

**Study of the British Period (1800 AD to  
1947 AD)**

*Economy and Politics*

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## Viewpoints of Economic & Political conditions of British India

- Colonization managed to destroy the village culture. Changes that took place at the village level due to economic forces under British rule led to uncertainty and flux. The transition from rural agricultural lifestyle to urban industrial working environments had wide-ranging effects on the people. Industries disappeared and villagers adapted to part-time work arrangements, thus the traditional occupation practices were lost forcing people to become wage based labor force.
- British succeeded in creating a convenient ***middle class***, who became subservient to the empire, they also became ***money lenders***.
- British engage in exporting raw material and food grains from India and importing manufactured products from British at the cost of causing artificial famines.
- Changes in the Land system, commercialization of agriculture, higher taxes made ***farmers landless***.
- Resistance to colonization did occur in interior India by the indigenous people. The educated middle class awakened, ***Indian National Congress*** formed and revolted against the colonization, eventually gaining freedom.
- Colonization did bring a new education system, new developments in railway system. Although the East India Company helped modernize trade practices by encouraging free trade, providing infrastructure, transportation etc. but their rule transferred significant capital from India to England resulting in ***massive drain of our economy***. And therefore when the colonial rule ended, India inherited poor economy in the developing world.

# Land Revenue model

- The major source of revenue during the colonial period was land. Land revenue accounted for about 60% of total British Government revenue. Thus, land revenue and its collection were the most important policy issues during the colonial period.
- During Mughal's tax-collector's/ nawabs/zamindars grabbed power where they become de-facto hereditary landlords in their local areas. Thus a new middle class having property rights over the land emerged. Existing cultivable before the British had a three-tiered framework of rights :
  - Right to cultivate - Peasant rights (individual, village)
  - Right to collect taxes - Zamindars (tax collectors, military officers)
  - Right to grant these taxation rights (king)
- Cultivable land during British India fell under one of three alternative systems:
  - Permanent Settlement
  - Ryotwari
  - Mahalwari
- **Private property as a modern concept did not exist**, as the King was, in the end, the sole proprietor of the land, and all tax collectors were officers of the state.

