



**Indian  
Economy  
Development**

# CLASS – 11

## ECONOMICS

**Indian Economy Development**

**CH-1 : Indian Economy on the  
Eve of Independence**

**Part – 1**

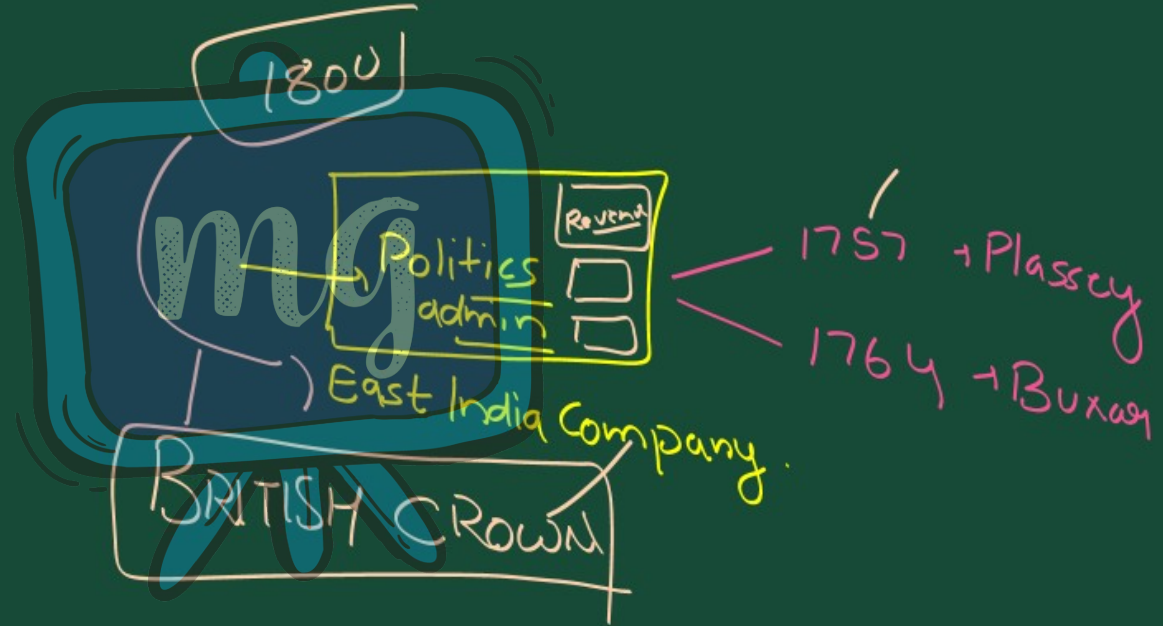
**India during British rule**

**Vaishnavi Agrawal**

The background illustration depicts the development of the Indian economy. It features a large blue silhouette of India in the center. To the left, modern symbols of progress include a rocket, a wind turbine, and a power transmission tower. In the foreground, a man in a graduation cap and gown stands next to two construction workers in hard hats and safety vests who are looking at a blueprint. To the right, a man is shown plowing a field with a bullock cart, representing traditional agriculture. A money bag with a rupee symbol and some Indian currency notes are also visible. The text 'Indian Economy Development' is written in bold yellow letters across the middle of the illustration.

## Indian Economy Development

1. India during British rule
2. Agriculture and Industrial backwardness under British rule
3. Other sectors under British rule





# ORIGIN OF BRITISH RULE IN INDIA

## 1. Arrival of British in India

- ▮ The British came to India in 1600 A.D. as traders through the East India Company.
- ▮ Their initial aim was to engage in trade, especially in spices, textiles and indigo.



- ▮ Gradually, they began interfering in Indian politics and administration.





## 2. Expansion of Political Power

Key battles that established British political control:

✦ Battle of Plassey (1757) : British defeated the Nawab of Bengal.

✦ Battle of Buxar (1764) : British defeated the combined armies of Indian rulers.

- These victories gave the East India Company Diwani rights (right to collect revenue) in Bengal, Bihar and Orissa.



### 3. Formation of British Colonial Empire

Over time, the British expanded their control across India using:



Wars & treaties

Divide & Rule policies

Subsidiary alliance system





- In 1858, after the Revolt of 1857, the British Crown took direct control, ending East India Company rule.





# LOW ECONOMIC DEVELOPMENT IN PRE-INDEPENDENCE INDIA

## 1. Low Per Capita Income

- Estimates by economists like Dadabhai Naoroji, VKRV Rao, and RC Desai suggested that average annual income per person was extremely low.



- It was around ₹230–₹260 per year (in pre-independence value), which was not enough for basic needs.



