

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

**Ans.** The primary motive of the colonial government of systematically de-industrialising India was two-fold.

- (a) The intention was to reduce India to the status of a mere exporter of important raw materials for the upcoming modern industries in Britain.
- (b) To turn India into a sprawling market for the finished products of their industries so that their continued expansion could be ensured to the maximum advantage of their home country Britain.

The impact of these policies were

- (a) **Decline of handicraft industry.** Indian market were full of manufactured goods from Britain which were priced low. Indian handicrafts could not face competition and thus the demand of handicrafts declined.
- (b) **Massive unemployment.** Millions of craftsmen became unemployed due to decline in demand of handicrafts.
- (c) **Low standard of living.** The per capita income of indians was one of the lowest in the world indicating that the average indian was extremely poor and could not afford even the basic necessities of life. The extent of poverty can be known by the fact that three million people died during Bengal famine of 1943.

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

**Ans.** Dadabhai Naoroji, V.K.R.V. Roa, Willam Digby, Findlay Shirras and R.C. Desai.

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

**Ans.** Indian agriculture was primitive and stagnant. The main causes of stagnation of agriculture sector were as follows:

1. **Land Tenure System:** There were three forms of Land tenure system introduced by the British rulers in India.

These were:

- (a) Zamindari system;      (b) Mahalwari system; and  
(c) Ryotwari System

In the Zamindari system, Zamindars or landlords were the owners of land. The actual collections by Zamindars was much higher than what they had to pay to the Government. Zamindari system led to multiplication of middlemen between cultivators and Government, absentee landlordism, exploitation of peasants by unsympathetic agents, and enmity between landlords and tenants. Under the system, intermediaries benefited at the cost of both actual cultivators and the state.

**2. Commercialisation of Agriculture:** Commercialisation of agriculture means production of crops for sale in the market rather than for self consumption. Farmers were forced to cultivate commercial crops like Indigo. Indigo was required by the textile industry in Britain for dyeing of the textile. As a result, there was fall in the production of food crops. The farmers had to suffer from frequent occurrence of famine. Indian agriculture was transformed into a raw material exporting sector for England.

**3. Partition of the Country:** Partition of the country in 1947 also adversely affected India's agricultural production. The rich food producing areas of West Punjab and Sindh went to Pakistan. It created food crisis in the country. Also the whole of fertile land under jute production went to East Pakistan. The Jute industry was most severely affected due to partition.

Thus, Indian agriculture became backward, stagnant and non-vibrant under the British rule.

**4.** Name some modern industries which were in operation in our country at the time of independence.

**Ans.** The Tata Iron and Steel company (TISCO) was incorporated in August 1907 in India. It established its first plant in Jamshedpur (Bihar). Some other industries which had their modest beginning after Second World War were: sugar, cement, chemical and paper industries.

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

**Ans. De-industrialisation—Decline of Indian Handicraft Industry.** Britishers followed the policy of systematically de-industrialising India. The primary motive behind the de-industrialisation by the British government was two-fold;

(a) to get raw materials from India at cheap rate and thus to reduce India to a mere exporter of raw materials to the British industries;

(b) to sell British manufactured goods in Indian market at lower prices.

In this way they exploited India through the device of double exploitation.

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

**Ans.** The main cause of exploitation of traditional handicrafts industries was de-industrialisation introduced by British rulers in India.

(a) **Discriminatory tariff policy.** Britishers followed discriminatory tariff policy. It allowed free export of raw materials from India and free import of British final goods to India, but placed heavy duty on the export of Indian handicrafts. In this way, Indian markets were full of manufactured goods from Britain which were low priced.

(b) **Competition from machine made goods.** Machine made goods coming from Britain were better in quality and low in prices. Indian goods could not stand competition and their demand declined.

(c) **New patterns of demand.** A new class emerged in India which was keen to adopt the western life style. This further increased the demand of British goods.

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

**Ans.** During the British rule some basic infrastructure was developed in the form of railways, water transport, ports, post and telegraph, etc. However, the real intention behind these developments was to serve their own colonial interest. The main motives of British rulers behind the development of infrastructure in India were:

(a) To have effective control and administration over the vast Indian territory. For this, Britishers linked important administrative and military centres through railway lines.

(b) To earn profits through foreign trade. For this they linked railways with major ports and the marketing centres (*or Mandies*).

(c) To create an opportunity for profitable investment of British funds in India.

(d) To mobilise army within India, and carrying out raw materials through roads to the nearest railway station or to the port to send it to Britain.

