

**MODULE-3 NATIONALIST MOVEMENT PRE-
GANDHIAN ERA
TOPIC-ECONOMIC CRITIQUE OF
COLONIALISM**



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- developed by early Nationalist leaders known as **moderates** in the second half of 19th century
- most important contribution to the development of National Movement in India
- to gain popular support to their education for constitutional reforms
- early **Nationalist Mainly stood for constitutional development in India**
- they required the active support of the mass of the people to put pressure on the colonial government to accede their demands
- but the issues like constitutional reforms had no meaning for the common people



- Common people- their problem was economic necessity, heavy taxation unemployment and scarcity
- only an economic appeal would attract and bring the people into the forefront of political agitation
- it became essential for the early political leadership to analyse the factors responsible for the economic suffering of the people under British rule
- this led them eventually to formulate an economic critic of British rule

DADABAI NAOROJI



- Dadabhai Naoroji the **'Grand old man of India'**
- was the person who developed a **Nationalist critic of colonial economy**
- was known as the **first economic thinker of India**
- was well known as the first professor of Elphinstone college
- the founder of **East India Association**

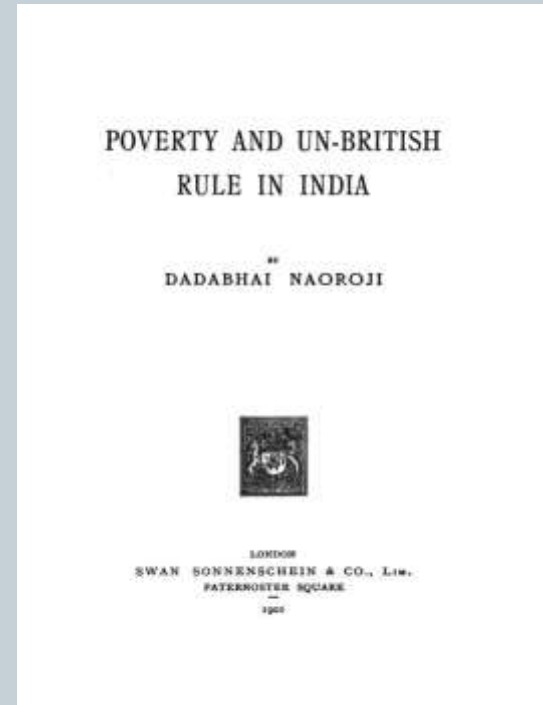




- and the first Indian to be elected to the British Parliament
- he was thrice elected as the President of the Indian National Congress
- Dadabhai made a painstaking enquiry into the nature and causes of Indian Poverty
- presented his findings in his paper ‘English Debt to India’ which he read before a meeting of the East India Association in London in 1867



- Dadabhai formulated a Theory to explain the economic exploitation of India- **drain theory**.
- the concept of drain well explained in his popular book '**Poverty And Unbritish Rule In India**'
- the drain theory revealed that a **major part of India wealth and resources** were annually drained out to England without any **adequate return**





- Naoroji saw drain is the fundamental level of British rule in India
- he wrote in 1880 that the most important question of the day is how to stop the bleeding drain from India
- in his opinion the British policies the leading to the draining of the blood of India and its wealth
- Naoroji called the **British rule as plundering, unrighteous ,despotic destructive and unBritish**

M.G.RANADE



- Dadabhai was not the only Indian who developed and economic critic of colonialism
- his contemporary **Justice Mahadev Govind Ranade** also pointed out the exploitative character of colonial economy
- he delivered in 1872 lecture at Pune and **observed that of the national income of India than one-third was taken away by the British in some form or another**



R.C.DUTT



- RomeshChandra Dutt in his book the '**Economic History of India**' pronounce that one half of the net revenue flows annually out of India
- examined the causes for the economic stagnation and poverty of the Indian people under British rule
- Also formulated an **economic drain theory** explain the colonial exploitation of India





- Nationalist leaders like G.V.Joshi, Subramaniya Iyer, P.C.Ray, Gopala Krishna Gokhale & Pheroze Shah Mehta – contributed to the critique of colonial economy
- They analysed every aspect of economy & subjected all economic issues & colonial economic policies to minute scrutiny
- Concluded that colonialism was the main obstacle to India's economic development
- Accused that India was transformed by the British into a supplier of food stuffs & raw materials to the metropolis, a market for the metropolitan manufactures, & a field for the investment of British capital



- Early nationalist believed that the rapid development of modern industry was the essential factor for the economic growth of the country
- Asserted that industrial development was possible only if Indian capital itself as invested in the industrial field
- Saw foreign capital as a harsh evil which did not develop a country but exploited & impoverished it
- Nationalist leaders criticised the British policy of encouraging foreign capital & suppressing Indian capital



- Another problem- progressive decline & ruin of India's traditional handicrafts
- Argued that it was the result of the deliberate policy of stamping out Indian industries in the interests of British manufacturers
- Also pointed that railways did not serve the industrial needs of India
- Also criticised the British policy of free trade
- Opined that it was a major obstacle to rapid industrial development of the country



- Tariff policy of the govt was also attacked
- Convinced them that British policies in India were basically guided by the interests of British capitalists class
- Also criticized colonial taxation & condemned the high expenditure of the army
- Focal point of criticism- drain theory of Dadabai Naoroji- Britain was draining & 'bleeding' India
- Advocates of drain theory pointed out that a large part of Indias capital & wealth was being transferred or drained to Britain- India did not get any economic, commercial or material benefit in return



- The process of drain began after the Battle of Plassey in the following forms:
 - Bribes & gifts
 - Salaries, incomes & savings of the British civil & military officials working in India
 - Pension & other allowances to these officials in England after their retirement from Indian services
 - Profits of private foreign capital invested in trade, industry or banking in India
 - Home charges or expenses incurred in England on behalf of the British Indian govt



- Naoroji & nationalist leaders argued that the drain was the most important cause of the poverty of the Indian people
- Emphasised that the drain was not only the loss of wealth but also the loss of capital
- Had it been spent here, instead of England, it would have generated employment & income here
- Drain theory became the ideological weapon of nationalist movt