

ANSWER KEY & MARKING SCHEME · CBSE CLASS 12

Indian Economy on the Eve of Independence

Economics (Indian Economic Development) · Chapter 1 · Use this with the Board Paper · Companion to Quick Drill

HOW TO USE

Attempt the Board Paper first (closed-book, full time). Then come here. For 2-mark+ questions, compare your answer to the model. For 3-4 mark questions, also consult the **Topper Templates** below — these show the exact step-by-step structure that scores full marks per CBSE marking-scheme conventions.

MODEL ANSWERS · BOARD PAPER
Section A — VSA (1 mark × 4)
Q1. Who put forward the 'drain of wealth' theory? [1 mark]

Ans: Dadabhai Naoroji, in his book 'Poverty and Un-British Rule in India' (1901).

Q2. In which year did the Bengal famine occur? [1 mark]

Ans: 1943.

Q3. Roughly what percentage of India's workforce was dependent on agriculture at independence? [1 mark]

Ans: About 72%.

Q4. In which year was TISCO established? [1 mark]

Ans: 1907.

Section B — SA-I (3 marks × 2)
Q5. Explain the foreign trade pattern of India on the eve of independence. [3 marks]

Ans: India's foreign trade was distorted by colonial policy: EXPORTS were primarily RAW MATERIALS (cotton, indigo, jute, tea, silk, oilseeds) supplied to British industry. IMPORTS were primarily FINISHED GOODS (textiles especially from Manchester, machinery, consumer products) — making India a captive market for British manufactures. About 50% of trade was with Britain, indicating GEOGRAPHIC CONCENTRATION. India ran a trade surplus most years but the surplus did not return to India — it became part of Home Charges (drain of wealth).

Q6. Why was Indian agriculture in a stagnant state at independence? [3 marks]

Ans: (1) ZAMINDARI system: intermediary landlords extracted high rents from peasants without reinvesting in productivity. (2) LOW PRODUCTIVITY: ~700 kg/ha for grains (vs Europe's 1,500+); only ~17% of land irrigated; no modern inputs. (3) COMMERCIALISATION: peasants forced to grow cash crops (cotton, indigo, jute) for British industry at the cost of food crops, increasing famine vulnerability. (4) Famines (1943 Bengal famine killed ~3 million) compounded the stagnation. Despite 72% of workforce engaged in agriculture, it contributed only ~50% of national income — indicating low productivity per worker.

Section C — SA-II (Long, 5-7 marks)
Q7. Critically appraise the impact of British rule on the Indian economy. (6 marks) [6 marks]

Ans: INTRODUCTION: British rule (1757-1947) systematically transformed India's economy through policies designed to serve British interests, leaving it largely backward at independence. NEGATIVE IMPACTS: (1) DEINDUSTRIALISATION: world-class Indian handicrafts (Dhaka muslin, Murshidabad silk, wootz steel) destroyed by discriminatory tariffs — heavy duties on Indian exports to Britain + zero/low duties on British imports + flooding of Indian markets with cheap British factory goods. (2) AGRICULTURAL STAGNATION: Zamindari extraction without reinvestment, commercialisation forcing cash crops, persistent famines (1943 Bengal — 3 million dead). (3) DRAIN OF WEALTH: estimated 4-9% of national income annually flowed from India to Britain via Home Charges, profits, and war funding — funds that could have built infrastructure and education. (4) HUMAN-DEVELOPMENT FAILURE: life expectancy 32 years, IMR 218/1000, literacy 17%, female literacy 7%. SOME 'POSITIVES' (with critique): (5) Railways (since 1853), telegraph, postal system, modern legal framework introduced. BUT these were built primarily for British military and economic purposes (moving troops, transporting raw materials) — secondary benefit to Indians. CONCLUSION: The net impact of British rule on the Indian economy was overwhelmingly NEGATIVE. Independent India inherited a low-income, agrarian, illiterate economy needing radical transformation — which is why the Five Year Plans focused on rebuilding industry, modernising agriculture, and addressing the human-development gap.

