being sent out by the Universities every year, find themselves in a most anomalous position. There is no place for them in their mother-land. They may beg in the streets or break stones on the roads, for aught the rulers seem to care for their natural rights, position and duties in their own country. They may perish or do what they like or can, but scores of Europeans must go from this country to take up what belongs to them, and that, in spite of every profession for years and years past and up to the present day, of English statesmen, that they must govern India for India's good, by solemn acts and declarations of Parliament, and above

all, by the words of the August Sovereign Herself. For all practical purposes all these high promises have been hitherto, almost wholly, the purest romance, the reality being quite different.

The educated find themselves simply so many dummies, ornamented with the tinsel of school education, and then their whole end and aim of life is ended. What must be the inevitable consequence? A wild spirited horse, without curb or reins, will run away wild, and kill and trample upon every one that came in his way. A misdirected force will hit anywhere and destroy anything. The power that the rulers are, so far to their credit, raising, will, as a nemesis recoil against themselves, if with this blessing of education they do not do their whole duty to the country which trusts to their righteousness, and thus turn this good power to their own side. The nemesis is as clear from the present violence to nature, as disease and death arise from uncleanness and rottenness. The voice of the power of the rising education is, no doubt, feeble at present. Like the infant, the present dissatisfaction is only crying at the pains it is suffering. Its notions have not taken any form or shape or course yet, but it is growing. Heaven only knows what it will grow to! He who runs may see, that if the present material and moral destruction of India continued, a great convulsion must inevitably arise, by which either India will be more and more crushed under the iron heel of despotism and destruction, or may succeed in shattering the destroying hand and power. Far, far is it from my earnest prayer and hope that such should be the result of the British rule. In this rule, there are every element to produce immeasurable good, both to India and England, and no thinking native of India would wish harm to it, with all the hopes that are yet built upon the righteousness and conscience of the British statesmen and nation.

The whole duty and responsibility of bringing about this desired consummation, lies upon the head and in the hands of the Indian authorities *in England*. It is no use screening themselves behind the fiction and excuse, that the Viceroys and authorities in India are difficult to be got to do what they ought, or that they would do all that may be necessary. They neither can nor will do this. They cannot go against acts of Parliament on the one hand, and on the other, the pressure of European interests, and of European selfishness and guidance, is so heavy in India, that the Viceroys in their first years are quite helpless and get committed to certain courses; and if, in time, any of them, happening to have sufficient strength of character and confidence in their own judgment, are likely to take matters in their own hands, and with any moral courage to resist

interests, hostile or antagonistic to the good of the people, the end of their time begins to come near, their zeal and interest begin to flag, and soon they go away, leaving India to roll up Sisyphus's stone again, with a new Viceroy. It is the highest Indian authority here, the Secretary of State for India, upon whom the responsibility wholly rests. He alone has the power, as a member of and with the weight of the British Cabinet, to guide the Parliament to acts worthy of the English character, conscience and nation. The glory or disgrace of the British in India, is in his hands. He has to make Parliament lay down by clear legislation, how India *shall* be governed for "*India's good*," or it is hopeless for us to look forward for any relief from our present material and moral destruction, and for future elevation.

Englishmen sometimes indulge the notion, that England is secure in the division and disunion among the various races and nationalities of India. But even in this, new forces are working their way. Those Englishmen who sleep such foolish sleep of security, know precious little of what is going on. The kind of education that is being received by thousands of all classes and creeds, is throwing them all in a similar mould; a sympathy of sentiment, ideas, and aspirations is growing among them; and more particularly a political union and sympathy is the first fruit of the new awakening, as all feel alike their deprivation, and the degradation and destruction of their country. All differences of race and religion and rivalry are gradually sinking before this common cause. This beginning, no doubt, is at present insignificant, but it is surely and steadily progressing. Hindus, Mahomedans, and Parsees are asking alike, whether the English rule was to be a blessing or a curse. Politics now engross their attention more and more. This is no longer a secret, or a state of things not quite open to those of our rulers who would see. It may be seen that there is scarcely any union among the different nationalities and races in any shape or ways of life, except only in political associations. In these associations they go hand in hand with all the fervour and sympathy of a common cause. I would here touch upon a few incidents, little as they are, still showing how nature is working in its own quiet way.

Dr. Birdwood has brought to the notice of the English public certain songs now being spread among the people of Western India, against the destruction of Indian industry and arts. We may laugh at this as a futile attempt to shut out English machine-made cheaper goods against hand-made dearer ones. But little do we think what this movement

is likely to grow into, and what new phases it may take in time. The songs are at present directed against English wares, but they are also a natural and effective preparation against other English things when the time comes, if the English in their blindness allow such times to come. The songs are full of loyalty, and I have not the remotest doubt in the sincerity of that loyalty. But if the present downward course of India continue, if the mass of the people at last begin to despair for any amelioration, and if educated youths, without the wisdom and experience of the world, become their leaders, it will be but a *very, very* short step from loyalty to disloyalty, to turn the course of indignation from English wares to English rule. The songs will remain the same; one word of curse for the rule will supply the spark.

Here is another little incident with its own significance. The London Indian Society, a political body of many of the native residents of London, had a dinner the other day, and they invited guests. The three guests were, one Hindu, one Mahomedan, and one Parsee. The society itself is a body representing nearly all the principal classes of India. It is small and may be laughed at as unimportant and can do nothing. But it shows how a sympathy of political common cause is bringing the different classes together, and how, in time, such small seeds may grow into large trees. Every member of this little body is carrying back with him ideas, which as seeds may produce crops, sweet or bitter according to the cultivation they may receive at our rulers' hands.

I turn to one bright incident on the other side. True to their English nature and character, there are some Englishmen who try to turn the current of native thought towards an appreciation of English intentions, and to direct English thought towards a better understanding of England's duty to India. The East India Association is doing this beneficent work, more especially by the fair and English character of its course of bringing about free and full discussion upon every topic and from every point of view, so that by a sifting of the full expression of different views, truth may be elicited. Though yet little appreciated by the English public, the English members of this Association are fulfilling the duty of patriotism to their own country and of benefaction towards India. How far their good efforts will succeed is yet to be seen. But they at least do one thing. These Englishmen, as well as public writers like Fawcett, Hyndman, Perry, Caird, Knight, Bell, Wilson, and others, vindicate to India the English character, and show that when

Englishmen as a body will *understand* their duty and responsibility, the natives of India may fairly expect a conduct of which their's is a sample—a desire and deed to act rightly by India. The example and earnestness of these Englishmen, though yet small their number, keep India's hope alive;—that England will produce a statesman who will have the moral courage and firmness to face the Indian problem, and do what the world should expect from England's conscience, and from England's mission to humanity.

I have thus touched upon a few incidents only, to illustrate the various influences that are at work. Whether the result of all these forces and influences will be good or bad, remains, as I have said, in the hands of the Secretary of State for India.

In my last paper, I said, the thinking natives were as yet staunch in their loyalty to the British rule, as they were yet fully hopeful of the future from the general character and history of the English people. They believe, that when the conscience of the English nation is awakened, it will not be long before India receives full and thorough redress for all she has been suffering. While thus hopeful of the future, it is desirable that our rulers should know and consider, what about the past is passing in many a thinking native mind.

They are as grateful as any people can be, for whatever real good of peace and order and education has been done for them. But they also ask what good upon the whole England has done to India. It is sadly poor and increasing in poverty, both material and moral. They consider and bewail the unnatural treatment India has been receiving.

They dwell upon the strange contrast between the words and deeds of the English rulers. How often deliberate and solemn promises are made and broken. I need not here instance again what I have at some length shown in my papers on the Poverty of India under the heading of

“Non-fulfilment of Solemn Promises.” \*

I would refer here to one or two characteristic instances only. The conception for an Engineering College in London was no sooner formed than it became an accomplished fact; and Mr. Grant Duff, then Under

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\* The Duke of Argyll, as Secretary of State for India, said in his speech of 11th March 1869 with regard to the employment of Natives in the Covenanted Service:—“I must say that we have not fulfilled our duty of the promises and engagements which we have made.” See page 245 of this book.



Secretary of State, in his place in Parliament, proclaimed what great boons "we" were conferring on the English people, but quite oblivious at whose sacrifices. It was an English interest, and the thing was done as quick as it was thought of. On the other hand, a clause for native interests, proposed in 1867, took 3 years to pass, and in such a form as to be simply ineffectual. I asked Sir Stafford Northcote at the time of the proposal to make it in some way imperative, but without effect. Again, after being passed after 3 years, it remained a dead letter for 7 years more, and might have remained so till doomsday for aught any of the Indian authorities cared. But thanks to the persevering exertions of one of England's true sons, Sir Erskine Perry, some steps were at last taken to frame the rules that were required, and it is now, in the midst of a great deal of fine writing, making some, though very slow progress. For such even as it is we are thankful, but greater efforts are necessary to stem the torrent of the drain. Turning to the uncovenanted service, Sir Stafford Northcote's despatch of 8th February 1868 declared that Europeans should not be allowed in this service to override "the inherent rights of the natives of the country." Now in what spirit was this despatch treated till very lately? Was it not simply, or is not even now, almost a dead letter?

In the matter of the load of the public debt of India, it is mainly due to the wars of the English conquests in India, and English wars abroad in the name of India. Not a farthing has been spent by England for its British Indian Empire. The burden of all England's wars in Asia, has been thrown on India's shoulders. In the Abyssinian War, India narrowly and lightly escaped, and in the present Afghan War, her escape from whatever portion she may be saved, is not less narrow. Such though the character of nearly the whole of the public debt, (excluding for public works) being caused by the actions by which England has become the mistress of a great empire and thereby the first nation in the world, she would not move her little finger to give India any such help as is within her power without even any material sacrifice to herself, viz. that of guaranteeing this public debt, so that India may derive some little relief from reduced interest.

When English interests are concerned, their accomplishment is often a foregone conclusion. But India's interests always require long and anxious thought—thought that seldom begins, and when it does begin, seldom ends in any thorough good result. It is useless to conceal that

the old pure and simple faith in the honour and word of the English rulers is much shaken, and were it not for the faith in the conscience of the statesmen and people in *this* country, any hope of good by an alteration of the present British Indian policy would be given up.

