

Economy and Livelihood

The main base of economy of any nation is agriculture and industry upon which the livelihood of people depends. In comparison to agriculture, the importance of industry has tremendously increased in modern time and there has been proportional increase in their contribution in economy. In the second half of eighteenth century, Britain became the first country of the world where mechanization started in the agriculture and industrial sectors and a new era of industrialization began.

Industrialization or establishment of industries on a large scale is the contribution of the industrial revolution where the production of goods is done through machine, rather than human labour. In industrialization production is done on a very large scale so there is need of market for its consumption. Industrialization is a stimulating agent of modernization in any country. It depends on the invention of latest new machines and technical development. Besides machines, investment and labour have a very important place as an stimulating element in industrialization. Industrialization is a system in which, generally the production is done in factories through machines. Under this system, at first in England the industrial production system took the place of cottage production system.



Cottage Industry



Mechanical Industry

By 1750 Britain was mainly an agricultural country and 80% of the population of the country lived in villages. Agriculture was the main source of their subsistence. Production of yarn, wool, glass, iron and pots of clay was done in cottage industries by farmers. The craftsmen engaged in these industries produced things either by their hands or machines developed by them. Among the industries, textile industry was the main. Together with other European countries, even in Britain cloth was produced on a large scale for international market and those were mostly produced by human operated machines. There was guild system in seventeenth and eighteenth centuries. The producer related to guild were famous for their expertise and speciality. They had monopoly on the trade. So, the merchants moved towards village due to increased demand. They began to take work from the farmers and labourers of the villages. They kept the farmers and labourers in their control by imparting them training. The demand of produced goods opened ways of employment in villages also and cottage industry progressed a lot and participation of women and children increased with male persons. Dyeing and printing was done in the villages of Britain. After that the finished goods was exported to colonial markets. Thus even before industrialisation, use of machines in production, the period of industrial development was going on, where human labour was used in production in cottage industries and cottage industry was developing and evaluative. This period is known as proto-industrialization.

Reasons of industrialization:

Free trade and policy of laissez faire in Britain developed the British trade very much. The demand of produced good kept on increasing. It was not possible for the traders to increase the production in the existing set-up. On the one hand the weavers sat idle for scarcity of yarn and on the other hand there was extraordinary engagement of thread spinner. A full time working weaver could

Reasons

1. Need is mother of invention
2. Invention of latest new machines
3. Abundance of coal and iron
4. Beginning of factory system
5. Availability of cheap labour
6. Transportation facility
7. Vast colonial situation



Cotton cloth producing area in Britain

use yarn of 6 thread spinners. In this situation, a change was needed where production of thread could be increased. It was that main factor that the chain of development that engaged in the beginning years of industrialisation was mostly related to cotton cloth industry.

The invention of new latest machines in the second half of eighteenth century in England brought such revolution in the industrial world that paved the way

both for industrialization as well as colonization. In 1769, Richard Arkwright, a resident of Balton, invented a thread spinning machine, spinning frame that was run by water-power. In 1770, James Hargreaves, resident of Handhill, developed another spinning machine, spinning Jenny. In this machine sixteen distaffs moved by moving a wheel and so eight threads could be spun simultaneously. In 1773, John Kay of Lancashire invented flying shuttle, through which weavers started working very fast and demand of thread increased. Samuel Crompton made spinning mule in 1779. Through this machine very thin yarn could be spun. In 1785, Edmund Cartwright developed steam operated 'powerloom'. In this period a person named Benar prepared a machine for cloth printing. Cylindrical printing, the invention of Thomas Bell brought about a revolution in the dyeing and printing of cotton textile. Due to these inventions there was great development in the British cotton textile industry by 1820. In these industries the steam engine developed by James Watt in 1769 also had very important role.

