



## Study of The Economic and Social Impact of Colonial Rule in India

Parveen Kumar, Department of History

**Abstract :** British imperialism was more pragmatic than that of other colonial powers. Its motivation was economic, not evangelical. There was none of the dedicated Christian fanaticism which the Portuguese and Spanish demonstrated in Latin America and less enthusiasm for cultural diffusion than the French (or the Americans) showed in their colonies. For this reason they

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westernized India only to a limited degree. British interests were of several kinds. At first the main purpose was to achieve a monopolistic trading position. Later it was felt that a regime of free trade would make India a major market for British goods and a source of raw materials, but British capitalists who invested in India, or who sold banking or shipping service there, continued effectively to enjoy monopolistic privileges. India also provided interesting and lucrative employment for a sizeable portion of the British upper middle class, and the remittances they sent home made an appreciable contribution to Britain's balance of payments and capacity to save. Finally, control of India was a key element in the world power structure, in terms of geography, logistics and military manpower.

### Economic and Social Impact

The British were not averse to Indian economic development if it increased their markets but refused to help in areas where they felt there was conflict with their own economic interests or political security. The main changes which the British made in Indian society were at the top. They replaced the wasteful warlord aristocracy by a bureaucratic-military establishment, carefully designed by utilitarian technocrats, which was very efficient in maintaining law and order. The greater efficiency of government permitted a substantial reduction in the fiscal burden, and a bigger share of the national product was available for landlords, capitalists and the new professional classes. Some of this upper class income was siphoned off to the UK, but the bulk was spent in India. However, the pattern of consumption changed as the new upper class no



longer kept harems and palaces, nor did they wear fine muslins and damascened swords. This caused some painful readjustments in the traditional handicraft sector.

British impact on economic and social development was, therefore, limited. Total output and population increased substantially but the gain in per capita output was small or negligible. It is interesting to speculate about India's potential economic fate if it had not had two centuries of British rule. There are three major alternatives which can be seriously considered. One would have been the maintenance of indigenous rule with a few foreign enclaves, as in China. . Another alternative to British rule would have been conquest and maintenance of power by some other West European country such as France or Holland. This probably would not have produced results very different in economic terms from British rule. The third hypothesis is perhaps the most intriguing, i.e. conquest by a European power, with earlier accession to independence. If India had had self-government from the 1880s, after a century and a quarter of British rule, it is likely that both income and population growth would have been accelerated. There would have been a smaller drain of investible funds abroad, greater tariff protection, more state enterprise and favours to local industry, more technical training - the sort of things which happened after 1947. However, India would probably not have fared as well as Meiji Japan, because the fiscal leverage of government would have been smaller, zeal for mass education less, and religious and caste barriers would have remained as important constraints on productivity.

### **Establishment of a New Westernized Elite**

The biggest change the British made in the social structure was to replace the warlord aristocracy by an efficient bureaucracy and army. The traditional system of the East India Company had been to pay its servants fairly modest salaries, and to let them augment their income from private transactions. This arrangement worked reasonably well before the conquest of Bengal, but was inefficient as a way of remunerating the officials of a substantial territorial Empire because (a) too much of the profit went into private hands rather than the Company's coffers, and (b) an overrapacious short-term policy was damaging to the productive capacity of the economy and likely to drive the local population to revolt, both of which were against the Company's longer-term interests. Clive had operated a 'dual' system, i.e. Company power and a puppet Nawab. Warren Hastings displaced the Nawab and took over direct administration, but retained



Indian officials. Finally, in 1785, Cornwallis created a professional cadre of Company servants who had generous salaries, had no private trading or production interests in India, enjoyed the prospect of regular promotion and were entitled to pensions (2). All high-level posts were reserved for the British, and Indians were excluded. Cornwallis appointed British judges, and established British officials as revenue collectors and magistrates in each district of Bengal. In 1829 the system was strengthened by establishing districts throughout British India small enough to be effectively controlled by an individual British official who henceforth exercised a completely autocratic power, acting as revenue collector, judge and chief of police (functions which had been separate under the Moghul administration). This arrangement later became the cornerstone of Imperial administration throughout the British Empire.

### **Education System :**

The education system which developed was a very pale reflection of that in the UK. Three universities were set up in 1857 in Calcutta, Madras and Bombay, but they were merely examining bodies and did no teaching. Higher education was carried out in affiliated colleges which gave a two-year B.A. course with heavy emphasis on rote learning and examinations. Drop-out ratios were always very high. They did little to promote analytic capacity or independent thinking and produced a group of graduates with a half-baked knowledge of English, but sufficiently Westernized to be alienated from their own culture.<sup>12</sup> It was not until the 1920s that Indian universities provided teaching facilities and then only for M.A. students. Furthermore, Indian education was of a predominantly literacy character and the provision for technical training was much less than in any European country. Education for girls was almost totally ignored throughout the nineteenth century. Because higher education was in English, there was no official effort to translate Western literature into the vernacular, nor was there any standardization of Indian scripts whose variety is a major barrier to multi-lingualism amongst educated Indians. Primary education was not taken very seriously as a government obligation and was financed largely by the weak local authorities. As a result, the great mass of the population had no access to education and, at independence in 1947, 88 per cent were illiterate. Progress was accelerated from the 1930s onwards, but at independence only a fifth of children were receiving any primary schooling.



## **Agriculture**

The colonial government made institutional changes in agriculture by transforming traditionally circumscribed property rights into something more closely resembling the unencumbered private property characteristic of Western capitalism. The beneficiaries of these new rights varied in different parts of India. The top layer of Moghul property, the jagir, was abolished (except in the autonomous princely states), and the bulk of the old warlord aristocracy was dispossessed. Their previous income from land revenue, and that of the Moghul state, was now appropriated by the British as land tax. However, in the Bengal presidency (i.e. modern Bengal, Bihar, Orissa and part of Madras) the second layer of Moghul property rights belonging to Moghul tax collectors (zamindars) was reinforced.

## **Industry**

Several Indian authors have argued that British rule led to a de-industrialization of India. R.C. Dutt argued, "India in the eighteenth century was a great manufacturing as well as a great agricultural country, and the products of the Indian loom supplied the markets of Asia and Europe. It is, unfortunately, true that the East India Company and the British Parliament, following the selfish commercial policy of a hundred years ago, discouraged Indian manufacturers in the early years of British rule in order to encourage the rising manufactures of England. Their fixed policy, pursued during the last decades of the eighteenth century and the first decades of the nineteenth, was to make India subservient to the industries of Great Britain, and to make the Indian people grow raw produce only, in order to supply material for the looms and manufactories of Great Britain

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