

# ECONOMICS

( Indian Economic Development )

Chapter 1: Indian Economy On The Eve Of Independence



## INDIAN ECONOMY ON THE EVE OF INDEPENDENCE

### Colonial Rule:

It refers to a system between two countries under which one country being the ruler and another being the colony and the ruling country determines the economic policies of the colony.

In India, the colonial rule stays for around 200 years (1757 – 1947) under which the Britishers exploited the Indian country and form the economic policies in India.

### Stagnant economy:

Stagnant economy refers to the economy which is stuck or very low at its path of development.

### Features of Indian economy before colonial rule:

- Agriculture was the main source of employment and livelihood for the people of our country. Around 85% economy derived their livelihood directly or indirectly from agriculture.
- The farmer raised only those crops which he needed for his own use and shared the same with the village artisan who supplied him with simple manufacture that he needed for his domestic consumption. India was famous for its handicraft industries all over the globe.
- Indian was an independent, self-reliant and prosperous economy.

### It was a reference to the wealth and economic prosperity of India.

### Agricultural sector at the eve of independence:

The characteristics of agricultural sector at the eve of independence was as follows:

**Zamindari system (land tenure system):** Under this system, ownership right of the land was transferred from farmers to zamindars i.e. Zamindars were the nominal head of the land who collects the revenue from the farmers (in the form of lagaan) and deposit it to the colonial government. The zamindars collect lagaan from the farmers regardless to the economic condition of the cultivators. The zamindar and the colonial government took no initiative to improve or to strengthen the condition of agriculture.

**Commercialization of Agriculture:** It refers to the production of crops for sale rather than for self-consumption.

Farmers were given higher prices for production of cash crops (like cotton, jute, indigo) so

that they can use them as raw material for British industries. High level of prices forced to farmers to produce cash crops rather than food crops.

**Low level of productivity:** Productivity refers to the output per hectare of land. During colonial period the productivity of Indian agriculture was very low.

**Reasons of which are as follows:**

- Lack of irrigation facility.
- Low level of technology.
- Negligible use of fertilizers.

**High degree of uncertainty:** During colonial period, the main source of irrigation was rainfall which results in high level of uncertainty. i.e., good rainfall implied good output whereas poor rainfall will result in low level of output.

## Industrial sector on the eve of independence:

**Decline of handicraft industries:** During colonial rule, the Britishers systematically destroyed the Indian handicraft industries and forced the people to indulge into agriculture sector.

The basic motive of British rule behind the de-industrialization was 2-fold:

- To convert India into a supplier of raw material for the industries of Britain.
- To develop India as a market of British manufactured goods.

**Discriminatory tariff policy:** The British Indian Government followed:

- Free trade or unrestricted entry of British goods
- Tariff free export of raw material from India to Britain.
- Heavy duty was placed on the export of Indian handicraft products, due to which the Indian handicraft industry started losing its pride and place.

**Competition from machine made products:** The pride of Indian handicraft industries started to decline when it faced the competition from machine made products as they are of low cost and easily available. Indian craftsmen are far behind the speed of machines and hence the only alternative available for them is to shut down their enterprises.

**Lack of capital goods industries:** Capital goods industry refers to those industries which are capable of producing machine tools.

During colonial period there was no capital goods industry worth the name, moreover Britishers don't pay any attention in promoting or supporting these industries as they want India to be a supplier of raw materials only.

**Change in pattern of demand:** The impact of British culture started to arise in the public, as a result a new class emerged in India which was keen to adopt the western lifestyle. This changed the pattern of demand against the Indian products.

**Negative effects of Railways:** Although introduction of Railways was one of the positive impacts of colonial period but at that time, Railways proved to be a terror for Indian industries. Britishers use railways for their benefits only as a result, size of market of low-cost British product started to expand whereas high-cost handmade products began to shrink.