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

**Ans.** The state of Indian Industrial sector on the eve of independence was as follows:

(a) **De-industrialisation—Decline of Indian Handicraft Industry.** Britishers followed the policy of systematically de-industrialising India. The primary motive behind the de-industrialisation by the British government was two-fold;

- (i) to get raw materials from India at cheap rate and thus to reduce India to a mere exporter of raw materials to the British industries;
- (ii) to sell British manufactured goods in Indian market at higher prices. In this way they exploited India through the device of double exploitation. It resulted in decline of world famous traditional handicrafts. Britishers followed discriminatory tariff policy. It allowed free export of raw materials from India and free import of British final goods to India, but placed heavy duty on the export of Indian handicrafts. In this way, Indian markets were full of manufactured goods from Britain which were low priced. Indian handicrafts started losing both domestic market and export market. Ultimately, the handicraft industry declined.

(b) **Lopsided Modern Industrial Structure.** British rulers neither permitted modernisation of industries nor did they encourage the growth of heavy industries in India. The period 1850-55 saw the establishment of the first cotton mill, first jute mill and the first coal mine. By the end of 19th century, there were 194 cotton mills and 36 jute mills. The cotton textile mills were located in the western parts of the country, in the states of Maharashtra and Gujarat.

Jute mills, in Bengal were established mainly by British capitalists. First iron and steel industry during British rule has Tata Iron and Steel Company (TISCO) incorporated in August 1907 in Jamshedpur (Bihar). Some other industries which had their modest beginning after Second World War were: sugar, cement, chemical and paper industries.

(c) **Capital Goods Industries were Lacking.** The policy of Britishers was simply to develop those industries which would never be competitive to the British industry. They always wanted Indians to be dependent on Britain for the supply of capital goods and heavy equipments. Thus, the development of a few consumer goods industries was witnessed during the British rule. The heavy industries were, by and large, conspicuous by their absence. This resulted in

an unbalanced and lopsided growth of industries in India.

- (d) **Limited Operation of the Public Sector.** Public sector was confined to railways, power generation, communication, ports and some other departmental undertakings.

9. What do you understand by the drain of Indian wealth during the colonial period?

**Ans.** Drain of wealth means that economic policies of the British in India were primarily motivated to snatch maximum benefits from India's trade. India's foreign trade generated large export surplus. This export surplus did not result in any flow of gold or silver into India. There was drain of India's wealth into Britain. It is clear from the following :

- (a) The surplus was used to make payments for the expenses incurred by the office set up by the colonial government in Britain.  
 (b) The surplus was used to pay expenses on war fought by the British government.  
 (c) Surplus was used to pay for the import of invisible Items.

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

**Ans.** 1921 is the defining year. It is called 'Year of Great Divide'.

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

**Ans.** The demographic condition on the eve of independence was as follows:

- (a) **High Birth Rate and Death Rate:** High birth rate and high death rate are treated as index of backwardness of a country. Both birth rate and death rate were very high at 48 and 40 per thousand of persons respectively.  
 (b) **High Infant Mortality Rate:** It refers to death rate of children below the age of one year. It was about 18 per thousand live births.  
 (c) **Low Life Expectancy:** Life expectancy means the number of years that a new born child on an average is expected to live. It was as low as 32 years.  
 (d) **Mass Illiteracy:** Mass Illiteracy among the people of a country is taken as an indicator of its poverty and backwardness. The population census of 1941 (which was the last census under the British rule) estimated the literacy rate at 17 per cent. This means that 83 per cent of the total population was Illiterate.

(e) **Low Standard of Living:** At the time of Independence, people used to spend between 80 to 90 percent of their Income on basic necessities, that is, on food, clothing and housing. Even then, people did not get adequate quantity of food or clothing or housing; and millions of people starved, went naked and lived in huts or in the open. Moreover, some parts of India came under severe famine conditions. The famines were so severe that millions died. One of the worst famines in India was the Bengal famine of 1943 when three million people died.

12. Highlight the salient features of India's pre-independence occupational structure.

**Ans.** Occupational structure means the distribution of workforce among different sectors of an economy. The state of occupational structure on the eve of Independence was as follows:

- (a) **Pre-dominance of Agriculture Sector.** The agricultural sector accounted for the largest share of work-force which was 72 per cent. The manufacturing and service sectors accounted for 10 per cent and 18 per cent respectively.
- (b) **Growing Regional Variations.** There was growing regional variation. In the states of Tamil Nadu, Andhra Pradesh, Kerala, Karnataka, Maharashtra and West Bengal, the dependence of the workforce on the agricultural sector declined. On the other hand there was Increase in the share of work force In the agriculture sector in the states of Orissa, Rajasthan and Punjab.

Thus, India's occupational structure was static and unbalanced.

13. Underscore some of India's most crucial economic challenges at the time of independence.

**Ans.** Most crucial economic challenges at the time of independence were:

- (a) Little industrialisation and decline of handicrafts.
- (b) Low agricultural output and high imports of grains.
- (c) Low figure of national income and per capita income which showed extreme poverty.
- (d) Very sluggish economic progress.
- (e) Unemployment and underemployment.
- (f) Very high infant mortality rate, low life expectancy and low standard of living.

