

GS Foundation 2024: Modern India
Handout 13: Industrial Phase: Colonial Economy
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Commercialization of Agriculture

It means cultivation of cash crops in place of food crops. The food crops like wheat, barley and rice were replaced with cash crops like tea, indigo, sugarcane, tobacco, opium and coffee etc. this change in the character of Indian agriculture was the outcome of circumstances created by British colonial rule.

Objective:

1. To make the collection of the increased land revenue easier.
2. To secure raw-material for the British industries
3. To facilitate export of food grains from India to Britain
4. To maintain balance of trade globally (Tea-Opium Triangle)

Introduction of contract system in agriculture facilitated commercialization. The Charter Act 1833 allowed European to purchase immovable property in India. As a result of this tea plantation, coffee, and jute plantation emerged contract farming was practiced by European in plantations.

- Cotton – Encouraged in western India
- Indigo – For dying of clothes in north and east India
- Opium – Warren Hastings made opium production a company monopoly first in 1773. It was exported to China.
- Tea – encouraged in northeast, mainly based on British capital. It gave rise to the problem of indentured labour.
- Coffee – encouraged in south India
- Jute – encouraged in eastern India
- Sugarcane – it was encouraged after 1830s in various parts, especially in north India.

Pattern:

- It was a forced process for the majority of peasants. It was not adopted by them under free will.
- Only those crops which were required by British industries or were having market in Europe were cultivated such as indigo, cotton and sugarcane.
- It was carried out by using the traditional old tools and no modern technology was introduced.
- The use of small farms for cultivation of cash crops was another typical feature.
- Different kinds of practices were used by Europeans to cultivate cash crops in India.
 - Teenkathiya (3/20) used in Champaran district of Bengal for Indigo cultivation.

- It was exploitative in nature. The peasants suffered immensely due to cultivation of cash crops.

Effects:

- 1) it facilitated the drain of wealth from the Indian because Commercial easy sold in the European market it benefited only European it failed to benefit Indian peasant in any significant manner cultivation of cash crop another instrument used by British to exploited Indian resources.
- 2) the easier self-sufficient economy was now connected to world the peasant force crop which are greater demand in global market.
- 3) it helps in the emergent subservient economy in Indian because Indian economic fulfil British economy.
- 4) it led to monetization of agriculture.
- 5) it led to village in datedness
- 6) it resulted in rural instability because prices of commercial crop fluctuated according to ability in international market. this instability trigger crises in decan rights.
- 7) in 1870 cultivation of the cash crop reduce the production of food grain. as result of this hunger and famine become regulator phenomenon in Indian economy.
- 8) cultivation of cash crop adverse affected the soil fertility biodiversity and overall economy which in the long run ruined the agriculture.

Deindustrialization

Decline of Handicraft (de-industrialization)

In overall economy, if there is increase in the contribution of primary sector and decrease in that of secondary sector, it is called as de-industrialization.

India held the title of the world's largest manufacturing nation until the mid-18th century. European countries, in particular, had a high demand for Indian products. The British during colonial rule systematically dismantled India's handicraft industry, and by the mid-19th century, it was almost decimated.

Causes for the decline of urban industry:

- Indian handicrafts industries were dragged into an uneven competition.
 - British capitalist class pressurized from the very beginning to open the Indian markets for British finished goods. The Company was forced to import British finished goods worth the value of 3.8 lakh pounds in 1769 to India.
 - A condition was imposed upon EIC whereby it was mandatory to carry British goods of around 3000 tons free of cost to India in 1793.
 - The monopoly of the EIC for trade with India was abolished by the Charter Act of 1813 which opened India completely for the British goods.
- Market abroad lost
 - British market was closed for India products. Heavy duties were imposed on the Indian handicraft products in Britain.
 - Import duty of 67.5% on Indian cotton clothe and 37.5% on Indian muslin in 1824.
 - For Indian sugar, the import duty was 3 times the cost of production.
 - On some Indian goods, the duty went upto 400%.
- Indian handicraft industries lost the home market also.
 - Loss of patronage: British annexed Indian states which were a big purchaser of handicraft products.
 - Through railways even remote areas of India were penetrated with British industrial goods.
 - British cultural policy encouraged the sale of British products in India. (English education produced a class)

Causes for the decline of village handicraft industry:

- The exploitative policy of the Company after 1757.
- Appointment of intermediaries for exploitation of artisans
- Competition with the finished goods from British factories
- Decline of village economy
- Introduction of railways

