



RESEARCH PAPER

Economic Exploitation under British Rule: The Impacts on Indian Society

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ABSTRACT

This paper focuses on the process of economic exploitation of India by the British colonial masters and its various effects on the Indian social entity. The aim is to consider the colonial economic policies as institutional frames like the land revenue system, education, and the drain of resources, and the social impacts of these policies. Hence, the methodological approach is a historical analysis that combines historical accounts and critical economic works to analyse primary sources of nationalist movements. As the research findings show, British policies led to devastating disasters, which included the formation of massive poverty, continuous famines, and the eradication of original British industries. Social injustices firmed, indigenous knowledge lost, and imperialism to some extent led to nationalism. According to the study, colonial exploitation requires an equitable development policy agenda and for the colonial economic impact to shape modern applicable socio-economic policies more research into the economic impacts of colonialism is required.

KEYWORDS Colonial Policies, Drain of Wealth, Economic Exploitation, Jinnah

Introduction

British colonial occupation of India for about two hundred years is one of the best examples of exploitation in modern imperial relations. From the personalisation of the East India Company in the second half of the eighteenth century to the officialization of crown rule in 1858 the colonial structure of sterling was designed with utmost care to ensure the extraction of raw material from the colonised land, the stifling of all forms of independent entrepreneurial profit-making in the colonised country and finally the funnelling of profits to the imperial 'home' country. This systematic decoupling of the Indian economy from its pre-colonial socio-economic formations effectively negated the social and economic formations not only affected built structures of pervasive inequalities which are the hallmark of India's neo-liberal developmental predicaments.

Key among the British colonial strategies for the extraction of the last pound of flesh was fiscal maximization, hence, exploitative institutions like the land revenue systems – Permanent Settlement, Ryotwari, and Mahalwari – forced deindustrialization and Drain of Wealth. Developed by Indian intellectuals like Dadabhai Naoroji, this structure of economic analysis focussed on the drain that was the colonial circulation of wealth from the colony to the metropole. Such policies were not accidental or marginal but formed a deliberate effort to reduce India to the status of a colony, to subordinate her entire economy to that British capital, with terrible consequences on agriculture and industry. In this context, this study consciously politicizes and investigates the legacies of colonial economic arrangements on socio-economy and culture. Using a historical analytical approach, this research synthesises histories by Edward Gibbon Wakefield, a nationalist critic and historiography literature to analyse the far-reaching consequences of these exploitative practices. This author hence aims to add to the scholarly discussion concerning imperialism and colonialism by positioning this analysis of the colonial

economic venture within the rupee grew analytic paradigm of the colonial project on Indian society's development trajectory.

Literature Review

The economic exploitation of India under British colonial rule has been extensively studied by scholars across the globe. Contributions from Indian, Pakistani, British, and international academics have provided critical insights into the mechanisms of colonial economic policies and their far-reaching impacts. This section synthesises the works of key scholars in the field, providing a detailed account of their perspectives and analytical frameworks.

Indian scholars have been at the forefront of critiquing British economic policies, particularly through the lens of the "Drain of Wealth" theory. Dadabhai Naoroji's seminal work, *Poverty and Un-British Rule in India* (1901), provides a meticulous account of how British policies systematically transferred wealth from India to Britain, leaving India impoverished. Naoroji's pioneering analysis quantified the wealth drain and argued that it was a deliberate strategy to sustain the imperial economy. R.C. Dutt, in *The Economic History of India* (1902), examined how land revenue systems, such as the Permanent Settlement, devastated rural economies. Dutt highlighted the destructive consequences of these systems, including peasant indebtedness and loss of agricultural productivity, which directly contributed to widespread poverty and famine.

In his book, *The Rise and Growth of Economic Nationalism in India* (1966), Bipan Chandra perfectly explained a unique blend of economic oppression and political freedom movements pointing out that the economic issues turn into a common platform for freedom movements. He ties colonial economic policies to Indian nationalism in a schematic manner and offers a complex view of how these grievances swept different layers of the population. Amartya Sen's *Poverty and Famines: An Essay on Entitlement and Deprivation* (1981) changed the nature of dialogue since it attributed the famine to entitlement failures rather than availability crises. Sen cited the British administration policies of exportism that started with food grain exports which led to the Bengal famine of 1943 as a testimony.

Shashi Tharoor, in *Inglorious Empire: What the British Did and What India Gained* (2016), is a harsh telling of the mainstream consequences of British imperialism in India, and what the latter lost in the process. India also declined from being an industrialised powerhouse with more than 20 percent of the world GDP to a country with below three percent of the world GDP at the time of independence, Tharoor added. He also debunks historical scenarios arguing that British colonization brought development for India and its people, rather he informs us how policies were more or less a tool for exploitation where development was favoured only for Britain at the cost of stripping India of its economy, woven and agriculture sector and dividing it.

