

ECONOMICS

(Indian Economic Development)



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 very 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 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.