Q8. Describe the state of demographics + infrastructure of India at the time of independence. (4 marks) [4 marks]

Ans: DEMOGRAPHICS: (1) Population ~357 million in 1947; annual growth rate ~1.25% (high birth + high death rates kept growth modest). (2) Life expectancy at birth: ~32 years (compared to today's 70+). (3) Literacy: ~17% overall; female literacy ~7%; severe gender + caste gaps. (4) Infant mortality: 218 per 1000 live births (today: ~30). These numbers indicate severe public-health and education failures. INFRASTRUCTURE: (1) Railways since 1853 (~66,000 km by 1947) — built primarily for British military and economic purposes. (2) Telegraph + postal system — modern communication networks, mainly for administration. (3) Limited irrigation (~17% of cultivable land) — most agriculture was rain-dependent. (4) Few elite universities (Calcutta, Bombay, Madras founded 1857) — but access restricted by class and English-language barrier. NET ASSESSMENT: Some modern infrastructure existed, but it was built for British purposes rather than for Indian development — its benefit to ordinary Indians was indirect at best.

Q9. What was deindustrialisation? Why did India's traditional industries decline under British rule? (5 marks) [5 marks]

Ans: DEFINITION: Deindustrialisation refers to the systematic decline of India's traditional handicraft industries (cotton textiles, silk, metalwork) and the failure to develop a modern industrial base during British rule. CAUSES: (1) DISCRIMINATORY TARIFFS — heavy export duties on Indian-made goods to Britain made them uncompetitive in British markets. (2) ZERO/LOW IMPORT DUTIES on British factory products entering India — flooded Indian markets with cheap British textiles. (3) DESTRUCTION OF INDIAN MARKETS — by 1830s, Manchester cotton had captured most of the Indian textile market that Indian handlooms previously dominated. (4) NO INVESTMENT IN INDIAN INDUSTRY — British policy actively discouraged modern industrial development in India (especially capital-goods industry). (5) LIMITED MODERN INDUSTRY — some growth in cotton textiles (Bombay), jute (Bengal), and iron + steel (TISCO 1907) — but on tiny scale, concentrated in 4-5 cities, mainly serving British needs. NOT TECHNOLOGY: It was crucial that Indian handicrafts were globally renowned for their quality (Dhaka muslin, Murshidabad silk). Their decline was driven by POLICY, not technological inferiority. CONSEQUENCE: Industry employed only ~10% of workforce and contributed ~17% of national income at independence — leaving India industrially backward.

★ TOPPER ANSWER TEMPLATES

3 TEMPLATES · MEMORISE THE FORMAT

★ TOPPER TEMPLATE — 6-mark: 'Critically appraise the impact of British rule on the Indian economy.'

Annual

Step 1 [1 mark]	Introduction + thesis	British rule (1757-1947) transformed India's economy in ways that were systematically EXPLOITATIVE rather than developmental. The overall impact was net NEGATIVE despite some incidental modern infrastructure.
Step 2 [2 marks]	Negative impacts (any 3)	(1) DEINDUSTRIALISATION: World-class Indian handicrafts (textiles, metalwork) destroyed by discriminatory tariffs and cheap British imports. (2) AGRICULTURAL STAGNATION: Zamindari extracted wealth without reinvestment; commercialisation forced cash crops over food; productivity remained low. (3) DRAIN OF WEALTH (Dadabhai Naoroji): Excessive 'Home Charges' + profits + war funding flowed from India to Britain. Estimated drain: significant percentage of India's GDP annually.
Step 3 [1 mark]	Specific evidence	By 1947: per capita income stagnant at ~₹200/year (1940s prices); 47% literacy gender gap; 32-year life expectancy; 70%+ workforce in agriculture but agriculture stagnant; foreign trade favoured Britain (50% of trade).
Step 4 [1 mark]	Some 'positive' aspects (concede + critique)	Railways (1853 onwards), telegraph, postal system, modern legal framework were introduced. BUT these were built primarily for BRITISH economic and military purposes (move troops, transport raw materials), not for Indian development. Net benefit limited.
Step 5 [1 mark]	Conclusion	British rule left India a backward, primarily agricultural, low-income economy. Independence in 1947 began the long process of rebuilding industry, modernising agriculture, and addressing the infrastructure gap.