# Types of settlements In Land

\* *Permanent Zamindari settlements*

\* *Raiyatwari settlement*

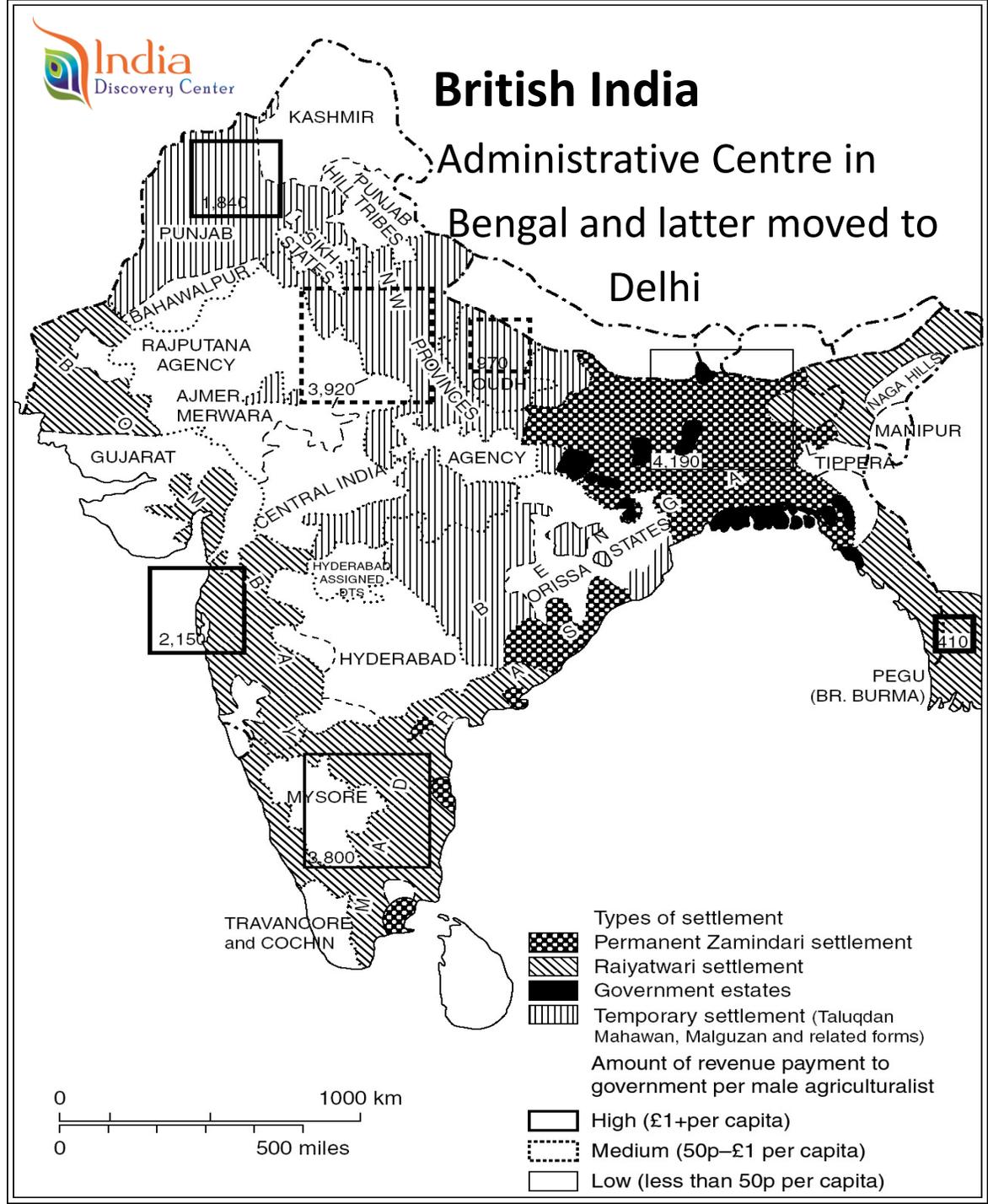
\* *Government estates*

\* *Temporary settlements*

*Taluqdan, Mahawan and related forms*

*Amount of revenue per male agriculturalist*

*Modes of tax collection on Land*



## Different Land Revenue Systems

- British initially could not run a tax administration without the support of the locals. However, as their rule consolidated and the middle-tier of landlords became weaker, the British began to introduce peasant proprietorship.
- Ryotwari system has eliminated the need for any intermediary between the state and the peasantry. The results were mixed :
  - in western India - office holders did lose their strongholds
  - in southern India - many of them emerged as substantial cultivators themselves
  - while in other areas it was a mix of both
- Unlike the Permanent Settlement, revenue commitment was not always fixed, and was usually calculated as the money value of a share of the estimated annual output. In many areas, the rents were revised every 30 years. Farmers had property rights over their lands. However, collection was strict, and rent was expected even in harsh times of famines. In theory, the settlement was supposed to be direct, but a large number of intermediaries developed anyway, bringing the system close to what was followed in permanent settlement areas. In essence, then, the difference between Ryotwari and Zamindari areas was reduced to one of the possibility of increments in tax.
- The mahalwari system was introduced during political events. After the 1857 mutiny, the British felt that having big landlords on their side would help prevent such revolutions, and hence zamindari was reinstated in 1858 (was called talukdar, but was essentially the same thing). In many areas, where a single influential family effectively controlled village bodies responsible for revenue payments, the system came to resemble the Permanent Settlement system. The revenue rates in these areas were set on fairly ad-hoc grounds.
- Influence of individual administrators, and their ideologies. For example, Permanent Settlement was initially introduced in Madras, but Thomas Munroe later convinced the administration to use Ryotwari settlement.

# Transformation of land ownership rights

- The British realized that land was the key revenue generating resource, they found it hard to exercise control over land administration because the existing locals knew the region better than the company.
- Hence the first effort was to fix **legal ownership**. They started off by dividing and auctioning off the lots for a specified duration. This **put land rights** out of reach of the **actual cultivators**, and created a new aristocracy wherein moneylenders and traders came to legally own most of the land (as against under Mughals, where they were just tax-collecting agents of the King).
- The revenue liability for a village or a group of villages lay with a single landlord, who was free to set the revenue terms for his peasants, and on non-payment, could revoke the peasants' rights over cultivating the land. Thus landlord now had **property rights** over the lands in his jurisdiction. Absentee landlords (moneylenders/ zamindars) *would effectively become hereditary landholders, paying the company tax/rent based on the value of the land in cash. The British East India Company could sell the land if taxes were not paid.* Cornwallis began implementing the regulations in 1793 introduced Private Property in Land.
- This system, where absentee landlords extracted speculative rents out of actual cultivators, led to widespread famines. This attributed to the problem of too short term land rights, to rectify this the **Permanent Land Settlement Act was introduced**. This gave the landlords almost unlimited rights to fix the rents on cultivators. By this legislation, tillers became tenants, while a class of revenue farmers became landowners, although they didn't cultivate the land. This had widespread consequences, and by the mid-19th century, the whole **agrarian sector had reached a decaying condition**. Some of the effects were:
  - Appointment of zamindars disrupted the traditional relationship between landlords and tillers, which used to serve as an insurance against natural calamities
  - The interest of the landlords was only in extracting rent thus disposing the peasants of their lands. Confiscation of land by the British for non-payment of dues led to **disruption of the rural sector**

