

## **“The Impact of British Rule on Indian Economy”**

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### **ABSTRACT**

The British rule in India from 1957 to 1947 had a far-reaching Impact on the country’s economic structure and development this paper examines how colonial policies transformed India from a prosperous and self-sufficient economy into a dependent and impoverished colonial the study highlights the decline of traditional industries, the commercialization of Agriculture, and the massive drain of wealth to Britain. it also discusses the social and economy consequences, including widespread poverty, unemployment, and recurrent famines. While the British introduced modern infrastructure such as railways and communication systems, these developments primarily served imperial interests rather than national progress The paper concludes that British economics Policies led to long-term underdevelopment and structural distortions that affected India’s Growth even after independence

### **1. OBJECTIVES:-**

The main objectives of this research paper are.

1. To analyze the economic structure of India before and during British rule.
2. To study the key economic policies introduced by the British and their impact on Agriculture, industry, and trade
3. To Examine the process of deindustrialization and its effects on Indian artisans and craftsmen.
4. To understand the concept of the drain of Wealth and how it contributed to India’s poverty.
5. To assess the role of British economic policies in the commercialization of Agriculture and the occurrence of famines.
6. To evaluate the long term economic Consequences if British colonial rule on India’s Independence development.

### **2. METHODOLOGY :-**

This study is descriptive and analytical in nature it is based mainly on secondary data sources collected form books, research papers, historical records, and authentic online databases.

#### **1. Nature of Study :-**

The research focuses on analyzing the economic impact of British colonial rule in India by examining historical trends and policies between 1757 and 1947. It describes the structural changes in Agriculture, industry and trade during the period.

#### **2. Data Collocation :-**

The study relies on secondary data including :-

- i) Published books and journals on Indian economic history as Dadabhai Naoraji and R.C. Dutt.
- ii) Government documents, census data and economic surveys from the colonial period.
- iii) Scholarly (articles) and verified digital archives.

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### **3. Data Analysis :-**

The collected information has been analyzed qualitatively to understand patterns of exploitation and transformation within the Indian economy. The Analysis compares pre-colonial and colonial economic systems to highlight key changes brought about by British rule.

### **4. Limitation :-**

- i) The study is based solely on secondary data.
- ii) Some historical data may have limitation due to biased colonial records.
- iii) Quantitative economic data from the 18<sup>th</sup> and 19<sup>th</sup> centuries is limited, so qualitative interpretation is emphasized.

### **3. Introduction :-**

In order to have a correct grasp of the economic consequences of the British rule, It is necessary to have the glimpses of the main features of Indian economic conditions on the eye of British rule. Such a study will enable us appreciate the changes that have occurred during the hundred and fifty years when the Britishness ruled the nations.

### **4. Background :-**

British Rule in India started in 1818 when the east India Company had conquered the entire nation and had established its rule under the direction and supervision of the British Parliament. The picture of the Indian economy in the Pre-British rule e.e. broadly during the first half of the nineteenth century can be had from two important sources, viz. Dr. Francis Buchanan's Report and Prof. D.R. Gadgil's analysis in his book 'Industrial Evolution of India'.

Dr. Francis Buchanan undertook an extensive tour of the entire country to enquire into the economic conditions of the people. In the first part of this tour, he visited the Southern part of the country between 1800 and 1807 while the Northern states were visited during 1807 and 1815. Two parts of this report throw light on the economic conditions prevailing in the country in the Pre-British period.

The extensive survey of Buchanan reveals the following broad highlights of the economic conditions prevailing in India during the early part of the nineteenth century i.e. in the Pre-British period.

#### **1. Agriculture :**

India, during the period under consideration had an agricultural economy. The 1871 census report reveals that nearly 70 per cent of the India population was directly dependent upon agriculture.

Another important aspect was that the agriculture was also a subsidiary occupation for most of the industrial population. This further raised the dependence on agriculture.

This economic conditions of farmers were in general miserable. This was due mainly to unstable conditions. In most parts of the country, the assessment of land revenue was very high. Moreover there was no protection to the farmers against the exploitation by the Zamindars. This was yet another factor responsible for the depressed conditions of the farmers.

