



Discipline Course-1
Semester- 1
Paper : Colonialism in India
Lesson : Deindustrializa-Tion Vs
Industrialization In The Colonial Era
Lesson Developer: Amreen Nafeesa
College/Department: Zakir Husain P.G. Evening
College, University of Delhi

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The Indian Hand Loom: right



Figure 8 Source: <http://www.canstockphoto.com/images/photos/handicraft.html#start:1425>

"The real picture of modern India is a picture of what has been aptly called "de-industrialization"- that is, the decline of the old handicraft industry without the compensating advance of modern industry. The advance of factory industry has not overtaken the decay of handicraft. The process of decay characteristic of the nineteenth century has been carried forward in the twentieth century and in the post-war period".

R. Palme Dutt, 1940, 'India Today' Gollanz, London: 165.

8. Deindustrialization and Industrialization

Deindustrialization simply means decline of industry or adverse circumstances for industrialization. In other words, if residents of a country are not engaged in industries and depend on agriculture for their livelihood or the contribution of agriculture to national income increases while the contribution of industry goes down then this would be termed as deindustrialization. How do we examine whether there is in existence a phenomenon called industrialization? It is the modernization of the economy in the primary, secondary and tertiary sectors that would be a barometer for industrialization. Farming or Mining is an area of raw material production or extraction. This constitutes the primary sector. Industries like textiles, cane products and automobiles are borne out of raw materials from the primary sector and are converted into finished goods. These would, therefore, constitute the secondary sector. The service industry including finance, banking, entertainment, hospitality etc. constitutes the tertiary sector. There could exist yet another area that contributes to the modernizing of a nation's industry. This would be education and research, including development of technology. This would constitute the quaternary sector. Since the debate between de-industrialization and industrialization for our e-lesson deals only with the colonial era, it being obvious that the quaternary sector could come about only on the heels of the evolution of the other three sectors, we are concerned with the former three sectors because the latter would hardly be possible in the colonial era.

India in the year 1750 was the world's second largest manufacturer producing almost 25% of the world's produce. The leader was China that produced 32.8 % of the world's produce. Within one century and a quarter, Indian exports fell to 2.8 % of world exports and at the time of Independence in 1947 India was poverty stricken. This was in stark contrast to what was happening in the rest of Europe led by Britain, that was experiencing an industrial revolution. India, the leader in the world of textiles, lost its edge in the textile trade and this is why the critics of economic imperialism speak of the Indian experience of decentralization.

Nonetheless, between 1750 and 1947, India witnessed notable examples of modernization in diverse areas such as agriculture and automobile production. This, by some others, is viewed as industrialization of India.

If we were to dwell upon the purpose as to why the British colonized India, we would come closer to the roots of the dispute. First and foremost, Britain desired to gain a foothold in India as a monopolistic trader. Subsequently, it dawned upon the imperial power that free trade could make India a major market for British goods while the colony could simultaneously prove to be a rich source for raw materials. Those English capitalists who made investments in India in the arena of banking or shipping, for instance, effectively enjoyed monopolistic privileges, as did a sizeable section of the English upper middle class that had found lucrative employment in Colonized India. The remittances that went back home to Britain only added to Britain's balance of payments and stock-piled savings.

TRADITIONAL INDIAN INDUSTRY



WOOLEN CLOTHING

CERAMICS AND POTTERY

Figure 8.1 Source: [http://www.canstockphoto.com/images/photos/handicraft.html#start: 1425](http://www.canstockphoto.com/images/photos/handicraft.html#start:1425)

Cheap and machine-made imports flooded the Indian market after the Charter Act of 1813 allowing one-way free trade for British citizens. On the other hand, Indian products found it more and more difficult to penetrate the European markets. After 1820, the European market was virtually closed to Indian exports while the newly

introduced railways helped the European products to reach the remotest corner of the country. This resulted in deindustrialization of India at a time when Europe was witnessing a re-intensified industrial revolution.



Traditional Indian Artisan squatted on hand-woven straw mat, weaving a basket.

