

Economic Critique of British Colonial rule

The early nationalist of India analysed the colonial character of British rule in India in great detail. The economic critique produced by them was one of the remarkable achievements of the moderate nationalists . The economic history of India in the decades following the Battle of Plassey was characterized by the outflow of a vast amount of Indian wealth of the country with no equivalent returns. This economic drain was an integral feature of the East India Company's administrative and economic policies. It also illustrate the character and methods of the company's servants who founded the British Empire in India.

Moderate were the first in the 19th century to develop an economic critique of colonialism to the development of the national movement in India . Indian intellectuals of the first half of 19th century had adopted a positive attitude towards the British rule in the hope that Britain , the most advanced nation of the time ,would help modernize India.In the economic realm Britain was expected to develop India's productive forces through the introduction of modern science and technology and capital economic organization. However ,the process of disillusionment set in gradually after 1860's as the reality of economic development in India failed to confirm to their hopes . They began to notice that while progress in new directions was slow and halting overall the country was regressing and under developing.

Three names stand out among the large number of Indian nationalists who initiated and carried out the economic analysis of British rule during the period of 1870 to 1905. They were Dadabhai Naoroji ,Justice Mahadev Govind Ranade and R.C. Dutt .These three along with G.V. Joshi,G. Subramaniam Lyer ,G.K. Gokhale etc. analysed every aspect of the economy and subjected the entire range of economic issues and colonial economic policies to minutes scrutiny.

They clearly understood the fact that the essence of British imperialism

lay in the subordination of the Indian economy to the British economy. They delineated the colonial structure in all its three aspects half domination through trade industry and finance. They were able to see that colonialism no longer functioned through the Crude tools of plunder and tribute and mercantilism but operated through the more disguised and complex mechanism of free trade and foreign capital investments. The the essence of the 19th century colonialism lay in the transformation of India into a supplier of food stuffs and raw materials to the metropolis, a market for the metropolitan manufacturers and a field for the investment of British capital.

The nationalist economic agitations started with assertion that Indians were poor and India was growing poorer everyday. The nationalist did not see this all-encompassing poverty as inherent and unavoidable. It was seen as manmade and therefore capable of being explained and removed. Economic development was seen above all as the rapid development of modern industry. The early nationalist accepted with remarkable an unanimity that the complete economic transformation of the country on the basis of modern technology and capitalist enterprises was the primary goal of their economic policies.

Modern industry was also seen as a major force which would help unite the diverse population of India into single national entity having common interest. At the same time, nearly all the early nationalist were clear on one aspect that however the great the need of India for industrialization, it had to be based on Indian capital and not aspect foreign capital. They saw foreign capital as an unmitigated evil which did not develop a country but exploited and impoverished it. According to the early nationalists, the political consequences of foreign capital investment were no less harmful, for penetration of a country by foreign capital inevitability led to its political subjugation. Foreign capital investment created vested interests which demanded security for investors and therefore perpetuated foreign rule.

A major problem highlighted by the early nationalist was that of the progressive decline and ruin of India's traditional handcrafts. It was also not accidental as it was the result of the deliberate policy of stamping out Indian industries in the interest of British manufactureres. Further, the nationalists said that because of their negative impact on indigenous industries, foreign trade and railways represented not economic development but measures of greater colonization and were resulting in the exploitation of Indian economic resources for the benefit of the British. What mattered in the case of foreign trade was not its volume but its pattern or the nature of goods internationally exchanged and their impact on national industry and agriculture.

Similarly,the railways had not been coordinated with India's industrial needs. They had ushered in a commercial and not an Industrial revolution which enabled imported foreign goods to undersell domestic industrial products. Moreover the benefits of railway construction in term of encouragement to the steel and machine industry and to capital investment had been reaped by Britain and not India. According to early nationalists,a major obstacle to rapid industrial development was the policy of free trade which was, on the one hand running India's handcraft industries and on the other hand forcing the Infant and underdeveloped modern industries into a premature and hence unfair and distorted competition which the highly organized and developed industries of the west.

The drain theory served as the focal point of economic critique of British Colonial rule. The nationalist leaders pointed out that a large part of India's capital and wealth was being transferred or drained to Britain in the the form of salaries and pensions of British Civil and Military officials working in India, interest on loans taken by the Indian Government, profits of British capitalist in India and the Home charges or expenses of the Indian Government in Britain. This drain took the form of an excess of exports over imports for which India got no economic or material return.It was in the year 1867 that Dadabhai Naoroji put forward his famous 'Drain

Theory'. This brain was the basic cause of India's poverty and the fundamental evil of British rule in India. The drain theory incorporated all the threads of the nationalist critique of colonialism for the drain denuded India of the productive capital its agriculture and industries desperately required. Indeed the drain theory was high water mark of the nationalist leaders because it provided a comprehensive inter-related and integrated economic analysis of the colonial situation. Through the drain theory the exploitative character of British rule could be made visible.