

C H A P T E R V I I I

THE ECONOMIC IDEAS OF MAHARAJA SAYAJI RAO

I N D U S T R Y

CHAPTER VIII

THE ECONOMIC IDEAS OF MAHARAJA SAYAJI RAO : INDUSTRY

From the previous Chapter it will be gathered that the majority of the people of the country depended upon agriculture for their livelihood. The greatest problem that India faced was of the removal of pressure of population from agriculture. The obvious solution was to be found in the industrialisation of the country as an alternative. But that was not feasible looking to the politically and economically controlled condition of India by the British. Under these circumstances the ideas and work in the industrial sphere, offer a scope for study.

During the period of Sayaji Rao's minority administration, Sir T. Madhav Rao had no time to devote himself on the industrial improvement in the State. The work of developing the natural resources of the State and of reviving old industries and introducing new ones based on the improved machinery started after the commencement of Sayaji Rao's actual reign in 1881. The period from 1881 to 1905 might be considered as of pioneering efforts and laying the foundation of industrial development in the State.

By 18⁹80, a few model factories such as cotton and sugar mills were started. The people also organised a few small industries such as pencil-making, match-making, button and soap-making. But the promoters lacked scientific knowledge and information, as a result most of the enterprises failed.

In 1884, the State pioneered a sugar factory at Gandevi (Navsari District). It started as a joint stock concern and the State took half of the shares. As the factory did not work satisfactorily, the State purchased it at the cost of rupees three lakhs and worked it for sometime. It was sold out in 1904 to a private owner. Soon after 1884, the possibilities of establishing a glass factory were explored and several experiments were made with sands found in the State. But the project was abandoned finally as it did not show signs of good results.

In 1892, Sayaji Rao pioneered a Cotton Spinning and Weaving Mill "as an object lesson to capitalists."^① In 1905, it was realised that private enterprise was forthcoming to start new mills, so this factory was sold out. The third industry that was started by the State's Public Works Department in 1890, was a brick factory. This factory was to manufacture Mangalore tiles, earthen-ware, pipes and jars. For sometime the experiments were made but none of them proved successful. Therefore, it was sold out in 1907.

In the 1890's, though the old policy of starting new industrial ventures was continued, it was carried on with less vigour. This period is marked with certain notable features namely diffusion^{of} general and technical knowledge, development of means of communications, undertaking of Geological and Economic surveys, providing loans at a low rate of interest and the revision and reduction of custom duties. All these features helped to promote the industrial enterprises in the State.

In 1890, a School of Arts known as Kala Bhavan was set up.^② In this institution the School of Arts, The School of Carpentry and Cabinet making, the School of Mechanical Technology, the School of Dyeing and Calico printing, the School of Agriculture and the School of Pedagogy (Science of Education) were included.

Besides the Kala-Bhavan, the Baroda Industrial Museum was also founded at Baroda in 1894. It had two sections - Sciences and Arts. The former was concerned with Geology and Biology while the latter contained a special wing for Baroda industries.^③

The development of industries was fostered by building ~~the~~ railways all over the State. The Petlad Railway (Kheda District), the Mehsana-Viramgam Railway, and the Mehsana-Patan Railway, were opened for traffic during 1890-99.

1. Nanavati, op. cit., p. 19.

2. Ibid., p. 29.

3. M.H. Shah, op. cit., p. 106.

It was during 1890-91 that the Geological and Economic Surveys were undertaken with a view to exploring the natural resources of the State. During 1891-94, a constructive and an active policy of issuing loans was pursued. A number of small industries such as cotton ginning, press factories, flour and rice mills and dye works sprang up during the period of 1881-1905.

Sayaji Rao's basic thinking on the economic problems both of his State and of India, is best expressed in his two notable speeches. In 1902, he spoke on "The Revival of Industry in India" at Ahmedabad^① and in 1906 he gave an Inaugural Address on "The Needs of Indian Industries and the Lines of Advance in Education" at Calcutta.^② His economic ideas are also expressed in his letters, Huzur Orders and other papers.

Causes of India's Industrial Backwardness

In 1902 Sayaji Rao stated that famine, increasing poverty and wide-spread disease are behind the "radical weakness" of the country and the economic problem is the larger part of the matter.^③ He knew the Indian people as "a great commercial people" and outlined the trade of India in ancient, mediaeval and modern periods. He offered a brilliant analysis of India's commercial incapacity in the modern world and attributed several causes for it.

With the acquisition of political power by the British East India Company and subsequently the absorption of India into the growing British Empire, the Indian economic interests began to change heavily. The British economic policy ruined India's trade and industries. In the export trade, though the Company accepted India's manufactures, it also gave equal, if not greater attention to country's raw materials. The internal trade was taken away from the Indians. Heavy transit duties on all inland commerce were imposed. The Commercial Residents of the Company in every

1. SAMSG, pp. 83-117.

2. Ibid., pp. 183-230.

3. Ibid., p. 83.

part of the Company's possessions, managed to control the work of the local artisans in such a way that it led to the end of all manufacture thoroughly outside their factories.

Besides the Company's economic measures, the British Government also adopted a protective policy and crushed Indian manufactures by protective duties. The use of steam in manufactures also gave superiority to England over India. The Free Trade policy further ruined the Indian industries which had already declined. Sayaji Rao observed that the Indian trade, railways and government were controlled by the energies and capital of the Europeans.

After giving this analysis Sayaji Rao stated that in spite of such apparent causes of India's backwardness, the Indians should not interpret themselves as arising from their own inherent inferiority. He acknowledged the feeling of the Indians that they were "... restricted to a humble subordination, a servile imitation, and to the production of raw materials" for the markets of Europe. Yet there is no reason to believe that these weaknesses could not be overcome.

Explaining his idea of Law of Nature, he felt that nothing could prevent the Indians from changing their position,^① because the Law of Evolution applies itself to all the nations. No nation can shut out herself from the operation of that law. And the history has not falsified this truth.

Sayaji Rao claimed that the Indians had a share in the establishment of the Indian Empire - an erection "... indeed by the clear-sighted energy and practical genius of England." But he hastened to add the "... Indian patience, Indian blood and Indian capital" behind it as their foundations.^② Yet England's manufacturing superiority and her "mighty commerce" led Indians to experience a sense of "profound dejection, hopelessness and inertia."

1. Ibid., p. 87.

2. Ibid., p. 38.

In this way Sayaji Rao held responsible the British economic interests for the backwardness of India. However, he did not consider them as the sole cause of it. He also examined the weaknesses of the Indians. Before revealing the weakness, he disagreed with the view that the "Indians as a race, are lacking in enterprise, deficient in business faculties, barren in organising power." In fact the weakness of the Indians "...lies in this fact that we have for many years lain prostrate under a fictitious sense of our own helplessness and made no adequate attempt to react against our circumstances."

Further he observed that the "home-keeping propensities and the out-of-date semi-religious prejudices, which have gathered round the institution of caste," have prevented the Indians from choosing a line of activity most befitting to their abilities or from seeking fresh markets and the knowledge of new industries from other lands. As a result, they have "succumbed," where they should have exhausted every possibility of resistance and remedy.

