



SOCIO-ECONOMIC INEQUALITIES IN HYDERABAD BEFORE LIBERATION

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Abstract

Before the liberation of Hyderabad in 1948, the princely state represented one of the most extreme examples of economic and social stratification in colonial and post-colonial South Asia. Under the Nizam's autocratic regime, wealth and power were concentrated in the hands of a small aristocracy and bureaucracy, while the vast majority of peasants, laborers, and artisans lived in poverty and bondage. The absence of land reforms, industrial diversification, and equitable education reinforced a rigid feudal order. This paper examines the socio-economic inequalities that characterized pre-liberation Hyderabad, analyzing their historical origins, structural manifestations, and consequences for social unrest and political transformation. Drawing upon historical sources, socioeconomic data, and scholarly interpretations, the study argues that the liberation of Hyderabad was as much a socioeconomic revolution as a political integration, aimed at dismantling feudal privilege and establishing the foundations for equality and democracy in the Deccan region.

Keywords: *Economic Inequality, Aristocracy, Poverty, Social Stratification, Economic Justice, Hyderabad Society, Feudalism*

1. Introduction

The princely state of Hyderabad, ruled by Nizam Mir Osman Ali Khan until 1948, stood as one of the most prosperous yet socially unequal regions in India. Though endowed with rich natural resources, thriving markets, and a cosmopolitan capital city, the benefits of economic development were confined to a small elite class. Beneath the splendor of the Nizam's court lay deep-seated poverty, illiteracy, and social exclusion among the masses.

Hyderabad's economy was dominated by feudal agrarian relations, unequal access to education, and limited industrialization. Land ownership was monopolized by the aristocracy and *jagirdars*, while peasants were reduced to tenants or bonded laborers (*vetti*). Religious and caste hierarchies further stratified society, with Hindus and marginalized castes occupying subordinate positions in administration and the economy. Women's participation in public life remained negligible due to patriarchal norms.

These inequities produced a fragile socio-economic fabric that eventually led to peasant uprisings, worker movements, and political mobilization, culminating in the Telangana Armed Struggle (1946–1951) and ultimately the liberation of Hyderabad. Thus, Hyderabad's integration into the Indian Union represented not only a political unification but also an effort to redress historical economic injustices.

This paper explores the structure, dynamics, and consequences of socio-economic inequalities in Hyderabad before liberation, situating them within the broader context of colonial economy, princely governance, and the rise of social movements in the Deccan.

2. Objectives

The study seeks to achieve the following objectives:

1. To analyze the historical origins of economic inequality in pre-liberation Hyderabad.
2. To examine patterns of land ownership, taxation, and agrarian relations under the Nizam's rule.
3. To explore disparities in education, employment, and social mobility among different communities.

4. To investigate the economic position of women and marginalized castes.
5. To evaluate how socio-economic inequalities contributed to social unrest and the eventual liberation movement.
6. To assess the socio-economic motives behind the Indian government's intervention and integration of Hyderabad in 1948.

3. Review of Literature

The socioeconomic structure of Hyderabad has attracted attention from historians, economists, and political scientists.

1. **P. Sundarayya (1972)** in *Telangana People's Struggle and Its Lessons* offered a Marxist interpretation of Hyderabad's feudal economy, describing how jagirdars exploited peasants through exorbitant rents and forced labor. His account linked economic oppression directly to the revolutionary peasant movements that erupted in Telangana.
2. **Lucien Benichou (2000)**, in *From Autocracy to Integration*, analyzed the political economy of the Nizam's regime, emphasizing how wealth concentration and administrative patronage sustained autocratic rule.
3. **V. Bawa Satyanarayana (1990)** explored agrarian structures, highlighting that 40% of cultivable land was under *jagir* tenure. He documented the mechanisms of rent collection, debt bondage, and rural indebtedness, all of which entrenched inequality.
4. **K. Balagopal (1987)** connected historical inequities to post-liberation agrarian unrest, arguing that incomplete land reforms perpetuated class divisions.
5. **Karen Leonard (1978)** in *Hyderabad: The Social Structure of a Princely State* provided an ethnographic account of Hyderabad's diverse society, focusing on the coexistence of aristocratic, mercantile, and peasant groups.
6. **Irfan Habib (1995)** contextualized Hyderabad within the larger feudal-colonial economy of India, showing how indirect British control maintained native autocracies while extracting revenue.

