

CLASS 12 ECONOMICS
INDIAN ECONOMIC DEVELOPMENT
CHAPTER-1

INDIAN ECONOMY ON THE EVE OF INDEPENDENCE

INSTRUCTIONS:

STEP 1 : Read the chapter-1 from NCERT book. The following topics are to be covered:-

- 1) Low level of economic development under the colonial rule
- 2) Agriculture sector
- 3) Industrial sector
- 4) Foreign trade
- 5) Demographic condition
- 6) Occupational structure
- 7) Infrastructure

STEP 2 : Watch the video on Indian economy on eve of independence through the following link:

<https://youtu.be/lkwiVn43J5I>

STEP 3: Following are the **Main points and their explanation of the chapter.**

LEARNING OBJECTIVES:

- To become familiar with the state of the Indian economy in 1947, the year of India's Independence.
- To understand the factors that led to the underdevelopment and stagnation of the Indian economy.

Point to remember

Economy of a country includes all production, distribution or economic activities that relate with people and determines the standard of living. On the eve of independence Indian economy was in very bad shape due to the presence of British colonial rule. The sole purpose of the British colonial rule in India was to turn India into the supplier of raw material and consumer of finished goods. Thus, in 1947, when British transferred power back to India, we inherited a crippled economy.

LOW LEVEL OF ECONOMIC DEVELOPMENT:

BEFORE BRITISH RULE:

India was well known for its handicraft industries in the fields of cotton and silk textiles, metal and precious stone works etc. These products enjoyed a worldwide market based on the reputation of the fine quality of material used and the high standards of craftsmanship seen in all imports from India.

DURING BRITISH RULE:

The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of the Indian economy. Such policies brought about a fundamental change in the structure of the Indian economy —

- i. transforming the country into supplier of raw materials
- ii. consumer of finished industrial products from Britain.

The country's growth rate during the first half of twentieth century was less than 2% and growth in per capita output was only 0.5% per year.

The colonial government never made any sincere attempt to estimate India's national and per capita income. There were some individual attempts which were made to measure. These were of — Dadabhai Naoroji, William Digby, Findlay Shirras, V.K.R.V. Rao and R.C. Desai.

AGRICULTURE SECTOR:

Reasons for agricultural stagnation:

- 1) **Low level of agricultural productivity:** Agricultural productivity became very low and this stagnation in agriculture sector was mainly due to systems of land settlement that were introduced by the British Government. The Zamindari system, the profit accruing out of the agriculture sector went to Zamindars instead of the cultivators. This led to discouragement amongst the cultivators to produce less.
- 2) **Commercialization of agriculture:** Growing of cash crops instead of food crops is called Commercialisation of Agriculture. These cash crops were used by British industries back home. The fall in production of food crops was responsible for frequent famines in India during the British days.
- 3) **Lack of Proper Input:** Low level of technology, lack of irrigation facility and negligible use of fertilizers, added to aggravate the plight of the farmers and contributed to the dismal level of agricultural productivity.

INDUSTRIAL SECTOR:

India could not develop a sound industrial base under the Colonial Rule. Even the country's world famous handicraft industries declined. No commercial modern industrial base was allowed to come up. This sector needed modernisation, diversification and increased investment. Following are its features:

- 1) **Systematic Deindustrialisation:** The primary motive behind this policy of deindustrialization was twofold:
 - (1) To reduce India to the status of mere exporter of important raw materials for the upcoming modern industries in Britain.

- (2) To turn India into a market for the finished products manufactured by industries in Britain.
- 2) **Discriminatory Tariff Policy:** The British Government allowed tariff free export of raw materials from India and tariff free import of British industrial products into India. But a heavy duty on the export of Indian handicrafts products. It leads to decay of handicrafts industry in India.
 - 3) **Competition from machine:** Industrial revolution in Britain gave a stiff competition to the handicraft industries in India. Due to low cost and better quality product produced by machine forced the Indian craftsmen to shut down the handicraft Industry in India.
 - 4) **New Patterns of Demand:** Owing to British rule in India, a new class of people emerged in India. This changed the pattern of demand in India against the Indian products and in favour of British products. As a result, the Indian Industry tended to perish.
 - 5) **Lack of capital goods industries:** There was hardly any capital goods industry to help promote further industrialization. Capital goods industry means industries which can produce machine tools which are , in turn, used for producing goods for current consumption.
 - 6) **Few modern industries:** During the second half of nineteenth century, modern industry began to take root in India but its progress remained very slow. Examples are cotton and jute textile mills, sugar, paper, cement industry. The Tata iron and steel company (TISCO) was incorporated in 1907.

FOREIGN TRADE:

Composition of India's Trade :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.

