

Indian Economy on the eve of Independence

Foundation of British empire - 1757

Battle of Plassey

Purpose of colonisation

India - a feeder economy

Mkt for British manufactured goods

Why British came to India

→ Prosperous Economy (independent & self-reliant)

→ Agrarian Economy (85% population in agr.)

→ Traditional Handicraft Ind.

(i) Cotton & Silk textile (sply Deccan Muslim)

(ii) Precious stone & metal work

Colonialism ⇒ Political & Economic control of a country.

British
 → No attempts to estimate national Income
 → Dadabhai Nauroji
 Findley Shirras
 William Digby
 R.C. Desai
 V.K. R.V. Rao (most significant)

AGRICULTURE

①

Why Agr. sector was stagnant?

- ★ Land Settlement - 'zamindari system'
dates for submission fixed
→ if not submitted → lose zamindari rights
- ★ Forced Commercialization of Agr. -

sply. cotton, jute, indigo
⇒ farmers growing cash crops
⇒ so buy for food needs from the market
⇒ All cash crops used by British
⇒ lack of food crops led to famines.

★ Low level of productivity :-

→ Backward tech.
→ no use of fertilisers
→ lack of irrigation

farmers - no incentive to produce more

zamindars - only interest in extracting from peasants
British - no exp. on agr., technical or mass education

★ Scarcity of Inv. :-

No inv. in terracing, flood-control & drainage.

Tenants, small farmers & sharecroppers → no resources to invest, no incentive also

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② Industrial Sector (Poor state)
③ Decline of Handicraft \leftarrow To get raw material
To capture market.
How? Discriminatory Tariff Policy

→ No tax on export of raw material
→ No tax on import of British manufactured goods

→ High tax of Indian handicrafts

④ Impact of decline of handicraft ind.

loss of employment

Imports of finished goods
(as Indian gds. couldn't compete)

⑤ No k-goods ind. → Machine producing ind. to produce consumer gds.
(very few - TISCO - 1907)
(Some paper, cement & sugar ind.)

⑥ Share of ind. in GDP - too low

⑦ Public sector only in Railways, power generation, ports, communication,

⑧ Cotton ind. - Owners Indians Areas Gujarat & Maharashtra
Jute ind. - Foreigners Bengal

Foreign Trade

India became

- ① Exporter of raw materials
Importer of finished goods

eg. Jute, raw silk, cotton, indigo, sugar etc

→ cotton, silk & woollen clothes &

k-goods like machinery

- ② Monopoly control of trade by British :
→ More than half trade with Britain.
Persia, Srilanka (Ceylon) & China.
(Iran)

→ Suez Canal (1869) - direct route for ships - intensified trade.

- ③ Drain of wealth :- $X > M$ but trade surplus - didn't benefit India. Used for
→ was expenses fought by British
→ To import invisible items
→ Expenses of offices of colonial Govt. in Britain

Demographic Condition Related to pop'n.

1st Official Census - 1881 (Every 10 years)

Year of Great Divide - 1921

⇒ High BR & DR
(48 per 1000) (40 per 1000)

⇒ Very low literacy rate
(16% overall)
7% - female

⇒ Poor health facilities → water & air borne diseases

⇒ High IMR (no. of infants dying before reaching one year of age per 1000 live births) 218/1000

⇒ low life expectancy - 44 yrs (present - 72)
no. of years a person is expected to live

⇒ Widespread poverty - no data
low living std.

Occupational Structure



Distribution of work force across diff. ind. & sectors

Agr.
75%

Manuf & Services
25%

Region wise

Increase in agr.

- Orissa
- Rajasthan
- Punjab

Decline in popl
in agr in

- TN
- AP
- Kerala
- Maharashtra
- Karnataka
- WB

Infrastructure

Roads



- not all weather roads
- to mobilise:
 - a) Army
 - b) raw materials for foreign trade.

Railways



(1850)

- Promoted national integration
- enhanced commercialisation of agr. so adverse affect on self sufficiency
- To have control over vast Indian territory
- earn profits through foreign trade

Air & Water Transport

JRD

→ Tata (1932)

Indian aviation pioneer

→ Inland waterways

→ Orissa Coast canal

→ huge cost

→ couldn't compete.

Post & Telegraph

- expensive
- to maintain law & order
- inadequate

CONCLUSION

→ agr. & economy

→ Backward

→ No modern ind.

primary producing country

↓
handicraft decline

Discriminating protection.

any econ infrastructure to exploit Indian Economy

Positive Contributions of British

Food
Grains
Self sufficiency
due to
commercialisation

Better
transportation
means

Monetary
Economy
from
Barter

Admin
Set up

Check on
famines