

Examrace

NCERT Class 11 Economics Chapter 1: Indian Economy on the Eve of Independence YouTube Lecture Handouts

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- Understand historical backdrop
- Britishers turned India into raw material supplier for their own industrial development – exploitative nature of development

Before British Advent

- Agriculture
- Handicraft – cotton & silk, metal & precious stone
- Had worldwide market – fine quality & high standards of craftsmanship
- Muslin (from Dhaka – now in Bangladesh) – finest quality as malmal – known as malmal khas or malmal shahi

British Advent

- Protect & promote British interest
- Transform India into supplier of raw materials and consumer of finished industrial products from Britain
- No sincere effort to measure national & per capita income
- Some efforts - Dadabhai Naoroji, William Digby, Findlay Shirras, V. K. R. V. Rao (most significant estimates) and R. C. Desai
- Country's growth of aggregate real output during the first half of 20th century was $< 2\% \& \frac{1}{2}\%$ growth in per capita output per year

Agricultural Sector (British Impact)

- 85 % agrarian & in villages – stagnation & deterioration (in contrast to agricultural prosperity in 17th century)
- Agricultural productivity was low - low levels of technology, lack of irrigation facilities and negligible use of fertilizers
- Stagnation due to land settlement – Zamindari system in Bengal (profit went to zamindars)
- Zamindars collected rent regardless of the economic conditions
- Revenue settlement – dates for depositing specified sums of revenue were fixed, if not zamindars were to lose their rights
- Higher yield of cash crops in some areas (for British industries) – commercialization of agriculture (small section of farmers)
- Majority farmers - small farmers and sharecroppers neither had resources and technology nor had incentive to invest

Industrial Sector (British Impact)

Handicrafts declined – created unemployment & demand for consumer market (as now these are not locally available)

No modern industrial base was coming up

2 fold objective - reduce India to exporter of important raw materials for industries in Britain & turn India into market for the finished products of those industries

Increased import of cheap goods from Britain

2nd half of 19th century – modern industry started but slowly – initially as cotton textile (Maharashtra & Gujarat) & jute mills (Bengal)

Early 20th century – iron & steel industry – TISCO in 1907

After WW-II: Sugar, cement & paper industry

No Capital Goods Industry (which can make machine tools to make articles for current use) to promote industrialization

Growth rate of new industrial sector & % contribution to GDP was small

Limited operation of public sector only in railways, power generation, communications, ports

Ramesh Chandra Dutt's Economic History of India (3 volumes)

B. H. Baden-Powell's The Land Systems of British India (2 volumes)

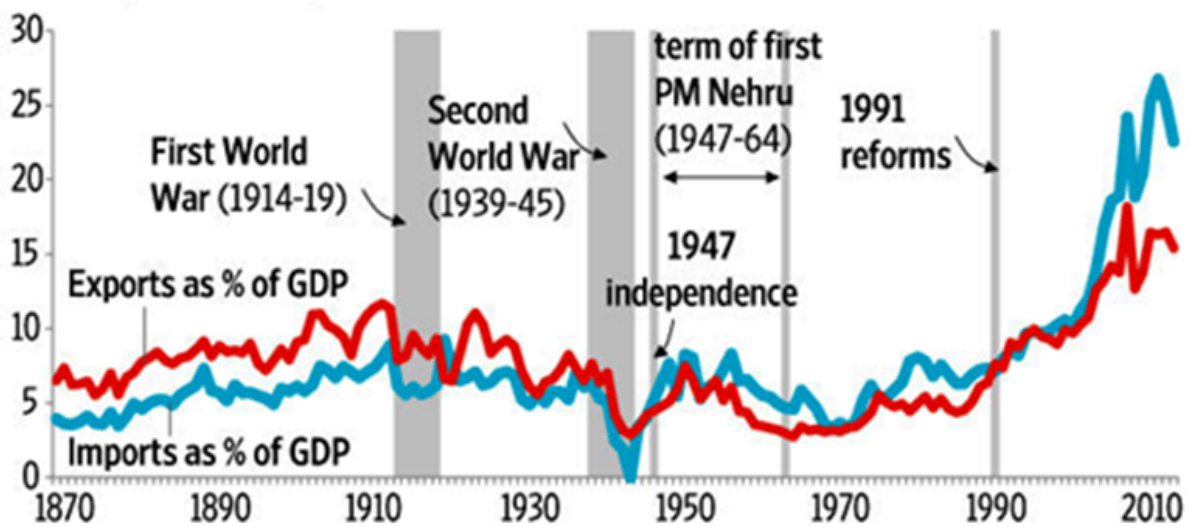
Amartya Sen's book Poverty and Famines

Foreign Trade

- Affected by restrictive policies of commodity production, trade and tariff pursued by the colonial government
- Britain maintained a monopoly control over India's exports & imports

INDIA'S INTEGRATION WITH WORLD ECONOMY HAS EXPECTEDLY INCREASED POST 1991

India's exports and imports as % of India GDP



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- More than 50 % of India's foreign trade was restricted to Britain while rest was with China, Ceylon (Sri Lanka) and Persia (Iran) – Opening of Suez Canal (connects Port Said on Mediterranean Sea with the Gulf of Suez, an arm of the Red Sea in 1869) intensified it further