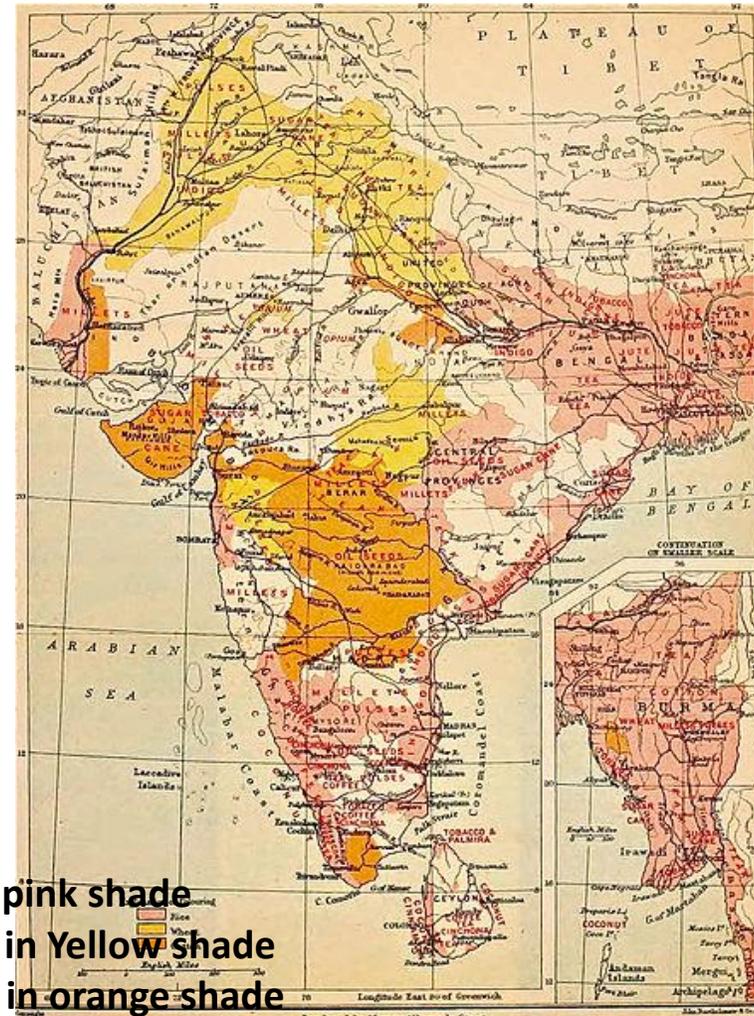
# Agriculture Map

## during 1910 colonial period

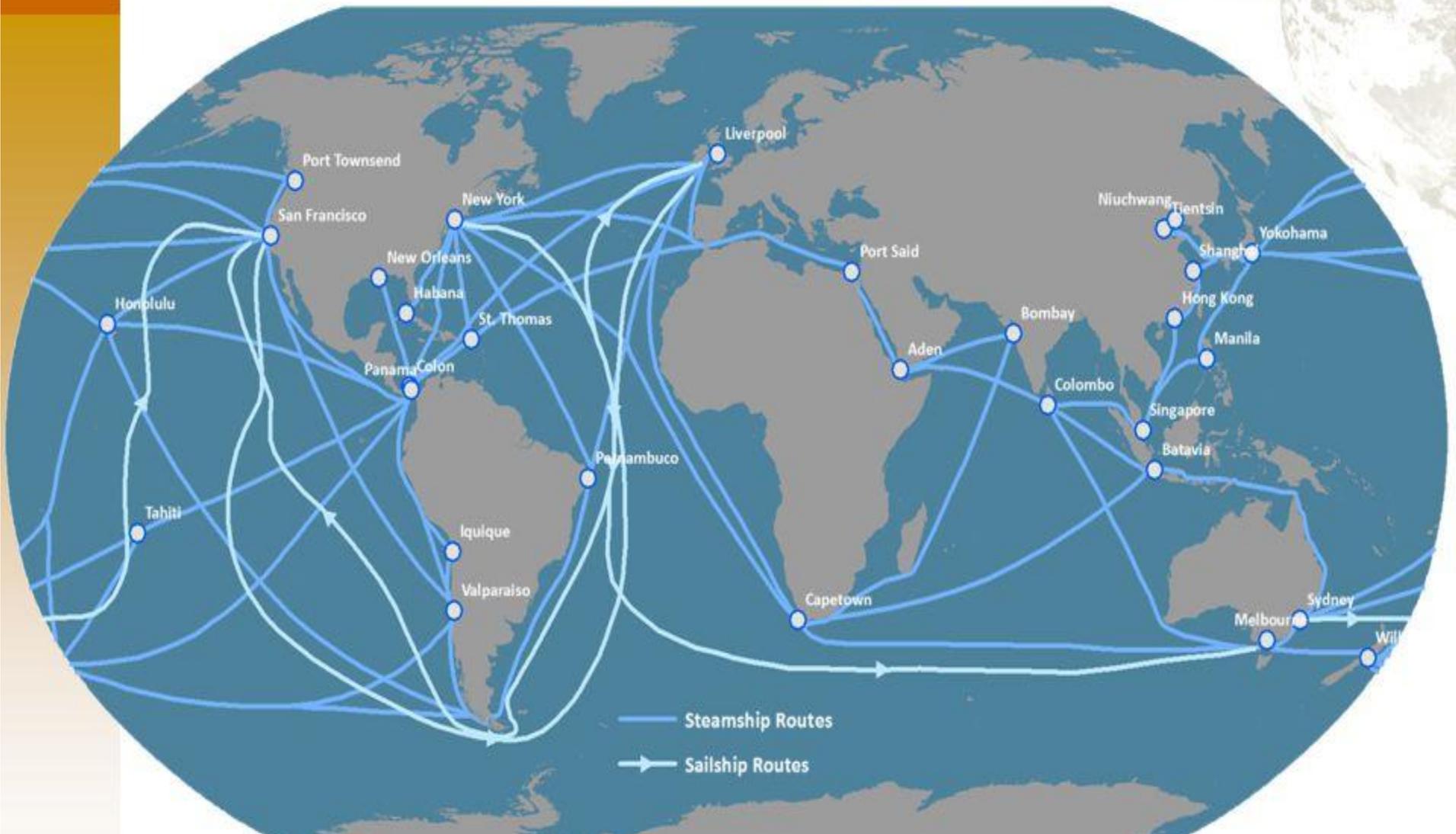
- Large tracts of North and Central India had the permit to grow crops that were processed and then exported to China and other trading ports of the British Empire
- To promote foreign trade and to exploit natural resources of Indian subcontinent, British built up the economic infrastructure which includes roads, railway network, ports, shipping, irrigation and electricity etc.
- Tata's traded Cotton in British India
- Birla's traded Jute in British India



Jute in pink shade  
Wheat in Yellow shade  
Cotton in orange shade



# World Trade Routes, 1912



## Indigo cultivation



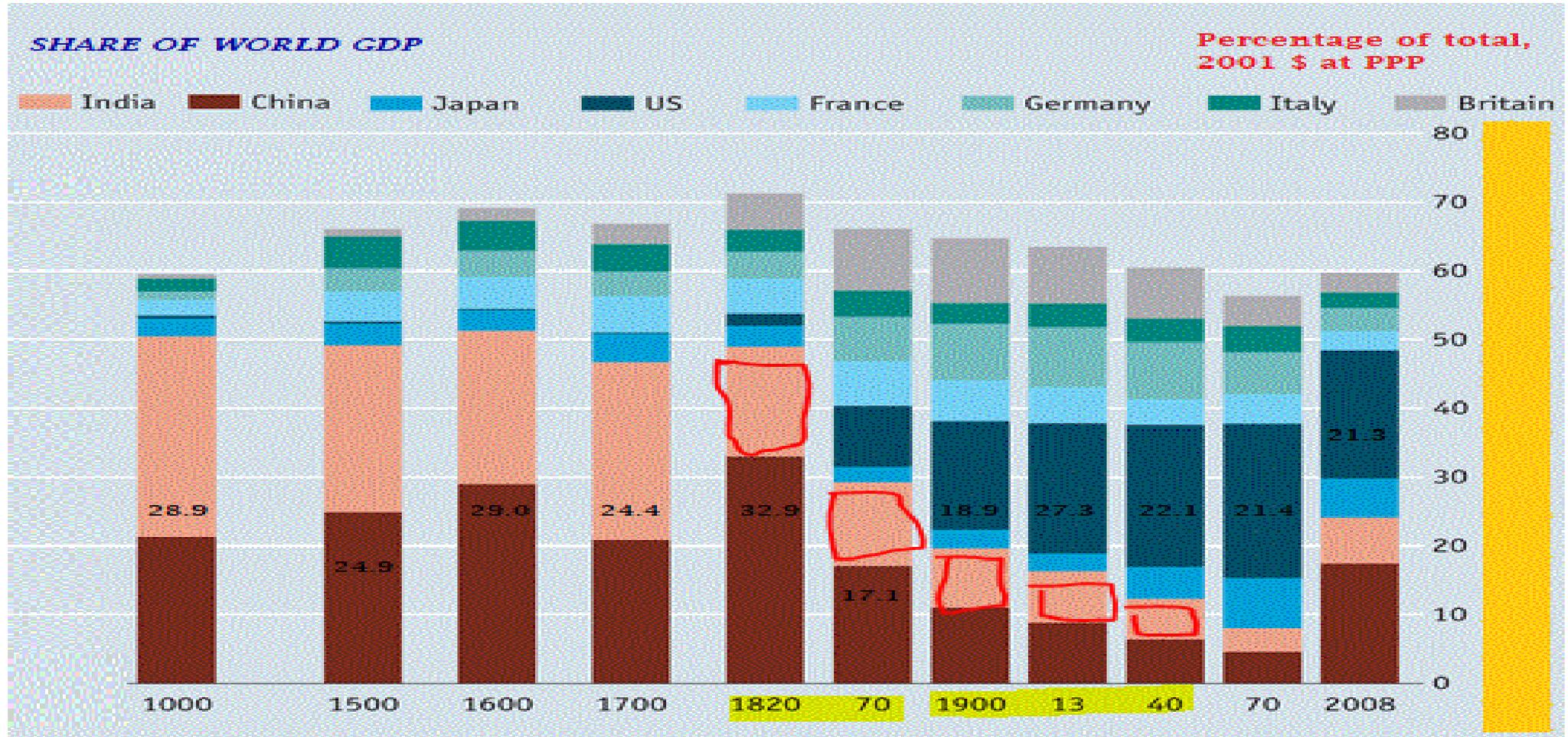
### The Blues

#### Indigo facts

- Takes about 80 days to grow
- Grows to a height of 4 feet
- Keeping a few inches, the rest of the plant is harvested
- Harvested plant is soaked in buckets, overlain with bricks and left overnight
- The water, which turns blue, is whisked till the dye settles at the bottom
- The dye is then separated from the water, and dried to form cakes



