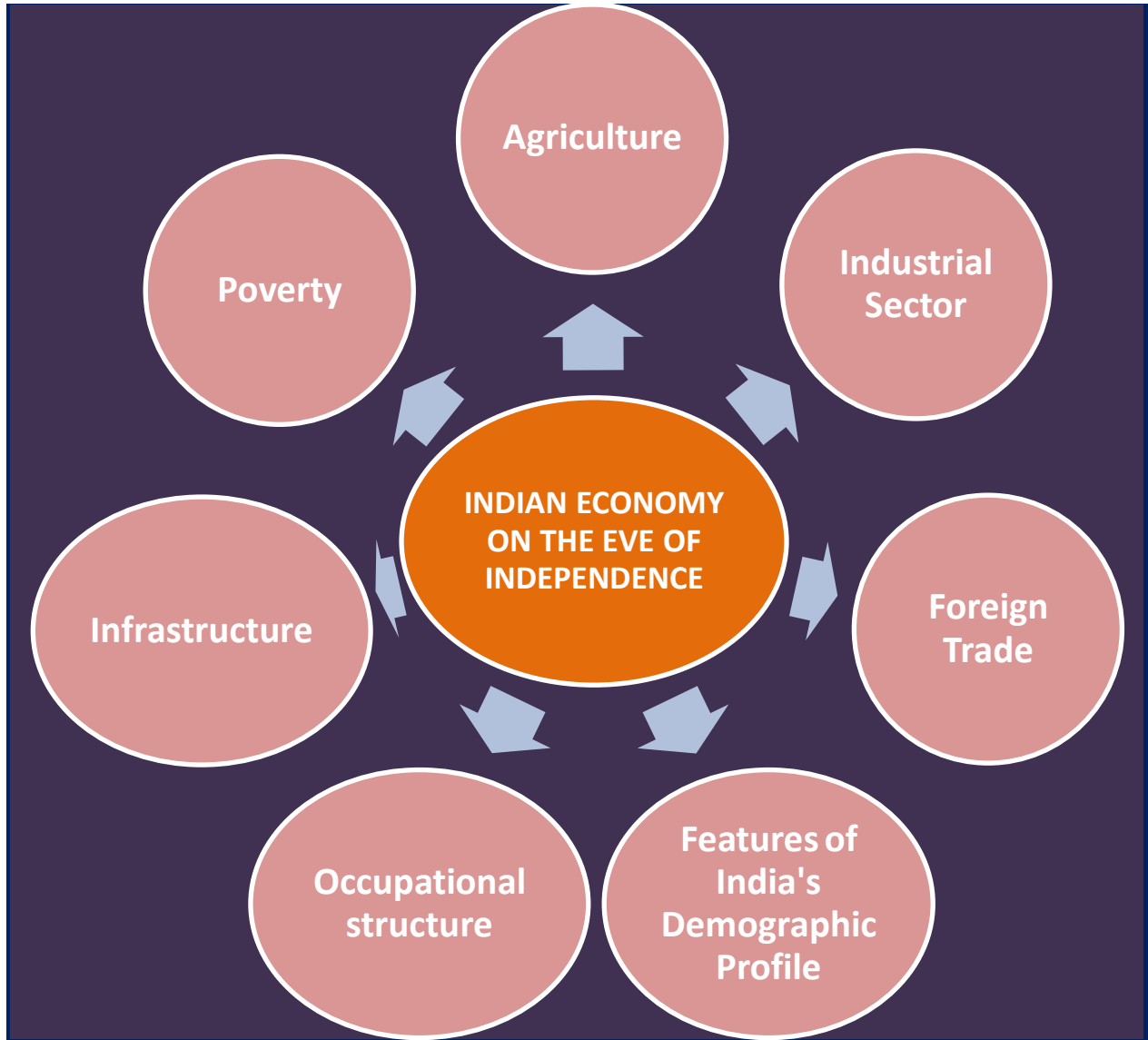


S. No.	AREA OF MATA DATA	TO BE FILLED BY CONTENT GENERATOR(S)
1	Topic	Indian Economy On the Eve of Independence
2	Subject	Economics
3	Topic connected which area of subject?	Indian economy
4	Class/ Level	XI
5	Objectives	<p>-To discuss some aspects of Indian Economy like agriculture, industry, poverty and demographic profile.</p> <p>-Student should be able to understand the extent of poverty and backwardness at the time of independence.</p> <p>-To make the student aware that the government needed to take strong measures towards development.</p>
6	Summary	The various features of the Indian economy at the time of independence have been discussed. The fronts on which various features have been discussed include agriculture, industrial sector, foreign trade, occupational structure, demographic profile, infrastructure etc. There was stagnancy, backwardness, commercialisation and exploitative revenue settlement in agriculture. There was deindustrialisation and lack of capital goods industry and modern industry in India. India had low per capita income, widespread deaths caused by famines, high birth rate and death rate, low life expectancy etc.
7	Key Words	Stagnation, Poverty ,Industry, Commercialisation of agriculture, Demographic profile
