

# **A Western Idea of Development: What shaped the idea of development in Indian Political Economy, 1870-1901**

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**ABSTRACT:** Debates over what constitutes development have interested political economists for centuries. Since the concept of development formally emerged in the beginning of the 19<sup>th</sup> century, industrialisation has seemingly become the most agreed upon instrument and goal. Identifying a dominant ideology is relevant because it can uncover a discourse that appears as common sense and factual, rather than ideological. A similar idea of development emerged within the Indian School of Political Economy (ISPE) in the last quarter of the 19<sup>th</sup> century. The school's members were growing increasingly frustrated at the state of development in colonial India. This particular paper will concentrate on the writings of Mahadev Govind Ranade – the founder of the ISPE. Existing political economic theory taught to Ranade in the Western style universities in India seemed inadequate for India's socio-economic environment. Accordingly, Ranade founded ISPE to develop a new approach to development catered to India's specificities. However, Ranade's idea of development is similar to the dominant and widespread Western concept of development, i.e. industrialisation. This paper will trace the origins of Ranade's development discourse between 1870 and 1901. In particular, the paper will trace how Western schools of political economy (namely, Classical Political Economy, the German Historical School and American Political Economy) shaped Ranade's conceptualisation of development. This paper aims to identify the assumptions of development in Indian Political Economy that seemingly constrain Ranade's theories into a pre-established structure. Despite these constraints, the paper will also investigate whether the Ranade was able to construct an 'Indian' idea of development.

## I. Introduction

In the late 1800s, deindustrialisation, agriculture commercialisation, severe famines, increasing poverty India, the economic crisis in Britain (1873 – 1896)<sup>1</sup>, and growing support for state-led development in Western Europe (particularly in Germany), the United States and Japan (Maddison, 1970; 1995; 1998; Sen, 1981; Habib, 1995; Davis, 2002; Bayly, 2004; Desai & Kumar, 2008; Stein, 2010; Roy, 2011; Beckert, 2014; Sarkar, 2014; Chaudhary et al, 2015), challenged Britain's global hegemony and increased the unevenness in the Indian colony (Goswami, 2004, p. 11). Subsequently, this period saw an increase in Indian economic analysis and speculation, resulting in a certain coherent and consistent common outlook on economic knowledge, facts and causes of economic trends (Chandra, 1966, pp. 4-5; 1991, pp. 81-82; Ganguli, 1977, p. 103; Goswami, 2004, p. 11; Chatterjee, 2008). The Indian political economists associated with this increasing research in the late 1800s are often referred to as the early Nationalists, as they were the first group to openly argue for domestic rule as a strategy to tackle the high levels of poverty and deindustrialisation in the late 1800s (Chandra, 1966; 1991; Chatterjee, 2008; Goswami, 2004, p. 209). The nationalist movement that emerged with greater force during this period was both an effect and cause of the Indian perception of political economic reality (Ganguli, 1977, p. 103; Goswami, 2004, p. 209).

The Nationalists were attempting to use existing Western economic philosophy to understand India's basic economic problems (Ganguli, 1977, p. 59, Chandra, 1991; Bayly, 2011; see Appendix II for relevant citations in Ranade's work). India needed progress and modernisation, but the Nationalists argued that India required an authentically Indian system – a system which was not western, yet modern (Ganguli, 1977, p. 85; Zachariah, 2005, p. 293). Accordingly, Mahadev Govind Ranade – this paper's protagonist – founded an Indian School of Political Economy (ISPE), with the objective to find a strategy to combat India's state of regression (Ranade, 1906). This paper is part of a larger PhD project that will look at the whole ISPE, including Naoroji, Ranade, Dutt, Joshi, Iyer, Gokhale, Benerjea. My

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<sup>1</sup> As a British colony, India's economy was of course affected by this crisis (Davis, 2002; Beckert, 2014).

<sup>2</sup> The Nationalists' unequal footing will be further understood through Bakhtin's theory of assimilation of meaning from others. The process is determined by 'authoritative' and/or 'internally

research project will operationalize Bakhtin's theory of dialogism using Fairclough's Critical Discourse Analysis, in order to trace the origins of idea of development within this school of thought<sup>2</sup>. This particular paper will analyse Ranade's – the founder of the ISPE – idea of development. Ranade primarily held speeches at various learned societies emerging in the last quarter of the 19<sup>th</sup> century and published articles in a few journals. He also founded the *Quarterly Journal of the Sarvajanic Sabha* in 1870, as well as publishing a book on the *Rise of the Maratha Power* (Ranade, 1900)<sup>3</sup>. The primary sources analysed for this paper include Ranade's book on Maratha Power (Ranade, 1900), and the two collections of Ranade's essays and speeches on *Religious and Social Reform* (Ranade, 1902) and *Essays on Indian Economics* (Ranade, 1906).

Ranade's idea of development can primarily be conceptualised through the idea that India had once been developed, but was going through a period of stagnation and decay during Ranade's time. As a result, my interpretation of Ranade's idea of development is that

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<sup>2</sup> The Nationalists' unequal footing will be further understood through Bakhtin's theory of assimilation of meaning from others. The process is determined by 'authoritative' and/or 'internally persuasive' discourses (Bakhtin, 1992, p. 342). Fathers, mothers, teachers, politicians or institutions (e.g. the British colonial administration), etc. utter authoritative discourses, whereas no authority backs up internally persuasive discourses. The public sphere rarely accepts these latter discourses (i.e. public opinion and scholarly norms) (*ibid*). Internally persuasive discourse coexists with self-actualisation and dialogue – i.e. this discourse can be criticised and is connected within the individual's context. Whereas authoritative discourse projects itself as an object – i.e. it is accepted with little argumentation from the majority of the population and is often treated as commonsensical. The struggle and "dialogic interrelationship" of these types of ideological discourse normally determines "the history of an individual ideological consciousness" (*ibid*). Bakhtin can be operationalized through Fairclough's Critical Discourse Analysis (CDA) because both are based on the assumption that text and interpretations of texts are shaped by and in turn influence social practise, which then leaves traces in the production of new texts (Bakhtin, 1986, p. 89; 1992, pp. 95, 279-280, 340, 433; Fairclough, 2013, p. 92). In other words, this project links Bakhtin's concept of 'addressivity' where discourse is affected by others to CDA's emphasis on the affect of context on text. I link this to Bakhtin's theory of ideology as ways of creating meaning of the world. One ideological-discursive formations is often clearly dominant, each a set of speech community with particular discourse and ideological norms. Dominant ideological-discursive formations have the ability to make ideologies non-ideological common sense. For example, a 'lexicalisation' becomes naturalised because the ideological-discursive formation dominates, leading to a neutral code (Fairclough, 2013, p. 37). This process is called the naturalisation of ideologies (Fairclough, 2013, p. 30). Again, this connects with Bakhtin theory of ideology that observes that the ruling or dominant classes strive to fix one constant sign for various ideologies (Voloshinov, 1973, p. 23). Additionally, Bakhtin's theory of the two general tendencies of discourse can be directly linked to the naturalisation of ideology. Bakhtin identifies a tendency for dominant discourse to fight against heteroglossia and dialogism to make specific ideologies to have constant signs. In other words, the Western development ideology identified capitalism as the ideal model for progress and this identification can be traced to the Indian school of thought.

<sup>3</sup> See Appendix I for a list of all the speeches and essays included in the collections and key dates in his professional career.

it can be derived from understanding what India did *not* have – e.g. it was unstable, inelastic, unorganised, un-industrialised, undeveloped etc. Furthermore, as this paper aims to show, Ranade's idea of development can also be understood by his critique of existing economic thought paradigm – i.e. Classical Political Economy (CPE) – and his understanding of India's economic reality. His biggest criticism was that CPE was based on narrow assumptions not appropriate for India, because India was different from Britain. On the contrary, Ranade called for a broader understanding of the political economy to construct laws of progress and theories of development that would explain India's current de-development. He therefore proposed and theorised a comprehensive view of development, which included political, economic, social and religious spheres. Secondly, his narrative throughout the retrospective overview of the development of political economic thought in Western Europe from Mercantile theory to the German Historical School<sup>4</sup> centres around two main elements. Namely, development is fostered through organised order (or government) and industrialisation. Accordingly, the paper will start by contextualising Ranade's writings in the birth of ISPE and his contemporary economic climate. This will be followed by a brief literature review of secondary literature on ISPE and development ideology. Section two will analyse Ranade's idea of development and how it was constructed through laws of nature and progress. Section three will analyse Ranade's solutions for development – namely the need for order and industrialisation, followed by concluding remarks.

To contextualise Ranade's writings, the paper will begin with a brief description of the beginnings of Indian Political Economy and the relevant socio-economic context. A group of Indian intellectuals, most often labelled the early Nationalists, founded an Indian School of Political Economy (ISPE). The research was disseminated in books and articles, but also in the form lectures at universities, the emerging learned societies and the Indian National Congress (est. 1885). There are two sources that lay out the foundations of ISPE, namely Ranade's (1906, pp. 1-42) lecture at the Deccan College, Poona in 1892, and Iyer's

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<sup>4</sup> This is found in Ranade's (1906, pp. 1-42) lecture on "Indian Political Economy".

(1903) appendix entitled “English Economists and India”. As outlined by Ganguli (1997, p. 59) and others (Kellock, 1942; Chandra, 1966; 1991; Gallagher, 1988; Dasgupta, 2002; Goswami, 2004; Chatterjee, 2008), the Nationalists<sup>5</sup> listed the following reasons for establishing a separate Indian school of political economic thought:

1. The troubling socio-economic conditions in India and worldwide seemed to disprove the relevance of Classical Political Economy (CPE) – especially the theories of universal economic principles, of free trade and comparative advantage (Ranade, 1906, pp. 5, 11, 24; Iyer, 1903, Appendix).
2. As a result, there was a need for an ‘Indian economics’ which would reflect the realities of India’s current economic situation – most obviously because India was ruled by foreigners (Naoroji, 1901, p. 136, Joshi, 1912, p. 207; Iyer, 1903, pp. 358), but also because India’s socio-economic context was different (Ranade, 1906, pp. 21, 24; Iyer, 1903, Appendix, p. 3)<sup>6</sup>.

Within the Nationalists’ broader aim to construct a separate school of thought, my PhD project will focus on their idea of development. To what extent were they able to construct an ‘Indian’ idea of development? And what theories and sources did they use? In other words, it concentrates on the second reason listed above. The Nationalists saw structural, political and socio-economic differences between the West and India (Ranade, 1906, pp. 21, 24; Iyer, 1903, Appendix, p. 3; Ganguli, 1977, p. 85; Zachariah, 2005, p. 293). Despotic (colonial) policies were creating intersectoral imbalances and called for a political economic framework that saw India as a nation state with distinct spatial borders and political and socio-economic characteristics (Ranade, 1906, pp. 66, 183, 185; Joshi, 1912; Ganguli, 1977; Chandra, 1991, p. 84; Chatterjee, 2008, p. 489, Goswami, 2004, p. 222). In other words, the existing framework did not take into consideration India’s socio-economic interests. British colonial policies had deindustrialised the Indian economy and disrupted the balance between agriculture and industry (Dutt, 1901, pp. vii-viii, 256, Ch. XIII; 1903, p.

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<sup>5</sup> There are obviously some disagreements within the school, however, for the purposes of this paper, which focuses on Ranade’s writings, this brief outline of the school’s start will suffice.