So from the above views it can be easily derived that Sayaji Rao considered the British economic policy towards India and the socio-religious attitudes of the Indians as responsible factors for the backwardness of the nation in the economic sphere.

Remedies for Industrial Development

Sayaji Rao did not merely content himself by pointing out the causes of backwardness, but he showed remedies also to overcome the difficulties and obstructions.

Firstly, he stated that the restriction against foreign travel is "one of the most serious obstacles in the way of commercial success" and it must be "swept away" in order to avoid stagnation.^① Secondly, he expected that every patriotic citizen should have before him an ideal to revive nation's own manufactures, to establish firmly and extend those that existed, and to

1. Ibid., p. 92.

start industries that were in demand.

But how was this to be realised ? He had also thought over it. He indicated two broad-based ideals. Firstly, to have "a knowledge of our possibilities, of the means and facilities necessary to success, and of the lines on which activity would be best repaid." Secondly, to entertain a "belief in ourselves and in each other so that our knowledge may not fail for want of co-operation." In addition to these two great ideals, the progress of science and mechanical invention should be realised, the old and antiquated methods of works should be given up, the people should get themselves liberated from the hampering customs and superstitions, and instead of being dazzled in imagination with the progress of Europe, the people should examine that intelligently and compare it with the India's progress.

He felt sure that if this was done, there would be no reason to despair and if the people failed in doing this, we must not hope to occupy a place in the civilised and progressive world.

Study of Historical Economic Developments

Sayaji Rao did not stop by merely advising the Indian people in a sophisticated way. From his varied experiences, and intensive observations, he subscribed four historical movements that were responsible in changing the Western nations from the darkness of mediaevalism to the highest degree of their civilization. He wanted the Indians to study these movements and take them as important factors into consideration, while they were planning the economic development of India.

The first movement he suggested was the study of the capitalistic programme of the last few centuries and to realise the need as well as the advantages of a capitalistic organisation of industries. For the study, large sums should be devoted to the founding of Chairs of Economics in the Colleges and for sending young men abroad for training in the difficult problems of ⁱⁿ finance. ①

1. Ibid., p. 214.

The second movement for study was the revolution headed by Martin Luther in Europe that aimed to abolish the dictations of the church in Rome. It is well-known that the dictations of the Pope affected almost all the facets of national life of a country. He strongly believed that the realm of church should remain confined to the matters of moral and metaphysical nature. This point has a relevance to the social and religious life of the Indian people. As he said, the people must "... look well to the religious and social foundations of our national life" and break the monopoly of caste prerogatives and social privileges.

In suggesting the third movement, his idea was to make Indians study the development of national spirit in Europe. The Indians should take up a period of last 2000 years wherein Europe passed through a constant process of "unifying and solidifying" the national life. Petty states and warring principalities gave way to strong, compact and homogenous nations, each retaining its national characteristics and working for the preservation of national ideal. In the case of India, he observed that the Indians "...are disunited, many-minded, and incapable of unselfish co-operation for national ends." Therefore, he suggested that "as intelligent men and patriots," it would be better for us to put in motion the principles of unity and co-operation." And for this he recommended "...the adoption of a national speech and the inculcation of a national spirit" as remedies.

The fourth movement that he suggested was the study of the development of railways, steamships, knowledge of electricity (with all its multiform uses), physics, chemistry, medicine etc. that proved to be of high value and importance in modern life.^①

Perhaps, in suggesting these movements, the idea of Sayaji Rao seems to show, India's part "shamefully small" in the movement.

1. Ibid., pp.214-15.

Country's Resources

When Sayaji Rao revealed the causes of India's backwardness and showed the remedies to overcome them, he felt it necessary to draw the attention of the people on the natural resources of the country that were "unlimited in their extent, variety and promise."^①

In the sphere of mineral wealth, the valuable and useful products of soil which are in great variety and abundance and the provision of water that remained unexplored. To these he added the availability of cheap labour and hereditary artisans who are quicks in-hand and eye. Therefore, "what is required is greater knowledge, a more earnest endeavour of the Government towards improvement and the provision of facilities." It also entails upon the people to do a more serious activity in order to take advantage of such facilities as already exist.

When he talked of such resources in India, he emphasised on the major point that, the questions of improving the agriculture and the facilities in industries cannot be separated in a country like India. It was because that the raw material is produced and it can be produced in great bulk. He supported his contention by citing the examples of the development of beet sugar industry and the improvement of cotton. Both the products formed the important products of Indian agriculture and also of export trade.^② Therefore, his suggestion to exploit the natural resources was meaningful and significant.

Factors for India's Industrial Development

(i) Industrial Education

When Sayaji Rao thought of the reasons of India's backwardness and the remedies, he also paid attention to give and encourage industrial education in the State.

1. Ibid., p. 93.

2. Ibid., p. 94.

As early as 1901, he adopted a policy of industrial encouragement after providing commercial education in the State. In one of his Huzur Orders he asked his Dewan and some other persons to form themselves into a Committee and suggest points on commercial education and industrial encouragement.^① In his order he desired to have a system of industrial education in manufacturing such articles for which there was a steady demand. While suggesting this he was not unmindful of India's economic position in which she had no freedom to control and regulate its own economy.

In spite of such position he wanted the Indians to keep before them Japan as a model when aiming general and particularly industrial progress of the country. He put forward Japan's three main lines of progress namely sending of young men abroad for education, establishing colleges in the country with a European staff in the early stages and lastly, employing the services of the Europeans in the initial stages of her manufacture.^②

He felt it impossible in the case of India to send large proportion of Indian youths abroad unless the Government and the philanthropists take the matter in their hands. His views on starting industrial educational institutions have been mentioned before. And for the third suggestion, it was quite apparent that the British Government in India would not accept that suggestion which would be against their economic policy.

Capital and Evils of Capital

The vital problem of capital required in starting and fostering the industries in India, did not escape the mind of Sayaji Rao. He was not prepared to sustain the argument that the Indian industries were poor for want of capital.^③ He claimed that the Indians have more capital than they could imagine. The capital could be well utilised in developing the resources of the country, if the people so desired.

1. DKHO, 1900-1901, No. 3., March 26, 1901.

2. Widgery, SAMSG, p. 104.

3. Ibid., p. 110.

He deplored that we lacked the active foresight and did not seek for the best investments. Instead, we preferred to hoard our savings in our women's ornaments, or invest it in Government securities at low rates of interest. Therefore, he thought that it could be otherwise invested in profitable ways like in agricultural improvements, insurance of agricultural stock and the establishment of factories. He decried the tendency of some of the Indian States which had invested their surplus capital in Government securities instead of utilising it in the development of the resources of their own territories.

It may be noted here that in order to provide incentive to the enterprising people in the State, Sayaji Rao started some factories as State enterprises and handed over their charge to private concerns. He also made ample provisions to issue loans and provide capital to the manufacturers.

The allegation that large private fortunes do injustice to others in the Western countries, was answered by Sayaji Rao. He looked to the substantial truth of capitalism which emerged from industrialisation.

