



INDIAN ECONOMY UNDER COLONIAL RULE

History

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ABSTRACT

India which is an important part of Asia and the world. It remains a cultivate land from the beginning. It was the economy of India that attracted foreigners. With the passage of time India became the colony of foreigners. They exploited India for a long time of their colonial rule. During the colonial rule Indians faced many problems.

KEYWORDS:

Economy, Economic Drain, Deindustrialization

In the 18th century the disintegration of Mughal empire inevitably brought about economic disruption and fragmentation. During this time new agencies sprang up. Cultivation and production was affected. European trading companies dabbled in politics and profited from the administrative and political confusion. These trading companies came India as traders but with the passage of time they affected Indian polity, economy and social structure. They have started their colonial rule in India.

A great scholar and Marxist dialectician R.P. Dutt has analysed three periods of imperialist rule in the history of India-

- Period of merchant capital
- Period of industrial capital
- Period of finance capital

Britishers came India as the traders of east India company in 1600 AD. With the victory in the battle of Plassey in 1757 AD. The east India company became more powerful. The merchant companies aimed at a large profit margin. This could only be possible through –monopoly control over trade and elimination of all possible rivals. Purchase of goods at cheap rates and sale at high rates. Monopoly over trade and sale/purchase of goods could be achieved if Britishers could established political control over the countries they traded with.

For this purpose English East India company aimed at elimination of all European rivals viz, Dutch and French company, from the Indian trade. British east India company fought various wars against Indian princes of Bengal, Mysore, Maratha and with other Indian powers. Economic drain during colonial period

The constant flow of wealth from India to England started. Indian national leaders and economists described it as drain of wealth from India. The drain mainly consisted of the following;

- Home charges
- Interest on foreign capital investment.
- Foreign banking, insurance and shipping companies.

Home charges which were 10-13% of this average revenue of India before revolt of 1857 ad. After revolt it shot up to 24% in the period of 1897-1901 AD, 40% of the total revenue of the central government during 1921-1922 AD. Interest on foreign capital investment and foreign banking, shipping and insurance services India had to make huge payments. Apart from constituting a drain on Indian resources, unrestricted activities of these foreign companies stunted the growth of Indian enterprise.

The estimated drain at \$500-\$1000 million between 1757-1815AD. \$ 4221611 p.a. between 1835-1851AD. \$ 1500 million during 1865-66AD. \$130-\$140 Million in 1930's. Dada Bhai Nairoji described the wealth of drain as the " evils of all evils". In the letter to Sunderland in 1905 AD he wrote, "the lots of India in a very sad one Her condition is that of master and a slave; but it is worse; it is that of a plundered nation in the hands of constant plunders with the plunder carried away clean out the land..... the British invasion in continuous and the plunder goes right on."

" Our system acts very much like a sponge, drawing up all the good things from the banks of the Ganges, and squeezing them down on the

banks of the Thames."

-John Sullivan , president, board of

revenue, Madras .

Industry during colonial period

During the first half of the 19th century India under colonial rule suffered a period of industrial decline. In India the main industries were indigo, tea, coffee, cotton, jute, coal-mines etc. Industries that were under western countries were experiencing industrialization. But India's traditional handicraft industry decayed beyond recovery. Poverty of Indians, lack of engineers in India. Imperlistic policy of the British government in India etc were the causes of deindustrialization of Indian industries.

With deindustrialization, Indian economy tender to become more and more agricultural. Millions of manufacturing classes in industrial town like Dacca , Murshidabad, Surat and other places were rendered jobless and drifted from town to village for a livelihood. The industrial revolution had brought about a change in the pattern of England's economic development. these developments called for a change in methods of British colonial exploitation India and the need was felt to replace mercantile capitalism by free trade capitalism.

In the later half of the 19th century Indian agriculture was the emergence of the commercialization of agriculture. Now agriculture began to be influenced by commercial consideration. Commercial crops like cotton, jute. Groundnuts, sugarcane, tobacco, oilseeds were more remunerable than food grain. For the Indian peasant, commercialization seemed a forced process. Numerous poor cultivators exploited by money-lenders.

The first world war proved a boom for Indian industrialists and gave Indian industries protection against foreign competition. Another impact of war was the quickening in the pace of political awakening and the Indian demand for protection of Indian industries out of patriotic considerations. The end of war in 1918 brought in focus the question of protection of Indian industry. Some remedial measures were adopted- government appointed a store Purchase Committee in Dec 1919. The Montagu Chelmsford reforms favoured a fiscal autonomy for India. Oct 1921, the government appointed a fiscal commission under the chairmanship of Sir Ibrahim Rahimtoola. The commission recommended the establishment of trade and industry and also establishment of a Tariff Board to consider applications for fiscal protection.

The second world war brought a period of scarcity and famine conditions for the general population but a period of super profit for the Indian businessman. During the war the existing capitalist enterprises did not expand much nor new enterprises came into existence for the necessary plant. All the same, war-time extra ordinary profits helped the Indian capitalist to considerably expand his activities in various directions. All such developments made big business houses bigger still before the war ended in 1945. In 1945 new Tariff Board was set up to examine claims of industries for protection but it was considered insufficient.

Conclusion

Thus under the colonial rule Indian economy suffered a lot . Indian handicraft, small scale industry destroyed during colonial period. In

1947 Britishers left India. When Britain quit India, it left behind an economy reeling under centuries of colonial exploitation. under colonial rule western powers exploited India a lot.

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