## Foreign trade:

Since ancient period, India has been an important trading nation. India was well-known exporter of finished goods like silk, fine cotton, textiles, ivory work, handicrafts, precious stones etc. But the discriminatory trade and tariff policies of Britishers brought it to an end.

**The condition of Foreign trade is explained below:**

Exporter of primary products and importer of finished,

**Goods:** During colonial rule, India became the exporter of raw materials (such as raw silk, cotton, indigo, jute etc.) which are of low cost and became the importer of finished goods (such as capital goods, woolen clothes, silk clothes and other machine-made products) which are of high cost. Due to this the economic condition of our economy started to decline.

**Monopoly control on trade by Britishers:** During colonial period the British government maintained a monopoly control over Indian trade policies.

- Majority of trade was restricted to Britain (more than 1/2) while the rest was allowed with some other countries only (such as China, Sri Lanka (Ceylon) and Iran (Persia))
- Opening of Suez Canal in 1869 provides a direct trade route for ships operating between Britain and India.

## Suez Canal:

It is an artificial waterway running from north to south across the Isthmus of Suez in north-eastern Egypt.

The opening of canal reduced the transportation cost as now there is no need to sail around Africa.

Tariff free import and export between India and Britain whereas heavy duty was placed on the export of Indian handicraft products (which increase their price in the market).

**Economic exploitation:** Due to the exporter of raw material, India has a huge export surplus. But the amount of export surplus does not give any push to Indian economy as the amount of surplus is used by the government in non-developing activities, such as:

- To meet expenses of war fought by the British government.
- To make payment of office setup of colonial government.
- To make trade of invisible items (services).

**Demographic conditions:** Demographic refers to the study of various aspects of population, such as age, sex, education level, income level, marital status, birth rate, death rate etc.

- **High birth rate and death rate:** Birth rate refers to the number of children born per thousand in a year.

Death rate refers to the number of people dying per thousand persons in a year. During colonial period both birth rate and death rate are very high (nearly 48 and 40) which means India was at the First stage of demographic transition (before 1921). Year 1921, is regarded as the year of Great Divide as thereon India has started its entry into the second

**Stage of demographic transition:**

1. **First stage:** High birth rate and high death rate (stagnant economy).
  2. **Second stage:** High birth rate and low death rate (initial stage of development).
  3. **Third stage:** Low birth rate and low death rate (developing or developed economy).
- **Low literacy rate:** Literacy rate refers to the number of persons who is 7 or above, who has the ability to read, write and understand one language. During colonial period the overall literacy rate of the economy was less than 16 per cent. Moreover, the female literacy rate was about 7 per cent.
  - **High infant mortality rate:** Infant mortality rate refers to the number of infant dying before the age of 1 year per thousand live births annually. The IMR during colonial period was about 218 per thousand (before 1921).
  - **Poor health facilities:** Public health facilities were either unavailable or when available, were higher inadequate. Due to which water and air-borne disease were widespread and took a huge toll on life.
  - **Low life expectancy:** It refers the average number of years for which a person is expected to live. Due to poor health facilities, the life expectancy during colonial rule was as low as 32 years, whereas as per the latest WHO data published in 2018, the current overall life expectancy of India is 68.8 years.
  - **High level of poverty:** During colonial period, India faced the condition of extensive

poverty, per capita consumption was very low. The overall standard of living of common people of India was very low.

## Occupational structure:

It refers to the distribution of working persons across different industries and sectors.

- **Predominance of agriculture:** As colonial government aims at making India as exporter of raw material, as a result about 72.7% of working population was engaged in agriculture. As the income generation rate of agriculture sector is very low, this predominance reflects backwardness of the economy.
- **Unbalanced growth:** Growth of an economy is said to be balanced when all the 3 sectors are equally developed. But in case of Indian economy only primary sector is the main source of employment, whereas secondary and tertiary sector were in their infant stage of growth.

