

Economic Impact of the British Rule

THE British conquest had a pronounced and profound economic impact on India. There was hardly any aspect of the Indian economy that was not changed for better or for worse during the entire period of British rule down to 1947.

DISRUPTION OF THE TRADITIONAL ECONOMY

The economic policies followed by the British led to the rapid transformation of India's economy into a colonial economy whose nature and structure were determined by the needs of the British economy. In this respect the British conquest differed from all previous foreign conquests. The previous conquerors had overthrown Indian political powers but had made no basic changes in the country's economic structure; they had gradually become a part of Indian life, political as well as economic. The peasant, the artisan, and the trader had continued to lead the same type of existence as before. The basic economic pattern, that of the self-sufficient village economy, had been perpetuated. Change of rulers had merely meant change in the personnel of those who appropriated the peasant's surplus. But the British conquerors were entirely different. They totally disrupted the traditional structure of the Indian economy. Moreover they never became an integral part of Indian life. They always remained foreigners in the land, exploiting Indian resources and carrying away India's wealth as tribute.

The results of this subordination of the Indian economy to the interests of British trade and industry were many and varied.

Ruin of Artisans and Craftsmen

There was a sudden and quick collapse of the urban handicrafts which had for centuries made India's name a byword in the markets of the entire civilised world. This collapse was caused largely by competition with the cheaper imported machine-goods from Britain. As we have seen earlier, the British imposed a policy of one-way free trade on India after 1813 and the invasion of British manufactures, in particular cotton textiles, immediately followed. Indian goods made with primitive techniques could not compete with goods produced on a mass scale by powerful steam-operated machines.

The ruin of Indian industries, particularly rural artisan industries, proceeded even more rapidly once the railways were built. The railways enabled British manufactures to reach, and uproot the traditional industries in the remotest villages of the country. As the American writer, D. H. Buchanan, has put it, "The Armour of the isolated Self-sufficient village was pierced by the steel 'rail, and its life blood ebbed away."

The cotton weaving and spinning industries were the worst hit. Silk and woollen textiles fared no better and a similar fate overtook the iron, pottery, glass, paper, metals, shipping, oil-pressing, tanning and dyeing industries.

Apart from the influx of foreign goods, some other factors arising out of British conquest also contributed to the ruin of Indian industries. The oppression practised by the East India Company and its servants on the craftsmen of Bengal during the second half of the 18th century, forcing them to sell their goods below the market price and to hire their services below the prevailing wage, compelled a large number of them to abandon their ancestral

professions In the normal course Indian handicrafts would have benefited from the encouragement given by the company to their export, but this oppression had an opposite effect.

The high import duties and other restrictions imposed on the import of Indian goods into Britain and Europe during the 18th and 19th centuries, combined with the development of modern manufacturing industries in Britain, led to the virtual closing of the European markets to Indian manufacturers after 1820. The gradual disappearance of Indian rulers and their courts who were the main customers of town handicrafts also gave a big blow to these industries. For instance, the production of military weapons depended entirely on the Indian states. The British purchased all their military and other government stores in Britain. Moreover, Indian rulers and nobles were replaced as the ruling class by British officials and military officers who patronised their own home-produced goods almost exclusively. The British policy of exporting raw materials also injured Indian handicrafts by raising the prices of raw materials like cotton and leather. This increased the cost of handicrafts and reduced their capacity to compete with foreign goods.

The ruin of Indian handicrafts was reflected in the ruin of the towns and cities which were famous for their manufactures. Cities which had withstood¹ the ravages of war and plunder failed to survive British rule. Dacca, Surat, Murshidabad and many other populous and flourishing industrial centres were depopulated and laid waste. William Bentinck, the Governor-General, reported in 1834-35:

The misery hardly finds a parallel in the history of commerce. The bones of the cotton-weavers are bleaching the plains of India.

The tragedy was heightened by the fact that the decay of the traditional industries was not accompanied by the growth of modern machine industries as was the case in Britain and western Europe. Consequently, the ruined handicraftsmen and artisans failed to find alternative employment. The only choice open to them was to crowd into agriculture. Moreover, the British rule also upset the balance of economic life in the villages. The gradual destruction of rural crafts broke up the union between agriculture and domestic industry in the countryside and thus contributed to the destruction of the self-sufficient village economy. On the one hand, millions of peasants, who had supplemented their income by part-time spinning and weaving, now had to rely overwhelmingly on cultivation; on the other, millions of rural artisans lost their traditional livelihood and became agricultural labourers or petty tenants holding tiny plots. They added to the general pressure on land.