Collectively, these scholars reveal that pre-liberation Hyderabad was characterized by systemic economic inequality rooted in feudal land tenure, colonial dependency, and socio-religious hierarchies. The literature also underscores that liberation was essential to dismantling these inequities and paving the way for modernization.

4. Methodology

This research adopts a qualitative historical-analytical methodology. The approach combines archival research, secondary literature review, and socioeconomic interpretation to reconstruct the conditions of inequality before 1948.

1. Primary Sources:

- a) Administrative documents from the *Hyderabad State Archives* (land revenue records, reports of the Revenue Department, and official gazettes).
- b) *Government of India (1948)* reports on Operation Polo and socioeconomic assessments of the Hyderabad region.
- c) Contemporary writings and speeches by leaders such as Sardar Vallabhbhai Patel and Burgula Ramakrishna Rao.

2. Secondary Sources:

- a) Books, academic papers, and journals on the socio-economic history of Hyderabad and Telangana.
- b) Economic histories of princely states for comparative perspective.

3. Analytical Framework:

The analysis draws upon Marxian political economy and structural functionalism to examine the distribution of resources, social roles, and institutional mechanisms sustaining inequality.

4. Scope:

The study focuses primarily on the decades between 1900 and 1948, when economic stratification reached its peak.

5. Limitations:

Quantitative economic data for Hyderabad are limited, as princely state statistics were fragmentary. Hence, qualitative interpretation based on credible historical sources has been emphasized.

5. Results and Discussion

5.1 Feudal Landholding and Agrarian Inequality: Land ownership lay at the heart of Hyderabad's economic disparities. The Nizam and his nobility controlled an extensive system of *jagirs*, *samsthanams*, and *inam* lands. Approximately one-third of the total cultivable land was under direct state control, while the rest was distributed among roughly 1,500 jagirdars and nobles (Satyanarayana, 1990). Peasants were tenants-at-will, lacking ownership and security.

The *vetti* system—compulsory unpaid labor—was widely practiced, especially in Telangana. Peasants had to work on the estates of landlords without remuneration, in addition to paying rent and taxes. Debt bondage through moneylenders compounded their exploitation. Crop failures, famines, and lack of irrigation facilities deepened rural distress.

Agrarian inequality also had a religious dimension. Muslim nobles and a small Hindu aristocracy owned the majority of fertile lands, while Hindu peasants constituted the primary cultivators. The system thus perpetuated both class and communal hierarchies.

The lack of agrarian reform meant that productivity stagnated despite fertile soil and favorable climate. The imbalance in land distribution became a catalyst for the Telangana Peasant Revolt, in which peasants demanded abolition of jagirdari and redistribution of land.

5.2 Urban–Rural Divide and Class Stratification: Hyderabad city flourished under royal patronage, boasting palaces, universities, and industries such as textiles, jewelry, and handicrafts. However, urban prosperity contrasted sharply with rural stagnation. The capital absorbed state revenues, while peripheral districts like Karimnagar, Warangal, and Nalgonda remained impoverished.

The urban class structure mirrored royal hierarchy: aristocrats, bureaucrats, and merchants formed the upper tiers; artisans and service workers occupied the lower ones. Access to government employment was largely restricted to Muslims and upper-caste Hindus. Rural migration to cities increased, but opportunities were limited to low-wage labor.

Infrastructure development—roads, irrigation, and communication—was concentrated around the capital, accentuating the spatial inequality that persisted even after liberation.

5.3 Education and Social Mobility: Educational access in Hyderabad was deeply unequal. The Nizam's government established Osmania University (1918) and several elite schools, but these primarily served the aristocracy. Instruction in Urdu limited access for Telugu-speaking Hindus and lower castes.

According to the *Hyderabad State Census of 1941*, overall literacy stood at about 6%, with rural literacy below 2%. Educational segregation along linguistic, religious, and gender lines curtailed social mobility. Women's education remained negligible, confined to a few urban schools run by missionaries and reformers.

This educational deprivation created a self-perpetuating cycle of poverty. The educated elite monopolized administrative posts and technical professions, while the masses remained confined to agrarian and manual labor.

5.4 Gender and Economic Inequality: Patriarchal norms reinforced women's economic subordination. In both Muslim and Hindu communities, women were excluded from property inheritance, wage labor, and education. Purdah and seclusion limited mobility, especially among elite families.

In rural areas, women contributed substantially to agricultural labor but were unpaid or underpaid. Social customs such as early marriage and dowry further restricted their autonomy. The absence of any policy for women's welfare or employment institutionalized gender inequality.