The methods and implements used in cultivations of land were primitive. There was no selection of seeds. Sub-division and fragmentation of land was inefficient due to which the yield per head was very low. Cultivation was necessarily for the purpose of subsistence. Commercialization was not started in real sense. Agricultural economy, the state of agriculture in India was very much poor.

#### **2. Trade :**

The conditions of trade had to be attributed to the poor transport and communication system, which adversely affected the movement of goods from one part of the country to the other. This led to many undesirable consequences, such as stagnation of trade, wide differences in prices, fluctuations in the prices etc. moreover, even the best articles produced in one part of the country were unknown to others. Trade was mostly dominated by travelling traders and merchants.

### **3. Transport and communication :**

during the early nineteenth century, the transport and communication facilities in the country the transport and communication facilities in the country were virtually absent. In most parts of the country, the roads were practically non-existent. In northern India, the conditions were slightly better due to natural waterways and certain roads. In general, the transport and communication was in a deplorable state. This greatly restricted the internal trade. In the Pre-British era, there were no pucca road in the country. The villages were connected through some dirty tracks. During rainy season, these roads were of no use and village stood isolated from one another.

### **4. Handicrafts :**

since agriculture predominated Indian economy, the percentage of urban population was very small amounting to about 10%. According to Prof. Gadgil, the emergence in growth of towns in India can be attributed to (i) places of pilgrimage like Banaras, Allahabad, Nasik etc; (ii) Seats of courts, Nawab's or Kings, for e.g. Ahmednagar, Bijapur etc; (iii) Commercial depots such as Surat, Mirjapur, etc.

With the passage of time, the provincial rulers disappeared because of which the importance of courts, towns, declined. However, the towns belonging to the third category, namely commercial depots became more important.

India was famous for urban handicrafts right from the Pre-British period. In comparison with the village handicrafts which were made by crude, traditional and primitive methods, the urban handicrafts were far superior in quality and workmanship.

The Indian urban handicrafts during the Pre-British period enjoyed the world-wide popularity. In this context, mention has to be made of the following articles:

#### **1. Textiles :**

The most important urban handicraft in India during the Pre-British rule was cotton textile, Dacca Muslin was described as "The shadow of the subsistence or the woven air." The quality of the Muslin is reviewed from the following remark: "A piece of finest muslin twenty yards long and one yard wide could be made to pass through a fingering and required six months to manufacture."

The other famous textiles were chintzes of Masoolipattan and Pitambaras of Paithan. Ahmedabad was known for dhotis and dupattas. Till 1850, most of these textiles were a major item of export from India.

#### **2. Silk :**

Silk and silk-cloth was another famous urban handicraft of India. In this context, it is stated that "Beautiful silks were produced in great varieties and the more famous locations of the silk industry included Banaras (Brocades); Burhanpur (Gold saris) and Murshidabad (Brocades); and thirty other varieties of (silk fabrics), Kashmir, Sambalpur, (Tusar saris) and Kathiawar (Silk satins). Ahmedabad, Baroda, Cambay and Surat in Gujarat (Patole silks, Bandhani etc): Yeola and Poona in Maharashtra: Mysore, Burhanpur and Arni in Madras (series) The silk articles were popular for their superior quality and excellent workmanship this also formed a major item of export.

#### **3. Wollen :**

Cities like Kashmir, Amritsar, Jaipur, Agra, were most popular for woollen products like shawls and carpets. These were in great demand in many European countries, especially France.

#### **4. Other Handicrafts :**

In addition to the above, mention has to be made of various other handicrafts such as carving ivory, wood, stone, dyeing and painting and embroidering, jewellery and metal wares etc.

From the above analysis, we can get a picture of the state of Indian Economy during the pre-British period. Broad features of the same can be summarized as follows:

- (i) Agriculture, though most dominant, was the most back-ward sector of the economy, characterized by the use of primitive methods and techniques, absence of commercialization.
- (ii) Transport and communication was very much under-developed.
- (iii) Trade was restricted and stagnant.
- (iv) The handicrafts of different types were very much popular and in great demand throughout the world.

It is on this background that we shall explain the impact of British rule on the Indian Economy.