Since the development of cloth industry depends mostly on coal and iron industry so the Britishers paid much attention on these industries. Britain had mines of coal and iron. After invention of steam engine, railway engines were made for use in Britain and to export in other countries. In 1815, Hemphery Devy invented safety lamp for the workers of mines and Henry Bessemer developed a powerful furnace that gave more encouragement to iron industry.

The invention of new latest machines developed factory system and as a result of that new centres of trade and industry emerged. The Lancashire cotton cloth industry situated in Liverpool was made centre. Manchester also became a big centre of cotton cloth industry. After 1805, new South Wales became centre of wool production and large sheep farms were established. Silk industry and linen industry also flourished in Britain.

The need of cheap labour in industrialisation in Britain had been on the vanguard. In the last year of the eighteenth century fencing system of enclosure began. In this system the landlords (Zamindars) made larger farms by purchasing small plot of lands. The farmers who sold their lands became landless labourers.



Iron and Coal producing in Britain

To meet their livelihood, they started to go to nearby towns in search of work. Thus in the factories operated by machines countless labourers were available to work on cheap rate. Cheap labour helped in the field of production.

There was good communication facility available in Britain to transport produced goods from factory to another place and to bring the raw material to factories. Before beginning of railways, the trade was done through river ways and sea routes. The goods brought in river ships were easily taken to sea ships or coasters. Britain was the first among the navigation industry in the world and export-import of all countries were done especially through the merchant ship of Britain. Its economic advantage became helpful in intensifying the speed of industrialization.

The colonies established by Britain also gave contribution towards industrialization. It was easy for Britain to purchase raw materials on cheap rates from these colonies and to sell their produced goods here on high rates.

Colonialism:

There was tremendous increase in production through invention of machines and establishment of factories. There was need of market for consumption of produced goods for Britain and later on in the other countries of Europe where factories had set up. It encouraged colonization. In this context India emerged as a vast colony of Britain. They were attracted towards India to make trade due to abundance of resources. India was rich not only in natural and artificial resources, but it proved a very large market also.

By eighteenth century Indian industry was most developed in the world. Across the world, India was the biggest workshop that produced very beautiful and useful things. Until the invention of machines, British had control over hand-crafts, sculptural industry and trade. Wages paid to artisans was so meagre that many times they were not paid even to have minimum subsistence. The English had got production from artisan by paying them advance money through their agents. The agents were called

'*Gomashta*'. The *Gomashtas* purchased goods from artisans on arbitrary prices and exported them to England. The Charter Act passed by British parliament in 1813 abolished monopoly of East India Company over trade and the way for policy of free trade was opened.

After 1850 the British government adopted such measures to develop their industry that domestic industry closed down one after another in this period. Due to the policy of free trade adopted by the British government heavy tax was imposed for sale of Indian manufactured goods, in England. From India raw material was exported. Excise duty and transportation tax was imposed on the export of Indian goods. The English living in India were given special facilities and railway was developed to facilitate import and export. Gradually, factories were established in India by British investment. Cotton textiles were also imported. After 1850 textile import began from Manchester on large scale. Now it was impossible for the craftsmen and farmers of cottage industries to get raw material. They had to purchase raw materials on arbitrary prices. Thus the cottage industries were closed gradually and the artisans and farmers were compelled to do agriculture. When establishment of factories started in India after 1850, then these unemployed persons started migrating from villages to towns, where they were engaged as labourer. On the one side, the invention of machines started the process of industrialisation by increasing in industry as well as production, but on the other hand the cottage industry in India reached the brink of destruction. Indian historians have termed it 'deindustrialisation' for industry in India.