Women's invisibility in public and economic life contrasted with occasional exceptions—such as aristocratic women who sponsored charitable works. However, these examples did little to alter the structural subordination of women in the broader social order.

5.5 Industrial Backwardness and Lack of Diversification: While the Nizam's government established some industries—cotton mills, rail workshops, and paper factories—industrialization remained minimal. The economy depended overwhelmingly on agriculture and handicrafts.

The absence of industrial diversification limited employment opportunities and technological advancement. Artisans, once thriving under Mughal and early Nizam patronage, suffered from the influx of British goods and lack of modernization.

Without industrial employment, the agrarian surplus population had no alternative livelihoods, exacerbating rural poverty. The revenue system prioritized extraction rather than development, further widening the gap between the elite and the poor.

5.6 Caste, Religion, and Economic Stratification: Caste and religion intersected with class to define Hyderabad's socio-economic order. The ruling class was predominantly Muslim, though many Hindu nobles held *samsthanams*. Lower castes, Dalits, and backward communities were largely landless laborers or artisans.

Religious favoritism in bureaucracy and education fostered resentment. The linguistic divide between Urdu and Telugu added to the sense of exclusion. Social mobility for lower castes was virtually nonexistent; occupational heredity prevailed.

This rigid stratification explains why the liberation movement found widespread support among oppressed Hindu peasants and workers, while sections of the Muslim elite resisted integration fearing loss of privilege.

5.7 Economic Oppression and Political Awakening: Economic exploitation in Hyderabad led to growing political consciousness. The **Andhra Mahasabha**, founded in 1930, became a platform for peasants and intellectuals demanding land reforms and educational rights. The **Communist Party of India** mobilized peasants in Telangana, advocating abolition of jagirdari.

Between 1946 and 1951, over 3,000 villages participated in the **Telangana Armed Struggle**, seizing lands and establishing village committees. This revolt directly challenged feudal authority and the Nizam's autocracy.

The economic dimension of liberation was therefore inseparable from its political aspect. When **Sardar Vallabhbhai Patel** ordered Operation Polo in 1948, it was justified not only as a measure of national integration but as a response to widespread oppression and lawlessness (Benichou, 2000).

5.8 The Role of Patel's Intervention: Patel's intervention transformed Hyderabad's political economy. The liberation ended feudal privileges, abolished *vetti*, and initiated land reforms. The *Hyderabad Jagir Abolition Regulation (1949)* and *Inam Abolition Act (1955)* redistributed lands to cultivators, though unevenly.

Economic equality became an explicit goal of post-liberation governance. Patel's approach combined political consolidation with socioeconomic justice, envisioning integration as a means to uplift the masses and stabilize the region.

Hyderabad's case demonstrates that **economic oppression can generate revolutionary momentum**—and that political unification must address social inequities to achieve lasting peace.

5.9 Legacy and Historical Significance: The socioeconomic inequalities of pre-liberation Hyderabad left enduring legacies. Even after 1948, patterns of land ownership, caste dominance, and urban-rural disparity persisted. However, the liberation marked the beginning of structural change—educational expansion, industrial growth, and democratic participation.

The Telangana region's later struggles for equity, culminating in the creation of **Telangana State in 2014**, can be traced to these historical inequities. Liberation thus remains a foundational event in the long trajectory toward economic justice and regional empowerment.

6. Conclusion

The pre-liberation economy of Hyderabad was defined by **concentrated wealth, pervasive poverty, and institutionalized inequality**. Feudal land tenure, restricted education, gender exclusion, and lack of industrialization combined to produce a rigid social hierarchy. The Nizam's administration perpetuated privilege rather than reform, relying on a loyal aristocracy to maintain order.

Economic deprivation became the seedbed for political awakening. Peasants, workers, and intellectuals united against exploitation, giving birth to the Telangana Peasant Struggle and eventually the liberation movement. Patel's intervention in 1948 thus had profound socioeconomic implications—it dismantled feudal authority and initiated a new phase of democratic and economic reform.

The Hyderabad experience illustrates a broader historical truth: **political freedom without economic justice is incomplete**. True liberation requires the redistribution of resources, opportunities, and rights. The dismantling of Hyderabad's feudal order laid the foundation for the modern, pluralistic Telangana we see today, but the struggle for equality continues as an unfinished chapter of that liberation.

7. References

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