Some Pakistani scholars have offered important insights into the regional effects of British colonial policies. Sikandar Hayat, in *The Charismatic Leader: Quaid-i-Azam Mohammad Ali Jinnah and the Creation of Pakistan* (2008), examined how the socio-economic conditions under colonial rule shaped Muslim political consciousness, particularly in Punjab. Hayat's analysis highlights the structural inequalities fostered by British policies, which alienated Muslim elites and catalysed demands for separate political representation. Muhammad Iqbal Chawla, in *Wavell and the Dying Days of the Raj: extensively critiqued the commercialisation of agriculture in Punjab in Britain's Penultimate Viceroy and the transformation of Post-War India* (2011) revealing how these policies took advantage of the rural people to benefit Britain's war initiative and economic gain.

Ghulam Shabbir's *Jinnah and Gandhi: Comparative analyses in Charismatic Leadership (2024a)* and *Jinnah and Jawaharlal: A Comparative Study of Charismatic Leadership (2024b)* address responses to socio-economic colonial impacts. Shabbir examines how and to what extent Jinnah's and Gandhi's political mobilizations were driven by economic factor and their dreams for economic justice after colonisation. He focuses on the electronics of colonialism and more explicitly the function of the bureaucracy and administration in the servicing of exploitative policies that further entrenched inequalities in Muslim-majority areas.

Mehr Afroz Murad, in *The Socio-Economic Impact of British Imperialism in Bengal and Punjab (2007)* also put forward a comparative view of how imperialism changed the two different regions. In her work, she points out the inefficiencies that revenue systems brought to societies, with a focus on cash crops which aggravated famines and socio-economic injustices. S. Akbar Zaidi's *Issues in Pakistan's Economy (1999)* chronology of how colonial policies have shaped Pakistan's post-American war economic problems. The author here posits that colonialism shifted the agrarian economy towards export-oriented cash crops which he noted was the initial step towards structural underdevelopment.

Those scholars from Britain have also engaged themselves in the subject with two views; criticism and support. This article focused on Eric Stokes, *The English Utilitarians and India (1959)*, explaining the primary sources of the British imperialist model, pointing out that the political economy was justified based on utilitarianism. Stokes also claims that it was evident these principles, formulated supposedly to advance Indian society, served imperialism. It is for this reason that John Gallagher and Ronald Robinson in their work entitled *The Imperialism of Free Trade (1953)*, insisted that British imperialism was not solely about territorial control – but was in essence economic imperialism: 'Free trade 'was control,' indeed 'the best form of control'."

British colonialism in India has been described in vivid detail by international scholars giving the succeeding global perspective of Great Britain. Angus Maddison, in *The World Economy: A Millennial Perspective (2001)*, more or less numerically computes the relative status in the world economy that India had lost due to British colonization and blames exploitative fiscal and trade regimes. This paper explains how Maddison's papers offer empirical evidence of the fact that stagnation was the outcome of policies elaborated and applied by Britain. Writing in the context of the existing British imperialist framework, Tirthankar Roy in *The Economic History of India, 1857-1947 (2000)* is more balanced when he avoids primordial binaries and accepts both sides of the story: the advancements that happened through British investment in infrastructure and the distortions that the very same systems imposed on the Indian economy.

Here, Mike Davis, writing in *Late Victorian Holocausts (2001)*, lays into British policies pointing to the fact that imperialist interests seemed to count more than the lives of Indian people. These tragedies Davis relates to the global capitalist system that placed value on profitability. Edward Said in his work *Culture and Imperialism (1993)* gives a longer colonial perspective on the exploitation of India's economy and fits this exploitation within cultural arguments that served as a justification for imperialism. The broader analysis shown here suggests that there was more consensus among such scholars regarding the exploitative aspects of British colonial policies as well as different perceptions of their purpose and effects. Despite a rich body of literature, there is a need for deeper studies concerning the regional and long-term impact of British economic exploitation, especially because of post-colonial development issues.

Material and Methods

This research undertakes a historical analytical method to examine the economic exploitation of India by the British colonial masters and its repercussions on society. Using

both the primary and secondary sources this approach allows making synthesizing analysis of the mechanisms of colonial economic policy, as well as the socio-economic effects produced by them.

The main primary sources for this study encompass colonial records, colonial legislature records, and writings by Indian nationalist leaders such as Dadabhai Naoroji, R.C. Dutt, and other authors. These documents offer an insight into Britain's policies and the immediate effects the policies had on the Indian economy and society. Revenue records and famine reports are the most valuable resources for understanding the practical work of British policies as the land revenue systems, taxation structure, and other resource extraction mechanisms.

