

# Indian Economy on The Eve of Independence

Paper Submission: 16/09/2020, Date of Acceptance: 26/09/2020, Date of Publication: 27/09/2020

## Abstract

Indian economy was transformed into a poor and stagnant economy during the colonial. It was due to the economic policies pursued by the British government in India. Their policies were concerned with the promotion of their colonial interests. It was their exploitive nature which led the Indian economy to become backward. The main reasons behind this backwardness were decline of Indian agriculture, collapse of small scale cottage industries and handicrafts and British monopoly over foreign trade. The British government made no efforts to uplift these sectors in India. As some infrastructural developments were made by the British government such as railways, roadways, post and telegraph etc but the reason behind this was to satisfy their colonial interest. In this context, the present paper review how the British government ruined the Indian economy. This paper also analyzed the condition of Indian economy on the eve of independence.

**Keywords:** Indian economy, British government, Colonial interest, Backward, Sectors, Reason.

## Introduction

The status of Indian economy on the eve of independence was colonial, semi-feudal, backward, stagnant depleted and amputated. The British had their selfish ends, so they introduced various forms of exaction and exploitation to squeeze the economy. During the decades of British Colonial rule in India, there were no efforts made to calculate India's per capita income. Similarly, the British rulers never found it necessary to calculate our National Income or our Gross Domestic Product. Upon gaining independence, some Indian individuals did try to measure India's incomes. But the attempts tragically failed due to inconsistency, lack of expertise and inaccuracy. But the contributions of VKRV Rao and Dadabhai Naoroji was very significant in this field.

During the British period, there was enormous exploitation of our natural resources. Due to these exploitation there was low economic growth in the Indian economy on the eve of independence. Before the independence agricultural and industrial sectors were struggling a lot. Besides this international trade was unfavourable for Indians and cottage industries were ruined. In this period poverty, illiteracy and unemployment brutally affected the Indian economy. This paper analyze the status of agriculture, industry, occupation and infrastructure on the eve of independence.

## Objectives of the Study

The major objectives of this study are:

1. To understand the condition of Indian economy on the eve of independence.
2. To understand the colonial exploitation of Indian economy under the British rule.

## Research Methodology

In this study I have taken survey reports and study reports by D. Bhattacharya's Economic History of India, Economic Survey (2018-19), Census of India 2011, etc. I have chosen the reports mostly published in books and magazines to understand the condition of Indian economy on the eve of Independence. Also, I have studied few research papers and new articles which published earlier.

## Structure of The Indian Economy on The Eve of Independence

The paper study of Indian economy on the eve of independence requires that we should acquaint ourselves with the prevailing agricultural, industrial, trade, transport, communication and banking situations during



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the period. It further requires knowledge about demographic profile, occupational structure and infrastructure etc.

#### **State of Agriculture**

India has always been predominantly an agricultural country. During the British period also the government's maximum income was dependent on agriculture, but the condition of this sector was stagnant and facing continuous deterioration.

The condition of productivity and production per hectare of land were very low. This indicate the adverse situation of agriculture on the eve of independence.

Table shows comparative study of production and productivity levels between 1947 and 2018-19.

**Table 1. Production and productivity of Wheat and Rice – A comparison between the levels in 1947 and 2018-19**

Crop	Productivity (Kg. per hectare)		Production (in Lakh tonnes)	
	1947	2018-19	1947	2018-19
Wheat	660	3,408	64	991
Rice	665	2,665	220	1,156

[Source: (i) D. Bhattacharya: Economic History of India, Economic survey 2018-19]

Table shows that productivity of wheat and rice were very low in 1947 compared to the level in 2018-19. The same way production level of wheat and rice were very low in 1947 compared to the level in 2018-19.

During the British period Indian agriculture was mostly dependent on monsoon. If the monsoon was not favourable that led to affect the production level of crops. Sometimes it resulted in crop failures also. Indian peasants were not given irrigational facilities by the British government.

Besides this some other factors were also responsible for stagnancy of Indian agriculture. Zamindari System was prevailing during the British period which led to suffer a lot to the Indian peasants. Zamindars main objective was to collect more and more revenues from the peasants which led to affect their economic condition. Indian peasants were not getting any financial support from zamindars or the British government which led them to face poverty and sometimes famines also. They were forced to grow commercial crops. In such situation they were unable to grow foodgrains for them. They were also crushed by the middlemen. All these factors led the Indian agriculture to face stagnancy.

#### **State of Industries**

Besides agriculture, industries were also the part of Indian economy during the British period. Those days small cottage and handicraft industries were flourishing in India. Among textile industries artisans were skilled in cotton and silk textiles. Metal and precious stonework were also done by the Indian artisans. Indian handicraft industries were hereditary in nature and most of the work was done on family basis. Mostly the old technique were used for production.

The Britishers were indulged in the exploitation of raw materials of India to satisfy the

needs of British industries. They did not make any effort for the upliftment of handicraft and textile industries in India. They adopted discriminatory tariff policy and promoted British machine made goods in the Indian market. They introduced Railways in India to expand the market for their product. It helped the Britishers to supply their low cost products in the Indian markets which resulted in low demand for Indian products. All of these directly led to decline of Indian Industries.

During the nineteenth century, modern industry began to take place but its growth was slow. In addition, there was lack of capital goods industries in India. It can be said that the British government did not make positive efforts for industrialization in India.

#### **State of Foreign Trade**

Since ancient times India has been an eminence place in foreign trade. But the exploitive policies of the British government related to production, trade and tariff adversely affected the structure and volume of India's foreign trade. During the British period India became an exporter of raw materials such as raw cotton, silk, wool, indigo and jute. In this period India turned into importer of British finished goods such as silk, cotton, woolen clothes and capital goods. Discriminatory trade policy of the British government made Indian economy backward and stagnant.

We find that Britishers maintained monopoly control over India's foreign trade. As a result, more than 50% of India's trade was restricted to Britain and rest was with other countries. This was favourable to the Britishers and trade was surplus for them. The income obtained from surplus trade was used to make payments for the expenditure on the British administration and war fought by the Britishers. This attitude of the British completely ruined the Indian economy.

#### **State of Occupational Structure**

During the British period, the occupational structure of India means the distribution of people across different sectors of the economy. More than 70% of working population was engaged in agricultural sector, while 10% in the industrial sectors and near about 20% in the service sector. There was regional variation in the occupational structure. Some of the states decline was found in the workforce in agricultural sector and increase in workforce in industrial and service sectors. Thus it can be said that occupational structure of India was static and unbalanced.

#### **State of Infrastructure**

As Britishers made development in infrastructure such as railways, roadways, ports, posts and telegraph. But this development was made to satisfy their own interest.

Railways and roadways were constructed with the purpose to extend the British administration in India. It was also done to strengthen their trade and commerce in India. Ports were also developed to maintain internal as well as external trade. Post and telegraphs were developed to maintain the British administration in India effectively. We cannot ignore the infrastructural development during the British

period but the objective behind it was to satisfy their own need not to do the welfare of Indians.

#### **Conclusion**

This entire research is based upon the Indian economy on the eve of independence. This research shows how Indian economy under the British rule was subjected to colonial exploitation. It implied a targeted exploitation of all sectors of the economy by the British Government. Through various forms of exploitation Britishers ruined the Indian economy. They openly exploited the Indian resources and drained wealth from India to Britain. They did some infrastructural development in our country but to satisfy their own interest not for the welfare of the Indian people. Consequently, the status of Indian economy on the eve of independence became stagnant and backward.

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