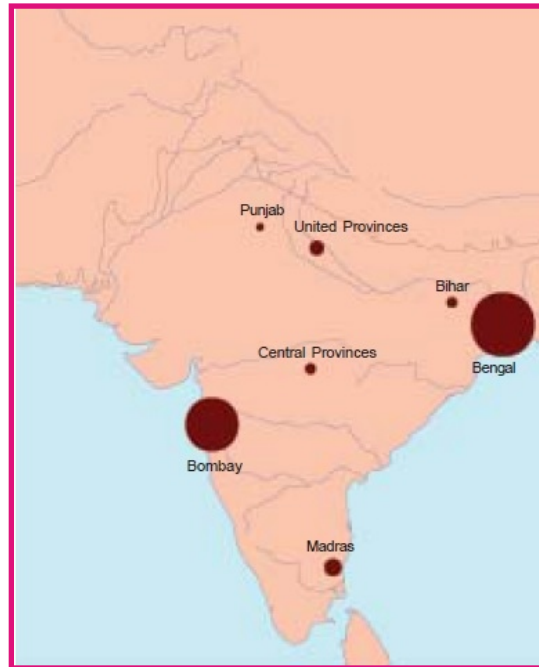
Establishment of factories in India:

Cottage industries were closed down in India due to industrial production but many big textile factories were opened with domestic and foreign investment that stopped the workshop industry. In course of establishment of factories, Dwarikanath Tagore established six joint enterprise companies in Bengal in the decade of 1830-40. At first cotton textile mill was founded in 1851 in Bombay. Here Parsis, Gujratis, and Bohra

Muslims etc. became engaged in establishing modern factories for cotton textile manufacturing. A Parsi Kavas-ji-Nana-Dabhar established first factory in 1854 and from then the history of this industry started in India.



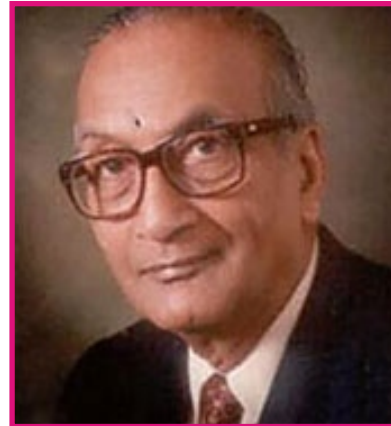
Textile Mill in Mumbai



Large scale industrial area in India

30 factories were established from 1854 to 1880, among them 13 belonged to Parsis. From opening of Suez Canal in 1869 the import of cotton textile from England to Bombay seaport increased. In spite of that the number of cotton textile mills from 1880-1895 became more than 39. They put cotton textile industry of Manchester in exercise, and so the British government exempted import duties from the goods imported from England. So the goods of England began to be sold at comparatively cheaper rate in Indian market. That time cotton textile industry were given special encouragement by importing cheaper machines in India. During 1895 to 1914, the number of cotton textile mills increased by 144 and Indian cotton yarn was exported to China.

The first jute mill in the country was established in 1917 by a Marwari businessman Hukum Chand. In 1918 first limited company Birla Brothers was founded. In 1919, Birla Jute company, and in 1920, Jiyaji Rao textile mill was opened in Gawalior. Ghanshyam Das Birla purchased many operational English-companies and extended his business, as Keshav Rao cotton mill from Andwill and Sugar factory from Martin.



Ghanshyam Das Birla

Jamshedji Tata established Tata Iron and



Jamshed ji Tata

Steel Company (TISCO) in 1907 at Sakchi in Bihar. Jamshedji Tata was such an Indian, who had very much knowledge of Indian industry. He established Tata Hydro-Electric Power station in 1910. Iron industry flourished after independence. The permission for opening of Bhilai, Rourkela and Durgapur steel factories were taken in 1955 on the basis of the agreement made with Russia, West Germany and Britain. At present there are seven steel plants in India:

1. Indian Iron and Steel Company, Hirapur
2. Tata Iron and Steel Company, Jamshedpur
3. Vishweshwaraiya Iron and Steel Company, Bhadravati (Karnataka)
4. Rourkela Steel Plant, Rourkela.
5. Bhilai Steel Plant, Bhilai
6. Durgapur Steel Plant, Durgapur
7. Bokaro Steel Plant, Bokaro



Tata iron and Steel Company

The coal industry in India began in 1814 with excavation of coal in the mines of Raniganj, West Bengal. The development of this industry started with the development of Railways in 1853. Machines were brought in use to increase production. Establishment of new industries enhanced the demand of coal. Total production in 1868 was 5 lakh ton but in 1950 it increased to 3.23 crore ton. The then Bihar was the main centre of the industry.