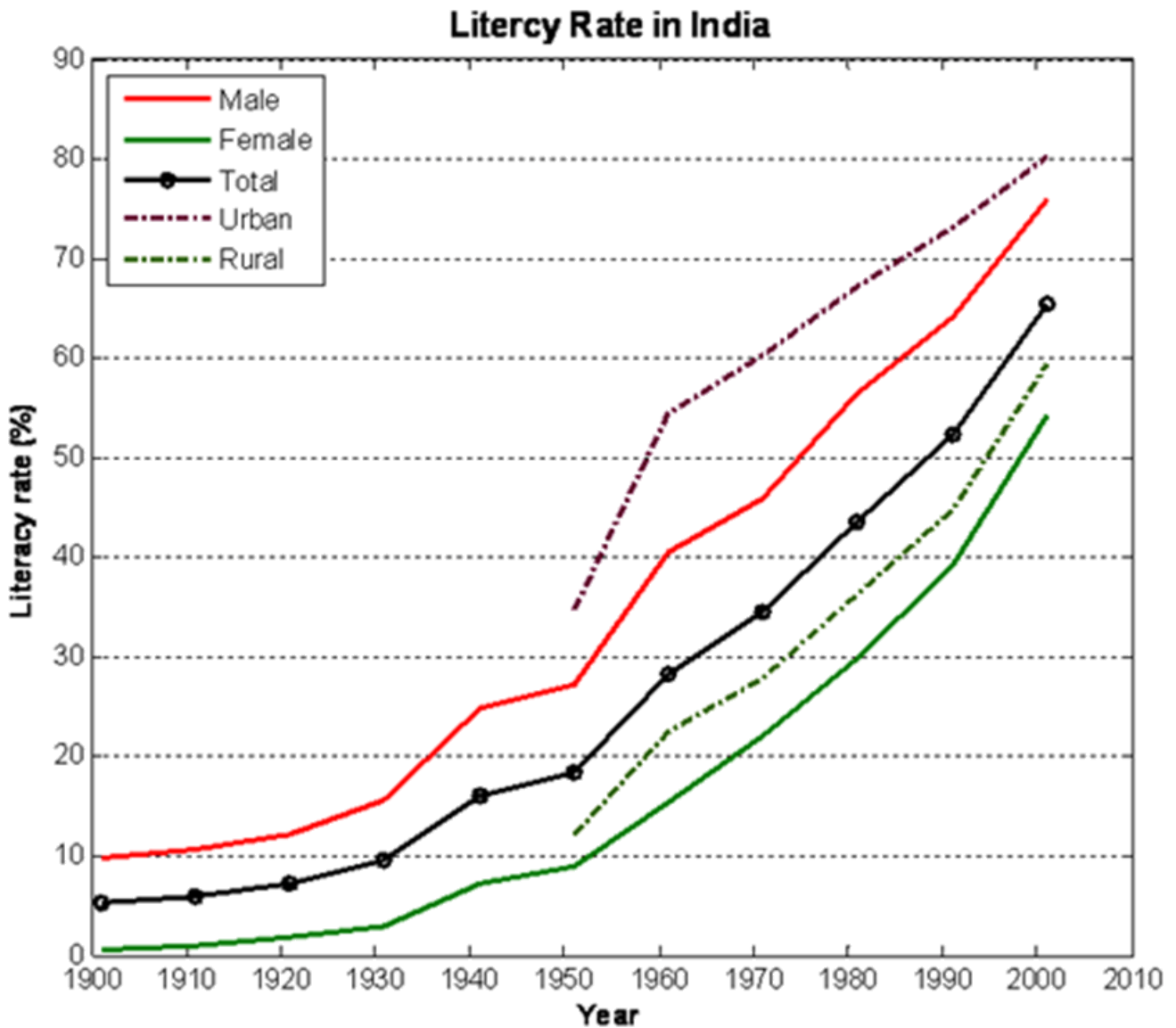


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- Generated large export surplus – but no inflow of gold or silver to India but as payment for expense of British offices
- Essentials like food, kerosene & clothes were scarce in India

Demography

- 1st population census in 1881 – revealed uneven distribution and growth
- Census conducted every 10 years
- Before 1921 - 1st stage of demographic transition
- After 1921 – 2nd stage of demographic transition
- Low literacy, high IMR, low life expectancy, rampant water & airborne diseases & extensive poverty



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Occupational Structure

- Colonial period – Agriculture at around 70 - 75 % , manufacturing at 10 % & services at 15 - 20 %
- Regional Variations - then Madras Presidency (includes present-day Tamil Nadu, Andhra Pradesh, Kerala and Karnataka) , Bombay and Bengal – showed increase in industrial & service sectors
- Agriculture increased in Orissa, Rajasthan & Punjab

Infrastructure

- Development of railways, ports, water transport, posts & telegraphs (to maintain law & order) under British rule – subserve colonial interest & give basic facilities to people
- Roads – to mobilize army & carry raw material out of nation to railways or ports

- Acute shortage of all-weather roads to reach out to rural areas during the rainy season – suffered calamities & famines
- Railways introduced in 1853 (1st b/w Bombay & Thane) – enabled people for long distance travel & broke geographical and cultural barriers & fostered commercialization of agriculture which affected self-sufficiency of villages
- Exports expanded but no real benefit to people
- Tata Airlines was established in 1932 inaugurating the aviation sector in India
- Inland waterways were uneconomical (Coastal Canal on Odisha Coast) – huge cost & parallel to it was railways, so waterways abandoned

Challenges in SUMMARY

- Agriculture – low productivity & surplus labour
- Industries – needed modernization, diversification, capacity building & public investment (collapse of handicrafts)
- Foreign trade – to feed Industrial Revolution in Britain
- Infrastructure – required upgradation, expansion and public orientation
- Rampant poverty & unemployment

✉ Manishika

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