



Economic Impact of the British Rule in India: An Overview

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Abstract:

British economic policy towards India was both innovative and effective. These measures ensured India's perpetual reliance on the West. These measures undermine the foundations upon which the Indian economy was built. As a result of British dominion, India became the economic hub of the United Kingdom. At first glance, it could seem that the British occupation of India was responsible for the country's positive social changes. However, following further inspection, these advantages turned out to be fortuitous, at best. The Indian economy was improved only for the purpose of looting it. The researcher, interested in the effects of peasantry, set out to investigate the effects of British rule on India's cottage industry. The effects on traditional zamindars and the subsequent growth of modern landlordism are also explored. The researcher has followed many book, journal, and online sources to get the data needed to complete the goals. The research concludes that the arrival of the British Empire in India had a profound effect on the country's economy, society, and government.

Keywords: *Indian economy, British policy, social changes, innovative.*

Introduction:

As a result of British economic policy, India's economy was rapidly transformed into a colonial economy whose character and structure were defined by the requirements of the British economy. The British colonisation of India was unique in this regard among all prior overseas expansions. Former conquerors had gradually integrated themselves into Indian society, both politically and economically, and had ousted Indian political authorities without fundamentally altering the country's economic structure (*Chandra, Bipan. 1993*). The lives of the peasant, the craftsman, and the merchant remained mostly unchanged. The core economic structure, characterised by a rural economy that can support itself, has been maintained. A change in government had resulted in just a shift in the faces of those who benefited from the peasantry's excess. The British invaders, however, were quite different. They caused a major shift in the established order of the Indian economy. They were never fully accepted into Indian society. They were always outsiders who exploited India's riches and took tribute money from the country.

Statement of the Problem: The profound effects of British control on India's society, economy, and culture are without dispute. However, this article will focus on the economic effects of British control in India. The British government's economic policies had a dramatic impact on India's economy. Profits from exporting Indian goods mostly benefited the British. British economic policy towards India was both innovative and

effective. These measures ensured India's perpetual reliance on the West. These measures undermine the foundations upon which the Indian economy was built. Therefore the researcher has stated the problem as **“Economic Impact of the British Rule in India: An Overview”**

Objectives: The present study has been carried out with the following objectives-

- To study the impact of the British Rule on the Small Industry of India.
- To study the consequences of **Peasantry**
- To discuss impact on old zamindars and how it leads to the rise of new landlordism

Research Questions: Through this study the researcher tried to find out answers to the following questions-

- What was the impact of British rule on the small industries of India?
- What was the condition of the peasants as a result of the British rule?
- Did the British rule lead to stagnation and deterioration of agriculture?

Ruin of Artisans and Craftsmen:

The urban handicrafts sector, which had made India a byword in the Buckets of the whole civilised world for centuries, collapsed suddenly and quickly. The competition from inexpensive British machine-made imports was a major factor in this downfall. We have seen that after 1813 the British enforced a policy of unilateral free trade on India, which led to a flood of British manufactured goods, especially cotton textiles. Products developed in India utilising ancient methods were no match for the industrial might of steam-powered machinery,

The decline of Indian industry, especially in the country's artisanal sectors, accelerated with the introduction of railroads. British factories were able to reach even the most rural areas of the nation, displacing centuries-old craft industries. D.H. Buchanan, an American author, expressed it thus way: “The steel rail pierced the armour of the isolated self-sufficient village, and its life blood ebbed away.”

“The textile industry, particularly cotton weaving and spinning, took a major damage. The iron, pottery, glass, paper, metals, firearms, shipping, oil pressing, tanning, and dyeing industries all faced the same demise” (*Buchanan, D.H. 1966*).

“In addition to competition from imported products, other problems stemming from British colonial rule also led to the collapse of India's manufacturing sector. Forcing them to sell their wares below market price and hire their services below the prevailing wage, the East India Company and its servants oppressed the craftsmen of Bengal in the second half of the eighteenth century, leading many of them to give up their traditional careers”(*Baden-Powell, B.H. 1892*. Normally, Indian handicrafts would have profited from the Company's support for exports, but the country's repressive policies actually had the reverse impact).