## Infrastructure:

It refers to the basis physical and organizational structure and facilities (buildings, roads, power supplies etc.) needed for the operation of an economy. The state of infrastructure was very poor during colonial period, although some efforts were taken by the British government to improve the condition of infrastructure in the economy (railways, port, post and telegrams, roads etc.) so that it can serve economic benefits to them.

## The conditions of infrastructure was explained here:

- **Railways:** One of the biggest contributions of colonial rule was the introduction of railways in India in 1850. It helps to remove geographical and cultural barriers in the economy. Although the benefits of railways was mostly restricted to Britishers during colonial period but it also helps in developing the Indian economy post colonial period.
- **Roads:** The construction of roads during colonial rule was very limited (due to scarcity of funds). The roads that were built, primarily served the interests of mobilizing the army and shifting of raw materials so that they can be transported to Britain via posts.
- **Air and water transport:** The colonial government took various measures for developing the ports and air transport. But the development was far from satisfactory measure of development.
- **Communication:** During colonial period, posts and telegraphs were the most popular means of communication. The system of electric was introduced at a high cost to serve the purpose of maintaining law and order. Despite serving a useful public purpose, the postal service remained all through inadequate.

## Positive contribution of British rule:



As every coin has 2 sides, similarly the colonial rule had some leads some positive impacts on our economy which are as follows:

- **Introduction of railways:** The first and the most efficient contribution was the introduction of railways in India. Britishers introduced railways so that they can transport their products and the raw materials easily from one place to another but in post-colonial period railways turned out to be the key factor for the economy.
- **Commercialization of agriculture:** Under pre-colonial period, farmers grow crops just to sustain themselves and other people of the village. But forced commercialization of agriculture under colonial rule brings new opportunities for farmers in the market
- **Monetary system of exchange:** Barter system of exchange was no longer effective in the economy. Britishers brings a new system of exchange popularly known as monetary system of exchange (Introduction of money).
- **Effective system of administration:** The colonial government in India left a legacy of an efficient system of administration, which serve to be a readymade for our economic and political planners.

### Summary:

- Colonial rule
- Stagnant economy
- Features of Indian economy before colonial rule
- Agricultural sector at the eve of independence
- Zamindari system
- Commercialization of agriculture
- Low level of productivity
- High degree of uncertainty.
- Industrial sector on the eve of independence
- Decline of handicraft industries
- Discriminatory tariff policy
- Lack of capital goods industries
- Change in pattern of demand
- Negative effects of railways
- Foreign trade
- Exporter of primary products and importer of finished goods.
- Monopoly control on trade by Britishers.
- Economic exploitation.
- Demographic Conditions
- High birth rate and death rate

- Low literacy rate
- High infant mortality rate
- Poor health facilities
- Low life expectancy
- High level of poverty
- Occupational structure
- Infrastructure
- Positive contributions of British rule.

SHIVOM CLASSES  
8696608541



Class : 12th Economics (Indian Economic Development)  
Chapter-1 : Indian Economy On The Eve Of Independence

### Foreign Trade

- Export of primary products such as raw silk, cotton, wool, sugar, indigo, jute, etc.
- Import of consumer goods such as cotton, silk and woollen clothes.
- Import of capital goods such as light machinery produced in the factories of Britain.
- Scarcity of essential commodities.

### Demographic Condition

- High birth and death rate (48 and 40 per thousand respectively)
- Infant mortality rate (218 per thousand)
- Low life expectancy (approx. 32 years)
- Low literacy rate (approx. 16%)

### Industrial Sector

- Decline of handicrafts
- Rise in modern industries
- Absence of capital goods industries
- Discriminatory tariff policy of the State

### Agriculture Sector

- Low level of productivity
- Heavy dependence on rainfall
- Forced commercialization of agriculture
- Zamindari system of land revenue

### Infrastructure

- Development of basic infrastructure such as railways, ports, water transport, posts, to serve various colonial interests.

### Occupational Structure

- Agriculture was the principal source of occupation (70% to 75%)
- Regional variations

**State of Indian Economy On The Eve Of Independence**

## Important Questions

### Multiple Choice questions-

Question 1. In the history of demographic transition, which year is regarded as the year of the great divide?

