

ABSTRACT

IDEOLOGY, SOCIAL STRUCTURE AND INDIAN ECONOMIC DEVELOPMENT

By

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Indian underdevelopment has been widely attributed to social values which are considered by some to be inhibitory to economic development. Having its origin in the study of Indian religion done by Max Weber, this perspective has evolved in a number of directions. However, the tradition generally overlooks structural constraints to Indian development. The class structure and related financial ties between the center and hinterland have, since Mogul rule, militated against economic growth. While values and attitudes serve to legitimate the existing distribution of power and wealth, and sometimes create resistance to change among the members of particular classes, the literature on the relationship between the Indian value system and social change does not adequately address the question of class interests or the structure they reflect.

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ECONOMIC DEVELOPMENT

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INTRODUCTION

The development of the Indian economy has been slow, uneven, and accompanied by much misery and deprivation for the Indian people. There is agreement among many students of India that the prospects of increased agricultural production and rapid full scale industrialization remain bleak. However, the reasons cited for the seemingly insurmountable economic problems of this country have been widely disputed.

Among those who have studied economic development, and India, in particular, disagreement has focused on the relationship of particular social and cultural factors to social change. The cultural, or social psychological perspective has held that economic growth and development is attributable to the prevailing values, attitudes, or ideology of a society, or of a dominant social group. Those who advocate a social structural interpretation have argued that such factors are significant for explaining economic development and underdevelopment, but must be subordinated to other variables--land distribution, class and status group cleavages, systems of taxation, foreign domination, etc.

In the case of India, these divergent views have been expressed in discussion of the importance of Hinduism, the dominant force in the formation of Indian cultural values and norms, to the underdevelopment of the Indian economy. In the tradition of Max Weber, many observers have contended that Hinduism has been the determining factor in the failure of India to achieve sustained economic growth. This perspective

has passed through various stages, and has been utilized in analyses of different levels of organization. There has been much research, in the manner of Weber, on the relationship of the Hindu ethic, as it appears in religious texts, to the formation of individual attitudes, and the initiation of capitalist activity. More recent studies have employed ethnographic and survey methods to determine group and individual values and attitudes, and some have drawn conclusions consonant with and others in opposition to Weber's theory. All these analyses, however, share the assumption that cultural values are the pivotal factors in the achievement of social change.

The response of structuralists to this view of Indian development has been to deny the validity of the cultural approach and its application to Indian society on both substantive and methodological grounds. This discussion will be limited to substantive criticisms of studies in the cultural tradition. It is my contention that the social structural obstacles to development are staggering, and militate against economic development whatever the prevailing set of cultural values. The Indian state and bourgeoisie have historically been unable to accumulate capital for industrialization because foreign interests and a largely pre-capitalist class of landlords, moneylenders and merchants in the countryside have appropriated the agricultural surplus and used it to support various activities that have not contributed to Indian economic development. Religious institutions and ideology have been used by these groups to legitimate their positions in the social structure, but the Hindu value system cannot be considered the primary cause of Indian underdevelopment.

PART I

The literature which relates Indian social and economic change to Hinduism is in the tradition of Weber's study of Indian religion. Weber based his hypotheses about the negative effects of Hinduism on Indian economic growth on his understanding of the important influence of Protestantism on the advancement of Western European capitalism. In The Protestant Ethic and the Spirit of Capitalism, Weber concluded that there was a relationship, an "elective affinity," between the Protestant ethic, particularly that of certain sects, and the "spirit of capitalism." In positing this relationship, Weber contended that religious institutions foster the development of values that may be considered the critical variables in the alteration or maintenance of an economic system.

In the case of Western Europe, the "this worldly ascetism" of Protestantism encouraged devotion to worldly affairs, and work as an activity inherently rewarding. Secular roles were legitimated, but they were valued as they contributed to the pursuit, rather than the accumulation of wealth. The promise of spiritual reward for diligent work, and the religious approval of commerce and industry provided motivation for initiation of capitalist enterprises, and assumption of roles at all levels of such organizations.

In seeking further evidence of a relationship between religious values and economic activity, Weber examined India,¹ operating on the debatable assumption that India had a social structure conducive to the development of capitalism. He concluded that Hinduism fostered a complex of values and attitudes that have inhibited the rationalization of economic activity and the growth of industrial capitalism. The doctrinal sources of such values were two, the Hindu proscriptions of salvation and dharma.

According to Hindu sacred texts, the sole means of attaining salvation is through prayer and meditation; by devoting one's life to contemplation, the individual can achieve "ascetic flight from the world." Weber regarded such activity, with accompanying emphasis on mysticism and magic, to be indicative of a pervasive Hindu concern with the "other worldly." Certainly, the scriptural ideal and occasional Brahmanical practice of physical and psychic withdrawal from worldly matters contrasted sharply with the Calvinist belief that the pursuit of economic activity was a calling which indicated salvation. Weber contended that the "other worldly" salvation ethic of Hinduism deprives the Indian of a motive for the initiation of capitalist enterprise, and perpetrates a disdain for the secular roles and tasks of industrialization.

While all Hindus are not chosen to reach salvation through asceticism and prayer, the rigidly stratified social system provides hope for improved status in the next incarnation by adherence to pre-scribed caste duties, or dharma. If the Hindu follows the sacred obligations and prohibitions associated with his caste, he will be born again into a higher ranking caste. While not promising salvation--one can escape the eternal cycle of rebirth and redeath only through

ascetic flight--the dharma doctrine suggests reward for conformity to the rules of one's calling, not unlike the Calvinist ethic. Yet, Weber regarded those committed to their dharma as unsuited for entrepreneurial roles; they would fare better in the next life by following the occupational and status strictures of caste, and therefore had no self interest in engaging in new modes of production.

Furthermore, Weber saw in the social organization of caste, an institutional constraint against participation in business activity. Because he perceived caste as a system with limited "elasticity", Weber thought it impossible for individuals or caste groups to break out of the hierarchical relations that tied them to kin and village groups, or to adapt to urban industrial conditions that demanded changes in ritual practices. He concluded that caste was "traditionalistic and antirational in its effects;" the "spirit of the whole system" was inhibitory to the establishment of a modern capitalist system.²

Weber's analysis of the relationship of religion to economic development initiated much further study of religious values in underdeveloped nations of the world. This scholarship has evolved into a number of theories that have focused on religious ideology, values and attitudes deriving from other cultural institutions, and, more recently, on value systems that may be traced to a state of traditionalism, or a "sub-culture" of poverty and underdevelopment, and are independent of national culture.

The writings of William and Lore Kapp exemplify analyses most consistent with that of Weber. Following Weber, the Kapps have drawn a distinction between the value systems of industrial and pre-industrial societies, based on the assumption that in pre-industrial

societies, the value system has failed to provide an impetus for the accumulation of capital and investment in manufacturing. While in Europe, the Reformation brought the "emergence of a new personality structure which was well suited for the production of wealth," pre-industrial cultures (in particular Hinduism) have not produced social-psychological or structural changes.³

Based on their observations and readings of Hindu dogma, the Kapps have concluded that India cannot achieve economic development under current conditions. While structural changes must be made before India can increase production, prevalent values and attitudes serve as the primary obstruction to all development efforts of the enlightened elite. Unless the value system is altered, attempts to overcome structural obstacles made by the state or bourgeoisie are futile.

The Kapps consider the Hindu doctrine most antithetical to economic development to be that of cosmic causation. They argue that because time, duration, and life itself are conceived as cyclical, cosmic phenomena, causation is held to be outside the realm of human determination. Thus, Hindus do not perceive themselves as capable of changing their reality; they are accepting of the existing social and economic conditions.⁴

The Kapps generally concur with Weber in their analysis of dharma and the Hindu salvation doctrine as inimicable to industrialization, and suggests that while Hinduism does provide some positive sanctions for the acquisition of wealth, particularly among certain castes, the value system grants priority to those actions most likely to bring salvation. "While the pursuit of wealth is sanctioned and justified, it also partakes of the illusory character of all worldly

pursuits. Certainly as compared with renunciation and contemplation, they are inferior as a source of liberation and release."⁵

Kapp also stresses the importance of the group in Hindu social life, asserting that the Hindu does not value individual performance, but rather activity and benefits shared by members of the joint family, caste or village. Group ties foster a sense of dependent among individuals, and a feeling of "moral aloofness" from members of other groups.⁶ As Weber noted, there is no ideal of human equality in the Hindu value system nor a feeling of "moral affinity" among all men, that loyalty to a broader authority than the village.⁷ Hindu dogma legitimates caste and inequality by attributing the current pattern of stratification to the behavior of individuals in another lifetime.

In commenting on Hindu Culture, Economic Development and Economic Planning, Milton Singer criticizes this and other work of Kapp on both methodological and substantive grounds. Singer charges that Kapp has "selected those features of Indian culture he believes are most relevant to economic development, has taken them to define "Hindu Culture" and has then tried to relate them causally to an equally selectively defined "Hindu Social System" and a "Hindu Personality."⁸ Like Weber, the Kapps have relied heavily on textual materials not widely read or understood by Hindus, and have assumed the absolute adherence of most Hindus to doctrinal prescriptions, reaching conclusions about values and their effect on the development process that Singer has found invalid in his own empirical research.

Singer has differed widely from Weber and the Kapps in his theoretical analysis of the role of Hinduism in Indian economic

development. His work is representative of what he has termed the "second stage of analysis" in the Weberian tradition, in which "students of specific Asian religions found counterparts to a Protestant ethic, rationality, profit-seeking motivation, hard work, and thrift, entrepreneurial groups, bureaucratic organization, in these religions and societies."⁹ He contends that the value system of Hinduism has provided the motivation for the initiation of capitalism and has permitted the participation of Hindus at all levels of production.

Singer's approach, like that of some other adherents of the cultural perspective, has been an attempt to show how value systems can change as they interact with structural variables and cultural contact from extra-societal sources. While Hinduism did not "create adaptive strategies" amenable to Indian economic development at the time that Western nations were beginning to industrialize, the late nineteenth century marked the introduction of modern economic institutions and the transformation of Hinduism into a value system capable of facilitating what Singer regards as the beginnings of successful industrialization.

While Singer is vague about the mechanisms that brought about structural and ideological changes in the nineteenth century, the implication is that the influences of the British colonizers and a small indigenous elite was powerful enough to involve increasing numbers of Indians in the industrial sector and bring about a more liberal interpretation of Hindu religious doctrines.

Singer bases his conclusions about Hinduism on a study of industrialists in Madras City. He found that despite the industrialization and urbanization of sectors of India, the traditional value

system (Sanskritic Hinduism) remains predominant. However, the Hindu ethic is now manifested in forms that are consistent with a more modern system of production. Hindus continue to be devout, and retain certain traditional institutions (e.g., the joint family), but these have been modified where possible to accommodate the demands of industrial society. Singer attributes the endurance of the "spirit" of Hinduism to the flexibility of the Indian cultural system, which is much greater than Weber and his followers suggested. Influenced by the complementary processes of Westernization and Sanskritization, Hindu culture has permitted upward mobility, and demonstrated adaptability in response to the entrepreneurial and occupational needs of industry.

Singer contends further that Hinduism has always sanctioned economic activity and has facilitated and legitimated the recent participation of Hindus in industrial capitalism. He argues that Hindu businessmen are not unlike their Western counterparts; they are motivated by "an interest in wealth, power, status, industrial production and workmanship, as well as by moral duty and prospects of salvation."¹⁰ However, Singer found a high degree of motivation related to collective identities and goals, leading him to conclude that Hindu values may, in fact, be more conducive to the establishment of a socialist system of production.

Eisenstadt has also focused on the "transformative tendencies" of religious ideology. "Under certain conditions, a given religion may foster new types of activity which go beyond its original WIRTSCHAFTSETHIC (economic ethic). That is, there may take place a transformation of the original religious impulses which may in its turn lead to the transformation of social reality."¹¹ These changes in ideology result from

the interaction of cultural with structural and institutional factors. The basis for social change, however, must rest with the potential of the prevailing value system for change into the particular set of values and attitudes appropriate to the rise of industrial capitalism. In the case of India, this potential was limited, and Eisenstadt follows Weber in regarding religious ideology as the critical factor in the failure of Indian capitalism.

Eisenstadt explains the aborted transformation of Indian values as follows. Hinduism has historically retained a locus (the village) of cultural symbols and values that is detached from a weak and ineffective center. This facilitated modernization to the extent that the political center was freed from traditional symbols, as well as certain pressures that regional authorities have been able to absorb. A reformist group, the Congress Party, did emerge, which attempted to utilize the non-political aspects and emphases of traditional values to establish loyalties to the center. There were boundaries to the flexibility of religious doctrine and institutions, however, evidenced in the assumption by various caste groups of "some limited new economic, political or ritual tasks, more or less within the range of traditional culture."¹² Hinduism failed to inspire "motivational orientations and commitments to the undertaking and performance of new secular roles."¹³ Thus, the center was unable to establish a new division of labor; village and regional elites resisted the imposition of capitalist institutions.