Figure 8.2 Source: [http://www.canstockphoto.com/images/photos/handicraft.html#start: 1425](http://www.canstockphoto.com/images/photos/handicraft.html#start:1425)

The decline of traditional artisanal industry in India was not replaced or given adequate alternatives by newer or more advanced form of industrial production. Rather, the loss of traditional livelihood was not accompanied by a process of industrialization in India, as had happened in other rapidly industrializing countries of the time. Further, this had happened at a time when Indian artisans and handicrafts-persons were already feeling the crunch due to loss of patronage by the princes and nobility, who were now under the influence of new western values. The British were not averse to the industrialization of India if it assisted or increased their own markets but in areas that were in conflict with their own economic interests in India, or caused them political insecurity, the British would hold back their hand. It is for this reason that the English did not give any protection, whatsoever, to the Indian Textile Industry till such time that the monopoly of Manchester was challenged by Japan. Likewise, Britain did not promote technical education in India.

8.1 Debate Over Deindustrialization

In the Indian context, this process of deindustrialization generated a debate over the question whether deindustrialization in India had indeed occurred or not. Nationalist economists focused more on deindustrialization. Some of the prominent nationalists were R.C. Dutt, Rajni Palme Dutt M.G. Ranade etc. On the other hand, many economists, specifically foreign imperial economists, looked at this issue differently. The latter held the view that there was no occurrence of the process of deindustrialization in India, while some other economists recognized the process of deindustrialization but believe that it did not harm India. But before going into this debate, the status of Indian industry in pre-British India should be taken into consideration.

Interesting Facts

A large proportion of village hand-**loom weavers** were displaced in India after the arrival of cheap machine-made finished goods. Spinning, a household -industry, was obviously affected because, on a conservation estimate, it took four to eight spinners to feed one hand loom-weaver.



Figure 8.3 Source: <http://www.canstockphoto.com/images>

8.2: Indian Industry in Pre-British India

In pre-colonial period India held a high position in small-scale industry such as handlooms textiles and handicrafts. Around 1750s, as stated above, India supplied a share of 25% of world industrial output. Besides this many Indian region had their trade links before the advent of European companies; Coromandal traded with southeast Asia, Gujarat vide the red sea and Persian gulf region, Punjab with central Asia etc. but India lost its prestigious status in world industrial share due to advent of European companies and European rule.

In the words of R C Dutt, "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". {Dutt, R.C. citation from William Digby, 1901. 'Prosperous British India', London, p xxx.} This stands fortified by statistics. The tell-tale signs of India becoming a significant exporter/supplier of raw material to England can be judged by the quantum of export of raw cotton by the table below:

INDIA EXPORTED TO BRITAIN

IN 1850	IN 1863	IN 1905	IN 1915	IN 1930	AFTER 1947
102	250	326	458	738	211
Thousand Metric Tonnes of Cotton					

India, like other colonies, was a major supplier of raw cotton for England's Lancaster cotton textile industry.

In the mining sector, although Britain supported the mining of coal, iron ore, gold silver and steel, nonetheless, Britain was wary of Indians mining metals like lead because Britain feared that India's foray into metallurgy would lead to production of weapons for the natives, thereby carrying a threat to British rule in India. Several

mines were closed down in India. Thus, though the secondary sector developed under British rule, coal mining boomed but major restrictions were put in place by the British on the mining of other metals in fear of armament of Indians. This fear deterred the expansion of the Iron and Steel mining and therefore industries dependent on iron and Steel mining, too, suffered.

8.3: Different Views on Debate of Deindustrialization

It is estimated that about three fourth of the domestic demand for high end handicrafts was destroyed due to social and political changes that occurred as a fallout of the decline of the Moghul empire that accompanied colonialism. More specifically, these demands related to the manufacturers of fine muslins, luxurious clothing and jewelry adorned by the nobility, weapons including decorative swords. It is not known how important these items were in the national income, but combined with the loss of the export market, that was lost, a fall of about five to ten percent would have been made in the national income. Further, there was a reduction of European demand because of the French revolution that ushered changes in sartorial tastes and simultaneously reduced prices of machine manufactured goods.