Direction of foreign trade : This refers to the countries we are trading with. Britain maintained a monopoly over India's exports and imports . More than half of India's foreign trade was restricted to Britain while the rest was allowed with a few countries like China, Ceylon (Sri Lanka) and Persia (Iran).

Drain of Indian Wealth: India's foreign trade generated huge export surplus but this surplus came at a huge cost to the country's economy as it led to the drain of India wealth. The export surplus was used for: (i)Making payments for the expenses incurred by an office set up by the colonial government in Britain. (ii)Expenses on war fought by the British government. (iii)Import of invisible items.

DEMOGRAPHIC CONDITION:

Various details about the population was first collected through a census in 1881. Before, 1921, India was in first stage of demographic transition. The second stage of transition started after 1921. However, neither the total population of India nor the rate of Population growth at this stage was very high. The year 1921 is described as the "Year of Great Divide". It is because after 1921 population grew continuously and rapidly.

- 1) Overall mortality rate was high – Infant mortality rate was 218 per thousand.

- 2) Life expectancy was as low as 32 years which shows the lack of health care facilities, lack of awareness as well as lack of means for health care.
- 3) Literacy rate was as low as 16 percent, which reflects the social and economic backwardness of the country.

OCCUPATIONAL STRUCTURE :

By occupational structure we mean the distribution of working persons across different industries and sectors.

- 1) Agriculture was the principal source of occupation and about 70-75% percent of working population was engaged in agriculture.
- 2) Only 10 % of the working population were engaged in the manufacturing sector, which showed the backwardness of Indian Industry at the time of Independence.
- 3) Only 15-20% percent of the working population were engaged in the service sector, which also proved the slow growth of tertiary sector at the time of Independence.
- 4) There was an unbalanced growth of Indian economy at the time of Independence.

INFRASTRUCTURE :

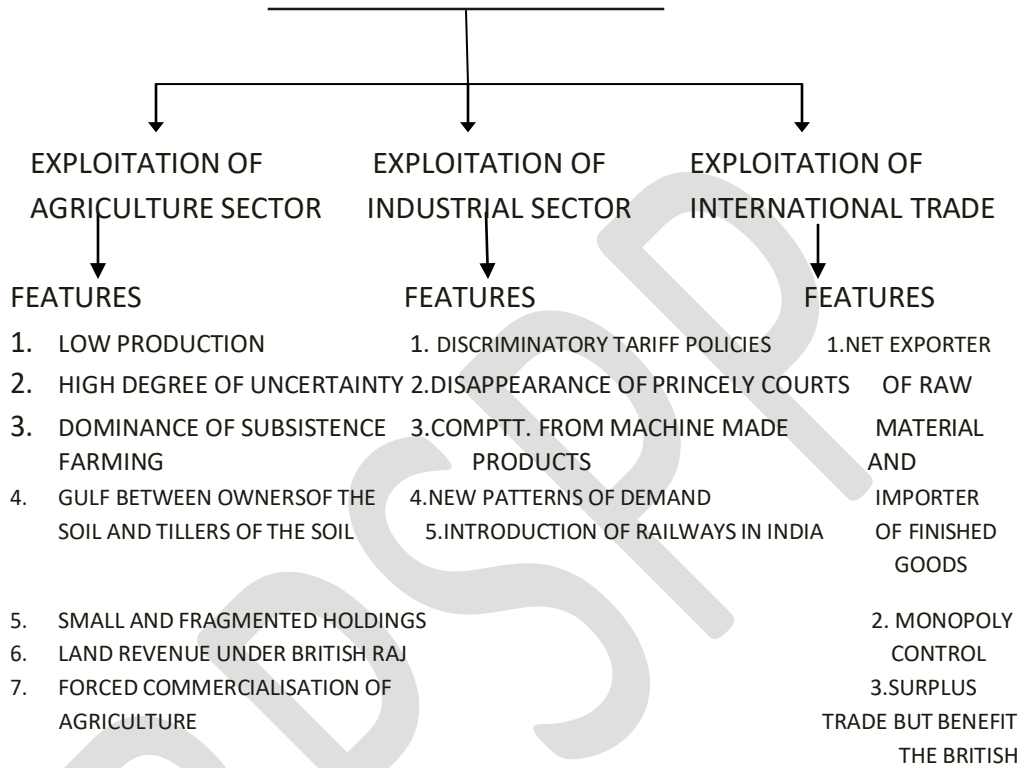
Under the Colonial rule, basic infrastructure such as Roads, Railways, Ports, Water Transport, Post and Telegraph etc. were developed. But this development was not to provide basic amenities to the people of the country, but to subserve the colonial interests.