14. When was India's first official census operation undertaken?

**Ans.** First official census was undertaken In the year 1881.

15. Indicate the volume and direction of trade at the time of independence.

**Ans.** India has been an important trading nation since ancient times. But the restrictive policies of commodity production, trade and tariff pursued by the British government adversely affected the structure, composition and volume of India's foreign trade. The state of India's foreign trade on the eve of Independence was as follows:

(a) **Net Exporter of Raw Material and Importer of Finished Goods.**

India became an exporter of primary products such as raw silk, cotton, wool, sugar, indigo, jute, etc. and an Importer of finished consumer goods like cotton, silk and woollen clothes and capital goods like light machinery produced in the factories of Britain. UK was the chief supplier to India contributing to over 31 per cent of total import at the time of independence. The principal Item of Import was food grains and by 1947 food grain imports had touched the level of 3 million tonnes.

(b) **Britain had Monopoly Control on Foreign Trade.** Opening of Suez Canal In 1869 served as a direct route for the ships operating between India and Britain.

It reduced the cost of transportation and made access to the Indian market easier. In other words, the exploitation of Indian market was now easier. British maintained monopoly control over India's foreign trade. More than half of India's foreign trade was with Britain. British allowed trade with few other countries like China, Ceylon (Sri Lanka) and Persia (Iran).

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

**Ans.** British rule exploited India In many ways. But, the ways to achieve the motives sometimes yield positive effects. Their exploitative programmes and policies resulted in some positive Impact on India. Some of these positive effects were:

(a) Commercialisation of agriculture implied a good breakthrough in agriculture and resulted In self sufficiency in foodgrain production.

(b) With the development of infrastructure, railways and roadways provided new opportunities for economic and social growth and broke cultural and geographical barriers.

- (c) Railways promoted commercialisation of agriculture through long distance movement of goods and it enabled people to move from one place to another easily.
- (d) The supply of food and essentials could be made available to drought affected areas through transportation.
- (e) Indian economy showed a boon in expansion of monetary system and growth in production through division of labour and specialisation. The British Raj provided an efficient administration in India, even after independence.

17. Highlight the salient features of India's pre-independence occupational structure.

**Ans.** The occupational structure that refers to the distribution of population engaged in different occupations, showed no variation throughout the British rule.

The following are the salient features of India's pre-independence occupational structure:

- (a) **Agriculture – The Prime Occupation:** Under the colonial rule, India was basically an agrarian economy, employing nearly 85% of its population.

As India had a massive poverty during the colonial rule, so a large proportion of the population was engaged in agricultural sector to earn their subsistence.

But due to the prevalence of Zamindari system, agricultural sector lacked investment and, thereby, its growth was highly constrained. Thus, in other words, despite employing a significant proportion of the population, the growth of agriculture sector was meager.

- (b) **Industry – The Bleak Occupation:** Apart from agriculture, a small proportion of population was employed in manufacturing sector. Nearly 10% of the total workforce was engaged in manufacturing and industrial sector.

This was due to the stiff competition that the Indian industries faced from the machine made cheap goods from Britain.

Further, the lack of investment, initiatives and the unfavorable tariff structure constrained industrial sector. Thus, the Indian industrial sector failed to contribute significantly to India's GDP.

- (c) **Unbalanced Growth:** The three sectors of Indian economy, i.e. agricultural, industrial and tertiary sector were unequally developed.

While the agricultural sector was relatively developed, whereas, the other two sectors were at their infant stage. In addition, there was regional variation in the occupational structure of India.

While on the one hand, states like Tamil Nadu, Andhra Pradesh and Bombay experienced a fall in the agricultural work force on the other hand states like Orissa, Rajasthan and Punjab experienced a rise in the agricultural workforce.

**18.** Explain infrastructure on the eve of independence.

**Ans.** Infrastructure comprises of such industries which help in the growth of other industries. Example: Transport, electricity, communication etc.

During the British rule, some basic infrastructure was developed in the form of railways, water transport, ports, post and telegraph, etc. however, the real intension behind these developments was to serve their own colonial interest. It is clear from the following points.

- (i) **Railways:** British rulers introduced railways in India in 1850 and Indian Railways began their operations in 1853. It was considered as one of the most important contribution of British rulers in India.
  - (a) There was cheap and rapid movement of people from one place to another place. It broke geographical and cultural barriers. It promoted national unity.
  - (b) It increased commercialisation of Indian agriculture. This favorably affected the self-sufficiency of the Indian village economy.
  - (c) The volume of India's export trade expanded substantially although, its benefits did not accrue much to the Indian people.
  - (d) India's Industrial development (e.g., cotton textile industries in Bombay, jute industry in Calcutta, tea plantation in Assam and Bengal) was due to the development and expansion of railways.
- (ii) **Roads:** The roads were built primarily to mobilise army within India and carrying out raw materials to the nearest railway station or to the port to sent it to Britain.  
There was acute shortage of all-weather metal roads in the village side. Because if this, rural people suffered during natural calamities, famines, etc.
- (iii) **Water Transport and Air Transport:** Britishers took measures for developing the water transport and air transport. Their development was far from satisfaction.