The English rulers boast and justly so, that they have introduced education and western civilization into India, but on the other hand, they act as if no such thing had taken place, and as if all this boast was pure moonshine. Either they have educated or have not. If they deserve the boast, it is a strange self-condemnation, that after half a century or more of such efforts, they have not yet prepared a sufficient number of men fit for the service of their own country. Take even the educational department itself. We are made B. As. and M. As. and M. Ds., &c. with the strange result that we are not yet considered fit to teach our countrymen. We must have yet forced upon us even in this department, as in every other, every European that can be squeezed in. To keep up the sympathy and connection with the current of European thought, an English head may be appropriately and beneficially retained in a few of the most important institutions. But as matters are at present, all boast of education is exhibited as so much sham and delusion.

In the case of former foreign conquests, the invaders either retired with their plunder and booty, or became the rulers of the country. When they only plundered and went back away, they made no doubt great wounds, but India with her industry revived and healed the wounds. When the invaders became the rulers of the country, they settled down *in* it, and whatever was the condition of their rule, according to the character of the sovereign of the day, there was at least no material or moral drain from the country.\* Whatever the country produced, remained in the country. Whatever wisdom and experience was acquired in her services, remained among her own people. With the English the case is peculiar. There are the great wounds of the

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\* Sir Stafford Northcote, in his speech in Parliament on 24th May 1867, said :—  
 " Nothing could be more wonderful than our empire in India, but we ought to  
 " consider on what conditions we held it, and how our predecessors held it. The  
 " greatness of the Mogul empire depended upon the liberal policy that was  
 " pursued by men like Akbar availing themselves of Hindu talent and assistance,  
 " and identifying themselves as far as possible with the people of the country.  
 " He thought that they ought to take a lesson from such a circumstance, and if  
 " they were to do their duty towards India, they could only discharge that duty  
 " by obtaining the assistance and counsel of all who were great and good in that  
 " country. It would be absurd in them to say that there was not a large fund of  
 " statesmanship and ability in the Indian character."—*Times* of 25th May 1867.

first wars in the burden of the public debt, and those wounds are kept perpetually open and widening, by draining away the life blood in a continuous stream. The former rulers were like butchers hacking here and there, but the English with their scientific scalpel cut to the very heart, and yet lo! there is no wound to be seen, and soon the plaster of the high talk of civilization, progress, and what not, covers up the wound! The English rulers stand sentinel at the front door of India, challenging the whole world, that they do and shall protect India against all comers, and themselves carry away by a back-door the very treasures they stand sentinel to protect.

In short, had England deliberately intended to devise the best means of taking away India's wealth, in a quiet continuous drain, without scandalising the world, she could not have hit upon a more effectual plan than the present lines of policy. A Viceroy tells,—the people of India enjoy but scanty subsistence—and this is the outcome of the British rule.

No doubt, the exertions of individual Europeans at the time of famines may be worthy of admiration; the efforts of Government and the aid of the contributions of the British people to save life, deserve every gratitude. But how strange it is, that the British rulers do not see that after all they themselves are the main cause of the destruction that ensues from droughts; that it is the drain of India's wealth by *them* that lays at their own door the dreadful results of misery, starvation, and deaths of millions. England does not know famines, be the harvest however bad or scanty. She has the means of buying her food from the whole world. India is being unceasingly deprived of these means, and when famine comes, the starving have to be taxed so much more to save the dying.

England's conduct in India is in strange contrast with her conduct with almost any other country. Owing to the false groove in which she is moving, she does violence to her own best instincts. She sympathises with and helps every nationality that struggles for a constitutional representative Government. On the one hand, she is the parent of, and maintains the highest constitutionalism, and on the other, she exercises a clear and, though thoughtlessly, a despoiling despotism in India, under a pseudo-constitutionalism in the shape of the farce of the present Legislative Councils.

Of all countries in the world, if any one has the greatest claim on England's consideration, to receive the boons of a constitutional repre-

representative government at her hands, and to have her people governed as England governs her own,—that country is India, her most sacred trust and charge. But England, though she does every thing she can for other countries, fights shy of, and makes some excuse or other to avoid, giving to the people of India their fair share in the legislation of their country. Now I do not mean to say that India can suddenly have a full blown Parliament and of such widespread representation as England enjoys. But has England made any honest efforts to gradually introduce a true representation of the people, excepting some solitary exceptions of partial municipal representation? I need not dwell upon the present farce of the nomination system for the Legislative Councils, and of the dummies that are sometimes nominated. I submit that a small beginning can be well made now. I would take the Bombay Presidency as an instance. Suppose the present Legislative Council is extended to 21 members, 13 of these to be nominated from officials and non-officials by the government, and 8 to be elected by the principal towns of the Presidency. This will give government a clear majority of 5, and the representative element, the minority, cannot do any harm, or hamper Government. In England the majority determines the Government. In India this cannot be the case at present, and so the majority must follow the Government. It would be, when something is extremely outrageous, that the minority would, by force of argument and truth, draw towards it the Government majority, and even in any such rare instance, all that will happen will be that Government will be prevented from doing any such outrageous things. In short, in such an arrangement, Government will remain all powerful, as it must for a long time to come, while there will be also independent persons actually representing the people to speak the sentiments of the people, thereby giving Government the most important help and relieving them from much responsibility, anxiety, and mistakes. The representative element in the minority, will be gradually trained in constitutional government. They will have no inducement to run wild with prospects of power. They will have to maintain the reason of their existence, and will therefore be actuated by caution and good sense. They can do no harm but a vast amount of good both to the Government and the governed. The people will have the satisfaction that their rulers were doing their duty and endeavouring to raise them to their own civilization.

There are in the Bombay Presidency the following towns of more than 50,000 population. Bombay having by far the largest, and with its importance as the capital of the Presidency, may be properly allowed three representatives.

The towns are :—

* Bombay.	Poona.	Ahmedabad.	Surat.	Karachi.	Sholapore.
644,405	118,886	116,873	107,149	53,526	53,403.

Thus Bombay having 3—the Gujarati division of the Presidency will be represented by Ahmedabad and Surat, the Maratha portion by Poona and Sholapur, and Sind by Karachi, making altogether 8 members—which will be a fair though a small representation to begin with. Government may with advantage adopt a larger number ; all I desire and insist is, that there must be a fair *representative* element in the councils. As to the qualifications of electors and candidates for election, government is quite competent to fix upon some, as they did in the case of the Bombay Corporation, and such qualifications may from time to time be modified as experience may suggest. With this modification in the present Legislative Council, a great step will have been taken towards one of the greatest boons which India asks and expects at England's hands. Without some such element of the people's voice in all the Legislative Councils, it is impossible for Englishmen, more and more estranged and isolated as they are becoming, to be able to legislate for India in the true spirit and feeling of her wants.

After having a glorious history of heroic struggles for constitutional government, England is now rearing up a body of Englishmen in India, trained up and accustomed to despotism, with all the feelings of impatience, pride, and high-handedness of the despot becoming gradually ingrained in them, and with the additional training of the dissimulation of constitutionalism. Is it possible that such habits and training of despotism, with which Indian officials return from India, should not, in the course of time, influence the English character and institutions ? The English in India, instead of raising India, are hitherto themselves descending and degenerating to the lower level of Asiatic despotism. Is this a nemesis that will in fulness of time show to them, what fruit their conduct in India produced ? It is extraordinary how nature may revenge itself for the present unnatural course of England in India, if England, not yet much tainted by this demoralisation, does not, in good time, check this new leaven that is gradually fermenting among her people.

There is the opium trade. What a spectacle it is to the world. In England, no statesman dares to propose that opium may be allowed

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\* Statistical abstract of British India—1879, page 21.

to be sold in public houses at the corners of every street, in the same way as beer or spirits. On the contrary, Parliament, as representing the whole nation, distinctly enacts "opium and all preparations of opium or of poppies" as "poison," to be sold by certified chemists only, and "every box, bottle, vessel, wrapper or cover in which such poison is contained, be distinctly labelled with the name of the article and the word poison, and with the name and address of the seller of the poison." And yet, at the other end of the world, this Christian, highly civilized, and humane England, forces a "heathen" and "barbarous" power to take this "poison," and tempts a vast human race to use it, and to degenerate and demoralise themselves with this "poison." And why,—because India cannot fill up the remorseless drain, so China must be dragged in to make it up, even though it be by being "poisoned." It is wonderful, how England reconciles this to her conscience. This opium trade is a sin on England's head, and a curse on India for her share in being the instrument. This may sound strange as coming from any natives of India, as it is generally represented, as if India it was, that benefited by the opium trade. The fact simply is, as Mr. Duff said, India is nearly ground down to dust, and the opium trade of China fills up England's drain. India derives not a particle of benefit. All India's profits of trade, and several millions from her very produce, (scanty as it is and becoming more and more so), and with these, all the profit of opium, go the same way of the drain to England. Only, India shares the curse of the Chinese race. Had this cursed opium trade not existed, India's miseries would have much sooner come to the surface, and relief and redress would have come to her long ago. But this trade has prolonged the agonies of India.

In association with this trade, is the stigma of the salt tax, upon the British name. What a humiliating confession to say, that after the length of the British rule, the people are in such a wretched plight that they have nothing that Government can tax, and that Government must, therefore, tax an absolute necessary of life to an inordinate extent. The slight flash of prosperity during the American war, showed how the people of India would enjoy and spend, when they have anything to enjoy and spend—and now, can anything be a greater condemnation of the results of British lines of policy, than that the people have nothing to spend and enjoy, and pay tax on, but that they must be pinched and starved in a necessary of life.

The English are, and justly and gloriously, the greatest champions of liberty of speech. What a falling off must have taken place in their character, when after granting this boon to India, they should have even

thought of withdrawing it. This act, together with that of disarming the people, is a clear confession by the rulers to the world, that they have no hold as yet upon the affection and loyalty of the people, though in the same breath, they make every profession of their belief in the loyalty of the people. Now which is the truth? And are gagging and disarming the outcome of a long benign rule?

Why do the English allow themselves to be so perpetually scared by the fears of Russian, or any other foreign invasion? If the people of India be satisfied, if their hearts and hands be with England, she may defy a dozen Russias. On the other hand, do British statesmen think that however sharp and pointed their bayonets, and however long-flying their bullets, they may not find the two hundred millions of the people of India, her political Himalaya to be pierced through, when the present political union among the different peoples is more strengthened and consolidated?

