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## **Lokmanya Tilak's Ideology of National Economics**

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### **Abstract**

According to Lokmanya Tilak, the combination of poverty and knowledge resulted into unrest. Tilak concentrated his writings on unfair practices during British colonial rule and explained their drain theory to common man in simple language. Though Tilak was not an economist he concentrated his writings on several economic aspects and strongly felt that economical independence is necessary for the development of the country. This can be reflected in the articles written by him and published in daily Kesari. The present paper explains the role of national economics in building up Swaraj. This paper contains various articles published in Kesari from 1881 to 1891 which deal with different economic aspects.

**Keywords:** Lokmanya Tilak, economic thoughts, Swaraj, Swadeshi, Boycott, National education, Paisa fund, Indian economy.

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## **1.1 Introduction**

Lokmanya Bal Gangadhar Tilak was a towering, multi-faceted personality who championed the cause of Swarajya and advocated Rashtriyatva (Nationalism). He was a scholar of Sanskrit and astro-mathematics, a philosopher, and a selfless Karmayogi. He is the author of a commentary on the Shreemad Bhagwat Geeta. Those who wanted to criticize him sarcastically called him "Father of Indian Unrest" and other similar related terms like a leader of low working class or ordinary people (Telya Tambolyanche Pudhari) which actually became true and turned into titles of honor that described him most appropriately as "Lokmanya". Lokmanya Tilak formulated a four-fold programme which was simple to understand, could be practiced by all the people and did not create any strain on the purse nor any hardships. The programme in fact was not only a blueprint to obtain our independence but also to make the country economically strong. Lokmanya's vision of Swadeshi or self reliance was the means to achieve a robust economic development.

The freedom movement of Lokmanya Tilak was based on awakening the people on the background of economical and unethical policies of the British Government. Tilak analysed all the economical, political policies at micro level and tried to bring changes through Swadeshi and boycott movement. For improvement of indigenous industries he wrote several articles on co-operative movement, Swadeshi banks, establishment of Swadeshi shops, education for skilled labourers and entrepreneurs or research for technology and sciences. He also handled various aspects related to agriculture like canals, latest agricultural machinery, famine, taxes, agricultural loans to farmers, agricultural by-products, sugar industry and its technology, hybrid seeds, dams etc. Similarly, he also commented on aspects such as import export, fiscal policy, exchange rate, taxation etc. and asked government to rearrange the priorities for the development of nation like dams, canals, seeds, research, polytechnic schools and colleges.

## **1.2 Economic Ideas of Lokmanya Tilak**

Tilak was not known as an economist in the sense that he did not produce any systematic treatise on any of the aspects of economic problems affecting the life of the people, but he was enough of an economist who ably studied current economic, material, industrial, agricultural and related issues as they cropped up, made their root-going study and offered suggestions for their treatment in the best interests of the country.

Culture and religion had been the main basis of Tilak's nationalism. Nonetheless, he also advocated his nationalism on an economic background of common interest. He accepted Dadabhai Naoroji's "Economic Drain Theory" and criticised the British Government for ruthlessly exploiting the resources of the country. He wrote on various issues which covered the foreign enterprises and investment in India which created a delusion of prosperity. The reckless policies of British Government had destroyed the indigenous industries, trade and art. From 18<sup>th</sup> Century the British Government was taxing on indigenous goods and exports upto 62.2% of which resulted to unemployment and destruction of the Indian indigenous industry (Ref.: Kesari, 1902). The alien rulers had allowed a free inflow of European products and the Indian handicrafts, cotton industries etc. were forced to face unequal competition with the European products. But Tilak realised that a foreign government cannot be expected to accord protection to the indigenous industries. The twin political programmes of 'Boycott' and 'Swadeshi' suggested by Tilak were aimed at generating indigenous and independent economic development of the nation. However,

Tilak's views on the immediate questions of providing economic justice to the toiling masses, both in agriculture and industry had always been a matter of debate.

