

BRITISH ECONOMIC POLICIES IN INDIA AND THEIR IMPACT

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The British pursued different policies in the economic field. Their sole motive, however, was to serve their own economic interests. All policies were pursued by them with this object and, therefore, none of them proved beneficial to the Indian people. Some of them were as follows:

Commercialization of Agriculture.

Commercialization of agriculture began during the British rule. It is necessary for an industrially developing country. If the industries are to be fed up, agricultural production on commercial basis has to be raised up. But, in India, commercialization of agriculture took place not to feed the Industries of India because India was far behind in industrial development as compared to Britain and other European countries. It was primarily to feed the British industries that it was taken up and achieved only in case of those agricultural products which were either needed by the British industries or could fetch cash commercial gain to Britain in the European or American market. Therefore, interestingly enough, the demand for the creation of a department of agriculture under the Government of India to look after the development of agriculture in India came from the Manchester Cotton Supply Association. The Royal Commission pointed out that in 1869 this Association urged that "measures should be undertaken for the improvement of cotton, the crop in which it was primarily interested, and that a separate department of agriculture should be established in each province". The Commission further stated: "Cotton, as the most important crop of special interest to the East India Company, first attracted attention, and, as early as 1788, the directors of the Company urged that encouragement should be given to its production and improvement....In 1839, the Court of Directors sent out twelve American planters to teach the local cultivators how to grow and clean cotton". The primary purpose of all these efforts was to provide raw and good quality cotton to the cotton textiles industries of Britain which were growing fast after the industrial revolution in Britain. Therefore, cotton-growing area increased in India and its production increased manifold with gradual lapse of time. Indigo and more than that tea and coffee plantations were encouraged in India because these could get commercial market abroad. Mostly their plantations were controlled by the British. Jute was another product which received attention of the British because the jute-made products got a ready market in America and Europe. Thus, the British encouraged the production of those agricultural goods which were needed either for feeding their industries or could get them good commercial dividends otherwise. The commercialization of agriculture in India was beneficial only to British planters, traders and manufacturers and partly to Indian traders and moneylenders who worked as middlemen for them. Of course it led to the establishment of a few industries in India as well which helped in its industrial growth. But it was a very poor consolation because most of the industries established in India, in the beginning, were managed by British capitalists. On the other hand, the Indian people suffered miserably from this policy of the British. It resulted in reduced area under cultivation of food crops. The departments of agriculture established by the government mostly attended to the needs and development of commercial crops. In other items of agriculture, their contribution remained negligible. The result was that while the area under food crops increased between 1892-93 and 1919-20 by 7%, that under non-food crops increased by 43%.The commercial interests pushed themselves so aggressively that during 1934-35 to 1939-40, the area under non-food crops increased by 1.6 million acres, and that under food crops fell by 1.5 million acres. It also meant massive export of raw goods and commercial agricultural goods. The export of raw cotton increased from 1, 78,000 tons in 1900-1901 to 7,62,133 tons in 1936-37, that is, by 328%; in 1939-40 the figure was 5,26, 411 tons. The exports of tea increased from 190 million pounds weight in 1900-1901 to 359 million pounds in 1939-40; of oil-seeds from 549,000 tons in 1900-1901 to 1,172,802 tons in 1938-39. The same was the case with other commercial agricultural

goods. The net result of this process was that India failed to produce even that much food crops which could provide even two square meals a day to its population. The misery was further enhanced because the population of India was increasing every year. Fragmentation of land was taking place because of the pressure on land and modern means of agriculture production were not introduced in India. The report of the Prices Enquiry Committee of 1914 stated: "Population has increased by a larger percentage in the period under inquiry (1890-1912) that either the total area under cultivation or the area under food grains, or in other words, the requirements of food grains for internal consumption have increased in a larger proportion than the total production of food grains". It seriously affected adversely the poor people of India. It became difficult for them to get even sufficient food. In 1945, Sir Manilal B. Nanavati, formerly deputy-Governor of Reserve Bank of India observed in his presidential address to the sixth conference of the Indian Society of Agricultural Economics at Banaras: "During the last 75 years continuous deterioration in the condition of the masses is taking place. In 1880 India had a surplus foreign foodstuff to the extent of 5 million tons and today we have a deficit of 10 million tons. The consumption of food was then estimated at 1½lb. per individual and now it is 1 lb. nearly 30% of the population of India is estimated to be suffering from chronic malnutrition and under-nutrition". Thus, we find that the commercialization of agriculture in India by the British was also one of the important causes of the impoverishment of the Indian people. **Rural Indebtedness**