- (a) 1901
- (b) 1902
- (c) 1921
- (d) 1923

Question 2. When were the railways introduced in India?

- (a) 1769
- (b) 1825
- (c) 1850
- (d) 1875

Question 3. The first census data was collected during British rule.

- (a) 1891
- (b) 1881
- (c) 1950
- (d) 1850

Question 4. At the time of independence, most of the land was owned by \_\_\_\_\_

- (a) farmers
- (b) zamindars
- (c) labour
- (d) all of these

Question 5. What was the life expectancy in India during the British rule?

- (a) 65
- (b) 38
- (c) 32
- (d) 44

Question 6. During colonial period India's demographic profile showed \_\_\_\_\_

- (a) high birth rate
- (b) low death rate
- (c) low infant mortality rate
- (d) high literacy rate

Question 7. Indian economy on the eve of Independence was \_\_\_\_\_

- (a) underdeveloped
- (b) developing
- (c) stagnant
- (d) semi-feudal

Question 8. Suez Canal was opened for transport in \_\_\_\_\_

- (a) 1850
- (b) 1853
- (c) 1869
- (d) 1901

Question 9. Who made significant estimates about calculating national income in India during the British period?

- (a) V.K.R.V. Rao
- (b) Dadabhai Naoroji
- (c) Findlay Shirras
- (d) William Digby

Question 10. At the time of independence, most of the land was owned by .....

- (a) Farmers
- (b) Zamindars
- (c) Labour
- (d) All of these

### Very Short:

1. Name the popular fields of Indian handicrafts industry.
2. Where was the muslin type of cotton textile found in India?
3. What was the state of country's real output during the first half of the twentieth century?
4. What was the major occupation in India on the eve of independence?
5. Name any two commercial crops.
6. What do you mean by stagnant agriculture?
7. Define subsistence agriculture.
8. Name the industries which were in operation in our economy at the time of independence.
9. When and where was the first iron and steel company established?
10. What was the impact of decline of the indigenous handicraft industries?

### Short Questions:

1. Discuss the economic features of Indian economy prior to the advent of the British rule?
2. What was the aim of the policies pursued by the British during colonial rule?
3. Write a short note on commercialisation of agriculture during British rule?
4. Where was the zamindari system implemented by British in India? Discuss its features.
5. Discuss the condition of Indian agricultural sector on the eve of independence.
6. Discuss the state of industrial sector on the eve of independence.
7. Describe the role of public sector during British Rule.
8. India experienced export surplus during colonial rule, then why was there drain of wealth from India during the same period.

### Long Questions:

1. State the features of indian economy at the time of independence.
2. How did the british exploit indian agriculture sector?
3. What was the condition of industrial sector on the eve of independence?
4. Write a short note on the volume and composition of indian trade during british rule.
5. Give a brief account of state of various social development indicators on the eve of independence.

### Case Study Based Question-

1. Read the following hypothetical text and answer the given questions: -

Before 1947? More than 90% of the national income relied on the Indian agriculture sector. A significant portion of the country's population resided in rural areas where agriculture was the primary source of livelihood. The pre-colonised India produced primary two crops, wheat and rice. Even if it was only two types of crops, country's agriculture sector was sustainable and self-sufficient. The British invasion resulted in total commercialization of India's agriculture industry. On the eve of independence the once most prominent sector of this country was known to be suffering from stagnation and constant degradation.

