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RC Dutt: As an economic historian and thinker

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Abstract

Romesh Chunder Dutt was an administrator, economic historian and politician. Basically he was a civil servant of the Indian Civil Services. He wrote several books in various fields in his life but he is known as an economic historian and the Economic History of India under Early British Rule is his famous treatise which is a remarkable contribution. Dutt, on the basis of his administrative experiences opines that without participation of Indians, British administration would fail. By passage of time dissatisfaction would take aggravated form and autocratic ruler would face vehement opposition from the ruled and there would be danger for the empire. Dutt predicts that historians in future would point the same picture that how the British Empire would come to an end. And finally history proves Dutt production right.

Keywords: Romesh Chunder Dutt, administrator, economic historian and politician, economic historian and the economic history

Introduction

Romesh Chunder Dutt was an administrator, economic historian and politician. Basically he was a civil servant of the Indian Civil Services. He wrote several books in various fields in his life but he is known as an economic historian and the Economic History of India under Early British Rule is his famous treatise which is a remarkable contribution.

As an economic historian, on the basis of his administrative experience, the challenges faced by him as an administrator and the available facts, he tried to explore the causes of existence of chronic poverty and famine in contemporaneous Indian society. In his investigation, he has drawn conclusion on basis of facts, evidence and deep as well as impartial analysis of the policies of the government. The deductions were irrefutable because these were drawn on strong grounds. Before Dutt's writings, there were many prepossessions prevalent among the British rulers and Indian intellectuals about causes of poverty in India. Dutt tested all these prejudices and prepossessions on the ground of experience, facts and evidence and then discarded all of them. He suggested on the basis of this analysis, to find measures in order to alleviate India's chronic poverty. In his thesis, he adopted pragmatic approach, neither completely in favour of government intervention, nor fully against governmental interference in the economy. However, he supported the policy of laissez faire but at the same time he was also in favour of necessary minimum government intervention. Thus, his ideas do not entirely follow the classical theory nor totally support the theory of government intervention. His views are a synthesis of both the theories and recommended optimal combination to form a suitable policy for India British government.

He was neither purely against the British rule nor in favour of the demand for complete independence. Thus he had a lenient attitude towards the British Rule. In his writings, it shows that he was an administrator who could only follow the rules and was bound to for that and to maintain law and order. Obviously he could not take any decision beyond rules for betterment of the society, and hence, all his books and other writings were the result of these doleful experiences. He explored the cause of poverty and dominance of famine and starvation in agriculturally dominant countries like India. He also proposed recommendations to control poverty and improve the life of the people through changes in government policies. His ideas were the best way between free economic policy and government interference policy.

According to the British rulers, increasing population was the main reason of poverty in India. Dutt rejected this notion and proved that the growth rate of the population in India was continuously lesser than England's population growth rate and in previous ten years, the population of India had been almost constant, so it could not be possible that growing population was the major reason behind acute poverty among the Indian people.

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It was assumed by the British rulers that Indian farmers were careless and improvident, who did not know how to save the surplus for unfavourable time and hence, they were entrapped into trouble in famine or adverse time. But one can find, if observe carefully that the Indian farmers were very abstemious, fore-sighted and cautious. Another assumption was that the money lenders were responsible for unending indebtedness of farmers which prolonged poverty among the latter and the former were exploiting the farmers and poor people by unfair mean. But Dutt proved, on the basis of Famine Commission Report that farmers were indebted because of increasing government demand for revenue even during the famine. Further due to compulsion of land revenue, the farmers needed money and naturally had to go to money lenders and eventually got trapped in indebtedness. It was also a conjecture that the Indian population totally depended upon agriculture and whenever famine or drought occurred, crop got destroyed and people entrapped in poverty. But the reality was something else, i.e. in any single year famine did not occur throughout India. Generally, when some of the states faced famine, other states produced sufficient or surplus food-grains, but unfortunately the farmers of the famine stricken states were not able to purchase food-grains from other states because they had no surplus money due to the government policy of exorbitant land revenue even during famine and drought period.

