

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Business Annals

Volume Author/Editor: Willard Long Thorp

Volume Publisher: NBER

Volume ISBN: 0-87014-007-8

Volume URL: <http://www.nber.org/books/thor26-1>

Publication Date: 1926

Chapter Title: The Annals of India

Chapter Author: Willard Long Thorp, Hildegarde E. Thorp

Chapter URL: <http://www.nber.org/chapters/c4652>

Chapter pages in book: (p. 330 - 340)

CHAPTER XV.

THE ANNALS OF INDIA.

India is shaped like a huge triangle, having its base in the Himalaya Mountains, and running south to the ocean. In the north, it is mountainous country, in the center are extensive river plains, and the southern portion of the peninsula is table land. Of the 1,805,332 square miles which constitute this area, 1,094,300 square miles are under British dominion, i.e., subject to British law.¹ The remaining Native States, about 700 in number, are autonomous, except for certain restrictions such as inability to make war or peace, limitation of armament, and need for special sanction to employ Europeans.

The rate of population growth in India is not rapid. The records of the last four censuses are as follows:

Census Date	Population ^a	Persons per Square Mile
Feb. 26, 1891.....	287,314,671	159 ^c
Mar. 1, 1901.....	294,361,056 ^d	163 ^b
Mar. 10, 1911.....	315,156,396 ^e	175 ^b
Mar. 18, 1921.....	318,942,480 ^f	177 ^b

^a India Census Commission, *Census of India, 1921*. vol. I, part II. Calcutta, 1924. p. 6.

^b *Ibid.*, vol. I, part I. p. 5.

^c India Census Commission, *Census of India, 1911*. vol. I, part I. Calcutta, 1913. p. 84. In the *Census of 1901*, the density for 1891 is given as 163 and for 1901 as 167 persons per square mile.

^d Including 2,672,077 due to new areas enumerated.

^e Including 1,793,365 due to new areas enumerated.

^f Including 86,633 due to new areas enumerated.

In 1921, the population of British India was 247,003,293. The British Provinces are much more populous than the Native States, their density being 226 persons per square mile, the Native States but 101. In 1921, the urban population, i.e., those living in communities of

¹ India Census Commission, *Census of India, 1921*. vol. I, part II. Calcutta, 1924. p. 3.

more than 5,000, and 690 places of smaller population, constituted 10.2 per cent of the population.

The importance of agriculture in India is indicated by the following table of the industrial distribution of the working class in 1921:

Industry	Per Cent Distribution of Workers *
Pasture and Agriculture.....	73.0
Manufacturing and Mining	10.7
Trade and Transportation	7.1
Other ^b	9.2
Total	100.0

* India Census Commission, *Census of India, 1921*, vol. I, part I, Calcutta, 1924. p. 242.

^b Includes persons engaged in public service, professions, domestic service, unclassified, unproductive occupations, and persons with independent incomes.

Approximately one-third of the area of the British India is sown with crops, and more than six per cent yields two or more crops per year. The acreage employed in the cultivation of rice is more than three times that of any other crop, and ten times that of any other country producing rice. Wheat and native grains are next in importance. Cotton is the leading non-food crop. In these annals, the returns are noted yearly for rice, wheat, and cotton. Rice is harvested in April, wheat in March, and cotton in November. Consequently, in these annals, the rice and wheat crops discussed in the annals for 1890, for example, were harvested in April and March, 1890, and are commonly known as the crops of 1889-90, while the cotton crop was harvested in November, 1890, being commonly called the crop of 1890-91. Although statements of crop yields are given in the annals, they are based at best on estimates which, before 1897-98, were highly unreliable.

The most important mineral product of India is coal. The maximum production was attained in 1919, and amounted to 22.6 million tons.

Although the industrial distribution of the working class indicates that 10.5 per cent are employed in manufacturing, the bulk of these are engaged in unorganized, or "cottage" industries connected with the supply of personal and household necessities and the simple implements of labor. Organized industries occupy only 1 per cent of the people. Factory production has made but gradual headway in India. In 1921, there were 6,570 "large industrial estab-

lishments" in British India, and 944 in the Native States.¹ The greatest progress has been made in the textile industries, particularly in the spinning and weaving of cotton.

The development of railways has been very important in opening up the interior states of India, and especially in dealing with the severe famines to which India is subject. The mileage open for traffic has increased as follows:

Date	Miles Open for Traffic *
Dec. 31, 1890.....	16,404
Dec. 31, 1900.....	24,752
Dec. 31, 1910.....	32,099
June 30, 1920.....	36,735

* India Department of Commercial Intelligence, *Statistical Abstract for British India, 1885-95*, p. 159; *1895-05*, p. 140; *1904-14*, p. 138A; *1912-22*, p. 372. Calcutta.