- 1) The roads were built for mobilizing the army within India and for drawing out raw, materials from the countryside to the nearest railway station or the port to send these to England or other foreign lands.
- 2) The Railways which were introduced in 1850 helped in commercialization of Indian agriculture which adversely affected the comparative self-sufficiency of the village economies in India.
- 3) The introduction of the expensive system of electric telegraph in India, similarly served the purpose of maintaining law and order.

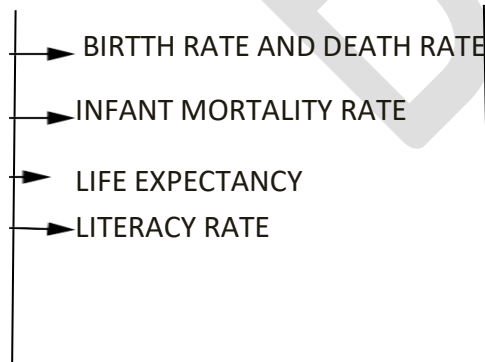
STEP 4: A **MINDMAP** is given to help you to memorize and learn the main points of the chapter.

MIND MAP

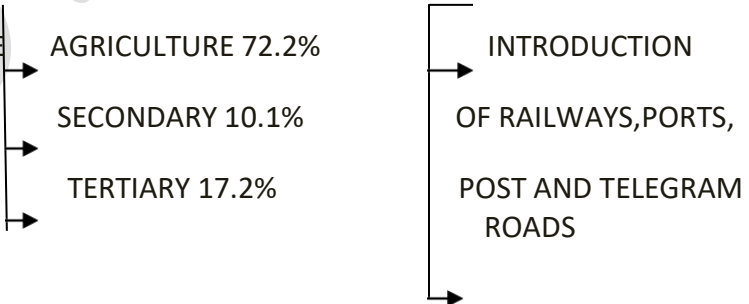
COLONIAL EXPLOITATION



DEMOGRAPHIC PROFILE



OCCUPATIONAL STRUCTURE INFRASTRUCTURE



STEP 5 : Complete the following assignment and paste it in your economics register.

ASSIGNMENT

INDIAN ECONOMICS

Chapter -1

(Indian economy on the of independence)

CLASS 12TH

1.	<p>Define the following terms: (one mark each)</p> <p>a) Year of grade divide.</p> <p>.....</p> <p>.....</p> <p>b) Commercialization of agriculture</p> <p>.....</p> <p>.....</p> <p>c) Drain of wealth</p> <p>.....</p> <p>.....</p> <p>d) Deindustrialization</p> <p>.....</p> <p>.....</p> <p>e) Capital goods industries</p> <p>.....</p> <p>.....</p>
2.	<p>Fill in the blanks</p> <ul style="list-style-type: none">• The share of workforce remained in agriculture during British rule was• Before Independence the India's Jute industries concentrated inpart of the country.

- Under colonial rule the cotton textile industries dominated by
- is the year of second stage of demographic transition of India.
- transport is considered as the most important contribution of British

3. What was the two fold motive behind systematic de-industrialization effected by the British in pre independent India?

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

4. State main causes of India's agricultural stagnation during British rule.

.....

Blank handwriting practice paper with a vertical margin on the left and horizontal dotted lines. A large, faint watermark reading 'BPSPP' is oriented diagonally across the page.

7.

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

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

BRDSP

8.

Critically appraise some of the shortfalls of the industrial policy pursued by Britishers.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

9.

In which year railways was introduced in India? **(1)**

- a. 1892
- b. 1890
- c. 1850
- d. 1853

10	<p>Reason for low productivity in agriculture</p> <ul style="list-style-type: none"> a) HYV seeds b) Low levels of technology c) Improved irrigation system d) All of these
11	<p>What was the rate of growth of real output in our country during the first half of the century</p> <ul style="list-style-type: none"> a) Less than 1 percent b) Less than 2 percent c) Less than 3 percent d) Less than 4 percent
12	<p>Capital goods industries are those industries which</p> <ul style="list-style-type: none"> a) Which can produce machine goods b) Which can produce consumer goods c) Both d) None of these
13	<p>TISCO was incorporated in</p> <ul style="list-style-type: none"> a) 1906 b) 1912 c) 1978 d) 1907
14	<p>In India census is carried out every</p> <ul style="list-style-type: none"> a) 5 years b) 10 years c) 1 year d) 2 years
15	<p>During British rule half of India's Foreign trade was restricted to</p> <ul style="list-style-type: none"> a) China b) Iran c) Britain d) Srilanka
16	<p>When was India's first official census operation undertaken</p> <ul style="list-style-type: none"> a) 1981 b) 1881 c) 1781

BBPSPP

BBPSPP