Destruction of Cotton Textile Industry

- Extremely important role in the Indian economy as well as culture. Throughout the history, Alexander's fellow historians, Chinese traveler, Marco polo, all referred to it.
- India's cotton textiles and muslin were unparalleled in the world.
 - Taken by Arab merchants to Basra (Iraq) where Europeans became familiar with it and named it Muslin (Malmal). Portuguese named it Calico (brought from Calicut).
 - Important centres: Dhaka, Qasim Bazar, Murshidabad
 - Western India important for cotton goods production
- The traditional Indian cotton industry had a pre-modern technology. Indian cotton piecegoods were manufactured by the handicraftsmen. It was, indeed a rural craft. In pre-colonial times there was a perfect union between agriculture and domestic industry in the countryside. The cotton industry had been an integral part of India's village economy. Millions of cotton weavers and spinners had been engaged in this rural craft since time immemorial.

Causes:

The oppression practised by the merchants of the English East India Company during the second half of the eighteenth century broke the backbone of this great industry initially. Later on, the fatal blow came from the Lancashire manufacturers after the advent of free trade capitalism.

- Initial oppression by the Company
 - Exploitation of artisans and craftsmen played an important role in the decline of Indian handicrafts.
 - The weavers were forced to accept dadan or advance from the English merchants. They were subject to a penalty of 35% on the advance if they defaulted together with repayment of the advance received.
 - The East India Company's policy as reflected in its regulations in the last quarter of the eighteenth century had made the weavers sink into the position of indentured workers. Indian craftsmen were made to work for company at a very low wage and at times without any wage at all. These craftsmen were forced to sell their goods to company at cheap rate and by company's raw material from company's merchants at high prices. Many of craftsmen cut their thumb to escape this exploitation.
- Industrial development – The foreign machine-made products were superior in quality and cheaper in price. The primitive technology of Indian handicrafts could not compete with the modern technology of an industrial economy.
- Lancashire and Manchester exports flooded Indian markets
- The fate of the Indian cotton industry was sealed with the arrival of railroad.
- Export of raw materials made them dear for Indian artisans and made their products uncompetitive.
- Indian cotton products were banned in Britain (protectionism)

- The policy of one-way free trade of British ruined Indian handicraft high tariff barrier were enacted to prohibit the entry of Indian goods in Britain and duty free goods were allowed in India. This was an unnatural competition.
- British also ousted Indian products from other markets (West Asia, Africa etc)
- Diminishing local markets
 - With the gradual decline of the Indian states and their courts, who were the chief patrons of Indian weavers and spinners, there was no chance for the Indian cotton industry to survive.
 - Policy of westernization changed demand by Indian middle class too.

Thus, Indian cotton industry went down in the face of foreign competition. India had been an exporter of cotton textiles to the international market in the past. But, now, India was transformed into a market for the cotton goods produced in England. In the interest of British economy, she was now converted into a supplier of raw materials.

Destruction of other Industries

- Jute Industry (handicraft in Bengal): Collapsed due to the competition with the products of modern factory system at Dundee (Scotland).
- Silk Industry: Indian silk industry flourished in various regions. In Kashmir, it employed nearly 45,000 workers. Competition from industrial silk products of Paisley (Scotland) decimated it.
- Iron Industry (world famous wootz): Indian industries could not produce low quality steel, thereby eliminating a huge chunk of market from them.
- Ship building industries at Surat, Malabar and Bengal were crushed. In 1814, another law was passed under which Indian built ships were refused to be considered 'British-registered vessels' which could trade with America and the European continent.

Impact of De-industrialization:

1) it ruin Indian prosperity resulted in wild spread impoverishments it led to excusive unemployment for ex weaver cotton groover, thinner dresser emborders. it has been extradited that around 10 lack people thought a out of employment instantly the disaster heightened by the fact that declined by the fact that by the rise of modern industries in India

3) deurbanization the destruction of Indian cotton industry mirror in the decline of town which were famous for there manufacturing city like Dhaka ,Murshad Surat become depopulated the connection between the agriculture and industry was snap.

increase burdened in agriculture. The weaver are over thrown no over option to turn to agriculture for survival.

thousands of them become sharecropper for agriculture labors they added to general pressure on the land and feather contributed general empowerment of agriculture.

fragmentation of land holding converts many of them to land less labors.

4) reduction in the per capita income increase in the rural poverty and hunger.

Charles Elliot, a member of the Council wrote, "I do not hesitate to say that half the agricultural population do not know from one year's end to another what it is to have a full meal."