India's foreign trade has grown rapidly since 1900. With the exception of the years 1856-1862, and a short period since the close of the war, Indian foreign trade has recorded a large excess of exports over imports. In India, this is called the "economic drain". The leading articles of import are cotton goods, iron and steel, machinery, and sugar; of export, raw cotton, grains, tea, and jute. The opium trade to China, which was extensive in the early years of the annals, has been of little consequence since 1913, due to an international agreement.

Silver was the basis for Indian currency until 1899, when the sovereign was made legal tender. The financing of Indian foreign trade is done chiefly by European banks having branches in India. Banking development in India itself has been very slow. The Imperial Bank of India, formed in 1921 by the amalgamation of the Presidency Banks of Bengal, Bombay, and Madras, has recently established many branches through the country. It acts as fiscal agent for the Government, and is a private joint stock company under government control. In addition, there were in 1922 18 exchange banks, having their head offices abroad, engaged chiefly in financing foreign trade. A new development of the last two decades has been the 68 joint stock native banks having over 300 branches and agencies, and a rapidly expanding system of coöperative societies. The bulk of the internal trade, however, is financed through native bankers or money-

¹ India Department of Commercial Intelligence, *Statistical Abstract for British India, 1912-13 to 1921-22*. Calcutta, 1924. p. 599.

lenders. The right of note issue is held only by the Treasury. All references to foreign exchange are based on rates on London.

India was for many years under the control of the East India Company. Under its commercial policy, the old hand industries had declined, and agriculture remained the only national industry. Even after the Crown assumed the administration of India in 1858, little was done to aid the development of new industries, and, at the time of the beginning of the annals, India was an agricultural country with an active foreign trade, but with little factory development or commercial organization. Points of importance in the early history are the Sepoy mutiny of 1857, the cotton boom during the American Civil War, which proved largely temporary, the speculation in tea, which collapsed in 1866, the Afghan War of 1878-1880, the minor famines of 1860, 1866, 1869, and 1874, and the extremely severe famine of 1877 and 1878.

The period after 1870, with the exception of 1879-1885, was one of slowly declining value of the rupee. The annals begin in 1890 with India in a state of mild depression, following a recession in 1889, when money was very tight, commodity prices reached a peak, exchange was unsteady, and a famine threatened.

1890 Mild depression.

General dullness in industry and trade; imports increase slightly, exports fall off.

Money easy after first quarter; wide foreign exchange fluctuations with declining trend; embarrassed government finances require increase in taxation.

Rice crop fair, wheat poor, average cotton; low rice and wheat, good cotton prices.

Local famine, Bombay.

1891 Depression.

Deepening depression with numerous failures, last half-year; foreign trade hampered by exchange fluctuations.

Money abundant; wide exchange fluctuations continue with more rapid fall of exchange.

Crops average; rice and wheat prices good, cotton low.

Floods.

- 1892 Uneven depression.
 Business conditions unsettled; commodity prices rise; imports decline as foreign trade continues dull.
 Money very easy; further fall in foreign exchange.
 Crops poor; rice and wheat prices high, but cotton continues low.
 New factory regulations go into effect, January; cholera severe.
- 1893 Depression.
 Industry disorganized by mint closing; gradual readjustment; commodity prices decline; speculation; foreign trade falls off.
 Mints closed to free coinage of silver, June; money tightens; great fall in value of silver, especially third quarter.
 Fair rice crop, good wheat and cotton crops; rice and wheat prices fall, cotton rises rapidly.
- 1894 Uneven revival.
 Internal trade revives with large increase in imports; further commodity price decline.
 Money very tight, February to June; further fall in the value of silver.
 Good crops with fair prices.
 Import duties imposed after twelve years of free trade, March; cholera severe.
- 1895 Mild prosperity.
 Widespread activity; manufacturing flourishes; commodity price decline checked; record exports with slight reduction in imports create very large favorable balance.
 Money easy; exchange reaches low point and then rises.
 Excellent rice crop, fair wheat and cotton; slightly higher prices.
 Chitrāl expedition; cholera severe.
- 1896 Prosperity; recession; depression.
 Activity gives way to stagnation, autumn; rapid rise in commodity prices, notably foods; large decline in exports.
 Money tightens rapidly late in year; exchange rises.
 Very poor rice and wheat crops, excellent cotton; rice and wheat prices rise sharply, cotton unchanged.
 Severe drought; famine late in year; extensive relief work by Government; bubonic plague breaks out in Bombay, September.

1897 Depression.

"Year of calamities" causes general disorganization; food prices very high, other prices lower; further decrease in foreign trade.

Monetary stringency; exchange rises rapidly, almost to par; Government remits taxes; sale of Council Bills suspended.

Rice crop failure, poor wheat and cotton crops; rice and wheat prices very high, cotton falls.

