

INDIAN ECONOMY ON THE EVE OF INDEPENDENCE

The main purpose of British rule in India was to use Indian as a feeder of British economy because India was rich in resources. And British ruled India for 200 years they came in the year 1757. British rule start with the battle of Plassey it was in the year 1757 between East India company and nawab of Bengal.

FEATURES OF THE INDIAN ECONOMY BEFORE ARRIVAL OF BRITISH

- India was Prosperous independent self-reliant economy.
- Agrarian economy- before the British arrival India was based on agriculture the main source of livelihood of Indian people was dependent on agriculture and primary sector more than 70% of Indian was depend on agriculture for their livelihood.
- Well known in handicraft industries - India was renowned for it handicraft sector in the area of precious stone metal work cotton silk and textile etc.

LOW LEVEL OF ECONOMIC DEVELOPMENT UNDER COLONIAL RULE

1. LOW LEVEL OF NATIONAL INCOME AND PER CAPITA INCOME

- a. British government never made any sincere Efforts to estimate India's national income and per capita income.
- b. exports like Dadabhai Naoroji, William Digby, Siraj VKRV Rao and RC Desai meet individual attempt for estimating per capita income and national income.
- c. Result revealed That India's growth of aggregate real output during the first half of the 20th century was less than 2% and only 0.5% growth and per capita income output per year.

2. AGRICULTURE SECTOR

During the British colonial rule the condition of rural and agricultural was very overwhelming a large proportion of population was engaged in agriculture then also India was not self-sufficient in food and raw material for industries. More than 85% of population was living in villages and their main source of livelihood was directly and indirectly related to agriculture.

The main reason of stagnation in agriculture sector

- a. Land settlements system- the main reason of stagnation in agriculture sector of Indian agriculture was zamindari system which was introduced by colonial government. Zamindari system is also known as permanent settlement system which was introduced by lord Cornwallis in 1793 the basic in was to increase the revenue of colonial government.
 - Under the system zamindar was the owner of land and right were given to zamindar that they have to collect rent that is Lagaan from farmers. They were working as a intermediate between cultivator and British government.
 - In the system peasants were compulsory first to pay lagan on the prophet out of their agriculture.
 - Regardless of the situation and condition of cultivator it was compulsory to pay lagan and the main interest of jamidar's was to collect lagan from peasants.

- Deposit was fixed and date for specified zamindars fail to pay the tax to colonial government then they lose their rights.
- b. Commercialisation of agriculture- commercialization of agriculture means producing for sale in market rather than for self-consumption.
 - Farmers were given higher price for producing cash crops like jute cotton tea coffee Indigo etc improve the condition of farmers because produced crop was ultimately used by British and farmers used to pay lot of Lagaan for the production.
 - These things were only full feeling the need of raw material of British industries to keep their factories running.
 - Commercialization of agriculture went so far that many peasants were purchasing food from shop and terms and this was the main reason for frequent famine in India during the British days.
- c. Low level of productivity- lack of irrigation facilities low level of technology dependency on rain for the main reason of low productivity in India.
 - Farmers neither have any means nor any incentive to invest in agriculture.
 - British ruler used to spend very little on agriculture technical and education in the villages.
- d. Scarcity of investment - Indian agriculture was facing scarcity investment in terracing drainage and food control. All the many farmers shift their cropping from food crop to cash crop but still not proportion of small farmers and share croppers were engaged and food crops they do not use new technologies or any incentive because of lack of capital.

3. INDUSTRIAL SECTOR

During pre-British period India was a group-based industry but some industry in Indian industries producing special product is worldwide famous handicraft industry enjoyed worldwide reputation.