<sup>6</sup> See also Naoroji, 1901, p. 136; Ray, 1895, p. 66; Joshi, 1912, pp. 749, 808, 886; Dutt, 1904b, pp. 122-5; Iyer, 1903, pp. 104-7, 130-1.

vii; Joshi, 1912; Gokhale, 1920, p. 52; Iyer, 1903, pp. 218, 247, 258; Ranade, 1898, p. 185). The deindustrialization, especially the destruction of the indigenous textile industry, had led to higher unemployment and, as a result, to an increase in the proportion of the population relying on agriculture as their livelihood (Joshi, 1912; Ranade, 1898, p. 27; Dutt, 1901, pp. viii-ix; 1903, pp. viii, 345; 1897, p. 129; 1904b, p. 181). The agricultural sector was not only suffering from overcrowding, but was also seen to be backward in terms of modern techniques which resulted in low agricultural productivity (Joshi, 1912; Gokhale, 1920, p. 19; Iyer, 1903, p. 218; Ranade, 1898, p. 66; Pal in Indian National Congress, 1898, p. 159). This deindustrialization and gradual ruralisation of the Indian economy had led to extreme poverty and a stagnant economy (Ray, 1901, p. 78; Banerjea in Indian National Congress, p. 683; Naoroji, 1901, 656; Iyer, 1918).

More recent literature agrees with this bleak picture of the late 19<sup>th</sup> century Indian economy. The turn of the 19<sup>th</sup> century saw a large decline in the size of the indigenous industrial sectors with a proportionately low growth in large-scale modern industries (mainly in cotton and jute) (Chaudhary et al, 2015, pp. 53, 55; Roy, 2011, pp. 159, 162, 163; Clark, 1950; Thorner and Thorner, 1962; Bagchi, 1976; Chattopadhyay, 1981; Roy, 2011, Sarkar, 2014; Bairoch, 1978; 1982; Maddison, 1970, p. 68; Clingingsmith & Williamson, 2008; Harnetty, 1991). The first burst of industrialisation is said to have occurred from 1860 to 1914 (Sen, 1967, p. 409; Roy, 2011, p. 186; Desai & Kumar, 2008, p. 566). For instance, there was a steady and constant increase of industrial workers. Overall, industrial workers equalled 5% of the population by 1891 – it had been almost zero in 1850 (Roy, 2011, p. 184). However, the overall size of modern industry remained small as a proportion of the aggregate economy. For example, the industrial areas were primarily concentrated in urban areas such as Bombay and Calcutta in cotton and wheat production (Sen, 1967, p. 409; Roy, 2011, p. 186; Desai & Kumar, 2008, p. 566). While industry seemed to stay rather insignificant, the agricultural sector increased dramatically with agricultural commercialisation (Roy, 2011, pp. 104-105, 164-167, 175-177; Chaudhary et al, 2015, pp. 62, 102-104; Sarkar, 2014, p. 29). Finally, the devastating famines in the late 1800s can be taken

as a sign of extreme poverty among the masses (Sen, 1981; Washbrook, 1988; Satya, 1994, pp. 281-2, 296; Davis, 2002). Especially as Indian peasants were becoming ever more indebted and there was increasing regional inequalities, as well as increasing aggregate levels of poverty (Goswami, 2004, p. 224).

The brief description of the Indian socio-economic context according to the Nationalists and more recent literature was included in order to understand the situation the Nationalists were clearly reacting to. The protagonist of this paper, Ranade (1906, p. 45), made this clear in his assertion that the British were “unprepared to grapple with the difficulties created by this novel situation”. British “Economic History furnishe[d] no guide for dealing with the difficulties of the situation in India” (Ranade, 1906, p. 46). British economic conditions were “so widely divergent from those of India” (Ranade, 1906, p. 45). Ranade (1906, p. 205) made his (and India’s) objective very explicit: “We must realise clearly our exact situation, i.e., first, our phenomenal Poverty, and secondly, our growing dependence on the single and precarious resources of Agriculture”. As a result, Ranade’s essays and speeches had an aim in “drawing public attention to the subject [development] as one of paramount importance, and if it attempts to suggest ways and means for practical adoption, based on principles which will, in course of time, find their further development in far-reaching beneficial consequences” (Ranade, 1906, p. 47). As secondary existing literature has already found, Indian economic thinking was awakened in an emerging world of rapid economic growth and dynamism that “expressed itself through the twists and turns of events and policies and the ideologies and thought-structures adapted to them” (Ganguli, 1977, p. 22).

In order to situate this paper within the wider contemporary literature, I will briefly summarise the literature. Scholars have already attempted to trace the origins of ISPE’s thought to Classical Political Economy (CPE) (Kellock, 1942; Gopalakrishnan, 1954; Chandra, 1966; 1991; Gallagher, 1988; Dasgupta, 2002; Bayly, 2011), the German Historical School (GHS) (as well as Friedrich List) (Gopalakrishnan, 1954; Ganguli, 1977; Dasgupta, 2002; Goswami, 2004; Chatterjee, 2008), and American Political Economy (APE) (e.g.

Carey and Hamilton) (Chandra, 1966; Bayly, 2011). Other scholars have analysed the conceptual origins of development in several schools of thought within a global setting (Marglin & Marglin, 1990; Ludden, 1992; Cowen and Shenton, 1996; Arndt, 1987; Sen, 1988; Escobar, 2011). The former body of literature tends to look at the major members of ISPE, and how the socio-economic context, as well intellectual currents, shaped their work. However, none of them have concentrated specifically on ISPE's idea of development. In the latter body of literature, there is specific mention of the Nationalists in Arndt (1987), and Cowen and Shenton (1996), but is by no means the focus of their analyses. Ludden (1992) analyses how the origins of India's modern day developmental policies can be traced back to the British rule. In this paper, my contribution to the literature will be two fold. Firstly, the analysis will trace the origins of Ranade's idea of development in order to uncover origins of this discourse. In addition to the origins, the paper aims to provide a systematic analysis of the concept of development – such as it was elaborated by Ranade – with a view to evaluating the degree of its 'Indianness', i.e. how it was made and remade in an effort to respond to India's circumstances at that point in time. The latter would enable the research to uncover the agency that Ranade possessed, despite the direct influence of existing Western schools of thought.

Despite widespread agreement that Western schools of political economy played a large role in the elaboration of ideas within ISPE, several scholars (Ganguli, 1977, pp. 22-23; Bayly, 2004, p. 323; Goswami, 2004, p. 11; Zachariah, 2005, p. 293; 2011; Hobson, 2012; Peabody, 2012) suggest that the Nationalists were able to filter and transform (to a certain extent) the Western theories that they read and had been taught. The Nationalists were able to pick and choose among the theories within Western schools of political economic thought. This was especially necessary because the Nationalists, by adopting these theories, observed the premise that the East is inferior and West is superior (Ganguli, 1977; Chatterjee, 1993a; 1993b; 2008). For instance, List believed that the tropical countries would not develop (Boianovsky, 2013) and CPE theorised an international division of labour that thought India should primarily export raw materials (i.e. exports with low value-added). Consequently, the



Nationalists had to reformulate Western theory. For example, the Nationalists (unsurprisingly) favoured Adam Smith's anti-monopoly theory. The Nationalists of course agreed with Adam Smith's criticism of the British East India Company's monopoly rights over the Indian market (Ganguli, 1977, p. 56). On the other hand, the Nationalists were for protection more along the lines of the GHS than CPE (e.g. Ranade, 1906, p. 2). Moreover, Goswami (2004, p. 11) argues that the Nationalists, as anti-colonist theorists experiencing colonial unevenness, anticipated 20<sup>th</sup> century dependency theories and "authored a conception of the nation as the natural scale of capital accumulation and the institutional means for overcoming the problem of colonial unevenness". Finally, although Bayly (2011) finds the idea of liberalism in Indian political thought by tracing the influence of CPE on the Nationalists from 1810 to 1940, he also concludes that the Nationalists were able to reconstruct and re-author the Western ideas for their own purposes. Here is where the second research agenda lies. Similar to Ganguli (1977), Goswami (2004) and Bayly (2011) found, this paper will argue that Ranade was able to construct an 'Indian' view of development.

## **II. Ranade's Idea of Development**

Ranade's ideas and theories spread across several disciplines because he saw Political Economy as a combination of all the social sciences. Based on a close reading (of a majority) of Ranade's writings (Ranade, 1900; 1902; 1906), his major objective was to find and spread a "correct appreciation of the forces which work for the elevation or depression of nations" (1902, p. 236). As mentioned above, Ranade founded the ISPE in order to construct an applicable political economy theory to India based on an historical analysis. Ranade (1902, p. 170; 1906, p. 22) argued that India could not be understood properly if not analysed through a historical perspective – i.e. all periods of history needed to be understood and included in the analysis (see Goswami, 2004, p. 212; Dasgupta, 2002, pp. 112, 116; Ganguli, 1977, p. 81; Kellock, 1942, p. 258; Chandra, 1966, p. 711). It was particularly necessary to understand India's history because she had once been developed and had in Ranade's time fallen into "decay" (*ibid*, Ranade, 1902, p. 27), "devolution" (Ranade, 1902, p. 28),

“degradation” (Ranade, 1902, pp. 26, 41), “stagnation” (Ranade, 1906, p. 24), and “utter paralysis” (Ranade, 1906, p. 43). As a result, Ranade saw a need for a new idea of development for India’s unique history and contemporary context (Chandra, 1991, p. 123). As the section below aims to show, Ranade’s idea of development was based on specific laws of nature, progress and distinct laws of India.

i. The Laws of Nature

Ranade uses analogies from the natural sciences throughout his publications and speeches to explain how society progresses or regresses. He especially made several references to a “law of nature” that makes all elements of society – whether social, economic, political etc. – “inter-dependent” (Ranade, 1902, p. 238). More precisely, he describes how a rose can be

Broken up into separate spheres of activities... For the sake of convenience you may say that the rose has its beauty and its fragrance, but you can no more separate the fragrance from the beauty, and any attempt to do it can only end in the destruction of both (Ranade, 1902, p. 281).

He then compares this to society: communities are made of different interdependent elements – political, economic, social and religious – such as a temple, houses etc. (*ibid*): “This inter-dependence is not an accident but is the law of our nature” (Ranade, 1902, p. 283). The same type of analogies are also used to explain how effective change needs to happen in every element of society (Ranade, 1902, p. 149). Ranade agreed with the Telang<sup>7</sup> School of thought that a body cannot develop its chest without developing its other organs, and a body cannot be starved and expect its muscles and nerves to “have the same elasticity as before. There is an interdependence between the parts, so that it is not possible to do justice to one without doing justice to the other also” (Ranade, 1902, p. 152)<sup>8</sup>.

As a result, Ranade has a comprehensive and holistic view of development, because to Ranade development included several spheres: social, religious, political and economic.

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<sup>7</sup> Kashinath Trimbak Telang was an Indologist and Indian judge who wrote a paper on “Free Trade and Protection from an Indian point of view” (Telang, 1877). He especially influenced the other Indian political economists on his pro-protectionist ideas. Ranade held a speech about the Telang school of thought at the ‘Hindu Union Club’ in Bombay, 1895 (Ranade, 1902, pp. 135-155; see Appendix I).

<sup>8</sup> The following scholars have also found that Ranade had a holistic view of the economy: Chandra, 1966, pp. 91, 748; 1991, pp. 132, 158; Ganguli, 1977, p. 56; Chatterjee, 2008, p. 489.

For example, a change in a political economy often preceded a “religious and social upheaval” (Ranade, 1900, 4). To illustrate this point, Ranade (1900, pp. 4-5) gives both the example of the Maratha Political revolution at the turn of the 17<sup>th</sup> century and the Protestant Reformation in Europe in the 16<sup>th</sup> century. The reason why religious movement was so effective was because “It tended in all these ways to raise the nation generally to a higher level of capacity both of thought and action”, which could help a nation to “take the lead in re-establishing a united native power in the place of foreign domination” (Ranade, 1900, p. 76). The latter quote is vital in Ranade’s idea of development because it reflects the socio-economic and political context that he faced. In other words, India’s ruler did not adequately understand the “forces which work for the elevation or depression” of India (Ranade, 1902, p. 236), resulting in decay and degradation (Chandra, 1991, p. 130; Goswami, 2004, pp. 11, 228-229; Chatterjee, 2008, p. 486). A religious and social movement – or rather a shift in ideas – could propel India to push out its foreign government, so it could ignite growth. Finally, the holistic view of society can also be related to J. S. Mill assertion (cited by Ranade: Ranade, 1906, p. 7) that there theorists were placing emphasis on other factors that just the narrow principles associated with CPE (see Burrow, 1966, p. 65; see Appendix II for relevant citations).

