

INDIAN ECONOMY ON THE EVE OF INDEPENDENCE

1. What did the estimates of India's national income and Per capita Income reveal about the state of the economy?

The national income estimates reveal that during the British period, India's real national income growth rate was less than 2%. The growth rate of per capita income was less than 0.5%.

2. What was the focus of the economic policies pursued by the colonial government in India? What were the impacts of these policies?

The economic policies followed by the British government were aimed at converting India into a market for selling British goods and a source of raw materials for the British industries.

Impact of British policies on India.

- (i) Indian cottage industries declined and our artisans were impoverished.
- (ii) India became a major exporter of raw materials and an importer of finished goods.
- (iii) Indian farmers were forced to cultivate cash crops like cotton and indigo.
- (iv) The British established their monopoly over India's foreign trade. Indian traders were eliminated.
- (v) Economic development of India became slow.

2. Name some notable economists who estimated India's per capita income during the colonial period.

Dadabhai Naoroji, William Digby, Findlay Shirras, VKRV Rao and RK Desai made efforts to estimate per capita income.

3. What were the salient features of India's agricultural sector during the colonial period?

Indian Agriculture was backward and stagnant during the British period.

- (i) Agricultural productivity was very low. Subsistence agriculture was practiced in India. Methods of production were primitive.
- (ii) Farming was completely dependent on rainfall. Irrigation facilities were not developed. So, crop failures were common.
- (iii) Most of the fertile lands were owned by the Landlords. Most of the tillers were landless.
- (iv) Most of the farmers were poor. They did not have enough capital to invest in agriculture. Most of them were illiterates and ignorant. They did not know about the modern farming methods.

(v) No investment was made in irrigation, flood control, terracing and desalinisation of soil.

4. What were the main causes of India's agricultural stagnation during the colonial period?

(i) Land was owned by the Zamindars. They collected heavy rent from the farmers.

(ii) The Government forced farmers to cultivate cash crops. The British paid very low prices for these crops.

(iii) The profits earned from agriculture went in to the hands of the landlords. They used it for their luxurious life. So, there was no money to invest in the modernization of agriculture.

(iv) The government did not take any step to provide irrigation facilities to farmers.

(iv) Most of the farmers were illiterates and ignorant.

(v) Farmers did not use chemical fertilizers and manures.

(vi) Farmers did not use modern methods of cultivation. Agricultural productivity was very low.

(vi) No investment was made in irrigation, flood control, terracing and desalinisation of soil.

5. What is Zamindari System? How did it lead to the backwardness of Indian Agriculture?

Zamindari System was a land revenue system introduced by the British Government in Bengal. Under this system Zamindar became the owner of the land. He had to pay a fixed amount as tax to the Government. Zamindar collected heavy rent from the peasants who cultivated his land.

(i) Under this system, the life of peasants was miserable. They had to pay heavy rent to the Zamindars.

(ii) Profits from agriculture went in to the hands of Zamindars. They did not use that money for the development of agriculture.

(iii) Real cultivators did not enjoy ownership rights over their lands. They could be evicted at any time.

6. Do you think the Zamindari system has really been abolished in India? If not, suggest measures to banish it.

After Independence, State Governments were given power to make laws to abolish Zamindari system. Most of the State Governments made laws to abolish it. However, Zamindars used the loop holes in the laws to maintain their ownership

rights over large areas of land. So, Zamindari System is not completely abolished in India

Measures to abolish Zamindari System

- (i) Laws against Zamindari System should be strictly implanted. Loop holes in the laws should be corrected.
- (ii) Tenants should be given security of tenure and rent should be fixed by the Government.
- (iii) Land ceiling should be implemented and surplus land should be distributed among the tillers.

6. What do you mean by Commercialisation of Agriculture? How did the introduction of Commercial Farming affect our farmers?

Cultivation of crops for selling in the market is called commercial farming. The British wanted raw materials for their industries. So, they encouraged the cultivation of cash crops like indigo, cotton, sugarcane etc. The farmers were paid very low prices for their crops. As they stopped the cultivation of food crops like wheat and rice, they had to buy food from the market. They did not have enough money. So, starvation started.

8. What percentage of India's population depended on Agriculture during the British rule?

About 85% of India's population depended on Agriculture.

7. State the main features of India's industrial sector on the eve of Independence.

- (i) The British followed a policy of 'de – industrialization' in India. Their aim was to use India as a market for their finished goods and as a source of raw materials to feed their industries.
- (ii) The Indian traditional handicraft industry declined. The Indian goods lost their domestic and international demand.
- (iii) Growth of modern industries was very slow in India. The government did not take any step for industrial development.
- (iv) The role of public sector was limited to railways, power generation, communication and ports.
- (v) Capital goods industries did not come up in India. We had to import all machines and tools from Britain.

8. What was the two-fold motive behind the systematic de-industrialisation effected by the British in pre-independent India?

The British made systematic efforts to de- industrialise India with the following aims:

(i) They wanted to sell their finished goods in India. They did not want competition from Indian goods.