#### Questions:

1. What is meant by commercialization of agriculture?
  - (a) Production of crop for sale in the market
  - (b) Production of crop for self consumption
  - (c) None
  - (d) Both

2. Reason for low productivity in agriculture sector
  - (a) HYV seeds
  - (b) Low level of technology
  - (c) Improved irrigation system
  - (d) All of these
3. Which of the following statements are correct with reference to the Zamindari system.
  - (i) The profit accruing out of the agriculture sector was proposed to go to the cultivators.
  - (ii) The main interest of the zamindar's was only to Collect rent regardless of the economic condition of the cultivators.
  - (a) Both are correct
  - (b) Both are incorrect
  - (c) (i) correct (ii) incorrect
  - (d) (ii) correct (i) incorrect
2. Read the following hypothetical text and answer the given questions: -

The various social development indicators were also not quite encouraging. The overall literacy level was less than 16 per cent. Out of this, the female literacy level was at a negligible low of about seven per cent. Public health facilities were either unavailable to large chunks of population or, when available, were highly inadequate. Consequently, water and air-borne diseases were rampant and took a huge toll on life. No wonder, the overall mortality rate was very high and in that, particularly, the infant mortality rate was quite alarming—about 218 per thousand in contrast to the present infant mortality rate of 63 per thousand. Life expectancy was also low—44 years in contrast to the present years. In the absence of reliable data, it is difficult to specify the extent of poverty at that time but there is no doubt that extensive poverty prevailed in India during the colonial period which contributed to the worsening profile of India's population.

**Questions:**

1. Which year is described as a “year of Great Divide”?
  - (a) 1931
  - (b) 1921
  - (c) 1941
  - (d) 1911
2. What were the causes of higher infant motility rate during the British period?
  - (a) Poor health care
  - (b) Lack of education

- (c) Traditional outlook of society
  - (d) All of above
3. During colonial period, India's demographic profile showed:
- (a) High birth rate
  - (b) High death rate
  - (c) High infant mortality
  - (d) All of these

### Assertion Reason Type Question-

1. In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
  - b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
  - c. Assertion (A) is true but Reason (R) is false.
  - d. Assertion (A) is false but Reason (R) is true.

**Assertion:** On the eve of independence Indian economy was Stagnant economy.

**Reason:** Between 1860-1925 it was as low as 0.5% per annum and between 1925-1950 it was 0.1% per annum.

2. In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
  - b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
  - c. Assertion (A) is true but Reason (R) is false.
  - d. Assertion (A) is false but Reason (R) is true.

**Assertion:** Commercialisation of agriculture means production of crops for sale rather than for family consumption.

**Reason:** Cash crops are food crops like wheat, rice, etc.

## Answers key

### MCQ answers:

- 1. (c) 1921
- 2. (c) 1850
- 3. (b) 1881



4. (b) zamindars
5. (d) 44
6. (a) high birth rate
7. (a) underdeveloped
8. (c) 1869
9. (a) V.K.R.V. Rao
10. (b) Zamindars

### Very Short Answers:

1. Answer: The popular fields of Indian handicrafts industry were cotton and silk textiles, metal and precious stone works, etc,
2. Answer: The muslin type of cotton textile had its origin in Bengal, particularly, places in and around Dhaka (known as Dacca before partition), now the capital city of Bangladesh.
3. Answer: The country's growth of aggregate real output was less than two percent during the first half of the twentieth century.
4. Answer: Agriculture was the major occupation in India on the eve of independence.
5. Answer: Cotton, jute and sugarcane are commercial crops.
6. Answer: Stagnant agriculture implies incrementally low agricultural product.
7. Answer: Subsistence agriculture refers to growing food for self-consumption and not for sale in the market.
8. Answer: Handicrafts industries, metal and precious stone works, cotton and jute textile mills, iron and steel industries were in operation in our economy at the time of Independence.
9. Answer: The first iron and steel company was established in 1907 at Jamshedpur.
10. Answer: The impact of the decline of the indigenous handicraft industries was massive unemployment and shortage of locally made goods in India.