Ranade (1902, p. 168) was very clear that the “progress of liberal ideas must be allowed to work its way in reforming our social customs, and the process cannot be stopped even though we may wish it”. For instance, the Marathas were able to spread information through religious texts that were translated into vernacular languages, making them more accessible (Ranade, 1902, p. 218). A rise in the use of vernacular languages further developed the languages and hence increased communication among Indians. The Indians had shifted from Sanskrit to vernacular languages, much like the Europeans had started using local languages instead of Latin (Ranade, 1900, pp. 70-71). In other words, it meant that the priests’ former monopoly in learning had broken up (Ranade, 1900, p. 71). The saints and prophets started to address the people, including men, women, Brahmens and Shudras alike (*ibid*). Ranade observed a social movement that was starting to gain universal recognition,

which realised the need for rights, education and freedom for women (Ranade, 1902, pp. 159-160).

Ranade's identification of laws of nature are not surprising due to the rampant debates during the 18<sup>th</sup> century about social evolutionary theory. Ranade's 'laws of nature' seem to reflect the ideas associated with social theorists emerging during this century. These include Spencer, Maine, Bentham and John Stuart Mill (see Burrow, 1966, pp. 101-136; see Appendix II for relevant citations in Ranade's work). Ranade (1906, pp. 28, 96-97) cited John Stuart Mill several few times, mostly agreeing with his theories. As Burrow (1966, pp. 265-269) finds, John Stuart Mill took theories of progress from Comte (also cited by Ranade, 1906, p. 18) and the Saint-Simonians to understand that developments within society were not random, but could instead be explained by causes and effects. John Stuart Mill and the other social theorists at the time were simply interested in knowing whether human actions could be understand and explained, and if they could, the only reason why an explanation could be found was because, like in other parts of nature, human actions were dictated by fixed laws (Burrow, 1966, p. 107).

The latter could help explain why Ranade often used analogies taken from the natural sciences such as medicine (some are cited above) to explain the interdependence of political, economic, social and religious development. For example, he believes that the "theory of evolution has, in this country [India], to be studied in its other aspect of what may conveniently be called devolution" (Ranade, 1902, p. 27). He therefore prescribes evolving "order out of chaos" to develop India (Ranade, 1900, p. 88). The paper will deal with Ranade's outlook on the Indian socio-economic context and his prescription for order below. For now, the relevance of the term evolution, as well as the numerous medical and natural analyses, will be analysed. As mentioned above, Ranade would have been exposed to the global debates about evolution, which did not only impact science but also the social sciences and ideas about development (see Burrow, 1966). He often refers to the "natural growth of things" when discussing anything from female rights (Ranade, 1902, p. 97) to the "inevitability of reform" in the political economy (Ranade, 1902, p. 286; 1906, p. 12). For

instance, he compares Roman and Hindu development on social reform, during which, according to him, the growth was “smooth sailing” and kept advancing with no break (Ranade, 1902, p. 97). In conclusion, this section has tried to show that Ranade theorised an existence of laws of nature. In short, Ranade theorised an idea of interdependence and evolution through which he could understand how humans progress. The latter, evolution, then requires a theory of a ‘natural’ order of development, a philosophy of history, as well as a system in which societies can be classified into different stages of development (Mill, 1859, p. 91; 873, pp. 136-137; see also Burrow, 1966, pp. 265-266). The next section will demonstrate that Ranade’s writings exhibit these ideas.

ii. The Laws of Progress

Ranade seems to evolution as the law of nature, but also the law of change and progress. Like evolutionary theory, there is an “inevitability of reform” (Ranade, 1902, p. 286) in Ranade’s idea of development. Society cannot resist change. There seems, therefore, to be an assumption that society either progresses or regresses. It can never remain stationary, which was a term used by thinkers like Marx and Smith to describe India (Smith, 1776; Mill 1817; Mill, 1848; Marx, 1894;). India could not be stationary it was rather in decay (Ranade, 1902, p. 27-8). Again, this ties with the evolutionary theories that emerged during the 19<sup>th</sup> century. The philosophic radicalism in the 19<sup>th</sup> century acquired the theories of Malthus and Ricardo<sup>9</sup> to free humanity from the backward regressive traditions and institutions that were holding it back by a newly acquired awareness that future progress could be harnessed through science (Burrow, 1966, p. 214). As found by Goswami (2004, p. 220), List’s development framework assumed an abstract logic of development, which not only deconstructed particular forms of economic dominance (i.e. British economic hegemony) but also made universal development a norm.

Despite making development universal, it was evident to Ranade that the “law of progress” dictates that change can either be positive or negative (Ranade, 1902, p. 289). If it was the latter, the change needed to be resisted in order to bring about the necessary

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<sup>9</sup> Cited in Ranade’s work – see Appendix II.

development. A society could fail in its goal to progress, which could help a nation to better understand its needs (*ibid*). It is clear that Ranade (1900, p. 37) saw progress as society's ultimate goal:

The vitality of nation is best presented not merely by its capacity for self-defence but also by its power in each succeeding generation to raise up men fitted in every way to carry on the work with greater vigour and more assured success.

The idea that society should progress would probably have come from Comte (Ranade cites him: 1906, p. 18) because Comte's aim was to discover laws of human social evolution, which included two elements development *and improvement* (Cowen and Shenton, 1996, pp. 28-35). In other words, like Comte, Ranade seems to have a teleological view of development.

This teleological view included "many stages of growth" (Ranade, 1902, p. 28). This idea has stark similarities with List's idea of development<sup>10</sup> (List & Colwell, 1856; Ganguli, 1977, p. 79; Dagsgupta, 2002, p. 91). Ranade adopted the idea of stages of growth to India by distinguishing between India's current state as agricultural and indigenous industry and a later stage of agricultural with manufacturers and commerce (Dagsgupta, 2002, p. 91). Additionally, the Scottish Enlightenment and especially Adam Smith also had an idea of a natural or normal development through different modes of subsistence (Cowen & Shenton, 1996, p. 13). Smith theorised that there were different stages of human progress. The first stage was hunting and fishing, the second, pastoralism and settled agriculture, and finally commerce and manufacture (*ibid*)<sup>11</sup>.

Finally, it is important to understand how Ranade's perspective that India was experiencing negative progress – or degradation – affected his law of progress. According to Ranade, India seemed to be failing in its goal to progress. Ranade (1902, p. 148) states that India needs to "fulfil that mission which has been left half-accomplished". It makes sense therefore that he often refers to "growth and decay" (Ranade, 1902, p. 28). There are "many stages of growth" but "also of decay" (*ibid*). Thus, despite the apparent traces of Western

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<sup>10</sup> Other scholars were also theorizing growth such as Spencer (see Burrow, 1966, p. 187).

<sup>11</sup> Ranade referenced Adam Smith in his lecture on Indian Political, 1906, pp. 7, 18 (see Appendix II).

schools of thought already mentioned above, there seems to be a departure here from the dominant Western development discourse – i.e. that society always progresses. In other words, Ranade seems to have a linear teleological idea of development that can go both forwards *and* backwards. For example, Ranade's (1902, p. 43) describes India as descending down the "chain". As a result, Ranade calls for a "restoration" of India's economy (Ranade, 1902, p. 43) in order to deal with the "reverses that we are [India was] now labouring" (1902, pp. 146-147). This is where both Ranade's idea of development differs from the political economy that he had been taught at university, because his idea of development ultimately presupposes a nation that has had the necessary elements for development, but has since lost them. This is also where his idea of difference between India and the West emerges. The next section shall analyse why and how Ranade viewed India as different. It is important to understand that this understanding of India pushed Ranade to found a separate Indian school of Political Economy and it was the reasoning for his attempt to find a more appropriate idea of development for India.

### iii. The Laws of India

As mentioned above, Ranade sought to explain the Indian situation to the British administration and the Indian masses, in order to bring about economic growth. India was different due to its: 1. Societal characteristics; 2. History: India had once been developed and had since started to regress; 3. Agriculture sector that was becoming increasingly dominant; and 4. Inferior position as a colonised economy. Accordingly, Ranade (1906, p. 23) spoke of a need for an "enlarged view of the science [Political Economy]" to include India. India "represent[ed] a continuity of creed, of traditions, of literature, of philosophy, of modes of life and forms of thought, which [were] peculiar to this land" (Ranade, 1902, p. 145). This was based on the assumption that "[t]he Laws of Social Progress in Wealth must be sought in the history of the general Social Evolution which is different in different countries" (Ranade, 1906, p. 12). Just above this sentence, Ranade (1906, p. 12) cites Leslie (an Irish jurist and economist from the 19<sup>th</sup> century), agreeing with him that "[t]he Economy of every Nation [...] is the result of a long growth in which there has been continuity and change, and the

economic side of this change is only a particular aspect". In fact, Ranade (1906, p. 11) asserted that there were no universal economic laws that could apply to all countries and time periods. CPE's theoretical framework, therefore, was based on assumptions that did not reflect Indian reality:

In a Society [India] so constituted, the tendencies assumed as axiomatic, are not only inoperative, but as actually deflected from their proper direction. You might as well talk of the tendency of mountains to be washed away into the sea, or of the valleys to fill up, or of the Sun to get cold, as reasons for our political conduct within a measurable distance of time (*ibid*).

In other words, Ranade found that CPE could not apply to India, because its assumptions constrained the CPE theories to analyse "an atomized society individualistically pursuing self-interest, a perfection of knowledge and capacity as regards self-interest, perfect mobility of labour and capital, and equality of bargaining power" (Kellock, 1942, p. 249; see also Goswami, 2004, p. 212). According to Ranade (1906, p. 21), CPE was based on the theory of economic man and self-regulating economy, which was simply utopic. In a widely quoted passage, Ranade (1906, p. 24) describes the conditions of Indian society as "Status over Contract, of Combination over Competition". In another passage Ranade uses the same phrasing to explain how society goes from "the law of status to law of contract" in which he cited Guizot (a French historian and statesman from the 19<sup>th</sup> century):

All progress in social liberation tends to be a change from the law of status to the law of contract, from the restraints of family and caste customs to the self-imposed restraints of the free will of the individual (Ranade, 1902, p. 109).

India had not reached the same level of development as Britain and other advanced Western European countries. This refers back to the discussion of stage of growth above.

Although Ranade does not cite Henry Maine, there are similarities between the passage cited above and Maine's (1861) publication *Ancient Laws, its connection with the early history of society and its relation to modern ideas* in which Maine outlines a tendency



for civilisations to go *from status to contract*<sup>12</sup>. Hence, Ranade's phrasing could have come from Maine's thesis, whether directly from his text or from other indirect sources. Maine means to say that individuals start to abide less to the rules of their family and class, but to the rules of contract. In fact, Maine would have been familiar to the Nationalists as his case studies included Hindu laws, and he was a Law Member of the Viceroy's Council. Further archival research would be useful to find out what resources were listed on curricula in India at the time, but also what books were in circulation.

Despite the current decaying Indian economy that Ranade observed, he believed that India had a developed past. He noted that the 'stationary East' was a "popular fallac[y] which [would] die a very hard death, though killed and exploded a hundred times" (Ranade, 1902, p. 26). It seems that Ranade saw India's historical development as one of ups and downs with periods of growth followed by decay. This explains the words "restoration" (Ranade, 1902, p. 43; 1906, p. 176) and "reverses" (1902, pp. 146-147), because it portrays a society that was once economically prosperous but has since fallen into decline. Ranade wrote that "India, fifty years ago [speaking in 1890], clothed herself with her own Manufactures, and now she is clothed by her distant masters" (Ranade, 1906, p. 198) and called therefore to "restore India to its proud position as the garden and granary of the world" (Ranade, 1906, p. 176)<sup>13</sup>. In other words, India's superiority had been lost due to foreign invasion because the foreign rulers had interrupted development (Ranade, 1902, p. 99). According to Ranade, the foreign invaders – e.g. non-Aryan, Scythian, Mongolian, Mughals – had lower standards, which pushed India backwards rather forward (Ranade, 1902, p. 100). Prior to foreign invasion, the Brahmins had ruled India, who were of the "highest civilisation" (*ibid*).