8.3.1: Nationalists and Their Critique

Nationalists, Dada Bhai Naoroji, M.G. Ranade and R.C. Dutt, Rajni Palme Dutt etc. saw the destruction of Indian industry as a consequence of colonialism and they discussed deindustrialization process in context of the impact of colonial rule in India. In the beginning of the 19th century, exports of small-scale industry products came down, while on the other hand, imports of British industrial products were on the increase. This decline could be traced in cotton textiles' import by Britain between the period 1860 (96 million pound sterling) to 1880 (1 billion 70 million pound sterling) and finally in 1900 (27 billion pound sterling). R.C. Dutt and others argue that the decline in imports shows that the demands for Indian textiles was coming down in foreign markets in the beginning of the 19th century and increasing exports indicate that the Indian handicrafts were thrown out from the indigenous market. This policy was pursued with the object of replacing the manufacturers of India, as far as possible, by British manufacturers.

In 1960's David Morris David questioned the assumptions and arguments of the Nationalists. He said that there was not much evidence available to demonstrate deindustrialization process in India. Morris claimed that British manufactured clothes did not harm the Indian industry because the population of India was increasing along with an increase of purchasing power of the Indians that led to an increase in demand for Indian textiles in India; so the demand for clothes was met by raising British imports, without damaging indigenous production.

Bipin Chandra, Toru Matsui and Tapan Roychaudhuri have argued, in response to Morris, that evidence points towards deindustrialization. Going by reports of famines, eye witnesses and traveler's accounts, official enquiries and government reports of the British East India Company etc. were all pointers towards the worse possible impact of British manufactured goods in India. These thinkers said that there was not enough evidence for showing the growth in per capita income, in fact all evidence was on the contrary, demonstrating that per capita income was falling down because indigenous spinning, that fed the hand-loom, had suffered. Morris counter argued that cheaper British yarn was made available to Indian weavers and due to this cheaper yarn the cost of clothes had come down. It was further argued that this situation gave Indian weavers an edge to be able to compete with British clothing. Bipin Chandra responded by showing figures that the ratio of yarn imports to woven cloth was very low. During 1849 to 1889 the import of cloth increased by 25.5 million sterling, while on the other hand, yarn imports increased by merely 1.8 million sterling. Indian weavers, therefore, could not really benefit from the decline in yarn prices that was comparatively less fruitful as it did not bring about the required reduction in the cost of their cloth to be able to compete with British machine-woven cloth, which was a lot cheaper.

Morris also argued that in spite of the imports from Birmingham, Manchester etc. Indian small-scale industry survived because Indian small-scale industry produced its own market. Though there exists no evidence that Indian industry did not face any destruction, but Morris gave a partial answer to this question by being surprised how Indian small scale-industry survived in spite of oddities before the nation and the arrival of competition, vide machine made cheaper imported commodities. However, the reality is that despite adverse circumstances, the weavers did not abandon their

occupation because they had deep attachment with caste-based occupations. The other reason was that they had no other alternative to earn their livelihoods and many were trapped in debt.

The Nationalist faced a common criticism that they had not enough evidence to demonstrate deindustrialization, specifically in the period prior to recordings made by the census. However later historians, like Amiya Kumar Bagchi, managed to get some statistical evidence. Bagchi showed the evidence provided by the survey conducted by Francis Buchanan- Hamilton in Gangetic Bihar between 1809-1813 and the census data of 1901. According to Bagchi's analysis, the percentage of population dependent on industries was 18.6 in 1809-1813, which declined to 8.5 percent in subsequent findings

Marika Vicziany pointed out that Buchanan- Hamilton's survey could not be regarded as very reliable as he gathered information from local people, who may have given him incorrect information due to fear of the motive of foreigners. Local people further suspected that the East India Company might use the information to increase revenue or intervene in their lives. Vicziany also argued that Buchanan- Hamilton's classification of spinners was not very accurate because spinners could not have supported themselves only on the basis of spinning; in her view spinners did not earn enough and should be classified as part-time spinners. So the estimate of spinners was erroneous. Bagchi responded and said even if spinning did not support spinners fully it constituted the principal means of their livelihood .