There is the stock argument of over-population. They talk, and so far truly, of the increase by British peace, but they quite forget the destruction by the British drain. They talk of the pitiless operations of economic laws, but, somehow, they forget that there is no such thing in India, as the natural operation of economic laws. It is not the pitiless operations of economic laws, but it is the thoughtless and pitiless action of the British policy, it is the pitiless eating of India's substance in India, and the further pitiless drain to England,—in short, it is the pitiless *perversion* of economic laws by the sad bleeding to which India is subjected, that is destroying India. Why blame poor nature, when the fault lies at your own door. Let natural and economic laws have their full and fair play, and India will become another England, with manifold greater benefit to England herself than at present.

As long as the English do not allow the country to produce what it can produce; as long as the people are not allowed to enjoy what they can produce; as long as the English are the very party on their trial;—they have no right, and are not competent, to give an opinion, whether the country is over-populated or not. In fact, it is absurd to talk of over-population, *i. e.* the country's incapability, by its food or other produce, to supply the means of support to its people, if the country is unceasingly and forcibly deprived of its means or capital. Let the country keep what it produces, and then, can any right judgment be formed, whether it is over-populated or not. Let England first hold

hands off India's wealth, and then there will be disinterestedness in, and respect for, her judgment. The present cant of the excuse of over-population is adding a distressful insult to agonising injury. To talk of over-population at present, is just as reasonable as to cut off a man's hands and then to taunt him, that he was not able to maintain himself or move his hands.

When persons talk of the operation of economic laws, they forget the very first and fundamental principles. Says Mr. Mill, "Industry is limited by capital." "To employ industry on the land, is to apply capital to the land." "Industry cannot be employed to any greater extent than there is capital to invest." "There can be no more industry than is supplied by materials to work up and food to eat. Yet, in regard to a fact so evident, it was long continued to be believed, that laws and governments, without creating capital, could create industry." And while Englishmen are sweeping away this very capital, they raise up their hands and wonder why India cannot have industry.

The English are themselves the head and front of the offending, and yet they talk of over-population, and every mortal irrelevant thing, but the right cause, *viz.* their own drain of the material and moral wealth of the country.

The present form of relations between the paramount power and the princes of India, is un-English and iniquitous. Fancy a people, the greatest champions of fair play and justice, having a system of political agency by which, as the princes say, they are stabbed in the dark; the Political Agents making secret reports and the government often acting thereon, without a fair inquiry or explanation from the princes. The princes, therefore, are always in a state of alarm, as to what may befall them unawares. If the British authorities deliberately wished to adopt a method by which the princes should always remain alarmed and irritated, they could not have hit upon a more effective one than what exists. If these princes can feel assured that their treaty rights will be always honourably and faithfully observed, that there will be no constant nibbling at their powers, that it was not the ulterior policy of the British to pull them down gradually to the position of the mere nobles of the country, as the princes at present suspect and fear, and if a more just and fair mode of political agency be adopted, I have not the least hesitation in saying that, as much from self-interest alone, as from any other motive, these princes will prove the greatest bulwark and help to perpetuate British supremacy in India. It stands to reason and common



sense, that the native princes clearly understand their interest, that by a power like the British only, with all the confidence it may command by its fairness as well as strength, can they be saved from each other and even from themselves. Relieved of any fear from the paramount power, they will the more readily listen to counsels of reform which they much need. The English can then exercise their salutary influence, in advising and helping them to root out the old corrupt regimes, and in making them and their courtiers to understand that power was not self-aggrandizement, but responsibility for the good of the people. I say from personal conversation with some of the princes, that they thoroughly understand their interest under the protection of the present paramount power.

It is useless for the British to compare themselves with the past native rulers. If the British do not show themselves to be vastly superior, in proportion to their superior enlightenment and civilization, if India do not prosper and progress under them far more largely, there will be no justification for their existence in India. The thoughtless past drain we may consider as our misfortune, but a similar future will, in plain English, be deliberate plunder and destruction.

I do not repeat here several other views which I have already expressed in my last Memorandum.

I have thus given a general sketch of what is passing in many natives' minds on several subjects. It is useless and absurd to remind us constantly, that once the British fiat brought order out of chaos, and to make that an everlasting excuse for subsequent shortcomings, and the material and moral impoverishment of the country. The natives of the present day have not seen that chaos, and do not feel it, and though they understand it, and very thankful they are for the order brought, they see the present drain, distress, and destruction, and they feel it and bewail it.

By all means, let Englishmen be proud of the past. We accord them every credit for the order and law they brought about, and are deeply thankful to them, but let them now face the present, let them clearly realise and manfully acknowledge the many shortcomings of omission and commission, by which, with the best of intentions, they have reduced India to material and moral wretchedness: and let them, in a way worthy of their name and history, repair the injury they have inflicted. It is fully in their power to make their rule a blessing to India, and a benefit and glory to England, by allowing India her own

administration under their superior, controlling and guiding hand—or in their own oft-repeated professions and words, “by governing India for India’s good.”

May the God of all nations lead the English to a right sense of their duty to India, is my humble and earnest prayer!

16th November 1880.

DADABHAI NAOROJI.

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32, Great St. Helens,  
London, 4th January 1881.

SIR LOUIS MALLET,

The Under-Secretary of State for India.

India Office,  
London, S. W.

SIR,

I beg to request you to submit the accompanying Memorandum, No. 3, on some of the Statements in “the Report of the Indian Famine Commission, 1880,” to his Lordship the Secretary of State for India, and I hope His Lordship will give his kind and generous consideration to it.

I remain,

Sir,

Your obedient servant,

DADABHAI NAOROJI.

MEMORANDUM ON A FEW STATEMENTS IN THE  
REPORT OF THE INDIAN FAMINE COMMISSION, 1880.

Part II., Chapter I., Section VII. treats of Incidence of Taxation.

I submit that the section is fallacious, gives an erroneous notion of the true state of the matter, and is misleading.

We shall see what the reality is.

The income of a country consists of two parts—

1. The internal total annual material production of the country (Agricultural, Manufactures, Mines and Fisheries).
2. The external annual profits of Foreign Trade.

There is no other source of income beyond these two, excepting, in the case of British India, the tributes, and contributions of Native States of about £700,000.

The incidence of taxation of any country means that a certain amount or portion is taken out of this income for purposes of Government. Call this portion revenue, tax, rent, service, contributions, blessing, curse or by any name from A to Z in the English vocabulary. The fact simply is, that the country has to give a certain proportion out of its income for purposes of government. Every farthing that the country has thus to contribute for government, has to be produced, or earned from Foreign trade, or, in other words, has to be given from the annual income. No portion of it is rained down from heaven, or produced by some magic by the government of the country. The £24,000,000 which the Commissioners call "other than taxation," do not come down from the heavens, nor are to be obtained from any other source than the annual income of the country, just the same as what they call taxation proper. And so also what the Commissioners call "rent," with regard to the revenue derived from land.

Whatever plans, wise or unwise, a government adopt of distributing the incidence of the revenue among different classes of people; from whatever and how-many-soever different sources, government may obtain its revenue; by whatever hundred-and-one names may these different items of revenue be called;—the sum total of the whole matter is, that out of the annual income of the country, a certain portion is raised for the purposes of government, and the real incidence of this revenue in any country, is the proportion it bears to the actual annual income of the country, call the different modes of raising this revenue what you like.

Now England raises at present for purposes of government about £83,000,000. The income of the United Kingdom is well nigh £1,000,000,000\* a year. The proportion therefore of the revenue of £83,000,000 or even £84,000,000, is about  $8\frac{1}{2}$  per cent. out of the annual income.

Now India's income, as I have first roughly shown in 1870 in my paper on the Wants and Means of India,† and subsequently in my papers on the Poverty of India,‡ is hardly £300,000,000 per annum. This statement has not been refuted by anybody. On the contrary.

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\* The *Westminster Review* of January 1876 gives the National production for 1875 of the United Kingdom as £28 per head of population. I do not know whether profits of trade are included in this amount. Mr. Grant Duff, in 1871, took £800,000,000—or roundly £30 per head of population. The population is above 34,000,000,—which, at £28, gives £952,000,000.

† Page 97 of this book.

‡ Page 160 of this book.

Mr. Grant Duff, though cautiously, admitted in his speech in 1871, in these words:—"The income of British India has been guessed at £300,000,000 per annum." And Lord Mayo quoted Mr. Grant Duff's speech soon after, without any contradiction, but rather with approval. If the fact be otherwise, let government give the correct fact every year. Out of this income of £300,000,000, the revenue raised in India for purposes of government is £65,000,000 or very near 22 per cent.

Thus, then, the actual heaviness of the weight of revenue on India, is quite  $2\frac{1}{2}$  times as much as that on England. This is the simple fact, that out of the grand income of £1,000,000,000—of only 34,000,000 of population, England raises for the purposes of government only  $8\frac{1}{2}$  per cent., while out of the poor, wretched income of £300,000,000 of a population of nearly 200,000,000—two and a half times more, or nearly 22 per cent., are raised in India for the same purpose, and yet people coolly and cruelly write that India is lightly taxed. It must be further realised, what this disproportionate pressure, upon a most prosperous and wealthy community like that of England, and the most wretched, and poverty and famine-stricken people of India, means. To the one, it is not a fleabite, to the other, it is starvation and death of millions, under her present unnatural treatment. For, this is not all. A far deeper and worse depth lies behind.

Let me then once more repeat that out of the grand income of £1,000,000,000 a year, England gives only  $8\frac{1}{2}$  per cent. for government purposes, while out of the wretched poverty of India of an income of £300,000,000—she gives 22 per cent. for purposes of government. Now comes the worst evil of the whole, to which English writers, with few exceptions, always shut their eyes.

Of the £83,000,000 of revenue, which is raised in England, every farthing returns in some shape or other to the people themselves. In fact, England pays with one hand, and receives back with the other. And such is the case in every country on the face of the earth, and so it must be—but poor India is doomed otherwise. Out of the £65,000,000, taken out of her wretched income, some £30,000,000 or £40,000,000 are never returned to the people, but are eaten up in the country, and taken away out of the country, by those who are not the people of the country—by England, in short. I pass over this mournful topic here, as I have to refer to it again further on.