One of Ranade's examples of India's former "proud position" was its iron and steel industries (Ranade, 1906, p. 176). At the Industrial Conference at Poona in 1892, Ranade

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<sup>12</sup> Henry Maine also stated that "political abstractions, founded exclusively upon English, and even here requiring qualification, are applied by the educated minority, and by their newspapers, to a society which, through nine tenths of its tructure, belongs to the thirteenth century in the West" (Maine, 1885, p. 108; see also Burrow, 1966, p. 77). This is similar to Ranade's view that CPE was not appropriate for Indian reality.

<sup>13</sup> Also, Ranade wrote that "the past of our great ancestors in whose time our philosophies were developed, our literature and sciences grew up, and our people went to foreign lands, far off to Java, to the East, and far away beyond Mongolia to the North" (Ranade, 1902, p. 148).

(1906, pp. 170-192) discussed the *Iron Industry – Pioneer Attempts*. During this speech, he stated that the Indian iron industry had in the past been able to supply all local demand, as well as export manufactured goods to foreign trade partners (Ranade, 1906, p. 171). Ranade discussed the Iron Pillar near Delhi that had been in operation for at least 15 hundred years. Ranade's confidence in the iron industry's past global dominance seems to be founded on Mr. Ball's<sup>14</sup> assertion that "it is not many years since the production of such a Pillar would have been an impossibility in the largest Factories in the world, and even now, there are comparatively very few Factories where such a mass of metal could be turned out" (Ranade, 1906, pp. 171-172).

Another example given by Ranade was the Indian steel industry. Indian steel had once "even" been demanded in England for cutlery (Ranade, 1906, p. 172). Ranade could have added the word even to make it clear that India had not always only imported manufactured goods from England and exported raw materials. Furthermore, Ranade explained how the Indian furnaces were forced to shut down due to foreign competition (Ranade, 1906, p. 172). These examples help to illustrate what Ranade meant by the need for a reversal: India should return to exporting manufactured or high value-added goods and stop increasing the relative size of its agricultural sector. There has been a "displacement of Home Manufactures" (Ranade, 1906, p. 173). Ranade advocated for abandoning "native" methods – which wasted power and resources – and finding new cheaper sources of fuel in order to "revive the Industry under modern conditions" (*ibid*).

The lack of domestic manufacturing meant an increasingly dominant agricultural sector, which was leading to what Ranade (1906, pp. 29, 107) called a "rustication" of the economy. Relying primarily on agricultural production for growth was problematic for Ranade, because the agricultural sector is "under the bane of the Law of Diminishing Returns" (Ranade, 1906, p. 27). There was a pressing need for Ranade (as well as for his contemporaries) to explain why agriculture was not going to bring progress to India, because

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<sup>14</sup> Mr. Ball was the Deputy Superintendent of the Geological Survey, Mr. Ball. Ranade (1906, p. 171) also cited Dr. Watt's *Dictionary of Indian Economic Products* in the same chapter.

of the widespread thought coming from Europe that there was a territorial division of labour. In other words, scholars such as Adam Smith, Friedrich List, Thomas Malthus, as well as British officials assigned the duty of raw material production to the Asian regions and the duty of manufacturing to the advanced European region (Ranade, 1906, pp. 25-26). Furthermore, the growth of transports (i.e. increasing capacity of some ports and the railways) had not been enough to “counterbalance the enormous loss that has been inflicted by this retrograde movement” (Ranade, 1906, p. 29). Previously successful Indian industries (such as weaving, dyers, silks, paper makers, sugar and metal etc.) were diminishing in size, unable to compete with Western industry, leading to increasing migration to rural areas where conditions of scarcity and famines were increasing aggregate poverty (*ibid*). India was therefore under a state of “stagnation and dependence, depression and poverty” (Ranade, 1906, p. 24). As Goswami (2008, p. 211) notes, Ranade succeeded in explaining the Indian economic decline through a “historical production of a colonial economy”, and in so doing he was able to denaturalize the concept of territorial division of labour that is based on a natural comparative advantage. This is a second point of departure from the idea of established schools of thought mentioned above.

Another difference associated with India was naturally its foreign rule. Ranade (1906, p. 24) (like many of his contemporaries – especially Naoroji) found that foreign rule drained India’s economic wealth and talents. However, Ranade (1902, p. 182) struggles with this British “connection”, because he predicted that there must be some benefit from a “free contact” (1906, p. 25) with such an advanced nation. In fact, Ranade (*ibid*) wrote that contact with the British “represents the beam of light which alone illumines the prevailing darkness”. However, Ranade observed that the potential benefits were not materialising. On the contrary, India’s rulers were forcing liberal customs onto its population as concessions, but did not ultimately lead to positive developments<sup>15</sup>. India’s sea transport and banking sector were foreign controlled (although the latter was primarily funded by native capital),

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<sup>15</sup> “Liberties bestowed on us by foreigners are concessions forced on us by the force of circumstances. These are not really ours, they are possessions only and not developments” (Ranade, 1902, p. 196).

and the native craft sector represented only 2.33% of the total craft sector with no signs of expanding (Ranade, 1906, p. 199). Additionally, the British had monopolised maritime and railway transport and trading merchants (*ibid*). This economic advantage naturally gave political power to the foreigners (*ibid*).

Indeed, Ranade understood very well that the struggle had to do with the unequal standing of the two nations: “a struggle between a Giant and a Dwarf” (1906, p. 107). Ranade realised the need to understand the power dynamics between oppressor and oppressed (Ranade, 1902, p. 105). The process in which meaning is assimilated from others depending on their social position was theorised by Bakhtin, and provides a useful tool here to understand how Ranade’s unequal footing affected his idea of development. Bakhtin describes a process whereby people assimilate ‘authoritative’ and/or ‘internally persuasive’ discourses (Bakhtin, 1992, p. 342). In this analysis, an institution such as the British colonial administration would have uttered authoritative discourses, whereas the internally persuasive discourses would reflect Ranade’s own observations of India’s economy. Authoritative discourse projects itself as an object – i.e. it is accepted with little argumentation from the majority of the population and is often treated as commonsensical. As a result, the public sphere rarely accepts these latter discourses (*ibid*). The British and the Indian nation at large would therefore not have easily accepted Ranade’s discourse. Ranade’s internally persuasive discourse would have coexisted with the authoritarian British discourse. The struggle and dialogic interrelationship of these types of ideological discourse between the established schools of thought taught to Ranade and the internal discourses based on Ranade’s observations in India would have determined his idea of development. Similarly, Goswami (2004, p. 26) argues that ideologies and practises in 19<sup>th</sup> century Indian nationalism were created within rather than outside colonial practises. The nationalists’ critique of British colonialism and the ideas of India as a nation were all based within (and not outside) the structural contradictions of colonial power (*ibid*). As will be discussed further below, this paper and scholars such as Ludden (1992) find that Western institutions in colonial India influenced her developmental regime before and even after independence.

Ludden (1992, p. 25) finds that “the measurements of progress were those of capitalism, articulation of the state and the market”, which sustained a discourse of economic policy that seeped into the conventional wisdom and as a result into India’s development regime. The Nationalists shaped the conceptualisation of the state and market with a focus on taxation, tax expenditures, and state policies and how they contributed to capital accumulation (*ibid*).

Ranade saw consequences to the widely accepted inequality between the rulers and ruled. He worried that the inequality meant that the Indians behaved like children. Indians had for “long centuries of debasement learnt to be like children” (Ranade, 1902, p. 66). Additionally, he agreed with Mr Lecky that only childlike men could accept miracle stories as the truth, which some Indians seemingly did (Ranade, 1900, p. 66). Consequently, Ranade (1902, p. 174) dictated that Indians should realise that the idea that it should remain children and be ruled by foreigners was the root of its “helplessness”. This very idea made India dependent on others and “helpless as children” (Ranade, 1902, p. 175). It was clear to Ranade (1902, p. 177) that substituting these damaging notions for “better ideas and forms” would bring about the needed development. This is a third point of divergence from already established schools of thought. As Goswami (2004, p. 11) argues, Ranade and his contemporaries anticipated 20<sup>th</sup> century dependency theories due to their uneven colonial experience and anti-colonist discourse. Similarly, I find that Ranade conceptualised an idea of development in order to overcome the damaging effects of dependence. In Ranade’s (1902, p. 190) words,

The question thus recurs again, how it happened that institutions and practices so essentially just and pure, so healthy and considerate, came to be deflected from their natural growth, and made room for the distortions which stuck Abbe Dubois<sup>16</sup> as so monstrous and excite surprise in us even at the present day.

Consequently, Ranade insisted that by understanding these specific laws (laid out above), ISPE could construct solutions to combat the poor economic decline. These include creating

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<sup>16</sup> Abbe Dubois’ travel writings of India are cited by Ranade.

a framework of order and industrialisation. Subsequently, the next section shall discuss what kind of institutional framework Ranade theorised for fostering progress.

### **III. Ranade's Solutions for Development**

#### **i. The Need for Order**

In Ranade's (1906, pp. 1-42) lecture on "Indian Political Economy", he gave a retrospective overview of the development of political economic thought in Western Europe from Mercantile theory to the German Historical School. There are two main aspects in his narrative: the need for order or government and the need for industrialisation. The following sub-section will analyse the former. Ranade described how the Mercantilists placed more importance on commerce and manufacturers than agriculture, and argued for more exports than imports with an overall goal to increase domestic industrial production. Ranade also explained how the Mercantilists advocated for state intervention to spur this industrial growth, which unfortunately led to abuses. In other words, the theory that state protection and control "were but crutches to teach the Nation to walk, and that they should be thrown away when the necessary advance had been made" was not followed (Ranade, 1906, p. 15). Monopolies – e.g. the several European East Indian Companies – began to abuse their power and spurred scholars such as Hobbes and Locke to criticise the existing thought paradigm and theorise the idea of natural liberty (Ranade, 1906, pp. 15-16). Ranade described how the idea that individuals know what is best for them spurred the theory that any restriction is negative for progress. Ranade (1906, p. 15) was explicit about his thoughts on this development in political economic thought – the idea of natural liberty proposed by Hobbes and Locke was a "destructive" theory, because it disagreed with the need for state intervention and underestimated the need for domestic industrial production (the latter will be discussed in the next section). The former can be explained as the need for order. The following sub-section shall show how Ranade argued for a strong central authority with a simultaneous balance of power among societal groups.

In Ranade's *Maratha History*, one of the chapters is entitled "How order was brought out of chaos" (Ranade, 1900, pp. 87-96). The Indian "environments ha[d] to be in a

sense re-ordered in a way that would help not merely our physical growth, but also our intellectual and moral growth” (Ranade, 1902, p. 150). Ranade (1900, p. 95) observed how this was achieved in the Maratha confederacy by “firmly binding the different powers by making their material interests centre in the common discharge of their duties”. Ranade (1900) made the case that Shivaji<sup>17</sup> organised power in such a way that it helped to pursue “general interests” (1900, p. 62, 63), “common good” (1900, p. 86) or “interests of the nation” (1900, p. 93, see also p. 110)<sup>18</sup>. Moreover, Shivaji’s predecessor, Shahu<sup>19</sup>, successfully implemented one of Shivaji’s proposed policies, the *chouth* and *sardesmukhi*<sup>20</sup> taxes. The taxes bound the interests of the leaders by distributing the earnings among the chiefs of Shahu’s council. In fact, Ranade (1900, p. 63) stated that Shivaji’s effective principles were vindicated both by the fact that the Maratha rule failed only when the principles were no longer followed by Shivaji’s predecessors, and the fact that the British were successful in building a state on the ruin of Shivaji’s confederacy. According to Ranade (*ibid*), the British “gave its deliberate preference to the principles laid down Shivaji over those which favour with his successors”.