# Global GDP chart



# BRITISH EAST INDIA COMPANY

## TERRITORY RULED: 1805 ~ 1838 ~ 1857

Princely States



# Commodity Production for British East India Company

## Salt peter Production

Map of India subcontinent from the 1800s, showing various kingdoms.

\* The areas circled in **red** are some of the regions that were engaged in commercial production of salt peter \* The areas circled in **green** are the main areas from where it was exported to the world.

## Opium Production and Factories

- Grew opium in Bengal, Bihar, Orissa
- Many in Opium trade, Tagore Family also grew opium and owned factories, and ships
- Participated In the opium wars with British



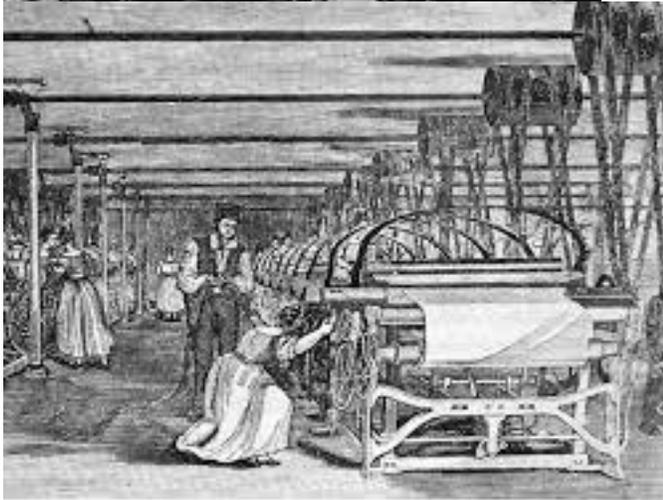
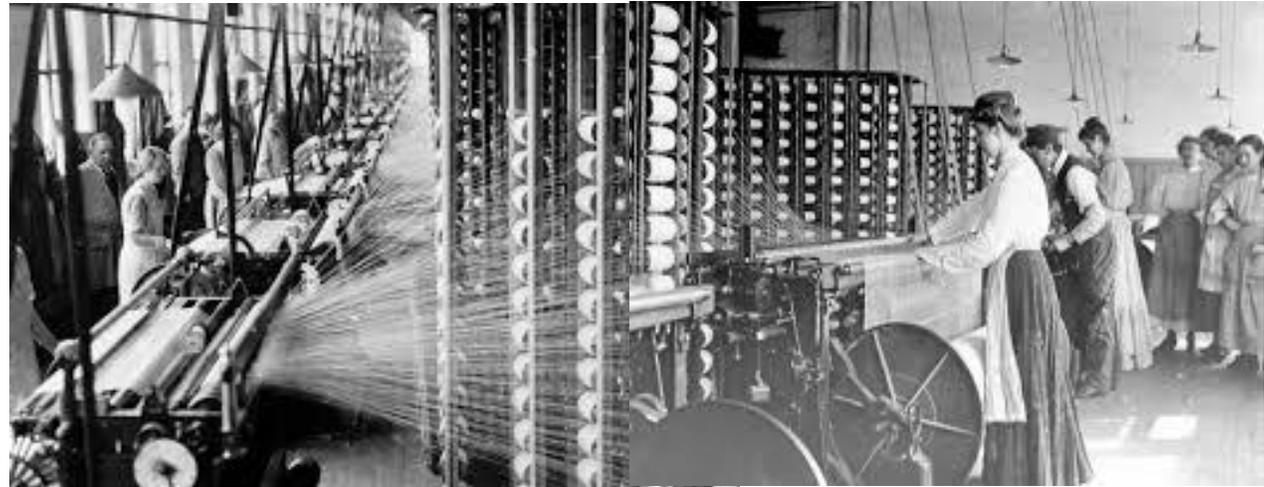
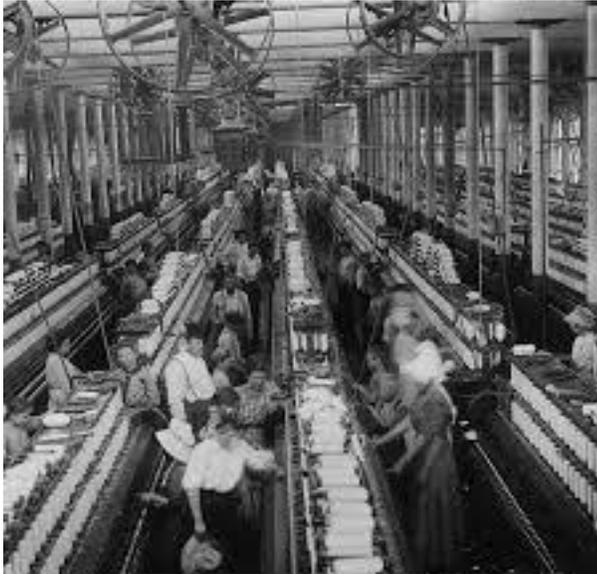
- Baldeo Das Birla, made an enormous fortune by trading opium with China, and this formed the basis of the family's fortune.

# Economy

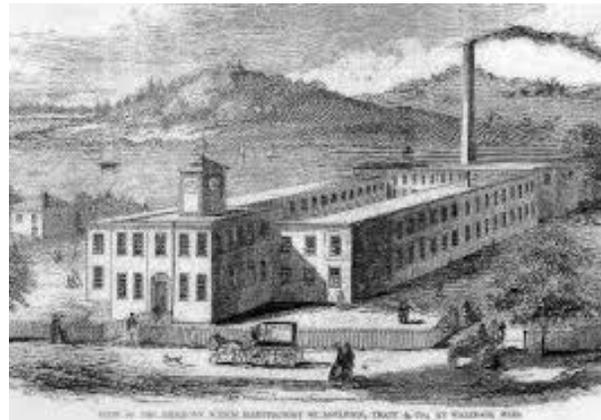
- The Indian economy during the years of the British Rule, India's share of the world economy collapsed from 24.4% to 4.2%. India experienced deindustrialization. Compared to the Mughal Era, India during the British colonial era had a lower per-capita income, a large decline in the secondary sector, and lower levels of urbanization.
- During the colonial period **Agricultural** was the mainstay of the workforce, employing over 2/3<sup>rd</sup> of the entire labor. Yet, growth rates were low- in the 50 years before independence, average agricultural growth was about **0.3% per annum**, and during the interwar period, population growth was higher than agricultural growth, indicating **declining per-capital food availability**.
- **Commercial crops** experienced growth.
- Once the demand for commercial crops declined the land is not fertile any more.