Thus British conquest led to the deindustrialisation of the country and increased dependence of the people on agriculture. No figures for the earlier period are available but, according to Census Reports, between 1901 and 1941 alone the percentage of population dependent on agriculture

increased from 63.7 per cent to 70 per cent. This increasing pressure on agriculture was one of the major causes of the extreme poverty of India under British rule.

In fact India now became an agricultural colony of manufacturing Britain which needed it as a source of raw materials for its industries. Nowhere was the change more glaring than in the cotton textile industry. While India had been for centuries the largest exporter of cotton goods in the world, it was now transformed into an importer of British cotton products and an exporter of raw cotton.

Impoverishment of the Peasantry

The peasant was also progressively impoverished under British rule. In spite of the fact that he was now free of internal wars, his material condition deteriorated and he steadily sank into poverty.

In the very beginning of British rule in Bengal, the policy of Clive and Warren Hastings of extracting the largest possible land revenue had led to such devastation that even Cornwallis complained that one-third of Bengal had been transformed into "a jungle inhabited only by wild beasts." Nor did improvement occur later. In both the Permanently, and the Temporarily Settled Zamindari areas, the lot of the peasants remained unenviable. They were left to the mercies of the zamindars who raised rents to unbearable limits, compelled them to pay illegal dues and to perform forced labour or *begat*, and oppressed them in diverse other ways.

The condition of the cultivators in the Ryotwari and Mahalwari areas was no better. Here the Government took the place of the zamindars and levied excessive land revenue which was in the beginning fixed as high as one-third to one-half of the produce. Heavy assessment of land was one of the main causes of the growth of poverty and the deterioration of agriculture in the 19th century. Many contemporary writers and officials noted this fact. For instance, Bishop Heber wrote in 1826:

Neither Native nor European agriculturist, I think, can thrive at the present rate of taxation. Half of the gross produce of the soil is demanded by Government. . . In Hindustan (Northern India) I found a general feeling among the King's officers . . . that the peasantry in the Company's Provinces are on the whole worse off, poorer and more dispirited than the subjects of the Native Provinces; and here in Madras, where the soil is, generally speaking, poor, the difference is said to be still more marked. The fact is, no Native Prince demands the rent which we do.

Even though the land revenue demand went on increasing year after year—it increased from Rs. 15.3 crores in 1857-58 to Rs. 35.8 crores in 1936-37—the proportion of the total produce taken as land revenue tended to decline as the prices rose and production increased. No proportional increase in land revenue was made as the disastrous consequences of demanding extortionate revenue became obvious. But by now the population pressure on agriculture had increased to such an extent that the lesser revenue demand of later years

weighed on the peasants as heavily as the higher revenue demand of the earlier years of the Company's administration.

The evil of high revenue demand, was made worse by the fact that the peasant got little economic return for it. The Government spent very little on improving agriculture. It devoted almost its entire income to meeting the needs of British-Indian administration, making the payments of direct and indirect tribute to England, and serving the interests of British trade and industry. Even the maintenance of law and order tended to benefit the merchant and the money-lender rather than the peasant.

The harmful effects of an excessive land revenue demand were further heightened by the rigid manner of its collection. Land revenue had to be paid promptly on the fixed dates even if the harvest had been below normal or had failed completely. But in bad years the peasants* found it difficult to meet the revenue demand even if they had to do so in good years. ■

Whenever the peasants failed to pay land revenue (Go^WKtneW

put up his land on sale to collect the arrears of revenue. But in most cases the peasant himself took this step and sold part of his land to meet in time the government demand. In either case he lost his land.

More often the inability to pay revenue drove the peasant to borrow money at high rates of interest from the money-lender. He preferred getting into debt by mortgaging his land to a money-lender or to a rich peasant neighbour to losing it outright. He was also forced to go to the money-lender whenever he found it impossible to make his two ends meet. But once in debt he found it difficult to get out of it. The money-lender charged high rates of interest and through cunning and deceitful measures, such as false accounting, forged signatures, and making the debtor sign for larger amounts than he had borrowed, got the peasant deeper and deeper into debt till he parted with his land.