Dutt gave many recommendations like, how to get overall development of the nation, how to improve industry and manufacturing sector, how to handle fiscal matters, how to increase sources of national wealth, and above all these, how to make the welfare policies to improve the living standard of the people. Dutt rejected all the prevalent notions and assumptions among the British rulers about poverty, and established that only government policies were the root cause of poverty. Indian economy had potential for development but, the government policies created obstacles in the development of economy. He accepted that the British rule was a blessing in bringing about the country. They gifted western education, modern thoughts, new thinking, modern science, modern lifestyle, and above all, they set strong, efficient and well-organized administration, based on well deliberated laws. They also established judicial system which provided justice with equality to all. Despite all these, severe poverty prevailed among Indian population which was never seen before even in ancient era or in modern history of India. Till the 18th century, India had been a large manufacturer of goods and great agricultural country. Many kinds of goods, especially cotton and silk cloths, were exported to Asia and Europe. Selfish policies of the East India Company and the British Empire reduced India to the exporter of raw material and importer of finished goods.

Heavy taxes were levied on Indian silk and cotton cloths in England to stop import from India and more relaxation was given on imported goods from England to India. These trade policies weakened Indian industries. Invention of power-looms in Europe also harmed the Indian industries. On the other hand, the establishment of power-loom in India was a reason for jealousy in England. So they imposed more taxes on production and due to this reason, Indian products could not compete with Chinese and Japanese products. Since more than eighty per cent of population was depend upon the agriculture, this sector was the only means of

employment, production to generate income. The land revenue rate was very high not similar for all provinces as well as unstable too. In England, the rate of land revenue ranged between 5 to 20 per cent whereas in India, it was as high as 80 to 90 per cent economic rent. Land revenue rate collected from Indian farmers was the highest in the world. Yes, this is true that very high land revenue rate prevailed in Mughal period also but the Mughals never realized the declare rate, especially in famine period, while the British rulers did not relent and forcefully collected the revenue every time. There were no relaxations in land revenue even in famine or very odd time. This type of situation had not been seen anywhere in the world.

In Bengal, land revenue was permanently fixed, but in north India it was not the case anywhere. Where it was set up permanently, there was calculated land revenue on future estimated rate instead of current rate. In Madras and Bombay, land revenue directly paid by the farmers where the land revenue rates were changed every 30 years but farmers did not know what the rates would be and what was the base on which the rates would be changed. Thus, the policy exorbitant was as well as uncertain and the farmers could not save anything for bad times. This uncertain land revenue policy and continuously increasing revenue demand made farmers poorer and indebted. The uncertain and high rate revenue policy was based on principles other than any well-administered countries in the world. In England, Germany, France, the United States, and many other countries the governments tried to increase employment and income for population, the augment national property and enhance market for their products whereas in India, the government never tried to develop industries, protect manufacturing sector and instead tried to collected more revenue from farmers. The land revenue rates were always fixed arbitrarily on the opinion and recommendation of the revenue officers which could not be challenged in court of law.

As one Indian poet says that land revenue in general is like the humidity of land which is soaked by the sunlight which returns to the land in the rain form. But in India this humidity of land was sucked by the British which rained elsewhere. Every country wants to spend or use money on its own people, which is collected through taxes and this is desirable also. Afghans and Mughals also collected revenue from Indian people but again spent it on Indians in different modes, i.e. in construction of memorable buildings, monuments, or on luxuries. Even during the empire of foolish kings, clever administrators spent money in the way of increasing trade and industries and infrastructure development, collected through taxes from Indian people. The East India Company always saw India as property and tried to gain more and more returns from this property. They often used this revenue to purchase goods for trading, and sold it to Europe for profit. About half of the net revenue collection went to Europe every year as Home Charges and this was the great gift for England and Europe.

According to Dutt, Indian administrators were not responsible for all these problems and policies. He was a part of Indian administration in the British government for a long period and served as an operational member of policy implementation. It was very hard and embarrassing for him to curse the policies of the government as he was serving under it. However, But he could not control himself to find out causes and grounds behind existence of chronic poverty

among Indian people and huge famines. Indeed, he was very distressed to see poverty and misery among the Indian people.