A. K. Singh's work represents the contemporary thrust away from emphasis on religious values in seeking explanations for underdevelopment, to a consideration of "traditional" attitudes, which may be submitted to testing. In the article "Hindu Culture and Economic Development in

India," Singh raises objections to studies in the tradition of Weber, including those of Singer and the Kapps, which have been based on analyses of Hindu religious writings and observations of Indian behavior. Singh insists that until Indian attitudes and personality traits have been tested, theories of development based on the pre-dominance of particular social values can be of little use in explaining underdevelopment, or devising appropriate means of implementing development strategies.

Furthermore, Singh criticizes the attribution of Indian underdevelopment to attitudes deriving from Hinduism. While "socio-cultural barriers to development" do exist, they may not "stem inherently from the basic core of Hinduism and derive their strength of resistance from their religious sanctity." He suggests the alternative thesis that these socio-cultural barriers may be "non-religious factors, such as scarcity, ignorance, governmental inefficiency, low morale, a long period of foreign rule, etc.," typical of factors which characterize underdevelopment throughout the world.¹⁴

The foundation of this view results from testing of attitudes of Hindus as they have become educated and spend time in the urban factory setting. Attitudes of farmers, factory workers, other urban industrial workers, and students toward a number of issues considered relevant to economic development were tested in this research, directed by Alex Inkeles. The attitudes measured included fatalism, feelings about personal competence, attitudes toward science and rationality, religion altruism, openness to new experience, etc. The conclusions of the researchers was that education and factory experience modernize attitudes.

The degree of religiosity of subjects was also determined, and it appears that education and factory experience may be more powerful mechanisms in changing "traditional" attitudes than is Hinduism in reinforcing them. As Hindus participate in formal education and factory work, they will abandon and modify religious practices, and change attitudes that derive from, or are at least strengthened by religious ideology.

Singh, and others doing research in this vein, go a step beyond other proponents of the social psychological perspective whose work has been examined here. They have suggested that the application of their findings in order to precipitate social change is possible and desirable. This approach was never adopted by earlier cultural theorists, for in attributing underdevelopment to values and attitudes derived from religious and other cultural institutions, they could only have proposed altering these institutions as a means of eradicating ideologies antithetical to development. The strong tradition of cultural relativism in the social sciences is shared by Weber and his followers, and seriously militates against proposals suggesting the implementation of schemes to produce cultural change. Thus, the cultural or social psychological theories, have been, up to this point, primarily explanatory.

The writings of Singh, Inkeles and Rogers¹⁵ represent a significant departure from this school towards the study of development strategies aimed at changing individual consciousness. This has been possible because they have drawn a distinction between values and attitudes deriving from cultural institutions, and those created by

social structural conditions. The ideology which inhibits Indian development is, for Singh, not directly related to Hinduism, but to living conditions peculiar to underdevelopment. Whether linked to agrarianism,¹⁶ a less advanced stage in the evolution of human societies,¹⁷ or underdevelopment, the concept of a value system separate in origin from culturally inspired values allows the researcher to formulate means of changing ideology without threatening indigenous cultural institutions. By implementing programs of education, mass media exposure, industrial employment of rural people, first values systems inhibitory to development will yield, and then the structure which created them will do so.

Having examined the Indian social structure in some detail, this theoretical perspective presented by Singh and others appears to me to be both a theoretically and practically ineffective way of approaching the question of social change in India. Strategies such as mass education could not be implemented given the shortage of funds for the most fundamental needs of living, as well as the constraints imposed by the class structure. To expect or actively encourage change in India by creating plans designed to act on values which are thought to inhibit participation in capitalist activities, is to underestimate the power of certain classes which benefit from the existing structure. Furthermore, I am skeptical about both the comparative measurement of attitudes through survey techniques, and the differentiation of cultural from "traditional" values. Nevertheless, the influence of these works, and the thrust to applied strategies of development through attitude change is significantly reflected in the proliferation of

research on attitudes related to the adoption of innovation, family planning, education, etc., carried on throughout the Third World.

PART II

While these theories about Indian culture and personality have received much attention and have prompted a considerable body of research on values and attitudes, they are quite inadequate for explaining underdevelopment. Many criticisms can be directed at the methodologies utilized in these studies; Weber and the Kapps have used observation and textual examination and have reached conclusions at odds with those of Singer and Singh, both of whom employed survey techniques as a means of measuring attitudes. Certainly the question of how values and attitudes of a group are measured is an interesting and valuable one, but beyond the scope of this discussion. Nor do I wish to define my criticisms of this perspective in the terms of the cultural or social-psychological argument by presenting a variation of Singer's position that Indians do have "achievement motivation" but it has been stifled or expressed in other forms because new economic roles have not been available.

I wish, instead, to question the whole thrust of the cultural or social psychological view of social change. The principal problem with this tradition is the failure to deal with structural constraints against individual action that is directed to economic development. Returning to the case of India, it is unclear in the presentations reviewed above how the individual relates to the development process.

It is contended that attitudes and values determine the individual's participation in capitalist enterprises, yet how can such motivation be expressed, if the individual has no access to capital resources for investment?

This issue is further obscured by the vacillation expressed in these writings on the question of structure. The theorists discussed have all acknowledged the critical nature of social structure, yet the concept is never adequately or precisely incorporated into the theories presented by them. Singer has followed Weber in his contention that Indian society is structurally conducive to the development of capitalism, and has actually gone so far as to suggest that the Indian economy is successfully progressing in that direction. Eisenstadt, Singh and the Kapps note structural constraints to development, claiming that while the structure does not now permit extensive industrialization, only a modification of the value system can introduce the structural changes necessary for development. In both cases, social change is attributed to ideology and ultimately reduced to a function of individual willingness to assume new occupational roles.

There can be no question that individual consciousness, ideology and institutions are crucial variables in the consideration of strategies and theoretical analyses of social change. However, the equally important variable of social structure is not regarded as an immediate or relevant concern in these studies; implicit in the assertion that the pivotal factor in creating change is attitudinal is the assumption that the present system allows the individual to manifest "modern" values. In fact, many obstacles to such activity do exist and should be correctly defined.

Furthermore, the recent attempts to apply such theories by devising educational programs to change the value system of individuals, persuade them to adopt particular methods of cultivation, improved health procedures, etc. (Indian Community Development exemplifies this movement) are futile if once in possession of new knowledge or attitudes, the individual is still incapable of changing his living conditions because of the strength of other forces determined to preserve the existing social order.

It is to the identification of those social constraints on economic development that the discussion now turns. These obstacles operate at several different levels, yet the source of much of the difficulty is the inability of the state or bourgeoisie to mobilize resources produced in the agricultural areas. The more current of the cultural theories places the burden of responsibility for changing this situation on the traditional agrarian sector, suggesting that the peasantry is not motivated to increase production or to assume the entrepreneurial and occupational roles of capitalist agriculture and industry. In fact, the peasantry probably produces as much as is possible given the small areas of cultivation, primitive technology, low access to credit, etc., that is common in most parts of rural India, as well as the class structure, which signifies their exploitation by the same groups--moneylenders, landlords, and rich peasant farmers--who absorb the surplus and prevent capital accumulation in the center. For centuries, this rural elite has controlled the countryside and limited the potential for industrialization. These forces have been strengthened by periods of foreign rule and now hold great economic and political power.

In recent years, a considerable body of literature on structural causes of Indian underdevelopment has emerged. Much of this research has considered class divisions in the countryside and how the dominance of a largely pre-capitalist class has prevented the accumulation of capital by the center. I will attempt to elaborate on some of the issues raised in these analyses of Indian economic problems, stressing the role that the rural elite has played in continuing the process of underdevelopment.

PART III

India has not achieved economic development because of social structural factors which have prevented the center from mobilizing existing agricultural surplus or from generating a sustained increase in agricultural production. The agricultural sector has increased food grain production very slowly, hindered by a high rate of population growth, and despite the implementation of development strategies by the center to increase yields. The government has failed to utilize the surplus that has been produced to feed the population or to further economic development because of its reluctance to change the political and economic structure which has permitted a hierarchy of local and state elites to appropriate an excessively large portion of the surplus. The consequences of the government's failure to tap the existing surplus or to increase it have included food shortages, increased reliance on food grain imports, a low rate of domestic savings and investment, and dependence on other sources of capital for industrialization.

The problem of low agricultural yield may well be attributed in part to the use of relatively primitive technology, limited areas of irrigated land, and the pressures of population on land under cultivation.¹⁸ However, there exist many landlords, moneylenders, and rich peasants who live quite well from the surplus generated by wage labor, tenants and sharecroppers. Furthermore, benefits from

recent increases in yield per acre in some regions with the use of "high yield varieties" of seeds have accrued primarily to the already wealthy sectors of the peasantry, further polarizing the rural social classes by increasing the gap between landlords and rich farmers, and those tenants, sharecroppers and landless laborers barely subsisting.¹⁹

The social determinants of the central government's failure to accumulate the existing agricultural surplus are also related to the gaps that exist between wealthy rural groups and those with little land or income. For centuries, Indian caste and village hierarchies have stratified the rural population, and caused resistance to the imposition of central authority. While land was once in surplus and production supported the village and its officials, land is now scarce. Since the reign of the Moguls, control of land has been distributed among a hierarchy of officials of both regional and imperial bureaucracies who have gained wealth and political power through their authority to tax agricultural producers. Although the Moguls and British did require the payment of tribute to the center, they made limited efforts to consolidate the various principalities or to undermine the power of chieftans, moneylenders and landlords to exploit the peasantry.

The system of caste has contributed to the priority of village and regional power and affiliation, through its legitimation of the economic and political dominance of particular groups. The landlords, tax collectors and chieftans who have dissipated the economic surplus have traditionally been of the higher castes; peasants have thus been tied to them not only by economic dependence, but through the caste bonds which justify existing labor and status divisions. Caste has

been "maintained by the top layer of the village elite for their own benefit."²⁰ It has fostered the authority of the local elite, leading to the disregard of the policies of the center; "caste spells indifference to national politics."

Indian underdevelopment has been widely attributed to the relative weakness of the political center.²¹ The strategy of surplus extraction from the countryside by the forces of urbanization and industrialization is antithetical to Indian social structure and institutions. While urban manufacturing centers have emerged, their growth has been severely curtailed by their limited access to capital generated in the countryside.

Nathan Keyfitz addresses the issue of surplus accumulation in urban centers in his essay, "The Political-Economic Aspects of Urbanization in South and Southeast Asia." He contends that in pre-industrial societies, the political and economic interests of the city must achieve domination over the countryside in order to secure the resources for economic growth. While ideally, the balance of exchange will change in later stages of development, initially the center must exert power over the hinterland by the extraction of surplus through trade, and the imposition of land tax. The center, through the bourgeoisie or the state uses this surplus to establish manufacturing and support the urban population.

The center achieves hegemony over the countryside by seeking legitimation of its dominance or by coercion. In either case, the center is able to create and, to a degree, enlarge surplus production.

Given a desire to industrialize among the bourgeoisie or state authorities, there is generally the financial base to do so, provided that the center is willing to force a surplus from the hinterland.

There are, however, several obstacles to the application of such a model in policy. Keyfitz stresses that the unwillingness of many democratic and humanistic governments in the underdeveloped world to accept the exploitative nature of surplus extraction from the countryside has been a major inhibiting factor to development. This thesis ignores a basic issue, the complex of political and economic interests of various groups and classes in the Third World that can weaken or strengthen the center. The elite or state engaged in manufacturing can succeed only to the degree that their economic dominance over the countryside includes power over all rural social groups. That is, the peasantry may produce as much as possible given current social conditions; the gap between agricultural production and surplus accumulation in the center rests on the capacity of rural elites--capitalist farmers, landlords, moneylenders and merchants--to take a portion of the surplus produced by the peasantry.

Unfortunately, it is true that in many developing nations, the center is unable to overcome traditional patterns of social organization, or to undermine long existing economic and political hierarchies. In the case of India, the center has for centuries extracted some surplus from the hinterland. In British and Mogul times, the ruling elite was very successful in accumulating surplus from taxation of producers. They willingly used force to do so, however, and failed to establish their legitimacy as political authorities

or to weaken indigenous elites. During these periods of foreign rule the village continued to be the basic unit of social organization and remained largely in isolation from the influences of the political center or urban market. In the years immediately following Independence, the Congress Party attempted to legitimate itself as a democratic, socialist government; it was not successful because of its dependence on coalition of rural landed interests and industrialists for political support. The urban groups, both intellectuals who were very instrumental in founding the Congress Party and the bourgeoisie, have found it impossible to break down the strength of the rural pre-capitalist groups with whom they have been forced to share the surplus.