After 1850-60, gardening industries viz Indigo, tea, coffee, rubber and jute mills were started in India. However, among these industries most of the industrialists were foreigner and had got government support. The government appointed an industrial commission in 1916 to find out sectors for related efforts to Indian finance of Indian industry and trade, so that government could give assistance. In 1921, the government appointed a revenue commission with Shri Ibrahim Rahmatullah as its head for that year. Under this commission, tin industry, paper industry, chemical industry, sugar industry etc. were established in 1924. In 1930s cement and glass industries were founded.

It was the speciality of trade from 1850 to 1914 that in this period the goods like jute and tea for export were also produced, that was advantageous for the nation. Together with these goods like coarse textile that had no more foreign competitiveness were also produced. The Indian industries got advantage during the First World War and the goods produced domestically got market within the country and outside. They also got contract in war. Raw material was available at a lesser rate and they got huge rate on produced goods.

The impact of worldwide economic depression of 1929-33 was very severe on Indian industry. India was self-reliant in basic materials, but the prices had reduced to half. The rate of exportable goods were also decreased. Thus the people dependent on the industry suffered loss day by day.

During Second World War the whole demand of cotton textile produced by mills was fulfilled by Indian factories. The Indian mill owners got advantage of this opportunity and started entering the foreign market. During war, India did not have its own engineering company. It also did not have industry to produce own machines. Only that industry could have been established that build-up machines in Britain or America.

After the Second World War America became an important partner with Indian trade. Now America started supply of useful goods to India and demanded raw materials from India. It was not a matter of surprise, because there had been remarkable increase in the production capacity of America.

Before the First World War the European companies invested capital in trade. It was carried out by managing agencies, which had control over industries. Among them Bird Hugglers and Company, Endrugul and Jordin Skinner and Company were the biggest ones. In India, Punjab National Bank, in 1895, Bank of India in 1906, Indian Bank in 1907, Central Bank of India in 1911, the Bank of Mysore in 1913 and joint stocks banks were founded. These banks were helpful in the development of Indian industries.

Outcome of Industrialization:

In India between 1850 and 1950 many industries like textile industry, iron industry, cement industry, coal industry were developed. Such as Jamshedpur, Sindri, Dhanbad and Dalmianagar etc. (new industrial towns) were founded in the then Bihar state. The downfall of cottage industries began due to establishment of big factories. Manually manufactured goods became costlier, its sale demised, consequently ancient industries

started to disappear. In India efforts are being made to revive these artistic activities. Some important centres are towns like Agra, Banaras, Ahmedabad, Surat, Rajputana etc.

As a result of industrialisation in England, new machines were invented with the destruction of the old weavers working on the handloom. But in India with the destruction of lacs of craftsmen and artisans there was no development of any new industry of that standard as an alternative. There was very bad impact of industrialisation on Dhaka, Murshidabad, and Surat etc. Their craftsmen and artisans made agriculture as their livelihood. Thus the balance of agriculture and industry that was going on in India was lost.

Due to industrialisation production started on large scale, and for the consumption of goods, colonial race started in Europe. The colonialism later shaped imperialism. In colonialism economic control is established over technically weaker countries and in imperialism both economic and political control are imposed.

The industrialist making investment in Indian industry with British assistance, as a result of industrialisation, became capitalist. Thus there was the emergence of three classes in society Capitalist class, Bourgeoisie class (medium class) and Labour class. Later on this very bourgeoisie class in the freedom movement of India played a very active role against the British policy of colonialism and exploitation.