He opined that if the government changes policy of land revenue collection in the favour of the Indian farmers and collected revenue from the Indian people should also be spent only on the development of India. In his view, none of the administrator or official was responsible for poverty and miserable life of the Indian people. Three Governor General *Viz.* Lord Wellesley, Lord Minto and Lord Hastings were of the opinion that the land revenue rate to be fixed and a limit could be set permanently, but the East Indian Company did not want to fix any upper limit. Similarly, during British rule, three British Viceroy in India – *Viz.* Lord Kenning, Lord Lorenz and Lord Ripen also suggested that land revenue must be fixed and a point should be kept for highest stage, but it was not accepted at the government level.

The British government had several times rejected decisions taken by majority in the Council of the Viceroy, under British voters' pressures. Basically British capitalists and industrialists had the strong political pressure in the British Parliament and they influenced the policies of the government in their favour. In these situations, Indian administrators found themselves helpless. Here Indian administrators mean Viceroy and the members of their council; they wanted to spend more revenue and also created pressure for that. However, practically there was not any pressure felt by the British government to control revenue expenditure; to do moderate tax rates; protect Indian agriculture, industries, and manufacturing.

Rules and regulations for India were one-sided in the absence of Indian representatives that is in favour of British trade and traders. Though the members of the Council of viceroy was very efficient, intelligent, experienced and sensitive and very conscious towards their duties but, they without also decided things unilaterally not could not be expected do anything for the welfare of the Indian people. They had to follow the rules and regulations made by the British Parliament. Contemporaneous constitution and laws could not help the Indian people and protect their interests.

Dutt's attitude was very soft and loyal toward the British Crown. He said that it would not be morally fair to say that if the Indian people were not loyal to the British Crown then the British rule would have demolished very soon. The Indian people had their interest in attaching with British rule and they wanted to identify themselves as a part of the British Empire. He wrote that during the preview more than half a century, education had been expanded in India and Indian educated people had been a power in themselves, and they wanted an appropriate representative in the administration. Dutt recommended that it would be better for the government to provide appropriate representation to the educated, renowned, and eligible people in every field of the administration, such as engineering, telecommunication, police force, medical etc. However, the Indian people never wanted a big change in the then government and set-up. The British people do work as officers and officials but don't have monopoly on the higher post in every field.

Dutt recommended for reformation and reestablishment of village institutes (gram sangh) and village societies/communities which had worked very well during the Mughal and ancient period in India. The Government should recognize these village institutes or societies and have faith in them. These could settle the local disputes

regarding civil as well as criminal matters amicably instead of sending them for legal judgment. Thus, billions of villagers could get relief from going many miles far courts. This would help to save money and time and from too long legal process and forged evidences presented in courts by miscreants in their defence.

He further held that for improvement in administration and economic development, it is necessary to get support from the people. Even a very powerful kingdom can be weak in the situation of continuous conflicts. Intelligent British administrators like Munro, Elphinstone and Bentinck tried best and they got support from the people as much as they could. In that time, it was very essential to get people's support for the British administration to rule. And this was the best way to protect the British rule in India from political problems.

Terrible famines occurred 1898, 1899 and 1900 which kept Indian in terrible peril till 1903. In the same year the grand celebration of Dilli Darbar was organized to commemorate the Diamond Jubilee of Queen Victoria's coronation. It was a show of grandeur and extravagance but it's unfortunate aspect was that the largest part of the British Empire that, at that time, per capita income in Canada was 48 pounds and that in England was 42 pounds. Nevertheless Indian had only two pounds per capital income. The empire cannot be prosperous if its 5/6th of the population that is India was under the trap of poverty.