### Short Answers:

1. Answer: India was a prosperous, wealthy and independent economy prior to the advent of the British rule. Agriculture was the main source of livelihood for the most people. However, the country's economy was also characterised by various kinds of manufacturing activities. India was mainly known for its handicraft industries in the fields of cotton and silk textiles, metal and precious stone works, etc. These products enjoyed a worldwide market due to their fine quality and the high standards of craftsmanship.
2. Answer: The aims of the policies pursued by the British during colonial rule were:
  - (i) To exploit India for raw material to expand British modern industrial base



(ii) To protect and promote the economic interests of their home country

3. Answer: Generally, commercialisation of agriculture implies production of crops for sale in the market rather than for self-consumption. However, during British rule, it acquired a different meaning. Commercialisation of agriculture took place only in a few productive areas and it basically became commercialisation of crops.

The British used to offer higher prices to farmers for producing cash crops rather than for food crops. British government used these cash crops as raw materials for industries in Britain. In other words, British government exploited Indian agriculture to serve the base of their modern industries.

4. Answer: The zamindari system was implemented in the then Bengal Presidency, comprising parts of India's present-day eastern states.

Following were the features of zamindari system implemented by British in India:

(i) The zamindars were the permanent owners of the land.

(ii) The profit accruing out of the agriculture sector went to the zamindars instead of the cultivators.

(iii) The main interest of the zamindars was only to collect rent and they did nothing to improve the condition of agriculture or cultivators.

5. Answer: The condition of Indian agricultural sector on the eve of independence is discussed below:

(i) Low Level of Productivity: Level of productivity was so low that agriculture could easily be characterised as backward on the eve of independence. Low productivity implied low level of output, despite large area under cultivation.

(ii) High Degree of vulnerability: Agriculture showed a high degree of vulnerability. Due to lack of technology and irrigation facilities, it was extremely dependent on rainfall.

(iii) Uneconomic and Fragmented Landholdings: Indian farmlands were fragmented and scattered in pieces. As a result, most landholdings were uneconomic and hence, yielded low surplus.

6. Answer: The state of industrial sector on the eve of independence is discussed below:

(i) Decay of Handicraft Industry: The traditional handicraft industry in India was an important industry of pre-British period. British misrule in India led to the decline of Indian handcrafts.

(ii) Lack of Basic and Heavy Industries: During the British rule, priority was seldom given to the basic and heavy industries. At the time of independence, Tata Iron and Steel Company (TISCO) was the only basic industry in India.

7. Answer: During the British Rule, the role and operation of the public sector remained very limited. It was only confined to areas that provided large market for British products. Railways, power generation, communications, ports and some

other departmental undertakings were the main areas under operation of public sector.

8. Answer: Throughout the colonial period, india's foreign trade experienced the generation of a large export surplus. However, the surplus came at huge cost to the india's economy. There was shortage of essential commodities such as food grains, clothes, kerosene, etc. In the domestic market.

The export surplus did not result in any flow of gold or silver into india. Rather, this was used to make payments for the expenses incurred by an office set up by the colonial government in britain, expenses on war, and the import of invisible items. All these led to the drain of indian wealth during the colonial period.

### Long Answers:

1. Answer: Following were the main features of indian economy at the time of independence:

(i) inconsistent commercialisation of agriculture: commercialisation of agriculture took place only in a few productive areas. This resulted in unequal level of productivity across india. While some states became rich, others remain poor due to factors such as low level of technology, lack of irrigation facilities and the use of negligible amount of fertilisers.

(ii) stagnant and backward economy: indian economy at the time of independence was stagnant and backward. The pace of development was extremely low. The growth rate of per capita income was only 0.5 percent per year.

(iii) little growth of the consumer goods industries: at the time of independence, source of consumer goods industries like jute, textile, sugar, -match box, etc. Were established in india. Which were aided by british capital. The profit of these industries went to britain. As a result, these industries remained backward at that time.

(iv) less development of infrastructure: at the time of independence, the growth of economic as well as social infrastructure was very low. These services were in their infant stages.

(v) downfall of cottage and small scale industries: prior to the british rule, india was well known for its handicraft industries in the field of cotton, silk textiles, metal and precious stone works, etc., which enjoyed a worldwide market. But the policy of british colonial rule led to their downfall. ; at the time of independence, these industries were almost ruined.

