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## “Relevance of economic thoughts of Rao Bahadur Mahadev Govind Ranade”

Dr. Khiste Onkar Balkrishna  
Dept. of Economics  
Shri Sant Gajanan Mahavidyalaya,  
Kharda Tal. Jamkhed,  
Dist. Ahmednagar.

### **Abstract:**

Ranade's work as a great economist, social reformer and political thinker who thinks in all directions and ways for the overall upliftment of the nation was supernatural. Many were influenced by his thoughts. Namdar Gokhale called Ranade the first Indian economist to analyse what is needed for the economic development of a backward nation like India. He put the different theories and methodologies for the inclusive development of India.

### **Background of Justice Mahadev Govind Ranade:**

Justice Mahadev Govind Ranade was known as a great social reformer, a great patriot, a reformer of religion, a great economist, a great historian, a great orator. He was born on 18th January 1842 in Niphad village in Nashik district. He died on January 16, 1901.

Ranade's work as a great economist, social reformer and political thinker who thinks in all directions and ways for the overall upliftment of the nation was supernatural. Many were influenced by his thoughts. Namdar Gokhale called Ranade the first Indian economist to analyze what is needed for the economic development of a backward nation like India. He also gave information on what kind of policies should be decided and how to implement them to achieve development. Ranade was the first Indian economist to study in depth what could be done for India's development. Planning for India's development must take into account the specific circumstances of India and its people. According to economists, it would be appropriate to include Ranade among the objective economists (Relativists) like Roicher, Geez and Hilder Band.

**Methodology of Ranade:** Ranade presented his views on the study of economics. Ranade was the first Indian economist to use the historical method to explore India's economic problems. According to him, it is necessary to use inductive method in economics. Because when thinking about the future, the historical method (incorporation method) is useful in the context and basis of past events. Economics is a science based on hypothesis. Therefore, statements in economics

are not necessarily true everywhere. Since economics is based on assumptions, the findings of this science apply only where these assumptions come true. Similarly, in economics, it is not possible to differentiate between theory and practice. If the doctrine of economics does not seem to be impractical, then it is necessary to consider not only the interests of man but also collective welfare, social education and duties. Against this background, Ranade preferred the historical or inductive method to the deductive method. Background of Ranade's Economic Thoughts: Ranade published his book "Essays on Indian Political Economy" in 1998, expressing his views on economics. For this, open trade policy was adopted. Due to this policy, textile in England got a big market like India. Not only that, Indians were forced to buy cloth from England. This has adversely affected the Indian textile industry. The Indian textile industry could not compete with the machine-made, low-cost and high-quality textiles produced in England. At the same time, nations such as Germany and France had adopted a policy of protecting their industries so that they could face the cheap goods produced by machines in England. This policy created competition in the industry in France and led to its development. Ranade observed that while the Western nations had adopted a protectionist policy for the development of industry in their nation, at the same time in India the British government had adopted an open trade policy. The motive behind this policy was not to develop Indian industries. That is why Ranade began to critically examine the conservative economic thinking and policy adopted by England. Ranade studied Mill's thoughts. Ranade did not agree with the views of these conservative economists. So Ranade criticized his ideology. According to Sanatanists, man knows Swahit. If every person is given freedom, then that person will try to achieve his maximum interest. However, the government should not interfere in the work of the people, the government should only look at the security of the country, peace and the rule of law in the country. This means doing things that ordinary people cannot do. The government should not interfere in the day-to-day affairs of the people. Ranade was of the opinion that the orthodox ideology that had grown up in England was not useful to a nation like India.

Ranade also said that Indian industries should be protected. Similarly, it was because of the list that Ranade understood the importance of overall development of the country. The list goes on to say that wealth-creating tools, power is important, wealth is not important. Ranade found his idea effective.

According to Ranade, not only agriculture should be developed, but also industries and trade which are complementary to it should be developed. An economy based solely on agriculture is stable. Ranade's Economic Thoughts: Ranade made a thorough and medical study of the economic condition of India. In

1898, he published an essay, "**Essay on Indian Political Economy**", expressing his views on the Indian economy.