Famine continues severe, slightly relieved at end of year; earthquake, June; widespread disturbance on northwest border, last half-year; cyclone, October; bubonic plague spreads.

1898 Slow revival.

Gradual increase in activity; food prices fall rapidly; activity in railroad construction; foreign trade revives.

Extremely tight money eases rapidly, July; exchange steady.

Good rice, excellent wheat, and good cotton crops; prices fall, especially cotton.

Plague continues and spreads in spite of quarantine restriction.

1899 Moderate prosperity.

Continued expansion and increase in activity; foreign trade improves.

Money somewhat easier; sovereign made legal tender and gold reserve established, September.

Record rice and cotton crops, excellent wheat; fair prices, except cotton still very low.

1900 Recession.

Prosperity greatly restricted by famine; cotton industries severely depressed; coal scarcity; sharp rise in commodity prices; increase in imports.

Money tight, first half-year; exchange steady.

Poor rice and wheat crops, cotton failure; prices high, especially cotton.

Extensive famine; cholera severe.

1901 Depression.

Continued dullness; manufacturing industries severely depressed; commodity prices decline; marked revival in foreign trade late in year.

Money eases.

Poor rice, excellent wheat, and good cotton crops; prices decline.

Famine relieved in some districts; recurrence of bubonic plague.

- 1902 Revival.
Increased activity in internal trade; manufacturing industries revive, especially cotton; foreign trade revival continues.
Money easy.
Rice failure, good wheat and cotton crops; further decline in prices.
Plague spreads.
- 1903 Prosperity.
General activity and expansion; extensive development of new manufacturing enterprises; large increase in foreign trade.
Money easy.
Excellent crops; rice and cotton prices high, wheat low.
Tibetan expedition; Delhi Durbar in honor of the King's coronation, January; plague very severe.
- 1904 Prosperity.
Continued activity and expansion; cotton industry depressed, but revives strongly late in year; commodity price rise begins; increased foreign trade, large favorable balance.
Money easy.
Fair rice, excellent wheat, and good cotton crops; rice and wheat prices fair, cotton very high declining late in year.
Further extension of bubonic plague.
- 1905 Prosperity.
Industrial boom; manufacturing industries very prosperous, particularly cotton; commodity prices rise rapidly, especially foodstuffs; rapid expansion of foreign trade.
Money easy, tightening late in year.
Fair rice and wheat crops, good cotton; rice and wheat prices rise, but cotton falls.
Plague begins to subside; earthquake, April.
- 1906 Prosperity.
Continued activity and expansion under increasing difficulties; manufacturing profits smaller; further increase in foreign trade.
Money very tight, except summer.
Poor rice, good wheat and cotton crops; good prices; great prosperity in jute industry.
Cholera severe; *Swadeshi* or anti-foreign movement hampers import trade.

1907 Prosperity; recession.

Boom continues; formation of many new companies; speculation; manufacturing industries lessen activity; commodity prices continue to rise; foreign trade reaches peak.

Money very tight; Government closes mint; exchange falls suddenly, November.

Poor rice, good wheat and excellent cotton crop; further price rise.

Minor famine; worst year of plague; period of civil unrest begins with riots, lawlessness, and assassinations.

1908 Depression.

Deep depression; cotton industry severely depressed; food prices very high; other commodity prices fall; marked decline in foreign trade.

Financial stringency; exchange weak, with some improvement late in year; Government sells sterling drafts; many taxes remitted.

Very small crops, high prices.

Famine continues; cholera severe; reduction of opium shipments begins according to Anglo-Chinese agreement, January.

1909 Depression; slight revival.

Continued dullness; signs of increased activity late in year; commodity prices fall; imports decline, exports increase.

Money market eases.

Poor rice, good wheat and cotton crops; rice and wheat prices fall, cotton booms.

Governmental reform grants more authority to native states.

1910 Revival.

General increase in activity; commodity prices reach low point; marked revival in foreign trade.

Money easy.

Excellent crops; further decline in rice and wheat prices, high cotton price.

Plague breaks out again.

1911 Prosperity.

Expansion and activity, except in cotton industry.

Money easy.

Excellent rice, wheat, and good cotton crops; high rice, fair wheat, and very high cotton prices.

Further extension of plague; great Delhi Durbar with King present, December.

1912 Prosperity.

Continued activity and expansion; improvement in cotton manufacturing industry; rapid growth of foreign trade continues.

Money continues abundant; free coinage of silver resumed; minor banking difficulties.

Excellent rice and wheat, fair cotton crops; very high rice, good wheat, and high cotton prices.

New Factory Bill enacted regulating hours of labor in certain factories, July.

1913 Uneven prosperity.

Continued activity and expansion; cotton industry depressed late in year; foreign trade very active.