The revenue policy of the British, increased pressure of population on agriculture, existence of several intermediaries between the peasants and the government, sub-division and fragmentation of land-holdings etc. resulted in the impoverishment of the Indian peasantry and another grave problem of Indian agriculture that is, rural indebtedness. It has been sometimes asserted that the one cause of all these typical problems of Indian agriculture was the growth of population. It should, however, be not forgotten that nearly all these problems were fully articulated by the 70s of the 19th century, several decades before India experienced sustained population growth of any mentionable magnitude. There is no doubt that the population increase after 1921 aggravated the problems which were already there but the origin of these problems is to be found somewhere else. Mostly, these were because of the faulty policies of the British government or its neglectful attitude towards the welfare of the rural population. The same was the case with rural indebtedness. Various factors were responsible for rural indebtedness. Increased pressure of population on land, uneconomic land-holdings, poor means of irrigation, lack of modernization of agriculture etc. were factors which resulted in low production while the social and religious customs of the Indians involved extra expenditure besides that which was necessary for daily needs. Therefore, these were also the causes of rural indebtedness. But more than these, the policy of the government was directly responsible for it. The demand of the revenue was high; the government did nothing to remove the intermediaries who came into existence even where Ryotwari and Mahalwari systems existed; by the first half of the 19th century, the government started collecting revenue in cash except in such outlying areas as Assam; and, collected revenue by a fixed date. All these measures, in one way or the other, forced the peasants to borrow money from the local moneylenders who charged not only heavy interest but also took advantage of the ignorance and illiteracy of the peasants and resorted to deceitful measures, such as false accounting, forged signatures, making the debtor sign for larger amounts than he had actually borrowed etc.

In the Zamindari system, the peasants were left to the mercy of zamindars who raised rents to unbearable limits and compelled them to pay illegal dues also. In the Ryotwari and the Mahalwari areas, the government took the place of the zamindars and levied excessive land revenue which, in the beginning was fixed as high as one-third or one-half of the produce. The presence of intermediaries, whose number had gone on multiplying, enhanced further the actual demand of the revenue manifold. What, in fact, happened was that the zamindars and, in case of Mahalwari and Ryotwari systems, the government gave the right of collecting revenue to certain other individuals who became intermediaries between them and the peasants. These intermediaries, in turn, gave this right to somebody else on profitable terms. Thus, by a chain-process, a large number of rent-receiving intermediaries between the peasants and the government sprang up. In some cases, in Bengal their number went as high as 50. As all these intermediaries drew profit for themselves, their presence burdened the peasants heavily as the actual revenue collected from them grew enormously. Besides, the government collected the revenue by a fixed date and by the middle of the 19th century started collecting it in cash. The peasants, therefore, many times were forced to sell a part of their land or sell their produce at cheaper

prices to the local Bania who was also his money-lender in most of the cases or to undergo debt. The absence of a just marketing system for the peasants and the growing commercialization of agriculture also helped the money-lender-cum merchant class to exploit the peasants. The poor peasants had to sell their produce just after the harvest and at whatever price they could get as they had to meet the demand of the government, the landlord and the money-lender. All these factors reduced the peasants to poverty and forced them to beg for loan in absence of any substitute, mostly from the local money-lender. Therefore, the village money-lender occupied an important place in the village economy. The government provided no just substitute for him. The limited attempts of the government to redress the sufferings of the peasants proved futile. The Usurious Loans Act, as amended in 1819 and again in 1926, seeking to set a maximum limit to the rate and amount of interest recoverable was found to be inoperative in practice by the Royal Commission on Agriculture. The Cooperative Societies Act, 1904 was certainly a step in the right direction and, by 1939-40, the total number of cooperative societies in India rose to 1, 37,000 with a total membership of over six million people. Yet, it failed to solve the problem of rural indebtedness. The movement was unevenly distributed over the different parts of the country. Therefore, the advantage remained restricted only to limited areas. In Punjab, only 10.2% families in rural areas drew advantage from the cooperative societies while in other provinces this figure was below 4%. The same way, other legislations, passed mostly by the elected provincial governments after 1937, also failed to find out any solution of this problem.