I may be taken to task, that I am making a very indefinite statement, when I talk of "some £30,000,000 or £40,000,000—as being eaten up

and taken away by England." The fault is not mine, but that of government. In 1873, Sir D. Wedderburn moved for a return for the number, salaries, &c. of all the services. The return was ordered in July 1873. It is now past 7 years, but has not been made. Again 1879—Mr. Bright moved for returns (salaries, &c. 19th June '79) and Sir D. Wedderburn moved for Returns (East India Services—20th and 23rd June '79), and (East India Services—24th June '79). These returns have not yet been made. I hope they are being prepared. When these returns are made, we shall know definitely and clearly what the amount is, that, out of the revenue of £65,000,000, does not at all return to the people of India, but is eaten up in, and carried away from, India every year, by England. Such returns ought to be made every year. Once it is made, the work of succeeding years will be only the alterations or revision for the year, or revised estimates every 2 or 3 years even will do. To government itself, a return like this will be particularly useful. They will then act with clear light, instead of groping in darkness as at present, and though actuated with the best of intentions, still inflicting upon India untold misfortune and miseries. And it will then see, how India, of all other countries in the world, is subjected to a most unnatural and destructive treatment.

The next sections VIII and IX on Trade and Railways, are pervaded with the same fallacies as those of Mr. Danvers's Memo. of 28th June 1880, and to which I replied with my letter of 13th September 1880. I, therefore, do not go over the same ground here again. I need only refer to one statement, the last sentence of para. 4 of Section VIII:—

"As to the other half of the excess, which is due to the cost of English Administration, there can hardly be room for doubt that it is to the advantage of India, to pay the sum really necessary to secure its peaceful government, without which, no progress would be possible; and so long as this condition is not violated, it does not seem material whether a part of the charge has to be met in England or not."

A statement, more wrong in its premises and conclusion, can hardly be met with. Let us see.

By "the other half of the excess" is meant £8,000,000.

The Commissioners tell the public that India pays £8,000,000 for securing peaceful government. This is the fiction. What are the facts?

England, of *all* nations on the face of the earth, enjoys the utmost security of life and property of every kind, from a strong and peaceful government. For this, England "*pays*" £83,000,000 a year.

In the same manner, India "*pays*" not £8,000,000, but £65,000,000 for the same purpose, and should be able and willing to "*pay*" twice or thrice £65,000,000, under natural circumstances, similar to those of England.

Thus, England "*pays*" £83,000,000 and India "*pays*" £65,000,000 for purposes of peaceful government. But here the parallel ends, and English writers, with very few exceptions, fight shy of going beyond this point, and misstate the matter as is done in the above extract. Let us see what is beyond.

Of the £83,000,000 which England "*pays*" for security of life and property, or peaceful government, every farthing returns to the people themselves. It is not even a fleabite or any bite to the people of England that they "*pay*" £83,000,000 for peaceful government. They simply give with one hand and receive back with the other. The country and the people enjoy the *full benefit* of every farthing they either produce in the country or earn with foreign trade.

But with India, the *fact* is quite otherwise. Out of the £65,000,000 which she "*pays*" like England for peaceful government, £30,000,000 or £40,000,000 do *not* return to the people of the country. These £30,000,000 or £40,000,000 are eaten up in the country, and carried away from the country, by a foreign people. The people of India are thus deprived of this enormous amount, year after year, and are, as a natural consequence, weakened more and more every year in their capacity for production, or, in plain words, India is being simply destroyed.

The *romance* is, that there is security of life and property in India. The reality is, that there is no such thing.

There is security of life and property in one sense or way, *i. e.* the people are secure from any violence from each other or from native despots. So far, there is real security of life and property, and for which India never denies her gratitude. But from England's own grasp, there is no security of property at all, and as a consequence no security for life. India's property is not secure. What is secure and well secure is, that England is perfectly safe and secure, and does so with perfect security, to carry away from India and to eat up in India, her

property at the present rate of some £30,000,000 or £40,000,000 a year.

The reality therefore is, that the policy of English rule as it is (not as it can and should be), is an everlasting, unceasing and every-day-increasing foreign invasion, utterly, though gradually, destroying the country. I venture to submit, that every right-minded Englishman, calmly and seriously considering the problem of the present condition and treatment of India by England, will come to this conclusion.

The old invaders came with the avowed purpose of plundering the wealth of the country. They plundered and went away, or conquered and became the natives of the country. But the great misfortune of India is, that England did *not* mean, or wish, or come, with the intention of plundering, and yet events have taken a course which has made England the worst foreign invader she has had the misfortune to have. India does not get a moment to breathe or revive. 'More Europeans,' 'more Europeans,' is the eternal cry, and this very report itself of the Commission is not free from it.

The present position of England in India has, moreover, produced another most deplorable evil, from which the worst of old foreign invasions was free. That with the deprivation of the vital, material blood of the country, to the extent of £30,000,000 or £40,000,000 a year, the whole higher "wisdom" of the country is also carried away.

I therefore venture to submit, that India *does not* enjoy security of her property and life, and also moreover, of "knowledge" or "wisdom." To millions in India, life is simply "half feeding" or starvation, or famines and disease.

View the Indian problem from any point you like, you come back again and again to this central fact, that England takes from India every year £30,000,000 or £40,000,000 worth of her property with all the lamentable consequences from such a loss, and with a continuous diminution of the capacity of India for production, together with the moral loss of all higher wisdom.

India would be quite able and willing to "pay," as every other country, or as England "pays," for peaceful government. But no country on the face of the earth can stand the deprivation of property that India is subjected to, without being crushed to death.

Suppose England were subjected to such a condition at the hand of some foreign power and would she not to a man clamour, that far better

would they fly at each other's throat, have strifes in streets of civil wars, or fights in fields for foreign wars, with all the chances of fame or fortune on survival, than to submit to the inglorious, miserable deaths from poverty and famines, with wretchedness and disease in case of survival. I have no hesitation in appealing to any Englishman to say, which of the two deaths he would prefer, and I shall not have to wait long for the reply.

What is property worth to India, which she can only call her own in name, but not in reality, and which her own children cannot enjoy? What is life worth to her that must perish by millions at the very touch of drought or distress, or can have only a half starving existence?

The confusion and fallacy in the extract I have given above, therefore, consists in this. It is not that India pays for peaceful government some £8,000,000. She pays for it £65,000,000, just as England pays £84,000,000. But there is one feature peculiar to India. She needs British wise and beneficent guidance and supervision. British aid of this kind can, under any circumstances, be but from outside the Indian family, *i. e.* foreign. This aid must be reasonably paid for by India. Now, if the whole foreign agency of European men and materials, required under the direct and indirect control of government, both in India and England, in every shape or form, be clearly laid down, to be confined within the limit of a fixed "foreign list" of say £5,000,000, or even say £8,000,000, though very much, which the Commissioners ask India should pay; India could very probably pay, without being so destroyed as at present. But the present thoughtless and merciless exhaustion of some £30,000,000, or £40,000,000, or may be even much more, is crushing, cruel, and destructive.

In fact, leaving the past alone as a misfortune, the continuance of the present drain will be, in plain English, nothing less than plunder of an unceasing foreign invasion, and not a reasonable price for a beneficent rule, as the Commissioners wrongly and thoughtlessly endeavour to persuade the public.

The great misfortune of India is that the temptation or tendency towards selfishness and self-aggrandisement of their own countrymen, is too great and blinding for Englishmen (with few exceptions) connected with India, to see that power is a sacred trust and responsibility for the good of the people. We have this profession to any amount, but unless and till the conscience of England, and of English honest thinkers and statesmen, is awakened, the performance will remain poor or nil as at present.



Lord Ripon said—India needs rest. More true words cannot be spoken. Yes—she needs rest—rest from the present unceasing and ever-increasing foreign invasion, from whose unceasing blows she has not a moment allowed to breathe.

I said before that even this Famine Report was not free from the same clamour, "more Europeans, more Europeans."

Whenever any question of reform arises, the only remedy that suggests itself to English officials' minds, is, "apply more European leeches, apply more European leeches!"

The Commission suggests the institution of an Agricultural Department, and a very important suggestion it is. But they soon forget that it is *for India* this is required, and that it is at India's expense it has to be done, that it is from India's wretched income has this expenditure to be provided, and that India cannot afford to have more blood sucked out of her for more Europeans, and deprive so much her own children; in short, that native agency, under a good English head or two, would be the most natural and proper agency for the purpose. No, prostrate as India is, and for which very reason, the Commission was appointed to suggest a remedy, they can only say, "more Europeans"—as if no such thing as a people existed in India.

Were any Englishman to make such a proposal for England,—that French or German youths be instructed at England's expense, and that such youths make up the different public departments, he would be at once scouted and laughed at. And yet, these Commissioners thoughtlessly and seriously suggest and recommend to aggravate the very evil for which they were expected to suggest a remedy.

I appeal most earnestly to His Lordship, the Secretary of State for India, that though the department suggested by the Commissioners is very important, His Lordship would not adopt the mode which the Commissioners have suggested with good intentions, but with thoughtlessness, about the rights and needs of India. That with the exception of some thoroughly qualified necessary Europeans at the head, the whole agency ought to be native, on the lines described by the Commissioners. There can be no lack of natives of the kind required, or it would be a very poor compliment indeed to the Educational exertions of the English rulers during the past half a century.

A new danger is now threatening India. Hitherto India's wealth above the surface of the land has been draining away to England. Now

the wealth *under* the surface of the land, will also be taken away, and India lies prostrate and unable to help herself. England has taken away her capital. That same capital will be brought to take away all such mineral wealth of the country as requires application of large capital and expensive machinery. With the exception of the employment of the lower classes of bodily and mental labourers, the larger portion of the produce will, in several shapes, be eaten up and carried away by the Europeans, first as servants and next in profits and dividends, and poor India will have to thank her stars, that she will get some crumbs, in the lower employments of her children. And great will be the sounding of trumpets of the wealth found in India, and the blessings conferred on India, just as we have sickeningly dinned into our ears, day after day, about Railways, Foreign Trade, &c.

Now, this may sound very strange, that knowing full well the benefits of foreign capital to any country, I should complain of its going to India.