### **5. Impact of British Rule :-**

A century and half long, British rule had deep rooted and long lasting effects on Indian Economy. Such consequences were experienced in all the fields, viz. social, political, economic etc. Some effects are desirable and beneficial while certain others are undesirable and detrimental from the point of view of the national economy. The critics of the British rule emphasize only the evil effects, while the advocates of that rule concentrate on the beneficial consequences of the same. In order to have halaveed view, it is necessary to have an objective analysis of the same

### **6. Economic impact :-**

On the economic front also the effects of British Rule were moved. It means, some effects were desirable from the point of view of Indian economy while certain others were undesirable. Economic impact can be studied she with reference to different fields of economic activities, such as handicrafts, agriculture, industry, trade and commerce, transport and communication etc. We shall analyses the impact of British Rule on Indian economy under three broad heads viz

- (a) Decline of Urban Handicrafts
- (b) Commercialization of Agriculures and
- (c) Beginning of Modern Industry.

### **7. Decline of Urban Handicrafts :-**

As mentioned earlier in this Chapter, India was a name of urban handicrafts in the Pre-British period. It was famous for variety of handicrafts such as textiles, Dyeing, Printing, Embroidery, Jewellery and metal wares, carving works, toys, glasswares etc. These handicrafts attracted buyers from all corners of the world. It is a sad thing that the British rulers, instead of encouraging and developing this important occupation pursued such a policy which led to the decay of the same. Let us go into de-tails of impact of British Rule on Urban Handicrafts in India.

#### **• Important Urban Handicrafts**

India was enjoying a high position in the field of Urban handicrafts. Variety of goods produced by Indian artisans were in great demand from a number of foreign countries. The major handicrafts in which India had attained high standard were as follows:

#### **(i) Cotton Textile:**

The most important handicraft that had developed in India was cotton textile. Dacca Muslin, Chintzes of Lucknow, Dhotis of Ahmedabad, Silk bordered cloth of Central provinces etc. were some of the important and world famous varieties produced in India. In fact, weaving was the national industry. Millions of women were engaged in spinning.

#### **(ii) Silk Textile:**

Another important textile industry was silk Murshidabad, Baldah and many other towns in Bengal specialized in the different varieties of silk products such as Choppas, Bandanas, etc. Poona and Yeola were famous for fabrics in double weaving of colours. Fine flowered brocades of Banaras and Ahmedabad were also very much popular.

#### **(iii) Woollen Textile :**

Shawls of Kashmir enjoyed a world market. These were produced in Kashmir and some towns of Pun-jab like Amritsar and Ludhiana. Various Princely states were major customers of shawls. By

1930, these shawls were greatly popular and enjoyed wide demand from the European countries, especially France.

**(iv) Metal Industry :**

Steel and wrought iron were very ancient industries in India, Mysore, Chota Nagpur, and Central provinces were famous for iron smelting. Along with iron there also existed brass, copper and bell-metal industries in places like Banaras, Nasik, Poona, Hyderabad etc. Many cities of Royapuram specialized in cast-iron metal and stone carving.

Similarly, many other handicraft industries like gold and silver thread, marble work, sandal-wood work, leather works, glass bangles, perfume making etc., flourished in many parts of the country.

It can thus be concluded that urban handicrafts enjoyed a key position in the Indian economy in the pre-British period.

• **Characteristics of Handicrafts :-**

The handicraft industries in India exhibited certain important characteristic features. In the first place, the skills were of **hereditary nature**. It means, such skills passed from one generation to another. This led to the **localization** of urban handicrafts in certain countries. The proximity to raw materials and the tradition were the important factors leading to concentrations of these industries. As a result of this some cities were famous for certain products.