**1) Thoughts on Agriculture:** Agriculture is the backbone of the Indian economy. This was admitted by Ranade. That is why he emphasized on mechanization of agriculture and increase in productivity. Is. So farming It was not appropriate to give more importance to mechanization. Mechanization would have increased agricultural productivity per acre; But the use of the device would have made many people useless. Therefore, according to Ranade, technological advancement in agriculture requires reducing the number of people who depend on agriculture first. To accommodate this additional population, he suggested the growth of industries.

**2) Thoughts on Industrialization:** Ranade's idea of industrialization was widespread. Industrialization is the process that brings about changes in social organization, including education, general transformation, and so on. He discussed many aspects in the context of industrialization. Because the economic and social aspects are interdependent, his role was. Ranade has rewarded big industries; But rewarded Agro-based processing industries to reduce the additional burden of the population on agriculture. According to Ranade, the reason for the lack of development of industries in rural areas is the lack of resources available to the people. There are few institutions in India that provide capital to the needy. Therefore, an increase in the number of these institutions could provide capital for industry to the people in rural India. In India, it is necessary to establish an institution that coordinates between borrowers and lenders. The government should play the role of mediator and help in the growth of the industry. The government should take initiative for the growth of industries in India and encourage people to set up industries. Similarly, the government should undertake a program of education and training for the workers working in the industry to increase their efficiency. Ranade also suggested that the government should expand transport, transportation, etc. to boost the industry.

### **3) Poverty in India:**

Ranade did not agree with Dadabhai Naoroji's view that the regime had made the country poor. During the British rule, much of India's money goes abroad through the salaries of the army, chartered servants and other means, he said, adding that the cause of India's poverty was explained by the theory of exploitation. She did not agree with Ranade. Ranade's expenditure on the British army and government servants is not India's economic plunder, on the contrary, he is creating peace and order in India in return for this money. Although the

British rulers made money from their country, the money looted by the former rulers and moneylenders was terrible. That is why this state of deprivation was created in India. Causes of Poverty in India: Ranade gives a detailed account of the causes of poverty in India. The reasons given by him for poverty in India are as follows:

- 1) The people of India do not have the courage and fortitude required for business.
- 2) Indian economy is dependent on agribusiness. Agriculture is the means of livelihood and subsistence; But because of the backwardness of this tool, poverty was on the rise.
- 3) Industry requires capital; But due to its scarcity in India, the industry could not grow.
- 4) Indian farmers are stuck in moneylender debt and the economic condition of majority of Indians has deteriorated. Therefore, he was living in poverty.
- 5) The number of villages in India is very small compared to the number of cities. Due to the lack of urbanization, the traditional social system could not develop the villages.
- 6) India's folk traditions, customs, old customs were stuck. As a result, industrial development did not get the much-needed impetus.

#### **Measures for Poverty Alleviation:**

With India's industrial development, people can get jobs. That is why Ranade worked constructively for India's industrial progress. Ranade convened the West India Industrial Council in 1890 to inspire the Indian people for industrial development and what could be done about economic organization and economic austerity. This raised the question of economic and industrial progress. Similarly, in 1892, Ranade wrote an article on Indian economics, outlining the British government's approach to the Indian question, and making various suggestions and solutions on how to alleviate India's poverty. According to Ranade, as India is an agricultural, backward state, Western economic philosophy is not useful here.

According to him, India's economic development should be viewed from a social and realistic point of view. Ranade suggested further measures on how to alleviate poverty in India.

- 1) The government should do financial planning for economic development. Business, agriculture should be planned. The government should intervene in the economic sector to boost industry. The industry should grow by properly allocating and controlling the available resources.

- 2) Start big industries in India. Based on that, small scale industries will get a boost.