There is, under present circumstances, one great difference in the modes in which English capital goes to every other country and India. To every other country, English capitalists *lend*, and there is an end of their connection with the matter. *The people* of the country use and enjoy the benefit of the capital in every way, and pay to the capitalists their interest or dividend, and as some capitalists know to their cost, not even that. But, with India, the case is quite different. English capitalists do not merely lend, but with their capital, they themselves invade the country. The produce of the capital is mostly eaten up by their own countrymen, and after that, they carry away the rest in the shape of profits and dividends. The people themselves of the country *do not* derive the same benefit which is derived by every other country from English capital. The guaranteed Railways, not only ate up everything in this manner, but compelled India to make up the guaranteed interest also from her produce. The remedy then was adopted of making State Railways. Now under the peculiar circumstances of India's present prostration, state-works would be, no doubt, the best means of securing to India the benefits of English capital. But the misfortune is that the same canker eats into the state-works also,—the same eating up of the substance by European employes. The plan by which India can be really benefited would be, that all kinds of public works, or mines, or all works, that require capital, be undertaken by the state, with English capital and *native* agency, with some thoroughly competent Europeans at the head, as may be absolutely necessary.

Supposing that there was even extravagance or loss, government making up any deficiency of the interest of the loans from general revenue, will not matter much, though there is no reason why, with proper care, a native agency cannot be formed good enough for efficient and economic working. Anyhow, in such a case, the people of India will then really derive the benefit of English capital, as every other country does, with the certainty of English capitalists getting their interest from the government, who have complete control over the revenues of India, and can without fail provide for the interest.

For some time, therefore, and till India, by a change in the present destructive policy of heavy European agency, has revived and is able to help herself in a free field, it is necessary that all great undertakings which India herself is unable to carry out for developing the resources of the country, should be undertaken by the State, but carried out chiefly by native agency, and by preparing natives for the purpose. Then will India recover her blood from every direction. India sorely needs the aid of English capital. But it is English capital that she needs and not the English invasion, to come also and eat up both capital and produce.

As things are taking their course at present with regard to the gold mines, if they prove successful, great will be the trumpeting of India's wealth being increased, while it will all be being carried away by England.

In the United States the people of the country enjoy all the benefits of their mines and public works with English capital, and pay to England her fair interest; and in cases of failures of the schemes, while the people have enjoyed the benefit of the capital, sometimes both capital and interest are gone. The schemes fail, and the lenders of capital may lament, but the people have enjoyed the capital and the produce as far as they went.

I have no doubt that in laying my views plainly before the Secretary of State, my motives or sentiments towards the British rule will not be misunderstood. I believe that the result of the British rule can be a blessing to India and a glory to England,—a result worthy of the foremost and most humane nation on the face of the earth. I desire that this should take place, and I therefore lay my humble views before our rulers without shrinking. It is no pleasure to me to dwell incessantly on the wretched, heart-rending, blood-boiling condition of India. None will rejoice more than myself if my views are proved to be mistaken. The

sum total of all is, that without any such intention or wish, and with every desire for the good of India, England has, in reality, been the most disastrous and destructive foreign invader of India, and under present lines, unceasingly and everyday increasingly continues to be so. This unfortunate *fact* is to be boldly faced by *England*; and I am sanguine that, if once England realises this position, she would recoil from it and vindicate to the world her great mission of Humanity and Civilization among mankind. I am writing to English *gentlemen*, and I have no fear but that they would receive my sincere utterances with the generosity and love of justice of English gentlemen.

In concluding these remarks, I feel bound to say that as far as I can judge from Mr. Caird's separate paper on the Condition of India, he appears to have realised the abnormal economical condition of India, and I cannot but feel the true English manliness and moral courage he has displayed, that, though he went out an avowed defender of the Indian government, he spoke out his convictions, and what he saw within his opportunities. India needs the help of such manly, conscientious, true-hearted English gentlemen to study and probe her forlorn condition, and India may then fairly hope for ample redress ere long, at England's hands and conscience.

DADABHAI NAOROJI.

32, Great St. Helens,  
London, 4th January 1881.

## CHAPTER VI.

### WRITINGS—(continued).

#### III.

### ADMISSION OF EDUCATED NATIVES INTO THE INDIAN CIVIL SERVICE:

(A Memorandum respectfully submitted for the consideration of Sir Stafford Northcote, May 2, 1868.)

"There is only one other point included in the Bill which I must mention, and it is one of considerable importance and interest. I am sorry I do not see the member for Brighton in his place, who has given a notice with reference to the subject—it relates to the admission of the natives into the Civil Service of India. It was always felt by the old Court of Directors, by the Indian Council, by all the Home authorities, and, indeed, by the Indian authorities also, that it was most desirable, as far as possible, to make provision for the employment of the natives of India; but the difficulty has been in what way it could be accom-

plished. When the member for Brighton brings forward the motion for which he has given notice, that competitive examinations should be held in India, I shall feel it my duty to state the reasons why I cannot assent to that proposal. I do not think it would be at all suitable to the condition of India, that the Civil Service should be thrown open to anybody who can pass the best competitive examination among the natives of India; for, although I am a strong advocate for competitive examinations in this country, I do not think they apply to such a country as India, where you require, not the cleverest men, but various other qualifications, which you are not so well able to test by competitive examinations."—*Extract from Sir Stafford Northcote's Speech in the House of Commons, 23rd April.*

It is said in the above extract :—

"It was always felt by the old Court of Directors, by the Indian Council, by all the Home Authorities, and, indeed, by the Indian Authorities also, that it was most desirable, as far as possible, to make provision for the employment of the natives of India; but the difficulty has been in what way it could be accomplished."

This comes rather strange, at this time of day, in the thirty-fifth year of a statute, and tenth year of a Royal Proclamation, as if proving that those suspicious natives, who regarded the statutory and Royal promises as never intended to be fulfilled, were in the right. Or otherwise, why should there have been any difficulty? Parliament and our gracious Sovereign have declared that race or creed should make no difference between her Majesty's subjects, and why should not, then, the natives of India have been, or be even now, allowed a door similar to that by which the English enter the service?

Further :—

"For although I am a strong advocate for competitive examinations in this country, I do not think they apply to such a country as India, where you require, not the cleverest men, but various other qualifications, which you are not so well able to test by competitive examinations."

I do not suppose that Sir Stafford Northcote does not require cleverness as one of the necessary qualifications. And next, it does not appear how, if those "various other qualifications" cannot be tested by competitive examination in the natives, they can be tested in the Englishmen.

How is the cleverness to be tested? Competition is the means adopted for the English candidates. Why should it not be for the

natives? No doubt it is the opinion of some that competitive examinations are useless. Be the worth of that opinion what it may, you *have* adopted the system, and till you abolish it, there is no reason why it should not be equally applicable to all candidates. However, be the test of cleverness that Sir Stafford Northcote may consider best what it may, it is necessary that, whatever that test may be, it should be clearly laid down, so that the natives may know what is required of them, endeavour to qualify themselves accordingly, and may get admission if so qualified.\* Next comes the question of the "various other qualifications" which Sir Stafford says are necessary. These may be divided in two classes, personal and adventitious. Every one will admit that besides education and integrity, there must be also in the servant, tact, judgment, good temper, zeal, industry, and general administrative powers. I do not suppose that Sir Stafford requires that a candidate must first show that he is a Canning, a Lawrence, or an Elphinstone, before any opportunity is given him. About ability and integrity, I have given ample testimony to show that the educated natives, and even others (according to Sir F. Halliday and others) now in the public service, have generally proved themselves able and trustworthy. As to tact, judgment, &c., the very fact of the success and efficiency with which these servants have performed their duties, is sufficient to prove that these servants must have shown those other qualifications, or otherwise they could not have performed their duties with efficiency. How are these qualities tested in the English candidates? and why should there be any other method adopted for the natives of India, especially when they have shown, by actual service, so far as limited opportunity is afforded them that they possessed the "other qualifications" also. If it be said that out of those employed in the public service only few have shown any very *great* administrative abilities, it is simply because they had very little opportunity. If they cannot rise above the deputy-collectorships, or assistant-commissionerships, how can they show whether any of them have *great* abilities and qualifications? But even under every drawback, in the very narrow opportunity the natives have had, some

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\* It is sometimes said that intellectual education is not enough. Now it is a mistake to suppose that the education of the English schools and colleges of India is only intellectual. With the exception of not teaching the principal dogmas of Christianity, their education is as moral as can possibly be. The whole range of the English literature in which the native is educated is full of the high moral and religious tone of the nineteenth century. It is giving very scanty credit to this literature, and to the efforts of English educationists, that the result is not productive of moral good, but thanks to both such is not the fact.

"capital administrators" have risen among them. We know what is thought of Sir Salar Jung, or Sir Dinkar Rao, or Sir Madava Rao by Government officials themselves.

Sir Richard Temple, in his letter on the Comparative Merits of British and Native Rule, says: "Further, in justice to native rule, it should be said that within the century of our supremacy, there have not only been good sovereigns who are too well-known to require mention here, but also good ministers, *really capital administrators*" (the italicising is mine), "who have adorned the service to which they belong; such as Purnea of Mysore, and Tantia Jogh of Indore, in the past, and Sir Salar Jung of Hyderabad, Sir Dinkar Rao of Gwalior, Sir T. Madava Rao of Travancore, in the present."\* The latter have not merely been declared as able administrators, but have been for that reason considered deserving of being knighted by our sovereign.

It cannot be fairly urged that natives have not in them elements of success and greatness if they get the opportunity. It must also be remembered that, notwithstanding thousands of English civilians during the past century, the great names cannot be counted by scores; and these were, of course, attained according to opportunity and ability of the individuals. More cannot be, and ought not to be, expected from the natives. If a certain method is adopted for the selection of the Englishman, there is no reason (except for some exceptional circumstances to which I shall refer hereafter,) that a different one should be adopted for the natives.

The adventitious qualifications are those of caste, or riches, or birth. I certainly do not wish to say a word against the proper respect and position due to these in state or society. But to say that for public service any of these is absolutely necessary, is not only unreasonable, but detrimental to the State. It may be said that Hindus of high caste may not respect those of lower castes in the service. Is it for the British to maintain and encourage such distinction and feeling? or is it the mission of Britain (and to which several of the comparers of the

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\* In a note, Sir Richard Temple, with natural pride, says that both Sir Salar Jung and Sir T. Madava Rao owed to British training. Why, excepting some faults, both of omission and commission, it will be difficult to deny that almost all good that India now enjoys is owing to British rulers, or their presence, advice or example. The real question now to be studied from time to time is, how far does any native state approach the English standard, and how far the English rule in India approaches the English rule in England.

