



## Economic impact of British colonial rule: A Review

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### Abstract

The financial situation of our country changes very rapidly into the form of independent financial situation because of the financial strategies implemented by the Britishers. Its essence and organization depends upon the requirements financial situation of Britishers. The British conquest regarding India was distinct in this regard in comparison to other overseas feat. The governmental authorities of our country were crushed by the earlier conquerors, however fail to modify the arrangements of our financial situation significantly. In reality, step by step they grow within the limits of Indian political and financial life. Farmer, craftsman, and merchant shows a tendency of living life in a similar manner in which they live in previous years. Changing rulers merely meant changing those staff by which extra farmers were captured. But the Britishers conquerors become distinct altogether. The conventional structure of the Indian economy was absolutely destroyed by them.

**Key words:** economic, policies, traditional, political, colonial etc.

### Introduction

A significant aspect of world history has been the growth of European empires beginning at the end of the 15th century. Significant region of African and Asian nations emerges in the form of nations of European powers at the beginning of the 20th century. In present scenario, majority of them remain extremely weak with regard to per capita GDP in nineteen ninety five. These colonies come under the category of world's 20 poorest nations. Various opinion has come in to existence in regard of colonial rule that whether it has induced such underdevelopment in the past.

In 1757, and lasted until 1947, British political influence over the Indian subcontinent began. At the same time, all the regions of our country were not managed by British administrative. Large amount of region were still remain under the control of our country rulers. In this environment, indirect colonial rule purposed, defensive as well as overseas strategies related to these domestic nations remain under the dominance of Britishers. However, in matters of internal administration, substantial freedom and liberty was enjoyed by them. Therefore, the consistency regarding administrative organisation and home affairs is most likely to account for any discrepancies I find. In nineteen forty seven when our country got freedom all these nations has been absorbed into independent India. After that, an authorized, official, and government system has been used in these nations. Dissimilarities available inside the present institutions also becomes the reason of our results.

Nevertheless, colonialism did not simply affect the growth of those cultures that colonised it. Most obviously, the cultures that were colonised were also affected. We demonstrated in our research, this, further possessed diverse, consequences. It becomes the main reason due to which, nationalism eventually reaches to its end in various ways, after developing different cultures. Particularly, various parts of the world, colonialism left very different structural legacies with deeply divergent implications for economic growth. The explanation for this is not because different kinds of institutions were transplanted by the different European powers, so because North America flourished because of Britishers organizational' legacy, whereas the similar kind of flourishing was not enjoyed by the nations of Latin America because of its Spanish organization. Due to variations in initial conditions in the colonies, the findings were somewhat different.

### Traditional Economy Disruption





The financial situation of our country changes very rapidly in to the form of independent financial situation because of the financial strategies implemented by the Britishers. Its essence and organization depends upon the requirements financial situation of Britishers. It completely disturbed the usual arrangements of our country financial system.

#### **The Artisans and Craftsmen's Ruin**

- Crafts which established the name of our country in the international market for decades suddenly and rapidly collapsed
- It becomes impossible for the products of our country which were manufactured using earlier methods to compete with products manufactured by powerful steam-operated machines on a mass scale.
- The construction of railway system opened the gate for the entrance of Britishers which uprooted the usual manufacturing plants of our countries .
- The connection which exists in the middle of farming and local manufacturers in rural areas was broken down by the gradual destruction of rural crafts. As a result of this, financial situation of self-sufficient village was disturbed.
- In the early stages of United Kingdom governance, Bengal becomes the state where "Clive and Warren Hastings" strategy regarding gaining greatest income out of land becomes the reason of such type of destruction. It was complained by Cornwallis that near about thirty five percent of Bengal has shifted into "a forest populated only by wild beasts."
- During drought and famine cycles, the process of moving land from farmers has increased.
- In rural areas, up to the end of 19th century money lender emerges in the form of trouble and become the primary cause these people's increasing poverty.
- In the year nineteen eleven the measured loan amount of rural people becomes three hundred crores which further touch the mark of one thousand and eight hundred crores up to the initial stages of nineteen thirty seven .
- Taxation pressure and increasing poverty forced farmers into debt, which intensified their poverty in turn.
- The increasing use of agriculture in commercial manner has enabled the money lendercum merchant to take advantage of the cultivator.

#### **Agriculture slowdown as well its Degradation**

The key reasons for inflation and agricultural decline followed.

