

ST. MARY'S CO-ED SCHOOL, HARDA

ACADAMIC YEAR (2020-21)

CLASS – XII

INDIAN ECONOMIC DEVELOPMENT

CHAPTER -1 (INDIAN ECONOMY ON THE EVE OF INDEPENDENCE)

CHAPTER AT A GLIMPSE

- 1) Economy of a country includes **all economic activities that relate with people** and determines the standard of living.
- 2) Indian economy was in very bad shape due to the presence of British colonial rule.
- 3) The sole purpose of the British colonial rule in India was to reduce the country to being a feeder economy for Great Britain's own rapidly expanding modern industrial base. Thus, in 1947, when British transferred power back to India, we inherited a crippled economy.

NCERT BASED QUESTIONS AND ANSWERS:

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

Answer. The economic policies pursued by the colonial government in India were concerned more with their home country rather than with the development of the Indian economy. Thus, at the time of independence in 1947, India was a poor and underdeveloped country. At that time, agriculture was in a poor condition and mineral resources were not fully used. There were only a few industries and many of the cottage and small-scale industries had declined under the British rule. Millions of people were unemployed, not because they were unwilling to work but because there were no jobs to be found. 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. Most Indians could not afford to buy nutritious and balanced diet. Hence, people had to lead a difficult time.

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

Answer. The notable economists were Dadabhai Naoroji, V.K.R.V. Rao, Wiliam Digby, Findlay Shirras and R.C. Desai.

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

Answer. 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
- (c) Ryotwari system

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.

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. Indian Economy on the Eve of Independence .

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

Answer. 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.

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

- 1. To get raw materials from India at cheap rates in order to reduce India to a mere exporter of raw materials to the British industries.
- 2. To sell British manufactured goods in Indian market at higher prices. In this way, they exploited India through the device of double exploitation.

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

Answer. The main cause of exploitation of traditional handicraft industries was de-industrialisation introduced by British rulers in India. They got raw materials from India at cheap rates and reduced India to a mere exporter of raw materials to the British industries.

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.

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

Answer. 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:

1. To have effective control and administration over the vast Indian territory. For this, Britishers linked important administrative and military centres through railway lines.
2. To earn profits through foreign trade. For this they linked railways with major ports and the marketing centres.
3. To create an opportunity for profitable investment of British funds in India.
4. 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.

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

Answer. The state of Indian industrial sector on the eve of independence was as follows: De-industrialisation—Decline of Indian Handicraft Industry. Britishers followed the policy of systematically de-industrialising India. (a) to get raw materials from India at cheap rates in order to reduce India to a mere exporter of raw materials to the British industries. (b) 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.

1. Lopsided Industrial Structure - Unbalanced and lopsided structure of Indian industries is again a legacy of the British rule in India. 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.
2. 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 equipment. The heavy industries were, by and large, conspicuous by their absence. This resulted in an unbalanced and lopsided growth of industries in India.
4. Limited Operation of the Public Sector. Public sector was confined to railways, power generation, communication, ports and some other departmental under-takings.

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

Answer. 1921 is called 'Year of Great Divide'.

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

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

1. High Birth Rate and Death Rate- High birth rate and high death rate are treated as indices of backwardness of a country. Both birth rate and death rate were very high at 48 and 40 per thousand of persons respectively.
2. 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.
3. 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.
4. 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.
5. 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.

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

Answer. Occupational structure means the distribution of work-force among different sectors of an economy. The state of occupational structure on the eve of independence was as follows:

1. 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.
 2. 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 imbalanced.

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

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

1. Little industrialisation and decline of handicrafts.
2. Low agricultural output and high imports of grains.
3. Low figure of national income and per capita income which showed extreme poverty.
4. Very sluggish economic progress.'
5. Unemployment and underemployment.
6. Very high infant mortality rate, low life expectancy and low standard of living.

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

Answer. First official census was undertaken in the year 1881.

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

Answer. India has been an important trading nation since ancient times. The state of India's foreign trade on the eve of independence was as follows:

1. 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.
2. 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. The canal connected Port Said on the Mediterranean Sea with the Gulf of Suez. It provided a direct trade route for ships.
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.

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

Discuss.

Answer. British rule exploited India in many ways. But, the ways to achieve the motives sometimes yield positive effects. Commercialisation of agriculture implied a good breakthrough in agriculture and resulted in self-sufficiency in food grain production.

1. The development of infrastructure, railways and roadways generated new opportunities for economic and social growth and broke cultural and geographical barriers.
2. Railways promoted commercialisation of agriculture through long distance movement of goods.
3. The supply of food and essentials could be made available to drought affected areas through transportation.
4. Indian economy witnessed a huge expansion of monetary system.