Indian shipping companies had to face severe competition from foreign shipping companies. The main purpose behind their development was to serve Britain's colonial interest.

- (iv) **Communication:** Modern postal system started in India in 1837. The telecommunication services were introduced in India. The first telegraphy line was opened in 1857.

19. What are the good and bad impacts of British government on Indian economy?

**Ans.** Good Effects:

- (a) Commercial agriculture started showing green shoots. It implied a good break through as it started changing the outlook of farmers and methods of farming. Farming gradually came to be accepted as a profitable venture rather than merely a means of subsistence.
- (b) Spread of railways, roadways and communications opened up new opportunities of economic and social growth. It also implied greater cultural affinity across different parts of the country.
- (c) Expanding means of transportation and communication served as a support system to combat the spread of famines. Food supplies could be rushed to the drought-hit areas.
- (d) The British rule in India left a legacy of an efficient system of administration. This served as a ready reckoner for our politicians and planners.
- (e) There was a significant transition from barter system of exchange facilitated specialization of Labour, large scale production and spread of market.

Bad Effects:

- (a) **Commercialisation of Agriculture:** The British pursued a trade policy which encourage export of raw materials and import of manufactured goods.
- (b) **New Land Revenue System:** This system proved suicidal for agricultural sector in India. Land improvement was ignored by both owners (the absentee landlords) and the tenant cultivators.
- (c) **Decline of handicraft:** Prior to industrial Revolution in Britain, the east India Company concentrated on export of Indian spices and other manufactured goods, like textiles.

However, start of industrial revolution reversed the character of India's foreign trade. Due to policies of British rulers, India became an exporter of raw material and importer of finished goods.

**20.** State occupational structure on the eve of independence.

**Ans.** The state of occupational structure on the eve of independence was as follows:

(a) **Pre-dominance of Agriculture Sector:** The agriculture sector accounted for the largest share of work-force which was 72.7 per cent.

The manufacturing and service sectors accounted for 10.1 per cent and 17.2 per cent respectively.

| <i>Occupation</i>                                 | <i>1951%</i> |
|---|--------------|
| <b>1. Primary Sector</b>                          | 72.7         |
| Agriculture                                       | 50.0         |
| Agricultural Labour                               | 19.7         |
| Forestry, Fisheries, Animal Husbandry, Plantation | 2.4          |
| Mining  | 0.6          |
| <b>2. Secondary Sector</b>                        | 10.1         |
| Small and Large Scale Industries                  | 9.0          |
| Building Construction                             | 1.1          |
| <b>3. Tertiary Sector</b>                         | 17.2         |
| Trade and Commerce                                | 5.2          |
| Transport, Storage and Communication              | 1.4          |
| Other Services                                    | 10.6         |

(b) **Growing Regional Variations:** There was growing regional variations. In the states of Tamil Nadu, Andhra Pradesh, Kerala, Karnataka, Maharashtra and West Bengal, the dependence of the workforce on the agriculture sector declined.

On the other hand, there was increase in the share of work of work force in the agriculture sector in the states of Orissa, Rajasthan and Punjab. Thus, India's occupational structure was static and unbalanced.

**21.** When was the Suez Canal opened? How did it affect the Indian economy?

**Ans.** Suez Canal was opened in 1869. Suez Canal is an artificial waterway running from North to South across the Isthmus of Suez in North-Eastern Egypt. It is one of the most important waterways in the world. Its opening reduced the cost of transportation and made access to the Indian market easier and

economical. A significant reduction in transport cost prompted monopoly control of India's foreign trade by the British Government.

22. 'Composition of foreign trade of any country tells us about the nature of commodities that are exported and imported. What can you state about the composition of foreign trade at the time of independence?

**Ans.** India's foreign trade under the British rule is described as below:

- (i) The British followed a typical colonial pattern of trade in India, where it was made to serve their interests.
- (ii) India exported raw materials to the home country of the British for their expanding industries.
- (iii) India was also developed as a market for the finished goods of the British industries. Thus, India was reduced to being a source of food for the British, a supplier of raw materials for the British industries and a market for their finished products.

23. Is it correct to say that the Indian economy was turned into a colonial economy by the Britishers?

**Ans.** Because of the following reasons it can rightly be said that the above statement is true

- (i) It had a typical pattern of trade of the colonial economy i.e., it was exporting raw materials and importing manufactured goods,
- (ii) Foreign capital was controlling the major sectors of our economy i.e., banking, insurance and trade.