# Industrial Revolution in Britain

1852 – 1883 Industry and Machine Manufacturing



Power Weaving 1836

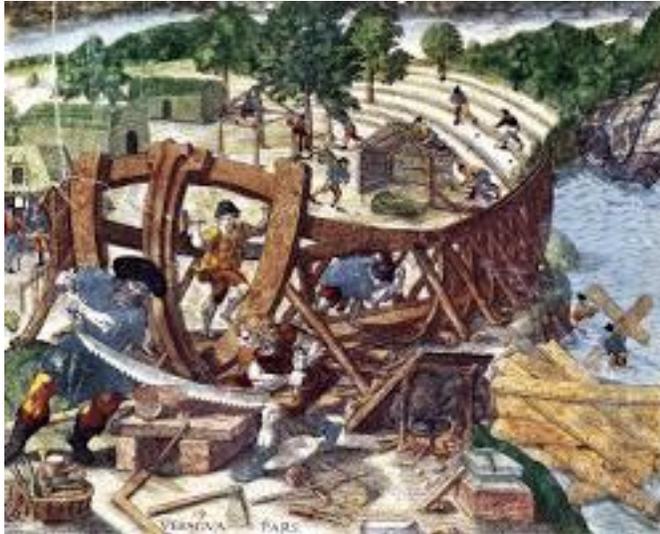


\*De-industrialized Nations  
in the Indian subcontinent

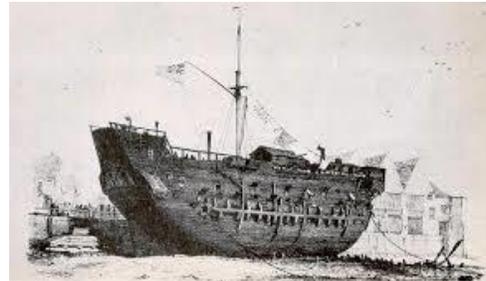
\* Devastated the Textile  
Industry

# British extraction of materials and labor

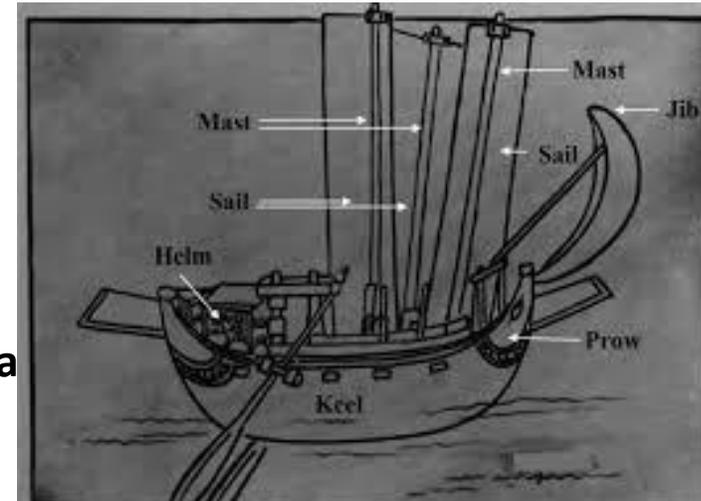
## Commodity Production for British East India Company Shipbuilding in India Subcontinent



**Bengal  
Madras  
Bombay**



**Wadia Family  
Shipbuilders  
In British India**



# British Occupation

Indebted peasants become Indentured laborers sent all over the world 1838-1917

- *One million peasants*
- *Bihar to Guyana - Trinidad and Tobago Surinam – Fiji - Mauritius - Tanzania - South Africa*

## Girmitiya

the name derived from the term Girmit, a corruption of the English word, agreement



1879 Raj Pali and her husband Badal Singh sent to Fiji



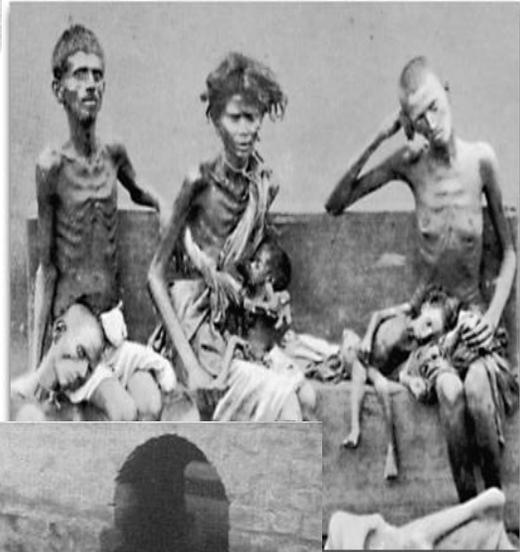
# British extraction of materials

## Tea in Assam and Darjeeling

- 1826, the British East India Company took over the region from the Ahom kings through the Yandaboo Treaty. In 1837, the first English tea garden was established at Chabua in Upper Assam; in 1840, the Assam Tea Company



# New Land relation under British Rule cause Famines in Bengal



- The first, Bengal famine of 1770, is estimated to have taken the lives of nearly one-third of the population of the region—about 10 million people.
- The late 18th and 19th centuries saw increase in the incidence of severe famine.
- Millions died from 1850 to 1899.
- 24 major famines in a 50-year period