He conceded that in a society, where insutrialism takes its roots, the private fortunes are bound to grow ever larger. A larger proportion of the population is acquiring wealth, and the whole mass of the people is lifted up to a higher standard of living. Under the circumstances private accumulations of wealth on the competitive basis is justified, if it can be shown that the general welfare is enhanced thereby.^①

He viewed this aspect in a different way. He ~~was~~ did not regard private accumulation of wealth as personal and belonging to one class of the society but these accumulations should be found in "stocks, bonds, and securities" which represent "factories, railroads, mines and other agencies of production and distribution, through which the labourer of all trades obtains his employment and his wages."^② Therefore, he felt that the private

1. Ibid., p. 224.

2. Ibid., p. 227.

fortune of modern times was nomally and apparently private. All the wealth of an industrial society, in fact, belonged to the whole people.

This thinking suggests that private capital accumulations should not be viewed at its face value but should be taken in the wider context of an industrially developing society. And it should not be viewed as evil of capitalism.

Developing of Communications

Sayaji Rao understood well the importance of developing communications in a country which aimed at industrialisation. The apparent benefits of increasing means of communications and transport facilities, according to him, were many.

The Baroda State entered into a railway enterprise as far-back as 1856, when a strip of land was ceded to the Bombay, Baroda and Central India Railway for the construction of the railway. In the subsequent period the railway net-work increased and by 1881 the State owned fifty-nine miles of railways. Sayaji Rao's views on having the railways are worthy of notice.

He maintained that "... a railway, though it may not be directly remunerative always tends to develop backward country and facilitates the transport of produce."^① Since he decided to develop the State territories as a primary need, he adopted a policy of widespread construction of railways in the State.

At the time of planning the railway line, he took into consideration certain factors like the convenience or inconvenience of the surface of soil, too heavy expenditure, and the reasonable return. Though he regarded the railways as an industrial concern, he did not adhere to this principle while projecting a new line and hoped to get the stipulated return. This is evident from his speech made in 1938 while inaugurating a railway line from Prachi Road to Kodinar in Saurashtra.^②

1. In one of his Huzur Orders he stated this. Quoted by Sergeant, op. cit., p. 225.

2. MSGVB, Vol. III, p. 114.

Sayaji Rao saw the utility of the railways from a cultural point of view also. He observed that the ²⁹¹ railways, besides facilitating the trade, proved advantageous to the people for journey, increasing their relations, helping them to imbibe new thoughts and developing human intellect. Therefore, the railways could not be measured in terms of Rupees, Annas and Pies; in profit or loss.①

So the railways formed an important part of the economic structure of the State and facilitated commerce and trade. During the period of Sayaji Rao the total milage of railways was 723 miles of which 21.42 miles were Broad-Gauge, 345.85 miles were Meter-Gauge and 355.73 miles were Narrow Gauge. In comparison to the area and population of the State, Baroda State had perhaps the highest percentage of railway in India.②

Besides railways, the State had automatic telephone system in the Baroda city, Navsari, Billimora, Petlad, Dabhoi, Kalol and Mehsana. The State had metalled and unmetalled roads and the total milage was 1712. The State also looked after developing the ports facilities, though its territories were mainly situated inland, except a few places in Saurashtra and Gujarat. There were four sea-ports, one at Rupen in Okha, the second at Mul Dwarka in Kodinar, the third at Beyt in Okha and the fourth at Velan in Kodinar.

Quality of Goods

For the quality of Indian goods, Sayaji Rao had much to say. He found that the quality of goods especially, of those that were exported, was unsatisfactory. He considered some factors responsible for it and put it in the form of complaint against those who were in charge of production or manufacturing it. He said that the Indian manufacture had no "European skill and supervision to pilot them through initial stages." Next he pointed out that it was due to "...the incompetence of the directors, or

1. Ibid.

2. M.H. Shah, op. cit., p.19.

to some culpable laxness in their management, or to our having commenced the enterprise on too impracticable or ambitious scale, or to our having lost sight of some essential conditions of success at the outset." He knew this as "apparent incompetence" and advised the countrymen to learn "...trustworthiness, a capacity for obedience, the art of management, accuracy, punctuality, method and the sense of justice." He desired to adopt a largely extended system of technical and general education on the pattern of Germany and to build commercial greatness.

It is but natural that the immense importance that was given to technical education in promoting the industries in America and European countries, might have struck Sayaji Rao greatly. From his frequent visits to industrialised countries, he came to the conclusion that "the great armaments of the Western nations, their vast armies and navies, do not receive greater attention and greater solicitude"^① than education in industrial pursuits.

Besides advocating for general and industrial education, Sayaji Rao wanted to introduce some manual training in the ordinary schools. It would be good for all students to have early lessons in drawing, modelling, simple instruction in carpentry and smithy. The obvious advantage that would come to them was viewed by him from a different point of view. According to him by such training the richer classes would be brought more in touch with the humble industries and the poor classes would acquire that skill and facility in handling tools which could be effectively acquired only at an early age. By this, he wanted to raise the dignity of manual labour. However, he was not prepared to regard technical training as a substitute for general education.^②

Besides establishing technical schools and introducing manual training in ordinary schools, he suggested ways how to

1. Ibid., pp. 203-204.

2. Ibid., p. 207.

complete industrial training. India must send her "young men to Europe, America, and Japan for that complete training which they cannot yet receive at home." The Indian people must give up time-honoured prejudices that deferred them to travel abroad and prevented them to receive new light, new culture and new ideas. He expected the people to undertake foreign travel and compare notes with foreign nations in industrial knowledge and system. The people must take note of the trend that was manifesting itself in industrial spheres during the last fifty years namely prior to 1906.

Facilities for Industrial and Technical Training in
The State

Sayaji Rao also undertook steps befitting his professed ideas to provide for industrial and technical training in the State. As referred to before, a central institution known as Kala Bhavan was established in 1890. It had different departments of study. By the end of Sayaji Rao's rule, the Kala Bhavan imparted training in the following branches of study:

1. Mechanical Engineering
2. Electrical Engineering
3. Civil Engineering
4. Chemical Technology
5. Weaving
6. Arts
7. Architecture
8. Commerce

A Vocational High School was also attached to this institution.

Besides this institution facilities for technical training were made available at State Railway (i.e. G.B.S.) Workshop, district industrial schools at Petlad, Patan and Amreli, at the J.N. Tata Hunnarshala, Navsari and Chimnabai Industrial Home, Baroda. ①

1. M. H. Shah, op. cit., p. 143.

Carpentry, weaving and tailoring were taught at Amreli school; turning, fitting and smithy, wireman's course and carpentry were taught at Patan; mechanical engineering, cabinet - making and drawing were taught at Navsari. The most striking was the Chimnabai Industrial Home which was meant for women. The women received training in a number of useful and remunerative handicrafts for each of which a separate class was conducted.

Sayaji Rao's Government in the field of investigations and advice in industrial field also made good provisions. The organisation for the exploitation of resources of the State must be scientific and sound if success was to be achieved.