The control of agricultural surplus by the center has traditionally been restricted by a powerful pre-capitalist class which has been comprised of moneylenders, merchants, and rentier landlords. Since Independence, there has been a gradual shift in the relations of production, as increasing number of peasant farmers have turned to capitalist agriculture. This trend has been particularly evident in the fertile wheat growing states of the north and east (Punjab, West Bengal, Kerla, Maharashtra) and other states where industrial and export crops are cultivated (these include notably Bombay and Gujarat). In these areas, there has occurred in recent years much polarization between rich peasants and landless labor. Elsewhere, particularly in central and parts of southern India, the inroads of capitalism have been slower and tenancy continues to prevail, with landlords (often at several levels of tenancy) and moneylenders appropriating the surplus.

The interests of those controlling capital in rural India differ regionally and in terms of the mode of production. Where large landowners and middle peasants profit from hiring wage labor, part of the surplus is used in the increase and rationalization of production. However, even in the plantation areas, the utilization of surplus is, to some extent, determined by traditional relationships and institutions. The customary use of resources on displays of wealth, articles of religious and ritual value, dowries, as well as the maintenance of dependents tied to the wealthy through caste and kinship, has historically been a crucial variable for explaining the failure of much of the rural population to mobilize the surplus necessary to greatly increase agricultural production.

As the population grows and the pressure on the land increases, the amount of surplus available for non-productive purposes decreases and is effectively limited to large landholding capitalists, rich landlords and moneylenders. Nevertheless, it is possible to consider these sectors of the rural elite as a virtually untapped source of capital for the center. There is considerable wealth in the hands of these groups which does not reach industrial interests in the center because of policies of taxation and trade which favor the upper strata of the rural population. The goals of these forces within the land-owning and moneylending classes are not always or everywhere compatible, but there exists uniform support for legislation which preserves the current financial relations between the center and the states.

That the Indian industrial sector has continued to grow, albeit very slowly, is indicative of the willingness of the government and powerful industrialists to depend on deficit financing, foreign aid

and capital. Table 1 shows the pattern of capital formation in the center for the first three Five Year Plans. The anticipated level of domestic savings for Plan Four years is exceptionally high, without warrant; the earlier plans showed some increase in domestic savings, but did not meet the expectations of the planners. The constraints against sustained growth under such conditions are numerous. The national debt is very large, and the growing balance of payments deficit has been quite problematic to the current government administration. For indicators of these trends, see Appendices A and B. The internal dimension suggests a number of difficulties, including the prevailing pattern of private investment in consumer industries, and growing urban unemployment because of population increases and capital intensity in both industry and agriculture.

TABLE 1.--Public Sector Sources of Financing The Five Year Plans in India (Rs. Million and Percentages)

S.No.	Source	I Plan (1951-56)	II Plan (1956-61)	III Plan (1961-66)	IV Plan (1969-74)
1.	Domestic Savings (a+b+c)	11,230 (57.9)	16,170 (34.9)	23,620 (27.7)	84,672 (58.8)
	a. Balance from current revenue	3,240 (16.5)	110 (0.5)	-4,730 (-5.2)	25,920 (18.0)
	b. Profits of Public enterprises	1,150 (6.5)	1,670 (3.6)	6,960 (8.1)	19,008 (13.2)
	c. Capital Receipts (small savings, provident fund, bonds, etc.)	6,480 (34.9)	14,390 (30.8)	21,390 (24.8)	339,744 (27.6)
2.	External Assistance	1,890 (12.1)	10,490 (22.5)	24,550 (28.5)	24,912 (17.3)
3.	Deficit Financing	3,330 (17.0)	9,540 (21.3)	11,510 (13.2)	7,344 (5.1)

TABLE 1.--Continued

S.No.	Source	I Plan (1951-56)	II Plan (1956-61)	III Plan (1961-66)	IV Plan (1969-74)
4.	Additional Taxation	2,550 (13.0)	10,520 (22.3)	26,600 (30.6)	27,072 (18.8)
5.	Total Resources (1 to 4)	19,600 (100)	46,720 (100)	86,280 (100)	144,000 (100)

Note: Figures in parentheses show percentages

Sources: (i) Govt. of India: Fourth Plan Material & Financial Balances, Planning Commission, New Delhi, 1966

(ii) Report on Currency & Finance, 1967-68 (Bombay: Reserve Bank of India, 1968).

(iii) Reserve Bank of India Bulletin, Bombay (June 1969)

PART IV

These political and economic obstacles to development have their historical antecedents in the periods of Mogul and British occupation. The current pattern of stratification in the rural sectors varies little from that found and reinforced by the Moguls in the fifteenth century. Under the Moguls, India was "an agrarian bureaucracy on top of a heterogeneous collection of native chieftans differing widely in resources and power."²² The maintenance of the bureaucracy depended on revenues paid by the peasantry, mostly in kind, and collected by local assignés, or zamindars. These tax collectors included autonomous chieftans who were obliged to render tribute and military service to the imperial authority, intermediary zamindars who were the actual go-betweens; and primary zamindars who generally held proprietary rights over land. These groups formed "a kind of pyramidal structure in agrarian relations wherein rights of various kinds were superimposed upon each other."²³ These rights were increasingly in dispute, leading to rebellions of zamindars and peasants against the Moguls, and inter-regional warfare. The costs of such unrest, in both military and economic terms, were great, and eventually the tension that existed between central and local power led to the demise of Mogul rule. "The Mogul Empire achieved its great power largely because it could secure the collaboration of this class (the zamindars and chieftans); but

the inherent contradictions between a centralized empire and the zamindars were too deep to be resolved. These contradictions contributed to its downfall even before the Western powers were established in the country."²⁴

The zamindars, and the emperor each took a considerable portion of the peasant's surplus. Hasan reports that the Mogul rulers tried to limit the total share taken from the producer to 50% of the gross yield. However, there was often extreme pressure on the peasant from the excessive demands of zamindars, chieftans, as well as military and bureaucratic officials who received jagirs and mansabs, or land revenue in lieu of payments. "We cannot state in precise figures the total sums paid by the peasants, but we can be fairly certain that they were substantially in excess of the revenue calculated on the prescribed rates, and it is not impossible that they may have occasionally approximated to the proportion of "nearly three-quarters" of the produce . . . "²⁵

The number of peasants contributing taxes to the government slowly decreased as peasants rebelled or moved to other land areas to escape the pressure of taxation. While most of the peasantry was oppressed, the greater part remained in their villages and endured adverse conditions according to Moore, because of caste and patriarchal loyalties.

During the reign of the Moguls, there was no significant investment in productive enterprises, although trade and commerce were common if not widespread undertakings. Moore claims that the extent of commerce was quite limited, and that manufacturing enterprises could never be established because of the squandering of surplus at every level on displays of wealth. Moore has overstated his case on

this issue. It is true that the growth of manufacturing was limited, slow, and very sporadic. However, the high level of consumption of luxury goods was very much related to the extensive commerce carried out by Indian and foreign merchants within the major cities of the empire. Furthermore, the development of landlordism and "multiple layering of tenancy" that Moore finds in areas near markets, suggests the inroads of commerce and a money economy into some regions.

Hasan argues persuasively that commerce was significant for as long as peace and unity prevailed, and led to the "development of industries, and brought about conditions favorable to the growth of a money economy. This led to the expansion of cash crops and the extension of the cultivated area . . . "²⁷ However, the administrative and political difficulties of the Mogul empire became obstacles to economic growth, and commerce and incipient manufacturing enterprises declined as the bureaucracy collapsed.

However, he fails to differentiate between foreign and indigenous mercantile classes, a distinction which is most important in light of the differences in official policy enacted toward each group. Gupta reports that up to 70% of the urban merchants who carried on commerce in the Mogul empire during the 16th through 18th centuries were of foreign origin, mostly from Persia, Afghanistan, Turkey, and Iran.²⁸ They were favored by the emperor and were subject to fewer taxes and other restrictions than were Indian merchants.

The indigenous trading class, a minority among foreign interests, was unable to build an autonomous base. Few accumulated great fortunes, given the high risks of trade during this period; the emperor laid claim to the wealth of his subjects upon their deaths. Indian merchants

were subject to a series of often excessive taxes and transit dues on trade, which varied in amount with local and imperial officials. Furthermore, merchants never instituted guilds of the Western European type, or other cohesive organizations that could enable them to achieve the status of a class independent from the emperor. Instead, both foreign and indigenous trading interests competed for the favor of royal and local officials, causing factionalism and weakness within their ranks.²⁹

The potential for the development of an autonomous bourgeoisie among the artisans was severely curtailed by the same set of constraints affecting merchant organization. They were subject to government taxation as well as the exploitation of merchants, both of which made the accumulation of capital quite difficult. Artisans and petty manufacturers were commonly located in towns and villages along transport routes. This regional separation and the cultural diversity and isolation of towns and villages (e.g., the merchant castes held different statuses in various villages and regions), precluded the organization of large or powerful guilds.

PART V

The British, French and Dutch explored India and established trading centers during the fifteenth, sixteenth and seventeenth centuries. In the early 1800's, the British, through the East India Company, secured hegemony over both European competitors and the by then, weak and fragmented Mogul court. The East India Company and the British crown came to dominate the disparate regions through a series of wars and revolts. By 1857 all of India recognized British sovereignty, although about one-third of the country was still ruled by native princes.

The effect of British imperialism on India has been widely discussed and observers have disagreed sharply about the impact of the British presence on the agricultural, industrial and commercial sectors. It is my contention that British intervention in each of these areas involved complex and sometimes seemingly contradictory motives, but had the cumulative effect of hindering indigenous economic development. In the agrarian regions the British made some attempts to change the social structure by introducing capitalist agriculture, but, failing at this, took full advantage of the existing class structure to facilitate their policy of taxation. In the commercial and manufacturing sectors, urban trade and industry were systematically dismantled, and the indigenous mercantile and artisan classes were displaced by a comprador bourgeoisie joined to British economic interests. The policies implemented by the British Raj and their

ramifications indicate some degree of official vacillation about fostering the growth of Indian capitalism but no hesitation about the establishment of full British control over such activities. Nevertheless, British colonization of India has been the subject of controversy in the historical literature about India, and therefore the consequences of British rule warrant a somewhat detailed discussion.

In regard to the population engaged in agricultural production, the British presence accounts for few changes in the mode or relations of production. The colonizers, in effect, imposed a bureaucracy larger and more sophisticated than that of the Moguls, but one that stood in the same relation to the agrarian sector as did that of their predecessors. While early in their rule, the British made more strident efforts than the Moguls had to commercialize agriculture, they were largely unsuccessful, and ultimately turned to the exploitation of the pre-capitalist agrarian structure to support the colonial government and British national development. They cruelly oppressed the peasantry and drained the agrarian and manufacturing sectors of surplus, yet their most enduring impact was the further entrenchment of social forces that have long blighted the Indian countryside.

Throughout parts of the north, the British organized tax collection as the Moguls had done. They employed the services of zamindars, but legitimized their excesses by making them landowners. The colonial administration thought that this would assure efficient delivery of the surplus and that a landlord class like that of fifteenth century England could be established.²⁹ The zamindars generally preferred to remain rentier landlords; many were absentee

owners, others were of families and castes that had long served as tax collectors for the state and had acquired wealth, power, and status in the village.

Elsewhere, the British Permanent Settlement provided for the granting of private property rights directly to the cultivators of land. This was the rytowari settlement. This system too, quickly degenerated into rentier landlordism, as land exchanges and concentration increased as a result of the rigid tax levied imposed by the British.³¹

Alice and Daniel Thorner maintain that this introduction of private property into the Indian countryside undermined village communalism. They do not acknowledge the existence of landlordism during the period of Mogul rule, and contend that the British Permanent Settlement created multiple layers of tenancy, and the extension of the money economy into the countryside. Barrington Moore had countered that the influence of the British Raj on the rural stratification system did not result in a widespread shift in the relations of production. The British merely legalized and further stabilized the relationships that had prevailed in the countryside for centuries.³² The British strengthened the zamindars and those who controlled the revenues from cultivation by allocating to them private property and its attendant rights and privileges; however, the zamindars were in the same position vis à vis the rest of the village population as during Mogul rule, collecting agricultural surplus as rent and taxes, and returning some traditional feudal obligations.

Hasan agrees that a system parallel to parasitic landlordism existed in the Indian countryside before the entrance of the British.

Zamindars and village chiefs, as well as bureaucratic officials, controlled land revenues, although they did not generally have formal ownership of land. (Apparently in agricultural regions surrounding urban markets, the principle of private ownership was much more explicit than in other parts of the countryside.)³³ The surplus produced by the village was shared by a hierarchy of such officials in Mogul days, much as it was during the long period of British rule.

