

INDIAN ECONOMY ON THE EVE OF INDEPENDENCE

Handout - 1/2

Class- XII

SUBJECT :- ECONOMICS

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Q.1) What is meant by Stagnant Economy?

Ans) A stagnant economy is an economy in which there is little or no scope of GDP growth.

Q.2) Mention the state of Indian industries on the eve of independence.

Ans) State of industries in India on the eve of Independence is explained below :

(i) The role of the public sector in development of industries was restricted to the railways, power generation, communications, ports and some other departmental undertakings. There was no growth of industrial base in India.

(ii) Before the advent of British in India, the traditional handicraft industries enjoyed a world wide reputation for their quality and standards of craftsmanship.

(iii) There were hardly any capital goods industries to promote further industrialisation, since the British had no interest in the development of Indian economy.

Q.3) Name some modern industries which were in operation in our country at the time of independence.

Ans) Handicraft industries, Cotton & Jute Textile Mills, The Tata Iron and Steel Company (TISCO) are some modern industries which were in operation in our country at the time of independence.



Q.4) What were the Main causes of India's agricultural stagnation during the colonial period?

Ans) The stagnation of India's agricultural sector was mainly caused by the following reasons:

- (i) Zamindari system
- (ii) Low level of technology
- (iii) Lack of use of fertilizers
- (iv) Lack of irrigation facilities

Q.5) Explain the Status of India's agriculture during British rule.

Ans) Indian economy under British rule was fundamentally dependent on agricultural sector. About 85% of country's population lived in rural areas and derived livelihood from agriculture. But despite being the occupation of a large population India continued to experience agricultural stagnation during British rule. Agricultural productivity was very low during colonial period.

The stagnation in the agricultural sector was caused mainly because of the various systems of land settlement systems that were introduced by the colonial government. Under the Zamindari system the profit of the agricultural sector went to the zamindars and colonial government did nothing to improve the condition agriculture. Beside this, low level of technology, lack of use of fertilizers, lack of irrigation facilities were the reasons for low agricultural production. Due to commercialization of agriculture there was relatively higher production of cash crops (jute, cotton, indigo, raw silk etc). But this could not improve farmers economic condition. Other reason for agricultural set back was country's partition at the time of independence. A major portion of highly fertile land went to Pakistan.

Q.6) The traditional handicraft industries were ruined under British rule' Justify this statement.

Ans) During British rule, the handicrafts industries in India declined. These handicrafts were very famous throughout the world. These traditional handicrafts got set back during the colonial rule. The main reasons for the decline was introduction of British made goods and ignorance of Indian Handicrafts Industries.

The British followed the policy of De-industrialization to Ruin Indian Handicraft Industries for their own benefit.

They transformed India to a mere exporter of raw materials for the upcoming modern industries in Britain.

They captured India's growing market for selling the finished products of British industries.

In this way they exploited India, which resulted in decline of world famous Indian handicrafts.

Q.7) Name some notable economists who estimated India's per capita income during the colonial period.

Ans) As the British government was never interested in upliftment of our country, so they never took any initiative to measure India's national and per capita income. Though some of the economists tried to estimate India's national income and per capita income during the colonial rule, but the results are mixed and conflicting. The following are some of the notable economists who were engaged in estimation of national income and per capita income:

- i. Dadabhai Naroji
- ii. William Digby
- iii. Findlay Shirras
- iv. V.K.R.V Rao
- v. R.C. Desai

Out of these, V.K.R.V Rao's estimates are considered to be significant. Most of these studies revealed that Indian economy grew at even less than two percent during 1900-50 with half per cent growth in per capita output per year.

Q.8) Critically appraise some of the shortfalls the industrial policy pursued by the British colonial rule.

Ans) The focus of the industrial policies pursued by the colonial government in India was to make our country a mere supplier of Britain's own flourishing industrial base. The policies were concerned mainly with the advancement of the British economic and political power. The industrial policy pursued by the British colonial administration had the following shortfalls:

(i) Neglect of Indian Handicraft Industries: The British followed a discriminatory tariff policy under which they imposed heavy tariffs (export duties) on India's export of handicraft products while allowed free export of India's raw material to Britain and free import of finished products from Britain to India. This made Indian exports costlier and its international demand fell drastically leading to the collapse of handicrafts industries. Also, Indian handicrafts faced stiff competition from machine-made textiles of Britain. (ii) Lack of Investment in Modern Indian Industries: The modern industries in India demanded investments in capital goods and technology that were beyond the means of Indian investors. British Government was least interested in investing in Indian industries as they never wanted India to become self reliant. Thus due to the lack of sufficient investment, the growth of Indian industries was severely constrained.

Q.9) Discuss three principal causes of backwardness of the Indian economy at the time of independence.

Ans) Principal causes of backwardness of the Indian economy at the time of independence are:

- (i) India was treated as a colony which served as a source of raw material to British industry and their finished goods. Apart from this the British had no interest in development of the country.
- (ii) Destruction of Indian handicrafts by the British proved detrimental to the Indian economy
- (iii) Land revenue policy followed by the British exploited the farmers which led to their object poverty and backwardness.

Q.10) What were the main features/forms of colonial exploitation?

Ans) The main features of colonial exploitation are:

- (i) Trade malpractices.
- (ii) Profitable import of British capital and enterprise.
- (iii) Exploitation through managing agency system
- (iv) Distorted growth pattern.
- (v) Economic drain.
- (vi) Manipulation of exchange rates.
- (vii) Stores purchase policy.