British and native rule referred with pride) to teach the natives of India that before law the high and low are equal, and that merit, and not caste, will carry the day. However, be this as it may, is it a fact that the higher caste people will not respect power and merit in a person of the lower caste? Are the Gaikwar, and Scindia, and Holkar of high caste? Are there not several princes and nobles, and men high in public service, or wealthy, who are not of high caste; and are they for that reason treated with less respect than if they had been Brahmins or Kshutrees?

Again, among the Mahomedans there can be no such distinction and disinclination arising from "caste." In connexion with this question of caste, there is one exceptional circumstance, to which I shall refer hereafter.

The same remarks apply to riches. No doubt, when a man rises, whether from a low caste, or from poverty, there will be many found, quite as much in this country as in any other, who would first look down upon him with superciliousness, and call him an upstart; but when he is in power, or influence, and has stamped his character, we know how those very sneerers will turn round and admire the "self-made man." Is it for the English rulers to teach the people of India that riches are the passport to service and honour? I cannot persuade myself that Sir Stafford meant riches as a necessary qualification, that a young man may be a mediocre, or a dunce, and yet, if he is born with a silver spoon in his mouth, he is qualified to serve the State; while another, no matter whatever his personal qualifications may be, is to be cast aside because his father is a poor man, and maintains his family by honest industry. Riches shall always have its due influence and respect, but that it should be a necessary qualification for State service will, I dare say, be not seriously urged by any. Is birth, again, a necessary passport for respect by the people? As the present matter relates to India, I would draw my illustrations from that country. What birth could the late Sir Jamshedjee Jeejeebhoy boast of, and yet is there a man more universally respected and admired than he? Are not the natives of India proud of that name? Did the late Hon. Shum-bhoonath, to whose high character and qualifications the Governor-General and the Chief Justice of Calcutta have borne high testimony—



claim high birth? He was a "self-made man," and yet we learn on the highest authority that he was respected by his countrymen.\*

In fact, it is only human nature, whether here or in India, that the man of merit, and in power, will command respect, be his origin humble or high, or rather the humbler origin will command the greater admiration. Mountstuart Elphinstone says, the first Nawab of Oude was a petty merchant, the ancestors of Holkar were goatherds, and those of Scindia slaves, the first Peshwa a village accountant.

Many other highly respected natives can be named who have not claims to high birth, or at most of a generation or two, and that under British auspices.

Are the natives so far an exception to human nature, that while a Disraeli becoming a Premier may be admired and praised, not only in the United Kingdom, but all over the world, more than if he had been born with a coronet on his head, the people of India would be so lost to a feeling of natural pride in similar cases, that they would be sorry to see any among themselves rise from the ranks? I am certainly the last person not to allow to birth its due. It has its advantages to the political and social condition of a country, which it is impossible to ignore. It is, therefore, highly desirable that this element should have its due strength and position in society. But it must not be forgotten that there is no family of birth but that it had an humble origin. When a family has once risen, it is capable of doing a great deal of good (if it has the will and ability), acting from a certain vantage-ground of position and influence, which the one which has yet to raise itself does not possess. But if free scope is not given to others, who have energy of character and nobility of soul and intellect, and thus fresh blood is not introduced from time to time, the aristocracy of a country may gradually sink. It will suffer the worst consequences of "caste," as capacity and character are not the monopoly of the high-born. Every age, while proud of those that left their marks in former times, must leave, and very properly

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\* The father of Baboo Dwarkanath Mitra, the present Judge of the Bengal High Court, was a clerk at Rs. 5 per month; Baboos K. M. Chatterjee and S. Sirkar, both occupying high positions in the service, began as cooks. Baboo Digumbar Mitra, lately a member of the Legislative Council of Bengal; Pundit Vydiyasagar, late Principal of Sanscrit College; the present Principal of the same College; Molvi Abdool Lalif, lately a member of the Legislative Council of Bengal; Moonshi Ameer Ally, also a member of Council, and several other worthies of Calcutta, claim no high birth. The father of Mr. Maneckjee Cursetjee, the second Judge of the Small Cause Court of Bombay, was a "self-made man." Messrs. Dosabhoj Framjee and Nana Morojee, Magistrates of Bombay, are highly respected.

aspires to leave, its own mark also, and this mark of one Diasraeli is worth a great deal more than that of other equally good and great men *born* with power and influence. Such a result, however, can only be possible when there is a fair field for all. These remarks apply to India with special force, as I shall show hereafter, when treating of the few exceptional circumstances connected with the question of Indian Civil Service.

At first, want of education and integrity was urged, and very justly too, as a bar to the service of the state. Committees of Parliament repeatedly questioned witnesses with regard to these necessary qualifications. And, up to the present time, it was considered that, if these qualifications could be proved to be possessed by the natives, their eligibility to high service in the State, and their right to similar treatment with Englishmen, would be complete. When, however, not only in abstract discussion or theory, but by actual facts of service rendered with efficiency and integrity, these qualifications are proved, "other qualifications" now come to light, to be necessary for the natives of India, as if those other qualifications were not as equally necessary for the English servants; as if those "other qualifications" were, in the case of the English candidates, proved by competition alone; and as if the test of these other qualifications in the Englishman will not be made as much in his actual service as in the case of the native.

It is proposed that the uncovenanted service be made native. Then the question naturally arises, do not these uncovenanted offices also require those "various other qualifications?" If they do, and if the natives can be supposed to possess them, so as to be fit for the uncovenanted service, on what grounds can they be debarred from competing for the covenanted service, and showing in actual service, as they would do in the uncovenanted service, that they possess the "various other qualifications" also?

There are, in the case of India, as I have said above, some exceptional circumstances, and it is, I fully admit, necessary to bear them in mind, and to make proper provision for them. These are political and religious.

If India wants England to rule it for a long time, for its own regeneration and benefit, it stands to reason that the English service must be in the majority, and that certain places of high executive power should remain in their hands only. Let the English boldly and straightforwardly say that, for the interests of both countries, as they must be the predominant people, they must have the larger share in the service; and let them say that two-thirds or three-fourths of the service must be English;

that, moreover, all positions of the highest executive power, such as Governors, Executive Councillors, and any such others, which must be distinctly described, must remain at the disposal of the Government, and, if necessary, for Englishmen only. Such a straightforward avowal, though it may, perhaps, prove a little distasteful to some natives, will at least command their respect and also the acquiescence of all reasonable natives. Both the rulers and the subjects will know clearly their position, and mutual satisfaction, contentment of the natives, and sure stability of the British rule will be the result.

The next special circumstance is that the survivors of the old power displaced by the British should be as far as practicable drawn into the service, and made to feel an interest in the British rule, or at least to be reconciled to their change of fate. For this purpose, it would be no doubt an important act of policy, to make some arrangements by which the scions of these old great families might be brought into the service. If it be contended that such scions would not condescend to stand competition with other people (whether it may be desirable or not, as far as possible, to encourage such a feeling), as such a feeling does exist, and will for a generation or two naturally exist; and as, at the same time, the exceptional circumstances of the case require that some concession be made to them, if these scions otherwise follow the advice of the rulers and qualify themselves for the service, let a portion of the one-third or one-fourth of the service that may be fixed upon to be native be reserved for such appointments, at the discretion of the Viceroy. But there is no reason whatever that, because some exceptional provision of this nature is required to be made for these scions, the just rights of the whole population should be kept in abeyance. There is another very important reason, both arising from policy as well as justice, that the rising educated generation should be enlisted in the cause of the British rule. The higher classes in general, and especially those who have lost power, have still kept themselves aloof from educating their sons, and are hardly quite reconciled to the loss of power and influence they have sustained. There is no blame to them in this state of affairs. They do not see quite yet what they have to do with *English* learning, or what its character is. What they understand as learning is their *Shastras* or their *Koran*, and other Oriental literature, and this learning they are accustomed to leave to the Brahmin or Molvi. When they want the advice of learning, they can have it from these depositories. In such circumstances it is a puzzle to them, when they think about it at all, what *English* learning may be, and why they should

want it. Moreover, the want of a career adds to their indifference. If some such plan as I have suggested before can be adopted, by which these scions can be drawn into English service, and made to feel their interest in its continuance, no doubt it will be a great advantage. I do not mean to cast the least suspicion on the probable loyalty or gratitude of the fallen great of the past, and admit fully the necessity of reconciling them to the revolution in their fortunes. It would not be, however, surprising if the good feeling towards the British rule ended with this reconciliation, and did not develop into thorough loyalty or deep gratitude. They may consider that the share given to them in the administration was their due, and an act of policy. Be this view right or wrong, at least several of the comparers of the British and native rule have expressed in no encouraging terms, the present or possible feeling of these fallen great. Supposing, however, this view to be wrong, and as I sincerely hope and believe the native chiefs and noblemen, when they are once led to understand and feel an interest in the English rule, would prove loyal and grateful, a foreign government like the English in India cannot afford to depend upon this contingency only. This government also needs an aristocracy, a native power,—an influence of its own creation. It only stands to reason that those who would owe their rank, position, in short their all to the British Government, and who would strongly feel their interest in the preservation of the order of things in which they rose, would naturally be its best supporters, both from gratitude and interest. A power of no mean order is now rising in the State. Say what you will, the native press does, and will exercise its influence. It gradually passes into the hands of the educated, and the talent of the country. The feeling of loyalty in this body is at present undoubted. The sentiment that they owe their education and elevation as men to the British is very strong, and it is high time that, by reasonable concessions, they must be enlisted in the English cause. They understand and appreciate the genius and spirit of the British rule most, and they are its best exponents at present. Enlist this rising power created by yourselves on your side, and, coupled with a bold system of public works for the prosperity of the mass, you may well defy any internal revolution or external invasion. The opening therefore of the competition in India, and making the native feel an equality with his English fellow-subjects, instead of the humiliation of a conquered people, and thereby making them sure of a proper share in the administration, has now become not only an act of justice, but of great state policy. It would be a great pity to let this power feel dissatisfaction

and brood over its wrongs. It will afterwards be useless, when mischief arises, to charge the natives with ingratitude. You cannot destroy a power, whether physical or moral. You can only regulate it. If you stop a current, it will overflow its barriers. If you stop a moral force, it will as surely break through its barriers.