As to the question of the introduction of a money economy into the countryside, it is true that Indian cities and some rural towns carried on exchange through money during the nineteenth century. However, much of the countryside continued to base exchange on semi-feudal, or patron-client ties between landowners and tenants, and caste and kinship bonds, well into the twentieth century.³⁴ Regional differences are important in this regard, for where capitalist agriculture was most important (in the wheat, cotton, tea and jute growing areas), traditional systems of exchange gave way to cash payments for land, labor and commodities during the nineteenth century.

The British tried to initiate and encourage capitalist farming primarily by conferring the rights of private property on the zamindars, and individual owners in ryotwari areas. Yet conditions in the countryside (including the rigorous appropriation of surplus by the British, and the broad sharing of the remainder of the surplus among layers of landlords and tenants) inhibited the accumulation of capital and conversion to the capitalist mode of production. That big holdings in India generally do not exceed fifty acres suggests that unlike wealthy farmers in other parts of the Third World,

Indian landlords either did not have the capital or the incentive to acquire large concentrations of land.

British entrepreneurs did buy large plots of land for the production of industrial and export crops. The British interests retained control over most of the jute, sugar, tea and cotton production which until recently was the extremely profitable domain of foreign capital. These four were important industrial crops within India, and processing industries for these crops had the highest net value of Indian industries until after Independence.³⁵ While many of the cotton processing mills were technically owned by Indian industrialists, British managing companies controlled the cotton industry and owned processing mills for other industrial crops.³⁶ Furthermore, the volume and value of cotton and jute exports increased steadily throughout the nineteenth and twentieth centuries. Between 1813 and 1844, raw cotton exports increased from 9 million lbs. to 88 million lbs.; sheep wool exports increased from 317 thousand lbs. in 1833 to 2.7 million lbs. in 1844. Between 1849 and 1914, exports of raw cotton rose from £ 1.7 million in value to £22 million. In weight, raw cotton exports increased from 32 million lbs. in 1833 to 963 million in 1914, or thirty times over. The value of jute exports increased 26 times from 1849 to 1914.³⁷

Other evidence of the limited but valuable capitalization of Indian agriculture by the British is the expansion of cultivated areas for industrial and export crops during British colonization. From 1892-93 to 1919-20, the areas of cultivation of non-food crops rose 43% while that of food crops increased by only 7%; the rise in

non-food crop areas from the average for 1910-11 to 1914-15, to 1934-45 was 54%, while that of food crops was only 12.4%.³⁸ From 1890-1945 food grain production increased by 1%, while production of commercial crops rose by 90%.

While the use of land for the cultivation of commercial crops was quite important for British planters and mill owners, the predominant form of exploitation of the rural population by the British state continued to be the taxation of land used mainly for the production of food grains, for the support of the colonial bureaucracy and British international trade and investment.

It is virtually impossible to assess the total amount of capital the British took from India in the form of land revenue, but it is known that the British received a sizeable portion of the surplus. According to Dutt, the total land revenue raised by the East India Co. in 1800-1 was £4.2 million; this sum increased (by increases in acreage and assessments) to £15.3 million in 1857-58 when the Crown assumed control, to £17.5 million by 1900-1, to £23.9 million 1936-7.³⁹ Sanderson reports that the British consistently took from 50 to 70% of the peasants' production in taxes. During the early stages of colonization, the tax levies were very high, estimated at about 80 to 90% of the rental in Madras and Bengal, where the pressure of taxation forced many peasants to flee or suffer famine.⁴⁰ At various times during the nineteenth century, the colonial administration tried to enact limits on taxes in response to the dire conditions of the poorer peasants but could not control fees and extra charges imposed by the various levels of tax collectors. The proportion of the surplus appropriated through land taxation by the British significantly declined in 1919

when the principalities became responsible for tax assessment and collection, as indicated in Table 2. This, of course, does not suggest that the peasantry as a whole benefitted from the easing of tax levies on land by the central authorities; the regional governments and the rural elite now had access to more of the peasants' resources.

TABLE 2.--Land Revenue as a Proportion of Total Tax Revenue in India:
1793 to 1966

Year	Percent
1793-94	69.0
1808-09	61.1
1818-19	73.1
1839-40	70.6
1850-51	66.5
1871-72	42.8
1881-82	35.5
1891-92	36.5
1901-02	33.9
1911-12	31.3
1938-39	16.1
1953-54	8.6
1961-62	6.5
1965-66	4.1

Source: James Cutt, Taxation & Economic Development in India (New York: F. A. Praeger Publishers, 1969), pp. 32-39.

The British system of taxation was highly effective in further entrenching moneylenders in the countryside. They had gained power during Mogul rule because of their ability to provide peasants with the resources for meeting the demands of the imperial bureaucracy and its

agents. They performed the same role during British colonization, serving as a source of ready cash to meet British tax requirements. In addition to seeking cash, produce and human labor (debt bondage) in repayment, the moneylenders of British India often assumed control of the debtor's land if the peasant was unable to repay the loan and high rates of interest. In 1879 the British tried to curtail this practice by the enactment of the Daccan Relief Act, which forbid the transfer of land to non-cultivating castes. However, this legislation was not everywhere enforced rigorously, and in areas where the British and local officials were more scrupulous in their efforts to eradicate moneylenders, the rich peasants assumed the role of creditor to the masses of the peasantry. In fact, the nineteenth century was the "golden age" of the moneylender; it has been estimated that at the end of British rule "about 1/3 of the farmers--in some regions as much as 90%--are heavily in debt."⁴¹

With the passing of surplus to the moneylenders and pre-capitalist groups, it has been quite difficult for the peasant to accumulate capital or to purchase the technology necessary to increase production. The high interest rates imposed have made borrowing to make technical improvements or to expand the area cultivated into high risk undertakings. In capitalist regions, where the moneylender is also a village merchant or competing farmer, he is likely to have an interest in keeping his neighbor's yield comparatively low.

While the concentration of agricultural holdings by capitalist farmers was fairly limited, British colonization was accompanied by an

increase in the number of Indian landless and semi-landless (defined as those with not enough land for subsistence production). Population pressure, the high price of land, frequent sales and subdivisions in response to British tax levies left much of the population landless and unable to find employment. Malenbaum estimates that in the early 1950's, shortly after Independence, 22% of the rural population had no land, and 25% controlled less than one acre.⁴² Rural unemployment and underemployment increased; "male workers could find only an average of 190 days work a year, and the women 120 a year."⁴³ There were, and continue to be, numerous sharecroppers and peasants who seek supplemental earnings by working on other farms that are not included in rural unemployment figures. Bettelheim has presented a classification system and data that describe the concentration of land ownership and the relationships of the agricultural population to the means of production for the early post-Independence period. Mazdoors are those landless laborers estimated by Bettelheim to have been about 38% of the rural population; the Kisan are those who own some land which they work themselves, are tenants, or sharecroppers, and constituted about 45% of the rural population controlling 43% of the land; Maliks, or landlords, receive revenue in payment or kind and do not personally farm the land and were about 17% of the rural population and owned 50% of the land.⁴⁴ These figures correspond with Moore's interpretation of National Sample Survey data for 1950-51 which suggest the existence of a "huge rural proletariat, about half the rural population; a small class of prosperous peasants, not much more than 1/8 of the population, and a tiny elite."⁴⁵

Much of this rural proletariat survives by selling its labor to more prosperous farmers. The Agriculture Labour Enquiry for 1950 showed that 64.2% of the landless (38% of the rural population) earned their living from paid agricultural work.⁴⁶ However, land units are typically small; for 1961-62 over 95% of all rural households owned holdings of less than 20 acres, accounting for 64% of the total cultivated area, and less than 5% owned 20 acres or more, controlling over 35% of the land.⁴⁷ Only in the northern wheat growing regions and on plantations where commercial crops are grown, are large numbers of laborers hired and paid in cash. The remainder of the agricultural workers are distributed among peasant farmers who are able to hire a small number of employees, often on a part-time or seasonal basis. Most of these farmers are producing food grains for sale on local markets.

While almost 1/3 of the rural population is a sizeable proportion to be engaged in hired labor, it is important to distinguish between this situation and that of countries where large number of rural workers are engaged in the production of cashcrops. Unlike the plantations of Latin America, and other parts of Asia (including the few areas of cash crop production in India), much of the labor force of Indian agriculture and the profit margin is very low. Thus, hiring labor in this case is not indicative of prosperity. Secondly, in many instances, labor was rendered landless because of population growth and the seizure of land by rentier landlords, not capitalist farmers. Laborers have been hired under conditions which recall the semi-feudal relationships of traditional Indian agriculture, involving part-time

employment, payment in kind, and certain social bonds not as likely to be found in production relationships of the highly rationalized systems of large farms or plantations.

The effect of British imperialism on Indian manufacturing and commerce has been more difficult to determine. Marxist writers have held that the British hindered Indian manufacturing, first, by depriving an indigenous economic or political elite of the surplus necessary to establish manufacturing enterprises, and secondly, that the British destroyed the fairly extensive handicraft industry of rural India by enacting restrictions against manufacturing and introducing competition from British made goods.⁴⁸

The first of the propositions has been stated by Paul Baran in explaining how British colonization of India is representative of Western colonial penetration of now underdeveloped countries. Baran contends that the accumulation of surplus from the agricultural sector must be the base for the development of manufacturing. The British, and the Moguls before them, appropriated this surplus, but did not, of course, contribute it to Indian controlled manufacturing. The British vigorously accumulated surplus through taxation, which became part of the English national savings derived from international imperialism, and was used to finance the development of British capitalism. More surplus was drained from India in the latter half of the nineteenth and throughout the twentieth centuries, as British businessmen invested in both agriculture, finance and industry. While the native bourgeoisie have increasingly participated in investment with foreign interests, in the management of foreign owned business and in indigenous controlled

consumer industries, they have been denied the role assumed by the bourgeoisie in developed nations.

The extent of British inroads into the Indian handicrafts industry has been obscured by the failure of many writers on the subject to differentiate among the several issues involved in this argument or to relate these specific factors to the development process. The charge has been made that England's incursion into the Indian economy introduced competition from cheaper, British made goods and thus 1) the British won the local markets for Indian handicrafts and manufactured goods, 2) British goods undercut Indian finished products in international trade, 3) this competition on both fronts forced a large number of Indians formerly engaged in trade and manufacturing back to agriculture. The assumption underlying this argument is, of course, that India had extensive commercial contacts, and that Indian trade and manufacturing were sufficiently pervasive and sophisticated in organization to form the basis of industrialization. It was British colonization, specifically economic competition and restrictions, which prevented this industrial growth and returned Indian to a stage of agrarianism she has never escaped.

While there is general agreement that British competition and trade restrictions did disrupt the Indian economy in the three ways described above, the critical point is the assertion that pre-British India had developed a system of production and a national bourgeoisie of the character necessary to precipitate industrialization.⁴⁹

The evidence suggests that while commerce was extensive, seventeenth and eighteenth century manufacturing had not widely progressed beyond primitive production techniques (e.g., handweaving

of textiles), nor was the production process characterized by a complex division of labor. Moreland's descriptions of seventeenth century India point to the relative simplicity of the organization of production; capital was probably not separated from labor, and a differentiation of tasks was found only a few workshops in the capital city (where wages remained in kind) and at the site of special projects in the construction of the infrastructure. The production of finished goods was carried on primarily by independent artisans who rarely earned enough to move beyond a subsistence level.⁵⁰

This information is, in fact, not very instructive in determining the long range effects of British colonization on the Indian economy. While the description is one of techniques and organization of nascent manufacturing, the Indian system of production was probably not very much different from that of Europe during the same period. As for the question of the indigenous bourgeoisie, it is true that Mogul policies discouraged the consolidation of wealth and growth of merchant and manufacturing classes. By the end of Mogul rule, however, the evidence suggests that the cotton industry was extremely productive, created great fortunes, and was the basis of extensive export trade, implying a greater degree of mercantile organization than had existed during the height of the Mogul empire. The manufacturers were predominately independent artisans and certainly did not build the kind of guild structure that existed in England during the early period of industrialization. It was the traders who were most autonomous, but still incapable of withstanding the imposition of British authority.

Another indicator of the importance of manufacturing, however, was its contribution to the growth of trade in both domestic and

international markets. All production for export, most of which was comprised of cotton weaving, contributed probably 1% of the national income during the seventeenth and eighteenth centuries. The internal market was much larger, and involved the trade of many more kinds of manufactured production; production for domestic consumption contributed about 5% to the national income.⁵¹

The principal export industry was textile processing, particularly of cotton goods. Wool and silk production was slight in the seventeenth century, and much of the demand of Akbar's court for these goods was satisfied through imports. Cotton weaving was done primarily for export, and while the means of production were quite rudimentary, the industry produced a sizeable volume of cotton, and was the basis of trade to Africa, Europe (with the coming of the Portugese) and other parts of Asia. Populous towns such as Madras, Bengal, Dacca and Surat owed their existence to the cotton trade, while the manufacturing process itself was carried out by artisans in nearby villages.