- 3) Capital required for business should be generated in India.
- 4) Agriculture should be done in a scientific way. Some students from India should be sent abroad to produce the required technicians.
- 5) Agriculture in India should be modernized. Capital should be made available by setting up land development banks for the required fertilizers, implements etc.
- 6) In order for India to be economically prosperous, the goods produced in India must go to the international market. For that, India should increase international trade.
- 7) Citizenship process in India should be done faster. The villages should progress and an advanced and modern approach should be created there. Ranade has given impetus to India's economic progress by suggesting various measures to alleviate poverty in India. Thoughts on economic collapse: The Indian political economy (Drain). According to him, due to British rule in India, Rs. 20 crores (through export authority) go to England from here every year. Similarly, a large amount of intelligence and wealth also flows from India to England. Dadabhai Naoroji termed this money, which flowed from India to England, as an economic leak. Ranade criticized Naoroji's theory of financial leakage. According to Ranade, the expenditure on British military personnel is not India's economic plunder, but is creating peace and order in return for the money. Even if the British rulers had taken money from their country, the money looted by the former rulers and moneylenders here was terrible. That is why India is in such a predicament. According to Ranade, the interest paid on British capital is justified by the English charter and the expenditure on salaries, pensions, etc. paid to military officers. Therefore, all export surpluses should not be considered as an economic leak but only a part of it as an economic leak.

**Thoughts on Population:**

Ranade shared some thoughts on population and economic development. He made some suggestions as population is important in development. According to him, the migration of population from a region where majority of the people are dependent on agriculture or backward and where there is a dense population should take place in sparsely populated areas and where resources are plentiful. For this, a planned effort must be made under the guidance of the government. This meant that he emphasized the importance of population migration policy.

**Thoughts on employment:**

According to Ranade, the production of wealth depends on labour and the productivity of workers depends on the tools, equipment and the place where the worker can work. According to him, unemployed workers are less wealthy in terms of wealth. Also, a worker gets a job and even if it is normal, it can be said



that the worker is exporting wealth. Ranade has an idea that there is a correlation between savings, destination and employment other workers get employment.

According to Ranade, the main problem facing the backward nations is unemployment. In the same way, the workers of this nation do not get proper remuneration for their work. That is why getting a good salary for a good day's work is the real problem in a backward nation. It is also important to look at how employment can become more productive. The problem of unemployment can be solved only by providing employment in various occupations. Although agriculture is the main occupation of the people of India, not everyone will get employment in the agricultural sector. Industry grew and industrialization took place, urbanization increased. Only then can the problem of unemployment be solved by increasing employment, Ranade believed. Ranade's views on the evolution of the theory of economic development: According to Ranade, the economic development of a nation needs to be defined in terms of economic, social, cultural and political traditions and institutions. According to him, the process of economic development is complex in which social and political factors are interrelated. If the government wants to bring about the development of the nation, it will have to make planned changes in the composition of the members of the nation.

Ranade was of the view that in order to bring about economic development of India, it was necessary to analyze the whole social and political factors. He was of the view that if India's economic development was to be achieved, India's backwardness had to be eradicated. According to Ranade, the reasons for India's backwardness are the over-reliance of the Indian people on agriculture, the government's flawed land policy, the backwardness of industry and the lack of capital. These are the reasons for backwardness; But there are also reasons for India's poverty. Considering these reasons for backwardness, he suggested solutions. He also suggested that the government should take initiative as it has an important role to play in India's development. Measures for India's development: Considering that the situation in India is completely different from other countries, the traditionalist discourse is useless in the context of issues here, he said. He **suggested** different measures for the development of India. They are as follows.

**1) Balance of population:** Population plays an important role in development and people should be relocated from sparsely populated areas to densely populated areas. The government should take initiative for this. Similarly, urbanization is considered an indicator of development. Therefore, for development, urbanization should be increased in the country, said Ranade. Similarly, if the government expands the facilities like canals, railways etc. in the country, industrial progress will take place here. This means that the government

should be proactive in achieving development without unreasonable emphasis on non-interference.