COMMON LOSS OF MARKS:

- Listing without explanation (each impact needs a sentence of mechanism).
- No specific evidence (numbers, names, dates).
- Missing the 'critically' appraise — should INCLUDE both negative AND nominally positive aspects with critique.

★ **TOPPER TEMPLATE — 4-mark: 'Explain the state of agriculture at independence.'**

Annual

Step 1 [1 mark]	Heavy dependence	About 72% of India's workforce depended on agriculture in 1947, but agriculture contributed only ~50% of national income — indicating LOW productivity per worker.
Step 2 [1 mark]	Low productivity	Yields were ~700 kg/hectare for grains (vs 1,500+ in Europe). Reasons: (a) lack of irrigation (~17% of land), (b) no modern inputs (chemical fertilisers, HYV seeds were absent), (c) primitive techniques, (d) fragmented land holdings.
Step 3 [1 mark]	Zamindari + commercialisation	Zamindars (intermediaries) extracted high rents from peasants without reinvesting. Commercialisation under British rule forced peasants to grow cash crops (cotton, indigo, jute) at the expense of food crops, increasing famine vulnerability.
Step 4 [1 mark]	Famines + post-1947 implications	Frequent famines (1943 Bengal famine killed 3 million). Independent India inherited a stagnant, low-productivity agricultural sector that took the Green Revolution (1960s) to transform.

COMMON LOSS OF MARKS:

- Missing specific numbers (workforce %, yield, famine year/death toll).
- Not linking Zamindari with low productivity.
- Treating high workforce share as a positive (it indicated stagnation, not strength).

★ **TOPPER TEMPLATE — 4-mark: 'Why was Indian industry in a poor state at independence?'**

2017, 2019, 2022

Step 1 [1 mark]	Decline of handicrafts	Pre-British India was a major exporter of fine cotton textiles, silk, metalwork. British policy systematically destroyed these by (a) heavy export duties on Indian goods, (b) low/zero import duty on British manufactures, (c) flooding Indian markets with cheap British factory products.
Step 2 [1 mark]	Limited modern industry	Some modern industry developed — cotton textiles (Bombay), jute (Bengal), iron & steel (TISCO in Jamshedpur, 1907). But on a tiny scale, geographically concentrated, mainly to serve British needs.
Step 3 [1 mark]	Lack of capital-goods industry	India had NO heavy or capital-goods industry (no machine tools, no steel for further manufacturing). British policy was to prevent India from becoming a competitor; capital goods had to be imported.
Step 4 [1 mark]	Effects + conclusion	Industry employed only ~10% of workforce; contributed ~17% of national income. India entered independence as an industrially BACKWARD economy — heavy lifting (Five Year Plans, public-sector investment in steel, machinery, etc.) had to begin from a low base.

COMMON LOSS OF MARKS:

- Blaming Indian technology rather than British policy.
- Forgetting to name specific industries (Bombay textiles, Jamshedpur steel).
- Not connecting to post-1947 industrial planning.

MARKING SCHEME — GENERAL NOTES

- Specific facts (numbers, dates, names) carry marks — vague answers lose half-marks each.
- Critically appraise = balance negative + nominally positive with critique. One-sided answers cap at 4/6.
- Naoroji's name in 'drain' questions, Bengal 1943 famine death toll, TISCO 1907 are auto-marks.
- Use Indian terms accurately: Zamindari, Home Charges, deindustrialisation.