

Welcome to all the learners of Indian Economy Paper-I, a compulsory paper for bachelor's degree program in Economics at Semester-V

Today I will discuss with you the module-01 "Introduction to the Major Features of the Economy at Independence", from unit-I i.e. Economic Development of India.

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Let me take you through the outline of my presentation:

- 1) Introduction
- 2) The state of the economy in 1947 and
- 3) Various writings on the state of the economy in 1947.

Following are the learning outcomes:

- 1) Understand the state of the Indian economy in 1947.
- 2) Compare the state in 1947 & today
- 3) Generate interest in reading books on Indian Economy at Independence and
- 4) Analyze the transition of Indian economy.

Let me start with the famous speech made by Nehru while addressing the Constituent Assembly on the midnight of 14th August 1947- Tryst with Destiny. Long years ago we made it Tryst with Destiny; and now the time comes when we shall redeem our pledge. It means the ending of poverty and ignorance, and disease and inequality of opportunities.

We have a book by Dadabhai Naoroji, commonly known as the 'Grand Old Man of Indian National Movement. In his book 'Poverty and British Rule in India', Naoroji clearly says how the wealth of the country was drained away from India. Since the wealth was taken away, there was no investment happening in the country. The economy was backward and there was widespread poverty.

In 2016, there were two books published by Dr. Shashi Tharoor- 'Glorious Empire: What the British Did to India', which was published in the West and the second book - 'An Era of Darkness: The British Empire in India', published from India.

According to these books, in 1947 when we got independence, India's share of world GDP was only 3%. Our agriculture sector was backward. We were the world leaders in steel manufacturing, shipbuilding, textile production and also in their exports. There was widespread poverty and famines.

Let me take you through a video based on the presentation made by Dr. Shashi Tharoor at Oxford Union. India's share of the world economy when Britain arrived on the shores was 23%. By the time the British left, it was down to below 4%. Why?, simply because India had been governed for the benefit of Britain.

Britain's rise for 200 years was financed by its depredations in India. Infact, Britain's Industrial

revolution was actually premised upon the deindustrialization of India. The handloom weavers, for example, famed across the world whose products were exported around the world, Britain came right in. They were actually these weaver's making fine muslin as light as woven wear, it was said, and Britain came right in, smash their thumbs, broke their looms, imposed tariffs and duties on their cloths and products and started, of course taking the raw materials from India and shipping back manufactured cloth flooding the world's markets with what became the products of the dark and Satanic Mills of Victorian England. That meant that the weavers in India became beggars and India went from being a world famous exporter of finished cloth. Into an importer when from having 27% of world trade to less than 2%.

Meanwhile, colonialists like Robert Clive brought their rotten boroughs in England on the proceeds of their loot in India while taking the Hindi word loot into their dictionaries as well as their habits. And the British had the gall to call him Clive of India as if he belonged to the country, when all he really did was to ensure that much of the country belonged to him.

By the end of the 19th century, the fact is that India was already Britain's biggest cash cow, the world's biggest purchaser of British goods and exports and the source for highly paid employment for British civil servants. We literally paid for our own oppression. And as has been pointed out, the worthy British Victorian British families that made their money out of the slave economy, 1/5 of the of the elites of the wealthy class in Britain in the 19th century owed their money to transporting 3 million Africans across the waters, and in fact in 1833 when slavery was abolished and what happened was a compensation of £20,000,000 was paid not as reparations to those who had lost their lives or or who had suffered or being oppressed by slavery but to those who had lost their property.

I was struck by the fact that your Wi-Fi password at this Union commemorates the name of Mr. Gladstone-the Great Liberal hero. Well, I'm sorry, his family was one of those who benefited from this compensation.

Staying with India between 15 - 29 million Indians died of starvation in British induced famines. The most famous example of course was, the Great Bengal famine during the Second World War when 4 million people died because Winston Churchill deliberately as a matter of written policy proceeded to divert essential supplies from civilians in Bengal to sturdy tummies and Europeans as reserves stockpiles.

He said that the starvation of anyway underfed Bengalis mattered much less than that of sturdy Greeks'- Churchill's actual quote. And when conscious stricken British officials wrote to him pointing out that people were dying because of this decision, he peevishly wrote in the margins of the file, "Why Hasn't Gandhi died yet?"

So, all notions of the British were trying to do their colonial enterprise out of enlightened despotism to try and bring the benefits of colonialism and civilization to the benighted. Even I'm sorry-Churchill's conduct in 1943 is simply one example of many that gave a lie to this myth.

As others have said on the proposition - violence and racism were the reality of the colonial experience. And no wonder that the sun never sets on the British Empire because even God couldn't trust the English in the dark.

Let me take World War- I as a very concrete example since the first speaker, Mr Lee suggested these couldn't be quantified. Let me quantify World War- I for you. Again, I'm sorry from an Indian perspective as others have spoken about the countries. 1/6 of all the British forces that fought in the war were Indian- 54,000 Indians actually lost their lives in that war, 65 thousand were wounded and another 4000 remained missing or in prison.

Indian taxpayers had to cough up 100 million pounds in that time' money. India supplied 17 million rounds of ammunition, 600,000 rifles and machine guns, 42 million garments were stitched and sent out of India, and 1.3million Indian personnel served in this war.

Now let me take you to some of the keywords in this presentation- **Economic development**: Economic development is economic growth along with structural changes, **Tryst with destiny**: the efforts of India's national movement has given us independence from foreign rule and we should put all our efforts to fight poverty, unemployment, inequality etc. and **In Glorious Empire**: the British rule in India became notorious for draining away the resources, creating famines and poverty.

Let me recap- India was a poor economy at the time of Independence. In 1947 we had a story of loot, plunder, distraction, and exploitation. There was widespread poverty, ignorance, diseases, inequality of opportunities.

There are two questions for all of you to Ponder:

- 1) What would have been the state of the Indian Economy if we were not ruled by colonial powers?
- 2) 2) Is it possible for India to regain its top position in steel manufacturing, shipbuilding, textile production, etc.?

Following are my references which you can all go through. I have also mentioned to you some matter for additional readings which can fetch you more inputs.

Thank you.