Growth of Agricultural Labour

Social but more than that economic factors particularly arising out of British policies, resulted in the growth of agricultural labour which has been regarded as a typical feature of the economic history of India during the 19th and 20th centuries. There were certain castes in India, both in the North and the South, constituting a fairly large proportion of working force in agriculture which was excluded from occupancy rights in land on social grounds. They enjoyed security of livelihood on the margin of subsistence by customs prevalent and accepted as norms of the society. Their number increased by natural growth. The government, under new laws and regulations, did not provide them proprietary or tenancy rights. Therefore, their increased number contributed a fair proportion of the increase in the number of agricultural labourers. The general rise of Indian population which could not be absorbed into non-agricultural sectors was another cause of the rise in landless agricultural labourers. The reduction in the size of land-holdings because of the law of inheritance which provided all male members equal share in the property of their father, the reduction of agriculturist's income to an uneconomic level, alienation of land through indebtedness and loss of tenancy rights through eviction also contributed to a large extent to the growth of agricultural labourers. Thus, we find that some social factors certainly contributed to the growth of landless labourers, yet, there is no doubt that economic factors were also involved with them. Of course, rise in population and law of inheritance, resulting in fragmentation and thereby uneconomic holdings, were responsible for the growth of agricultural labourers but lack of industrial growth which if properly attended could absorb a large portion of the population, absence of laws safe-guarding the tenants and agriculturists from the clutches of local Banias and landlords and destruction of village handicrafts which if safeguarded could subsidize the income of agriculturists, were equally responsible for it. Economic factors which led to the growth of agricultural labour were largely the creation of the policies of the British-pursued in different fields for safeguarding and enhancing their and their country's economic interests. The 50 years of British rule in India witnessed the ruin of her trade and industry, driving and increasingly large proportion of her people to the lands and, next 50 years of their rule brought temple cultivators as a class, forming nearly four-fifths of the Indian population, to the brink of ruin and destruction. Its final result was tremendous rise in the growth of agricultural labourers. The British, during their earliest period of rule in Bengal, Bihar and Orissa, destroyed the trade and industries particularly that of cotton cloth of these provinces. The process continued till the end of their rule. The industrial Revolution in Britain, the abolition of the monopoly of trade with India of the East India Company in 1813, the revenue policy of the British which aimed to extort maximum income for themselves whether it be zamindari or, Mahalwari or Ryotwari, system, their Tariff policy of free trade from 1833 onwards, commercialization of agriculture in India, destruction of village handicrafts, the apathy of the British towards industrialization of India, the Tariff policy of Britain which aimed at discouraging import of manufactured

goods of India, etc. resulted in gross impoverishment of the Indian people and, having no other means of livelihood, a large number of them were reduced to the position of landless agricultural labour.

The disproportionate rise in the growth of agricultural labour brought about pitiable results. From the point of view of economy, it really meant an increase in disguised unemployment or under-employment in agriculture because the labour force in agriculture came to exceed the number actually required for maintaining production at the level attained during this period. Commenting on the condition of the agricultural labourers, R.C. Dutt writes: "It is literally a fact and not a figure of speech that agricultural labourers and their families in India generally suffer from insufficient food from year's end to year's end. They are brought up from childhood on less nourishment than is required even in the tropics, and grow up to a nation weak in physique, stunted in growth, easy victims to disease, plague or famine".

Destruction of Handicraft Industries

India lives in her villages and agriculture was the very backbone of her economic life. Village handicrafts subsidized the economy of the villages and, thus, villages existed mostly as self-sufficient economic units. But, at the same time, there was very little left as surplus which could be utilized for the purpose of trade. Yet, it would be wrong to assume that India's prosperity was only due to flourishing agricultural economy. India enjoyed brisk trade with foreign countries from times immemorial which was the primary reason of its fabulous wealth. India exported a large quantity of goods to foreign countries; and among them manufactures of Indian handicraft industries occupied an important place. Cotton and silk cloth, indigo, salt petre, ivory-goods, sea-pearls etc. were some important items of export from India and, among them cotton and silk cloth were the primary ones. Therefore, manufacturing of cloth was the most prominent handicraft industry of India. British policies were instrumental in destroying most of the handicraft industries in India but the worst affected were the cotton and silk cloth handicraft industries which, prior to their destruction, brought immense wealth to India from foreign countries. There were at least 200 distinct trade names of Indian cloth which were derived both from their centers of production in India and from the foreign consuming markets. Several places in Avadh, Bihar, Calicut, Gujarat, Punjab, North-West Province and Bengal were the centers of production of cotton cloth while several places in Bengal, Bihar and Orissa were famous for silk production in the 17th and the 18th centuries. Gradually, both of these handicraft industries were destroyed because of the policies of the British. The process started from the provinces of Bengal, Bihar and Orissa as soon as the East India Company assumed the Diwani of these provinces. The Company and its servants engaged in private trade desired to earn maximum profits for themselves. After getting political control over these provinces, they forced the weavers to work and produce cloth according to their own requirement and on conditions of their own. The Company contacted the weavers through their Indian agents called the gumastas. The weavers were supplied either with advance or raw-material, asked to manufacture specific quality and quantity of cloth within a specified time and sell it to the Company or its servants at the price 15% to 40% less than the market price. The Gumastas also kept monopoly over the weavers and did not permit them to work for any other trader or trading company. The defaulters among the weavers were severely punished and, in some cases, even their thumbs were cut off so that they could not continue with their profession.