(ii) They wanted to collect raw materials in large quantities from India.

9. Critically appraise some of the shortfalls of the industrial policy pursued by the British colonial administration.

OR

How did the British economic policies prevent the growth of industries in India?

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(iii) Growth of modern industries was very slow in India. The government did not take any step for industrial development.

(iv) Capital goods industries did not come up in India.

10. *The traditional handicrafts industries were ruined under the British rule. Do you agree with this view? Give reasons in support of your answer.*

OR

Why did Indian Cottage and Village Industries decline during the British colonial rule?

Yes, the traditional handicrafts industries were ruined under the British rule.

(i) *Discriminatory Tariff Policy:* The British Government imposed heavy export duty on Indian goods. The raw materials were exempted from export duty. At the same time the government allowed duty free import of foreign goods in to India. This policy helped the British Industries.

(ii) *Competition from British Goods:* Low cost and better finished British goods were imported to India on a large scale. So, our goods faced stiff competition in the markets.

(iii) *Loss of International Demand:* European countries made laws to prevent the entry of Indian goods in to their markets. They imposed heavy import duty on Indian goods. So, our goods lost their international market.

(iv) *New Pattern of Demand:* The middle class was influenced by western culture. They favoured British goods.

(v) **Introduction of Railways:** The railway network helped the British to take their goods even to the interior parts of India. Thus, Indian goods faced competition even in remote areas.

(vi) **Loss of Patronage:** The end of the rule of Kings and Nawabs resulted in the loss of patronage to Indian handicrafts.

11. Which traditional industries were well developed in India before the arrival of the British?

India was well known for handicrafts like silk textiles, cotton textiles metal and precious stones works.

12. Which Indian Industry was most affected by Partition and why?

Jute textiles industry was badly affected due to partition because most of the jute growing areas became part of Eastern Pakistan (Modern Bangladesh).

13. Which important present day industrial unit was set up in 1907?

Tata Iron and Steel Company (TISCO) was set up at Jamshedpur in 1907.

14. What are called Capital Goods Industries?

Industries that produce tools and machines needed for other industries are called capital goods industries.

15. The growth of which areas were under Public Sector during the British rule?

The Railways, Power Generation, Communication and Ports were under Public Sector during the colonial rule.

16. What was the effect of the systematic de industrialization policy followed by the British in India?

(i) Indian cottage industries declined. Unemployment and poverty became severe in our country.

(ii) British goods got good market in India. British industries developed.

(iii) Industrial development became very slow in India. Capital goods industries did not come up.

17. Indicate the volume and direction of foreign trade at the time of Independence.

(i) The British established monopoly over India's foreign trade. More than half of our trade was with Britain. Other trading partners were China, Srilanka and Persia.

(ii) Before the colonial period, India was a major exporter of finished goods. The British rule converted India in to an exporter of raw materials and an importer of finished goods.

(iii) India exported primary products like raw silk, cotton, sugar, indigo, jute etc. We imported cotton, silk and jute clothes and capital goods.

(iii) India's balance of trade was favourable. There was export surplus.

18. *The export surplus did not bring any benefits to the Indian Economy. Why?*

India's balance of trade was favourable. There was export surplus. The export surplus did not bring gold or silver to India. It did not benefit India because:

(i) the surplus was used to maintain the office set up by the colonial Government in Britain

(ii) to meet the war expenditure.

(iii) to import invisible items.

19. *Who were the trading partners of India during the British period?*

More than half of our trade was with Britain. Other trading partners were China, Srilanka and Persia.

20. *What was the cost that India had to bear for the Export Surplus during the British period?*

India exported primary goods. Several essential commodities like food grains, clothes and kerosene were not adequately available in India. The export surplus did not bring gold or silver to India.

21. *Give a quantitative appraisal of India's demographic profile during the colonial period.*

Population situation also showed backwardness.

(i) Overall literacy rate was 16%. Female literacy rate was seven percent.

(ii) Death rate was very high due to inadequate public health facilities.

(iii) Infant Mortality Rate was nearly 218 per thousand.

(iii) Life expectancy at birth was very low (44 years)

(iv) Large section of the population was under extreme poverty.

22. *When was the first official census operation undertaken in India?*

The first official census operation was undertaken in India in 1881.

23. *Which is regarded as the defining year to mark the demographic transition from its first to the second decisive stage?*

OR

Why is the year 1921 considered a Year of Great Divide?

1921 is considered as the year of Great Divide. Before 1921, the population of India was fluctuating, increasing in one census and decreasing in the other. After 1921, the population never decreased. It showed continuous increase.

24. What was the overall literacy rate of India during the colonial period? What was female literacy rate?

Overall literacy rate was 16%. Female literacy rate was seven percent.

25. Explain the following terms:

(i) *Infant Mortality Rate*: It refers to the number of child deaths before attaining the age of one for every thousand live births.

(ii) *Life Expectancy*: It refers to the average life span of an individual.