Reason for de industrialisation or falling industrial sector in India

- a. De- industrialisation- decline of handicraft industry. British government destroyed Indian handicraft industry systematically and no modern industries were allowed to come in India. The destroyed Indian handicraft industry in two-fold.
 - They purchased raw material from India at cheaper rate and used modern technology or industry in Britain to make finished product. This self-finished product of British industry in India market at higher price.
 - Another main reason for the decline of Indian handicraft industries was the interaction of discriminatory tariff policy. According to which there was duty free export of raw material from India to British. There was duty free import of finished goods of British industry to India. But heavy duty was imposed on export of Indian handicraft.
- b. Adverse effect of decline of handicraft industry.
 - High level of unemployment- due to decline in Indian handicraft there was mass unemployment the depressed artist was forced to take agriculture as their second occupation. This increase burden of population on village and overcrowding agriculture.

- Import of finish goods. The Indian made good not survive in front of foreign competition of machine-made goods. As a result, in Indian market new demand was created for readymade foreign clothes which was not full filled through local good.
- c. Lack of capital good industries- capital goods industries are those industries which can produce machine tools equipment's for further production of articles.
 - There was any hardly any capital good industries during British rule to promote further industrialisation India
 - British rule did not pay any attention to promote industrialisation in India, they always wanted India to be dependent on Britain for finished goods and supply of heavy equipment's like machineries tools etc.
- d. Low contribution of gross domestic product- The India's contribution towards gross domestic product was very less due to the low rise and industrialisation stagnant agriculture sector.
- e. Limited role of public sector- during British rule limited area of operation of public sector was also significant reason for drawback of industrial sector British remain confined with railway power generation communication post and some other departmental undertaking. They did not develop road and rural areas or connectivity.

4. FOREIGN TRADE

India has been important trading partners for many countries in Asian Times however restricted policy adopted during colonial rule adverse the effect the foreign trade of India. India's structure composition and volume of foreign trade was declined adversely during British period.

India state of foreign sector during British rule.

- a) Export of primary product and import of finish goods- during British rule India became a exporter of primary production as raw silk cotton will sugar Indigo jute extra and importer of finish goods like cotton silk and Woolen clothes capital goods light machineries that was produced in British industries.
- b) Monopoly control of British rule- British government maintain a Monopoly control over India export and import. India was not allowed to do trade with other countries more than half of India's trade was restricted to Britain they were only allowed to do foreign trade with few countries that is China that is Sri Lanka Russia that is Iran. Britain in 1869 opened a direct route of ship operation between India and Britain.
- c) Drain of Indian wealth during British rule- has been know during British rule India became exporter of raw material and importer of finish good there was huge export and excess (export surplus) export during British rule. However surplus export was used to make payment for expenses and curd by an office setup by the colonial government in Britain, to meet expenses on war fought by British government, to import invisible items.

5. DEMOGRAPHIC CONDITION

First official census- India's official census was conducted in year 1881. Do there was many limitations, census operation work carried out after every 10 years census reveal uneven in India's population growth and poverty of Indian.

1921 year of great divide - before 1921 India was in the first stage of demographic transaction the second stage of demographic transaction became after 1921. 1921 is said to be the year of great divide because after 1921 the demographic condition of India changes diversely. Before 1921 there was high death rate and high birth rate in India. But after the year of great divide India's death rate was decrease significantly because of increasing health facilities but there was still very high birth rate during the year of great divide. This led to population explosion in India.

Demographic condition during the colonial rule.

- a) High birth rate and death rate- birth rate refer to number of children born per 1000 in a year. Death rate refer to number of people dying per thousand persons in a year. Both birth rate and death rate were very high during British rule birth rate was nearly 48 and death rate was 40 per thousand respectively.
- b) Extremely low literacy rate- literacy rate referred to total number of literate persons expressed as a percentage of total population. The overall literacy rate was below 16% out of that female literacy was negligible nearly 7%.
- c) Poor health facilities- in health facilities were very limited in India public health facilities was either unavailable to large mass of people or if available it was very highly inadequate as a result there was many air bond and water bond disease wide spread and took a huge toll on life.
- d) High infant mortality rate- infant mortality rate refer to number of infant dying before reaching one year of age per thousand life worth in a year. Infant mortality rate was quite alarming about 280 and contrast of infant mortality rate 33% per thousand in 2017 and 32 per thousand in 2018.
- e) Low life expectancy- life expectancy report to the average number of year for which people are expected to live. Life expectancy was very low 32 years and contrast to the present 69 years.
- f) Mass poverty- there is no reliable data about extent of poverty. But there is no doubt that extensive poverty prevails in India during colonial period. Over all living standard of people were very low and there was wide spread poverty in a country.