In 1929 a Development Board was established. Its functions were mainly advisory and to assist the development departments in framing their respective programmes of work and to co-ordinate the work done by these departments in the direction of social and economic uplift of the people of the State. In 1937 a State Economic Board was established which considered all questions relating to the economic development of the State. Each district of the State had such Economic Board and the Central Board worked as a co-ordinating agency in solving the economic problems of each district.

In the year 1937, the Industries Board was also established. It carried out several experiments to investigate the possibilities of starting new industries in the State. Besides these boards, the Government established a Technological Institute for industrial research in 1936. It was placed in charge of an Industrial Chemist.

The above measures of Sayaji Rao to encourage industrial and technical education in the State, show that they were in accordance with his ideas.

Swadeshism

Sayaji Rao did not separate the mill industries and the principal industries in India from the indigenous industries that were carried on in village homes and bazaars in so far as the plan of improving the condition of industrial classes both of mills and ^{factories} as well as of cottage dwellers, was concerned. The cottage dwellers

formed the main part of industrial classes and they remained most impoverish than the agriculturists or the mill and factory labourers. They also became the first victims of famines. Therefore, care should be taken of such classes and relief should be provided.

But how was this to be done ? Sayaji Rao had a solution. It could be done through a Swadeshi way. As far as the village and cottage industries were concerned, he wanted to foster them in that way. A larger demand for their manufactures should be created. The sphere of their labours should be widened, and this will bring "...some light to their dark and cheerful homes." By this Sayaji Rao did not mean that the large industries should be ignored. He wished that help and encouragement should be accorded to the large industries but "the humbler industries in which terms of millions of village artisans are engaged, should also be fostered and render help."^① This was his concept of Swadeshism.

While advocating this he did not want to put aside or forget the great ideal of recovering the ground in industrial spheres which had been lost (to foreigners ?) during the last two centuries. He frankly admitted that it was very difficult to "...compete with some of the richest, best trained, and most skilful nations on earth," when the people suffered from ignorance and poverty. With their ancient method they had to "habituate" to modern ways, to adopt modern inventions and to beat those inventions. Using a simile, he felt that it would be just like a duel with the Western nations who had weapons of their choice and certainly superior to that of the Indians.

His patriotism and nationalism is discernible from his speech in which he stated, "With the produce of our infant mills and our infant iron foundaries, we must oppose the overwhelming flood of manufactured goods which England, Germany and America are pouring into India."¹

1. Ibid., p. 194.

In the face of heavy tide of manufactured articles, he apprehended the extinction of Indian industries imminent, when the conservative methods are followed and orthodox ways of work remain unchanged. Under these circumstances, " a true Swadeshi" movement must be launched. And for this the people should "learn to force Nature into corner; accost her and bring out her in most secrets, harness her powers, tackle her energies, and make her a handmaid unto man."

Swadeshism can become a genuine economic force under the above conditions and it could be used as a potent weapon of usefulness, if it was properly understood. The genuine Swadeshi way aimed to secure maximum production at the minimum cost. If this is to be achieved our patriotic fervour would demand the greater cost and the slight discomfort in using the indigenous goods at the outset. But "...no such movement can be permanently successful unless it involves a determined effort to improve their quality and cheapen their cost, so as to compete successfully with foreign products."^①

In 1908, Sayaji Rao explained that the aim and end of Swadeshism is to acquire economic freedom which could be achieved only when the technique of Western industrialism is mastered.^②

The year 1905 in the history of India is the year of Swadeshi Movement that was visible in the whole country. Under its ~~the~~ influence new industries were started. The Baroda State also took advantage of the enthusiasm of the people and extended its help to all new enterprises which were started with loans and many other ways.^③ A special Department of Commerce and Industry was established in 1907 and the Bank of Baroda was started in 1908 to finance the local industries. The response to the States policy found expression in the establishment of Alembic Chemical Works in 1907 by a private enterprise. The same year the State

1. Ibid., p. 195.

2. Ibid., p. 224.

3. Nanavati, op. cit., p. 13.

planned to start a Chrome Leather Tanning Factory as a State enterprise and purchased machinery in 1909. It was sold out to a private company before it went into production.

A fully equipped Furniture Factory was started by the State in 1909 under the management of the former State scholars trained in Europe. In 1910, an American expert was engaged to investigate the possibilities of oil industry and the manufacture of soap and other products. By this time a complete generating plant for lighting the palaces and for supplying electric light and power to persons in the Baroda city, was installed. The State Public Works Department also set up a stone-working machinery at Motipura (near Baroda), but it was leased out to a private company.

The purpose of outlining the industries that were started either by the State or by private persons, is to show how the Baroda State fell under the spell of Swadeshism in the country.

Students for Industry and Trade

As noted before, Sayaji Rao made ample provisions to impart industrial and technical education in the State. He believed that the educated men should take up the fields of industry and trade as it offered a wide scope for them. He did not like the popular fallacy that these fields were less dignified for educated men.^① Therefore, he seized the opportunity to touch this aspect while making speech to the students of the Baroda College in 1909.

He drew the attention of the students to their counterparts in America who after graduation preferred to go in industries rather than in other professions. He pointed out to them the changes that were taking place in the spheres of industries and trade namely the springing up of the cotton industries in the large towns of Western India, the impetus given to manufacturing industries by the Swadeshi movement and the efforts of the Government of India and other State Governments to foster various industries. Under such changing conditions and circumstances they

1. Widgery SAMSG, p. 239.

should take up the work of their choice from these fields and serve the country.^①

Such kind of advice of Sayaji Rao to the college students was too early in a country like India of his time. The social and economic patterns, not to talk of political, of the society hardly afforded such opportunities to the younger generation. So at the most Sayaji Rao should have advised them to study the various aspects of the country and then decide their career.

However, it is noteworthy that he himself afforded many opportunities in imparting industrial and technical education in his State. This needs no repetition as this has been already discussed before.

Large Scale Industries

Sayaji Rao understood better the importance of large scale industries. Besides emphasising on the development and encouragement of the cottage industries, he also favoured the establishment of larger namely large scale industries, that should evolve on an extensive use of machinery. The economic future and any increase of country's wealth depended on such industries. He wanted to build an economic system on a much broader basis than it existed. This could be achieved by little energy and the assistance of the Government.^②

He had a clear concept of what the Government could do in augmenting the economic development of the country. The Government besides imparting industrial education should improve the means of communications, establish banks and other co-operative institutions. The merchants and manufacturers ^{should} be encouraged by advancing of capital and by granting other facilities.

Sayaji Rao made clear the position of the Indian States and defended them so far as the assistance was concerned. He said the Indian States are "seriously handicapped... by their limited

1. Ibid., p. 240.

2. Ibid., pp. 107-108.

means and scope and the want of trained men." Yet, he conceded that the States could do better for the material and commercial development of the country. He had in mind some States in Central India, (Madhya Pradesh) and Rajputana (Rajasthan) which would get more treasure "out of the bowels of the earth than Mysore and Hyderabad."^① His main defence of argument was the limitation of the government's help. And for this reason these State Governments were not able to play their role properly.