Land Revenue and Famine

At this stage Dutt narrate his own experience how huge revenue demand by the government pushes peasants to penury. Once, in the year 1876 the people of East Bengal had to suffer from severe cyclone. Dutt was officer in charge of relief work. Since the rate of revenue was lower East Bengal and peasants were normally in spending, even when the harvest failed they could buy surplus from neighbouring provinces. Therefore, no big relief work was required there. The opposite was the case of West Bengal, where savings were lower because of the higher revenue rate. Even foresightedness and wise spending did not help them. In such a situation they were unable to save for uncertainties despite their best efforts and intentions. They were not able to buy from neighbouring provinces. During a famine they were not be able to buy food, rather got trapped in a vicious circle of poverty.

Sources of wealth of a nation are rooted in agriculture, trade, manufacturing and well-knit financial administration. The British provided law and order with defence but wealth creation for the country was at the lowest and whatever existed was the conduit for British interest.

The British rule throttled the competitiveness of the Indian enterprising classes. The British Parliament formed the policy of using the Indian soil for cotton production. Not for the Indian cotton industry. The Select committee pondered how the British products would be sold in India rather than promoting Indian products in home market. They worked very comprehensively to protect their produce in tax concessions. Industrialization of Bombay was an eyesore for the British establishment. Mills in Bombay were taxed disproportionately tenderly, Up to the 17th and the 18th centuries Indian items were sold to Portuguese, French, Arabs and British merchants. Ultimately, India was reduced to the position of a supplier of raw materials.

It is true the British Rule had established law and order as

well as peace in the society there was no rebellion upheavals and unrest. But this rule made the peasants so much weak that they could not withstand famines. Dutt agreed that famine and draught were natural calamities, not related to the government action and policies, but he points out that drought and famines were not a universal phenomenon for the whole country. It was stray in nature so one surplus part would be capable of feeding the other. The British revenue policy was so aggressive for the peasants that it sucked too much and left very little for them to subsist and little surplus for their uncertain future. In this situation, when the situation of famines aggravated peasants were not able to purchase food-grains from other States. General Cornwallis had introduced the Permanent (perpetual) Land Revenue Settlement in Bengal in 1793 which was highly exorbitant and exploitative.

The East India Company was not interested in introducing the same in other provinces so that its revenue could increase in future. Many British officers like Charles Wood, Sir Stamford Northcott, Lord Canning, and Lorenz wanted and tried to fix revenue at some reasonable level so that the peasants could prosper and wealth would be created. They believed that this could create pro-British feelings among them as that would bring prosperity. But this could not be introduced. The establishment was divided into two camps—one for a better India and the other for use-and-exploit the India. Viceroy Ripon propounded a middle path, according to which system he supported the Permanent Settlement in favour of peasants and in the interest of the State, revenue could be adjusted in future according to price level. However, the British Parliament rejected this idea of Ripon by veto.

On the other hand taxes could not be imposed on British manufacturers and traders without their wishes. The Secretary of India, Mr. Salisbury was a visionary and wanted that peasants should be taxed less and urban people more as their wealth and income were greater than the rural peasants. He believed that it would be unjust to take more from peasants and give them less.

He also said that blood in the form of revenue should be taken from India but the knife must not dig that first where blood was less rather than where it was in plenty. But finally, this wise suggestion of Salisbury was not accepted. One fourth of India's total revenue was sent to England in the form of home charges. This contribution was also not in the greater interest of the British business and empire as this life blood had been sucked before it could flow in Indian economics affair. One part of the revenue was sent to Britain as remuneration and allowances of the officers. Interest on public debt was major post of the home charges. To some extent these home charges were a myth and creation of British rulers as it was unjust and disproportionately inflated. Under the East India Company (E.I.C.) in 1858 they were only £ 70 million but when the crown took over India they were realised to 150 million without any justifiable ground. Cost of Afghan and China wars and guarantee given to the Railway Company were also added another item inside home charges was guarantee given to Railway Company. It was unjust and lacked vision.