After 1820, the European market was effectively closed to Indian manufacturers due to British and European governments put heavy tariffs and quotas on Indian imports throughout the 18th and 19th centuries. Another major setback for these enterprises was the slow decline of Indian aristocrats and their courts, the primary markets for the goods they produced. The manufacture of Indian states' military arms, for instance, was wholly reliant on the British. The British government and military bought everything they needed in Britain. British bureaucrats and military men supplanted Indian monarchs and nobles as the governing elite, and they virtually exclusively bought British goods. Because of this, artisanal items became more expensive, making them less competitive with imports.

The decline of Indian cities known for their handicrafts production mirrored the decline of Indian handicrafts itself. The British invasion spelt doom for many cities that had previously resisted the onslaught of conflict and pillage. Many thriving industrial hubs, like Dhaka, Surat, and Murshidabad, were decimated. Only around 10% of people lived in cities towards the end of the nineteenth century. In 1834-5, Governor-General William Bentinck observed, “The suffering seldom finds a counterpart in the annals of business. Plains of India are being whitened by the skeletons of cotton weavers.

The tragedy was compounded by the absence of a parallel expansion of new machine industries to replace the declining old ones, as occurred in Britain and western Europe. As a result, the bankrupt artists and craftspeople could not find new work. They were forced to dive headfirst into agriculture or starve. Furthermore, the economic stability of rural areas was disrupted due to British administration. “The slow decline of rural crafts led to the demise of the self-sufficient rural economy by severing the link between agricultural and household industries in the countryside”(DUTT, R.C. 1963). As a result, millions of rural craftsmen lost their traditional means of subsistence and instead found work as agricultural workers or petty tenants owning small plots, while millions more peasants were forced to depend mainly on farming. They contributed to the already heavy land load.

Impact on Peasantry:

Under British administration, the peasant class was likewise increasingly disadvantaged. Even though he was now safe from his country’s civil battles, he continued to spiral downward into destitution. A third of Bengal became “a jungle inhabited only by wild beasts” due to Clive and Warren Hastings’ aim of obtaining the most possible land income from the very outset of British control in Bengal, according to a complaint by Cornwallis. Nor did things get better as time went on. “The plight of the peasantry was unchanged in either the Permanently Settled or Temporarily Settled Zamindari regions. They were at the mercy of the zamindars, who increased their rents to unmanageable levels, had them pay unlawful dues, and made them do begar (forced labour). Farmers in the Mahalwari and Ryotwari regions were in no better shape. Here, the government stepped in for the zamindars and imposed extortionate land taxes, which were first set at between a third and a half of the harvest”(Verma, R. and Pandey, R. K. 2015). In the nineteenth century, heavy assessment of land was a major factor in the spread of poverty and the decline of agriculture. This was recognized by many authors and government officials of the time. In 1826, Bishop Heber, for instance, penned:

“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”.

Ruin of Old Zamindars and Rise of New Landlordism:

During the first few decades of British rule, the majority of Bengali and Madras zamindars declared bankruptcy. Given that Warren Hastings often auctioned out the right to collect taxes and fees, this was particularly true. This also used to be the case with the 1793 Permanent Settlement. Since the government first sought ten-elevenths of the rental and the rule of collection mandated the instant disposal of zamindari properties if revenue was not paid on time, collecting land income was especially onerous in the early years. As a result of financial hardship, many of Bengal’s once-proud zamindars were compelled to sell their zamindari. The old zamindars, who had lived in the villages and had traditions of showing some consideration to their tenants, sold out to merchants and other moneyed classes, who had tended to live in the towns and were quite ruthless in collecting to the last pie what was due from the tenant regardless of difficult circumstances. This occurred in 1815, when nearly half of Bengal’s landed property changed hands. These

new landlords had no compassion, and they wasted no time in raising rents and evicting their tenants. Both the Permanent Settlement in northern Madras and the Temporary Zamindari Settlement in Uttar Pradesh were unjust to the local zamindars.

Landlord-tenant relationships rapidly extended to Ryotwari regions, too. Moneylenders, merchants, and wealthy peasants, as we have seen, increasingly came to own the land on which their tenants lived and worked. The lack of efficient channels for investing their cash in industry was one reason why India's upper classes were eager to purchase land and become landlords. This landlordism developed in part because of the practise of subletting. Due to their permanent right to own property, many owner-cultivators and occupancy tenants found it more profitable to lease land to land-hungry renters at high rent rather than use the land themselves. Landlordism eventually became the defining characteristic of agricultural relations throughout all regions, not only the zamindari but also the Ryotwari.