So far as the Baroda State was concerned in rendering financial help and giving assistance to the industries, there was noteworthy contribution. From the review made previously of the industrial establishments in the 1900's, it is clear that the State had willingly become a partner in the industrial growth of the country. The industrial establishments made a steady progress during 1911-1921 and their number rose from eighty six in 1911 to one hundred twenty four in 1921. The period of 1905-1926 may be considered as a period of rapid progress of the State under Sayaji Rao.

During the period of 1927 and 1941, the number of the industrial concerns falling under the Factory Act rose from 17,000 in 1927 to 41,101 in 1941.^② The development of Port Okha on the north west corner of Saurashtra, played an important role. Its work was started in 1922 and it was completed in 1925. It began to function the following year.

Due to the Government of India's policy in re-establishing Viramgam Cordon and the imposition of duties on goods going beyond the Cordon including those going within the State territories in Gujarat, the Baroda State suffered a great loss in the customs revenue. It was in 1936 that an amicable settlement was arrived at between the two Governments. The Okha Port made substantial contribution to the development of trade and industry of the State in the subsequent period.

In the sphere of textile industry, the record of the State was remarkable. The number of mills in the State increased from ten

2. M. H. Shah, op. cit., p. 114.

1. Ibid., p. 108.

in 1926-27 to nineteen (seventeen cotton and two woollen) in 1940-41. The sewing-thread industry was started at Kalol (North Gujarat). For the manufacture of bobbins, shuttles and other wooden parts a factory at Navsari went into production. Chemical industry stood next to textile industry in the State.

Besides the Alembic Chemical Works, the Tata Chemical Works, the Billimora Chemical Works and other small concerns made rapid progress. The Tata Chemicals started in 1939, was the most important among the new concerns.

In the sphere of iron manufacture, two important concerns, the Sayaji Iron Works and the Baroda Bolt and Engineering Works, made good progress. Besides these, the G.B.S. Railway^① Workshop also manufactured drilling machines, and sterilizers. Among other industries, the Salt industry at Mithapur (near Okha), Cement industry at Dwarka, sugar factory at Gandevi (Navsari District), the manufacture of rubber products at Baroda speak of the achievements of the period. From the statistics of the Revenue Department it is learnt that there were fifty-seven permanent and one hundred and fifteen seasonal factories in the whole State.^②

Industrial Workers

When Sayaji Rao advocated the need of starting and developing new industries and reviving the old ones, he also gave thought to improve the condition of the industrial workers. In this problem he included both types of workers namely those employed as labourers in mills and factories and those engaged in indigenous industries carried on in village homes and bazaars.

As far as the industries in India were concerned, he felt, the country would always remain a nation of cottage industries.^③

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1. The Gaekwad Baroda State Railway as it was called before 1947.
 2. Huzur Political Office, File No. 221/5-B, for the year 1938-39. (Baroda Records Office).
 3. Widgery, SAMSG, p. 193.

Therefore, the problems concerning labourers and improving their conditions call for more attention on those engaged in cottage industries. The idea of greatly improving the conditions of merely those employed in mills and factories was only one-sided. Sayaji Rao felt that such an idea could only be entertained by "those who form their opinion 6000 miles away." Apparently he was referring to the policies formulated in England by the British regarding Indian industrial workers.

He firmly believed that "any comprehensive plan of improving the condition of our industrial classes must seek to help the dwellers in cottages." He clarified that the weavers in towns and villages, the braziers, the coppersmiths, the potters, the ironsmiths and the carpenters who follow their "ancestral vocations in their ancestral homes demand our sympathy and help." This clearly shows that he was keen to ameliorate the living conditions of such classes perhaps, more than those employed in factories and mills in the cities.

To what extent Sayaji Rao was justified in this observation, can be deduced from the following facts. In 1891, the Baroda State population was 24, 15, 396. Out of the total number 17.83 per cent. (i.e. 4,30,871) was engaged in the industries. Out of the 17.83 per cent., 7.60 per cent. (i.e. 18,41,938) was engaged in the miscellaneous industries, other than textile, hide-skins, ceramics, metals and building.^①

In 1901, the population of the State was 19,52,692. Out of the total number 13.68 per cent. (i.e. 2,67,313) was engaged in the industries. And out of that 13.68 per cent., 5.26 per cent. (i.e. 1,03,004) was engaged in miscellaneous industries other than those stated above.^②

This comparison of figures and per centage show that the population was high in 1891 than 1901. It was because of the fact

1. Nanavati, op. cit., p. 4.

2. Ibid.

since 1896 plague followed by the great famine of 1899-1900, "carried away by death and emigration a large number of the people." and hence the population dwindled great in number.

Apart from the declining number in population, the percentage of the industrial workers clearly show that those engaged in miscellaneous industries were more. Therefore, the problem of improving the condition of such labourers called for more attention. Looking from this point of view, Sayaji Rao was right in his observation and conclusion.

State-aided Industries

From the beginning of his reign, Sayaji Rao cherished to start industries and give incentive to the enterprising people of the State. To give a start, he started some factories of which the reference has already been made earlier. With the passage of time he studied the problems arising from the State factories as well as from the State-aided factories. These led him to change his ideas.

He was not prepared to involve the Baroda State either by assisting financially or through any way with any enterprise outside the State. This he made clear in 1890 when a case of a hide canning factory at Agra was placed before him by the Dewan. The factory envisaged help from the Gaekwad either by advancing an amount interest-free or with suitable interest for a specific period or by buying Company's shares. Rejecting the request of the Company, Sayaji Rao brought to the notice of the Dewan that such help would be against the accepted policy of the State which was not to loan an amount or buy shares of the factory situated outside the State.

He argued that in the event of quarrels, the State would become one of the parties in the Court of Law. Yet, he showed his readiness to help the factory either by buying its goods without commitments, if it proved useful and found to be equal in rate with the other goods.^①

1. DKHO, 1890-91, pp. 5-6.

In 1898, in the case of proposed Cho-colate factory at Billimora (Navsari District), Sayaji Rao's approach was different in granting help. Accepting the request, he ordered that the factory be named after the Maharaja, five bighas of land in Billimora be given on a nominal rent, the remission of custom duties be granted for ten years, one fourth of the subscribed shares subject to maximum of Rs.7,000/- purchased and the matters like control, inspection and correspondence etc. be left to the Sar Suba (i.e. head) of the District.^①

In 1903, he ordered through his secretary Arvind A. Ghosh, to prepare and submit a memorandum for the establishment of silk industry in the Baroda State. He wanted to probe the degree of success or failure giving the reasons of possible failure. He desired to consider, "... whether an expert might not be called from Bengal and asked to advise, after a survey of the territory, whether the growth and manufacture of silk might not be successfully introduced in Baroda. If it succeeds in Bengal, there is no apparent reason why it should fail in Baroda. Possibly it may not be found practical to produce the best quality of silk, but an industry might very well be started even in inferior qualities, which would usefully employ such classes as the people of Songadh and raise them materially in the scale of prosperity."^②

In this long extract is found Sayaji Rao's earnestness not only to establish the silk industry but also to provide employment to the people and help them rise in their prosperity.