Additionally, Akbar’s unification of India in which Hindus and Muslims were able to build a united nation with “common interests and common ambitions” was an example of how cooperation could be beneficial (Ranade, 1902, p. 238). By cooperating they could exchange ideas that inevitably helped India to progress (Ranade, 1902, pp. 242-245). Ranade argued that without a return to a unified India, it would not develop: “no progress is possible without such co-operation” (1902, p. 294, see also p. 246). As a counter example, Ranade used the failure of the Marathan state of Tanjore to back up his argument that cooperation was necessary for continued stability and growth (Ranade, 1900, pp. 106-113). The Maratha

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<sup>17</sup> The first sovereign of the Maratha Realm, ruling 1674-1680.

<sup>18</sup> Also, “The division of power was so arranged as to make the interests of all common concern” (Ranade, 1900, p. 95).

<sup>19</sup> Shivaji’s grandson and predecessor, ruling 1707 to 1749.

<sup>20</sup> The *chouth* and *sardesmukhi* were taxes implemented by the Marathas in their territories in exchange for protection from the Mughals (1900, pp. 97-105). *Chouth* means 25% and was therefore a 25% tax levied on revenue in certain provinces collected directly by Shahu’s agents (Ranade, 1900, p. 100). *Sardesmukhi* was a 10% tax (Ranade, 1900, p. 102). In Ranade’s chapter on *chouth* and *sardesmukhi*, he argues that the implementation and enforcement of the taxes gave legitimacy and expanded Maratha power (1900, pp. 97-105).

colony in Tanjore had been controlled by a Maratha family for nearly two centuries (1675-1855) and had been allied with the Maratha power in Western India (Ranade, 1900, p. 106), but failed only when it disunited from the other Maratha states.

As mentioned above, my theoretical framework and methodology provides this paper with a framework that understands how Ranade naturally assimilated ideas from established schools of thought (authoritative discourses) and his own observations of India's economy (internally persuasive discourses). The paragraphs above include several similarities between Ranade and existing schools of thought. For example, Ranade (1906, p. 18) cited Sismondi for declaring:

that the State was not merely an agency for keeping peace, but that it was an organization for securing the progress of the people as widely as possible, and for extending the benefits of the Social Union to all.

Ranade (*ibid*) also mentioned that Sismondi followed Comte's dismissal of laissez-faire policies. In fact, as Cowen & Shenton (1996, pp. 28-35) argue, Comte's aim was to discover laws of human social evolution, which included two elements development and improvement. According to Comte, development had been stilted because order had not been reconciled with progress (Cowen & Shenton, 1996, p. 28). Order could not be regarded as stationary, but as part of social evolution with its own natural laws (*ibid*). Order was the condition for progress, and progress was the goal of order (*ibid*). In other words, progress is the development of order. It is rather clear then why Ranade regarded order as a necessary element of development.

Yet despite these similarities with Western theories of order, Ranade was motivated by the need for a different path to progress in India, due to her peculiarities. The need for a strong central order with a balanced and united power (Ranade, 1900, pp. 58, 95, 62, 93, 95, 96) was paramount in India, because there were centrifugal tendencies (Ranade, 1900, pp. 24, 29, 58) and "separatist elements" (Ranade, 1900, p. 92) that damaged the prospects for development. In other words, the centrifugal tendencies away from a union should be counterbalanced by a centripetal force. Ranade (1906, p. 194) saw a "common interest in co-



operating together for the common good” and was able to demonstrate that by holding meetings with numerous interest groups<sup>21</sup>. As shown above, Ranade gave successful examples to show how unification was useful for progress.

It is interesting to compare this idea to Bakhtin’s (1992, pp. 67, 82, 270-4, 368, 376, 382, 425) general theory that there are two tendencies of language: 1. A centralising tendency to construct one unitary language; 2. directly opposed to a centrifugal tendency that diversifies language. Similarly, Fairclough’s (2013, pp. 30, 37) idea that there are diverse ‘ideological-discursive formations’ associated with different groups, even though one ideological-discursive formation (a set of speech community with particular discourse and ideological norms) clearly often dominates. As each separate group in India would have had their own language, discourse, and ideological norms, there could be a comparison to be made between these Bakhtin and Fairclough’s theories, and Ranade’s thesis. Perhaps the former theories’ idea that there are opposing forces that ultimately lead to a dominant form could help explain why Ranade sees the need for centripetal forces to bring about the discourse he believed in: progress.

The centripetal forces that could join India’s diverse groups could help bring about development, because, as Ranade noted, stability was a key element of progress. And co-operation would decrease warfare (i.e. increase stability), which he argued has historically brought about progress. Indeed, Ranade wrote that the civil role of a state is much more important than military. He gives the examples of the Maratha ruler Shivaji who was a successful “civil ruler” (Ranade, 1900, p. 52) and the British administration’s “marvellous feat of statesmanship” (Ranade, 1900, p. 63, see also 97) that separated the civil and military departments while giving the former more importance. Both administrations also had strong central states by collecting taxes by their own institutions (as opposed to farming out the collection to Zamindars<sup>22</sup> or farmers) (Ranade, 1900, p. 63). Additionally, both systems made room for co-operation by appointing several boards and councils to run the

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<sup>21</sup> “Hindus and Mahomedans, Parsees and Christians, the Rulers and the Ruled, the Privileged and the Unprivileged Classes, all stand on a common platform, and, as the constitution of the present meeting itself demonstrates, are prepared to work together” (Ranade, 1906, p. 194).

<sup>22</sup> Landlords who collected rents from peasants.

government, rather than a single ruler (Ranade, 1900, pp. 57, 63). This need for cooperation came partly from Carey and Sismondi's idea that the state as a coordinating power "checked the tendency of individuals to seek immediate gain at the sacrifice of permanent National interests" (paraphrased by Ranade, 1906, p. 19).

There was a fine balance to be struck, however, between a strong central government and local power. In fact, Ranade argued quite clearly that finding the right balance of power between different groups and between central and local institutions was paramount. In one of Ranade's papers entitled "Local Government in England and India", he analysed the English local governments during the second half of the 19<sup>th</sup> century (Ranade, 1906, pp. 231-261). In this paper, he explained how local governments needed to be elastic enough to cater to the "necessities of a growing Civilization" (Ranade, 1906, p. 242). According to Ranade, the old traditional organisations in England had been "oligarchical monopolies" that were "incapable of securing public confidence or undertaking the discharge of a new and varied duties" that were necessary (*ibid*). In other words, local power was centred in the hands of a few rich landlords or city merchants, who did not use their power for the benefits of all taxpayers, but for their own guilds. Ranade explained how England had introduced a complex system of boards to counteract this concentration of power, however, he does not advocate for this same system to be adopted in India. Instead, Ranade draws inspiration from John Stuart Mill. Ranade (1906, p. 260) paraphrases Mill in the following way:

[P]ower must be localized, while knowledge, especially technical, is most useful when subordinated to a central control. The principal business of the Central Authority should be to give instructions, and to lay down fixed principles, and it should leave the local bodies to apply them in practice.

Ranade also observed stages of growth in power as he theorised in his law of progress (see above). Ranade (1906, p. 234) stated that there had been "four distinct stages of growth in the history of [...] Local Institutions" in Asia, the Mediterranean, Europe, as well as in the European and American colonies. Each region had symmetrically developed from "the little Parish unit into the great Confederacy of States, which appear[ed] to be evidently the

destined form of the future Political Organization of the Human Family” (*ibid*). Indeed, according to Ranade, the absorption of local groups into a central organisation “may be regarded as a distinct advance in Civilization” (Ranade, 1906, p. 234). This relates to the need for a strong central authority to combat the centrifugal tendencies, which Ranade observed in India discussed above.

Finally, Ranade (1902, p. 94) theorized that only a minority of people can help to change public opinion for the better. The people who can progress, and create order, in society “are but few” (Ranade, 1906, p. 117). These “Gurus of the future” (Ranade, 1902, p. 302) or teachers “must know how to introduce their pupils to a correct appreciation of the forces which are at work in the wider world outside, and which, in spite of temporary checks or seeming reverses, represent all that is best in human efforts for the elevation and happiness of man” (Ranade, 1902, p. 303). These leaders need a “larger vision” (Ranade, 1900, p. 89). There are similarities again here with the idea of development that emerged in the early 1800s in Europe with a group of French scholars labelled the Saint-Simonians. To remedy disorder (remember order would bring about progress), a society needed assign those who had the capacity to “utilise land, labour and capital in the interests of society as a whole should be ‘entrusted’ with them” (Cowen and Shenton, 1996, p. 25).

In conclusion, Ranade (1900, p. 90) sees the primary solution to reverse the trend of Indian economic decline as restoring public order. Order could be brought out of India’s chaos by active state intervention (Ranade, 1902, p. 102), because sometimes collective action had better outcomes than individual action (Ranade, 1902, p. 103). As discussed above, the beginning of the 1800s spread ideas about the ultimate goal of progress and that order could be harnessed to foster progress. This promise and possibility of progress is summed up nicely in the following quote

It is surely within range of practical possibilities for us to hope that we may work up our way back to a better state of things, without stirring up the rancorous hostilities which religious differences have a tendency to create and foster” (1902, pp. 169).

The next sub-solution shall now analyse Ranade's second remedy for development: industrialisation.

ii. The Need for Industrialisation

The second major component of Ranade's prescription for development was industrialisation. This ties in with the earlier discussion about Ranade's concern about the ruralisation of India's economy. The agricultural dependence was "the weak point of all Asiatic Civilization" (Ranade, 1906, pp. 94-95). According to Ranade (1906, p. 95), the proportion of raw produce to manufactured goods between India and Britain was four to one, compared to one to four between India and its neighbouring countries. Worse still was the dominant British political power that enabled monopolies to thrive, which was progressively diminishing the proportion of native owned and controlled industries (also discussed above). Ranade (1906, p. 71) quoted the Bible to sum up his take on the current economic situation "*To him that hath, much shall be given, and from him that hath not, the little that he hath shall be taken away*". A dominant agricultural sector would not bring about the necessary development. On the contrary, Ranade (1906, p. 28) wrote that

A due co-ordination of the three-fold forms of industrial activity, even if it be not immediately most advantageous to individuals in any one period, is paramount National Insurance against recurrent dangers, and as such is economically the most beneficial course in the interests of the Community.

This quote is taken from a passage where Ranade argued in favour of using List's political economic theories to harness progress. Ranade argued that List have the most extensive critique of Classical Political Economy. List's theory, according to Ranade (1906, pp. 20-21), was based on the idea that national wellbeing was maximized in the "full and many-sided development of all productive powers". The resemblance between Germany and India can also explain Ranade's taking to List's work. Indeed, List wrote of the problems Germany faced to do with unification and industrial development within a world where Britain was the hegemon (Goswami, 2004, p. 215).

In Ranade's overview of Western European Political Economy (discussed in previous section), Ranade discussed how the theory of natural liberty assumed that all wealth was produced by human labour and so naturally agriculture was given more importance in the economy, rather than manufacturers. According to Ranade (*ibid*), this culminated in the French Revolution and the school of Physiocrats. Fortunately, Ranade (1906, p. 17) wrote, Adam Smith improved on this school's thought by returning to the idea that an economy is best constructed of several sectors – i.e. both industrial and agricultural sectors.

