

Unit - 5

Indian Economy on the Eve of Independence

- * The sole purpose of the British colonial rule in India was to reduce the country to being a feeder economy for Great Britain's own rapidly expanding modern industrial base.
- * Conditions in the Indian economy on the eve of independence
 - (i) Low level of economic development : the colonial govt, never made any sincere attempt to estimate India's national and percapita income.
The estimates given by Dr. Rao - growth of GDP was only 2% while the growth of percapita output was just 1/2 (0.5) percent.
 - (ii) Backward agricultural sector : Due to
 - A. Land tenure system - Zamindari system, Mahalwari system and Ryotwari system.
 - B. Forced commercialisation of Agriculture
 - C. Partition of the country.
 - (iii) Less developed Industrial sector
 - A. De-industrialisation - decline of Indian handicraft industry.
 - B. Capital good industries were lacking
 - C. Limited operation of public sector
 - D. Discriminatory tariff policy.
 - (iv) Unfavourable foreign trade :
 - (A) Net exporter of raw material and importer of finished good.
 - B. Britain had monopoly control on foreign trade.
 - C. Drain of India's wealth.
 - (v) Adverse demographic condition :
 - A. High death rate - 40 per thousand.

- B. High infant mortality rate - 18 per thousand.
- C. Mass Illiteracy - 83% illiterate.
- D. Low life expectancy - 32 years
- E. Low standard of living - people used to spend 80% to 90% of their income on basic needs.

(vi) Under developed infrastructure :

Absence of good roads, electricity generation, health, education and communication. However some efforts have been made to develop basic infrastructure like roads, railway 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.

(vii) More dependence on primary sector

- * Largest share of work force which was 72% was engaged in agriculture.
- * 10% manufacturing while 18% workforce were engaged in service sector.
- * Some positive side-effects of the British rule in India :
 - A. Provide transport facilities, largely in terms of railway.
 - B. Development of ports.
 - C. Provision of post and telegraph service.
 - D. British Govt. left a base of a strong and efficient administrative set up.

Indian Economy on the Eve of
INDEPENDENCE

ONE MARK QUESTIONS

1. What was the infant mortality rate of India during British rule?
2. State the life expectancy in India during British rule.
3. What do you mean by infant mortality rate?
4. Give the name of one economist who estimated India's per capital income during colonial period.
5. What is meant by commercialisation of agriculture?
6. What was the motive behind the de-industrialisation by the colonial Govt. in India?
7. Which industries were adversely affected due to partition.
8. What does the export surplus mean?
9. What percentage of India's working population was engaged in secondary and tertiary sector during British rule?

3/4 MARKS QUESTIONS

1. Mention four features of India's agriculture on the eve of independence.
2. What were the objectives of the British Govt. in bringing about infrastructural change in the Indian economy.
3. How would you explain the drain of wealth during the British rule.
4. Discuss occupational structure of Indian economy at the time of independence.
5. State three main features of Indian economy at the time of independence.
6. Mention the state of Indian industries on the eve of independence.

6 MARKS QUESTIONS

1. Critically appraise some of the shortfalls of the industrial policy pursued by the British colonial administration.
2. What were the main causes of India's agricultural stagnation during the colonial period.
3. Give a quantitative appraisal of India's demographic profile during the colonial period.
4. Were there any positive contribution made by the British in India? Discuss.

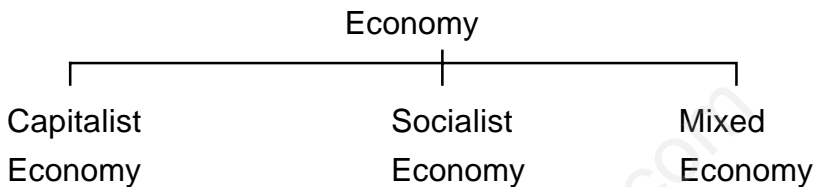
ANSWER OF ONE MARK QUESTIONS

1. Infant mortality rate was 18 per thousand.
2. Life expectancy was 32 years.
3. Infant mortality rate means number of deaths of children below the age of one year per thousand live birth.
4. Dada Bhai Nauroji, & Prof V.K.R.V. Rao.
5. Commercialisation of agriculture means production of crops for sale in the market rather than for self - consumption.
6. (i) To get raw materials from India at cheap rate.
(ii) To sell British manufactured goods in Indian market at high prices.
7. Jute and textile industries.
8. When export of a country is more than import.
9. 10% in secondary sector and 18% in tertiary sector.

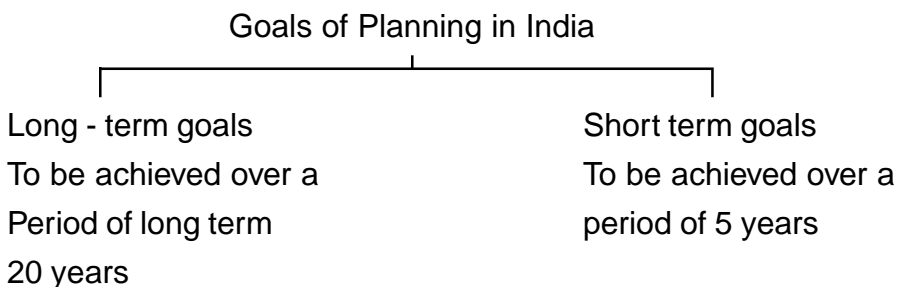
Indian Economy 1950-1990
INDEPENDENCE

ECONOMY :

An economy is an organisation of economic activities which provide people with the means to work and earn a living.



- * Capitalist economy : In which major economic decisions (what to produce, how to produce and for whom to produce) are left to the free play of the market forces.
- * Socialist economy : In which major economic decisions are taken by the Govt. keeping in view the collective interest of the society as a whole.
- * Mixed Economy : In which major economic decisions are taken by the central Govt. authority as well as are left to the free play of the market forces.
- * Economic Planning : Means utilisation of country's resources in different development activities in accordance with national priorities.



LONG TERM GOALS / OBJECTIVES OF PLANNING

- | | | | |
|----|-----------------|---|----------------------------------------------------------------------------------------------------------------------|
| A. | Modernisation | - | Adoption of new technology |
| B. | Self reliance | - | Reducing dependence on imports. |
| C. | Economic Growth | - | Increase in the aggregate output of Goods & services. |
| D. | Equity | - | reduction inequality of income or wealth |
| E. | Full employment | - | Refers to a situation when all the people in the working age group are actually engaged in some gainfull employment. |

SHORT TERM GOELS / OBJECTIVES OR OBJECTIVES OF FIVE YEAR PLANS

Short term objectives vary from plan to plan depending on current needs of the country. For example first plan (1951-56) focused on higher agricultural production while in second plan (1956-61) shifted the focus from agriculture to Industry. In India growth and equity are the objectives of all the five year plans. The goal of current five year plan (11th, 2007-2012) is faster, broad-based and inclusive growth.