In 1905, Sayaji Rao ordered to implore the possibility of establishing a castor-oil factory in "our region" on the ~~the~~ lines set up in Calcutta.^③ He was interested in knowing the policies adopted in some of the foremost States of India for the encouragement of trade and industries. He asked for the annual reports and information about the course adopted in States like

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1. DKHO, 1897-98, No. 8, February 21, 1898.
 2. DKHO, 1902-1903, No. B/33, June 2, 1903, pp. 114-15.
 3. DKHO, 1905-1906, No. 28, p. 55.

Madras, Travancore and the British territories. He also liked to examine the possibilities of their being imitated in order to encourage the people in the State.

Other Side of the State's Aid

Sayaji Rao seemed to have been aware of the consequences or evils arising from the industries aided by the State. This is evident from his communication to his Commerce Minister in 1919, when he agreed that the Government should provide facilities for land, water etc. for starting the mills or factories in the State. The Government, in order to help, should also purchase their shares and give financial help.

In the same communication expressing his second thoughts to the problem, he wrote, "If such factories are opened in the city, it becomes costly and the labour charges remain always high in proportion. The peasant population of the villages tend to turn towards the factories of the city, so it adversely effects the profession of agriculture."^① He apprehended the possibility of crime due to the coming of miscellaneous and low type population in the city. It would increase the work of the police administration more and more. As a result, the overall work in the State would become more complicated. Therefore, at the time of granting permission to such factories, Sayaji Rao wanted to give due consideration before hand by the Departments of the State concerned with such factories.^②

Sayaji Rao was not prepared to encourage industrial and craft factories in the State that would demand such facilities as would involve the State in huge expenditure. This he remarked while commenting on the decision of the State Cabinet that promised a railway line and a port for the factories to be in the Kodinar District (Saurashtra) for manufacturing cement, alkali and lime. He wanted that the Government should not go beyond its capacity to spend and keep in view the yield or advantage the

1. Huzur Orders to Minister of Commerce, No.1/8, dated March 8, 1919, Part II, p. 122. (Revenue Department, Baroda Record Office).

2. Ibid., p. 123.

prospective railway would give to the State.^①

It is unnecessary here to trace the efforts of Sayaji Rao to build up the industrial structure in the State from the period he assumed the reigns because enough references have been made in previous discussions pertaining to it.

State Enterprise Vs. Private Enterprise

It will be quite clear from the foregoing pages that Sayaji Rao preferred to start new industries under the protection of the State. A sugar mill, cotton mill and an ice factory started by the State, did not achieve success. Consequently they were either sold away or handed over to private persons. Sayaji Rao was displeased to mark this trend of the State enterprises.

In 1902, he came to the conclusion and observed, "... it is very difficult for so impersonal an entity as Government to get capable managers or to supervise its enterprises properly."^② He was convinced of the fact the managers were not sufficiently interested in the scheme and were not impartial in the working of it. Then he observed that "... the fault lay not with the industries themselves but in the fact that they were State enterprises."^③ It was for this reason that he levelled charge against the people who lacked a real business spirit. Under such conditions it would be very difficult for the Government to provide industries for its people.

In one of his Huzur Orders, he expressed his conviction that private enterprise is more preferable to State enterprise, as it would also avoid Government's interference. Nevertheless, he firmly held that "... the Government must take the lead, and must also offer substantial assistance, owing to the present apathy of the public." In this connection he felt that the State should invest a portion of its money within its limits and " due

1. DKHO, 1920-21, No. 1, dated July 12, 1921, p. 123.

2. Widgery, SAMSG, p. 108.

3. Ibid., p. 109.

precautions must be taken against a large increase of expenditure or assistance to private firms."^①

It is clear from this that his enthusiasm received setback when he found that the State enterprises were not functioning properly. In spite of this, he never shrank from aiding financially to the industries.

In 1938 he cast his views on industrial policy. He said, "... private enterprise provides the best formation for an industrial policy when reinforced and encouraged by the facilities than can be reasonably given by the State, like suitable areas, transport facilities and cheap electrical power."^②

Effects of Industrialisation

Discussing the effects of industrialisation Sayaji Rao observed that, " With the growth of industrialism, craftiness and chicanery are bound to give way to an increasing straight forwardness of dealing between man and man."^③ In the case of India he felt that "enlarged outlook and an increased capacity of the whole social organism for things political, educational and ethical are bound to follow the growth of industrialisation."^④

Explaining how the society would draw "dividends" from such a system, Sayaji Rao pointed out that a manual labourer would draw a large wage and would live on a better plane than he did under an old handicraft organisation of manufactures.

Secondly, the accumulation of wealth would make possible "the shifting of foodstuffs in a tremendous volume from place to place, and continent to continent, so that famine and starvation

1. Sergeant, op. cit., p. 250. Quoted.

2. Newham, SAMSG, pp. 887-88.

3. Widgery, SAMSG, p. 228.

4. Ibid.

are comparatively unknown.^① In the topic of famines, Sayaji Rao, it will be observed, stressed much to save money and have reserves so that it might be used in times of calamities.

Thirdly, the schools, colleges, libraries, museums, art galleries, hospitals etc. which can be known as "the agencies of culture" would increase greatly until they were brought within the reach of every class of society including the lowest. The door of opportunity opened for every one with the increase in wealth and if it was disseminated throughout the community.

Therefore, under the industrial system, mankind learns how to throw a large part of its burden on the machine. The productivity of the whole mass increases hundred fold when it works. And during "sleep the interest on capital goes on piling up," producing wealth automatically. Ultimately the society reaps the benefit of it.

Sayaji Rao was not unmindful of the luxury of the rich and the forced work of the masses for their livelihood which was an "apparent injustice." Nevertheless, it becomes a problem for every society how "to make the conditions of work as wholesome as possible and to enlarge the field for individual development." So the industrial problems have many bearings other than those which are purely economic. Industrialism lifts the people to a higher standard of commercial morality ever known. Sayaji Rao observed this in the light of impact of science and industrialism in the Western World.

He did not miss in 1908, to touch his favourite subject education and link it with industrialism. The increase in private wealth arising from industrialism would tend to increase the facilities for the spread of education and culture among the masses. His hope that the growth of industrialism in India was sure to widen the outlook and increase capacity of the whole social organism in political and educational spheres as well as in moral standards.^②

1. Ibid.

2. Ibid., p. 228.

Lessons from History

Advocating the need of industrialism in the country, Sayaji Rao in 1906, wanted the people of India to look to the ancient history and civilization of Egypt, Greece and Rome. His st study led him to believe that "without a permanent and stable economic policy, no civilization, however, enlightened, can long endure."^①

Referring to Egypt, he said, in ancient times it had abundant resources and once had become the centre of the most advanced civilization of the world. But the country failed "...to note the value of human life" and "to conserve the interests of the working masses." Therefore, he said, "... she (i.e. Egypt) sank from the pinnacle of power and culture into political servitude and academic decay." It shows that the wealth of a nation depends on the quality of its manhood.

Similarly referring to Greece and especially Athens, Sayaji Rao held that it fell from its eminence not because of any failure in philosophical insight, but because of its failure to look to the economic bases of her prosperity.

