

# **INDIAN ECONOMY ON THE EVE OF INDEPENDENCE**

## **Multiple Choice Type Questions**

1. In how many sectors is the occupational structure of India is divided?
  - a. One
  - b. Two
  - c. Three
  - d. Four
2. What is another name for the service sector?
  - a. Tertiary
  - b. Primary
  - c. Secondary
  - d. Agriculture
3. What was the nature of the Indian economy on the eve of independence?
  - a. Stagnant
  - b. Backward
  - c. Underdeveloped
  - d. All of these
4. What was the life expectancy at birth in India on the eve of Independence?
  - a. 44 years
  - b. 50 years
  - c. 60 years
  - d. All of these
5. What was the growth rate of per capita income in India on the eve of Independence?
  - a. 0.9%
  - b. 0.5%
  - c. 1.2%
  - d. 3%

## **Answer**

1. (c)      2. (a)      3. (d)      4. (a)      5. (B)

## **SHORT ANSWER QUESTIONS**

1. State in brief, the demographic profile of India under British rule.

### **Answer:**

The demographic profile of India under British rule was as below:

- The overall literacy rate was less than 16 percent.
- Female literacy rate was as low as 7 percent.
- Mortality rate was high.
- Infant Mortality Rate was 218 per 1000.
- Life expectancy was only 44 years.
- Extensive poverty prevailed.

2. "The real motive behind infrastructural development in India was not to provide basic amenities to the people but to subserve various colonial interests. Do you agree? Give reasons.

**Answer:** Basic infrastructure such as railways, ports, water transport, posts and telegraphs developed under the British rule. However, the intention was not to provide amenities to Indian population but to satisfy colonial interests. The infrastructural development during British rule and the motives behind them are mentioned below: –

(i) Roads were built primarily to serve the purposes of mobilizing the army within India and drawing out raw materials from the countryside to the nearest railway station or the port for export.

(ii) Railways were introduced in India in 1850 to assist British industries in widening the market for their finished goods.

(iii) The aim of developing postal and telegraph was to enhance the efficiency of British administration.

3. How can you say that there were growing regional variations in the occupational structure of India during British rule?

**Answer:** Growing regional variations in the occupational structure of India during British rule are evident from the facts given below:

(i) Parts of the Madras Presidency, Bombay and Bengal witnessed a decline in the share of workforce dependent on agricultural sector and increase in the share of workforce in the manufacturing and the services sectors.

(ii) On the other hand, in states such as Orissa, Rajasthan and Punjab, there had been an increase in the share of workforce dependent on agriculture during the same period.

4. Describe the positive impact of the British rule on Indian economy.

**Answer:** The positive impacts of the British policies in India are discussed below:

(i) Introduction of railways enabled people to undertake long distance travels and hence, break geographical and cultural barriers.

(ii) Commercialisation of agriculture widened the scope of primary sector activities.

(iii) Postal and telegraphs services introduced by the British serve the public of the country even today.

5. Briefly state the position of agriculture, industry and foreign trade on the eve of independence.

**Answer:** The position of different sectors on the eve of independence is stated below:

(i) Agriculture: Agricultural sector was burdened with surplus labour and there was low productivity.

(ii) Industry: There was lack of modern industries, capacity building and public investment.

(iii) Foreign Trade: India became the net supplier of raw materials and consumer of finished industrial products from Britain.

### **LONG ANSWER QUESTION**

1. State the features of Indian economy at the time of independence.

**Answer:**

Following were the main features of Indian economy at the time of independence:

- (i) Inconsistent Commercialisation of Agriculture: Commercialisation of agriculture took place only in a few productive areas. This resulted in unequal level of productivity across India. While some states became rich, others remain poor due to factors such as low level of technology, lack of irrigation facilities and the use of negligible amount of fertilisers.
- (ii) Stagnant and Backward Economy: Indian economy at the time of independence was stagnant and backward. The pace of development was extremely low. The growth rate of per capita income was only 0.5 percent per year.
- (iii) Little Growth of the Consumer Goods Industries: At the time of independence, source of consumer goods industries like jute, textile, sugar, -match box, etc. were established in India. Which were aided by British capital. The profit of these industries went to Britain. As a result, these industries remained backward at that time.
- (iv) Less Development of Infrastructure: At the time of independence, the growth of economic as well as social infrastructure was very low. These services were in their infant stages.
- (v) Downfall of Cottage and Small Scale Industries: Prior to the British rule, India was well known for its handicraft industries in the field of cotton, silk textiles, metal and precious stone works, etc., which enjoyed a worldwide market. But the policy of British colonial rule led to their downfall. ; At the time of independence, these industries were almost ruined.
- (vi) Lack of Basic Industries: At the time of independence, there was a lack of basic industries. Tata Iron and Steel Company was the only importance basic industry.
- (vii) Limited Foreign Trade: India's foreign trade was very limited. The British policies reduced India to the exporter of raw materials and importer of finished goods.
- (viii) Other Challenges: At the time of independence, Indian economy was facing many challenges like poverty, malnutrition, poor health facilities and rapidly increasing population.