**Division of Labour** was yet another feature of urban handicrafts. In artistic industries, this was mainly practised. However, it was only broad and not complex and minute as in modern industries. The industry was organized with the help of craft guilds. Usually, these industries were organized on the basis of castes which practised the hereditary occupations. The Nagarseth or Citylord was at the head of guilds which supervised the quality of products and looked into the welfare of the artisans. "Mahajans, consisting of all the members of the caste managed the affairs of the guild. The signs of development of **large scale industrial units** were visible. The Karkhanas or workshops were in existence. Bernier describes these as "In one hall embroiders are busily employed, superintended by a master. In other words, you see the goldsmiths in third, painters in a fourth, varnishers in laquer work, in a fifth, joiners, turners, tailors and shoemakers, in a sixth, etc. The artisans report every morning to their respective Karkhanas where they remain employed the whole day and in the evening return to their homes. The embroider brings up his son as embroider, the son of goldsmith becomes a goldsmith and a city physician educates his son to be a physician." Many travellers have highly appreciated the well organized urban handicrafts in India.

It can thus be noticed that urban handicrafts were well organised and efficiently managed units in pre-British period. During the British Rule industries, gradually declined due to a variety of factors.

• **Causes of Decline :-**

One of the seriously felt effect of British rule on the Indian economy was the decline of handicrafts industries for which the country was famous all over the world. In the second half of the nineteenth century, the process of decline began and by the end of the century, the well managed handicrafts the pride of Indian economy got completely deteriorated. Such a decline can be attributed to a variety of social, political and above all economic factors. Initially, i.e. so long as the Britishers were only traders, they encouraged the Indian handicrafts industries. This move was obviously motivated by the fact that these industries offered wide opportunities for getting profits due to worldwide demand enjoyed by the products. The picture, however, completely changed after the occurrence of Industrial Revolution. Moreover, the Britishers acquired a firm political grip on the Indian continent and regarded it to be a source of raw materials for their deliberate policy was adopted so as to ensure the decline of these industries. In addition to this, many other factors have played their role in bringing about the decline of the handicrafts in India.

**(1) Disappearance of Indian Royal Courts :-**

One of the important source which encouraged the growth of Indian Handicrafts was the Nawabs, Rulers and the Court Officials of various States. These industries received great patronage from Kings and Lords. There was a great demand for the luxury and semi-luxury goods produced by the handicrafts industries. In this context, mention has to be made of commodities like high quality cloth and other articles which enjoyed a high demand. Moreover, some Kings employed the artisans on a regular salary basis. It was customary in certain courts to wear a specified dress on some occasions. This created a definite demand for the products. Further, the luxury goods were in brisk demand for certain state occasions and for displaying the same in the Durbars.

British Rulers brought about an end of the political power of the native Kings and Nawabs. Obviously, the patronage, security and the demand which the handicraft industries enjoyed declined considerably. The disappearance of native rulers was thus an important factor responsible for the decline of the Indian handicrafts.

**(2) Industrial Revolution in England :-**

England was the birth place of Industrial Revolution which brought about significant changes in the pattern of production. The new system which adopted large scale production required wider markets for their products. The newly coming up class of industrialists and capitalists brought pressures on the British Parliament to adopt a policy to protect their interests. Consequently, heavy import duties were imposed on the Indian goods leading to decline in their demand.

**(3) Discriminatory Commercial Policy :-**

The policy by the British Parliament in England and East India Company in India was that of discrimination against Indian goods and in favour of the English products. Heavy import duties were imposed on Indian goods, thus, curbing considerably the demand for the same. As against it, the government in India did not impose any such duties and instead of encouraging the growth of the Indian handicrafts, attempts were made to restrict the same. The network of railways was erected in such a manner as to facilitate the exploitation of country by using it as a source of raw materials and a ready and willing market for the English manufactured goods.

**(4) Competition from European Factory Products :-**

This was yet another factor that brought the decline of Indian industries. The machine made factory products of the European industries dealt a severe blow to the Indian urban industries, especially, the textile industry. The machine made goods, though inferior in the respect of artistic skill were standardised and low priced. As a result of the entry of such cheap goods in foreign as well as home markets, Indian industries lost both of them because of their inability to compete with those goods. It should, however, be noted that the loss was suffered, by the urban textiles and not by the rural ones. The latter could successfully compete and thus, survive because of their ability to supply cheap as well as durable goods though the same were coarse.

**(5) Changing Attitude of Customers:-**

Craze for foreign goods was a common fact among the newly educated Indian generation. They voted in favour of European goods and neglected Indian products. Such a change in the pattern of demand contributed to the decline of Indian handicrafts due to narrowing down of the markets.