### 1.3 Economic Thoughts of Lokmanya Tilak

Tilak as an active and watchful journalist seized every opportunity to expose the hypocritical professions of British administrators and politicians about their civilising mission in India. He questioned the propriety of placing on Indian revenues the entire burden of British rule itself. He knew well the economic condition of his people and he could formulate policies and prepare prescriptions to improve the same. This is clear from the various constructive suggestions he often made. He fully exploited the press and the platform for this purpose. His two journals, the Kesari in Marathi and the Mahratta in English were quite serviceable to him for this purpose. Tilak did not receive any specialized training in economics but as a political leader of eminent structure he had occasions to write on economic problems of India.

In his writings, he shared and endorsed the economic views generally prevalent in the nationalist invisible college. When he was laying down the foundations of his own leadership and educating the masses he wrote many articles in Kesari on economic problems of India before 1904. But as his political stature grew his writings seemed to be exclusively devoted to politics, social, economic and various problems of India. Tilak seized every possible opportunity to expose the claim of the British bureaucracy in India and its defenders in England that India had prospered under British rule. He took the opportunity of proving to the hilt by referring extensively in the editorials of the Kesari and Mahratta.

Lokmanya Tilak wrote many article based on economic thoughts and preparation of Swaraj. These articles covered various issues like:

#### 1. Free Trade Policy

He criticised official tariff, trade, transport and taxation policies as obstructions instead of promoting the growth of industry and bringing about ever-increasing de-industrialisation of the country. Tilak educated the people that the role of Viceroy of India was to look after the security of the country and not development of Industries. He pointed out that during last few years many Indian industries were closed down and the employability was transferred from industry to agriculture i.e from 70% to 85%. Through agricultural income increased because of coffee and tea plantations they belonged to European foreigners so it practically did not help the average Indian citizen (Kesari 28th March 1902). Tilak wrote about increase in imports by giving few examples. The data derived from Kesari newspaper is presented in a tabular form below which shows the economic disparity.

#### Statement of Imports to India

| Sr. No. | Name of the product | Year              |                   |
|---------|---------------------|-------------------|-------------------|
|         |                     | 1881 (Rs. Crores) | 1901 (Rs. Crores) |
| 1       | Cloth               | 19.30             | 30.00             |
| 2       | Sugar               | 1.00              | 3.00              |
| 3       | Oil                 | .06               | .24               |

From the above table it can be seen that the imports had increased during the British period. He further stated that imports in glass, cutlery, iron goods, watches and other items also increased in relation to the exports in agricultural raw materials and every year this deficit was affecting our industry. During last few years only few new industries were established such as cloth, paper industry, sugar, matchbox and edible oil. He also pointed out that during last few years the British Government had not taken any efforts to increase industries or industrial research. In one of his articles he also brought to the notice of common people that during that time Tata wanted to start research by investing Rs. 10 lakhs but British Government refused the permission.

## 2. Establishment of Swadeshi Banks

In October 1906 Lokmanya Tilak wrote an article in Kesari which focussed on the issue that when the Indians invest in European banks and when these suffered losses the same had to be borne by the Indians. He stressed the importance that the Indian trade would not flourish unless the Indians establish their own banks (Swadeshi Banks). This article encouraged the establishment of Swadeshi banks and Bank of India was established in 1906.

## 3. Interest of Britishers

## 4. Changing Taxation Policies

How industry was destroyed (Kesari 11<sup>th</sup> November 1902)

Lokmanya Tilak stated that no country can rely upon agricultural income only as it depended totally on nature. Every country should have other sources of income. Various areas were governed by number of rules. But no rulers destroyed skill based industry in his or wired land. Even the East India Company did not destroy the indigenous industry. They used to tax them but at same time keep the sustainable taxes. British Government made value based increasing tax system i.e from raw leather to product. This system increased the value of finished product. In Great Britain there were only 2.5% taxes for the goods. This reduced the Indian exports and increased imports which resulted to closure of indigenous industries and increasing unemployment and decreasing national wealth.

## 5. Impact of reduction of taxes on Britishers' Manchester cloth and the recession faced by Indian mills and unemployment.

## 6. Importance of indigenous production

Tilak opposed large-scale import of foreign capital in railways, plantations and industries and the facilities afforded to them by the Government.