2. How did the British exploit Indian agriculture sector?

**Answer:**

Indian economy, under the British colonial rule, remained fundamentally agrarian. 85 per cent of the Indian population was engaged directly or indirectly on agriculture. However, despite of being the occupation of such a large population, this sector continued to experience stagnation and unusual deterioration.

Although agricultural sector was the main source of national income and employment, it remained backward and deficient. It was burdened with defective institutions like 'Zamindari' and Jagirdari'.

The British government had paid little attention to land reforms or to increasing agricultural productivity. India, once an important exporter of foodgrains, started suffering from ever worsening food shortage. Agricultural productivity was low because there was low level of technology, lack of irrigational facilities and negligible use of fertilisers. Cash crops of the farmers were to be ultimately used by the British industries at home. Furthermore, country's partition at the time of independence gave a set-back to India's agricultural production.

A sizeable portion of the undivided country's highly irrigated and fertile land went to Pakistan, which impacted India's agricultural production adversely. India's jute goods industry suffered heavily due to lack of raw material. Thus, the Indian agricultural sector was stagnated at the time of independence.

3. What was the condition of industrial sector on the eve of independence?

**Answer:** The scenario of industrial sector under the British colonial rule was under-developed. British policies transformed the Indian economy into a mere supplier of raw materials and consumer of the finished industrial products from Britain. There was a lack of heavy, basic and capital goods industries and country was almost totally dependent upon foreign nations for supply of machines, engines, spare parts, etc. Manufacturing capacity was also very limited.

Modern industry began to take root in India during the second half of the 19th century. The first iron and steel company, TISCO (Tata Iron and Steel Company) was established in Jamshedpur. This plant began production in 1912. Industries like sugar, cement and paper also came up after the Second World War.

However, there was an absence of capital goods industries at the time of Independence. As a result, contribution of industrial sector to the national GDP remained very low.

4. Explain the factors responsible for the downfall of indigenous handicraft industries during British rule.

**Answer:**

The following were the factors responsible for the downfall of indigenous handicraft industries during British rule:

(i) Discriminatory Tariff Policy: The British rule in India primarily aimed at development of industries in Britain. The British adopted a discriminatory tariff policy in which, export of raw material from India and import of industrial products from Britain into India was tariff-free.

However, a heavy duty was placed on the export of handicraft products. While the British products exploited the markets, the handicraft products lost their domestic as well as foreign market.

(ii) Hand-made versus Machine-made Products: Machine-made products from Britain were low cost products. These products gave a stiff competition to the handicraft products in India. Competition forced the craftsmen to shut-down their industries.

(iii) New Demand Patterns: With the advent of British culture, a new class emerged in India, which was keen to adopt the western lifestyle. This changed the demand pattern against the Indian products and in favor of the British products. As a result, the handicraft industry suffered decay.

(iv) Introduction of Basic Infrastructure in India: The British Government introduced railways and other basic infrastructure in India to satisfy their colonial interests. Transportation facilitated movement of the British products across various parts of the country.

Consequently, the market size for the low cost British products expanded while it shrunk for the relatively high cost Indian products. This added to the process of decay of the Indian handicrafts.

5. Write a short note on the volume and composition of Indian trade during British rule.

**Answer:** India has always been an important trading nation. However, the restrictive policies of commodity production, trade and tariff pursued by the colonial government had a negative impact on the structure, composition and volume of India's foreign trade.

Consequently, India became an exporter of primary products such as raw silk, cotton, wool, indigo, jute, etc. and an importer of finished consumer goods like cotton, silk and woolen clothes and capital goods like light machinery produced in the industries based in Britain.

Britain maintained a monopoly control over India's exports and imports. More than 50 percent of India's trade was confined to Britain. Other countries with which India used to trade were China, Ceylon (Sri Lanka) and Persia (Iran). The opening of the Suez Canal further intensified British control over India's foreign trade.

6. Explain the methods of colonial exploitation of the Indian economy.

**Answer:** The British colonial rule exploited the Indian economy in the following ways:

- (i) Industrial Revolution took place in England in the eighteenth century. India was treated as a supplier of raw materials to the British industry. The British exploited the Indian economy to the maximum extent for cheap raw materials to support British industries.
- (ii) Indian economy was a market for the finished British products. British government developed railways in India only to meet this purpose.
- (iii) British imposed exploitative land revenue policy. The stagnation in the agricultural sector was caused mainly because of these policies. Under this policy, the profit accruing out of the agriculture surplus went to Zamindar instead of the cultivators.
- (iv) The British colonial rule inflicted upon the Indian economy a very high cost of administration. It also made heavy remittances to Britain in the form of savings and surpluses from their business ventures in India.
- (v) Before the British rule, Indian handicrafts enjoyed a worldwide reputation of being quality products. British colonial rule destroyed the demand for Indian handicrafts by imposing discriminatory tariff policy.
- (vi) British colonial rule deliberately neglected the development of economic infrastructure such as transportation, power, communication and social infrastructure such as education, health