(iii) *Commercial Agriculture*: It refers to cultivating crops for selling in the market.

(iv) *Subsistence Agriculture*: It refers to cultivation for self consumption. Major part of the output will be consumed by the farmer's family.

26. What was Infant mortality rate during the colonial period? Why was it very high?

Infant Mortality Rate was nearly 218 per thousand. It was very high because:

(i) Public health facilities were very poor. Hospitals were not available in many villages.

(ii) Most deliveries took place in houses without proper care.

(iii) Food scarcity resulted in malnutrition among the children.

24. Highlight the salient features of India's pre-independent occupational structure.

Occupational structure refers to distribution of working population across primary, secondary and tertiary sectors of the economy.

(i) 70 to 75 percent of Indian working population was engaged in primary sector.

(ii) Less than 10% of the workers were in the secondary sector.

(iii) Tertiary sector employed nearly 15 to 20% of the workers.

(iv) In Madras, Bombay and Bengal Presidencies the dependence of workers on primary sector was low. In Orissa, Rajasthan and Punjab dependence of workers in primary sector was high.

(v) Occupational structure also shows backwardness. In all developed countries secondary and tertiary sectors provide more employment.

25. What was the contribution of Industrial and service sectors in the employment of the work force during the British rule? What does it show?

- (i) Less than 10% of the workers were in the secondary sector.
- (ii) Tertiary sector employed nearly 15 to 20% of the workers.

Occupational structure also shows backwardness. In all developed countries secondary and tertiary sectors provide more employment. Value addition task is taking place in these sectors. People's income will be more. In India primary sector employs more workers. Income is low.

26. What objectives did the British intend to achieve through their policies of infrastructure development in India?

The British government took same steps to develop infrastructural facilities in India.

- (i) Railway was introduced in India. Railway helped the English to transport their goods to the interior parts of India. It also helped in the quick movement of their armed forces.
- (ii) A number of roads were constructed. Roads also helped them to transport their goods.
- (iii) Post and Telegraphs were developed. Communication facilities were needed for the easy administration of India.
- (iv) Seaports were developed to handle the export of raw materials to Britain and import of finished goods to India.

27. When was the Railway System introduced in India? How did the introduction of railways affect the structure of Indian economy?

Railways were introduced in 1850.

- (i) Railways helped people to travel long distances and break geographical and cultural barriers.
- (ii) It encouraged commercial farming. Villages lost their self sufficiency.
- (iii) India's export trade increased.

28. Why was the Inland Waterway along the coast of Orissa abandoned?

The Inland waterway was built along the coast of Orissa by spending huge amount of money. But it was uneconomic. It could not compete with the Railways.

29. What do you understand by the drain of India's wealth during the colonial period?

The British government in India served the British economic interests. India's wealth drained in to Britain.

- (i) India's export surplus was used for maintaining British Government Offices and to fight wars.
- (ii) The British government collected heavy taxes from the Indian people.
- (iii) India's treasures were taken to Britain. A lot of gold ornaments and precious stones were taken to Britain.
- (iv) They sold their goods in India and earned huge profits.
- (v) Raw materials were purchased at very low rates from Indians and exported to Britain.

30. Underscore some of India's most crucial economic challenges at the time of Independence.

- (i) Indian agricultural sector was backward. Productivity was very low. Primitive methods of cultivation and the unjust land tenure systems were responsible for the backwardness of agriculture.
- (ii) Traditional Indian cottage industries declined due to the economic policies of the British government. The growth of modern industries was very slow.
- (iii) A large section of the population suffered from poverty. Starvation deaths were reported from many places.
- (iv) Unemployment was another major problem. Large number of landless agricultural labourers remained unemployed.
- (v) Literacy rate was low, infant mortality rate was very high and life expectancy was low.
- (vi) Our occupational structure was unbalanced.

31. Were there any positive contributions made by the British in India? Discuss.

Following were the positive contributions made by the British in India

- (i) The British introduced commercial agriculture in India. This contributed to the modernization of agriculture.
- (ii) Development of Roads and Railways contributed to the socio-economic progress of the country.
- (iii) Barter system of exchange was replaced by monetary system. This contributed to economic progress.

(iv) The British introduced an efficient system of administration in India.

(v) Introduction of modern education helped in the cultural and intellectual awakening of India.

32. Examine the salient features of the Indian economy on the eve of Independence.

(i) Indian agricultural sector was backward. Productivity was very low. Primitive methods of cultivation and the unjust land tenure systems were responsible for the backwardness of agriculture.

(ii) Traditional Indian cottage industries declined due to the economic policies of the British government. The growth of modern industries was very slow.

(iii) Population situation also showed backwardness. Both birth rate and the death rate were very high. Life expectancy was very low. Infant mortality rate was very high.

(iv) India's occupational structure was unbalanced. Major section of the workers was engaged in primary sector.

(v) The British rule converted India from the position of a major exporter of finished goods to a major importer of finished goods.

(vi) Our Balance of Trade was favourable. Most of our trade was with Britain.