Outcome:

1. Development of towns
2. Downfall of cottage industries
3. Development of imperialism
4. Class division in society and emergence of Bourgeoisie class.
5. Emergence of factory labour class
6. Beginning of slum system.

Industrialisation gave birth to a new type of labour class. Although labours in India before 1850 worked in the gardens of tea, coffee and rubber, but after establishment of different industries, factory labourer class emerged. Their living standard was very low and they were exploited by the industrialists.

Slum system started with industrialisation. In towns, the labourers were faced to live in very small houses, where there was no facility of any type. Later on they started movement for proper distribution of production. Since they were badly exploited by the capitalists, they started class struggle against capitalist by forming an organisation.

Livelihood of Laborours:

Industrialisation gave birth to a new factory system that rendered the owner of cottage industries as labour and their livelihood depended on the wages received from big industrialists. Even women and children had to work for 16 to 18 hours. That time law was in favour of mill owners. The problem of the labourers was that they were not able to come back to their cottage industry, because it was not



Status of homeless labourers

possible to survive cottage industry against mechanism. The feeling among them became stronger that the new factories were their worst enemies, because these factories had rendered them jobless. The condition of those labourers who got job in factories was troublesome. Therefore, the labourers and jobless artisans started wandering in groups and breaking machines. In Europe even the wool mining ladies attacked on machines. On many places machines were brought to cross roads and set to fire.

Industrialisation has damaged the livelihood of labourers to this extent that they had no money to purchase even commodities of daily use. So, the labourers adopted way of movement. Between 1830 and 1848, the labourers organised themselves and held agitation in London for their rights. Though, 'Reform Act' was passed in 1832, but the labourers had no benefit of it. They were not even given right to franchise. Therefore, they started 'Chartist Movement' in 1838 under London working Men's Association. It can be attributed as the first organised movement of the labourers. Though the movement did not get success then but later on it got so much popularity that the members of the parliament had to endeavour themselves to fulfil the demands of the labourers. In 1918 all adult male and female were given right to vote. After the Second World War labour party formed government in England and started safeguarding the interests of the labourers.

The period after 1850, in India, was the beginning of the era of labour



A woman spinning thread

class. The number of labourers increased due to establishment of industries. In future, the Indian labourers had to face problem of minimum wages, longer working hours, unhygienic condition of mills, child labour, and non-payment of minimum wages to women. Besides, the Indian labourers started sharing dissatisfaction to the atrocities of

administration. Therefore, they began to make plan for agitation against mill owners and colonial exploitation. In this act the textile mill owners of Lancashire supported Indian labourers and put demand before British government for the betterment of their condition. They had apprehension that due to cheap labourer the Indian industry could be their competitor. On the basis of their demand a commission was appointed in 1875 and on the basis of the report of the commission first 'Factory Act' was passed in 1881.

Under the act, children below the age of 7 were banned to work in factory, and working hour was fixed for children below the age of 12. Working hour and wages for women were also fixed.

Still discontentment of labourers was witnessed during 1882 to 1890, when 25 strikes were registered in Madras and Bombay presidencies. The labourers were unorganised, had come from villages and wanted to make their position better by emerging themselves for some time in industry. They had returned back in situation of non-improvement of their position.

Gradually these unorganised labours began to form their organisation on national level. All India Trade Union Congress (AITUC) was founded on 31st October, 1920 with Lala Lajpat Roy as its chief. With formation of Industrial Labour Organisation (ILO) in 1920, labourers' problem got international recognition.

In 1926 'Trade Union Act' was passed, by which registered labour organisation got recognition. During grave economic depression neither the receding wages were checked by strikes nor could the retrenchment of labour be controlled. In this period the labour organisation split up. It was the time when National Movement in India was on extreme. The wave of communism arrived India from Russia and it began to play active role in the national movement. The people belonging to labour class associated with them in the national movement because the communist laid emphasis on the independent political role of labour class.