The money-lender was greatly helped by the new legal system and the new revenue policy. In pre-British times, the money-lender was subordinated to the village community. He could not behave in a manner totally disliked by the rest of the village. For instance, he could not charge usurious rates of interest. In fact, the rates of interest were fixed by usage and public opinion. Moreover he could not seize the land of the debtor; he could at most take possession of the debtor's personal effects like jewellery or parts of his standing crop. By introducing transferability of land the British revenue system enabled the money-lender or the rich peasant to take possession of land. Even the benefits of peace and security established by the British through their legal system and police were primarily reaped by the money-lender in whose hands the law placed enormous power; he also used the power of the purse to turn the expensive process of litigation in his favour and to make the police serve his purposes. Moreover, the literate and shrewd money-lender could easily take advantage of the ignorance and illiteracy of the peasant to twist the complicated processes of law to get favourable judicial decisions.

Gradually the cultivators in the Ryotwari and Mahalwari areas sank deeper and deeper into debt and more and more land passed into the hands of money-lenders, merchants, rich peasants and other moneyed classes. The process was repeated in the zamindari areas where the tenants lost their tenancy rights and were ejected from the land or became subtenants of the money-lender.

The process of transfer of land from cultivators was intensified during periods of scarcity and famines. The Indian peasant hardly had any savings for critical times and whenever crops failed he fell back upon the money-lender not only to pay land revenue but also to feed himself and his family.

By the end of the 19th century the money-lender had become a major curse of the countryside and an important cause of the growing poverty of the rural people. In 1911 the total rural debt was estimated at Rs.300 crores. By 1937 it amounted to Rs. 1,800 crores. The entire process became a vicious circle. The pressure of taxation and growing poverty pushed the cultivators into debt which in turn increased their poverty. In fact, the cultivators often failed to understand that the money-lender was an inevitable cog in the mechanism of imperialist exploitation and turned their anger against him as he appeared to be the visible cause of their impoverishment. For instance, during the Revolt of 1857, wherever the peasantry rose in revolt, quite often its first target of attack was the money-lender and his account books. Such peasant actions soon became a

common occurrence.

The growing commercialisation of agriculture also helped the money-lender-cum-merchant to exploit the cultivator. The poor peasant was forced to sell his produce just after the harvest and at whatever price he could get as he had to meet in time the demands of the Government, the landlord, and the money-lender. This placed him at the mercy of the grain merchant, who was in a position to dictate terms and who purchased his produce at much less than the market price. Thus a large share of the benefit of the growing trade in agricultural products was reaped by the merchant, who was very often also the village money-lender.

The loss of land and the over-crowding of land caused by de-industrialisation and lack of modern industry compelled the landless peasants and ruined artisans and handicraftsmen to become either tenants of the money-lenders and zamindars by paying rack-rent or agricultural labourers at starvation wages. Thus the peasantry was crushed under the triple burden of the Government, the zamindar or landlord, and the money-lender. After these three had taken their share not much was left for the cultivator and his family to subsist on. It has been calculated that in 1950-51 land rent and money-lenders' interest amounted to Rs. 1400 crores or roughly equal to one-third of the total agricultural produce for the year. The result was that the impoverishment of the peasantry continued as also an increase in the incidence of famines. People died in millions whenever droughts or floods caused failure of crops and produced scarcity.

Ruin of Old Zamindars and Rise of New Landlordism

The first few decades of British rule witnessed the ruin of most of the old zamindars in Bengal and Madras. This was particularly so with Warren Hastings' policy of auctioning the right of revenue collection to the highest bidder. The Permanent Settlement of 1793 also had a similar effect in the beginning. The heaviness of land revenue—the Government claimed ten-elevenths of the rental—and the rigid law of collection, under which the zamindari estates were ruthlessly sold in case of delay in payment of revenue, worked havoc for the first few years. Many of the great zamindars of Bengal were utterly ruined. By 1815 nearly half of the landed property of Bengal had been transferred from the old zamindars, who had resided in the villages and who had traditions of showing some consideration to their tenants, to merchants and other moneyed classes, who usually lived in towns and who were quite ruthless in collecting to the last pie what was due from the tenant irrespective of difficult circumstances. Being utterly unscrupulous and possessing little sympathy for the tenants, they began to subject the latter to rack-renting and ejection.