India needed “self-sufficing economic development” as had been effectively been brought about in America (Ranade, 1906, p. 42). Ranade (1906, pp. 19-20) referenced two American political economists, Hamilton and Carey, as having understood for the need of protective tariffs to bring about self-sufficient economic development. Due to the ruralisation of the Indian economy, a growing proportion of the agricultural population could not sustain themselves from their yield. The only solution was “the gradual transformation of the chief means of livelihood, in other words the rise of Towns and Cities” (Ranade, 1906, p. 221) where industrial production can create demand for agricultural products but also employment for the proportion of the agricultural population that could not sustain themselves from their yield. In other words, this relates to Ranade's (1906, p. 196) laws of nature (discussed above) that an economy is made of interdependent sectors: “the interplay of whose three-fold activities makes a Nation thrive”. The economy is made up of interdependent sectors that need to be connected to “adjust the capacity of the one to the wants of the other” (Ranade, 1906, p. 45). The three activities included agricultural production of raw materials, industrial production using raw materials, and distribution of the finished manufactured products (*ibid*). Ranade (1906, p. 197) made it clear that the increase in trade only in raw produce was not effective development. He advocated for an “industrial salvation”, which could be brought about by importing raw materials from abroad as much as possible, and converting those materials into “more valuable” products (Ranade, 1906, pp. 126-127). This transformation of industries was inevitable for Ranade (*ibid*). He

made a list of what higher value added products could be produced by India (see Appendix III)<sup>23</sup>.

Ranade saw no other solution to economic growth than industrialisation. In fact, “all other remedies [could] only be temporary palliatives” (1906, pp. 130-131). Additionally, Ranade (1906, p. 170) claimed that the “revival of Indian Manufactures” is what India’s “future prosperity mainly depend[ed]”. Ranade emphasized this point further when referring to British policy of increasing communication facilities in India. Ranade (1906, pp. 94-95) claimed the introduction of better communication and transport by the British was useful, but not if industrial growth of especially higher value-added goods and introduction of new technology came with it. The railways have “killed out Local Indigenous Industries, and made people more helpless than before, by increasing their dependence and pressure on Agriculture as their only resource” (Ranade, 1906, p. 97). Ranade cited J.S. Mill’s theory of state intervention, because “the quotation is peculiarly appropriate as it lays down the duties of Government in Countries circumstanced like India” (Ranade, 1906, p. 96). In Ranade’s (1906, p. 98) own words, “Mr. Mill recommends pecuniary assistance in aid of private enterprise”, as has had been done by the Dutch in Java (1906, pp. 70-104). Ranade (1906, p. 82) observed how the Culture System implemented in Java had spurred industrial production by advancing capital to private individuals to invest in production of higher value-added goods.

Ranade realised that industrial growth would take place in urban areas where the finished products would have direct access to the domestic and international markets. Ranade (1906, pp. 122-123) therefore saw the population increases in towns and cities as a positive development occurring in India during the late 1800s. The theory of urbanisation seems to be linked with Ranade’s understanding of how sustained economic growth could be achieved. Ranade (1906, p. 26) observed that industries accommodating the demands of the upper classes (or the courts) and their dependents tended to disappear, whereas industries

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<sup>23</sup> Ranade did report some good news in his narrative. For example, he extracted data to show that industrial exports had increased from Dr Watts’ chapter on the “Present State of Indian Manufactures and Outlook of the Same” in his Memorandum on the Resources of British India (Ranade, 1906, p. 111; see Appendix III).

accommodating the needs of the middle class tended to develop over time. The solution to sustained industrial economic growth was therefore in industrialisation that catered to the convenience and needs of the middle class. In turn, the middle class were mainly situated in urban areas. Hence an increase in urban population probably meant an increase in the size of the middle, which could create the needed demand for such industries<sup>24</sup>.

In order to bring about industrial growth, the “reservoirs of Capital” needed to be spread over the “parched fields of industry” (Ranade, 1906, p. 43). In other words, the unused capital needed to be invested in the industrial sectors. There was “utter paralysis of industry in rural India, due to the poverty of the resources of the Classes engaged in the production of Wealth” (Ranade, 1906, p. 43). In Ranade’s (1906, pp. 43-69) lecture on “The Re-organization of Real Credit in India”, he surveys other countries’ credit facilities to identify what could be done in India. He concluded that when lenders can easily find borrowers, less time and money are wasted, because, like in any other businesses, when business “becomes specialised [...] all risks are avoided, and all the benefits of a secure investment and cheap loan are secured to the monied and needy classes” (Ranade 1906, p. 63). In Ranade’s time, he observed artisans without savings and unable to borrow money to sustain or expand their businesses. It was clear to Ranade (1906, p. 65) that re-organising credit to make borrowing and investing easier would “put new life and energy in the body politic”. Interestingly, the Saint-Simonians also theorised banks should be intermediaries between workers who need tools to and owners of such tools that do not need them (Cowen and Shenton, 1996, p. 26).

It seems to be clear from the preceding paragraphs that Ranade assimilated many of the existing normative categories of economic development already established in other parts of the world – mainly Europe. Similar to the other scholars cited above, Ganguli (1977, p. 59) concludes that the influence of Western schools of thought was “direct” in the late 19<sup>th</sup> century. In fact, Ranade made it explicit that he agreed with the British on the need for

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<sup>24</sup> Again, Ranade reported some positive news about Indian development. For example, Ranade (1906, p. 223) reported a 30% increase in the number of towns and their populations had increased by almost 25%.

industrialisation: “there is really no conflict of interest between the Rulers and the Ruled, who all alike desire to promote the Industrial and Economic Progress of this Country” (Ranade, 1906, p. 193).

#### **IV. Conclusion**

In conclusion, this paper has conceptualised Ranade’s idea of development by tracing its origins, but also understanding where it diverges from existing schools of thought Ranade was exposed to. His idea of development was based on certain laws of nature, progress and distinct characteristics he observed in India. The latter was significant for his idea of development, because the existing political economic theory did not seem to fit with his contemporary socio-economic context. His idea of development diverged from Western philosophy primarily because of this idea of difference. India had been developed, but had fallen into de-development. Contrary to the Western continual upward progress, India had gone into reverse development, or regression. Furthermore, India’s inferior position as a colony affected Ranade’s assimilation of theories and his concept of development. In fact, Ranade was able to conceptualise a dependent colonial economy, in order to prove that India was not destined to only export raw materials. To conclude, the research would benefit from further enquiry into what sources were on the curricula at the Indian universities and available in the libraries at the end of the 19<sup>th</sup> century. This would give further insight into what sources were read by Ranade, but not cited. Finally, another issue that this paper was not able to deal with but warrants research, which also concerns the possibility of a unique ‘Indian’ idea of development (within ISPE), is how Ranade (and the Nationalists) were able to reconcile their acceptance of universal development and their understanding of India as different. For example, Goswami (2004, p. 241) finds that the Nationalists sought “the actualisation of the universalistic promise of development”. ISPE was based on the universal categories of capital, economy and state; even though they attempted to “reconstitute an organicist, particularist community, they worked within and through modern social categories” (*ibid*). Another example includes Chatterjee (2008) who sought to explain how and why Indian nationalism legitimised its ideas of cultural peculiarity within a



*universalistic* post-enlightenment discourse that was ultimately tied to colonial domination. This is especially interesting as Ranade (1906, p. 2, 6), Ray (1895, p. 66), and Joshi (1912, pp. 749, 808, 886) specifically criticised CPE due to its belief in universal principles. In fact, one of the reasons for establishing a separate school of thought was to move away from the universal principles. In short, was the Nationalists' attempt to construct an adapted developmental path for India compatible with the universal developmental goal of industrialisation?

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## Appendix I

### Mahadev Govind Ranade's (1842-1901) Publications and Professional Career

#### Publications and Speeches

Date	Title	Other Details
	<i>State Legislation in Social Matters</i>	
	<i>A Theist's Confession of Faith</i>	
	<i>Local Government in England and India</i>	
	<i>Philosophy of Indian Theism</i>	Speech at the Free General Assembly's Wilson College
1870	<i>Vedic Authorities for Widow Marriage</i>	Paper written for the Council in 1870 under the president, Shankaracharya, at Poona during the Widow Re-marriage Controversy.
1880	<i>The Law of Land Sale in British India</i>	Published
1883	<i>Emancipation of Serfs in Russia</i>	Published
	<i>Prussian Land Legislation and the Bengal Tenancy Bill</i>	Published
1887	<i>The Sutra and Smriti texts on the Age of Hindu Marriage</i>	The introduction to D. Gidumal's book.
1890	<i>Netherlands India and the Culture System</i>	Read at the Industrial Conference, Poona.
	<i>Industrial Conference</i>	Inaugural address at the first Industrial Conference, Poona.
1892	<i>Indian Political Economy</i>	Lecture delivered in the Deccan College, Poona.
	<i>Iron Industry-Pioneer Attempts</i>	Read at the Industrial Conference, Poona.
1893	<i>Present State of Indian Manufactures and Outlook of the Same</i>	Read at the Industrial Conference, Poona.
	<i>Indian Foreign Immigration</i>	Read at the Industrial Conference, Poona.
	<i>Twenty Years' Review of Census Statistics</i>	Published in the Poona Quarterly Journal.
1895	<i>Commemoration Address. The Telang School of Thought.</i>	Address delivered at the 'Hindu Union Club', Bombay.
	<i>Hindu Protestantism</i>	Anniversary address at the Prarthana Mandira, Bombay.
1896	<i>Raja Rama Mohana Roy</i>	Lecture on 27 September 1896.
1897	<i>Revival and Reform</i>	Address at the Indian National Social Conference, Amraoti.
1898	<i>Southern India a Hundred Years Ago</i>	Address at the Indian National Social Conference, Madras.
1899	<i>I am neither Hindu nor Mahomedan</i>	Address at the Indian National Social Conference, Lucknow.
1900	<i>Rise of the Maratha Power (Vol. 1).</i>	Book published by Punalekar & Company
	<i>Congress and Conference</i>	Address at the Provincial Social Conference, Satara, May.
	<i>Vashistha and Vishwamitra</i>	Inaugural address at the Lahore Conference

## Professional Career

	Ranade played an important role in the Silk Spinning and Weaving Factory, the Metal Manufacturing Factory, the Poona Mercantile Bank, the Poona Dying Company, and the Reay Paper Mill (Chandra, 1966, p. 85).
1862	B.A. from Bombay University.
1866	Graduated with an LL.B from the Government Law School (Gopalakrishnan, 1954, p. 44).
1864	Started teaching economics at Bombay University (Gopalakrishnan, 1954, p. 44).
1866	Appointed Oriental Translator to Government Bombay (Gopalakrishnan, 1954, p. 44).
1867	State of Kolhapur judge (Gopalakrishnan, 1954, p. 44).
1868	Returned to be a professor in English and History at Elphinstone College in Bombay (Gopalakrishnan, 1954, p. 44).
1870	Founded Quarterly Journal of the Sarvajanik Sabha with S. H. Chiplunkar, Ganesh Vasudeo Joshi.
1871	Judge for government of Bombay associated with the Quarterly Journal of the Sarvajanik Sabha (Gopalakrishnan, 1954, p. 44).
1885	He was nominated a law member of the Bombay legislative council by Lord Reay. He became closely connected to the Indian national congress (Gopalakrishnan, 1954, p. 44).
1886	Government of India committee expenditure and retrenchment representative of the Bombay government (Gopalakrishnan, 1954, p. 44).
1887	Companion of the Indian empire (Gopalakrishnan, 1954, p. 44).
1893	Appointed to the bench of the Bombay high constitution (Gopalakrishnan, 1954, p. 44).
1890	Founded the Industrial Association of Western India (Gopalakrishnan, 1954, p. 44).
1890	Founded the Industrial Association of Western India (Gopalakrishnan, 1954, p. 44).