Stagnation and Deterioration of Agriculture:

“Indian agriculture started to stagnate and even worsen as a consequence of congestion in agriculture, excessive land income demand, expansion of landlordism, increased indebtedness, and the growing poverty of peasants. Between 1901 and 1939, agricultural output dropped by 14 percent”(Pandey, R. K. (2015).

Subdivision and fragmentation of land into tiny holdings, most of which could not retain their cultivators, resulted from the congestion in agriculture and the rise in subinfeudation. The vast majority of peasants live in abject poverty, which prevents them from investing in better livestock and crops, more manure and fertilisers, and more efficient production methods. Neither the government nor the landlord gave the rack-rented farmer any reason to. After all, he was usually farming on land that did not belong to him, and the majority of the benefits from agricultural improvements would go to the army of absentee landlords and moneylenders. It was also difficult to make changes due to property subdivision and fragmentation.

Development of Modern Industries

The rise of large-scale machine-based industries in India during the second half of the nineteenth century is often regarded as a watershed moment in the country's history. “In the 1850s, India entered the machine era with the launch of its cotton textile, jute, and coal-mining industries. In 1853, CowasjeeNanabhoy established the first textile mill in Bombay, and in 1855, the first jute mill was established at Rishra (Bengal). These sectors grew slowly but steadily over time. There were about 43,000 people being employed by India's 56 cotton textile factories in 1879. Twenty jute mills (most of which were in Bengal) employed over 20,000 people in 1882. In 1905, about 196,000 people were being employed by India's 206 cotton mills. Over 115,000 people were put to work in over 36 jute mills in 1901. In 1906, the coal mining sector provided work for approximately one hundred thousand people. Cotton gins and presses, rice, flour, and timber mills, leather tanneries, woollen textiles, sugar mills, iron and steel works, and the mineral industries of salt, mica, and saltpetre were all examples of the other mechanical industries that flourished in the second half of the nineteenth century and the beginning of the twentieth. The 1930s saw the rise of new manufacturing sectors like cement, paper, matches, sugar, and glass. However, expansion in any of these sectors was severely constrained”(Sen, Amartya. 1999)..

British investors owned or controlled the vast majority of contemporary India's businesses. The potential for substantial profits lured foreign investors to India's industrial sector. India and its neighbours offered a ready market for many items, and labour was very inexpensive. Raw resources were also easily accessible and very inexpensive. Many goods made in India were in high demand outside. These included tea, jute, and manganese. However, there were fewer and fewer domestic investment options that would be successful. However, the colonial administration and authorities were ready to provide any assistance and extend any favours that were needed.

Poverty and Famines:

Extreme poverty was endemic across India during British rule and was a direct outcome of their economic policies. Historians may differ on whether or not India became poorer during British rule, but they can't disagree on whether or not the vast majority of Indians were always on the brink of hunger. It became more difficult for them to obtain work or support themselves as time went on. "Over time, "the Indian people fell into abject poverty as a result of British economic exploitation, the decline of indigenous industries, the inability of modern industries to replace them, high taxation, the drain of wealth to Britain, and a regressive agrarian structure that caused agriculture to stagnate and the poor peasants to be exploited by zamindars, landlords, princes, moneylenders, merchants, and the state. During colonial times, India's economy did not improve" (*Maddison A 2007*).

A succession of famines hit the whole country of India in the second half of the nineteenth century, bringing the people's poverty to a head. Over 2 lakh people died in the first of these famines, which hit western Uttar Pradesh in 1860–1861. Nearly 20 lakh people died in the famine that swept across Orissa, Bengal, Bihar, and Madras in 1865–66. The famine of 1868–70 claimed the lives of about 14 million people in western Uttar Pradesh, Bombay, and Punjab. Many states in Rajputana, another afflicted region, had population declines of between a quarter and a third.

In sum, the arrival of Europeans resulted in significant changes in the economic and political life of India. The early Invaders were distinct from the British empire in that they did not introduce any major economic reforms to the Indian economy. The arrival of the British Empire in India had a profound effect on the country's economy, society, and government. The profound effects of British control on India's society, economy, and culture are without dispute. The British government's economic policies had a dramatic impact on India's economy.

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