8	Team of content persons	<p>1.Seema B Mishra, PGT Economics, Laxman Public School, Hauz Khas, New Delhi</p> <p>2. Poonam Mathur, PGT Economics, Modern School, Vasant Vihar, New Delhi</p> <p>3. Gaurangi Agarwal, Junior Project Fellow, Department of Education in Social Sciences, NCERT, New Delhi</p>
9	Subject Coordinator	Dr. Neeraja Rashmi
10	CIET Coordinator	Dr. Indu Kumar



Effect of British Economic Policies on Indian Economy

India became supplier of raw materials for Britain's modern industrial base

India became a consumer of finished industrial products of Britain

Agriculture

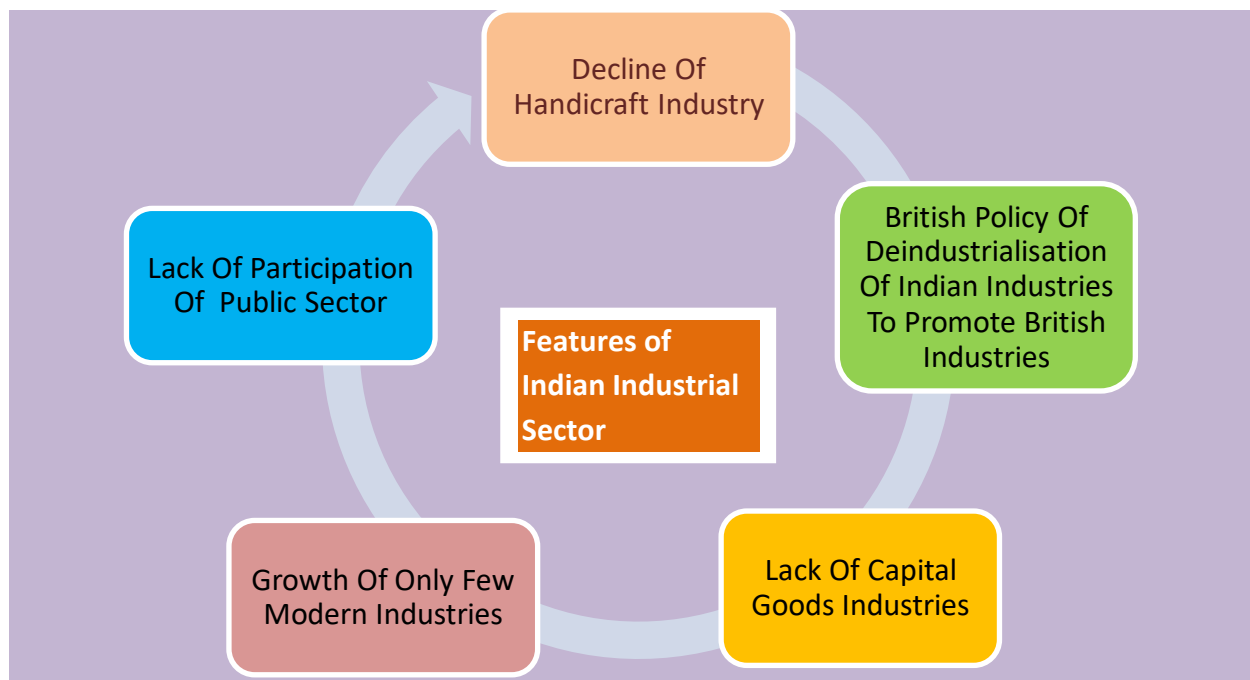
- Indian economy was **mainly agrarian** with 85% of Indian population depending on agriculture, directly or indirectly.
- There was **continuous stagnation and unusual deterioration**. The main causes of this stagnation were the various system of land settlement introduced during the colonial system. One example of this system is **zamindari system** in the then Bengal Presidency- the cultivators were caused immense misery under this system as zamindars used to collect rent from them despite their economic condition.
- There was an **exploitative revenue settlement** in place.



