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INDIA'S COMMERCE GROWTH IN THE ECONOMY AT THE EVE OF INDIAN INDEPENDENCE (IN THE PERSPECTIVE OF INDIA BEFORE 1950)

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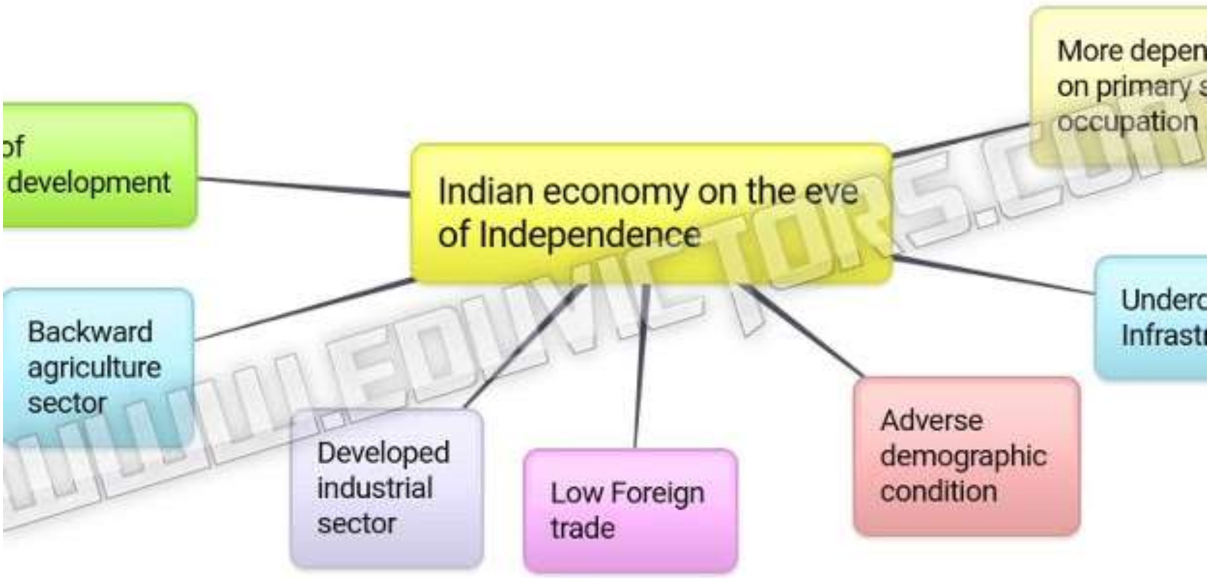
ABSTRACT

India under the British rule can be called as "Drain of Wealth" according to Dada "Bai Nehru-ji", because they restricted the Indian people to produce only the raw materials and made Indians to import the final goods from Britan, so it is termed as "Drain of Wealth". British colonial rule made India`s Commerce growth, exports and imports to be restricted to some goods and its economic value was benefiting more for colonial Britishers expenditure. The British rule lasted for two centuries before India won its independence in 1947. The sole purpose of the British Commerce, economic policy was to reduce India into a feeder economy for expansion of Britain's own modern industrial base. Pre independence India had a flourishing economy based on agriculture and handicrafts. The quality of workmanship in field on textiles and precious stones was high leading to a worldwide base for Indian products. The British policy was to turn India into an exporter of raw materials and consumer of finished goods. This led to disruption of Indian economy. The British never made any attempt to calculate the national or per capita income. Amongst Indian economists V.K.R.V Rao was first to do so. Some Economists, Charted accountants predicted that there was surplus production in Indian Commerce growth, agricultural output, but due to heavy taxes and pests attack on crops, made small and marginal farmers to suffer more.

KEY WORDS: ***Indian Commerce Economy Before Independence. Indian Exports and Imports at the Eve of Independence, Economic and the Commerce Growth.***

- ***INDIAS COMMERCE AND AGRICULTURE SECTOR, BEFORE INDEPENDENCE***



The Indian economy was highly agrarian as 85% of Indians depended on it. But the sector remained stagnant as the British focused on extracting maximum revenue from it without any capital development. The revenue collection system further aggravated woes. The poor productivity, lack of irrigation and other factors led to ruin of this sector. Although a few areas that grew cash crops were seen to prosper but here to rural indebtedness increased as food crops were neglected. Finally after partition the fertile and irrigated

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jute growing areas went to Pakistan and India lost its monopoly

➢ *THE INDIAN COMMERCE AND THE INDUSTRIAL GROWTH*

The Indian industry which was mainly handicraft based was destroyed by British. The reason being to support the industrial base of Britain. The export of finished machine made goods flooded India and the artisans couldn't compete with them. The second half of the 19th century saw jute industry dominated by foreigner in east India and cotton mills dominated by Indians in western India. Iron and steel plants were started around the beginning of 20th century and after the Second World War the cement, sugar, paper industry started. But the contribution of these to GDP remained small. Moreover these remained confined to railways, ports, communications and other departmental undertakings.

➢ *FOREIGN TRADE OF INDIA BEFORE INDEPENDENCE*

The foreign trade was an export surplus but the trade surplus went mostly in fuelling the expenses of the colonial administration in India. The common people never got the benefit of this trade. The trade also led to acute shortage of commodity for domestic demands. The British capital investment in railways was to benefit its own industrial base as the markets expanded. The communication facilities too were for the purpose of law and order and the Indians never derived any benefit out of it.