- Agriculture overcrowding;
- Unreasonable demand for land revenue;
- Creation of landlordism;
- Growing indebtedness; and
- The rising impoverishment of farmers.
- Hunger and Famine

In the later part of 19th century people's poverty finds its culmination in a series of famines which destroyed all parts of our country. The first such famine was take place in the western part of Uttar.Pradesh due to which more than two lakh lives were lost in 1860-61. The famine occurred in 1865-66, destroyed various states of our country in which more than twenty lakh peoples were lost their lives. Out of these twenty lakhs people, ten lakhs people were the resident of Orissa . Probably,



up to this point of time famine which was occurred in 1876-78 exists in the form of worst inside the history books of our country .

### **India: The Colony of Britain**

The British, inspired by colonialism, came to India. Back in Britain, our country was used by them in the form of feeder nation for providing the support to their healthy financial situation. Such type of exploitation process was continuously going on for twenty decades uptill 15 August 1947, and came to its end , when we finally achieved independence. Consequently, this has left the economy of our nation hollow. Therefore, it is necessary to research this relationship in the middle of colonisers and their colonies in order to understand the existing as well as upcoming growth and prospects of our country.

It becomes possible to organize the isolated structure in the form of structure due to which tremendous development take place. Various steps were taken by the Britishers for ensuring the development and advertisement of their native country interests. They have no worry about the trajectory of the Indian economy. These measures have made the financial situation of our country worse.

Colonial kings in terms of knowledge and future perspectives, deprived our country. It was never attempted by them to determine the internal and individual earnings of colonial India. Personalities like "Findlay Shirras, Dadabhai Naoroji, William Digby, V.K.R.V. Rao and R.C. Desai" was trying to approximate statistics like that.

Although the outcomes were inconsistent, but it becomes possible to treat V.K.R.V. Rao's estimates precise. It should be noted, that aggregate real production development of our country during the first six months of twentieth century remain under two percent, coupled with per capita output growth of half a percent per year. On the whole, India was faced with a herculean task of recovering from the blows landed on its economy by two centuries of colonial rule.

#### **The consequences of direct colonial rule**

##### **• The Lapse Doctrine**

The "lapse" policy of Lord Dalhousie was stated by him in the form: "I believe that the territory should be made to lapse on all occasions where natural heirs would fail and adoption should not be permitted, except in cases where some strong political purpose will render it expedient to depart from this general rule." During the Governorship of Lord Dalhousie, rulers of 8 nations were dying in the absence of natural heirs. Of these, four native states were successfully annexed .

##### **• Estimates of instrumental component**

Instrumental variable estimates of the effect on agricultural investment and productivity of British rule. In support of complete sample and samples of post-eighteen forty seven, columns (2 ) and ( 3 ) indicate OLS data , respectively. The studies which were carried out before eighteen forty seven, the OLS estimates becomes smaller, where an significant determinant of British empire status is exogenous variation caused by the policy of lapse. British regions fails to display improved efficiency in comparison to native state areas once selection in the British Annexation is accounted for. Each and every IV estimates become smaller and statistically insignificant in comparison to OLS estimates and

##### **• Validity of the death of rulers as an instrument**

Instrumental variable estimates of the effect on agricultural investment and productivity of British rule. For the full sample and for the post-1847 sample, columns (2 ) and ( 3 ) indicate OLS data , respectively. In the post-1847 study, the OLS estimates are smaller, where an significant determinant



of British empire status is exogenous variation caused by the policy of lapse. The reduced form results in column (4) and IV results in column (5) confirm what column (2) indicates: British areas do not display substantially better performance than native state areas once selection in the British Annexation is accounted for. All the IV figures are smaller and statistically insignificant than the OLS estimates.

### Conclusion

Finally, our empirical results have important consequences in support of unorthodox concepts of matching growth, it should be noted. Some claim that in explaining long-run patterns of development, regional variations are dominant. In comparison, we have shown that spatial variables fails to associate in the company of growth results once the position of institutions is accounted for. Geographical variables play no causal function until this is accounted for. Others say that cultural inequalities are paramount in driving development. With cultural differences evaluated in many ways, we have found no position at all. The religious makeup of various communities, first. Second, the identity of the imperial force, as we have underlined. Thirdly, the population proportion of a nation of European descent. Of course, American and Canadian peoples has been packed with Europeans, .

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