



Class:- 12th CBSE
Subject :- Indian Economy Development
independence

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Topic:- Indian Economy on the Eve of

- **Colonial Rules:-** It refers to a system between two countries under which one country being the ruler and another being the colony & the ruling country determine the economic policy of the colony .
In India from the year 1858 to 1947 having British Rule which is also called as Colonial Period
- ❖ **Stagnant Economy:-** It refers to the economy which is Stuck or grow in very slow rate. On the Eve of independence Indian economy was stagnant.
- ❖ **Colonial Economy :-** when one country economy is fully control by another country that economy called as colonial economy .in India , colonial exploitation is long history spread over nearly 200 years.
- ❖ **Semi-feudal Economy :-** It refers to the Zamindari Pratha under British rule, Under this system , Zamindars held apiece of land and allow their servant to cultivate and produce goods for them under bureaucracy.
- ❖ **Back ward Economy :-** it is the economy which is characterized by low standard , high death rates , high birth rates , low capita income and dependence on foreign countries.
- ❖ **Depleted Economy :-** it refers to an economy where no arrangements have been made to replace the physical assets , depreciated due to excessive use.
- ❖ **Amputated Economy :-** the britishers policy of divide and rule always promoted discrimination between various group on the basis of religion , caste , language and culture .
- **Indian Economy Before Colonial Rules (Advent of British Rules)**
 - 1. Agriculture was the main source of employment and living (85%)
 - 2. Only those crops were grown that are used for self consumption and barter
 - 3. Famous for Handicraft individual work
 - 4. Enjoy intensive trade in Asia and Europe
 - 5. Independent, self reliant and prosperous economy



▪ **Indian Economy at Eve of Independence**

(A) AGRICULTURE SECTOR

During the Colonial Rules , Indian Economy was very strong in stage , there was stagnation in the agriculture sectors due to the following reasons

1. Land Tenure System (Zamindari system)

- Under this system ownership right of land was transfer from farmer to Zamindar (landlord)
- Zamindar was the nominal head of land who collects the revenue from farmer which is known as lagan which is fixed in amount.

2. Commercialization of Agriculture

- Produced Crops for sale purpose rather than consumption purpose.
- Production of cash crops (Cotton, Indigo, Jute)
- Farmer was given higher price for cash crops.
- British use them as Raw material for Industries

3. Low level of production

- Lack of irrigation facilities
- Lack of Technology
- Negligible use of Fertilizer

4. Scarcity of Investment

- Lack of money problem because of that farmer change their cropping pattern from food crops to commercial crops (Cash crops)

(B) INDUSTRIAL SECTORS

During the Colonial Rules , Indian Economy was very Poor in stage of Agriculture Sector,

1. Decline of handicraft industry(De-industrialisation)

- Forced the people to indulge in agriculture two fold de-industrialisation

(a) Convert India into the supplier of raw material.

(b) Development India as a market for Britain

Effect of decline handicraft

(i) High level of employment.

(ii) Import of finish Goods which manufacturing in Britain.

2. Discriminatory trade policy

- Unrestricted entry of British goods
- Tariff free export of raw material to Britain
- Heavy duty on export of India handicraft production.



3. Lack of Capital Goods Industries

- Hardly Any capital goods industrial to promote industrialization in India .
- British Rule did not give attention to development Capital Goods in India.

4. Limited Role of Public Sector

- Railways , Power generation , communication and port development has developed for there Own
- No other public sector developed in india

Foreign Trade

India was well known export of finish goods like silk , handicraft , diamond etc. but discriminatory policy of British brought to the end.

(a) India become Exporter of primary product and import of Finished consumer goods

(b) Monopoly control on trade of import and export

- Majority of trade was restricted to Britain
- Free export and import between India and china

(c) Economy Exploitation use of trade surplus non-developing activities

Demographic Condition

(Various Aspects of population)

First official census conducted in 1881 revealed unevenness in India's population growth

1. High birth rate & Death rate

- Before 1921 both are very high.
- Year 1921 year of great divide

2. Low literacy rate

- Less than 16%
- Female literary rate 7%

3. High Infant mortality rate (218 per 1000)

4. Poor health facilities

5. Low life expectancy

6. High level of poverty



(C) INFRASTRUCTURE

It refers to the basic physical and organizational structure & facilities required for the operation of an economy

- **Railways** :- Introduced in 1850, benefits were mostly restricted to Britishers which means no Indian allowed to use Railways
- **Roadways** :- Primarily serve the interest of mobilizing the army and shifting of raw material.
- **Air & water transport** :- JRD Tata introduced aviation in 1932, British government used air and water transport for their own
- **Communication(Post & telegraph)** :- The system of telegraph was introduced at high cost to serve the purpose of maintaining law and order.

Positive contribution of British Rules

- Introduction of railways:- which provided a cheap and rapid transport system.
- Commercialization of agriculture from food crops to cash crops
- Shift economy from barter system to monetary system of exchange
- Effective administration system which was helpful for Indian political
- Introduced India as an export country.