The third special circumstance, to be considered with regard to India is the position of the people of some of the lowest castes, whom the higher castes do not touch even. Government has from a wise policy of toleration thought proper not to hurt the feelings of the natives, by compelling association of these people among them, so in all Government schools these people are not allowed admission. In missionary schools there is no such prohibition. The consequence is that some of them may offer themselves at the door of the examination room. Now, however unwilling Government may be to cast out any man for his caste, the same consideration which has induced it to exclude them from Government schools must prevail also for their exclusion from the service; at least for some time, because this exclusion will not last long. On the one hand, the educated rising generations are gradually divesting themselves of such social bans; and on the other, new influences, the rail and steam, are effectually breaking down these unfortunate distinctions.

Lastly, there is some provision necessary to be made for several meritorious persons already in the service. They cannot now enter the covenanted service by competition. If powers properly defined, so as not to be suffered to be a dead letter, be allowed to the Viceroy, these meritorious servants may also be admitted into the covenanted service, within the limit that may be allotted for the native service, in addition to promotions in the uncovenanted service. With the exception of the above-stated four exceptional circumstances, I do not know that there is any other to be specially provided for, and there is no reason that, beyond this, any difference should be made in the mode of admission of the English and native subjects of her Majesty into the covenanted service. The strangest part of the whole thing is, that on the one hand we are told that competition is not applicable to India, and, on the other, we have taunts thrown into our teeth by others, that we wish to escape competition, and to get into the service without passing the ordeal to which Englishmen submit. While competition is here declared to be inapplicable to India, the Lieutenant-Governor of Bengal finds it necessary to adopt it, to some extent, as a first step for the subordinate service.

As Sir Stafford has not stated what the "other qualifications" are to which he alluded, I am obliged to work in the dark at present. I there-

fore earnestly request in simple fairness that no adverse decision be come to on Mr. Fawcett's resolution, so that a fair opportunity be given to discuss the merits of Sir Stafford's objections and provisions at the second reading of the bill.

The reply of Sir Stafford Northcote to the deputation which waited on him in August last, was an approval of our two prayers, and I hope that this approval may now be carried into effect.

#### IV.

#### THE INDIAN CIVIL SERVICE.

Revised Memorandum on the most important Reforms needed by India.

*(Submitted for the consideration of the late and present Viceroy, and some other high Officials in India in 1884.)*

The whole Indian problem in all its aspects, material, moral, industrial, educational, political, &c., will be solved only when means are adopted to check the annual disastrous drain of the produce of India and to bring it within reasonable and moderate limits. I have gone into the details of this subject in my papers on "The Poverty of India," and in the Correspondence with the Secretary of State for India on the "Condition of India." I shall add here only one more testimony of the highest financial authority, the late Finance Minister, Sir E. Baring, on the extreme poverty of India, and corroborating my calculation of the very low income of this country as compared with the worst European country—Turkey. Here is this emphatic testimony in addition to the opinions given in my "Poverty of India," Part I., especially of Lords Lawrence and Mayo, and of Mr. Grant Duff as Under Secretary of State for India, with regard to all India, at page 278. Sir E. Baring in his Budget speech of 18th March, 1882, says:—

"It has been calculated that the average income per head of population in India is *not more than rupees 27 a year,\** and though I am not prepared to pledge myself to the absolute accuracy of a calculation of this sort, it is sufficiently accurate to justify the conclusion that the tax-paying community is *exceedingly poor*. To derive any very large increase

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\* I make not more than rupees 20. I requested Sir E. Baring to give me his calculations, either to correct mine or his, but I am sorry he declined. However this difference is a matter of not much consequence, as it makes but very little difference in proving the *extreme poverty* of India. The italics are mine.

of revenue from so poor a population as this is obviously impossible, and if it were possible, would be unjustifiable."

Again, in the discussion on the same Budget, he said, after repeating the above statement of rupees 27 per head per annum :—

"... But he thought it was quite sufficient to show the *extreme poverty* of the mass of the people. In England the average income per head of population was £33 per head; in France it was £23; in Turkey, which was the poorest country in Europe, it was £4 per head. He would ask honourable members to think what rupees 27 per annum was to support a person, and then he would ask whether a few annas was nothing to such poor people."

This was stated in connection with salt duty. It must be remembered that rupees 27 (or *my* rupees 20) is the average income, including that of the richest, or all various disproportionate distribution that takes place among all grades of people, while the average of the lower classes only will be very poor indeed.

The whole problem of India is in a nutshell. *Never* can a foreign rule be anything but a curse to any country, except so far as it approaches a native rule.

Hoping that my papers will be carefully studied, I confine myself here to the remedy of the evil in its practical form. I may explain here that a part of the drain I complain of is not to be laid *directly* at the door of Government. It is in the hands of the natives to prevent it if they could and would. I mean the employment of non-official professional agency, such as barristers, solicitors, engineers, doctors, &c. Though not *directly*, the English official agency *indirectly* compels natives to employ such European non-official agency. English officials in power generally, and naturally, show more sympathy with and give greater encouragement to English professional men. The result is that the portion of the drain caused by the non-official Europeans is as much, though indirectly, the result of Government or official action, as the other portion of the drain. The remedy, therefore, I am proposing, will influence the whole drain.

This remedy is in the power of the English Parliament only. It is (though at first sight it is not so readily apparent) the transference of examinations to India for services in all the civil departments—civil, medical, engineering, forest, telegraph, or any other. Canada, Australia, or the Cape, are not compelled to go to England for their services. Over India alone does England impose its despotic will in this one

respect. This, in fact, is *the one important act of the British nation*, which is now un-English and unjust, and which mars and nullifies all the other blessings (which are not few) conferred by it upon India. Let England be just to India and true to itself in this one respect, and honestly, according to the Queen's proclamation, and declarations of British statesmen, and Acts of Parliament, let the natives have free scope to serve in their own country, and every other measure for the purposes of good government and administration, or for improving the material and moral condition of India, which at present generally fails or produces poor and doubtful results, will be crowned with success. Every matter will then fall into its natural groove, and the effect on everything will be marvellous. Private efforts will receive natural and immense impetus for providing all higher education, leaving Government to devote itself, with far ampler means than at present, to primary education as in England. So will railways and all public works and all private enterprise receive a rapid and successful development. And, above all, will be this most important result—that the growing prosperity of India will lead to a *truly great and extensive trade between England and India*, far outweighing the present benefit to England at the sacrifice of and misery to India.

Of course when examinations for *all* the higher services in *all* the civil departments are transferred to India, the ruling and controlling offices should be mainly reserved for Englishmen, such as the Viceroy, the Governors and their Councillors, the Chief Secretaries, and Board of Revenue (if such boards be of any use) and chief heads of departments. Admission of any natives to any such appointments should be entirely in the gift of the Government, as a special reward for some high and exceptional services and deed of loyalty. In the military department the English should have the chief share, leaving some fair scope for the warlike races, to draw and attach them to the side of the British rule. It will never do to repress all military ambition altogether. This will be a great mistake.

The subject of the confidence which our British rulers ought to show towards their subjects, and thereby beget and acquire the sincere confidence of the subjects in response, both by trusting them with *reasonable military position*, and by allowing and encouraging volunteering, under some well-considered principles and rules, is too important and extensive to be adequately treated in a short space. I can only say that it deserves our rulers' serious consideration. The open want of confidence by the British rulers is a weakness to them, and cannot but in time lead to evil.



If the examinations, as a first step, are not altogether transferred to India, simultaneous examinations at least ought to be held in India for all the services. This great reform and justice to India is absolutely necessary. This alone will be a fair fulfilment of the promises of the Act of 1833, of the gracious proclamation of 1858, and of the various declarations made from time to time by English statesmen and Governments. At least, for simultaneous examinations in India and England, the India Office itself has unequivocally admitted its justice and necessity. I give below an extract from a Report of a Committee of the India Council (consisting of Sir J. P. Willoughby, Sir Erskine Perry, Mr. Mangles, Mr. Arbuthnot, and Mr. Macnaghten) made to Sir C. Wood (Lord Halifax) on 20th January, 1860. The Report says :

" 2. We are in the first place unanimously of opinion that it is not only just, but expedient, that the natives of India shall be employed in the administration of India to as large an extent as possible, consistently with the maintenance of British supremacy, and have considered whether any increased facilities can be given in this direction.

" 3. It is true that, even at present, no positive disqualification exists. By Act 3 and 4, Wm. IV., c. 85, s. 87, it is enacted 'that no native of the said territories, nor any natural born subject of His Majesty resident therein, shall, by reason only of his religion, place of birth, descent, colour, or any of them, be disabled from holding any place, office, or employment under the said Company.' It is obvious, therefore, that when the competitive system was adopted, it could not have been intended to exclude natives of India from the Civil Service of India.

" 4. Practically, however, they are excluded. The law declares them eligible, but the difficulties opposed to a native leaving India and residing in England for a time are so great, that as a general rule, it is almost impossible for a native successfully to compete at the periodical examinations held in England. Were this inequality removed, we should no longer be exposed to the charge of keeping promise to the ear and breaking it to the hope.

" 5. Two modes have been suggested by which the object in view might be attained. The first is, by allotting a certain portion of the total number of appointments declared in each year to be competed for in India by natives, and by all other natural-born subjects of Her Majesty resident in India. The second is to hold, simultaneously, two examinations, one in England and one in India, both being, as far as practicable, identical in their nature, and those who compete in both countries being

finally classified in one list, according to merit, by the Civil Service Commissioners. *The Committee have no hesitation in giving the preference to the second scheme as being the fairest and the most in accordance with the principles of a general competition for a common object.*"\*

This principle ought to apply to *all* the services.

Now I say let Government lay down *any* test—mental, moral and physical—and the natives cannot and would not object being on equal terms with the English candidates. It may also be arranged that every successful candidate in India be required to go to England and study for two years more with the successful candidates of England in their respective departments; or any other arrangement may be adopted by which the successful candidates of India may derive the benefit of two years' residence and study in England in the department in which they have competed successfully. India will be but too happy to have a portion of its revenue devoted to this purpose.

Till this most important, "just and expedient" and "fairest" measure is adopted, England can never free itself from the charge of "*keeping promise to the ear and breaking it to the hope,*" and India can never be satisfied that England is treating her justly and honestly.

But I earnestly submit that this is not merely a question of "justice and expediency," though that is enough in itself for this reform, but that it is absolutely necessary for the *far larger necessity* of the material and moral prosperity of India—for the chief remedy of the present "*extreme poverty*" of India—if English rule is really and honestly meant to be a just rule and a blessing to this country. My earnest desire and intense interest in this great reform to hold examinations in India, solely, or, at least, simultaneously, for all the services in the Civil Departments (with some fair scope in the military) do not arise simply from the motive of seeing an opening made for the gratification of the natural ambition of educated natives to serve in their own country, but more for the solution of the great question—the question of questions—whether India is to remain poor, disloyal, and cursing England, or to become prosperous, loyal, and blessing England.