During the Second World War the labourers went on strike in Bombay, Kanpur, Kolkata, Digboi, Jharia, Jamshedpur and Dhanbad over matter of dearness allowance. During 'Quit India Movement' in 1942, the labourer opposed the colonial administration by making agitation against their mill owners. It gave support to national movement. Almost the labour parties in all places tried to associate the economic demands of labourers in industrial areas with anti-colonial struggle.

India was divided after independence and just after that unemployment increased. The labourers were hopeful that their condition will change after independence, but it could not happen, and the labour

organisation split into three parts; Indian National Trade Union Congress (INTUC), Hind Mazdoor Sangh (HMS) and United Trade Union Congress (UTUC).

The government, keeping in view the livelihood and right of the labourers passed 'Minimum Wages Act' in 1948, and rate of wages in some industries was fixed. It was given an important place in the first five year plan. In the second plan it was mentioned that minimum wages should be such by which the labour could do not only their subsistence, but should be more, so that they could maintain their happiness. In the third plan labour board was founded and Bonus commission was appointed to pay bonus.

In 1962, the central government established National Labour Commission for the betterment of the condition of labourers. Through this the labourers were provided job and effort was done to improve their wages.

Thus the government, after independence, took many measures to ameliorate the economic condition of the labourers related to industries, since they were extremely exploited by the capitalists during industrialisation.

Importance and Utility of Cottage industry:

Though the process of industrialisation badly damaged cottage industry, and greatly affected livelihood of labourers, yet even in this adverse situation the industry had been flourishing in villages and town and providing advantages to the common people. It played a leading role in the national movement, especially at the time of Swadeshi movement. Therefore, its importance cannot be neglected. Mahatma Gandhi said that small and cottage industry is according to Indian social condition. It plays a very important role in the national economy. The cottage industry ensures maximum equal distribution of industrial consumer goods, employment to greater number and national income. In the process of fast industrialisation the cottage industry proved that it is advantageous in many ways. Social, economic and related issues are solved through these industries. Faster economic development depends on its proper functioning. It is a powerful tool for socio-economic development and balanced area wise progress. Its

biggest importance is that the development of these industries provides employment opportunities on large scale; enhances skill, increases entrepreneurship (*udhmita*) and ensures better usage of available techniques. Very small capital is needed to start this industry. It pays attention on the permeation of productive capacities while in industrialization the power of production remains in the hand of few. The cottage industry checks the flow of population to cities.

The Indian manufactured goods had worldwide market after the development of modern industrial system. There was worldwide demand of nylon, chintz and cotton textile. Indian industries provided goods not only for fulfilment of local needs but they also exported the manufactured goods. Among the main items to be exported from India are cotton, silk, chintz, varieties of waxes and wool.

The people belonging to high class in Britain largely preferred Indian handicrafts. The items such as cloth made from handmade thin threads, tasar silk, Banarsi and Balucheri saarees, and sarees with knitted border and the famous Madrasi lungis were in great demand in the high classes of Britain. These items were not to be imitated by machines and special feature was that it was not affected by famine and unemployment because it was costly and used only by the high class persons in foreign countries.

The Indian cottage industry and handicrafts suffered downfall due to making political relationship with English and industrialisation. Since the policy of the British government was to support the import of foreign produced goods in India and export of raw materials from India. So no attention was paid on rural industry. Still during national movement, especially swadeshi movement, the demand of Khadi cloths gave encouragement to cottage industry. There was increase in demands of goods produced in cottage industry, between two world wars, and the cottage industry with factories had been playing important role in production in regional areas.

After attaining independence in 1947, there was change in the policy of the government of India towards utility and development of cottage industry. Through the industrial policy of 6th April, 1948 small and cottage industries were given special support. There were five boards constituted in 1952-53. They were related to handloom, silk, khadi, coconut fibre and rural industry. There was special mention for their support in the industrial policy of 1956 and 1977. After that an industrial policy declaration was issued on 23rd July, 1980 mentioning the agro-based industries as well as limit of small industries was enhanced.

