

# NCERT Solutions for Class-XI Economics

## Chapter 1 - Indian economy on the Eve of Independence

1. What was the focus of the economic policies pursued by the colonial government in India? What were the impacts of these policies?

Sol. The economic policies developed by the British government in Asian country India was aimed at making India as a provider of Britain's growing industries. The policies were targeted towards development of Britain and boost its economic status. Asian country India and its growth were utterly unheeded. Due to such policies India became a provider of raw materials and market for finished goods from Britain. The impact of such policy in India are as follows:

1. Indian economy witnessed very low economic growth. Studies reveal that economy was growing at a speed of two percent during the periods 1900-1950. British government was more interested in maintaining and developing economy of Britain. British rule ruined the agriculture sector and handicrafts and transformed India into a provider of raw materials.
  2. Indian agriculture system was not developed before independence, it was following old techniques and it was majorly affected by the colonial rule when the farmers were instructed to grow commercial crops instead of food grains. These commercial crops like cotton and indigo were used in industries in Britain for manufacturing textile. The peasants did not get any monetary benefit from growing these crops and hence no economic development happened.
  3. The British have programmed a systematic deindustrialization by leading to downfall of handicraft industry and with the lack of investment the other industries also failed to develop. Imposing of heavy export tariffs on Indian made goods led to the decrease in demand in international market that ultimately led to collapse of the handicraft industry.
  4. The money that Indian goods earned from foreign trade was not used for investing in Indian economy, it was used for management of British army and assist them in expanding their colonial reach across Asia.
2. Name some notable economists who estimated India's per capita income during the colonial period.

Sol. The following economists estimated India's per capita income during the colonial period:

1. Dadabhai Naoroji
2. R.C Desai
3. V.K.R.V. Rao
4. William Digby
5. Findlay Shirras

3. What were the main causes of India's agricultural stagnation during the colonial period?

Sol. Reason for stagnation of Indian Agriculture during colonial period are:

1. The British have introduced the Land Revenue system in 1793. As per this system, zamindars (land owners) needed to pay high amount of revenue to the British Government and the source of revenue collection was from the peasants. The zamindars did not look after improving the land productivity which resulted in low agricultural growth and subsequently made life of peasants worse.
2. Indian farmers were growing food crops like rice and wheat for consumption. The British Government was forcing Indian farmers to grow commercial crops like indigo for the British Industries which lead to agriculture turning commercial and caused a shortage of food grains.
3. Lack of irrigation facilities and other important factors like availability of fertilizer also impacted the agriculture industry and made it more vulnerable.

4. Name some modern industries which were in operation in our country at the time of independence.

Sol. India witnessed growth of some industries before independence, the most prominent of which is Tata Iron and Steel Company (TISCO). India was also witnessing growth of textile mills and ancillary products. Maharashtra, Gujarat, Bengal were areas where cotton and jute industries were setup. Apart from this industries some other industries that started operating are sugar, paper and cement.

5. What was the two-fold motive behind the systematic de-industrialisation affected by the British in pre - independent India?

Sol. The two-fold motive behind de-industrialisation by British were:

1. Obtaining raw materials from India at rock bottom prices and reduce status of India as a provider of raw materials for feeding its industries back in Britain.
  2. Selling the finished goods in India and thereby making India a market for selling items produced by British industries.
6. The traditional handicrafts industries were ruined under the British rule. Do you agree with this view? Give reasons in support of your answer.

Sol. Yes, traditional handicraft industry was ruined under British rule. The following points are in agreement to this statement:

1. The British had introduced discriminatory tariff policy which lead to high export tariff on Indian made goods, which made price of products high in international markets that lead to less demand of Indian made goods which resulted in ruining of handicraft industry.
  2. As Britain began importing duty free goods from Britain to India, the demand for local made goods started decreasing as the mechanically produced goods were much cheaper which resulted in ruining the market for handicraft.
  3. The princely states of India used to provide patronage to local art, handicraft but during British rule the princely states were ruined by the East India Company which thus resulted in decrease in demand for the Indian made goods. Slowly the Indian handicrafts lost the market and then diminished.
7. What objectives did the British intend to achieve through their policies of infrastructure development in India?

Sol. During British rule over India, there was a lot of infrastructural changes in the country. But all these changes were only done to serve the cause of British Empire. Development was seen for transport and communication. Roads helped in facilitating transportation of raw materials from different parts of country to ports where it will be shipped for industries in Britain. In a similar way railway were developed for transporting finished goods from Britain to different parts of country. The railways helped in widening of the reach of goods across India. Posts and Telegraph were developed to increase the effectiveness and reach of British administration over India. So, it

can be said that although there was growth in infrastructure, it was only for British Empire and not for India.