Measures to Solve the Problems

Dutt suggests some measures to solve their problems. Taxes on Indian products should be withdrawn and the Govt. of India should help Indian industries. Except revenue on land

all other taxes should be wiped out and revenue to be regulated. Public debt be erased at a point but guaranteed interest rate should be reduced in order to reduce debt inadequate manner civil and military expenses increased in England should not be extracted from India. Civil expenses should be reduced by giving more employment to Indians and the expenses should also be reduced. India should meet only those military expenses which were in the defence interest of India. Expenses on railway were not in Indian people's interest and they should be stopped forthwith. Expenses on irrigation should be met from general budget. By all these measures flow from India to Britain would stop. All the above measures should be taken to reduce tax burden on the Indian masses in general and peasants in particular. Dutt says that the British Parliament is controlled by the British people and they are indoctrinated by the British commercial interests. The British interests are highly exploitative in relation to its colonial interests. British voters could not be expected to take good gesture to Indian people. They could not be expected to take care of Indian interests. Governor General of India their council, India secretary all were under British Parliament to secure the interests of British people, not of Indian people. According to Indian Expenditures Commission all high officers tried to spend more on their living and luxury than those of Indian people, it was vain to expect that Indian interests would be taken care of.

At this stage Dutt prescribes for reduction of land revenue and resurrection of Industries in India. Indian people should be given representation in administration so that their soul becomes part of India.

Picture of Plight of India People

In 1888 Lord Duffer in appointed a committee to look into economic condition of people. But its report was never published, it was kept secret. British administration did everything to prevent public knowledge of the matter but things speak on its face value. Dutt had made the picture clear to the people dependent on his personal experience and knowledge of these days. Some report suggested that common citizen did not have square meal a day. Some reports it is subscribed that less- and half meal had become the common feature of the people living.

Dutt suggests measures first reduction in revenue and second to give Indians representation in governance. As agriculture was the only large industry, thus it needed to be freed from heavy taxation. Other taxes besides land revenue should be removed. Land revenue should be placed under an autonomous regulatory authority independent of government control. It must be guided by some sound and logical principle. Land revenue rate should not be more than 50 per cent of the economic rent. Excise duty should be removed from factory and industries. Import duty should also be very low; its objective should not be to restrict the import, but to generate revenue only. Local industries and factories should be supported all the way because a bigger mass of population got employment there. Defence expenditure should be limited according to needs of the people and national income. Since, India was a part of the empire; it should get grants from the empire for its defence requirements. Sir Robert Giffen had justified that it should be four million sterling grants. Home charges should be reduced gradually, because this economic tribute was reducing the food supply of the people. Public debt of

should be lower down gradually and imperial guarantee be provided on it. No nation can be benefited by getting huge gold without paying any commercial return. If a person works hard and gets his food it makes him healthy but without work eating and living on hard labour of others makes him sick both physically and mentally. It is true for an individual, equally it applies to the nation (or empire). It becomes poison for him. It had happened in ancient Rome and modern Spain in earlier centuries. Presently England is industries and wealthy beyond doubt but, plunder of India will be finally resulting in her peril and weakness. Financial justice to Indian peasantry and Industries would be in greater interest of the English nations as a prosperous partner is an asset. This would provide bigger market to the British industries. At the same time inflow of huge gold in England without paying any commercial return would also be checked. This would save the industrial capacity of British from decay.

India was under authoritarian and autocratic government whereas, England was a free nation. Higher posts of administration should be open for Indian youth and not be reserved only for British youth.

Dutt did not press to establish a parliament in India but wanted jobs for Indian youth in the administration for success of administration. Indians needed their representation in governance. Once way and autocratic rule was not a lasting solution. Heads of expenditure departments should be represented by Indians so that they could protect interest of their own people, as they were more informed. For last many years, India secretary was working without paying little heed to Indian members and this administration was wholly alien and soulless vis-a-vis Indian life and problems. Contemporary law and constitution was not representing and responding to the vibration of the people's will and woes and, naturally it was not going to help India. No doubt before British rule Hindu and Muslim rulers were autocratic but they felt the breathing of the people to some degree. Their rule was based on public cooperation. Emperor ruled from Delhi but his Governor in provinces, zamindars, poligars and sardars, numberdars ruled in their areas respectively with the active cooperation of local people, wider population participation in administration from lower to upper level.