Banking difficulties, last quarter; many bank failures; general money market little affected.

Fair rice, excellent wheat and cotton crops; rice price falls decidedly, wheat good and cotton high.

1914 Prosperity; recession.

Continued activity to declaration of war; dullness; deep depression in cotton industry; active foreign trade becomes stagnant.

Money tighter, banking difficulties continue; exchange falls with war; run on Postal Savings Bank late in year.

Fair rice, poor wheat, bumper cotton crops; good rice and high wheat prices; cotton market collapses.

Indian contingent lands in France, September.

1915 Depression.

Continued unsettled business conditions; crisis in cotton industry with failures, September, requires government credit extension; prices of foodstuffs rise rapidly; foreign trade greatly restricted.

Money tight; exchange satisfactory after January.

Poor rice crop, excellent wheat and cotton; good rice, very high wheat, and poor cotton prices.

Drought.

1916 Revival.

Increased activity; cotton industry recovers; imports continue to decline, exports increase rapidly.

Money very tight, ascribed to curtailment of Council Bills.

Excellent rice and cotton crops, poor wheat; rice and wheat prices decline, but cotton rises.

Tariff rates increased; troops supplied for Mesopotamia, Egypt, and other campaigns.

1917 Prosperity.

Rapid improvement and expansion of home industry hampered by transportation difficulties, shipping shortage, and coal scarcity; commodity price rise checked; foreign trade active.

Money market eases; exchange rises steadily; Government requisitions all imports of gold and silver.

Excellent rice, record wheat and cotton crops; rice price very low, wheat good, and cotton booms.

Government takes over factories, regulating such industries as salt, cotton, tea, and rice; Britain announces intent to confer responsible government on India; Home Rule Movement violent; northwest border trouble.

1918 Prosperity; recession.

Activity continues; recession with Armistice; prices rise, but tumble, last two months; much speculation; shipping shortage; cotton industry very active to slump; foreign trade retarded.

Silver crisis and rise of exchange, April; paper currency circulation increases rapidly; foreign exchange unsteady, November.

Record rice, good wheat, and fair cotton crops; fair rice, very high wheat, peak in cotton prices.

Severe influenza epidemic beginning September; drought; famine, end of year; Government controls food rigorously.

1919 Revival; prosperity.

Boom in trade and industry; rapid extension of new companies; commodity prices rise rapidly; foreign trade very active.

Exchange rises, accelerating late in year.

Crop failures; rice price high, wheat very high, and cotton falling.

Famine relieved by government organization; civil outbreaks, April; war with Afghanistan, summer; Gandhi revives *Swadeshi* movement.

1920 Prosperity; recession; depression.

Boom reaches height early in year; collapse of prices and industrial activity, autumn; exports reach peak, spring, but imports continue large.

Money tight; exchange rises sharply to peak, April, rapid fall after October.

Good rice, excellent wheat and cotton crops; rice price high, wheat and cotton prices drop.

Minor famine begins late in year; Gandhi wins control of National Congress, December.

1921 Depression.

Stagnation of internal trade; price fall continues, despite temporary boom in summer; cancellation of orders rife; coal miners' strike; restricted exports and large imports create unfavorable balance of trade.

Money eases slightly; exchange fall continues to March, with temporary improvement, autumn; three Presidency Banks amalgamated forming Imperial Bank of India.

Wheat failure, poor rice and cotton crops; peak prices for wheat and rice, cotton very low; Government places embargo on export of foodstuffs and encourages import.

Famine relieved; tariff raised, March; severe civil outbreak, August; rebellion in Malabar suppressed by end of year.

1922 Depression.

Continued liquidation; gradual recovery from paralysis; cotton industry revives; price decline continues; further reduction in foreign trade.

Financial stringency.

Excellent rice, wheat, and record cotton crop; high prices for rice and wheat, fair for cotton.

Tariff raised; floods in Bengal, June; civil disturbances lessen; Gandhi imprisoned, March.

1923 Slow revival.

Dullness gradually yields to activity; prices continue to decline; cotton strike, March and April; slight increase in imports, large gain in exports.

Money very tight late in year; banking difficulties, April; foreign exchange rises gradually.

Excellent crops, lower prices.

1924 Revival; mild prosperity.

Rapid improvement; price fall halted, mid-year; foreign trade improves with large favorable balance.

Money eases, spring; steady improvement in exchange.

Excellent crops with improved prices.

Serious labor troubles, Bombay, February and March; Gandhi released from prison, February.

1925 Moderate prosperity.

General improvement, especially in mining; cotton mills strike, last four months; commodity price decline continues to summer; larger exports and smaller imports cause favorable balance of trade.

Easy money; Government stabilizes exchange; stock prices decline, bonds little changed.

Good crops, except wheat and cotton; food prices much lower.

Political calm.