- The sector had seen **some growth due to the expansion of aggregate area under cultivation**.
- **Low levels of technology, lack of irrigation facilities, negligible use of fertilizers** were responsible for poor levels of agricultural productivity.

- There was **commercialization of agriculture** which could be seen from relatively higher yield of cash crops.
- There was **some progress in irrigation** but India's agriculture needed investment in terracing, flood-control, drainage and desalinization of soil.

Industrial Sector



- The country's world famous handicraft industries declined without any replacement industry. This had led to **massive unemployment, new demand for imports of cheap manufactured goods from Britain in Indian markets.**
- During second half of nineteenth century, **there was a slow progress in modern industry in India.** Initially, this development was confined to cotton textile mills dominated by Indians and jute textile mills dominated by the foreigners.
- **The Tata Iron and Steel Company (TISCO) was incorporated in 1907.**

- A few other industries that came up after the Second World War were in the fields of sugar, cement, paper etc.
- There were **hardly any capital goods industries** to help promote further industrialization.
- The **growth rate of the new industrial sector and its contribution to GDP remained very small.**
- The operation of the public sector had remained limited to the railways, power generation, Communications, ports and some other departmental undertakings.

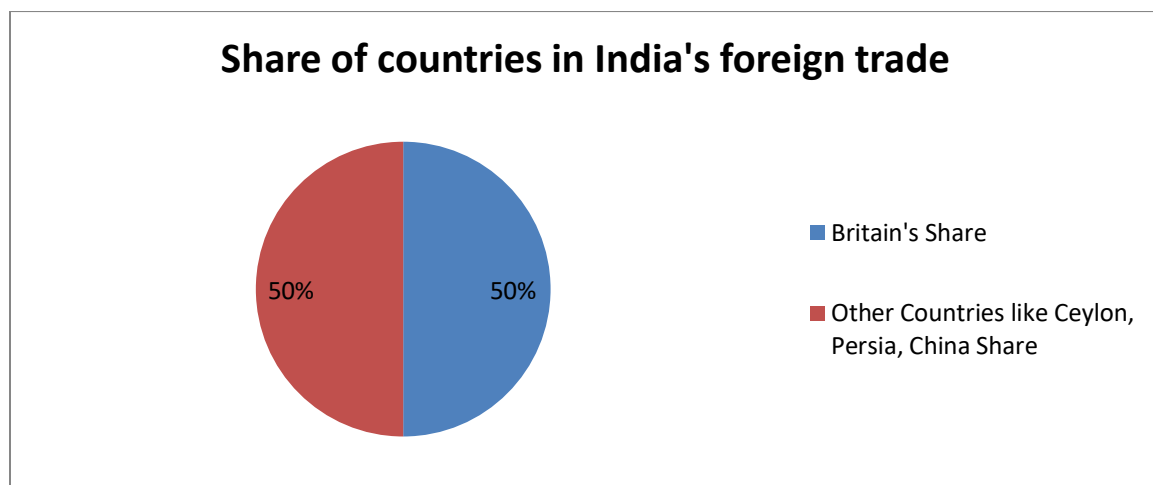
TATA IRON AND STEEL COMPANY, JAMSHEDPUR

- **Before 1947**, there was only one iron and steel plant in the country – Tata Iron and Steel Company Limited (**TISCO**).
- It was **privately owned**. After Independence, the government took the initiative and set up several iron and steel plants.
- TISCO was started in **1907 at Sakchi**, near the confluence of the rivers Subarnarekha and Kharkai in **Jharkhand**.
- Geographically, **Jamshedpur** is the most conveniently situated iron and steel centre in the country.



Foreign Trade

- **Britain maintained monopoly** control over India's foreign trade.
- The restrictive trade policies of commodity production, trade and tariff pursued by the British government **adversely affected the structure, composition and volume of India's foreign trade.**
- India became an exporter of primary products and importer of goods produced in Britain's factories.
- **More than half of India's foreign trade was with Britain alone.** Some other trading partners of India were China, Ceylon and Persia.
- There was **huge generation of export surplus during colonial period** which did not result in any flow of gold or silver into the country. It was **all used by Britain for their own purposes** like for expenses on war, leading to drain of Indian wealth.



Features of India's Demographic Profile

- **First Census in India came in 1881** which revealed the unevenness in India's population growth.