## 7. Replacement of Traditional farming by mechanical farming

Lokmanya Tilak considered farming as the backbone of Indian economy. During 1885 in different editions of Kesari he explained the concepts of economic disparity, economical growth, industrial growth, different aspects of agriculture like seeds, mechanised farming, farmers, landlords, taxation, famine, marketing of agricultural products etc., research and education in simple language to the people as these terms were difficult to interpret for a common man. During that era he was the pioneer to put forward the views regarding agriculture as compared to others who mainly concentrated on the concepts for industrial development.

## 8. Establishment of co-operatives to strengthen the Indian economy

Lokmanya Tilak supported the co-operative movement in India which could form a strong platform to build up the Indian economy. This can be seen in the Paisa Fund movement started by

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Antaji Pant Damodar Kale. The main objective behind this was to raise a huge fund for industrial development by collecting money from the people and strengthen the Indian industries. Kale approached Lokmanya Tilak as he being a popular national leader his support would strengthen this movement. Lokmanya Tilak favoured this movement and attended the first meeting on 27<sup>th</sup> December 1904. He was appointed as the treasurer of this Paisa Fund. This movement paved a way for Swarajya as the people learnt the art of manufacturing products which boosted the local industries (Sabade).

#### **1.4 Lokmanya Tilak and National economics**

In the earlier part of his life before 1904, he extensively wrote on currency, famine and famine relief in Maharashtra, on regulation of money-lenders' activities, land ownership regulation laws, the Khoti system, co-operative movement, swadeshi, etc. In all these writings again he was writing as a journalist aiming at educating the public and mainly concerned with the bearings that these problems had on political and economical affairs leading their livelihood towards poverty. It is a realm of speculation that if Tilak would have been a student of economics he would have embellished the Indian economic thought. This statement can be derived on the basis of couple of his writings on economic problems of India that are capable of giving us a glimpse of the possibility of that nature.

During August and September 1892, Tilak wrote a series of articles on the problems of Indian currency that was then bedevilling the Indian economy. The articles were mainly expository in nature which aimed at making it easy for the general reader of Kesari to understand the economic issues involved. The first three essays in this series were devoted to the exposition in simple terms of monetary theory. They dealt with the institution of money, metallic currency, currency standards, price level and its relation to money, etc. Tilak wanted common people of India to have knowledge of the devaluation theory and exchange policy. He wrote two articles in Kesari titled 'Gold and Silver Coins' on 27 September 1892 and 'Silver, Rupaya and Pound' on 4 July 1892. He explained this with great lucidity and clarity in Marathi for the common people to understand which can be considered as a model of clarity even today. (Kesari 4<sup>th</sup> July 1893) In the article titled Silver, Rupee and Pound Tilak explained the procedure of manufacturing coins with real metals like gold and silver in 18<sup>th</sup> century. It was possible for anyone to change the coins to pure metal whenever required. The value of coins was decided on value of metal.

He also pointed out that Marshal Committee in 1893 decided to change the value of Rupee and Pond and introduced paper notes. This decision depended on the British Government which would affect the Indian economy. British Government did not adopt the same policy to Great Britain as they were having gold coins. This meant that British Government has a dual policy. They diverted their losses in the form of direct or indirect taxed on Indian citizens. Indian business was connected with China, Japan and Iran who used silver coins. As British Government would decide the value all the trade with these countries would be affected as they will not accept Indian Rupees. In 1895 he wrote the concluding article in a series of essays on "Decentralization of Finance" which were written by Justice Ranade which showed the extraordinary calibre of his intellectual endowment.

### **1.5 Lokmanya Tilak and his four fold principles**

The four fold principles of Lokmanya Tilak namely Boycott, Swadeshi, National education and Swaraj laid down the foundation for freedom struggle. These four fold principles can be explained from the economic point of view as:

#### **1.5.1 Boycott – a powerful weapon**

Lokmanya Tilak saw in boycott - a very powerful non-violent weapon that could be effectively wielded by the masses. This weapon thrust at the very economy of Britain since India was a very large market for its manufactured goods. So effective was the weapon that sales of foreign goods dropped some 80% and the textile mills in Manchester were also forced to close down. This also gave a boost to the local industry and the enthusiasm of the movement resulted in oversubscription of shares. New spinning and weaving mills started and the British economy came to the edge of crisis. Knowing the effects of swadeshi movement, Tilak planned Swadeshi shops, banks, markets and promoted indigenous industry. He even organised various Swadeshi goods exhibition to promote their sales in market.