**2) The role of the government:** According to Ranade, the non-interventionist policy adopted by the British government is affecting agriculture and industry. Therefore, the government must take the initiative to develop India. At the first Industrial Conference held in Pune in 1890, he explained the role of government in development work. The government should promote agro-industry, urbanization, trade, and the migration of Indians to the colonies. He was of the opinion that the government should support this. Committees of Indian capitalists should be set up to promote Indian industry, entrust them with the task of accepting deposits and lending. Ranade said that industrial development should be given a boost by giving loans to new industries, as well as railways and canals should be extended by taking foreign loans. He was of the view that since India's economic situation was not as prosperous as that of England, it was not appropriate for the government to adopt a policy of non-interference in India's affairs. France and Germany had abandoned the policy of non-alignment. Ranade felt that a country like India should abandon this policy and be active in development.

**3) Foreign Capital:** In a nation like India, where there is a shortage of capital, there is no other way but to seek foreign help for development. The interest and other payments we make on investments made in India from England are not a complete disposal of wealth. Similarly, about Rs 20 crore goes to England from our export surplus. It does not make sense to say that India suffers a great loss. This is because it is necessary to pay interest on the loan received or the capital invested. His thoughts did not match those of Dadabhai Naoroji. In short, Ranade's role in assuming that foreign capital is necessary for development is not impractical. In a sense, Ranade was not a revolutionary but a reformist. The division of labour had an important place. According to the Sanatanists, those regions and countries which find it cheaper to produce a commodity due to natural availability, should produce it in large quantities. Do not produce anything else. Goods produced by these nations should be supplied to other nations. It can benefit other nations. The nations of the world should produce according to this principle so that all the nations can benefit from the supply of various commodities at cheaper rates. Therefore, Ranade did not agree with the Sanatanists' principle of regional, division of labour. According to him, India's interest should be decided on the basis of what is in India's interest without giving much importance to regional division of labour.

**The Role of Agriculture and Industry in Economic Development:** Ranade believes that the reason for the backwardness of the Indian economy and the high level of poverty in India is that the economy is dependent on backward

agriculture. The development of the country requires balanced development of agriculture, industry and trade. Banks can provide loans for agricultural development. If the government guarantees the agricultural credit of private banks in the initial period and at the same time fixes the land revenue properly, then the farmers will not have to take any new loan in due course. Ranade said that for the development of agriculture, the number of those who depend on agriculture should be reduced. The use of farm machinery will increase production; But the industry needs to grow to accommodate the unemployed people in agriculture because of the machinery, he said. Similarly, processing industries based on many agricultural products are suitable for agriculture and industrialization. It would not be fair to say that Ranade neglected agricultural development while advocating industrialization. He was of the view that luxury industries should not be encouraged in the first or early stages of industrialization. The city must grow for the development of other industries. Because businesses thrive where there are different types of facilities. It was inevitable, he thought. Since the role of workers is important in industrialization, the government should undertake education and training programs for workers. To increase the efficiency of the population, the government should take initiative to implement public health schemes, transport, transportation, etc.

**Conclusion of Ranade's Thoughts:** Ranade has an important place among Indian economic thinkers. He first introduced the concept of Indian political economy. He reconsidered his economic theory, saying that theories could not be separated from the practical side of economics. Ranade read a number of texts on economics and questioned the veracity of the assumptions made by orthodox for economic theory.

He himself used the method of departure or historical. Ranade's thinking was influenced by the views of German economists Sis Modi, Friedrich List. Nevertheless, after studying a number of ideologies, he advocated such principles in line with the Indian situation.

Ranade was the founder of the Indian political economy. He advocated industrialization. Similarly, Ranade advocated for modernization and mechanization of agriculture. Progress could not be made as India remained an agricultural nation. For that, he stated the need for industrialization. Along with industrialization, he advocated urbanization.

He was of the view that mechanization was necessary to increase agricultural production. Ranade advocated capitalism. Western nations have made progress by rewarding capitalism. He was of the view that India should follow the same path. He did not advocate communism and communism.

Ranade studied a number of ideologies and adapted them to suit the Indian situation. Pvt. According to Karve, Ranade was the first Indian economist to believe in planning. Mr. According to Dutt, the welfare aspect of his thinking is characteristic. Pvt. Kale found his dissertation so original that he described it as Adam Smith of Indian economics. Ranade's ideas gave direction to Indian economists, to India's economic problems.

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