The Permanent Settlement in North Madras and the Ryotwan Settlement in the rest of Madras were equally harsh on the local zamindars.

But the condition of the zamindars soon improved radically. In order to enable the zamindars to pay the land revenue in time, the authorities increased their power over the tenants by extinguishing the traditional rights of the tenants. The zamindars now set out to push up the rents to the utmost limit. Consequently,

they rapidly grew in prosperity.

In the Ryotwan areas too the system of landlord-tenant relations spread gradually. As we have seen above, more and more land passed into the hands of money-lenders, merchants, and rich peasants who usually got the land cultivated by tenants. One reason why the Indian moneyed classes were keen to buy land and become landlords was the absence of effective outlets for investment of their capital in industry. Another process through which this landlordism spread was that of subletting. Many owner-cultivators and occupancy tenants, having a permanent right to hold land, found it more convenient to lease out land to land-hungry tenants at exorbitant rent than to cultivate it themselves. In time, landlordism became the main feature of agrarian relations not only in the zamindari areas but also in the Ryotwari areas.

A remarkable feature of the spread of landlordism was the growth of subinfeudation of intermediaries. Since the cultivating tenants were generally unprotected and the overcrowding of land led tenants to compete with one another to acquire land, the rent of land went on increasing. The zamindars and the new landlords found it convenient to sublet their right to collect rent to other eager persons on profitable terms. As rents increased, sub-leasers of land in their turn sublet their rights in land. This by a process a large number of rent-receiving intermediaries between the actual cultivator and the government sprang up. In some cases in Bengal their number went as high as fifty ! This condition of the helpless cultivating tenants had ultimately to bear the unbearable burden of maintaining this horde of superior landlords was precarious beyond imagination, many of them were little better than slaves.

An extremely important consequence of the rise and growth of zamindars and landlords was the political role they played during India's struggle for independence. Along with the princes of protected states they became the chief political supporters of the foreign rulers and opposed the rising national movement. Realising that they owed their existence to British rule, they tried hard to maintain and perpetuate it.

Stagnation and Deterioration of Agriculture

As a result of overcrowding of agriculture, excessive land revenue demand, growth of landlordism, increasing indebtedness, and the growing impoverishment of the cultivators, Indian agriculture began to stagnate and even deteriorate resulting in extremely low yields per acre.

Overcrowding of agriculture and increase in subinfeudation led to subdivision and fragmentation of land into small holdings most of which could not maintain their cultivators. The extreme poverty of the overwhelming majority of peasants left them without any resources with which to improve agriculture by using better cattle and seeds, more manure and fertilizers, and improved techniques of production. Nor did the cultivator, rack-rented by both the Government and the landlord, have any incentive to do so. After all the land he cultivated was rarely used properly and the bulk of the benefit which agricultural improvements would bring was likely to be reaped by the horde of absentee landlords and money-

lenders. Subdivision and fragmentation of land also made it difficult to effect improvements.

In England and other European countries the rich landlords often invested capital in land to increase its productivity with a view to share in the increased income. But in India the absentee landlords, both old and new, performed no useful function. They were mere rent-receivers who had often no roots in land and who took no personal interest in it beyond collecting rent; They found, it possible, and therefore preferred, to increase their income by further squeezing their tenants rather than by making productive investments in their lands.

The Government could have helped in improving and modernising agriculture. But the Government refused to recognise any such responsibility. A characteristic of the financial system of British India was that, while the main burden of taxation fell on the shoulders of the peasant, the Government spent only a very small part of it on him. An example of this neglect of the peasant and agriculture was the step-motherly treatment meted, put to public works and agricultural improvement. While the Government of India had spent by 1905 over 360 crores of rupees on the railways which were demanded by British business interests, it spent in the same period less than 50 crores of rupees on irrigation which would have benefited millions of Indian cultivators. Even so, irrigation was¹ the only field in which the Government took some steps forward.

