

ECONOMIC EFFECT OF COLONIAL RULE

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Abstract-

Colonialism created a society which was neither capitalist as in Britain nor was it pre -colonial or pre-capitalist. Thus, for example, India under British rule neither resembled capitalist Britain nor was it basically similar to Mughal India. The development of agrarian relation in India makes this aspect clear. For example, landlordism in both zamindari and ryotwari areas of British India was something new, It did not exist in Mughal. It was the creation of British rule. It was the result of the colonial rulers efforts to transform Indian agriculture. Indian agriculture was not capitalist but it had many capitalist elements, for example, property relations were capitalist. Land was now a private property which was freely bought and sold on a large scale.

Keywords-Capitalism, Dalal, Primary Sector, Productivity, Village Bania.

INTRODUCTION-

The economic policies of British government made a rapid transformation on the Indian economy. In the year between 1600 to 1757 British got the primary profit from selling Indian products abroad. The British Government made economic policies for the Indian very cleverly. By the policies ,Indian always remained dependent on them. These policies completely break the traditional structure of the Indian economy. The basic reason for the British to come to India was for trading purpose .In that period, Britain faced the Industrial Revolution. that reason, they needed so many raw materials for their factories ,which mainly came from India as well as they also needed a proper market for selling their finished goods. India can give them these two, a huge source of raw materials and a perfect market for selling those finished products. Therefore ,the foremost economic impact of British rule in India was that the country became the centre of British trade.

First stage of colonialism-This is described as the period of Monopoly Trade and Direct Appropriation [or the period of East India Company's Domination,1757-1813]. During the last of the 18th century, India was conquered by a monopoly trading corporation-the East India Company. The Company had two basic objectives at this stage.1. The first was to acquire a monopoly of trade with India. This meant that other English or European merchants or trading companies should not compete with it in purchase and sale of Indian products. Nor should the Indian products as cheaply as possible and sell them in world markets at as high a price as possible and sell them in the world markets at as high a price as possible. Thus India was exploited through monopoly trade .The English competitors were kept out by persuading the British Government to grant the East India Company through a Royal Charter a monopoly of the right to trade with India and the East. The second major objective of colonialism at this stage was to directly appropriate or take over governmental revenues through control over the state power. The East India Company required large financial resources to wage war in India and on the seas against European rivals and Indian rulers and to maintain naval forces, forts and armies around their trading posts, etc.

SECOND STAGE OF COLONIALISM;--

This was a period of exploitation through trade and is also termed as ‘Colonialism of Free Trade’ during the 19th century. Immediately after the East India Company became the ruler over most parts of India, an intense struggle broke out in Britain to determine whose interests the newly acquired colony would serve. Britain was after 1750 undergoing the Industrial Revolution. The newly developing industrial capitalists began to attack the East India Company and the forms of its exploitation of India. They did not gain much from a monopoly trade in Indian products or from the Company’s control over Indian revenues. The agrarian structure of India was sought to be transformed in a capitalist direction through the Permanent Settlement and the Ryotwari systems.

THIRD STAGE OF COLONIALISM;---

A new stage of colonialism was ushered in India from about 1860s. This was the result of several major changes in the world economy;

1. Spread of industrialization to several countries of Europe, the United States and Japan with the result the Britain’s industrial supremacy in the World came to an end.
2. There was intensification of industrialization as a result of the application of scientific knowledge to industry. Modern chemical industries, the use of petroleum as a fuel for the internal combustion engine and use of electricity for industrial purpose developed during this period.

Key Economic Effects of Colonial Rule in India-

De-Industrialization-----

1. India’s traditional cottage industries collapsed due to competition from cheaper British goods.
2. Skilled artisans and craftsmen lost their livelihoods as Indian markets were flooded with machine-made imports.
3. India transitioned from an exporter of finished goods to an exporter of raw materials.

Famines in Colonial India-----

From the middle of the 19th century number of famines devastated India. According to official estimates in these famines the total loss of life was at least 1 crore and 52 lakhs, and the total number of famines affected people was 39.7 crores. These vast numbers indicate periods of subsistence crisis.

Impoverishment of Peasantry—

1. The British focused on extracting maximum revenue without considering the welfare of peasants.
2. High land revenue rates, unfair eviction practices, and exploitation by zamindars forced many farmers into debt and landlessness.
3. The shift of commercial crops like indigo and cotton worsened food scarcity, contributing to famines.

Development of Modern Industries-----

1. The introduction of machine-based industries in the late 19th century led to limited industrialisation.
2. Foreign capital flowed in to plantations, jute mills and textile factories, but heavy industries were neglected.
3. Indian industrial, providing minimal benefit to local people.

Stagnation of Agriculture-----

1. Farmers were forced to grow commercial crops to meet British industrial needs, leading to soil degradation and reduced agricultural productivity.
2. Traditional agriculture system were replaced by policies favouring British profits, exacerbating rural poverty.

Infrastructure Development-----

1. Railways [first line in 1853; Bombay to Thane] and telegraphs facilitated British economic exploitation.

2.While infrastructure connected Indian regions, it was primarily aimed at transporting raw materials and finished goods.

CONCUSION-

The Indian nationalist scholars like Dadabhai Naoroji, M.G. Ranade and R.C. Dutt spoke mainly about the Indian context and pointed out the impact of the British rule on the Indian economy. They emphasised the drain of wealth and de-industrialization as the ill-effects of the British rule. Other aspects of colonialism in India were the commercialization of agriculture and a slow and uneven pace of industrialization. Indian economic advance was geared towards the requirements of colonialism and the colonial state played an active role in shaping the Indian economy so as to serve the imperial interests.

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