The scope of goods produced for internal consumption was much wider. The imperial court was a most significant sector of this market, purchasing three-quarters of domestically consumed goods. Products included weaponry, processed agricultural goods, indigo, sugar, opium, oil spices, and handicrafts such as jewelry and leather goods. Village demand was satisfied by local artisans, most of whom carried on agriculture on a part-time basis.

It is impossible to determine if India would have progressed to an advanced stage of industrialization had the British not intruded. However, it appears that India was, at the very least, moving in the

direction of increased concentration of labor and resources in manufacturing. While production techniques were primitive, and the organization of the bourgeoisie relatively weak, industrial production of textiles was making significant contributions to commercial expansion, national income and urbanization. There is no question that industry was in a nascent stage, but it was probably not too dissimilar from much of the manufacturing carried on by independent artisans until the sixteenth century in Europe.⁵²

The British began to export manufactured goods, in particular textiles, to India around 1800. The effect on Indian exportation of cotton goods was devastating. Between 1812 and 1932 Britian exported to India what eventually constituted 1/4 of all its cotton goods, causing a 92% decline in Indian cotton goods exports; from 1896-1913, the British supplied 60% of Indian cloth consumption. Indian made cotton goods exports to foreign areas particularly to Britian were replaced by the export of raw cotton grown on plantations owned by British concerns.

The urban center of commerce, especially those tied to the cotton goods trade, lost much of their significance with the displacement of indigenous traders by representatives of the British. The population of Dacca decreased from about 200,000 in the last 18th century to 30,000 by 1840.⁵³ Bettelheim estimates that while 25% of the population was engaged in manufacturing, artisanry and trade in the early 1800's, the percentage dropped by 1881 to between 16% and 18% with the introduction of cheaply made British goods into both rural and urban India.

The internal market suffered both from the decline of the Mogul administration and the competition offered not only from British made textiles, but also from other cheaply manufactured goods. I am skeptical, however, about claims of British inroads into rural markets. While manufacturing and handicrafts in cities and rural towns were undoubtedly affected by the competition of British made goods, a money economy had not penetrated most of rural India until the mid-twentieth century.⁵⁴ Villages continued to be self-sufficient economic units where artisans of particular castes produced handicrafts to fulfill their function in the local caste hierarchy.

Most importantly, the intervention of the British into Indian trade and manufacturing had a tremendous effect on the direction that Indian capitalism could and did subsequently take. British imports of manufactured goods reversed a probable long term trend, however incipient, away from manufacturing to the production of agricultural goods for export. As noted earlier, the British converted fallow land into areas for the cultivation of export crops. Eventually they established processing enterprises, and diverted Indian capital in the same direction. Furthermore, British control of surplus capital, and licensing of industry made it impossible for Indians to build an industrial base of capital goods manufacturing; Indian capital was concentrated in processing and consumer goods industries, a pattern of investment which still prevails.

The influence of British and other Western interests on the Indian economy continued after Independence. Table 3 indicates the heavy concentration of foreign capital in commercial agriculture and

finance at the time of Independence. During recent years, foreign investors have shifted some capital investment to consumer industries, formerly the limited, but exclusive realm of the Indian bourgeoisie.⁵⁵ The British have lost some of its hold on the Indian economy to the United States, which has increasingly contributed a higher proportion of capital investment to India (see Table 4). However, British capital remains an active force in agriculture, manufacturing and banking.

TABLE 3.--Degree of Control by Foreign Capital

	Percent of control by foreign capital (in 1951)
1. Industries in which more than 50 percent of capital is under foreign control	
Petroleum	97
Rubber factories	93
Light railways	90
Matches	90
Jute	89
Tea	86
Coal	62
Other mines	73
Plantations and distribution of rubber	54
2. Industries in which less than 50 percent and more than 25 percent of capital is under foreign control	
Banks and financial institutions	46
Electrical industries	43
Engineering industries	33
Coffee Plantations	37
Food industry	32
Paper and cardboard	28
3. Industries in which less than 25 percent of capital is under foreign control	
Sugar	24
Cotton	21
Cement	5

Source: Charles Bettelheim, India Independent, Monthly Review Press, 1968, p. 60.

TABLE 4.--Structure of Long-Term Foreign Investment^a

	1948	1955	1966
Total Value of Outstanding Investment (\$ million)	539	930	2248
%DISTRIBUTION BY COUNTRY OF ORIGIN			
United Kingdom	80.4	82.8	51.4
United States	4.3	9.1	23.1
Others	15.2	8.1	25.5
%DISTRIBUTION BY SECTOR OF DESTINATION			
Plantations	20.3	19.7	10.5
Mining	4.7	2.0	0.9
Petroleum	8.6	23.5	16.0
Manufacturing	27.7	29.2	50.6
Services	38.7	25.6	22.0

^aIncludes foreign investment in the Indian private sector only.

Source: Thomas E. Weisskopf, "Dependence and Imperialism in India,"
p. 91.

PART VI

Sectors of the Indian population reacted to British rule with hostility from the nineteenth century until Independence. The Western secular influence of the British was perceived as a threat to Hindu culture by Indians of all classes, and their response took such forms as the Mutiny of 1857. The significance of the national movement led by Gandhi in the twentieth century was its reactionary overtones. Gandhi built up resistance to British oppression by proposing a return to the idealized self-supporting pre-British village, and by opposing the secularism and industry brought by the British. The Congress movement promoted the continuance of the village as the locus of political, economic and social activity; this advocacy of local affiliation was at once evidence of the fragmentation of Indian society and a check to greater unification with Independence. The colonizers encouraged the formation of the movement by favoring the rural elite, thus alienating the bourgeoisie and driving them to the coalition with the peasantry that came to constitute the base of Gandhi's movement. While Gandhi and his followers presented a program that on a practical and symbolic level recalled an earlier historical period, particularly among the rural population, preoccupation with these "traditional" aspects of his proposals has allowed his critics to obscure the Congress movement's apparent support of the social and economic demands of the peasantry, which included a more equitable distribution of income and resources.⁵⁶

With Independence, the base of the Congress Party shifted. Unable to maintain the support of the peasantry through the power of its principal constituency--urban intellectuals, the party was forced to go to rural elite and urban upper middle and upper classes for votes. The intellectuals and urban bourgeois reformers lost ground to industrialists and wealthy agriculturalists. Rosen reports that while "lawyers, press, and other professionals" held 55% of the seats in the Lok Shaba (lower house of federal government) in 1947, that proportion decreased to 35% in 1962; rural representation rose from 15% to 40% over the same period.⁵⁷ As long as the Congress Party has been the dominant political party, and has acclaimed the goal of a democratic and peaceful road to socialism, its leadership has been forced to yield to the participation of disparate interests. Thus, the Congress Party has survived by balancing the socialist rhetoric of its urban intellectual founders, who remain a vocal minority, with legislative and financial service to more powerful rural and urban groups.

The coalition of landed rural forces and urban industrialists rests on an anti-socialist ideology. In fact, their interests are quite divergent; the rural capitalists, rentier landlords, and money-lenders have inhibited industrial development by their control of surplus and refusal to contribute to national savings. These groups have been able to exercise their preferences, however, because of their influence on political decision making at the state level, where land reform and taxation are implemented. In this way, the rural elite has captured the center, limiting and controlling the power of both public and private industry.

The conflicts between various interests have caused much fragmentation within the Congress Party. Currently, a serious division exists between Mrs. Gandhi, a center-leftist who is dedicated in principle to socialism, and her more conservative rivals. There has been considerable growth in the past few years in rightist parties, particularly the Swantantra Party, and the Communist parties, which despite several schisms have been strengthened by the influx of students and intellectuals disaffected with the Congress.

As the party of elements which are in inherent conflict, the Congress is locked into a position of stagnation. To satisfy one group is to lose support from another, a threat much intensified by the growth of the Swantantra Party. To appease the rural population, and both public and private industrial interests requires compromise, but within a range restricted by the intransigence of the rural elite on the question of state control of taxation and the need of the urban forces for rural support. The industrial bourgeoisie has responded to this deadlock by increased reliance on foreign capital and loans from the state. The public sector, the growth of which was to be a major thrust in the achievement of Indian socialism, has suffered from the demands of both rural and private capitalist groups, and has not acquired the position of power expected by the early Congress socialists.

It is, then, structurally impossible for the center to carry out economic development given the nature of the alliances on which the Congress Party is based. Nevertheless, with a great deal of rhetoric and bureaucratic design, the Indian government has half-heartedly instituted reform measures promised by Nehru and its other early leaders.

Since Independence, considerable attention has been paid to the problem of increasing agricultural production. The various plans designed to increase the yield of food grains have focused on community development, the improvement and utilization of agricultural technology, and the construction of a rural infrastructure. As a result of these efforts output has improved, but very slowly, generally falling short of the planners' five year targets. The aggregate average annual rise in production of food grains increased at a rate of less than 3% a year from 1949-50 to 1965-66, while the population increased at the rate of 2.4 to 2.5% per year for that period.⁵⁸ The per capital production of food remained constant from 1964 to 1969 as indicated in Table 5. The government still must import large quantities of food, although imports constitute a decreasing percentage of available foodgrains (see Table 6).

The response of Indian planners to this dismal record has been the introduction of "high yield varieties" of wheat, rice, jowar, maize and other cereal crops. While wheat production increased by 51.8% in 1968-69 over the peak year of 1964-65, (partly due to an increased area of cultivation of 18.6%), the rise in production of rice and jowar has been negligible. Sugarcane, cotton and groundnut, and other cash crops, have decreased in rate of production as peasant farmers have changed over to the production of food grains to escape the exploitation of merchants and processors.⁵⁹ Furthermore, there has been some evidence of a levelling off of wheat production in "high yield variety" areas since 1968-69.

TABLE 5.--Agricultural Production (1952-56 ave. = 100)

	1964	1965	1966	1967	1968	1969	1970 (Prelim.)
Total agricultural production	129	122	121	131	137	142	148
Total food production	128	122	121	130	138	143	150
Per capita agricultural production	104	96	93	98	100	101	103
Per capita food production	104	96	93	97	101	102	104

Source: United Nations F.A.O. Production Yearbook 1970.

United Nations F.A.O. The State of Food and Agriculture 1971.

TABLE 6.--Food Grain Production and Imports

Product/Year	Area (1,000 hectares)	Total Production (100 metric tons)	Production per Hectare (kgs.)	Imports (100 metric tons)	Imports as % Available Foodgrains
WHEAT					
1948/49- 1952-53	9,290	60,870	6.6	20,602	25%
1962	13,570	120,720	8.9	31,993	21%
1963	13,590	107,760	7.9	40,067	27%
1964	13,499	98,530	7.3	55,980	36%
1965	13,460	122,900	9.1	55,825	35%
1966	12,656	104,240	8.2	78,539	43%
1967	12,838	113,930	8.9	64,303	36%
1968	14,998	165,400	11.0	48,097	22%
1969	15,958	186,520	11.7	30,895	14%
1970	16,626	200,930	12.1	39,505	17%
RICE					
1948-49 1952-53	30,092	333,830	11.1	9,430	2.8%
1962	35,695	498,260	14.0	3,772	.8%
1963	36,364	585,510	16.1	6,446	1.1%
1964	35,273	459,830	13.0	7,832	1.7%
1965	35,598	456,600	12.8	7,870	1.7%
1966	36,437	564,180	15.5	7,017	1.3%
1967	36,966	596,420	16.1	7,287	1.6%
1968	37,680	606,450	16.1	7,287	1.2%
1969	37,432	636,720	17.0	3,967	.7%

TABLE 6.--Continued

Product/Year	Area (1,000 hectares)	Total Production (100 metric tons)	Production per Hectare (kgs.)	Imports (100 metric tons)	Imports as % Available Foodgrains
MAIZE					
1948-49- 1952-53	3,349	21,650	6.5	1,360	6%
1962	4,643	46,070	9.9	875	2%
1963	4,502	45,610	10.0	610	1.4%
1964	4,618	46,580	10.1	1,186	2.5%
1965	4,765	47,600	10.0	1,750	3.6%
1966	5,061	49,910	9.9	127	.7%
1967	5,583	62,690	11.2	599	1%
1968	5,716	57,010	10.0	178	.4%
1969	5,862	56,740	9.7	325	.6%
1970	5,839	74,130	12.7	--	--
TOTAL CEREALS					
1948-49- 1952-53	78,358	560,640		17,480	3.1%
1962	93,852	872,580		36,847	4%
1963	93,571	903,730		45,501	5%
1964	93,869	931,530		63,669	6.4%
1965	91,949	795,700		75,904	8.7%
1966	93,502	801,700		101,911	11.3%
1967	96,062	954,520		90,567	8.7%
1968	98,822	1,024,450		56,569	5.3%
1969	100,872	1,062,920		39,846	3.7%
1970	100,348	1,141,560		39,217	3.4%

Source: Calculated from data presented in F.A.O. Production Yearbook 1965: F.A.O. Trade Yearbook 1965; Production Yearbook 1967; Trade Yearbook 1967; Production Yearbook 1970; Trade Yearbook 1971.