Thus we see that after independence on the one side the government of India kicked up cottage industry and on the other hand the process of the industrialisation began to flourish. Now there was expansion in the industrial sectors like chemical and power and electricity, electronics and automatic machines were used. The beginning of nationalism in India was the outcome of the beginning of colonial exploitation under the British industrial policy in the nineteenth century. It was the cause that when mahatma Gandhi started the non-cooperation movement, the mill workers of Ahmedabad and Kheda supported the nationalists. Mahatma Gandhi endeavoured to revive cottage industry by giving emphasis on rejection of foreign goods and adopting the swadeshi one and used it as a tool against colonialism.

The workers, working in the mills across India, supported Gandhiji in the 'Quit India Movement'. Thus, industrialisation that was started under an economic process, paved the way for political and social change in India. Britain known as the leading power in industrial power lost the first position after 1950, and the countries like America and Germany went far ahead from Britain in terms of industrial development.

EXERCISE

Objective questions:

1. When was spinning Jennie invented?
(a) 1769 (b) 1770
(c) 1773 (d) 1775
2. Who invented safety lamp?
(a) James Hergreaves (b) Joch Kay
(c) Crompton (d) Hamphy Davy
3. When were cotton textile mills first established in Bombay?
(a) 1851 (b) 1885
(c) 1907 (d) 1914
4. In which city was the first jute mill set up in India in 1917?
(a) Calcutta (b) Delhi
(c) Bombay (d) Patna
5. When was coal industry started in India?
(a) 1907 (b) 1914
(c) 1916 (d) 1919
6. When did Jamshedji Tata set up Tata Iron and Steel Company?
(a) 1854 (b) 1907
(c) 1915 (d) 1923
7. When was the Tata Hydro-Electric Power station set up in India?
(a) 1910 (b) 1951
(c) 1955 (d) 1962

8. When did all male and female get right to vote in England?
(a) 1838 (b) 1881
(c) 1918 (d) 1932
9. When was 'All India Trade Union Congress' formed?
(a) 1848 (b) 1881
(c) 1885 (d) 1920
10. When was first 'Factory Act' passed in India?
(a) 1838 (b) 1858
(c) 1881 (d) 1911

Fill in the blanks:

1. Chartist movement was started in 1838 at _____.
2. Labour Union Act was passed in _____.
3. Minimum wages Act was passed in _____.
4. International labour organisation was formed in _____.
5. In the first 'Factory Act', the _____ for women and children was fixed.

Match them:

- | | |
|-------------------|----------------------|
| a. Spinning Jeiny | a. Samuel Crompton |
| b. Flying shuttle | b. Edmond Cartwright |
| c. Powerloom | c. James Watt |
| d. Steam Engine | d. John Kay |
| e. Spinning Mule | e. James Hargreaves |

Very short answer question (Answer in 20 words):

1. Mention any two causes of development of factory system.
2. How did bourgeoisie class emerge?
3. What were the main industries in India in the eighteenth century?
4. What do you mean by deindustrialisation?
5. When was industrial commission appointed? What were its objectives?

Short answer question (Answer in 60 words):

1. What do you mean by industrialisation?
2. How did industrialisation affect workers' livelihood?
3. How did slum system begin?
4. When was the 'Minimum Wages Act' passed and what were its objectives?
5. Coal and Iron industry kicked up industrialisation. How?

Long answer question (Answer in 150 words):

1. Explain the causes of industrialisation.
2. Throw light on the changes as a result of industrialisation.
3. What do you mean by colonialism? Industrialisation gave birth to colonialism. How?
4. Throw light on the importance and utility of cottage industry.
5. Industrialisation influenced not only economic structure but paved the way for political change also. How?

Class Discussion:

1. Find out a cottage industrial area around you. With which product is that industry associated? How many workers are engaged in it and what is the condition of the workers? Make details of it and share it with teachers in the class.