8. Critically appraise some of the shortfalls of the industrial policy pursued by the British colonial administration.

Sol. The aim of British rule was to make India a source of raw materials to feed the industries back in Britain and present India as a virgin market for the finished goods from Britain. The policies created by them were for the development of industries in Britain. The industrial policy had the following shortfalls:

1. British neglected the developed handicraft industries to deprive India of revenue from exports. Indian handicraft was having high demand all over world, but due to high export tariff imposed on goods exported from India, the price of products raised exponentially which impacted its demand and led to the collapse of handicraft industry.
2. Indian industries suffered from lack of investment in machinery and British government was not at all interested in assisting for the growth of industries, therefore, growth significantly decreased.

9. What do you understand by the drain of Indian wealth during the colonial period?

Sol. The economic policies of British Government were primarily interested in amassing wealth from India. India had extensive resources that British rule found highly useful for fulfilling the industrial requirement back in Britain. British also utilized India's manpower for increasing its industrial operations and expanding bases outside of India, all these expenses were borne by the Indian Exchequer. Therefore, it can be said that British rule drained out wealth from India during the 19th Century (colonial period).

10. Which is regarded as the defining year to mark the demographic transition from its first to the second decisive stage?

Sol. Year 1921 is regarded as the defining year, it is also known as year of Great Divide as population growth was scarce before that time. After 1921 India's population growth was consistent.

11. Give a quantitative appraisal of India's demographic profile during the colonial period.

Sol. Demographic profile of India during colonial period is as follows:

1. High Birth Rate was 48 per thousand and High Death Rate was 40 per thousand respectively.

2. Infant Mortality Rate was 218 per thousand which is very high.

3. Life Expectancy rate was 32 years on average.

4. Literacy rate was below 16 percent which showed the backwardness of the society.

From the above data it can be inferred that India was undergoing a phase of poverty, low standard of living and low survival rate. This situation aggravated with the absence of health care facilities and lack of health-related awareness among Indian population.

12. Highlight the salient features of India's pre-independence occupational structure.

Sol. It refers to the distribution of work forces among the different sectors of an economy. The following points define India's occupational structure at the time of pre-independence:

1. India was primarily an agrarian economy, which consisted of more than 75 % of the population involved in agriculture as a source of sustenance, while the rest was divided among manufacturing and service sectors. The less number of people in manufacturing and industrial sectors were due to the tough competition they got from cheap goods from Britain which was machine made. Britain imposed a high tariff on export thereby restricting growth of industries. Hence, industries did not contribute well to GDP of India.

2. India witnessed regional variation in occupational structure, it was seen that in states like Andhra Pradesh, Tamil Nadu, West Bengal and cities like Bombay had experienced more concentration of work in production and manufacturing while states like Punjab, Orissa and Rajasthan had more population that was shifting towards agriculture.

13. Underscore some of the India's most crucial economic challenges at the time of independence.

Sol. Crucial challenges at the time of independence are as follows:

1. Low Agricultural Output was one factor which was due to colonial impact on the country. Only those items were growth that were of monetary importance of the government.

2. Low level of industrialisation and decline of hand made products

3. Low levels of national income and per capita income

4. Low standard of living, low expectancy and high infant mortality rate

5. High level of unemployment and gross underemployment

14. When was India's first official census operation undertaken?

Sol. It was completed in the year 1881 under British Viceroy Lord Mayo.

15. Indicate the volume and direction of trade at the time of independence.

Sol. India was a country with ample resources during the colonial period. Various products were produced in India like sugar, silk, jute etc. The British government's restrictive policies on foreign trade, export of products resulted in affecting the structure, composition and the foreign trade volume of India. The state of foreign trade during independence was as follows:

1. India became a market for exporting primary products such as sugar, raw silk, indigo, jute etc. and importing finished goods like cotton, silk and woolen clothes along with machinery produced in Britain. Britain served as the major market for imports for India with food grains being the most imported item.

2. Britain established monopoly on foreign trade when Suez Canal was opened in 1869. It helped in establishing direct connection between India and Britain. This reduced the time necessary for transportation and so the result was more exploitation of Indian market. All of India's trade was maintained by British with more than half being traded to Britain and the remaining to China, Persia and Ceylon.

16. Were there any positive contributions made by the British in India? Discuss.

Sol. Following are the contributions made by British in India:

1. Commercialisation of Agriculture was an important point in the Indian agriculture history. It helped achieve the self-sufficiency in food grain production. Production happened as per market requirements, and this helped India in creating a sustainable economy from agriculture.

2. India was forced to follow the free trade during colonial rule, which helped gain a foothold to compete with industries in Britain and also increased the volume of exports.

3. The establishment of railways helped connecting people to distant places and also increased the business of the people, as due to expansion of geographical horizons business area expanded.
4. The promotion of English language helped connect with the outside world and allowed India to become a part of global diaspora.
5. There was a marked improvement in monetary system and production due to division of labour



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