Secondly, secondary sources comprising of academic articles by historians, economists, and political science scholars are from India, and Pakistan and from other global regions, including Britain. Such books, articles, and critical deterministic analyses present numerous interpretations of the economic, social and cultural impacts of colonial oppression. Seminars by eminent historians from India Bipan Chandra and Amartya Sen have been analysed to understand the regional and cultural implications of the British Policies Scholars from Pakistan like Sikandar Hayat, Muhammad Iqbal Chawla and Ghulam Shabbir have also been studied deeply in the same context. It also employs cross-national comparisons to place India's colonial past in the context of imperialism and a comprehensive global economy point of view.

Even though the book is based on Britain's policy and its impacts on the South Asian regions, another principle of the research methodology lies in the comparison of regional effects, with more focus on Punjab, Bengal and other major and developed regions of the British rule. The goals of this study are intended to explain the general impact of British colonialism in India by comparing and contrasting the outcomes of policies like the Permanent Settlement, Ryotwari, and Mahalwari systems. Thematic analysis is used to determine key issues areas of the like of deindustrialization, famine causation, and the "Drain of Wealth."

Secondly, and more extensively, a historiographical approach is employed to assess the historiography of scholarly discourse on colonial exploitation. By considering the works of various authors, including postcolonial, nationalist, and imperialist writers, the study guarantees that the analysis of history's events shall be balanced and more comprehensive. This approach enables the analysis of the short-term effect of the British policies in West Africa and also the long-run implication of these policies in the West African post-colonial socio-economic formations.

This methodology offers not only protection for any mechanisms and effects of British use of economy but also offers the database from British archives and present literature. According to this integrative approach, the authors intend to make a scholarly contribution to the understanding of colonial exploitation and its implications for current development issues in South Asia.

Results and Discussion

This paper presents a historical account of the British economic exploitation in India and examines its current effects and historical impacts. Under the institutional foundation of the colonial economy, there was a conscious draining of Indian wealth to Britain, which has been summed up in the "Drain of Wealth" theory. Stating it in the words of Dadabhai Naoroji this process was vertical to the tune of millions of pounds each year, effectively starving the domestic economy and worsening poverty in the country. The colonial fiscal policies were not accidental but were structures within a well-coordinated and politically engineered system designed not to entrench the welfare of the conquered but the superior European powers.

British economic policies led to the decline of conventional Indian businesses including the textile business; a main stay economy in India. Policies of discrimination in trade and the invasion of British manufactured products reduced the indigenous systems of production and eliminated employers of artisan and labour skills. Policies such as Industrial decontrol, Privatization and liberalization which were implemented within the context of globalisation hit Bengal for being a one-time textile hub most severely affecting its economy. However, as Tirthankar Roy has pointed out, this colonial development of infrastructure had its benefits, these are easily overshadowed by the stagnation and decline of Indian Industries during the British period.

The British presence in the agrarian sector was fatal for the rural population First of all, they interfered with the system of feudal tenures known as *Habeas Corpus* which had a critical impact on the agrarian sector. Revenue systems such as Permanent Settlement in Bengal, Ryotwari in Madras, and Mahalwari in Punjab put a heavy burden of taxation on peasants irrespective of their product yield. These exploitative systems with the commercialisation of agriculture to produce crops for export widened rural indebtedness and food insecurity. These and other holocausts, including the Bengal Famine of 1943, were not just natural disasters or the direct consequences of drought, flood, pandemic, man-made disasters, or war exigencies but were precipitated or at least aggravated by colonial policies that put a premium on the interests of the colonial mother-country. As Amartya Sen and Muhammad Iqbal Chawla both note, such policies served the interests of imperial dividends and continuing agrarian suffering.

Thus, the positive effects of applying British economic policies in regions were also inconsistent to reflect the priorities of colonial administration. The imperial agrarian economy deeply embedded Punjab; thus, it experienced structural changes that determined its socio-economic trajectory. On the other hand again and as can be seen, Bengal has undergone severe economic and demographic collapses through deindustrialization and recurrent famines. These disparities in resource endowment, as pointed out by Sikandar Hayat and Mehr Afroz Murad, reveal that colonialism was exploitative in a selective way and that the legacy of colonialism is deep, long and pervasive in post-colonial South Asia. The writings of Ghulam Shabbir especially his comparative analysis of stylistic leadership provide an insight into how these economic factors shaped the political awareness of leaders and movements in differing territories.

British economic policies that provided discontent formed the core of nationalist movements. Men such as Dadabhai Naoroji and Mohammad Ali Jinnah raised economic complaints to assert a communal claim to self-governance, a notion shared by the great majority of the people. The rationalization and monopolization of resources, and exclusion of local economies is a framework that coalesced unrest and this is evident in the books by Ghulam Shabbir. Comparative histories of Jinnah and Gandhi and Jinnah and Nehru reveal how economic experience in a colony configured leadership strategies and discourses of nationalism.