#### **1.5.2 Swadeshi- Use of National goods**

This movement started by Tilak consisted of use of native goods which would boost the Indian economy. He felt that if the foreign goods are not used then their demand will decrease and also affect the market for these goods. The Indian goods will then have a readymade market which will help to increase the financial position and solve the economic crisis.

#### **1.5.3 National Education**

Lokmanya Tilak stressed the importance of National education which along with the regular curriculum must cover the education based on agriculture and skilled artisans. He felt that India being an agriculture country the education based on agriculture will help the farmers to practise intensive farming and also use of technology. The skilled artisans should also be educated in their own field so that they can produce quality goods which will help them to face the competition with the foreign markets.

#### **1.5.4 Swaraj**

Tilak strongly advocated the concept of Swaraj and he felt that the country can only flourish if it attains Swaraj. The economic decisions like taxation, policies and other markets can only be developed if Swaraj is achieved. He believed that the British Government was working for their own benefit and the profits derived from Indian markets were taken by the British to their own country. Only if India attained Swaraj the people would become self-sufficient.

### **1.6 Indian Economics**

National economics helps to retain wealth within the nation which can also help the nation or common citizens and which can give them the liberty to enhance their wealth. According to Tilak the Indian economy was dependent on agriculture as 80% of the Indian people in 19<sup>th</sup> and 20<sup>th</sup> centuries depended on agriculture which consisted of development of indigenous products, swadeshi market etc. Lokmanya Tilak was the only leader at that time to see how significant the role of agriculture was. He therefore made efforts to educate the farmers so that they would realize the benefits of modern equipment, better seeds, fertilizers and new techniques to improve

their income from the limited available land. He encouraged them to use food processing technology to counter the effects of famine.

He strongly viewed that India cannot prosper only with agricultural sector and traditional based farming methods as there was lack of technical knowledge and industrial base (*Ref.: Speech delivered by Lokmanya Tilak at Pandharpur, Maharashtra*). So he considered the importance of agricultural economics as the focal point in Indian Economics. He saw great benefits from cooperation, and export of agricultural products such as sugar and cotton. He was very keenly aware of everything which affected the life of farmers and wrote articles in his newspapers.

On 28 March 1902, Tilak wrote an article in Kesari regarding the destruction of indigenous industries whereas on 14 November and 21 November 1905 he wrote two articles in Kesari about the traditional weaving industries and its destruction.

### **1.7 Conclusion:**

According to Tilak, economical independence is necessary for upliftment of the country. As a frank and fearless journalist, Tilak expressed his views on all the issues. He wrote against showing marginal increase in GDP. Tilak wanted the wealth of nation should be shared with common man and not only with the handful of people. Tilak introduced theory of nationalist economics. The object of Lokmanya Tilak was to achieve Swaraj which will give liberty to every individual to work for the national wealth. That is why Mahatma Gandhi described him as "Maker of Modern India".

He believed that one of the principal causes of Indian poverty was British rule and the colonial and imperial system that articulated it, and consequently the end of British rule was the first pre-condition of ending Indian poverty. After the attainment of complete political freedom, India has made many strides in the industrial field so as to be recognised as an industrial country in the world. This incidentally vindicates Tilak's firmly held opinion that only a national government could really take effective steps to achieve the country's economic progress in every possible way.

Tilak and his journals, the Kesari and the Mahratta always, almost invariably, supported all the suggestions and proposals that made on the floor of the supreme Legislative Council. They were thus proved complementary to each other though they were regarded as political opponents of each other during their life-time. The reality was different. They differed in their methods while dealing with public and political questions. One was aggressive and the other was sweet reasonable, yet no less frank and outspoken.

Even today after 100 years the economic thoughts of Lokmanya Tilak appear to be much relevant. The conditions of farmers are not good and due to globalization the small scale industries have suffered a setback. Few job opportunities are available due to the service sector. As there is no boost to agriculture the migration of rural to urban is on increase which has given rise to many problems. Agriculture is the focal point of the Indian economy and it can serve as a base to provide employment to many Indians. At this time it is essential to keep focus on the economic aspect of Swadeshi as laid down by Lokmanya Tilak and plan accordingly.

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