At a time when agriculture all over the world was being modernised and revolutionised, Indian agriculture was technologically stagnating, hardly any modern machinery was used. What was worse was that even ordinary implements were centuries old. For example, in 1951, there were only 930,000 iron ploughs in use while wooden ploughs numbered 31.8 million. The use of inorganic fertilizers was virtually unknown, while a large part of animal manure, i.e., cow-dung, night-soil, and cattle bones, was wasted. In 1922-23, only 1.9 per cent of all cropped land was under improved seeds. By 1938-39, this percentage had gone up to only 11%. Furthermore, agricultural education was completely neglected. In 1939 there were only six agriculture colleges with 1,306 students. There was not a single agriculture college in Bengal, Bihar, Orissa, and Sind. Nor could peasants make improvements through self-study. There was hardly any spread of primary education or even literacy in the rural areas.

Development of Modern INDUSTRIES

An important development in the second half of the 19th century was the establishment of large-scale machine-based industries in India. The machine age in India started when cotton textile, jute and coal mining industries were started in the 1850's. The first textile mill was started in Bombay by Cowasjee Nanabhoy in 1853, and the first jute mill in Rishra (Bengal) in 1855. These industries expanded slowly but continuously. In 1879 there were 56 cotton textile mills in India employing nearly 43,000 persons. In 1882 there were 20 jute mills, most of them in Bengal employing nearly 20,000 persons. By 1905, India had 206 cotton mills

employing nearly 196,000 persons. In 1901 there were over 36 jute mills employing nearly 115,000 persons, The coal mining industry employed nearly one lakh persons in 1906. Other mechanical industries which developed during the second half of the 19th and the beginning of the 20th centuries were cotton gins and presses, rice, flour and timber mills, leather tanneries, woollen textiles, paper and sugar mills, iron and steel works, and such mineral industries as salt, mica and saltpetre. Cement, paper, matches, sugar and glass industries developed during the 1930's. But all these industries had a very stunted growth.

Most of the modern Indian industries were owned or controlled by British capital. Foreign capitalists were attracted to Indian industry by the prospects of high profits. Labour was extremely cheap; raw materials were readily and cheaply available; and for many goods, India and its neighbours provided a ready market. For many Indian products, such as tea, jute, and manganese, there was a ready demand the world over. On the other hand, profitable investment opportunities at home were getting fewer. At the same time, the colonial government and officials were willing to provide all help and show all favours.

Foreign capital easily overwhelmed Indian capital in many of the industries. Only in the cotton textile industry did the Indians have a large share from the beginning, and in the 1930's, the sugai industry was developed by the Indians. Indian capitalists had also to struggle from the beginning against the power of British managing agencies and British banks. To enter a field of enterprise, Indian businessmen had to bend before British managing agencies dominating that field. In many cases even Indian-owned companies were controlled by foreign owned or controlled managing agencies. Indians also found it difficult to get credit from banks most of which were dominated by British financiers. Even when they could get loans they had to pay high interest rates while foreigners could borrow on much easier terms. Of course, gradually Indians began to develop their own banks and insurance companies. In 1914 foreign banks held over 70 per cent of all bank deposits in India; by 1937 their share had decreased to 57 per cent. British enterprise in India also took advantage of its close connection with British suppliers of machinery and equipment, shipping, insurance companies, marketing agencies, government officials, and political leaders to maintain its dominant position in Indian economic life. Moreover, the Government followed a conscious policy of favouring foreign capital as against Indian capital.

The railway policy of the Government also discriminated against Indian enterprise; Railway freight rates encouraged foreign imports at the cost of trade in domestic products. It was more difficult and costlier to distribute Indian goods than to distribute imported goods.

Another serious weakness of Indian industrial effort was the almost complete absence of heavy or capital goods industries, without which there can be no rapid and independent development of industries. India had no big plants to produce iron and steel or to manufacture machinery. A few petty repair workshops represented engineering industries and a few iron and brass foundries

represented metallurgical industries. The first steel in India was produced only in 1913. Thus India lacked such basic industries as steel, metallurgy, machine, chemical, and oil. India also lagged behind in the development of electric power.