But, under British rule, administrative system had a comprehensive supervision and network at wider level but it was highly centralized. No empire can prosper in an atmosphere of the alienation, it create dissatisfaction in the subjects and bring political instability. A popular government strengthens the empire. It would strengthen British Empire by eliminating falsehood and Indian people would become proud member of the empire. Dutt has established it by giving example of French king Louis XI anecdote that once he ordered the execution of capital punishment of his foreteller. Foreteller saved his life by convincing the king that his life was inseparable from the King. Indirectly the Kingdom of England and its empire has its manure in the prosperity of India. Fate of England was rooted in fate of India. Prosperous India would strengthen England and a self-governing India would be great partner of England all the way. A penury stricken India would prone a lag to England and autocratic rule would ruin it.

Dutt had an independent line of economic thinking in which economic theory and practice for India was getting shape and voice. Since he had worked as civil servant he knew the

ins and outs of the administration. He knew how the policy and its implementation. He felt the pain of the melancholy of people and their views of life. Thus he found the British rule was responsible for anarchy in economic practice. As a government servant it was required to implement the government policy right or wrong. As an administrator he felt that high ranking administrators, even Governor General and Viceroy were obliged to toe the lines of British government. They had little discretion. Their will to ameliorate the woes of Indian masses was beyond their power even if they were 'sahibs' in people's eyes. Dutt had given two suggestions, financial discipline, and participation of Indian in administration. He was not adamant of freedom rather wanted British rule to be humanist.

He did not want parliament in India, rather a welfare state for Indian people. He was not against the Empire. He advocated that maximum land revenue rate should be below fifty per cent of the economic rent. If the revenue enhancement felt essential it had to be guided and suggested by autonomous commission. He stood for reduction of surplus export as home charge and low interest rate on public debt. Equally he wanted to decline in civil and defence expenditure.

Railway versus Canals Debate

Dutt had studied debate and consternation on the matter of railways versus canals. He has a firm opinion that India needed more and more canals rather more kilometres of rails.

Rails worked as conduit for raw materials from Indian interior to British mills and finished goods from British mills to Indian markets. Railways did not help in reducing the pain of famines. Since, railways enjoyed the guarantee of the government on credit as it was backbone of the empire and attracted a lot of government support and patronages. Expenses on railways were short-sighted and unjust. Since railways was taken as a tool to exporter food and raw materials and irrigation canals were considered as food producing infrastructure to improve the level of living and economic prosperity. Dutt opines that government should not provide any guarantee to irrigation canals though they should be given funds from general budget to the maximum possible extent.

Dutt presented the helplessness of the Indian administration system and its compulsions. He had firm and sincere belief that many Governor General and Viceroys were very sincere and willing to work for betterment and welfare of helpless Indians any many did their best. They were able wise and experienced as well as responsive compassionate administrator. They had recommended for the benefits of Indian to the E.I.C. and British Government. But E.I.C. and British government were used to the interests of British producers and electorates.

Thus British government were clogged the well-meaning administrators to work for the welfare of the Indian people. In this situation, it was suggested and warned by Dutt that it would be detrimental for British Empire to ignore the interest of the Indian masses as human affair is an organic economic and living relationship. On the basis of political theories and doctrines, he advised that to seek maximum participation of the ruled by the British rulers was in the interest of the British Empire itself. He proved that without making prosperous Indian, the British Empire would not be going to long last. Well-off and prosperous Indians could

buy British products. Lowering in land revenue rate and export of essential had to be taken on priority basis. Good irrigation would provide raw materials to British mills and prosperity to Indian masses. Ultimately, it would provide market to British mill owners. Irrigation should be given priority rather expansion of railways. Enormous gold inflow into Britain without any equivalent commercial returns would make the country sluggish and finally decay their socio-economic life. It would eat away their vitality and industrial capacity in long run.

Dutt, on the basis of his administrative experiences opines that without participation of Indians, British administration would fail. By passage of time dissatisfaction would take aggravated form and autocratic ruler would face vehement opposition from the ruled and there would be danger for the empire. Dutt predicts that historians in future would point the same picture that how the British Empire would come to an end. And finally history proves Dutt production right.

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