(vi) lack of basic industries: at the time of independence, there was a lack of basic industries. Tata iron and steel company was the only importance basic industry.

(vii) limited foreign trade: india's foreign trade was very limited. The british policies reduced india to the exporter of raw materials and importer of finished goods.

(viii) other challenges: at the time of independence, indian economy was facing many challenges like poverty, malnutrition, poor health facilities and rapidly

increasing population.

2. Answer: Indian economy, under the british colonial rule, remained fundamentally agrarian. 85 per cent of the indian population was engaged directly or indirectly on agriculture. However, despite of being the occupation of such a large population, this sector continued to experience stagnation and unusual deterioration.

Although agricultural sector was the main source of national income and employment, it remained backward and deficient. It was burdened with defective institutions like 'zamindari' and jagirdari'.

The british government had paid little attention to land reforms or to increasing agricultural productivity. India, once an important exporter of foodgrains, started suffering from ever worsening food shortage. Agricultural productivity was low because there was low level of technology, lack of irrigational facilities and negligible use of fertilisers. Cash crops of the farmers were to be ultimately used by the british industries at home. Furthermore, country's partition at the time of independence gave a set-back to india's agricultural production.

A sizeable portion of the undivided country's highly irrigated and fertile land went to pakistan, which impacted india's agricultural production adversely. India's jute goods industry suffered heavily due to lack of raw material. Thus, the indian agricultural sector was stagnated at the time of independence.

3. Answer: The scenario of industrial sector under the british colonial rule was under-developed. British policies transformed the indian economy into a mere supplier of raw materials and consumer of the finished f industrial products from britain. There was a lack of heavy, basic and capital goods industries and country was almost totally dependent upon foreign nations for supply of machines, engines, spare parts, etc. Manufacturing capacity was also very limited.

Modern industry began to take root in india during the second half of the 19th century. The first iron and steel company. Tisco (tata iron and steel company) was established in jamshedpur, this plant began production in 1912. Industries like sugar, cement and paper also came up after the second world war.

However, there was an absence of capital goods industries at the time of independence. As a result, contribution of industrial sector to the national gdp remained very low.

4. Answer: India has always been an important trading nation. However, the restrictive policies of commodity production, trade and tariff pursued by the colonial government had a negative impact on the structure, composition and volume of india's foreign trade.

Consequently, india became an exporter of primary products such as raw silk, cotton, wool, indigo, jute, etc. And an importer of finished consumer goods like cotton, silk and woollen clothes and capital goods like light machinery produced in the industries based in britain.

Britain maintained a monopoly control over india's exports and imports. More than 50 percent of india's trade was confined to britain. Other countries with which india used to trade were china, ceylon (sri lanka) and persia (iran). The opening of the suez canal further intensified british control over india's foreign trade.

5. Answer: The state of various social development indicators was also not quite encouraging:
- (i) the overall literacy level was less than 16 percent. Out of this, the female literacy level was as low as 7 percent.
  - (ii) public health facilities were either unavailable to large,section of population or, when available, were highly inadequate. As a result, water and air-borne diseases were widespread and took a huge toll on life.
  - (iii) the overall mortality rate was inevitably very high. The infant mortality rate, particularly, was quite alarming at about 218 per thousand.
  - (iv) life expectancy was also very low, that is, only 44 years.
  - (v) extensive poverty prevailed in india during the colonial period. It contributed to the worsening demographic profile of india's population.

### Case Study Answer-

1. Answer:
- 1. b) 1921
  - 2. d) All of above
  - 3. d) All of these
2. Answer:
- 1. a) Production of crop for sale in the market
  - 2. b) Low level of technology
  - 3. d) (ii) correct (i) incorrect

### Assertion Reason Answer-

- 1. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- 2. c) Assertion (A) is true but Reason (R) is false.