Apart from machine-based industries, the 19th century also witnessed the growth of plantation industries such as indigo, tea, and coffee. They were almost exclusively European in ownership. Indigo was used as a dye in textile manufacture. Indigo manufacture was introduced in India at the end of the 18th century and flourished in Bengal and Bihar. Indigo planters gained notoriety for their oppression over the peasants who were compelled by them to cultivate indigo. This oppression was vividly portrayed by the famous Bengali writer Dinbandhu Mitra in his play

Neel Darpan in 1860. The invention of a synthetic dye gave a big blow to the indigo industry and it gradually declined. The tea industry developed in Assam, Bengal, Southern India, and the hills of Himachal Pradesh after 1850. Being foreign-owned, it was helped by the Government with grants of rent-free land and other facilities. In time use of tea spread all over India; and it also became an important item of export. Coffee plantations developed during this period in South India.

The plantation and other foreign-owned industries were hardly of much advantage to the Indian people. Their salary profits went out of the country. A large part of their bill was spent on foreigners. They purchased most of their equipment abroad. Most of their technical staff was foreign. Most of their products were sold in foreign markets and the foreign exchange so earned was utilised by Britain. The only advantage that Indians got out of these industries was the creation of unskilled jobs. Most of the workers in these enterprises were, however, extremely low paid, and they worked under extremely harsh conditions for very long hours. Moreover, conditions of near slavery prevailed in the plantations.

On the whole, industrial progress in India was exceedingly slow and painful. It was mostly confined to cotton and jute industries and tea plantations in the 19th century, and to sugar and cement in the 1930's. As late as 1946, cotton and jute textiles accounted for 40 per cent of all workers employed in factories. In terms of production as well as employment, the modern industrial development of India was paltry compared with the economic development of other countries or with India's economic needs. It did not, in fact, compensate even for the displacement of the indigenous handicrafts; it had little effect on the problems of poverty and over-crowding of land. The paltriness of Indian industrialisation is brought out by the fact that out of a population of 357 millions in 1951 only about 2.3 millions were employed in modern industrial enterprises. Furthermore, the decay and decline of the urban and rural handicraft industries continued unabated after 1858. The Indian Planning Commission has calculated that the number of persons engaged in processing and manufacturing fell from 10.3 millions in 1901 to 8.8 millions in 1951 even though the population increased by nearly 40 per cent. The Government made no effort to protect, rehabilitate, reorganise, and modernise

these old indigenous industries.

Moreover, even the modern industries had to develop without government help and often in opposition to British policy. British manufacturers looked upon Indian textile and other industries as their rivals and put pressure on the Government of India not to encourage but rather to actively discourage industrial development in India. Thus British policy artificially restricted and slowed down the growth of Indian industries'.

Furthermore, Indian industries, still in their period of infancy, needed protection. They developed at a time when Britain, France, Germany, and the United States had already established powerful industries and could not therefore compete with them. In fact, all other countries, including Britain, had protected their infant industries by imposing heavy customs duties on the imports of foreign manufactures. But India was not a free country. Its policies were determined in Britain and in the interests of British industrialists who forced a policy of Free Trade upon their colony. For the same reason the Government of India refused to give *any* financial or other help to the newly founded Indian industries as was being done at the time by the governments of Europe and Japan for their own infant industries. It would not even make adequate arrangements for technical education which remained extremely backward until 1950 and further contributed to industrial backwardness. In 1939, there were only 7 engineering colleges with 2,217 students in the country. Many Indian projects, for example, those concerning the construction of ships, locomotives, cars, and aeroplanes, could not get started because of the Government's refusal to give any help.

Finally, in the 1920's and 1930's, under the pressure of the rising nationalist movement and the Indian capitalist class the Government of India was forced to grant some tariff protection to Indian industries. But, once again, the Government discriminated against Indian-owned industries. The Indian-owned industries such as cement, iron and steel, and glass were denied protection or given inadequate protection. On the other hand, foreign dominated industries, such as the match industry, were given the protection they desired. Moreover, British imports were given special privileges under the system of 'imperial preferences' even though Indians protested vehemently.

Another feature of Indian industrial development was that it was extremely lopsided regionally. Indian industries were concentrated only in a few regions and cities of the country. Large parts of the country remained totally underdeveloped. This unequal regional economic development not only led to wide regional disparities in income but also affected the level of national integration. It made the task of creating a unified Indian nation more difficult.