- India was in the first stage of demographic transition before 1921 and in the second stage after 1921. But **neither the total population nor the rate of population growth of India was very high at this stage.**

- **High birth rate and high death rate prevailed.**
- **Social development indicators also did not show a very good picture:**
 - Overall literacy rate was less than 16% with female literacy rate of about 7%.
 - Public health facilities were either unavailable or inadequate were available leading to various air borne and water borne diseases.
 - The overall mortality rate was high.
 - Infant mortality rate was very high at about 218/1000.
 - Life expectancy was very low at 44 years.
 - Extreme levels of poverty prevailed during that time in India.



The picture depicts the extreme levels of poverty and lack of immunity to fight diseases in the masses.

Occupational Structure

- Occupational structure shows the distribution of working persons across different industries and sectors.
- During colonial period, **occupational structure did not change much.**
- Agriculture comprised of 70-75% of total workforce, manufacturing of 10% and services comprised of 15-20% workforce.
- **Regional variation was an important aspect at that time.** There was a decline in the dependence on agriculture in the then Madras Presidency, Bombay and Bengal. At the same time, the dependence on agriculture increased in States of Orissa, Rajasthan and Punjab.

Infrastructure

- **Basic infrastructure such as railways, ports, water transport, posts and telegraphs did develop to suit the colonial interests.**
- People mostly living in rural areas suffered from natural calamities and famines due to an acute shortage of all weather roads to reach out to these areas in rainy season.



(Source: en.wikipedia.org)

- **British introduced railways in India in 1850.**

- Railways affects to the Indian economy were two fold:
 - long distance travelling was made possible,
 - commercialization of agriculture had adversely affected village economies in India.

- Railways benefits in the form of the expansion of volume of India's exports hardly accrued to the Indian people.
- **Unsatisfactory measures to develop inland trade and sea lanes** were also taken by the colonial government.
- The electric telegraph served the purpose of maintaining law and order.
- The **postal services remained inadequate** throughout.

Poverty



Indian economy was characterized by following features:

- Low national and per capita income
- Low rates of economic growth

- Widespread deaths caused by famines
- Low levels of sustainability

Student Activity

Q.1. Match the following:

Column A

- a) Commercialisation of agriculture
- b) Low rate of growth of population in India before 1921
- c) Decline of Indian handicrafts
- d) Zamindari system
- e) Development of railways and encouragement to middlemen.

Column B

- a) Due to high birth rate and high death rate
- b) Shortage of food grain
- c) Encouragement to British industries
- d) To have effective administrative control
- e) Exploitation of farmers

Answers

Column A

- a)
- b)
- c)
- d)
- e)

Column B

- b)
- a)
- c)
- e)
- d)