## List of movements during British India 1800 to 1947

- Sanyasi Rebellion Area: Bengal Year: 1763-1800
- Revolt of Kattambomman Area: Tirunelveli in Tamil Nadu Year: 1792-99
- Veerapandya Kattabomman (Ruler of panchalakurichi) Rebellion of the Paiks Area: Orissa Year: 1804-06
- First under the Raja of the Khurda and later under jagabandhu Revolt of Velu Thampi Area: Travancore Year: 1805-09
- Velu Thambi (Dewan of Travancore) Revolt of Rao Bharmal Area: Cutch and Kathiawar in Gujrat Year: 1861-19
- Rao Bharmal (Rule off Cutch) Revolt of Ramosis Area: Poona Year: 1822-29
- Chittur Singh and Umaji Kittur Rising Area: Kittur (near dharwar in Karnataka) Year: 1824-29
- Channamma and Rayappa Sambalpur Outbreaks Area: Sambalpur (Orissa) Year: 1827-40
- Surendra Sai Satara disturbances Area: Satara (Maharashtra) Year: 1840-41
- Dhar Rao Pawar and Narsing Dattatreya Pettkar Bundela Revolt Area: Sagar & Damoh (Bundelkhand) Year: 1842
- Madhukar Shah and Jawahir Singh Gadkari Rebellion Area: Kolhapur (Maharashtra) Year: 1844-45
- Not Available Satavandi Revolt Area: Satavandi (Maharashtra) Year: 1839-45
- Phond Savant-(leading noble) and Anna Sahib (heir apparent) Raju Rebellion Area: Visakhapatnam (A.P.) Year: 1827-33
- Birabhadra Raju Palakonda Outbreak Area: Palakonda (Andhra Pardesh) Year: 1831-32
- Zamindar of Palakonda Gumsur Outbreak Area: Gumsur (Ganjam District) Year: 1835-37
- Dhananjaya Bhanja (Zamindar of Gumsur) Parlakimedi Outbreak Area: Parlakimedi (Orissa) Year: 1829-35

## List of movements during British India 1800 to 1947

- Jagannath Gajapati Narayan Rao Movement of the Faraizis (In the later stages it was amalgamated with the Wahabi movement) Area: East Bengal Year: 1838-62
- Shariatullah and Muhammad Mushin (better known as Dudhu Mian) Wahabi Movement Area: North India and Deccan Year: 1820-70
- Saiyad Ahmad (Founder of the Movement) Movement of Pagal panthis Area: Sherpur (East Bengal) Year: 1825-33
- Karam Shah and Tipu Kuka Movement Area: Punjab Year: 1854-72
- Bhagat Jawahar Mal (founder) Indigo Revolt Area: Bengal Year: 1859-60
- Digambar Biswas & Bishnu Biswas Pabna Movement Area: Bengal Year: 1873
- Deccan Riots Area: Poona & Ahmadnagar Year: 1874
- Peasant unrest Area: Punjab Year: 1901
- Eka movement Area: Harrdoi, Bahraich, Barabanki, Sitapur (U.P.) Year: 1921-22
- Madari pasi Mappila, Rebellion Area: Malabar, Kerala Year: 1922
- Bardoli Satyagraha Area: Bardoli - Gujarat Year: 1927
- Vallabhbai patel All India Kisan Congress Area: Lucknow Year: 1936
- Presided over by Swami Shajanand Tebhaga movement Area: Bengal Year: 1946
- Bengal Provincial Kisan Sabha Bakasht Land Struggle Area: Bihar Year: 1938-47
- Karyanand Sharma; Yadunandan Sharma, Jauna Karjee, Rahul Sanskritayana

# Tribal Revolts during 1800 to 1947

- 1812 Kurichya Rebellion organised by the tribal people Kurichyas against the Wayanad invasion of British in 1812.
- 1825 Singphos attacked and set fire to the British magazine at Sadiya.
- 1828 Singphos Chief attacked Sadiya with 3000 tribal warriors.
- 1832 The Kol uprising of tribal peoples including the Ho and Munda people.
- 1843 Singpho Chief Nirang Phidu attacked the British garrison and killed several soldiers.
- 1849 Kadma Singpho attacked British villages in Assam and was captured.
- 1850 The Khond tribe revolted in Orissa under leadership of chief Bisoi.
- 1855 The 'Great Rebellion' by the Santhal community against the British in Eastern India led by Sido and Kanho, claiming to have supernatural powers.
- 1857-1858 The Bhil revolted against under the leadership of Bhagoji Naik and Kajar Singh.
- 1859 The Andamanese in the Battle of Aberdeen
- 1860 The Lushai tribal people raided the then British Tripura and killed 186 British subjects.
- 1860-1862 The Synteng tribal Jaintia Hills in North-East India.
- 1861 The Juang tribal community revolted in Orissa.
- 1862 The Koya tribal community revolted in Andhra against tribal landlords called 'Muttader' in tribal dialect.
- 1869-1870 The Santhal people revolted at Dhanbad in Eastern India against a local monarch. The British mediated to settle dispute.
- 1879 The Naga tribal people revolted in North-Eastern India.
- 1880 The Koya revolted again at Malkangiri in Orissa under leadership of Tammandora.
- 1883 The Sentinelese tribal people of Andaman and Nicobar Islands in the Indian Ocean attacked the British.
- 1889 The mass agitation by the Munda against the British in Eastern India.
- 1891 The Anglo-Manipuri war took place in which the independent kingdom of Manipur fought a valiant war against the well equipped British soldiers.
- 1892 The Lushai people revolted against the British repeatedly.

# Sepoy Mutiny (1857)

- The Indian Rebellion of 1857 was a major revolt against the rule of the British East India Company, but ultimately unsuccessful. The rebellion began in the form of a mutiny of sepoys of the Company's army in the garrison town of Meerut. It then erupted into other mutinies and civilian rebellions chiefly in the upper Gangetic plain and central India, though incidents of revolt also occurred farther north and east. The rebellion posed a considerable threat to British power in that region, and was contained only with the rebels' defeat in Gwalior.
- The Indian rebellion was fed by resentments born of diverse perceptions, including invasive British-style social reforms, harsh land taxes brought about by British rule. Many Indians rose against the British; however, many also fought for the British, and the majority remained seemingly compliant to British rule. Violence, which sometimes betrayed exceptional cruelty, was inflicted on both sides, on British officers, and civilians, including women and children, by the rebels, and on the rebels, and their supporters, including sometimes entire villages, by British reprisals; the cities of Delhi and Lucknow were laid waste in the fighting and the British retaliation.

# Constitution

**Government of India Acts**, succession of measures passed by the British Parliament between 1773 and 1935 to regulate the government of India. The first several acts—passed in 1773, 1780, 1784, 1786, 1793, and 1830—were generally known as [East India Company](#) Acts. Subsequent measures—chiefly in 1833, 1853, 1858, 1919, and 1935—were entitled Government of India Acts.

# Formation of Indian National Congress

The political and economic discontent of the Indian people led to the formation of Indian National Congress. This helped them fulfil their long time dream of setting up a nationalist party.

Allen Octave Hume was in constant fear of civil disturbances in towns where the British resided, and this might spread to the police and even the army, leading possibly to another revolt. He felt the need for the setting up of a political party that would serve as a forum where the educated Indians could voice out their grievances peacefully and constitutionally. Hume also believed, this forum could be used by the Colonial Government to collect information about the views and reactions of the educated Indians with regard to the British policies in India.