Even though the colonial period ended the effects of British economic policies continue in post-colonial South Asian societies in terms of the structure of economic development and injustices. S. Akbar Zaidi and Angus Maddison have said colonialism bequeathed long-term problems for balanced growth. Although the infrastructure and administrative frameworks established by the British colonialists are often looked at as a positive legacy the infrastructure and administrative frameworks whose roots result from British colonization were primarily designed to favour imperial interests even at the detriment of the sustainable local development. This historical context makes it apparent that much more interdisciplinary work must be done to examine the socio-economic impacts of colonialism to ground the analysis of structural problems that remain in contemporary South Asia today.

Conclusion

India was exploited economically under the British to the highest level in a plan that/question that completely altered the economic, social, and political aspects of the region. The policies named "Drain of Wealth" by the British, and exploitative land revenue systems, deindustrialisation enforced such Britain imperialistic interests over and above the needs of the Indian economy and its people. The deterioration of the conventional economic sectors, the exclusion of the affected regions from retail, and the never-ending food shortages are the painful human consequences of colonialism.

This exploitation was not confined to the formation of the class of people economically deprived; it deepened regional imbalance and social inequalities that are observable in South Asia today. Some areas like Punjab and Bengal are being developed in different manners because of the strategic bodies of the colonial rulers that filled those regions with disparities which still have many underdevelopments and structural issues. Problems that emerged out of these policies were taken up by the anti-colonial nationalist movements as the main agendas; such figures as Dadabhai Naoroji and Mohammad Ali Jinnah drew upon economic grievances to rally varied groups to fight colonialism.

The conclusion that may be drawn from this study is the fact that colonial economic impacts keep affecting post-colonial societies. Colonial structures and forms of administrations are often considered, they were about imperialism and imperialism's socio-economic colonial legacies. All these tasks demand concepts that would help to encompass colonial exploitation's meaning and its consequences in their entirety. More qualitative studies are needed to explain these historical processes and guide developmental agendas that seek to foster more equitable and just societies in the postcolonial world.

Recommendations

The implications of this study therefore are the call for specific efforts to redress British colonial policies' legacy of Discrimination. The heads of state and governments in post-colonial countries especially in South Asia must ensure the policies focusing on the eradication of rural poor, equal distribution of farming land and encouraging favourable agriculture systems. All these measures are crucial to address the roots of what exploitative land revenues systems and colonialism, did to farm families and the rural people.

Another way is to restore the traditional industries that were severely affected by the policy of de-industrialisation initiated by the British government . Governments should promote small-scale industries especially handloom Weaving and Artisanal craft industries by offering tax concessions for subsidies, better access to international markets and encouraging product development. They include; these measures can assist in reconstruction of local economies and promote economic recovery in areas that we saw post-colonial industrial regression.

Imbalances resulting from colonial developmental strategies, for example, the agriculturally directed development of Punjab and the deindustrialisation of Bengal, call for precisely formulated regional development strategies. Priority should be paid to the areas which suffered from adverse economic and demographic conditions to achieve a fair distribution of resources and stimuli. Coordination with social development should become the key principle of such efforts to solve historical problems, including infrastructural advanced regional agricultural initiatives, and antidote poverty.

There should also be teacher training to include a more complex understanding of colonial economic subjection into the curriculum. Improving the knowledge of history in

the future generation maybe useful to let them analyze the colonial history outputs and also be able to help in the policy-making progress. This emphasis on education helps cultivate a high level of awareness of past injustices and instigates a fight for the needy social-economical justice.

There is a desperate need to facilitate interdisciplinarity to analyse the complex implications left behind by colonialism. Academies should combine historiographic, economic, sociological, and political data to enact policies. Apparently, this research should pay special attention to the subtle differences between regions in terms of colonial policy effects and their socio-economic legacies.

At the global level, there is a legitimate basis for compensation instead of reparation for colonial exploitation consequences. Specifically, concerning the idea of reparative justice, the dialogues launched by the governments and international actors should refer to financing the developmental projects in the colonies. This way the stated efforts can be used to generate finances necessary for mitigating structural impediments that hinder the achievement of sustainable development.

Last but not least, contemporary development policies should seek to break the surviving features of colonial economies. There should be an intellectual focus on the development of postcolonial equality economics and societies, good governance, and a sustainable environment to emancipate societies from the effects of colonialism which remain a permanent challenge to development in the contemporary world. Collectively, these recommendations offer a clear guide to the evaluation of the wrongs caused by British economic exploitation as well as a way of creating the foundation for a progressive, just and fair future for those societies that were colonized.

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