

ECONOMIC IMPACT OF THE BRITISH RULE

British colonialism established its firm roots in India in three stages, each stage representing a different pattern of subordination of colony and consequently different colonial policies, ideologies, impact and the response of colonial people.

Period of Mercantilism (1757-1813) The objectives of the British during this time were monopoly of trade and direct appropriation of revenue. The main features were as follows: very strong element of plunder and direct seizure of power, absence/of large-scale import of British goods, no basic changes in the colony's administration, judiciary, culture, and economy and so on.

Period of Laissez. Faire (1813-1860) The main features of this period were determination of the administrative policies and economic structure of the colony by the interests of the industrial bourgeoisie of the metropolis making colony a subordinate trading partner which would export raw materials and import manufactured goods, transformation of the colony's economy, polity, administration, society, culture and ideology under the guise of development and modernization in order to exploit for furthering British interests.

Finance Imperialism (1860-1947) This period was marked by the intense struggle for new, secure and exclusive markets and sources of raw materials among the industrialized countries, the consequent export of capital by these countries to the colonies, replacement of liberal policies by reactionary ones in the administration of colonies.

Drain of Wealth

The British, very systematically, took away resources and wealth from India. Economists like R. C. Dutt, Dadabhai Naoroji and others have termed this systematic act of the British as Economic Drain or the drain of wealth. The Theory of Drain was propounded by the nationalist thinkers of India. Their objective was to study the main causes of poverty in India. The term Drain implied to 'the unrequited surplus of exports

over imports that was transferred to England'. The colonial rule was typically characterized by drain. The movement of resources from India to England either without offering anything in return or offering only a small part of such movement of resources can be described as the Drain of resources from India. Dadabhai Naoroji in his book Poverty and Un-British Rule in India (1871) drew the attention of the masses towards this trend. He tried to explain the causes of the drain, to assess the amount of the drain and to trace the impacts of such drain; through his book he tried to bring out the fact that the existing mass poverty in India was the result of the drain of resources from India to England.

Forms of Drain of Wealth

As per Dadabhai Naoroji, the following were the forms of drain of wealth:

1. Payments to England by Europeans, for the support of families and education of children.
2. Payments of savings by employees of company, since most employees preferred to Invest at home.
3. Payments for purchase of British goods to the consumption of British employees as well as purchases by them of British goods.
4. Government expenditures for purchase of stores produced in Britain.
5. Charges of interest on public debt held in Britain.
6. The government of the India had to make: huge expenses for maintaining political, administrative and commercial connections established between India and England.

Such commitments made were known as Home. They included interest on public debt raised.

They included interest on public debt raised in England at comparatively higher rates, annuities on account of railway and irrigation works, payment in connection with civil departments where Englishmen were employed, India Office expenses including pensions to retired officials who had worked in India or who had worked for India in England and retired there, and pensions to army and naval personnel and their payments.

Commercialization of Agriculture

Commercial agriculture that is the production of crops for sale rather than for own consumption, grew because of a variety of reasons. One basic reason was the constant need of the peasants under the new land systems to find ways of getting money to meet the mounting demand put upon them by the state. The peasants started growing only specific crops. The land in groups of villages was solely used, because of its special suitability, for the cultivation of a single agricultural crop such as cotton, jute, wheat, sugarcane and oil seeds. Another basic reason for the rapid growth in the cultivation of cash crops was that the British government of India encouraged this. With the rise of modern industries in England, the necessity of raw materials for those industries grew. The British government in India pursued economic policies which expanded the area for growth of such raw materials as needed by the British industries. The government gradually improved the means of transport which made commerce in agriculture more widespread. Thus, the government accelerated the commercialization and specialization of Indian agriculture.

Results of the commercialization and specialization of agriculture also disrupted the unity of agriculture and industry in the traditional Indian village. Thus the older rural framework of India, weakened by the new land system, was shattered by the spread of commercial agriculture

Commercialization adversely affected even the economic position of the agriculturist. As he now started produce for the Indian and world market, he became subject to all vicissitudes of erratic market. He had to compete with, formidable international rivals like the big agrarian trusis, of America, Europe and Australia which produced on a mass scale by means of all modern agricultural machinery, while Indian agriculturist has to cultivate his small strip of land by means of the labour power of bullocks and the primitive plough. Further, the commercialization made him dependent, for the sale of his product, on the middlemen, the merchants. The merchant by his superior economy position took full advantage of the poverty of the peasant. The poor peasant had to sell his product to the middleman at the harvest time to meet

the revenue claims of the Mate and also the claims of the moneylender. This transaction originating in sheer necessity brought a less amount to the peasant than it would have if he waited. The middleman thus appropriated a very large share of the profit.

Deindustrialization

The industries which were worst affected by the policies of the British were the cotton weaving and spinning industries, silk and woollen industries, pottery, glass, paper, metal, shipping, oil-pressing, tanning and dyeing industries. The poor state of the Indian handicraft industry can be ascribed to the following causes;

1. Influx of foreign goods with the adoption of the policy of one-way free trade by the British.
2. The construction of railways which enabled the British manufacturers to reach the remotest villages of the country
3. The oppression practiced by the East India Company and its servants on the craftsmen in forcing them to sell their goods below the prevailing wage.
4. The loss of European markets to Indian manufacturers due to the imposition of high import duties and other restrictions on the import of Indian goods.
5. The gradual disappearance of Indian rulers and their courts, who were the main customers of town handicrafts.
6. Rise in the prices of raw materials due to the British policy of exporting raw materials.

The downslide in Indian industries resulted in the following;

- Depopulation and ruin of towns and cities which were famous for their manufactures.
- Increase in unemployment due to the absence of the growth of modern industries.
- Breaking of the union between agriculture and domestic industry in the countryside which in turn led to the destruction of the self-sufficient village economy.

- Overcrowding of agriculture by the ruined artisans, thus adding to the general pressure on land.

GK Study Materials [PDF Download](#)

All subject Study Materials [PDF Download](#)

2018 Current Affairs Download – [PDF Download](#)

Whatsapp Group



[Click Here](#)

Telegram Channel



[Click Here](#)

Join Us on FB : English – [Examsdaily](#)

Follow US on  Twitter - [Examsdaily](#)