The practice, however, could not continue for long because that killed the goose that laid the golden eggs. A large number of weavers left their profession. It ruined the cotton and silk cloth handicraft industries of the provinces of Bengal, Bihar and Orissa within some years. It ruined the economy of these provinces and, in turn, put the British Company also to loss which was forced to ask for loan from the British government. The Industrial revolution in England and particularly manufacturing of cloth by machines also participated to a large extent in destroying the cloth handicraft industry of India. The mechanization of textile industry in British began nearly by the time when the Company assumed the right of Diwani in the provinces of Bengal, Bihar and Orissa. Hargreaves invented the Spinning Jenny in 1767 and, two years later, Arkwright the water-frame. Britain no more required finished cloth from India. Therefore, as early as 1769, the Directors of the company ordered that "manufacture of raw silk should be encouraged in Bengal and that of manufactured silk fabrics should be encouraged in Bengal and that of manufactured silk fabrics should be discouraged". Gradually, with the help of machines, Britain started producing large quantity of cloth and at a cheaper rate than produced by the Indian weavers manually. Britain then required raw cotton and silk for its manufactures and made India

the primary source of their supply. That resulted in commercialization of agriculture in certain products particularly silk and cotton. India was, gradually converted into a vast agricultural land meant to produce raw products which were required by British industries. India also served as a big market for the finished goods of Britain. Roads, Canals and, particularly, Railways were constructed in India for extending the market of British goods to remote places. Besides, it became difficult for the hand-made Indian cloth to compete with the machine-made cloth of Britain in the market. The abolition of the monopoly of trade of the Company with India in 1813 flooded India with British traders and their manufactured goods. That also helped in the destruction of Indian handicraft industries. The Tariff policy of the government of Britain and that of India played an important role in the destruction of Indian handicraft industries. As far back as 1720, the British government totally prohibited the import of Indian silk and calicoes in Britain and, therefore, the East India Company was forced to find market for them in other European countries. Even afterwards, when imports were permitted, the British government charged heavy protective custom-duty on articles imported from India. In the 19th century, Britain prohibited the wear of printed calico and, gradually, increased the duties on imported Indian cloth goods rising up to 80% ad valorem. Besides, it forbade the export of tools and machinery so that no other country, including India, should get the advantage of them. On the contrary, the Indian government gave all facilities to British imports. From 1833 onwards, it supported the policy of free trade and, gradually, decreased the export and import duties. It provided Britain the facility of getting cheap raw-materials from India and supplying their finished goods at a cheaper rate in India.

Another cause of the destruction of Indian handicraft industries was that there remained a wide gulf between temple intellectual and working class in India. It not only prevented mechanical improvement in the handicrafts of the country but also kept the workers and artisans in social neglect and low status. Therefore, the Indian handicraft industries showed no improvement and failed to stand against the British mechanized industries. Many British officials and scholars described the destruction of Indian handicraft industries as a sad but inevitable fact as part of the price of modernization. But it is not correct because Indian handicrafts suffered not because of industrialization and modernization of India but that of Britain. Thus, the price which the Indian workers and the artisans, engaged in these handicrafts, paid was not the price in return of modernization of India but being slaves of British colonial rule. The argument of U.S. scholar, Morris D. Morris, that deindustrialization of India was a myth, is also not accepted by Indian scholars. Different Census and Famine Reports, the acceptance of the Swadeshi Movement by the masses and their participation in several movements justify the view that destruction of Indian handicraft industries had taken place on a large scale during the 18th and 19th centuries and a large number of labourers and artisans, engaged in these industries particularly in cloth industry, had suffered miserably. The destruction of Indian handicrafts contributed in the growth of mass-poverty in India.