## Appendix II

### Relevant References cited in Ranade's works

Author	Issue	Relevant Publication
K. T. Telang	Ranade concludes his book with Telang's paper on the "Gleanings from the Maratha Chronicles".	Ranade, 1900, p. <i>preface</i> .
G. Duff	Ranade criticizes English historians, including G. Duff for claiming there is no significance in Maratha's rise and fall, because the Marathas were only able to rise to power due to Mughal's waning power after Aurangzeb's death.	Ranade, 1900, p. 1.
	Ranade criticizes European writers, especially Duff, for attributing the rise of Maratha rule solely to fortuitous circumstances.	Ranade, 1900, p. 8.
	Ranade asserts that Duff did not pay much attention to the wealth of the Maratha colony in the Southern state of Tanjore.	Ranade, 1900, p. 106.
European writers	Ranade points out that European writers, who have claimed that India did not have national sentiments, have had to admit that there are exceptions – such as the Marathas, Rajputs and Sikhs.	Ranade, 1900, p. 3.
Maratha histories or native chroniclers	Ranade cites Maratha histories throughout his book on the rise of Maratha power.	Ranade, 1900.
Colonel M. Taylor	Ranade describes that Taylor's novel is better at describing Shivaji's character than Maratha historians.	Ranade, 1900, p. 5.
Bhandarkar	Ranade uses Bhandarkar's compilation of ancient Maratha inscriptions on copper-plates and rock-temples to discredit Duff's analysis of Maratha's rise to power as incidental.	Ranade, 1900, p. 8.
	While he searched for the Jain manuscript, he came across the Dharma Pariksha.	Ranade, 1902, p. 85.
Mahipati	A Maratha poet wrote comprehensive biographies about the saints and prophets of Maharashtra, which Ranade used for his chapter on the saints and prophets.	Ranade, 1900, p. 65.
Lecky	Ranade's uses Lecky's remark about how only childlike people could accept stories of miracles as the truth.	Ranade, 1900, p. 66.
M. Elphinstone	Ranade uses Elphinstone's testimony to back up that the Maratha rule "ensured peace and prosperity, and succeeded in making the Maratha power respected and feared by all its neighbours".	Ranade, 1900, p. 96.
<i>Bakhars</i> authors	Ranade asserts that the writers of Marathi <i>Bakhars</i> did not pay much attention to the wealth of the Maratha colony in the Southern state of Tanjore.	Ranade, 1900, p. 106.
A. Dubois	Ranade cites Abbe Dubois' travel writings on India	Ranade, 1902, p. 180-187.
Cobden	His "dream" that the civilized world would adopt his principles of political economy had not been realised.	Ranade, 1906, p. 5.
Bright	His "dream" that the civilized world would adopt his principles of political economy had not been realised.	Ranade, 1906, p. 5.
Ricardo	His "dream" that the civilized world would adopt his	Ranade, 1906,

	principles of political economy had not been realised.	p. 5.
J. S. Mill	His “dream” that the civilized world would adopt his principles of political economy had not been realised.	Ranade, 1906, p. 5.
	Ranade admits that Mill also found that practical political economy involved other branches of the social sciences. Mill’s theory recognises the distinct difference between the laws of wealth production (which are universal and arbitrary) and the laws of distribution. The latter is a human institution. Mill affirmed the hypothetical character of political economy, so he suggested verification was needed to confirm hypotheses.	Ranade, 1906, p. 7.
	Mill does not recommend absolute freedom. He recognised the “an exception to the general rule of Free Trade, where time is required to see whether new industries are or are not adapted to the natural resources of new countries”.	Ranade, 1906, p. 27.
	Ranade writes that Mill “has expressly laid down that no Agriculture can be really productive which is divorced from a neighbouring non-agricultural market represented by Thriving Towns and Cities [...] Mr. Mill suggests that in the absence of such near markets, the next available substitute is a large export trade to Foreign Countries.”	Ranade, 1906, p. 28.
	Ranade cites J.S. Mill’s theory of state intervention, because “the quotation is peculiarly appropriate as it lays down the duties of Government in Countries circumstanced like India” In Ranade’s own words, “Mr Mill recommends pecuniary assistance in aid of private enterprise”, as has had been done by the Dutch in Java.	Ranade, 1906, pp. 96-98.
	Ranade paraphrases Mill: “power must be localized, while knowledge, especially technical, is most useful when subordinated to a central control. The principal business of the Central Authority should be to give instructions, and to lay down fixed principles, and it should leave the local bodies to apply them in practice.”	Ranade, 1906, p. 260.
Cairns	Ranade wrote that Cairns affirmed the hypothetical character of political economy, which meant that statistics or documented evidence could not refute or prove any hypothesis.	Ranade, 1906, p. 7-8.
J. Mill	Ranade found that J. Mill did not agree with J. S. Mill and Cairns about the fact the science was based on hypotheses. J. Mill never doubted that they were dealing “with Human Beings as they existed”.	Ranade, 1906, p. 8.
A. Smith	Ranade read that Smith did not agree with J. S. Mill and Cairns about the fact the science was based on hypotheses. Smith thought that human beings acted upon a principle of always wanting to “better his condition, and in aiming at individual good, every man is led by an invisible Hand to promote good”. Human institutions only interfered with this tendency and a simple system of natural liberty should be allowed to emerge on its own.	Ranade, 1906, p. 8.
	Ranade states that Smith improved the theory associated with Quesnay, because he did underemphasize the need	Ranade, 1906, p. 17.

	<p>for industrial production.          Smith correctly realised that navigation laws had helped English commercial supremacy. Additionally, Smith argued for protection if it would help the national economy – especially for companies that would be taking risk and investing large sums of money.          Smith never separated economic from the social.</p>	
	Smith does not recommend absolute freedom – Smith was a fair trader.	Ranade, 1906, p. 27.
Ricardo	Ranade calls Ricardo more dogmatic than Smith, because they did waver in their support for a system of complete natural liberty.	Ranade, 1906, p. 8.
	Ranade shows that other European thinkers have disagreed with the Ricardo school and the theories in political economy textbooks.	Ranade, 1906, p. 22.
	Rent theory: Ranade argues that India's rent situation cannot be explain through Ricardo's theory because: <ol style="list-style-type: none"> <li>1. Housing is not tied up in families for generations, as it is in England;</li> <li>2. The state is the monopoly of land in India, which means the rent is neither a tax nor rent, but instead encroaches on profits and wages of the poor peasant.</li> </ol>	Ranade, 1906, pp. 31-32.
Malthus	Ranade calls Malthus more dogmatic than Smith, because they did waver in their support for a system of complete natural liberty.	Ranade, 1906, p. 8.
Senior	Ranade wrote "Mr. Senior seriously thought that the whole Science could, like Geometry, be reduced from four axiomatic propositions".	Ranade, 1906, p. 8.
McCulloch	Ranade found that McCulloch did not agree with J. S. Mill and Cairns about the fact the science was based on hypotheses. J. Mill never doubted that they were dealing "with Human Beings as they existed".	Ranade, 1906, p. 8.
Early Political Economists: Smith, Ricardo, J. Mill, McCulloch, Torrens and Malthus	Ranade listed their assumptions as the following: <ol style="list-style-type: none"> <li>1. National economy is individualistic and has no separate collective aspect;</li> <li>2. Individuals are only self-interested;</li> <li>3. The self-interest results in the largest production of wealth;</li> <li>4. The pursuit of individual gains results in the highest general societal good;</li> <li>5. Competition is the best regulator of the economy;</li> <li>6. All state regulation encroaches on natural liberty;</li> <li>7. Individuals know their best interest and can act on this will;</li> <li>8. There is perfect freedom and equality within a contract between individuals;</li> <li>9. Capital and labour are always freely mobile to move where it is most needed;</li> <li>10. There is universal tendency for profits and wages to arrive at an equal level;</li> <li>11. Population tends to overtake means of subsistence; and</li> <li>12. Demand and supply automatically adjust to each other.</li> </ol>	Ranade, 1906, p. 9.

	According to Ranade, these economists had rigid and dogmatic theories.	Ranade, 1906, p. 17.
Bagehot	Ranade cites Bagehot to explain that the general principles of early political economists (see above) were only true of Britain of Bagehot's present day.	Ranade, 1906, p. 10.
Sidgwick	Ranade cites Sidgwick as expressing that the abstract method is only useful in a static analysis of the economy.	Ranade, 1906, pp. 11-12.
C. Leslie	Ranade states that Leslie argues that "The Economy of every Nation [...] is the result of a long growth in which there has been continuity and change, and the economic side of this change is only a particular aspect."	Ranade, 1906, p. 12.
	Ranade claims that Leslie was influenced by the German thinkers: Raw, Knieys, Roscher, Hildebrand, Wagner and others.	Ranade, 1906, p. 21.
Jevons	Ranade cites Jevons as disagreeing with the hypothetical method and argued to abolish to use of the Ricardian theory.	Ranade, 1906, p. 12.
	Ranade claims that Jevons was influenced by the German thinkers: Raw, Knieys, Roscher, Hildebrand, Wagner and others.	Ranade, 1906, p. 21.
Mercantile Theorists: Colbert, O. Cromwell, Raleigh and Childe	Ranade cites this as the first explanation of the economy. The main element of this theory, according to Ranade, was their emphasis on commerce and industry rather than agriculture, on exports rather than imports. Cromwell's navigation laws had helped Britain rise to superiority. Colbert made France the most prosperous state on the continent. Ranade thinks he realised the need for temporary state intervention.	Ranade, 1906, pp. 14-15.
Hobbes	Founder of the theory of natural liberty, which - according to Ranade was "destructive and negative criticism" of Mercantile theory.	Ranade, 1906, pp. 15-16.
Locke	Founder of the theory of natural liberty, which - according to Ranade was "destructive and negative criticism" of Mercantile theory.	Ranade, 1906, pp. 15-16.
School of Physiocrats: Quesnay (or French negative school of Quesnay)	According to Ranade, the Natural Liberty theory was a part of a greater movement that led to the birth of the French negative school of Quesnay – or Physiocrats. Ranade thought they underemphasized the need for industrial production and underestimated the need for state intervention.	Ranade, 1906, pp. 16-17.
A. Comte	Ranade cites him as the first to deny the doctrines of the deductive school and construct a new historical method.	Ranade, 1906, p. 18.
Sismondi	Sismondi followed Comte's methodology and protested against laissez-faire policy. He thought that the British economists' theory made the rich, richer and the poor, poorer. "Sismondi declared that the State was not merely an agency for keeping peace, but that it was an organization for securing the progress of the people as widely as possible, and for extending the benefits of the Social Union to all."	Ranade, 1906, p. 18.
	The state as a coordinating power "checked the tendency of individuals to seek immediate gain at the sacrifice of permanent National interests".	Ranade, 1906, p. 19.