6. OCCUPATIONAL STRUCTURE

Occupational structure refers to distribution of working person across primary secondary and tertiary sector of economy so all the population unit of any economy are grouped into 3 broad sectors.

- a) Primary sector- primary sector include production of unit through exploiting natural resources like land water sub soil assets etc for example farming fishing mining animal husbandry for history etc.
- b) Secondary sector- at include production which are engaged and transforming one good to another good these unit convert raw material into finish goods for example firm engaged and converting sugarcane into sugar construction companies power generation etc. it is called secondary because it depends on primary sector for raw material and serve as medium to tertiary sector.
- c) Tertiary sector- it includes production unit engaged in producing services for example transport education finance government administration etc the sector find third party because it grow it primarily depends on primary and secondary sector.

- **Predominance of primary occupation-** in agriculture sector there was largest share of workforce with 70 to 75% the manufacturing sector and service sector accounted for 10 and 15 to 20% respectively.
- **Regional variations-** biscuits of Tamil Nadu, Andhra Pradesh, Kerala, Karnataka, Maharashtra, West Bengal declined its dependency of workforce on agriculture sector with increase and manufacturing and service sector Rajasthan and Punjab.

7. INFRASTRUCTURE

Infrastructure refers to all the activities services and facilities which are needed for day-to-day life to provide different kind of services in an economy. For example, mean of transport communication energy banking, infrastructure associate with facilities of health education housing.

- a) Roads- Due to the scarcity of funds colonial administration could not accomplish much on the construction of road. The road was built to primary serve the interest of mobilising the army and shifting of raw material. There always remained an acute shortage of all-weather roads to reach out the rural areas during the rainy season as a result people living in rural areas were isolated during famine and natural calamities.
- b) Railway- the most important contribution of British rule was introduction railway in 1850 the railway affected the structure of Indian economy very much. It promoted National integration because it broke the geographical and cultural boundaries of a country it connected long distance places and people. It modified commercialisation of Indian agriculture which was heavily affected by comprehensive self-sufficient of the village economies in India.
- c) Waterway and airway- British government took steps for developing water and air transport however it development was far from satisfactory and then what away proved to be UN economical as in a case of coastal canal on an Orissa coast this can always build at huge cost but it feel to complete with the railway and finally can all had to be abandoned.
- d) Communication- Post and telegraph were most popular mean of communication. The expensive system of electronic telegraph in India served a purpose of maintaining law and order. The postal services despite serving are useful public service remained all through inadequate.

Reason for infrastructure development

The basic objective of British government to develop infrastructure was not to provide basic MNP is to people but to serve their own colonial interest they road were built to mobilize Armin with the India and raw material from countryside to nearest railway station airport to send these to England and other lucrative for destination.

Railway were developed by the British mainly. To have effective control over administration over the last Indian territories to earn profit through. foreign trade by linking railway and major ports. To make profitable investment of British funds in India. Electric telegraph was introduced at high cost which serve the main purpose of British that was maintaining law and order and passing news to Indian citizen.

IN SUMMARY

Trade with other countries was impacted in addition to the nation's industrial and agricultural sectors. An crucial component of a nation's development and income is foreign trade. While having an autonomous and self-sufficient nation is admirable, international trade and globalization are essential to a nation's prosperity. The Indian economy had very poor foreign trade relations on the eve of independence. India's foreign commerce and revenue structure, composition, and volume were negatively impacted by the British-imposed regulations that denied recognition to any of the country's products or abilities.