An important social consequence of even the limited industrial development of the country was the birth and growth of two new social classes in Indian society—the industrial capitalist class and the modern working class. These two classes were entirely new in Indian history because modern mines, industries, and means of transport were new. Even though these classes formed a very small part of the Indian population, they represented new technology, a new system of economic organisation, new social relations, new ideas, and a new outlook. They were not weighed down by the burden of old traditions, customs, and styles of life. Most of all, they possessed an all-India outlook. Moreover, both of them

were vitally interested in the industrial development of the country. Their economic and political importance and roles were therefore out of all proportion to their numbers.

POVERTY AND FAMINES

A major characteristic of British rule in India, and the net result of British economic policies, was the prevalence of extreme poverty among its people. While historians disagree on the question whether India was getting poorer or not under British rule, there is no disagreement on the fact that throughout the period of British rule most Indians always lived on the verge of starvation. As time passed, they found it more and more difficult to find employment or a living, British economic exploitation, the decay of indigenous industries, the failure of modern industries to replace them, high taxation, the drain of wealth to Britain, and a backward agrarian structure leading to the stagnation of agriculture and the exploitation of the poor peasants by the zamindars, landlords, princes, money-lenders, merchants, and the state gradually reduced the Indian people to extreme poverty and prevented them from progressing. India's colonial economy stagnated at a low economic level.

The poverty of the people found its culmination in a series of famines which ravaged all parts of India in the second half of the 19th century. The first of these famines occurred in Western U.P. in 1860-61 and cost over 2 lakh lives. In 1865-66 a famine engulfed Orissa, Bengal, Bihar, and Madras and took a toll of nearly 20 lakh lives, Orissa alone losing 10 lakh people. More than 14 lakh persons died in the famine of 1868-70 in Western U.P., Bombay, and the Punjab. Many states in Rajputana, another affected area, lost 1/4th to 1/3rd of their population.

Perhaps the worst famine in Indian history till then occurred in 1876-78 in Madras, Mysore, Hyderabad, Maharashtra, Western U. P, and the Punjab. Maharashtra lost 8 lakh people, Madras nearly 35 lakhs, Mysore nearly 20 per cent of its population, and U. P. over 12 lakhs. Drought led to a country-wide famine in 1896-97 and then again in 1899-1900. The famine of 1896-97 affected over 9.5 crore people of whom nearly 45 lakhs died. The famine of 1899-1900 followed quickly and caused widespread distress. In spite of official efforts to save lives through provision of famine relief, over 25 lakh people died. Apart from these major famines, many other local famines and scarcities occurred. William Digby, a British writer, has calculated that, in all, over 28,825,000 people died during famines from 1854 to 1901. Another famine in 1943 carried away nearly 3 million people in Bengal. These famines and the high losses of life in them indicate the extent to which poverty and starvation had taken root in India.

Many English officials in India recognised the grim reality of India's poverty during the 19th century. For example, Charles Elliott, a member of the Governor-General's Council, remarked:

I do not hesitate to say that half the agricultural population do not faow from one year's end to another what it is to have a full meal.

And William Hunter, the compiler of the Imperial Gazetteer, conceded that “forty million of the people of India habitually go through life on insufficient food.” The situation became still worse in the 20th century. The quantity of food available to an Indian declined by as much as 29 per cent in the 30 years between 1911 and 1941.

There were many other indications of India’s economic backwardness and impoverishment. Colin Clark, a famous authority on national income, has calculated that during the period 1925-34, India and China had the lowest per capita incomes in the world. The income of an Englishman was 5 times that of an Indian. Similarly, average life expectancy of an Indian during the 1930’s was only 32 years in spite of the tremendous progress that modern medical sciences and sanitation had made. In most of the western European and north American countries, the average age was already over 60 years.

India’s economic backwardness and poverty were not due to the niggardliness of nature. They were man-made. The natural resources of India were abundant and capable of yielding, if properly utilised, a high degree of prosperity to the people. But, as a result of foreign rule and exploitation, and of a backward agrarian and industrial economic structure, —in fact as the total outcome of its historical and social development— India presented the paradox of a poor people living in a rich country.

EXERCISES

1. How was India transformed into an economic colony under British rule?
2. Examine critically the impact of British policies on the Indian peasant. How did it lead to the spread of landlordism?
3. Discuss the main features of the development of modern industries in India.
4. Write short notes on:
 - (a) The ruin of old zamindars;
 - (b) Stagnation in agriculture;
 - (c) Poverty and famines in modern India.