8.3.2: The Other Side of the Debate

In the early 1960s Daniel Thorner argued that the censuses from 1881-1931 showed that there was not much change in the proportion of population engaged in industrial occupations. He elaborated that on a first impression, the census figures indicate that the male work-force in agriculture was 65% and increased to 72% in 1931. In the same period their proportion in industry declined from 16% in 1881 to 9% in 1931 suggestive de-industrialization. However, Thorner questioned this by describing the census categories as erroneous because it assumed a clear-cut separation between agricultural work-force and general labour-force and between industrial work-force and trade. In Daniel's view, this hard segregation was not possible in an

agricultural economy like that of India which constrained people, during seasonal periods, to shift from one industry to another.

Table: Work Index (%)			
Industry	1881	1901	1931
	Male/Female	Male/Female	Male/Female
Agricultural Occupation	65/57	68/68	72/70
General Labour	9/15	6/9	4/8
Industry	16/24	11/12	9/9
Trade	2/1	5/5	6/5
Transport	8/3	10/6	9/8

Source: Daniel Thorner, D. 1962, "Land and Labour in India", Asia Publishing House.

According to the Thorner, if these categories are merged then the picture looks different. Then the increase in the work-force in the primary sector, i.e. agriculture works out to about 2% and the decline in industry and trade amounts to only about 3% between 1881-1931. Thorner also dismissed the statistics on female labour on the ground that census officials themselves regarded them as inaccurate. Therefore in their view, which is somewhat controversial, the census figures do not provide evidence to support substantial de-industrialization. Nonetheless, Thorner, however, conceded that there may have been de-industrialization in India before 1881.

Table: Work Index (Male): in percentage			
Industry	1881 Male	1901 Male	1931 Male
Agricultural Occupation and General labour	65+9=74	68+6=74	72+4=76
Industry and Trade	16+2= 18	11+5=16	9+6=15
Transport	8	10	9

Source: Daniel Thorner, D. 1962, "Land and Labour in India, Asia Publishing House.

Some questions were raised by Tirthankar Roy and others, who have objected to the exclusion of women from the analysis. Women's participation declined dramatically during the census period. It seems that in the Indian social context, women in many artisan families gave up artisanal work earlier than men to take up household or

agricultural work. Hence any exclusion of their data would not show much change in occupational structure while the inclusion of data related to women will show a decline in the number of people engaged in industrial activity.

Recent research suggests that different regions and commodities experienced the impact of machine-made goods in different ways, depending on when they came under colonial rule. Thus for example, British-manufactured goods affected the economy of eastern India far more than other regions. Historians like Tapan Roychaudhury argue that the conditions of the artisans and weavers of eastern India started deteriorating soon after the Battle of Plassey (1757) and their condition worsened in the 19th century. It has also been suggested that the Madras Presidency suffered less compared to Bengal and western India.

Tirthankar Roy has questioned the idea of a steady long-term decline of handicrafts in India. He agrees that a decline of traditional industries did occur for most of the 19th century but also asks the question: how did many of the traditional Indian handicrafts eventually survive? Roy suggests that many positive forces began to work in favour of handicrafts from late 19th century. In the mid-19th century, two



Figure 8.3.2: The hand-held reel of thread that sustained the traditional Spinning Industry.

Source: <http://www.canstockphoto.com/images photos/handicraft.html# start: 1425>

types of hand-woven cloth faced competition from foreign and, later, Indian mill-made cloth: printed and bleached cotton cloth and 'coarse-medium' cotton cloth. Compared to these fabrics, machine-made cloth proved superior. But Indian weavers adapted by shifting to very coarse or very fine cloth with complex designs that were

made according to local tastes and preferences. Handicrafts production also showed a shift from rural to urban centers with the growing urbanization in India.