The purpose of citing the examples of these countries was to draw the attention of the people of India to the forces that brought ruin to them. Therefore, the people of India should take care in making large expenditure, either individually or collectively that would prove to be unproductive. He appealed to the intellectuals and the people at large to "forget their caste and tribal prejudices in the common effort to uplift the fortunes of India."^② For the upliftment of humanity and to allow the people to be "free men, socially and economically," the people's religious enthusiasm should be allowed to seek co-operation of each other for a good purpose.

Warning and India's Mission

In 1906, India was passing through a critical crisis in political and economic spheres. The Swadeshi Movement, the

1. Ibid., p. 211.

2. Ibid.

impending schism in the National Congress, the demand for constitutional rights, the agitations and anarchic activities of the nationalists dominated the scene at the national level.

In the light of these happenings and context, Sayaji Rao warned the people. He said, "The time has come when we must make arduous and united endeavour for securing our industrial independence or we shall sink again, it may be for centuries to come. We must struggle and maintain our ancient position among the industrial nations of the earth, or we shall be betraying a sacred trust, and be false to our posterity." He considered the present critical period as "the last chance" for the Indians to free themselves from the Industrial serfdom which they had allowed themselves to sink.^①

In spite of such thinking and feeling that India's part in economic development was "shamefully small," Sayaji Rao was optimistic about the prospects of India's advancement in the sphere. He was not prepared to believe that the intellectual power of India was exhausted or the people were no longer capable of adding something more to the human knowledge. Expressing his feelings of gratitude, he said, "We have an intense and justifiable pride in the contribution of our sages of by-gone days to the philosophic, the literary and the artistic wealth of the world."^② Therefore, he felt that it should be "... our chief pride, our supreme duty, and our highest glory, to regain the intellectual supremacy of the ancient days."

Sayaji Rao knew equally well the value of economic development of the Western Countries and the problems created by industrialisation. The centralisation of population in big industrial cities, the problems of administration, public morals and health call for more attention and often become difficult to solve. The conflict between capital and labour becomes acute as time passes on. It is to be found in the love of display and worship of material wealth and power. And these features have "... poisoned the

1. Ibid.

2. Ibid., p. 216.

minds of the people against the claims of the simple, homely life which an Indian, in his love for the things of spirit, has cultivated since history began."

Keeping in view the defects and evils in the West, Sayaji Rao indicated India's mission. According to him India should cling fast to the philosophic simplicity of her ethical code and solve "... the problems which have baffled the best minds of the West," and India should build up a sound economic policy along modern scientific lines, and at the same time preserve the simplicity, the dignity, the ethical and spiritual fervour of her people."^①

Sayaji Rao cherished to what he called a "loftier mission for India" in these terms. India should "...teach Philosophy to the West and learn its Science; impart purity of life to Europe and attain to her loftier political ideal; inculcate spirituality to the American mind and imbibe the business ways of its merchants."^②

Beginnings of Co-operation

In the beginning of the twentieth century, the problem of re-organising the economic and social condition of the Indian peasants engaged serious attention of the workers in this field. To them co-operation seemed to be a hopeful remedy for the economic good of the people.

The Government of India under Lord Curzon passed a Co-operative Societies Act in 1904 for the constitution and control of Co-operative Societies in the British India territories. Maharaja Sayaji Rao's Government also passed a similar Act in 1904 with a view to providing easy and cheap credit to the agriculturists. It also provided for the organisation of credit societies in the State. In 1906, a Registrar for the Co-operative Societies was appointed and the work of co-operation was organised. But the work did not produce any satisfying result. So, on the lines of British India Act of 1912, the Baroda Government also passed a

1. Ibid., p. 217.

2. Ibid.

new Co-operative Societies Act and made it effective in 1914. This Act aimed to permit organisations of different kinds, over and above those meant for giving financial aid, to be set up and entailed co-operation upon the people on comprehensive basis. The purpose was to make co-operation play a vital part in the social and economic elevation of the people.

Sayaji Rao recognised the significance of the Co-operation in the beginning of the twentieth century. The above measures were in consonent with his ideas. At the time of opening the Bank of Baroda in 1908, he called the Bank "as a great object-lesson in co-operative enterprise and a constant educator in modern methods of commercial intercourse."^①

Opening the First Conference of Co-operative Societies in the State at Baroda, he fully expressed his ideas on co-operation that he had entertained. He regarded co-operative Societies as "most beneficial institutions" and stated their objects namely "the introduction of business habits amongst the people, the improvement of their industries, and the consequent raising of their standards of life."^② He added that for the solution of the old as well as new problems of town and country life, the sense of co-operation worked as "a splendid means."

For the rural life, he put forward a larger concept which might be termed as socialist. The principles of co-operation should permit all village activities and make each centre a single economic unit. "If the whole village community," said he, "acts as one in buying and selling, in production and consumption, its income and happiness will proportionately increase." Moreover they would be able to stand better against the inevitable vicissitudes of daily life.

1. Widgery, SAMSG, pp. 222-223.

2. Ibid., p. 349.

He did not think that the economic evils of the agricultural classes in India would be banished by means of legislation, however, benevolent in intention it might be. The remarkable remedy would be co-operation for each rural community and it would help eradicate ignorance, poverty and imprudence from them.^① He mentioned the success of co-operation that he had observed in the European countries like Germany, Denmark and Holland, where the movement had made the farmers "enterprising, ~~thirsty~~ thrifty and progressive in thought and action" and had awakened rural life to the highest degree of efficiency.

Force of Co-operation

Sayaji Rao believed that co-operation had a peculiar force of its own and offered great social as well as moral benefits. It affords easy credit to a man who paid an exorbitant rate of interest to the sahukar enables him to obtain the best in the market of his produce, procures for him farm and domestic requirements at wholesale rates and opens for him the way to acquire knowledge and practice of scientific farming.

When he said the "... system of co-operation makes people thrifty in the use of their resources, helping them to save money, and to make the best economical use of their savings through agricultural banks, "he had in mind the economic aspect of the co-operation."

The moral benefit of this system is to be found thus that it checks vices, drunkenness and improvidence while it makes the people prudent, honest and self-reliant. The lessons of mutual help, harmony and content are other benefits.

The social value of this system lies in the fact that it checks "improvident social expenses, and is a potent influence for social reform." Further it helps to improve village sanitation, education and administration.^②

In spite of such apparent benefits which Sayaji Rao laid

1. Ibid., p. 351.

2. Ibid., p. 353.

down in his speech, he was not unaware of its leaders on whom depended the success of the movement. If these leaders did not act with wisdom and tactfulness the movement would fail.

Usefulness of Co-operation

The thinking of Sayaji Rao reflect that for the Indian society the Co-operation Movement would be most practical as it would offer a more liberal and less rigid development in the society. A society that did not advance as it should be for hundreds of years and remained split up into numerous castes and creeds, and achieved a very narrow progress. Socially as well as industrially, remains to be changed. So under modern conditions the Co-operative Movement is capable of putting life and vigour into the old and inactive village community.^① This was the chain of his thinking.

