



# *Economics Notes PDF*

*On*

*Indian Economy on the Eve of Independence*

*(Class - 12)*

## **INTRODUCTION**

The current nature of the Indian economy is not solely owing to its current creation; its roots are deeply rooted in our history, i.e. India's past, particularly during the period when India was under British dominion. The reign lasted around two centuries. The Indian economy was in disarray on the brink of independence. In order to have a brighter future for ourselves and future generations, we as a country have to start from scratch and all over again. Our desire to obtain information and understanding was also stifled by 200 years of British control. We were denied an education because we were held as slaves by our oppressors. As a result of their acts, we were illiterate by the end of their rule. On the eve of independence, the Indian economy was brimming with people who had no idea how to serve the country.

## **LOW LEVEL OF ECONOMIC DEVELOPMENT**

- The colonial govt., never made any sincere attempt to estimate India's national and per capita income.
- The estimates given by Dr. V.K.R.V. Rao suggested that the growth rate of GDP was about 2% per annum while the growth of per capita output was just 1/2 (0.5) percent per annum.
- Since high-quality materials were employed and a high standard of craftsmanship was evident in all Indian imports, Indian products had a global market.
- The economic policies of the colonial government were highly influenced by the self-centered economic interests.

## **AGRICULTURE SECTOR**

- Around 85% of the Indian population was dependent on agriculture during colonial rule.
- Agricultural productivity became low. The sector experienced some growth due to various systems of land settlements which led to expansion of aggregate area under cultivation.
- High yield of cash crops in certain areas were observed due to commercialisation of agriculture.
- There was little progress in irrigation still the sector suffered due to lack of investment in terracing, flood control, drainage and desalination of soil.

## **INDUSTRIAL SECTOR**

- De-industrialization- Decline of Indian handicraft industry.
- Capital goods industries were lacking
- Limited operation of public sector
- Discriminatory tariff policy.
- Competition from Machine made products
- Introduction of Railways in India
- Lack of Heavy and Basic Industries

## **FOREIGN TRADE**

- The structure, composition and volume of India's foreign trade was adversely affected by the restrictive policies of the commodity production, trade and tariff of the colonial government.
- Primary products such as silk, cotton, wool, sugar jute, Indigo were exported from India.
- Foreign trade was largely restricted to Britain, with only a handful of countries such as China, Sri Lanka, and Persia (Iran) being permitted.

- The Indian economy was gravely exploited by the British government which led to the drain of Indian wealth.

### **DEMOGRAPHIC CONDITION**

- High death and Birth rate-40 and 48 per thousand respectively.
- High infant mortality rate-218 per thousand.
- Mass Illiteracy-84% illiterate.
- Low life expectancy- 44 years
- Low standard of living- People used to spend 80% to 90% of their income on basic needs.
- Lack of public health facilities
- Female Literacy level was about 7%.

### **OCCUPATIONAL STRUCTURE**

During the colonial period, the occupational structure of India exhibited its backwardness. The agricultural sector accounted for the largest share of the work force which remained at a high of 70-75% of the work force and the manufacturing and services sectors accounted for only 10 and 15-20% respectively.

There existed a growing regional disparity with few states such as Orissa, Rajasthan and Punjab witnessing an increase in agricultural workforce while the states which were the parts of Madras presidency. Bombay and Bengal witnessed a decline in the percentage of the work force dependent on agriculture.

### **INFRASTRUCTURE**

Absence of good roads, electricity generation, health, education and communication. However, some efforts have been made to develop basic infra-structure like roads, railways, ports, water transport, post & telegraph by the British rulers. The main motive was not to provide basic amenities to the Indian people but for their colonial interest.

### **CONCLUSION**

By the time India won its independence, the impact of the two-century long British colonial rule was already showing on all aspects of the Indian economy. The agricultural sector was already saddled with surplus labour and extremely low productivity. By the time India won its independence, the impact of the two-century long British colonial rule was already showing on all aspects of the Indian economy. The agricultural sector was already saddled with surplus labour and extremely low productivity.

[Follow on Facebook](#)[Follow on Instagram](#)[Join us on Telegram](#)**Commerce****CLASSES**