Objectives :

- the enlargement of the Legislative Councils
- the inclusion of more educated Indians in the public services
- the separation between the executive and judicial functions
- the reduction in military expenditure

It was founded with the object of safeguarding the British Empire against potential threat to its stability, than winning political liberty for India. Some Indian historian like Bipan Chandra, denied that the Indian National Congress was designed by the British administration to absorb the discontent among the native population. This political organization was a creation by the Indians who were opposed to the exploitation of their country in favor of British interests.

# Muslim League

Muslim League

# Foreign Trade

- Pre and Early Colonial : The Indian continent was a major link in the maritime trade between Asia and Europe. Initially, the British used Indian cotton to pay for Indonesian spices, which were valued highly back home. However, by the end of 1600s, Europe became a bigger market for Indian textile than Southeast Asia. Cotton goods were exported in the form of muslin, calicoes, and silk-cotton mixes. They catered to both mass markets (calicoes) and also became fashion trendsetters. Other important items were rice, silver, and horses.
- Major trading regions were Punjab, Gujarat, Coromandel, and Bengal, and the British set up their trading posts here (they called these 'factories'). While initially they concentrated on seaborne trade, the increasing importance of Indian goods in home markets led them to want to control inland trade as well, and given their might at sea, they began asking for concessions on inland trade from Indian rulers. The latter had to comply, because the alternative was to face the wrath of the British at sea. The English gradually coerced their way into getting trade licenses at negligible fee; however, when they saw that the Indian rulers were unwilling or unable to help them enforce contracts and generally provide security on inland trade routes, they increasingly began to wrest direct control of administration.
- Over time, the company became a territorial power living on land revenue, and many of its employees established partnerships with Indians to carry on export of major goods.

# Foreign Trade (contd...)

- Colonial Period : The integration of India in world trade sped up considerable after 1800- average growth rate of trade was about 5% p.a. between 1830 and 1914. The composition of trade also changed: in 1811, cotton textiles accounted for about 33% of the total export value; by 1850, their share dropped to negligible, while raw cotton, jute, tea, indigo, and opium emerged as the major items (India became primarily a commodities exporter).
- Among the new exports, most important were Indigo (which became problematic because of the advance payment system), opium (a cause of the 'opium wars' between Britain and China), and raw cotton. Between 1880 and 1925, the real volume of trade to and from India nearly doubled. Before the outbreak of the First World War, the exports were primarily oriented towards Britain; later, they tilted significantly towards East Asia.
- Laissez Faire : Until World War 1, trade between India and Britain was effectively free of tariffs. This served the exporters of British manufacturers, such as the Lancashire mill owners. They resisted attempts to impose or increase any import duties, because India was one of the most important markets for them (India bought 30% of British textile exports in 1865). The Government of India based in Calcutta was rather poor, and from time to time advocated an increase in tariffs. However, the India Office in London listened to the British businesses, and hence till WW1 tariffs remained negligible.
- India's contribution to the WW1 effort was critical to Britain, and after this, the India Office relented to some extent and allowed small but steady increases in tariffs so that the Government of India could shore up some resources.

# Money & Credit

- Monetary Policy : Primary goal of monetary policy in colonial India was to stabilize economic transactions between Britain and India by means of a stable exchange rate. An appreciation hurt Indian exporters, while depreciation hurt Government of India's chances of paying back its sterling obligations to the India Office in London. Many scholars argue that rupee was constantly overvalued to ensure that budgetary payment obligations to Britain were met, and this policy hurt Indian business interests.
- Indian exchange rate was initially on the silver standard, wherein there were two ways money could be transferred between India and the rest of the world: the Council Draft (wherein India Office sold Council Bills at a fixed exchange rate; these bills were redeemable in India), or by means of silver. In 1898, a 'Gold Exchange Standard' was introduced (not the same as Gold Standard- think how).
- The Ratio Controversy is the name given to the interwar strengthening of Indian nationalist protests at the overvaluation of the rupee; the controversy was worsened by the conduct of Indian monetary policy during the great depression, which seemed to serve British interests at the expense of Indian ones.
- Credit : Banking in colonial India could be divided into 2 broad segments: informal (consisting of moneylenders and financiers who were not legally recognized), and formal (exchange banks, presidency banks, Indian joint-stock banks, and cooperative credit societies). Formal banking had, at best, an indirect role to play in any occupation that did not have to do with foreign trade, remittances, or modern factories.

# Money & Credit (contd..)

- After 1870, banking and insurance grew rapidly; however, this growth occurred in a condition of pervasive capital scarcity, poor regulation, and opaque business communities. Overall, the aggregate rate of savings and investments remained low, and choice of assets mainly traditional.
- The market for money, thus, suffered from a dualistic structure- rich clients, good government securities, and stable banks formed one segment, whereas poorer clients, risky securities, and unstable (Indian Joint-Stock) banks formed another. This kept the risks of banking panics persistently high.
- Informal Sector : Banks rarely, if ever, lent to peasants and artisans. The informal sector stepped in to fulfill the needs of local small-scale moneylending, and existed to finance agriculture and craft traders. Most of the clients of moneylenders were people in need of quick money, and who couldn't give any security. The strengths of the moneylenders were their intimate knowledge of clients, and absence of regulations, meaning low transaction costs for their customers
- Formal Sector : Exchange banks financed trade to and from India; the Presidency banks mainly served businesses connected with European enterprise, and Indian Joint-Stock banks fulfilled that need for Indian businesses.

# Money & Credit (contd..)

- The Indian Joint-Stock banks, however, were characterized by a history of booms followed by crashes. Among these were some stable banks (the big 5- Allahabad bank, Bank of Baroda, Bank of India, Punjab National Bank, and Central Bank of India). However, many Indian banks were backed by lesser-known firms, and were less conservative about their clients as compared to the big 5. Given that they didn't have big names, they felt like they had to offer high incentives to attract borrowers and depositors; this, combined with the lack of an explicit regulatory system, led them to take excessive risks.
- Agricultural Credit market : There was a large growth in rural credit. Without a doubt (TR), some of the highest interest rates occurred in rural lending, as the peasants had much less bargaining power as compared to the moneylenders, who were often the sole source of credit. Also, these interest rates were less variable than prices, which were volatile because of the effects of the monsoon. As a result, the control of professional moneylenders over rural assets increased to the detriment of the peasantry.