It is important to observe how far Sayaji Rao's measures in the field of Co-operation were in consonant with his ideas.

As traced earlier, the Baroda State launched the movement on Co-operation in 1914 in right earnest. In the year of the first passing of the Co-operative Societies Act in 1904, twenty four societies were established and their number rose up to seventy nine with a membership of 1805. It had a working capital of Rs.1,26,567.^② By March 1921, the number of societies increased from seventy nine to five hundred nine and had a total membership of 17590, with a working capital of Rs.25,70,790.^③ Though a greater part of the population remained untouched, according to the Report of the Baroda Economic Inquiry Committee, "... the co-operative societies were doing useful work and (it was felt that) the system should be extended."

A change was made in 1927 in the Co-operative Societies Act of 1904. Although it did not change any fundamentals of the

1. Ibid., p. 354.

2. M.H.Shah, op. cit., p.150. Cited.

3. GBS, Vol. II, p. 279.

co-operative movement, it provided for the classification of the societies for the creation of provident fund and allowed the attachment of property of the defaulting members through revenue process.

A policy of consolidation of the movement by dropping out those societies that gave no hope of improvement, was adopted in 1938. Though, registration of new societies having genuine purpose and needs and for the reconstruction of the decaying societies were provided.

Credit to Agriculturists

As far back as 1899, Sayaji Rao realised the importance of providing cheap credit to the agriculturists. At that time he ordered the opening of the agricultural banks in some parts namely in the forest tracts of Songadh and Vyara of the Navsari District.^① The distribution of pure and good seeds was also contemplated by these institutions. But their management was found to be incompetent and the local people also did not evinced interest in them. Consequently, they were closed down.

However, since that period two more banks one at Amreli (Saurashtra) in 1909 and one at Bhadran (Baroda District) in 1910 were started. During 1911-1921, the organisation of Central banks and banking unions was achieved. By 1921, there were as many as thirty seven non-credit societies for milk-supply, irrigation, fodder-storage and such other purposes.

It can be easily observed that by 1921 the co-operative movement had spread over in the State. It embraced the different aspects of life of the people, infused a spirit of co-operation, and the feeling of self-reliance and thrift.

Two Features of Co-operative Movement

In the Baroda State, consolidation of holdings and rural indebtedness were the two important landmarks in the history of co-operative movement.

1. Ibid., p. 277.

The idea of consolidation of holdings in the State originated in 1917, when a Committee was appointed by the Baroda Government to consider the steps to be taken to stop the excessive sub-division of agricultural holdings. Prior to 1905, the revenue rules of the State allowed sub-division of land upto three bighas for jirayat (dry) and one bigha for bagayat (garden land) land. In 1905, for the convenience of the cultivators the sub-division of jirayat lands upto $1\frac{1}{2}$ bighas and of bagayat upto $\frac{1}{2}$ bigha was allowed. As a result there were excessive subdivisions of such agricultural holdings till 1917.

The Committee's recommendations were divided under two heads: (1) prevention of further minute sub-divisions and (2) the union of small and scattered fields. To give effect to these recommendations, an Act for the consolidation of scattered holdings was passed in 1920. The Act was of a permissive nature and could be applied by notification to any village where $\frac{2}{3}$ of the khatedars (landholders) holding at least one half of the total occupied land of the village desired it. But as no substantial advantage was taken of the Act,⁽²⁾ the government thought of initiating a policy ~~to~~ to arrest subdivision of land beyond specific limits. A Committee was appointed in 1922 for the purpose and most of its recommendations were accepted. According to it, steps were taken to organise co-operative societies for consolidation of holdings. A provision was made in the Partition of immovable

1. 1.7 bighas = 1 acre. The third kind of land was Kyari (rice) in the State. The total land in the State was 8,434,144 bighas of which 6,969,080 was arable. In 1921 5,675,640 bighas were under cultivation. The per centage of each kind showed that 94.6 was jirayat, 4 was Kyari and 1.4 was bagayat. GBS, Vol.I, pp. 256-57.

2. GBS, Vol. II, p. 260.

property Act to prevent fragmentation below prescribed limits. An Act was passed in 1933 to prevent fragmentation on transfers through sale and mortgage. The Act gave the right to purchase the adjoining lands under prescribed limits to neighbours and co-partners and the intending sellers were required to inform the neighbours of their intention to dispose of their lands. But this Act was subsequently abolished as it came into clash with the customs of both the Muslim and Hindu communities.

In spite of legislative handicaps, the application of co-operative principle to the consolidation of holdings offered an inspiring picture. The statistics of progress in this sphere is as under :^①

Year	No. of societies	No. of members who consolidated their holdings	Bighas of land	No. of blocks for consolidation consolidation	No. of blocks after consolidation
1924-25	2	53	780	214	149
1928-29	11	39	1494	358	309
1932-33	66	337	10694	2720	2436
1937-38	77	73	2178	613	566

The table is not shown here yearwise, but four periods have been selected at random to give an idea of the work done by the societies in the State.

Rural Indebtedness

Rural Indebtedness engaged the attention of Sayaji Rao as early as 1901, when he appointed a Committee to go into this serious problem and suggest measures to minimise the present indebtedness. It was estimated that out of 2,53,734 khatedars, 1,57,722 or sixty per cent were indebted to the extent of Rs. 7,57,17,190.^② In 1905 Sayaji Rao passed further orders and asked for definite proposals for the relief of agricultural indebtedness. When suggestions were being considered, the first Co-operative Societies Act was passed.

1. M. H. Shah, op. cit., p. 155.

2. Ibid., p. 157.

Therefore, no further steps were taken. It was not till 1917 that the Central Co-operative Bank at Baroda and the Agricultural Bank at Bhadran were entrusted with the work of liquidating old debts of the members of the Co-operative societies besides meeting their current needs. A fair trial was given to this scheme and it achieved success.

After having felt that a separate agency was necessary for the supply of long term loans for the liquidation of past debts and the improvement of land, the first Land Mortgage Bank in the State was started in Baroda in 1933 with a specialised machinery for investigation of title of lands and their valuation and for securing long term funds by floating ~~an~~ of debentures. After having obtained encouraging results similar Bank was started in 1939 at Navsari. The working of these Banks can be valued from the fact that they had given in 1940-41 Rs.8,80,836 as loans at a moderate rate of six per cent. The liquidation of debts which amounted to Rs.10,12,332 was brought down by Rs.1,70,526. In this way endeavours were made to deal with the question of indebtedness as a part of co-operative movement in the State.

The above brief survey of co-operative movement in the State with its different facets testify to the ideas held by Sayaji Rao. He believed that co-operative societies could not be organised by means of Government aid. Before it could be done, the farmers must be first educated and they must combine of their own conviction and free-will.^① He was right when he said that the people should begin to help themselves with whatever help was coming from the State. After all such co-operative institutions were based on self-help and were intended to teach self-reliance to the people. He cherished a noble ideal of providing the "... villages better methods of farming, more intelligent ways of doing business, and loftier standards of living."^②

1. Widgery, ~~in~~ ~~the~~ SAMSG, p. 354.

2. Ibid., p. 359.