The regional and class inequities related to the adoption of high yield varieties have been widely discussed.⁶⁰ Several states including the Punjab, Haryana, Tamilnadu, and to a lesser extent Maharashtra and Gujarat have successfully used the new seeds. However, high yield varieties have been planted on only 20% of the cultivated land.⁶¹ The large landowners have benefitted disproportionately from the use of "miracle" grains; small farmers do not have the access to credit necessary for the purchase of machinery to secure optimum yields.⁶² Mahana and Paharla report that small owners, who make up 75% of the rural households, account for only 36% of the long-term loans taken from development banks.⁶³ The problem of rural unemployment has been aggravated as large farm owners have evicted tenants and replaced them with hired labor or machinery.⁶⁴

The beneficiaries of the Green Revolution, then, have been capitalist farmers in a few areas of India, who have been able to increase profits and widen the gaps between themselves and the rest of the peasantry. Cleaver presents data from an A.I.D. study which indicate an increase of 258% in returns for rice cultivation. Government price supports have aided large scale farming enterprises; the retail price of wheat increased 12% in 1971-72 to compensate for the high procurement prices the government paid to wheat farmers. While only one-third of the food grains produced are marketed, 60% of the farm households depend on the purchase of food grains to supplement their own production, thus the 90% increase in food grain retail prices from 1962-1963 to 1969-70 has disproportionately benefitted large landowners and merchants.⁶⁵

Land reform has been another area where ameliorative measures have been largely ineffective in equalizing the distribution of income. The states have had the authority to implement their own reform programs, and they have not been aggressive in the passage of land reform legislation or in its enforcement.

Since Independence, the central government has recommended that land be turned over to cultivators, and that tenants be provided with greater legal rights. The policy of returning land to the cultivators was directed to the zamindari regions, where the British conferred property rights on former tax farmers. While some absentee landlords were affected by the enactment of such statutes, granting the opportunity for land ownership to rich peasants and petty landlords, stipulations for the amount of land held, and the definition of "cultivation" were easily evaded, so that those rentier landlords determined to retain control of land have found loopholes. In other areas of India, where the rytowari system prevailed during British rule, the states attempted to secure legislation to ensure the rights of tenancy. The two principal objectives were to prevent evictions by granting tenants of long standing permanent rights to the lands they had been cultivating, and, secondly, to reduce rents. Thorner reports that landlords frequently moved tenants from one land unit to another at time intervals short enough to prevent their acquisition of permanent tenancy rights, and, as in the zamindari regions, "connived at wholesale falsification of village records."⁶⁶ While rent limits were set--40% of net production in West Bengal, one-third of gross production in the Punjab, for example--Bettleheim contends that rent on irrigated lands continue to be at the

pre-Independence rates of 50 to 60%.⁶⁷ Ceilings on land holdings have been enacted by all states, but owners of large amounts of land have skirted these laws by dividing up land (for the government records) among relatives and tenants. In Thorner's words, "The sum total of land reform laws enacted in India in the decade after 1947 constitutes the largest body of agrarian legislation passed in so brief a span of years in any country. But the legislation has proved to be full of loopholes, and the implementation half-hearted."⁶⁸ While figures are not available for the last decade, it is estimated that the concentration of land remains at roughly the same as for 1960-61 (cited on page 35). For data on number and size of holding see Table 7.

India's efforts at agrarian reform have also included the establishment of Community Development blocks throughout the countryside. Village level units, parallel in structure to traditional panchayats (village and caste councils) have been established to satisfy the collective needs of villagers. Village Level Workers, predominately from urban backgrounds, have tried to teach the villagers more productive cultivation techniques and modern styles of living, although these outsiders have reportedly met with much resistance from the village inhabitants.

The government's underlying assumption in creating the Community Development program has been that peasants will respond favorably to their contact with outside agents of "modernization," and will adopt new agricultural methods that will increase production and, ultimately, improve the rural standard of living. Those decisions effecting the

TABLE 7.--Landholdings by Size and Number, 1960-1

Size class of operational holdings (in acres)	Estimated number operational holdings (1,000)	Estimated area operational holdings (1,000)
up to 49	5,338	1,257
.05 to 0.99	4,157	3,024
1.0 to 2.49	10,402	17,530
2.5 to 4.99	10,879	39,546
5.0 to 7.49	5,794	35,358
7.5 to 9.99	3,424	29,461
10.0 to 12.49	2,329	25,912
12.5 to 14.99	1,397	19,100
15.0 to 19.99	1,789	30,601
20.0 to 24.99	1,059	23,403
25.0 to 29.99	659	17,974
30.0 to 49.99	1,132	42,201
50.0 and above	523	39,602
TOTAL	48,882	324,969

Source: Area Handbook for India, Government Printing Office, May, 1970, p. 144.

collectivity, (i.e., questions pertaining to areas such as education, health, and irrigation, will be democratically decided at the village level, where change can most successfully be implemented. This policy reveals the total misunderstanding of the relationships of social forces in the countryside held by the national planners; individual peasants simply cannot become modern capitalist farmers if they have virtually no security of land tenure, nor have access to improved technology because sources of credit are controlled by the same rich landowners and officials who control all decision making in the community. Village level councils have certainly not altered these patterns of control and influence, they have only further legitimated them.

Thus, despite all of the ambitious rhetoric of the Congress Party, the countryside retains the structure it has had for centuries. The landlords, moneylenders, merchants, and the relatively small number of capitalist farmers, take what surplus is produced and squander it; the country has still not achieved self-sufficiency in food production, and the urban sector is locked in a position of dependence upon foreign and private capital and the willingness of the government to use deficit financing. It is true that agricultural production must increase, yet it has been estimated that 25% of the national income is in the hands of moneylenders, landlords and other unproductive groups who appropriate the agricultural surplus.⁶⁹

The center-state financial relations further exacerbate the conditions leading to low capital formation in the center. The states have the constitutional authority to tax the rural sector, and have everywhere been subject to the political pressures exerted by the rural

elite. The rate of taxation of the agricultural sector has remained constant since World War II, and both state and central governments have depended on taxes levied on the non-agricultural sector.⁷⁰ The ratio of direct taxes to the national income of the farm sector has declined from 1.14 in 1950-51 to .70 in 1969-70; the ratio of direct taxes to national income in the non-agricultural sector has increased from 3.64 to 5.01 during that period, Table 8.

There have been two forms of taxation of the agricultural sector operative since the period of British colonization. The imperial government granted authority to the provincial governments in 1935 to impose an agricultural income tax on all peasants. Prior to this, tax was levied only on the incomes of the owners of tea, coffee and rubber plantations. Karp and Barla contend that this form of revenue gathering has been opposed by the large scale capitalist farm owners, as well as other powerful rural groups, and consequently the state governments have been reluctant to collect income tax.⁷¹ There has been great regional diversity in the assessment of income tax; only nine of eighteen states levy this tax. Three-fourths of the total income tax revenue is taken from Assam, Kerala, and Madras, while the governments of Punjab and Gujarat (where productivity and incomes are comparatively high) impose no income tax. Furthermore, the rate of taxation has not increased to a level consistent with increases in income and productivity. While the net annual income of landowners with more than 50 acres increased from Rs. 7176 per household in 1950-51, to 22,738 in 1967-68, agricultural income tax receipts increased only from Rs. 60 million to Rs. 120 million during that period.⁷²

TABLE 8.--Burden of Direct Taxes on Agricultural & Non-Agricultural Sectors in India, 1950-51 to 1969-70. (Rs. Million)

Agricultural Sector			Non-Agricultural Sector			
Year	Total direct taxes	National Income of the sector	Ratio of direct taxes to national income	Total direct taxes	National income of the sector	Ratio of direct taxes to national income
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
1950-51	546	47800	1.14	1732	47500	3.64
1955-56	857	43900	1.90	1683	54900	3.06
1960-61	1067	67070	1.59	2884	68180	4.22
1961-62	1046	70100	1.49	3320	74030	4.48
1962-63	1296	71960	1.80	4187	80910	5.17
1963-64	1327	84730	1.56	5446	29060	5.91
1964-65	1305	101550	1.28	5939	104170	5.70
1965-66	1218	98010	1.24	5914	114270	5.17
1966-67	1001	115950	0.86	6500	125500	5.16
1967-68	1080	130000	0.83	6479	127500	5.10
1968-69	1140	15000	0.75	6728	131000	5.14
1969-70	1160	158000	0.70	7020	141000	5.01

Sources: Appendix C for columns 2 and 5. For other columns, see (i) Eastern Economicst, New Delhi, Annual Number, 1970, and (ii) Report on Currency & Finance, 1967-68, Bombay, Reserve Bank of India, 1968.

The history of land revenue has been equally problematic. Since the nineteenth century the proportion of land revenue to total tax revenue has steadily declined. From 1953-54 to 1965-66, there has been a decrease from 8.6 to 4.1% of total tax revenue accounted for by land tax, supplying no more than 8.6% of state revenue, and 4% of total tax revenue of the central government. Obviously, the state governments have been forced by political pressure to derive direct and indirect levies on personal incomes of members of the non-agricultural sector, corporate taxes, wealth and sales tax.

As a result of this trend, more capital is being pumped back into the agricultural sector in community development appropriations than is being taken out through taxation. Table 9 presents data which indicate that for the early plan years, 1951-56, direct taxes collected from the agricultural sector constituted only 58% of the total expenditure on agricultural development. By 1968-69, that proportion had decreased to 19%.

The social structure then, has restricted the means by which reform measures can be implemented. The traditional rural class structure has remained essentially intact for centuries, although an increased number of former tenants have become landless laborers or peasant farmers since Independence. In some highly productive areas, particularly in the north and northwest of India, rentier landlordism has given way to capitalist agriculture, often on a large scale, but the interests of these farmers are consistent with that of pre-capitalist classes elsewhere in regard to land expropriation and ceilings and the payment of land tax. While much of the surplus accumulated by the center has gone back into the

TABLE 9.--Total Expenditure on Agricultural Development and Direct Agricultural Taxes in India (1951 to 1969)

Period	Expenditure on agricul- tural Dev. (Rs. million)	Direct taxes raised from the farmers (Rs. million)	Taxes in pro- portion to total expendi- ture (percent)
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
I Plan (1951-56)	6040	3513	58
II Plan (1956-61)	9780	4975	51
III Plan (1961-66)	17630	6192	35
1966-67	4720	1001	21
1967-68	5020	1080	20
1968-69	<u>5820</u>	<u>1140</u>	<u>19</u>
Total since 1951	449010	17901	36.5

Sources: (i) Eastern Economist, New Delhi, Annual Number, 1969 for Column 2

(ii) Bhargava (1) for column 3

countryside for community development, land reform and technological improvement, these measures have had little effect on the distribution of power and wealth in Indian villages. The poor are by no means less poor because of the programs of the Congress, in fact, in some areas their conditions have worsened; nor are the middle peasants wealthier or more secure. The historically powerful groups (including landlords, moneylender, merchants, and increasingly, capitalist farmers with growing concentrations of land) continue to dominate the countryside and frustrate the efforts of the various political factions in the center to extract agricultural surplus to be used in industrialization.

PART VII

Conclusion

It is, then, the question of control of the agricultural surplus which is a critical factor for explaining Indian underdevelopment. The class structure reflects the control of this surplus by the rural elite, and serves as a major obstacle to economic development. With current taxation, terms of trade and agrarian reform legislation in effect favoring the rural upper classes, it is naive to expect changes in the social structure precipitated by parliamentary action. Nor can these social constraints against economic development be obscured by attributing current economic conditions in India to social psychological variables. Nevertheless, much of the study of Indian economic development has long focused on the effects of Hinduism on the formation of Indian personality and attitudes. Even some of those who have stressed structural obstacles to development have made reference to the complications for development presented by the Hindu value system.⁷³

Since Weber there have been some superficial modifications of theories proposing the causal link between underdevelopment and Hinduism that suggest a recognition of the theoretical inadequacies of such a proposition. Both Eisenstadt and Singer have attempted variations on Weber's argument by making more complex the relationship between ideology and social change. They contend that because ideology changes as it interacts with social structure, a set of values and attitudes

not conducive to economic change in its original form may be transformed into a system of values appropriate to industrialization. While indicating an awareness of the failure of others to address the question of structure, Eisenstadt and Singer have not, themselves, made a departure from the tradition initiated by Weber. While "transformative potential" suggests the possibility of change within the value system, it does not imply a shift away from the assumption that it is ideology, and not structure, that is the motive force behind social change. The key variable for both Eisenstadt and Singer is motivation, or attitudes favorable to development, which, in the Indian case, have been linked to Hinduism. While they reach differing conclusions, they share underlying assumptions about social change which do not vary greatly from those of Weber.