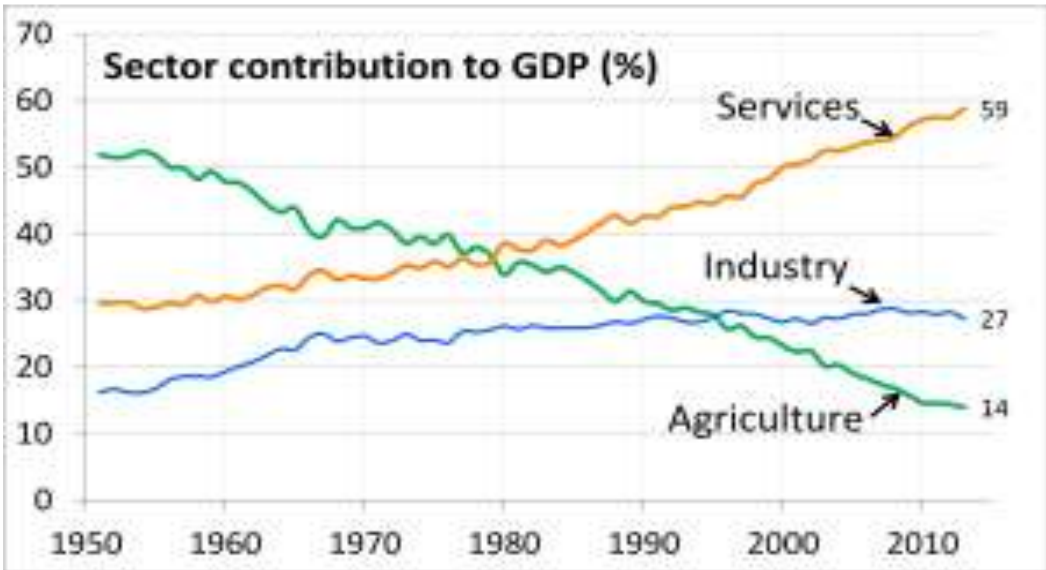

Fig 2: COMMERCE AND THE ECONOMY

In all the British domination was seen in all aspects of the Indian Commerce economy and was the main reason it remained stagnant for two centuries.

➢ **The structure and organization of Villages and Towns**

- The village community was based on a simple division of labour. There existed classes of people called farmers, weavers, goldsmiths, carpenters, potters, oil pressers, washermen, cobblers, barber-surgeons, etc. All these occupations were hereditary and passed by tradition from father to son. These craftsmen were paid a stipend out of the crops at the harvest time in lieu of the services performed
- Most of the food produced in the village was consumed by the village population itself. The raw materials produced from primary industries were the feed for the handicrafts. Thus the interdependence of agriculture and hand industry provided the basis of the small village republics to function independently of the outside world.
- The villages although were self sufficient but they did acknowledge some outside authority, may be that of a local princeling, who in turn may be under a Muslim Nawab or a Hindu king, by paying a portion of the agricultural produce varying between one-sixth to one-third or even in some periods one-half as land revenue. The land revenue sustained the government.
- The villages also had panchayats for dispute resolution and money lenders who lent at exorbitant rates to farmers. The villages existed in peace but still were affected by wars and aggression. But lack of transportation and a central government helped their survival.
- The Indian industries "not only supplied all local wants but also enabled India to export its finished products to foreign countries."
- Thus, Indian exports consisted chiefly of manufactures like cotton and silk fabrics, calicos, artistic wares, silk and woollen cloth. Besides, there were other articles of commerce like pepper, cinnamon, opium, indigo, etc.

- In this way, Europe was a customer of Indian manufactures during the 17th and 18th centuries. It was this superior industrial status of India in the pre-British period that prompted the Industrial Commission (1918) to record :
- "At a time when the West of Europe, the birth place of modern industrial system, was inhabited by uncivilised tribes, India was famous for the wealth of her rulers and for high artistic skill of her craftsmen. And even at a much later period, when the merchant adventurers from the West made their first appearance in India, the industrial development of this country was, at any rate, not inferior to that of the more advanced European nations".

➢ ***INDIA`S FOREIGN TRADE and COMMERCE DURING COLONIAL RULE***

As a part of the British strategy, India had to export more than its imports prior to World War II, so as to meet the unilateral transfer of payments to Britain by way of the salaries and pensions of the British officers, both military and civil, dividends on British capital invested in India, and interest on sterling loans.

This helped India to achieve a favourable trade balance. In April 1946, India was able to build a huge sterling balance of Rs. 17.33 billion, even after paying of the sterling debt. However, the share of raw materials in India's exports declined from 45 per cent in 1938-39 to 31 per cent in 1947-48 whereas the share of manufactured goods increased from 30 per cent in 1938-39 to 49 per cent in 1947-48.

It was only after independence that India's trade patterns began to change in view of its developmental needs. India, as a newly independent country, had to import equipment and machinery that could not be manufactured domestically, in order to create new production capacity and build infrastructure, known as developmental imports.

CONCLUSION

- India had an independent Commerce and economy before British rule. Agriculture was the main source of livelihood for the majority of the population, even though the country's economy was characterised by various kinds of manufacturing activities. India had the great repute of its handicraft industries in the fields of cotton and silk textiles, metal and precious stone works etc. due to fine quality of material used and the high standards of craftsmanship, Even LOW LEVEL OF COMMERCE and ECONOMIC DEVELOPMENT UNDER THE COLONIAL RULE, due to economic policies and commercial rules persuaded by the colonial government in India were concerned more with the protection and promotion of the economic interest of their home country than with the development of the Indian commerce economy. Such policies brought about a fundamental change in the structure of the Indian economy-transforming India into supplier of raw materials and consumer of finished industrial products from Britain. The colonial government never made any sincere attempts to estimate India's national and Per capita income. Some notable estimators-Dadabhai Naoroji, William Digby, Findlay Shiras, V.K.R.V. Rao and R.C. Desai attempted to measure these income yielding inconsistent results low Growth rate during the colonial period. The country's growth of aggregate real output during the first half of the twentieth century was less than 2% coupled with a meagre o.5% growth in per capita output per year

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