

Dadabhai Naoroji (1825-1917)

Dadabhai Naoroji, the Grand Old Man of India, was born on September 4, 1825 in a Parsi family of Bombay. In life Naoroji had the distinction of being first in many things. He was the first Indian to be made a Professor at Elphinston College, Bombay, the first Indian to become a Member of Parliament, House of Commons (British Parliament), the first Indian to become a member of the Royal Commission and the first Indian to make the National Income Estimate. After teaching for a while at Elphinston College, he went to England in 1855 to look after business. There he took lively interest in politics and did many things to educate the British public opinion about the duties of England to India. Naoroji was an ardent nationalist. He was elected President of the Indian National Congress in 1886 and 1906. While at college, one of Naoroji's teachers called him 'the promise of India'. The teacher was right. Naoroji became the Father of Indian Nationalism.

Economic Ideas of Naoroji

The Economic ideas of Naoroji are found in his monumental work "Poverty and Un-British Rule in India." The Poverty of India was the theme of his book. He considered it the main economic problem of India. He made a survey of the per capita income in Bombay presidency for the years 1867-70. He noted that it was as low as Rs. 20 indicating the grinding poverty of the masses. He thought that the per capita income should be at least Rs. 34 to meet the bare necessities of life. He attributed the poverty of India to the policy of continuous exploitation followed by the British Government.

The Drain Theory

Dadabhai Naoroji is famous as an economist for his 'Drain Theory'. He attributed the poverty of India to the British Rule. He felt that under the British rule, India had the "lordliest and costliest administration in the world." The consequence of foreign domination was the drain of the wealth of India into England. He thought the extravagant cost of British administration had a disastrous effect on the Indian economy. Naoroji estimated that the drain which was to the tune of £3 million at the beginning of the 19th century increased to £30 million towards the end of the last century. According to Naoroji, this heavy drain of wealth from India into England was one of the main causes of the poverty of India.

The drain of wealth took place in a number of ways. First large remittances were made by European officials of their savings in India. Second, large remittances were made in the form of salaries and pensions. Third, India often had to pay for government expenditure in England and of course in India too. Fourth, non-official Europeans made remittances from their business profits in India. The money which has gone out of India to England has once again come back as British Capital and foreigners have monopolized trade and industry. It has once again resulted in the drain of wealth. Thus the drain has become continuous and it has affected capital formation in India.

Dadabhai Naoroji has collected a lot of statistical data to prove his drain theory. He examined the figures of imports and exports between the years 1835 and 1872 and pointed out that the value of the exports exceeded that of imports by £500 million. The drain would have been greater, if interest had been calculated on the amount. No

country could bear such a drain upon its resources without sustaining very serious injury.

The Naoroji pointed out that every war which the British fought after 1858 beyond the frontiers of India was clearly and mainly for safeguarding the imperial interests of Britain. He, therefore, argued that Britain should pay her proper share of the maintenance of the British Army in India.

Further, when the Railways were built in India, India had to spend large sums on salaries and allowances to European staff were for all the top posts were manned by the Britishers. Indians employed largely on low paid jobs. Large sums of money also went out of India in the form of profits on railways to England. Thus the benefits of railways were enjoyed largely by the foreigners and the burden of foreign debt was borne by India. In the case of other countries, the English men merely sent their capital. But in the case of India, the English capitalists did not merely lend, but with their capital they themselves invaded the country.

Dadabhai Naoroji felt that former rulers who plundered India's wealth by their invasions now and then were now better than the British rulers. He said. "The former rulers were like butchers hacking here and there, but the English with their scientific scalpel cut to the very heart...There is no wound to be seen, and soon plaster of the high talk of civilization, progress and what not covers up the wound." He felt that it was wrong to consider India as Nature's tragedy and the Indian agriculture, a gamble in the hands of the monsoon. He said that, "If India did not progress under the Englishmen there was no justification for their existence here."

Naoroji suggested the following measures to remove India's poverty and to reduce the drain.

1. India and England should pay all salaries to their people within their boundaries. With regard to the Englishmen employed in India and the Indians employed in England, there should be a fair and reasonable apportionment between the two countries.
2. As the Englishmen were paid reasonable salaries while they served in India, there was no need to pay pension to them.
3. As there was no danger of invasion of India by sea, and as all advantages from the Indian Navy went to England, India should not be charged any portion of the expenditure incurred on the maintenance of the Indian navy.

Conclusion

Though Naoroji's treatment of national income, as Dr. V.K.R.V. Rao pointed out, was based on "the Physiocratic concept of materiality of income" (Naoroji did not include 'services' in his calculation of per capita income), we should not forget the fact that Dadabhai Naoroji was the first Indian to calculate national income on per capita basis. His drain theory indicated broadly how there was perpetual exploitation of Indian wealth by the British administration. Above all, he explained the problem of poverty in India in a scientific manner based on statistical data.