**(6) Deterioration of Quality :-**

With the passage of time and declining demand, the quality of Indian goods seriously suffered. Adulteration material and nasty workmanship in order to produce cheap goods to compete with foreign goods, caused a decline in the quality of Indian handicrafts.

**(7) British Conventions:-**

Some British conventions were also responsible for bringing about the decline of handicrafts in India. An interesting example was quoted by Kipling who says, "The unwritten ordinance, which permitted an oriental to retain a pair of patent leather boots on stockinged feet, but required him to doff shoes of native make when in the presence of a superior, was sufficient to kill the embroidered shoe industry."

**(8) Disarming of the Population:-**

The industry of damascening and inlaying of arms, weapons and shields was hard hit by the British policy of discriminating the population and prohibition of possession and use of arms.

**(9) Decline of Guilds :-**

As mentioned earlier, there existed a guild system in handicraft industry. The guilds, headed by Nagar seths managed and supervised the working of the concerned industry. This system ensured the quality of product and high standard of craftsmanship. British rule weakened the guilds in some industries and eliminated the same in certain other industries. The decline of guilds seriously deteriorates the quality through adulteration of raw materials and inferior standards of craftsmanship. This resulted in further decline in demand to the product of Indian handicrafts and accelerated the decay of the same.

**(10) Organizational weakness:-**

An inherent factor that helped the decline of handicrafts was the organizational weakness. In spite of the existence of guild system, the handicraft industries were not properly organised. Moreover, they lacked the capacity to adjust to the changing circumstances such as demand, prices, quality etc. The following of the traditional methods sealed the fate of these industries and the decline became inevitable.

In conclusion, it can thus be observed that various factors caused a decline of Indian urban handicrafts during the British Rule. Commercial and economic policy of the British Government, industrial revolution, competition from machine-made European goods, changing attitude of Indian customers, deterioration of quality and workmanship etc., were the leading forces that hastened the decay of the prestigious industry of India.

**• Consequences of Decline of Handicrafts :-**

Decline of handicrafts was a severe blow to Indian economy. Century-long traditional occupations of many people came to an end which produced far reaching consequences on the overall economy of the country. In fact, the under-developed and poverty stricken character of the country can, to some extent, be attributed to the decline of urban handicrafts. A noteworthy feature of the changes that took place during the British rule was that the urban handicrafts got adversely affected, but the rural ones survived the onslaught because of their peculiar character. Main consequences of the decline of urban handicrafts can be summed up as follows:

**(1) Ruralization of Economy:-**

The inevitable consequences of decline of urban handicrafts was the growing ruralization of the economy. The decline of urban handicrafts deprived number of artisans of their means of livelihood because of which they were left with no alternative but to return to the villages. Consequently, the ruralization of the economy started rapidly.

**(2) Growing Dependence on Agriculture:-**

It was but natural that the decay of urban handicrafts increased the burden on agriculture. The workers and artisans had to go back to agriculture, thus causing a growing dependence on this sector. This in turn gave rise to many related consequences such as sub-division and fragmentation of land etc.

### **(3) Huge Unemployment:-**

This was the obvious effect of decline of urban handicrafts. It was the most direct consequence of the ruin of urban handicrafts. The workmen who were thrown out of industry were rendered unemployed. Some of them got accommodated in agriculture where the problem of disguised unemployment arose.

### **7. Drain of Wealth :-**

Economist Dadabhai Naoroji Described how wealth was transferred from India to British without any return – known as the drain of wealth.

This occurred through :-

- i) Payments to British officials and army.
- ii) Profit made by British companies.
- iii) Interest on Indian debts.
- iv) Purchase of British goods with Indian money.
- v) Naoroji estimated that millions of pounds were drained annually which led to India's growing poverty.

### **8. Conclusion :-**

The British rule fundamentally changed the structure of the Indian economy. While modern infrastructure, legal systems, and education were introduced, the overall effect was economic decline and impoverishment. India was transformed from a manufacturing country into a supplier of raw materials and a consumer of British goods. Thus the British rule left India with a legacy of poverty, underdevelopment, and economic dependency the effects of which are still visible today.

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