A. K. Singh questions the entire tradition of the cultural or social psychological perspective in explaining Indian underdevelopment, and presents a theory relating social psychological variables deriving from "traditionalism," or a state of underdevelopment, to India's failure to achieve balanced economic growth. Such an interpretation of the influence of attitudes and values permits him to address the question of how these attitudes may best be changed, an issue antithetical to the cultural relativism of Weber and others who have previously studied the relationship of ideology to social change. Whatever the conceptual difficulties with differentiating among the sources of values, this type of research is most important as an impetus to the application of what may be termed development strategies, and the use of great amounts of valuable resources for activities which will ultimately fail to aid the Indian economy. Again, however, it is values that are considered the determining factors in economic development.

A consistent source of difficulty with these social-psychological theories is their failure to take into account the exigencies of the class structure. Weber, and his followers, have implied a modal system of values and attitudes; in the Indian case, the critical complex of values and attitudes include a disinterest in industrial capitalism and unwaivering acceptance of traditional institutions and ideology, except perhaps among the Western educated bourgeoisie. In contending that there is such a uniformity of values, the vital significance of forces with varying interests and goals is obscured. The concept of national consciousness or personality has meaning only in so far as it acknowledges that each class experiences differential gains and losses as a result of social change.

I would argue from a Marxist perspective that class membership or position in the social structure produces a particular ideology or consciousness. Class implies a hierarchy of control of wealth and power, and accordingly, variation in attitudes towards change. Certainly those with the most to lose from changes in Indian structure, i.e., the pre-capitalist elite, are quite resistant to the imposition of a capitalist or socialist mode of production. The peasantry, on the other hand, lives on the edge of survival throughout the underdeveloped world. Their only security comes from the cohesion of kin (and caste) based systems of social relations, which traditionally have been among the factors which define the relationships of production as well. These ties have disintegrated with the introduction of capitalism into the countryside; as this occurs, change is perceived not as a risk, but as the only viable response to chaos imposed from above. This reaction to the undermining of the social basis of the peasantry may take the form of participation

in the new mode of production; where this possibility is blocked the peasantry may resort to violent action.⁷⁴

In India, the traditional division of labor and system of exchange have been based on obligations among members of caste and kin groups, and between patrons and clients. In other underdeveloped countries, capitalism has caused a shift in these feudal or semi-feudal relationships of production. Groups and individuals once controlled the means of production, as peasant farmers or tenants, and exchanged agricultural goods in return for services from non-farming or part-time cultivators; share-cropping and hired labor have increased with the separation of capital from labor, and exchange has developed on a cash nexus. Where capitalism did not emerge as a powerful indigenous force, imperialist expansion often led to the capitalization of agriculture and the introduction of a cash economy into the countryside. India has been somewhat unique in this regard; the British established only a few "semi-plantations" where export crops were grown, relying on taxation as the primary source of state income. The British did not threaten the landed elite, historically a conservative force, but sought their cooperation in the appropriation of surplus; it was not to their advantage to tear through the social bonds of the village centered countryside with capitalist agriculture. The traditional system of social exchange continued to operate in much of rural India, with land in control of landlords and moneylenders of the higher castes, who exacted surplus from the peasantry in exchange for land, food, and protection.

However, the British, through their shifting encouragement and harassment, created an Indian national bourgeoisie that tried to initiate the process of industrialization. While they constituted a small number

and established a narrow industrial base, the national bourgeoisie and intelligentsia had a tremendous political impact on British India, and eventually became strong allies in the movement to oust the British. With Independence, the mechanism for beginning in earnest the process of large scale industrialization--the surplus--did not pass into the hands of the bourgeoisie. The basic weakness of the center in relation to the state governments representing the rural elite militated against the use of tax revenues as the basis for Indian economic development.

The cause of the powerlessness of the center has, in part, been the limitation of its Gandhian-inspired constituency. With its basis in nationalism, the alliance between the bourgeoisie, intelligentsia, and segments of the peasantry could not endure when the battle of Independence was resolved. The long range interests of these classes were simply not compatible. The intelligentsia favored the adoption of socialism and very much influenced the official ideology, if not the policies of the Congress Party in the early post-Independence period. The bourgeoisie was more successful in achieving its aims, a mixed economy with adequate room for individual profit making. The peasantry would bear the burden of industrialization, whatever the mode of production, and was unlikely to be granted the individual control of land it wanted, and was inherent in the Gandhian promise of the return to village self-sufficiency. Furthermore, Gandhi's support rested on the tacit approval of much of the rural elite, particularly the rich peasants, who responded favorably to the termination of British control. With the rise to power of Nehru, the strength of both the urban bourgeoisie and intelligentsia in the Congress began to erode; their plans for development called for the

dismantling of the rural social structure, and thus they could depend no longer on the rural elite for the deliverance of much needed rural votes. The core of the Congress Party began to shift in the early 1960's to representatives of rural landlords and rich peasants, indicating the effectiveness of the rural elite in using coercion and patron-client ties to consolidate political power.

In the last few years, however, the traditional village ties have begun to break down as a cash economy has spread throughout the countryside. More land is being purchased by capitalist farmers; the number of landless is increasing as tenures are lost, and small peasant holders are bought out. The relations of production are changing as the peasantry increasingly turns to labor in the fields of capitalist farmers for money wages. As cash becomes the basis of exchange, the traditional system of obligations gives way, as does the brokerage system that has controlled rural politics for decades. Frankel reports much greater independence in voting behavior in regions of India where capitalist farming has expanded since the Green Revolution.⁷⁵ Elsewhere, the traditional ties still obtain, but their importance lessens as tenancy system is replaced by wage labor and peasants have less dependence on landlords and village chiefs.

The likelihood of the urban elite profiting from such a change remains doubtful, however, at least in the short term, because of the greater constitutional power of the state governments in financial and land matters. It is more likely that new rural reform groups within the state hierarchies who advocate land reforms will be elected. Furthermore, as long as food shortages continue, the capitalist farmers are assured of a favored position in trade with urban merchants.

At the same time, the incidence of rural rebellion has risen appreciably in recent years, following the pattern of other countries where insurgency has accompanied the transition of land, labor, and the means of production into commodities. Where land becomes increasingly concentrated in the hands of kulaks, turmoil will persist, and the government at the state or federal level will be forced to take measures aimed at appeasing the rural masses, although it is doubtful that they can effectively curtail the power of the rural elite.

A tension has long been manifested in Indian politics between the powerful and the powerless. The Calcutta food riots, the increased activity of Marxists organizations in parliamentary and extra-parliamentary politics, even the responses of Mrs. Gandhi to conservative trends in the Congress Party, all represent a pattern of leftist radicalism that has been a viable force in Indian politics for years. The breakdown of traditional relationships in the countryside, precipitated by the growth of capitalist agriculture, would seem to be provoking a rural reaction much more severe than has been evidence in the past. Yet, if no strong organization emerges to crystallize and articulate the anger of the peasantry, the potential for change through social revolution will continue to be diffused by attempts at appeasement by the Congress and non-directed acts of protests.

FOOTNOTES

¹Max Weber, The Religion of India, ed. and trans., Hans H. Gerth and Don Martindale (New York: Free Press, 1958). What follows is a summary of much of this work.

²Weber, p. 112.

³Wm. and Lore Kapp, Hindu Culture, Economic Development and Economic Planning (New York: Asia Publishing House, 1963), p. 6.

⁴Kapp, pp. 15-18.

⁵Kapp, p. 18.

⁶Kapp, pp. 52-54.

⁷Weber, p. 146.

⁸Milton Singer, "Religion and Social Change in India: The Max Weber Thesis, Phase Three," Economic Development and Cultural Change, Vol. XIV (1966), No. 4 (July), p. 499.

⁹Singer, "Religion and Social Change," p. 407.

¹⁰Milton Singer, When A Great Tradition Modernizes (New York: Praeger Publishers, 1972), p. 353.

¹¹S. N. Eisenstadt, "The Protestant Ethic Thesis in an Analytical and Comparative Framework," in The Protestant Ethic and the Spirit of Capitalism (New York: Basic Books, Inc., 1968), p. 10.

¹²Eisenstadt, p. 33.

¹³Eisenstadt, p. 34.

¹⁴A. K. Singh, "Hindu Culture and Economic Development in India," in Conspectus, (1967), No. 1, p. 25.

¹⁵For examples of their work see, Alex Inkeles, "The Modernization of Man," in Myron Weiner (ed.), Modernization (New York: Basic Books, 1966); Everett C. Rogers, Modernization Among Peasants (New York: Holt, Rinehart and Winston, 1969).

¹⁶Rogers uses the term "subculture of peasantry" or "subculture of traditionalism" to describe sector of the population in underdeveloped nations which share a particular set of "traditional" attitudes.

¹⁷Inkeles shares the conceptual framework of Rogers and Singh which defines modernity as the end point on a continuum of values and attitudes which begins with traditionalism. However, Inkeles sees modernity as an ideal social psychological state, related to, but of significance independent of the goal of economic development. Modernity is a state of individual consciousness which encompasses a kind of humanism towards which all men should strive.

¹⁸For a review of these problems see: Charles Bettelheim, India Independent (New York: Monthly Review Press, 1968), pp. 8-17; Wilfred Malenbaum, Modern India's Economy (Columbus: Charles E. Merrill Co., 1971), pp. 43-46.

¹⁹Harry M. Cleaver, "The Contradictions of the Green Revolution," in Monthly Review, Vol. 24 (1972), No. 2 (June), pp. 8-111; G. S. Pohekar, Studies in the Green Revolution (New York: United Asia Publications, 1970); Francine Frankel, India's Green Revolution (Princeton: Princeton University Press, 1971).

²⁰Barrington Moore, Social Origins of Dictatorship and Democracy (Boston: Beacon Press, 1966), p. 339.

²¹Nathan Keyfitz, "The Political-Economic Aspects of Organization in South and Southeast Asia," in Phillip Hauser and Leo Schnore, Studies in Urbanization (New York: Wiley, 1965).

²²Moore, p. 318.

²³S. Nuriel Hasan, "The Zamindars Under the Moghuls," in Robert E. Frykenberg, ed., Land Control and Social Structure in Indian History (Madison: University of Wisconsin Press, 1969), p. 29.

²⁴Hasan, p. 17-18.

²⁵W. H. Moreland, India At The Death of Akbar (Delhi: Atma Ram and Son, 1962), p. 125.

²⁶Moore, p. 329.

²⁷Hasan, p. 23.

²⁸Ashin Das Gupta, "The Merchants of Surat, c. 1700-50," in Edmund Leach and S. N. Mukherjee, eds., Elites in South Asia (Cambridge: University Press, 1970), pp. 201-22.

²⁹Gupta, p. 210; Moreland, pp. 130-233.

³⁰Alice and Daniel Thorner, Land and Labour in India (New York: Asia Publishing House, 1962), p. 53; Moore, p. 345.

³¹Moore, p. 346; the Thorners, p. 54.

³²Moore, p. 356.

³³For a discussion of the introduction of private property into India see Walter C. Neale, "Land Is To Rule," in Robert E. Frykenberg, ed., Land Control and Social Structure in Indian History.

³⁴Social relationships in Indian villages have received much attention from anthropologists. See, for example, ethnographies presented in McKim Marriot, Village India (Chicago: University of Chicago Press, 1955); William and Charlotte Wiser, Behind Mud Walls (Berkeley: University of California Press, 1971).

³⁵Bettleheim, p. 50.

³⁶Ameiya Kumar Bagchi, "European and Indian Entrepreneurship in India, 1900-1930," in Elites in South Asia, pp. 223-256; A. R. Desai, Social Background of Indian Nationalism (Bombay: Popular Prakashan, 1948), p. 114.

³⁷R. Palme Dutt, India To-Day (Calcutta: Delip Bose, 1947), p. 124.

³⁸Dutt, p. 205.

³⁹Dutt, p. 226.

⁴⁰Gorham D. Sanderson, India and British Imperialism (New York: Basic Books, 1951), pp. 104-105, 186-87.

⁴¹Bettleheim, p. 29.

⁴²Malenbaum, p. 38.

⁴³Bettleheim, p. 30.

⁴⁴Bettleheim, pp. 19-34.

⁴⁵Moore, p. 368.

⁴⁶Bettleheim, p. 25.

⁴⁷National Sample Survey, 1961-62, 17th Round, cited in Frankel.

⁴⁸Baran, pp. 134-151.

⁴⁹This point is stressed by Barrington Moore, and Angus Maddison, Class Structure and Economic Growth (London: George Allen and Unwin Ltd., 1971), pp. 15-32.

⁵⁰Moreland, pp. 172-6; Desai, pp. 7-19.

⁵¹Maddison, p. 55.

⁵²Maurice Dobb, Studies in the Development of Capitalism (New York: International Publishers, 1947), pp. 137 ff.

⁵³Dutt, p. 124.