Coming to the uncovenanted services, both higher and lower, they must also be reduced to some system of examination, based upon some clear and just principles. The system worked by the Civil Service Commissioners in England for subordinate servants for all the different

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\* The italics are mine.

departments of State may well provide a model for these examinations, according to the higher and lower wants of all the departments for their uncovenanted servants. It will be the best way to secure servants *most fitted and best prepared* for their respective departments, and to give to every subject of Her Majesty a free and fair scope and justice according to his merits, relieving Government from the obloquy that is often cast upon it for injustice or favouritism in its appointments.

Next to this great reform for examinations solely or simultaneously in India for all the covenanted services, and for all the uncovenanted in India alone, is the important question of introducing due representation and reform in the Legislative Councils in India. But I consider the first reform as of such *paramount importance* that I do not mix up the second and some others with it here.

DADABHAI NAOROJI.

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V.

INDIAN EXCHANGES.

1

(From the TIMES, 9th September 1886.)

SIR,—I hope you will kindly allow me to make a few observations upon Indian exchanges. I shall first describe the mode of operation of an export transaction from India. In order to trace the effect of the exchange only, I take all other circumstances to remain the same—*i.e.*, any other circumstances, such as of supply and demand, &c., which affect prices.

I take an illustration in its simplest form. Suppose I lay out Rs. 10,000, to export 100 bales of cotton, to England. I then calculate, taking exchange into consideration, what price in England will enable me to get back my Rs. 10,000, together with a fair profit—say 10 per cent.—making altogether Rs. 11,000. Suppose I take exchange at 2s. per rupee, and find that 6d. per lb. will bring back to me in remittance as much silver as would make up Rs. 11,000, I then instruct my agent in England to sell with a limit of 6d. per lb., and to remit the proceeds in silver, this being the simplest form of the transaction. The result of the transaction, if it turned out as intended, will be that the cotton sold at 6d. per lb. will bring back to me Rs. 11,000, and the transaction will be completed.

Now, I take a transaction when exchange is 1s. 4d. instead of 2s. per rupee. I lay out Rs. 10,000 for 100 bales of cotton, all other circumstances remaining the same. I calculate that I can get back my Rs. 10,000, and 10 per cent. profit, or Rs. 11,000 altogether, if my cotton were sold at 4d. per lb. Then I instruct my agent for a limit of 4d., which being obtained, and silver being remitted to me at the reduced price, I get back my Rs. 11,000.

The impression of many persons seems to be that just as I received 6d. per pound when exchange was 2s. per rupee, I get 6d. also when exchange is only 1s. 4d. per rupee, and that, silver being so much lower, I actually get Rs. 16,500, instead of only Rs. 11,000. This, however, is not the actual state of the case, as I have explained above. When exchange is at 2s. per rupee and I get 6d. per lb. for my cotton, I do not get 6d. per lb. when exchange is only 1s. 4d. per rupee, but I get only 4d. per lb.; in either case the whole operation is that I laid out Rs. 10,000 and received back Rs. 11,000. When exchange is 2s. I get 6d. of gold; when exchange is 1s. 4d., I do not get 6d. of gold but 4d. of gold, making my return of silver, at the lower price, of the same amount in either case—viz. 11,000.

I explain the same phenomenon in another form, to show that such alone is the case and no other is possible. Supposing that, according to the impression of many, my cotton could be sold at 6d. per lb. when exchange is only 1s. 4d., that is to say, that I can receive Rs. 16,500 back for my lay-out of Rs. 10,000, why my neighbour would be only too glad to undersell me and be satisfied with 40 per cent. profit in place of my 50 per cent. profit, and another will be but too happy and satisfied with 20 per cent., and so on till, with the usual competition, the price will come down to the natural and usual level of profits.

The fact is no merchant in his senses ever dreams that he would get the same price of 6d. per lb. irrespective of the exchange being either 2s. or 1s. 4d. Like freight, insurance, and other charges, he takes into consideration the rate of exchange, and settles at what price his cotton should be sold in order that he should get back his lay-out with the usual profit. This is what he expects, and he gains more or less according as the state of the market is affected by other causes, such as larger supply or demand, or further variation in exchange during the pendency of the transaction.

Taking, therefore, all other circumstances to remain the same, and the exchange remaining the same during the period of the completion of the transaction, the effect of the difference in the exchange at any two different rates is that when exchange is lower you get so much less gold in proportion, so that in the completion of the transaction you get back in either case your cost and usual profit. In the cases I have supposed above, when exchange is 2s. and price is 6d. per lb., then when exchange is 1s. 4d. the price obtained or expected is 4d. per lb., in both cases there is the return of Rs. 11,000 against a cost of Rs. 10,000.

I stop here, hoping that some one of your numerous readers will point out if I have made any mistake. It is very important in matters of such complicated nature as mercantile transactions that the first premises or fundamental facts be clearly laid down. If this is done, a correct conclusion will not be difficult to be arrived at, I have therefore confined myself to simple facts. If what I have said above is admitted, I shall next explain the operation of imports into India, and then consider in what way India is actually affected by the fall in exchange or in the value of silver.—Yours faithfully,

National Liberal Club, Sept. 2.

DADABHAI NAOROJI.

2

(From THE TIMES, 16th September 1886.)

SIR,—In reply to “R. L.’s” letter in *The Times* of yesterday, I may first explain that I made no reference to actual prices in the market, as such prices are the resultant of many influences—supply, demand, bulling and bearing speculations, present stocks and future prospects of supply, every day’s telegraphic news from all parts of the world, political complications, Bank rate of interest, and various other small and temporary influences. I therefore explain again that what I am considering at present is the effect of only the fall and rise in exchange, leaving all other circumstances that affect prices as uninfluenced or unaltered.

“R. L.” says:—“As a matter of fact, when exchange was 2s. per rupee, the price of cotton was about 3d. per lb., and now, with the exchange at 1s. 5d., it is about 4d. per lb.” I do not find this to be a fact. Even were it fact it would not matter at all, as all other circumstances of supply, demand, &c., have to be taken into account therewith. But what “R. L.” states does not appear to be a fact. I shall confine myself to cotton, though I could give similar decline in other principal commodities.

Exchange began to decline about the time when Germany demonetised its silver, about 1873. The statistical abstract of the United Kingdom, 33rd number, gives the "average price" of raw cotton as follows :—

—				1873	1874	1875	1876	1877	1878	1879
Per cwt. £	...	...	...	4.01	3.62	3.47	3.02	2.93	2.80	2.76
—				1880	1881	1882	1883	1884	1885	—
Per cwt. £	..	...	...	2.94	2.92	2.93	2.91	2.85	2.86	

This shows a fall of nearly 30 per cent.

Now Mr. Furrell's letter. He is right in supposing that the shipper's instructions mean not to sell below the limit. I have been a merchant and an agent in the city for some 25 years, and, knowing full well what my shipper meant, I sold at the best price I could get. He is also right in saying that the price is determined by the whole of the conditions affecting the market at the moment, and that is just the reason why, as I have said above, I did not refer to actual prices. So far we agree, but Mr. Furrell's fallacy begins in this sentence :—" Other things being equal, the instant effect of a sudden fall in exchange is to increase the exporter's margin of profit." Here he first forgets the " whole of the conditions," to which he referred in the previous paragraph, as determining the price at any moment, and next he forgets that the increase of the margin takes place in the case of those exporters only who have already entered into their transactions, and those transactions at the moment are uncompleted, so far as the remittances of the proceeds are concerned. But those exporters who have yet to begin their transactions, have no such increase in their margin of profit, as they have not yet had any transaction or margin of profit, pending or existing. I took the simplest instance of an exporter entering into a transaction at a particular rate of exchange, and described the process of the operation of that transaction from its initiation, as far as exchange alone was concerned, independent of " the whole of the conditions." And then I further explained that any fluctuation in exchange during the pendency of the transaction was the exporter's further chance of profit or loss. But I may go further, and now explain that even in the case of transactions, already entered into, the fluctuations in exchange do not affect the exporter in the bulk of the trade. The bulk of the shipments from India are drawn against, and as soon as this is done, the exporter has no further interest at all in any subsequent fluctuations in exchange

beyond his little margin above the amount of his bill, and thus it will be seen that in most cases there is no instant effect to increase the exporter's margin of profit.—Yours faithfully,

National Liberal Club, Sept. 14.

DADABHAI NAOROJI.

c

(From the TIMES, 27th September 1886.)

SIR,—Mr. Furrell's letter, published in *The Times* of to-day, concludes:—"The fact is Mr. Dadabhai Naoroji and myself are in agreement except on one point, to which he makes no reference in the letter under reply. He contends that competition operates by reducing prices in England proportionally to the fall in exchange. I contend that competition operates by concurrently reducing prices in England and raising them in India."

Now what Mr. Furrell says in his first letter is this:—"Competition as your correspondent points out, immediately sets in to reduce profit to its normal level. But in what way is it that competition operates to produce this effect?" And then he answers himself by begging the whole question:—"Surely by inducing an increase of supply." And he goes on, "Other things being equal" (though he does not allow among the "other things" supply to remain equal), "it is in virtue of such an increase of supply alone that the price of the cotton in London can be lowered."

Now, as an independent fact, an increase of supply may, no doubt, lower prices. But it is not in virtue of an increase of supply alone that prices can be lowered in London. What I am pointing out is, how the competition and the lower price are the direct result of lower exchange or higher value of gold only, without any increase of supply being at all induced or made, and any rise in price being caused in India. The fact simply is that, because gold is of higher value, cotton is sold at as much less gold as would suffice to bring back to the exporter his actual outlay and profit. Or, putting it in another way, the manufacturer of England may send his order direct to India to buy at the silver price there, and pay his gold for it at the rate of exchange, without a single ounce of additional supply or any increase in price in India being necessitated.

What I mean, then, is simply this. To treat the subject in its simplest form, I take every other circumstance—*i.e.*, supply, demand, &c.—to remain the same, and consider the effect of exchange only, and I show that from this simple cause—*viz.*, the lower exchange only—if