Douglas Haynes suggests that that in several regions (particularly in western and southern India) agricultural growth and commercialization strengthened local demand for traditional textiles and market networks. According to Tirthankar Roy, handloom production rose by 30% in the first twenty-five years of the 20th century. Modern large-scale industry accounted for merely 5% of industrial output in 1900 and even in 1931; more than 90% of the workforce was engaged in handicrafts. India had a comparative advantage in labour-intensive industry and craftsmen could survive because they could lower their consumption. Therefore, despite adverse circumstances, the majority of the Indian industrial workers have continued and to date they work in small-scale industries.

Conclusion

Undoubtedly, India was an industrial exporter in the pre-colonial period. Moghul India definitely had sizeable industry when compared to other colonies dominated by European powers. These industries were destroyed during the British rule. However, that, in itself, does not warrant an exaggeration of the commercial policies pursued by the British. One cannot ignore changes in demand and technology and the competition that arrived from Japan Hence de-industrialization did occur but not in an unqualified, linear and uninterrupted manner. As a whole, India came to have a backward industrial sector that was the result of arrested economic development under colonial rule.

Summary

- Before the onset of colonial rule, India had an enviable reputation as a manufacturing country with a share of nearly 25% of the world's industrial output in the middle of the 18th century. India's share fell to 2.4 in 1938.
- The Nationalists in the late 19th century argued strongly that, from early 19th century. the inflow of machine-made British manufactured goods, especially textiles and yarn, had an adverse impact on the Indian handicraft sector and artisans. Loss of markets and profits forced craftsmen to shift to low-paying jobs in agriculture and

other non-industrial occupations. This process came to be known as de-industrialization.

- The debate on de-industrialization was renewed in the 1960s. Morris D. Morris questioned the nationalists' assumptions but Bipan Chandra and others countered Morris's evidence and conclusions especially concerning the rise in per capita income and consequent growth in demand for textiles in India, that are supposed to have absorbed British imports into India. Amiya Kumar Bagchi argued in favour of de-industrialization in Gangetic Bihar in the 19th century based on the surveys of Buchanan-Hamilton.
- Daniel Thorner conceded that that de-industrialization may have occurred before the census period, that is, before 1872. By analyzing census figures on employment in the manufacturing and agricultural sectors, he, however, argued that census data does not support de-industrialization between 1881-1931. Other scholars doubt the usefulness of the categories used in different census reports and questioned exclusion of data on women.
- Despite differences most scholars agree that the impact of machine-made manufactured goods was harmful for India's weavers and other craftsmen for most of the 19th century. Bengal Presidency suffered the most as it was subjected to colonial domination earlier than other regions. Spinning, done mostly by women as a household activity, suffered heavily. Even if there are no statistics available, the evidence from contemporary descriptions is overwhelming.
- Traditional industries in India were not totally wiped out. Weavers survived by producing very coarse or very fine textiles, adopting new technology, receiving government protection in the 20th century and the persistence of cultural preference for hand-made goods in India. Hence de-industrialization did occur but not in an unqualified, linear and uninterrupted manner. As a whole India came to have a backward industrial sector that was the result of arrested economic development under colonial rule.

Exercises

1. What do you understand by deindustrialization?
2. Discuss the view of Nationalist Historians in the debate raging over deindustrialization.

3. Discuss views, other than those of Nationalist historians, as regards deindustrialization.

Glossary

- Census-the process of officially counting something, especially a country's population and recording various facts.
- Handicrafts- activities that use skill with your hands and artistic ability to make things.

Further Readings

1. Bagchi, Amiya Kumar, 1976, 'De-industrialization in Gangetic Bihar, 1809-1901. In Essays in Honour of S.C. Sarkar, ed. Barun De, 499-522. New Delhi: People's Publishing House.
2. Bhattacharya, Sabyasachi. 1990, " *Adhunik Bharat ka Arthik Itihas*". New Delhi: Rajkamal Publication.
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4. WEB LINKS

Figure 8 & Figure 8.1, 8.2 8.3 and 8.3.2 Source
<http://www.canstockphoto.com/images-photos/handicraft.html#start:1425>