# Money & Credit (contd..)

- This growth in credit was mostly attributable to commercialization of agriculture:
  - Higher production of non-food crops meant peasants had to buy food crops from the market
  - Cash crops like cotton required more finances, because of relatively higher input costs and investments
  - Cash crops also remained on the field longer than food crops, thus requiring a longer waiting period
  - Monetization of tax and its non-synchronization with harvest cycles required money advances
  - Supply: The railways, growth of market towns, and new profit opportunities increased the mobility, migration, settlement, and enterprise of persons of trader-moneylender class
- The effects of the credit structure that prevailed in colonial times could be seen for a long time after independence. Even in 1954, 93% of all rural credit came from moneylenders, and only about 1% from the government banks
- Industrial Credit market : Capital for industry was scarce, and the interest rates in prevailing urban transactions were high. Modern banking institutions developed very slowly, and the traditional community-based informal financial institutions remained sectarian in choice of their clientele. Thus, capital was scarce, and new industrial investment followed a high-risk trajectory. Given this state, pioneers in large-scale industry came almost entirely from communities that specialized in trading and banking activities. There was, thus, an almost perfect correlation between hereditary trader-bankers and large-scale industry.

# Industry (Small scale)

- Small-Scale Industrialization : During the colonial rule, there was some rise in large-scale industry. However, the overwhelming majority of India's manufacturing workers were employed in small-scale industries, even though overall the employment in SSIs showed a declining trend. Most of these SSIs were 'traditional', such as handloom weaving, leather manufacturing, furniture, carpets, pottery etc. 'Modern' SSIs, such as cotton gins, jute presses, rice mills, brick kilns etc. grew to some extent in the interwar period. By far, the most important SSI was textiles, employing one in every four industrial worker.
  - Evidence suggests that in the 19th century, imported European manufactures began to flood Indian markets, and the rich artisan tradition suffered a catastrophic shock ('de-industrialization'):
    - Before colonization, craft traditions in India could be divided into four categories: intermediate goods (cotton yarn, dyes), tools (hand implements), consumer goods for the poor (coarse cloth, pottery), and consumer goods for the rich (muslin, brassware, carpets etc.). The industrial revolution more or less decimated the first three categories
    - The colonial state did little to either strengthen the crafts or shield them from competition
    - Due to the advent of better means of transportation, artisans began migrating to big industrial centers, and SSI development happened in concentrated areas, with more than half of all SSIs being located in UP, Punjab, and Madras
    - While in the early years of colonialism, women participated majorly in SSIs, their participation declined over time due to increased migration pressures (migration was a male-biased process)
- Increasingly, there was a move away from family labor towards wage labor

# Industry (Large scale)

- Large Scale Industrialization : Three things characterize large-scale industry: large factory, machinery, and government regulation. Between 1860 and 1940, employment in factories increased at an average annual rate of 4% per annum.
- Factory employment was:
  - Primarily male-dominated
  - Showed high regional concentration, with most of the industries located in Bombay and Calcutta (transport links, labour markets, and because these cities were located close to sites of cotton and jute cultivation, respectively)
  - Factory employment was dominated by the textile industry, primarily in cotton and jute spinning and weaving mills
  - Throughout, Indian industry depended on the import of capital goods and manufactured inputs such as electrical machinery, transport equipment, and heavy and fine chemicals; it also maintained dependence on foreign technicians

# Stages of Industrialization

- Stages of industrialization:
- 1. Pre-war period: After the Suez canal opened in 1869, transcontinental shipping rates came down massively, and new forms of industry began to grow in India. A key episode was the American civil war (1861-65) which cut-off supplies of American cotton to Britain's textile industry, which turned to India, creating a temporary boom that resulted in a great crash once the American civil war was over. Primary industries that came up in this period were cotton and jute weaving
- 2. World War 1: Demand for goods made in India (and now in worldwide shortage) increased, but also inputs such as machinery, raw materials, chemicals etc., which were imported by Indian industry, became scarce. Industries that gained were cotton, jute mills, and steel
- 3. Interwar period: Until the First World War, the government followed a policy of LAISSEZ FAIRE in the promotion of industry. Thus, purchase of industrial goods for defense, railways etc. was heavily dependent on Britain, and this created sudden shortages in India during the war. After the war, the government spoke of promoting Indian industry, but worsening finances kept it from doing much to support Indian industry.

➤ Indian industry faced both cheap imports and falling world prices. Within older industries such as cotton and jute, the situation became worse; greater competition came from other centers such as Japan. In jute, which was mostly sold abroad Indian

# Major Industries

- Cotton: Because of the industrial revolution cotton spinning industry grew in Britain. However, cotton was not an indigenous crop in that country. In the early 1800s, the demand for raw cotton increased manifold, and over 90% of the supplies came from USA. At this time, the experience of selling raw Indian cotton in Britain was disappointing, as it was seen to be of inferior quality. The first time Indian cotton exports received a boost was during the Napoleonic wars; however, the boom created by the wars was ended shortly after the wars were over, and supplies from the USA restored. Having got a taste of the British market for Indian raw cotton, Indian cotton exporters made sustained attempts to improve the quality of their product. Around the 1850s, after the construction of the railways in India, combined with the outbreak of American civil war in 1861, Indian cotton established itself as the fiber of choice in Britain.
- Responding to this, there were 10 cotton mills in India by 1865, most of them in Bombay. After the crash due to resumption of American supplies, when the dust settled, a furious expansion of cotton mills started. By 1914, there were 271 mills; any small town that had a cotton trade, a railway connection, and a pool of cheap, un-ionized labour, became an attractive location for a spinning mill, and a new cluster of cotton trading towns developed in the Deccan.

Before the First World War, cotton mills were selling primarily to handloom weavers in India and China. After the war, the Chinese market was taken over by Japan; the loss

# Transaport

- In colonial India, the immediate driver for infrastructural development was governance, rather than development.
- **Railways:** Until the 1850s, the common system of long-distance transportation of cargo was pack animals and small sailing vessels on navigable rivers. These forms of long-distance travel required a lot of labour and time, and the railways decimated them without much resistance.
- From the beginning, railways was built on two principles:
  1. Railways would be constructed by private enterprise
  2. The government would guarantee a 5% return on capital from its own budget, wherever the investing company failed to make a minimum 5% profit, and in return would retain the right to exercise supervisory and advisory powers on railway development and administration
- This dualistic system led to perennial undercapitalization of railways. The companies charged high rates of tariff for a small volume of traffic, and never felt the need to enter into price competition (as 5% returns were assured). The guarantee clause enabled this, and also led to constant outflows from government coffers. By 1924, the public opinion against the companies had reached a crescendo, and the railways came under full government ownership and control.

THANK YOU !