⁵⁴Moore, p. 395.

⁵⁵Bagchi, pp. 223-256.

⁵⁶Gail Omvedt, "Revolution and the Rural Proletariat in Contemporary India" (unpublished paper), p. 1.

⁵⁷George Rosen, Democracy and Economic Change in India (Berkeley: University of California Press, 1967), p. 73.

⁵⁸Bettleheim, p. 177.

⁵⁹G. A. Pai, "How Green is the Green Revolution?" in Pohekar, pp. 41-52.

⁶⁰Cleaver; Ohekar; Frankel.

⁶¹Pai, p. 41.

⁶²S. S. Madalgi, "Small Farmers in India and Their Problems," in Pohekar, pp. 6-12.

⁶³R. M. Mohana and P. Jagannadha Paharlo, "Small Farmers and Long Term Finance," in Economic and Political Weekly, Vol. 7 (1972), no. 26 (June 24), pp. A, 83-88.

⁶⁴Wolf Ladejinsky, "The Ironies of India's Green Revolution," in Foreign Affairs, July, 1970, p. 764; V. S. Vyas, "Green Revolution: A Promise and the Problems" in Pohekar, p. 4.

⁶⁵"New Trends in Inter-Sectoral Terms of Trade," in Economic and Political Weekly, June 19, 1971.

⁶⁶Thormer, p. 63.

⁶⁷Bettleheim, p. 189.

⁶⁸Thormer, p. 63.

⁶⁹Baran, p. 225.

⁷⁰Rosen, p. 146.

⁷¹Herbert Karp and Chain Singh Barla, "Agricultural Taxation and Mobilication of Surplus for Economic Development in India" (unpublished paper), p. 19.

⁷²Karp and Barla, p. 19.

⁷³See, for example, Maddison, p. 21 ff.

⁷⁴Eric Wolf, Peasant Wars of the Twentieth Century (New York: Harper and Row, 1969). In this work, Professor Wolf has focused on foreign and indigenous capitalist penetration of the countryside. I have drawn heavily on his discussion, in particular the concluding chapter.

⁷⁵Frankel, p. 196 ff.

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APPENDICES

APPENDIX A*

BALANCE OF PAYMENTS

ITEM	Calendar Years				
	1965	1966 ^P	1967 ^P	1968 ^P	1969 ^P
A. BALANCE ON GOODS AND SERVICES	-1,473	-1,147	-1,304	-840	-463
1.a. Exports, f.o.b.	1,680	1,531	1,640	1,799	1,864
b. Imports, c.i.f.	2,987	2,600	2,774	2,434	2,084
Trade balance	-1,307	-1,069	-1,134	-635	-220
2. Nonmonetary gold ^b	(34)	(n.a.)	(n.a.)	(n.a.)	(n.a.)
3. Freight and insurance	66	60	63	66	69
4. Other transportation	-3	-	-5	-15	-20
5. Travel	9	-17 ^c	-16 ^c	-12 ^c	12
6. Investment income	-260	-254	-276	-278	-292
7. Other government	86	150	83	37	19
8. Other private	-64	-17	-19	-3	-31
Total services	-166	-78	-170	-205	-243
B. UNREQUITED TRANSFERS					
9. Private	85	178	139	160	176
10. Government	74	127	44	16	57
C. CAPITAL FLOWS (excluding Group D)					
<u>Nonmonetary sectors</u>					
11. Private direct investment ^d	-4	8	10	-17	-39
12. Other private long-term	-3	1	-10	4	3
13. Other private short-term	5	5	3	-	2
14. Local government					
15. Central government	1,194	789	1,182	923	695
a. Loans received ^e	1,226	742	1,399	1,186	1,039
United States	615	265	832	669	541
P.L 480	(250)	(37)	(507)	(376)	(312)
Other	611	477	567	517	498
b. Loans repaid ^e	-181	-176	-206	-224	-251
United States	-45	-55	-62	-67	-69
Other	-136	-121	-144	-157	-182
c. Holdings of Indian rupees by international nonmonetary institutions	17	-14	39	-13	-13
d. Other liabilities	159	229	-47	313	-69
e. Assets ^f	-27	8	-3	-6	-11
<u>Monetary sectors</u>					
16. Private institutions	2	-70	29	17	-5
a. Liabilities	-15	-13	-7	-19	-8
b. Assets	17	-57	36	36	-13
17. Central institutions	-14	-6	4	31	-16
D. OFFICIAL RESERVES AND RELATED ITEMS					
18. Liabilities (use of Fund credit)	133	74	95	-83	-133
19. Assets (increase -)	-101	-10	-68	-20	-236
a. Monetary gold	-34	38	-	-	-
b. Reserve position in the Fund	-	-	-	-	-
c. Foreign exchange of Government	-85	48	17	4	-34
d. Foreign exchange of Reserve Bank	18	-96	-85	-24	-202
E. ERRORS AND OMISSIONS	102	51	-124	-191	-41

P - Preliminary.

Note: The item numbers correspond to the item numbers used by IMF. Transactions between India and Nepal and Bhutan are not included.

Source: International Monetary Fund, "Balance of Payments Yearbook."

*Appendix A, B and C reprinted from A.I.D. Economic Data Book: Near East and South Asia, July, 1971.

APPENDIX B

CENTRAL GOVERNMENT FINANCES

ITEM	Fiscal Year beginning April 1					\$ Millions
	1966	1967	1968	1969	1970 ^a	
	Billions of rupees					
A. REVENUE - TOTAL	<u>33.83</u>	<u>36.92</u>	<u>44.20</u>	<u>46.47</u>	<u>49.66</u>	<u>6,621</u>
1. Domestic revenue	<u>32.81</u>	<u>36.79</u>	<u>43.39</u>	<u>46.09</u>	<u>49.29</u>	<u>6,572</u>
a. Income taxes	<u>6.38</u>	<u>6.36</u>	<u>6.78</u>	<u>7.20</u>	<u>7.80</u>	<u>1,043</u>
b. Sales taxation	10.52	11.71	13.48	15.55	18.45	2,460
c. Customs	5.85	5.13	4.47	4.15	4.65	620
d. Profits of fiscal monopolies	0.03	0.02	0.02	0.02	0.03	3
e. Other tax revenue	0.31	0.32	0.37	0.42	0.47	63
f. Receipts from gov't enterprises	2.57	2.95	3.35	3.68	3.83	511
g. Other nontax revenue	7.15	10.30	14.92	15.07	14.06	1,875
2. From foreign grants	1.02	0.13	0.81	0.38	0.37	45
B. EXPENDITURE - TOTAL	<u>48.08</u>	<u>49.64</u>	<u>53.60</u>	<u>58.83</u>	<u>61.24</u>	<u>8,165</u>
1. Current	<u>28.20</u>	<u>32.00</u>	<u>34.04</u>	<u>37.83</u>	<u>40.95</u>	<u>5,459</u>
a. Defense (total)	10.50	11.36	12.13	12.61	13.34	1,770
b. Grants and shared taxes ..	7.80	8.89	10.23	12.14	13.80	1,840
c. Subsidies	0.31	1.31	0.34	0.54	0.45	60
d. Interest	4.79	5.07	5.35	5.74	6.03	803
e. Contrib. to gov't enterprises	0.02	0.02	0.02	0.02	0.01	1
f. Other current	4.78	5.35	5.97	6.78	7.32	977
2. Capital	<u>19.88</u>	<u>17.64</u>	<u>19.56</u>	<u>21.00</u>	<u>20.29</u>	<u>2,706</u>
a. Direct	<u>1.73</u>	<u>0.43</u>	<u>0.57</u>	<u>0.60</u>	<u>0.95</u>	<u>127</u>
b. Grants	4.20	3.71	4.19	5.66	6.03	804
c. Loans	13.95	13.50	14.80	14.74	13.31	1,775
d. Direct - Enterprises	-	-	-	-	-	-
C. DEFICIT (-) OR SURPLUS (+)	-14.25	-12.72	-9.40	-12.36	-11.58	-1,544
D. FINANCING THE DEFICIT	<u>14.25</u>	<u>12.72</u>	<u>9.40</u>	<u>12.36</u>	<u>11.58</u>	<u>1,544</u>
1. Domestic sources (net)	7.24	5.77	5.33	6.30	6.26	835
2. Foreign borrowing (net)	<u>7.01</u>	<u>6.95</u>	<u>4.07</u>	<u>6.06</u>	<u>5.32</u>	<u>710</u>
a. U.S. Government	<u>4.82</u>	<u>6.06</u>	<u>3.27</u>	<u>3.51</u>	<u>2.46</u>	<u>323</u>
b. Other	2.19	0.89	0.80	2.55	2.86	382

* Converted at 7.5 rupees per U.S. dollar.

a - Budget basis.

Source: A.I.D. Form 10-74.

NOTE: Form A.I.D. 10-74 is a standardized compilation of a country's central government finances covering all the budgetary and extrabudgetary accounts of the central government sector except social insurance, with government enterprises included net of their operating expenditures/revenues.

APPENDIX C
LOANS AND GRANTS FROM ABROAD
(U.S. Fiscal Years - Millions of Dollars)

U.S. PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-NET OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1970	TOTAL LESS REPAYMENTS AND INTEREST		
	1969	1970	TOTAL 1946-1970				
A. OFFICIAL DEVELOPMENT ASSISTANCE	167.2	159.0	3,564.7	491.2	3,073.5		
A.I.D. AND PREDECESSOR AGENCIES - TOTAL							
Loans.....	158.6	131.4	3,113.9	491.2	2,622.7		
Grants.....	8.6	27.6	450.8	-	450.8		
FOOD FOR PEACE - TOTAL	269.3	228.6	4,322.1	312.2	4,009.9		
Title I - Total.....	211.1	184.6	3,794.1	312.2	3,481.9		
REPAYABLE IN U.S. DOLLARS - LOANS.....	102.2	114.9	305.2	3.1	302.1		
PAYABLE IN FOREIGN CURRENCY-Planned for Country Use	108.9	69.7	3,488.9	309.1	3,179.8		
(Loans).....	(87.9)	(69.7)	(2,697.2)	(309.1)	(2,388.1)		
(Grants).....	(21.0)	(-)	(791.7)	(-)	(791.7)		
Title II - Total.....	58.2	44.0	528.0	-	528.0		
EMERGENCY RELIEF, ECON. DEVEL. & WORLD FOOD PROGRAM	6.7	-	92.1	-	92.1		
VOLUNTARY RELIEF AGENCIES.....	51.5	44.0	435.9	-	435.9		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	5.4	3.8	283.5	76.2	207.3		
Peace Corps.....	5.4	3.8	36.8	-	36.8		
OTHER.....	-	-	246.7	76.2	170.5		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	441.9	391.4	8,170.3	879.6	7,290.7		
Loans.....	348.7	316.0	6,362.4	879.6	5,482.8		
Grants.....	93.2	75.4	1,807.9	-	1,807.9		
B. OTHER OFFICIAL							
EXPORT-IMPORT BANK LONG-TERM LOANS	-	47.5	508.7	317.2	191.5		
TOTAL ECONOMIC	441.9	438.9	8,679.0	1,196.8	7,482.2		
Loans.....	348.7	363.5	6,871.1	1,196.8	5,674.3		
Grants.....	93.2	75.4	1,807.9	-	1,807.9		
MILITARY ASSISTANCE PROGRAM - (Chg. to FAA Approp.) a/	1.6	1.6					
Credit Assistance.....	0.6	0.9	Data	Classified			
Grants.....	1.0	0.7					
(Additional Grants from Excess Stocks).....	(-)	(*)					
OTHER MILITARY ASSISTANCE GRANTS	-	-	-	-			
TOTAL MILITARY	1.6	1.6	Data	Classified			
TOTAL ECONOMIC AND MILITARY	443.5	440.5					
Loans.....	349.3	364.4	Data	Classified			
Grants.....	94.2	76.1					
OTHER PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL CROSS EXPENDITURES				
	FY 1969	FY 1970	FY 1946-70	DONOR	CY 1968	CY 1969	CY 1960-69
TOTAL	221.2	279.8	2,533.0	TOTAL	394.6	322.6	2,953.9
IBRD - World Bank	40.5	40.0	1,087.7	Germany	88.8	71.4	897.5
Int'l Dev. Association	152.5	227.5	1,264.9	Un. Kingdom	96.2	81.5	852.2
Int'l Finance Corp.	15.9	3.0	36.1	Canada	79.4	82.3	520.5
UNDP - Special Fund	4.5	4.2	54.0	Japan	88.3	38.8	418.1
UNDP - TA (CY)	2.8	0.9	35.2	Other	42.0	18.6	255.6
Other UN (CY)	5.0	4.2	55.1				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1969 (Calendar Year)..... 32			
				1970 (Calendar Year)..... -			
				Cumulative thru 1970..... 1,980			

*Less than \$50,000. a/ Annual data represent deliveries.

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