Dunoyer	Ranade states that Dunoyer “defined Liberty not as a mere negation of restraint, but a positive effort to increase efficiency of Labour in all its grade”.	Ranade, 1906, p. 18.
Hamilton	The father of the American constitution. He thought that absolute freedom was only useful if all nations accepted free trade simultaneously. He proposed protective tariffs, which were adopted in America.	Ranade, 1906, p. 19.
Carey	Ranade wrote that Carey denied any theory of economic rent, and saw rent as only a remuneration (like profits) of a past invested capital or labour. Carey justified protection for domestic agriculture because the “waste products of land must return to the soil to restore its powers, and this restoration was not possible where raw products were exported to, and consumed by distant Countries.” Carey thought of the state as a coordinating power, which “checked the tendency of individuals to seek immediate gain at the sacrifice of permanent National interests.” Finally, protection was the only solution for less advanced countries to overcome the obstacles thrown at them by the more advanced countries. The immediate loss of protection would pay off in the long run.	Ranade, 1906, pp. 19-20.
Jones	Jones criticised the Ricardian theory of rent because it only applied to farmers’ rent and not Indian ryots, Metayer or Cottier rents.	Ranade, 1906, p. 19.
Gioga	Ranade cited Gioga as an advocate of state regulation in the industrial sector and the doctrine of relativity.	Ranade, 1906, p. 20.
Ludovico	Ranade cited Ludovico as an advocate of state regulation in the industrial sector and the doctrine of relativity.	Ranade, 1906, p. 20.
Muller	Ranade finds that the German thinkers were the most successful in the work of positive exposition. Muller was the first to suggest that Adam Smith’s theory was English and insular. It suited England due to its history, but could apply to continental Europe.	Ranade, 1906, p. 20.
F. List	Ranade argues that List have the most extensive critique of Classical Political Economy. List’s theory, according to Ranade, was based on the idea that national wellbeing was maximized in the “full and many-sided development of all productive powers”. National education was more important than the present gain of individuals. The highest quantity of wealth measured in exchange was not the most important figure – it depended also on what those outputs consisted of. Finally, there were several stages of growth.	Ranade, 1906, pp. 20-21.
German thinkers: Raw, Knieys, Roscher, Hildebrand, Wagner	They elaborated a historical, like List, “under the stimulus of the success of the comparative method in Philology and Jurisprudence, proposed to reconstruct Economy by the help of the new method.” These thinkers thought that economics was only a branch of sociology, so it must be studied in static and dynamic situations. Individuals were not directed only by self-interest, because they were also altruistic, and created within historical contexts – both Ancient and Modern. The German school, according to Ranade, regards universalism and perpetualism as unscientific and	Ranade, 1906, pp. 21-22.

	incorrect.	
Blaine	Ranade writes that Blaine argues that America has different conditions than England, and therefore have different problems. This would also apply to Australia. "India may fairly claim the benefit of the experience and practise of these self-governing communities, and demand breathing time."	Ranade, 1906, p. 27.
Gladstone	There was controversy between Gladstone and Blaine about the difference between the new colonies and Britain.	Ranade, 1906, p. 27.
Bible	"To him that hath, much shall be given, and from him that hath not, the little that he hath shall be taken away".	Ranade, 1906, pp. 27, 71.
Wakefield	Ranade describes how he set a system of incentives for rural inhabitants to move to urban areas. A Colbert or a Peter is said to agree with this scheme.	Ranade, 1906, p. 30.
Advanced Theory	Ranade describes how the Advanced theory was developed by the Modern School to justify state intervention and to check the abuse of competition in England. Landlords were abusing their power to charge higher rents, and peasants did not rightfully own their land. State intervention was needed to give property rights and set maximum rent limits. Ranade compares this also to the situation of factory workers and miners in Europe who were being poorly treated. Ranade argues that this abuse of competition does not lead to public peace and overall wellbeing – there are "legitimate forms of protection of the weak against the strong, [...] [which] do not affect the real freedom of Distribution." "The Advanced Theory concedes freedom where the parties are equally matched in intelligence and resources; when this is not the case, all talk of equality and freedom adds insult to injury". Equal distribution is paramount.	Ranade, 1906, pp. 32-33.
S. Laing	Ranade has added an extract from Laing's <i>A Modern Zoroastrian</i> . Laing was the Financial Minister to the Government of India.	Ranade, 1906, pp. 37-41.
W. W. Hunter	Ranade has added an extract from Hunter's <i>A Study in Indian Administration</i> , and represents the views of Maxwell Melvill on Indian Political Economy.	Ranade, 1906, pp. 41-42.
	Hunter agrees with Ranade that poverty in India is phenomenal.	Ranade, 1906, p. 195.
Raiffeisen	Ranade explains how Raiffeisen in Germany and (implemented best in Switzerland) worked out the principle of co-operation in the banking sector: "Each member contributes a fixed sum per month or year, and the Association also receives Deposits". Loans were then issues using the deposits.	Ranade, 1906, p. 63.
E. Baring (Lord Cromer)	Baring advised the government of India to re-organise credit.	Ranade, 1906, p. 66.
	Baring agrees with Ranade that poverty in India is phenomenal.	Ranade, 1906, p. 195.
	Baring estimated the agricultural annual wealth of Bengal to be one hundred Crores.	Ranade, 1906, p. 306.
O'Connor	Ranade cites O'Connor's as saying that "No practical development of the Iron Industry has yet been made in India".	Ranade, 1906, p. 101.



Watts	Ranade uses Dr Watts' chapter on the "Present State of Indian Manufactures and Outlook of the Same" in his Memorandum on the Resources of British India to understand the present state of the Indian manufacturing sector (see Appendix III).	Ranade, 1906, pp. 105-129.
	Ranade cites Dr. Watt's <i>Dictionary of Indian Economic Products</i> to describe the richness of the Iron industry in India.	Ranade, 1906, p. 171.
	Watts' Dictionary uses an official expert to find that the price of iron has increased by 50% due to freight and landing charges.	Ranade, 1906, p. 176
E. Buck	Ranade cites Buck: "India is entering upon an important period of manufacturing activity. Already a substantial commencement has been made in Cotton and Jute Goods, followed by manufactories of Wool, Paper, Leather, Sugar, Oil and Tobacco."	Ranade, 1906, p. 117.
Census	1872; 1881; 1891: Ranade uses the census to find figures for urban and rural populations, as well as self-declared occupation figures. Emigration figures are used from 1881 report. Ranade also mentions how we has used trade returns and official publication.	Ranade, 1906, pp. 122- 124, 132, 152.
	Ranade complains that the census report of 1891 cannot be used because its publication was delayed. It also neglects to use figures from the last censuses.	Ranade, 1906, pp. 209-230.
Famine Commission Report	Ranade cites: "at the root of much of the Poverty of the people of India, and the risks to which they are exposed in seasons of scarcity, lies the unfortunate circumstance that Agriculture forms almost the sole occupation of the mass of the population, and that no remedy for present evils can be complete which does not include the introduction of a diversity of occupation, through which the surplus population may be drawn from agricultural pursuits, and led to find their means of subsistence on Manufactures, or some such Employment."	Ranade, 1906, p. 130.
Draper	Ranade cites Dr. Draper's <i>History of the Intellectual Development of Europe</i> . Ranade paraphrases Draper as follows: "the Dotage and Death, which had paralysed Oriental Races, could only be cured by the Free Transplantation of these people into Foreign Lands, or by Free Intermixture in blood with more Energetic Races". Ranade agrees with the second remedy, because has been tried and failed.	Ranade, 1906, p. 134.
Commission of Inquiry in 1866-1867 and Official Report from Government of India in 1871	Ranade uses these sources to analyse the causes of an epidemic in Mauritius.	Ranade, 1906, p. 138.
Report of Immigration in Mauritius	This report done by the Government Protector in 1890 is cited by Ranade to see emigration figures.	Ranade, 1906, p. 140.
H. Norman	Norman's report helps Ranade to find the total number of Indians in Trinidad.	Ranade, 1906, p. 147.

Emigration Report 1889	Ranade uses statistics to show how many Indians left India.	Ranade, 1906, pp. 166-167.
Ball	Ranade uses Mr. Ball's work on Economic Geology to describe the richness of the Iron industry in India. He the Deputy Superintendent of the Geological Survey.	Ranade, 1906, p. 171.
	"Mr. Ball observes, that if the Government had started the manufacture of Iron on an extended scale at the time of the first opening of the Railways, great benefits would have accrued to the State". According to Mr. Ball it would have enabled to state to have large sums of money in circulation and would have increased employment for those forced to live in rural areas.	Ranade, 1906, p. 177.
Captain Townsend	"According to him the Raniganj Field possess all the auxiliary advantages, though its Iron ore is not of the best". Ranade uses his authority to understand the iron industry.	Ranade, 1906, p. 175.
	Ranade paraphrases Townsend: "where there is no Private Enterprise to interfere with, it is not only wisdom but a duty for the State to start the required works [...] when new lines of industry are to be opened up, and if given freely, the expenditure will not only pay itself, but will enormously develop the Wealth of the Country".	Ranade, 1906, p. 192.
Sowerby	Ranade uses Sowerby's report from 1858 on the Beerbhum Iron Works Company started by Messrs. Mackay and Co. of Calcutta	Ranade, 1906, p. 183.
Blanford	Blanford wrote a report in 1860 on the Beerbhum Iron Works Company that showed the factory was making a loss.	Ranade, 1906, p. 183
Oldham	Oldham reported on the failure of the iron company Government Works.	Ranade, 1906, p. 184.
D. Naoroji	Ranade agrees with Naoroji that Indian poverty is phenomenal.	Ranade, 1906, p. 195.
Hyndman.	Ranade agrees with Hyndman that Indian poverty is phenomenal.	Ranade, 1906, p. 195.
Cobden Club Essays	Ranade uses Cobden Club Essays on Local Government and Taxation in England, Scotland, Ireland, Holland, France, Russia, Spain, and Germany and in the English Colonies of Australia and New Zealand.	Ranade, 1906, pp. 231-261.
Rathborn	Ranade uses Rathborn's paper published in the <i>Nineteenth Century</i> . Rathborns "has stated on the highest authority that in England alone Local Taxation had reached the magnificent total of fifty-five Crores of Rupees a few years ago, a revenue almost as large as the whole of the net revenue of British India".	Ranade, 1906, p. 232.
Guizot	Ranade uses Guizot to discuss how a nation transitions from status to contract.	Ranade, 1906, p. 234.
Emperor Alexander	The emperor was able to emancipated the Serfs (1861-1869) through his Charter of Russian Liberty.	Ranade, 1906, p. 265.
A. Young	Ranade states that Young mourned the poor conditions of the French agricultural classes.	Ranade, 1906, p. 275.
Stein	"In the words of the first Edict [published 1807] issues by Stein, the great underlying principle all reform was "to remove whatever had hitherto hindered the individual from obtaining that degree of well-being which he was capable of reaching by exertions, according to the best of	Ranade, 1906, p. 284.

	his ability". This Edict made it clear in Prussian legislation that land was supposed to be owned by man.	
Parliamentary Blue book	A book to gather information about Prussian legislation and the feudal system.	Ranade, 1906, pp. 294-295.
Bentham	Bentham (amongst others) denounced usury laws and were abolished in 1855.	Ranade, 1906, p. 315.
Reade, Muir, J. Strachery, G. Edmondstone, Thornhill, Cocks, Pinkney, Williams, Harvey, Batten, Gubbins, Currie, Mayne, Sherer, Wynyard, Lean, Vansittart, Plowden, Boulouis, Simpson, Barnes, S. Melvil, Bernard, Brooks, Nicholls, J. D. Inglis, C. A. Elliot, Morris, Grant, Carpenter, Jones, Low, Hobhouse, Rose, Wingate, Tytler, Jacomb, Wodehouse, and Pearson.	The reform of law of land sale in India was discussed in a meeting.	Ranade, 1906, pp. 318-353
R. West	Published a pamphlet entitled "The Land and the Law of India". West proposed that the power to alienate land should be abolished.	Ranade, 1906, pp. 347-348.

### Appendix III

Dr. Watt's import and export statistics, cited from Ranade (1906, p. 111)

	1879.	1892.	Percentage increased.	
			Total.	Annual.
Manufactured Imports ...	Rs. 25,98,65,872	36,22,31,827	39	2·8
Raw Imports ...	Rs. 13,75,55,837	26,38,18,431	91	6·5
Manufactured Exports ...	Rs. 5,27,80,340	16,42,47,566	211	15
Raw Exports ...	Rs. 59,67,27,991	85,52,09,490	43	3

Ranade's (1906, p. 127) illustration of how raw material exports could be transformed into manufactured goods

IN PLACE OF EXPORTING	CONVERT THEM INTO & EXPORT
Oil Seeds	Oils
Dye Stuffs	Dyes and Pigments
Wheat	Flour
Unhusked Rice	Husked Rice
Jaggery	Sagar
Raw Cotton	Cotton Goods.
Raw Wool	Woollen Goods and Shawls
Raw Silk	Silk Goods
Jute and Flax	Gunny Bags, Ropes
Hides and Skins	Prepared and Tanned Leather
Raw Tobacco	Tobacco Cured, and Cigars
Fish	Cured and Salted Fish
Rags	Paper
Wood and Timber	Carved Wood and Furniture