

ATOMIC ENERGY EDUCATION SOCIETY
chapter-1

**INDIAN ECONOMY
ON THE
EVE OF
INDEPENDENCE
(MODULE 2/2)**

CLASS -XII
Subject :- Economics

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FOREIGN
TRADE

DEMOGRAPHIC
CONDITION

OCCUPTIONAL
STRUCTURE

INFRASTRUCTURE

FOREIGN TRADE

India's foreign trade goes back to ancient times. It used to be one of the most important trading country. In the colonial period India's foreign trade was restricted to Britain only. They had the monopoly over the Indian exports.

India was allowed to trade with only few neighbour countries. Still, there was the generation of large export surplus. This surplus came with heavy cost. A spurt in export didn't bring any fortunes to India. Rather, it was used to pay for British expenditures on maintaining the army and setups.

So, even high export couldn't turn around the murky picture of Indian economy.



Direction of foreign trade

- During its rule, Britain maintained almost a monopoly control over India's foreign trade
- More than fifty per cent of India's foreign trade was restricted to British and rest was shared by few other countries like China, Ceylon and Persia etc.,
- The opening of the Suez Canal further intensified the effect of British discriminatory trade policy

Large Export Surplus

- More exports, implied non-availability of several commodities in the domestic markets to the common consumers. It created the problem of scarcity of certain essential commodity in the country.
- The exports surplus did not bring gold and silver in the country. Rather, this surplus was used to make payments for the expenses of Indian office set up in Britain.

DEMOGRAPHIC CONDITION

Details of the population of British India were collected first in 1881, through a census. this census suffered for certain limitations but it revealed the fact that the population was uneven in its growth. after 1881, a population census was taken every ten years. India was in the stage of a first demographic transition before 1921. the second stage of such a transition happened after 1921. at this stage, however, neither the population growth nor the total population of India was very high.

The social development indicators were also not very encouraging at that time. the overall literacy was less than 16% and female literacy was around 7%. public health facilities were unavailable to a very large sector of people. they were inadequate wherever they were available. hence, water and air borne diseases attacked people in huge numbers and spread causing a large number of deaths. the overall mortality rate was very high and infant mortality was alarming. it was 21 per 1000 compared to the present rate of 63 per thousand. life expectancy was 32 compared to the present



Demographic profile

- India was in the first stage of demographic transition till 1921.
- India entered the second stage of demographic transition and there was a consistent rise in the population of the country.
- Thus, 1921 is regarded as the 'year of great divide' in the history of demographic transition in India.

Demographic profile

- **Poor health facilities**
- **High infant mortality rate – high as about 218 per thousand as compared to 37 per thousand in the year 2015.**
- **Low life expectancy – life expectancy was also very low, 32 years as compared to 68 years at present.**

OCCUPATIONAL STRUCTURE

There are two important features of India's occupational structure during the British period:-

i) 70% to 75% of India's working population was involved with agricultural sector. 10% were engaged with manufacturing sector and 15% to 20% were with service sector.

ii) Growing regional variation.

Occupational Structure during Colonial Period



- Agriculture (70-75%)
- Manufacturing (10%)
- Services (15-20%)

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The occupational structure, i.e. the distribution of working people across different industries and sectors showed very little sign of change during the British rule. The largest workforce was in agricultural sector accounting for about 70-75% of the working people. The manufacturing sector had 10% while the service sector accounted for about 15-20% of the working population.

A main feature was the growing regional variation. Areas of the then madras presidency (today's Tamil Nadu, Karnataka, Andhra Pradesh, and Kerala), Maharashtra and west Bengal saw a decline of the workforce in agriculture with a parallel increase in the manufacturing and services sector. during the same time, there was an increase in the workforce in the agriculture sectors in Orissa, Rajasthan and Punjab.

INFRASTRUCTURE

- 1) The state of infrastructure facilities especially in the field of transport, communication and energy was very poor in India during the British rule in India. However some efforts were made to develop basic infrastructure like roads, railways, ports, water transport, and post by the Britishers**
- 2) The British rulers introduced railways in 1850 and Indian railways begun operations in 1853.**



3) The development and the construction of railways by the British rulers had affected the Indian economy in the following ways:-

i) It provided cheap and rapid transport system especially for distant travel.

ii) It broke geographical barriers and thus promoted national unity and understanding

iii) It created new employment opportunities

iv) It helped in controlling famines

v) It promoted foreign trade but benefited British more than Indians

vi) It encouraged the process of industrialization

4) The main reason of British rulers behind the beginning of railways in India were as following:-

i) To have effective control and administration over the vast country. In view of this Britisher tried to link important administrative and military centers through railway.

ii) Earning profit

Infrastructure

- Roads – whatever roads were built, they were built primarily with a view to mobilizing the army within India and to transport raw materials from the countryside to the railway station or the port to send it to England.
- Railways – *it provided cheap and rapid transport system * it broke geographical and cultural barriers and thus promotes unity. *it created new employment opportunities * it promoted foreign trade.* railways facilitated faster movement of food grains across the nation. * it encouraged the process of industrialization by ensuring smooth flow of raw material and finished goods*it encouraged commercialization of agriculture which had destroyed the self-sufficiency of the Indian villages

Infrastructure

- Communication – in the field of communication , modern postal system in India started in 1837. the telecommunication services were also introduced in India to enhance the administrative efficiency. However, the development of communication services before independence was rather slow.
- Air and Water transport- * severe competition from foreign shipping companies * lack of support from the British rulers in India.

Thank you