Food



Education



Healthcare



Fuel & Light



Clothing

## 2. No Growth in National Income

- India's Gross National Product (GNP) remained almost static for decades.
- There was no significant increase in total income due to lack of industrialization and modern infrastructure.



### 3. Dependence on Agriculture

- ▮ Around 75% of the population was dependent on subsistence farming.
- ▮ Agricultural methods were outdated, with low productivity and frequent famines.



## 4. Neglect of Modern Industries

- ❑ The British discouraged the development of Indian industries.
- ❑ Traditional industries like handicrafts declined due to competition from cheap British imports.
- ❑ There was no development of capital goods industries, which are essential for economic growth.



## 5. Widespread Poverty

- ▮ A large part of the population was malnourished, illiterate, and unemployed.
- ▮ Rural areas suffered the most due to land exploitation by zamindars and moneylenders.





## 6. Lack of Human Development

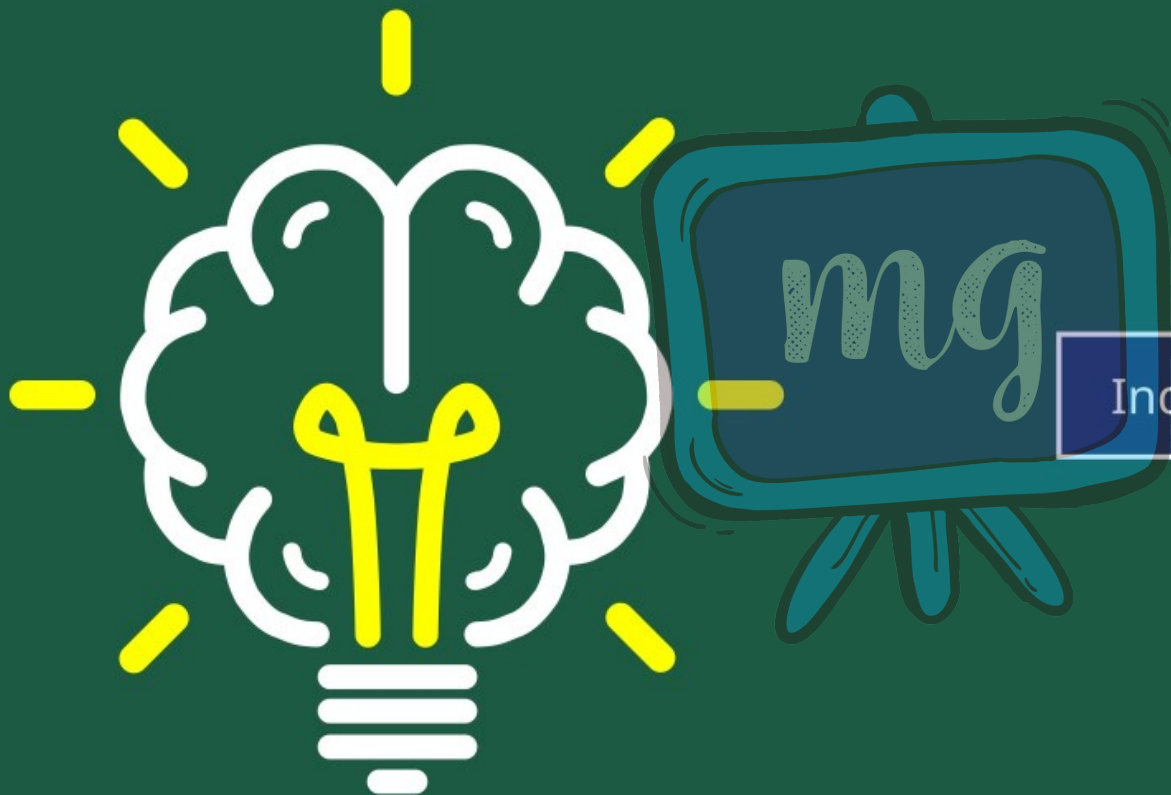
Indicators like literacy rate, life expectancy, and health facilities were extremely poor:

✦ Literacy : 16%

✦ Life Expectancy : 32 years

✦ Infant Mortality Rate : 218 per  
1,000 live births





India before Independence



1

What was the primary motive of the British colonial rule in India?

☒ A

To develop India's economy

☒ B

To exploit India's resources for British benefit

☒ C

To promote Indian industries

☒ D

To improve India's infrastructure



2

What was the status of India's economy during British rule?

☒ A

Developed economy

☒ B

Developing economy

☒ C

Underdeveloped economy

☒ D

Growing economy





3

Which sector dominated the Indian economy during British rule?

- ☒ A Primary sector
- ☒ B Secondary sector
- ☒ C Tertiary sector
- ☒ D Organized sector