

Great Depression Impact British India

The 1929 great depression had severe impacts on British India. The British India government adopted a protective policy trade which caused a great damage to Indian economy although was beneficial to United Kingdom. Throughout the period of 1929-1937, imports and exports fall extremely crippling seaborne international trade as well as the unemployment rate in the United States and Great Britain. The paper focuses on a lesson the 21st century generation learn from the 1929 great depression and what it does reveal about our future?

Discussion: Great Depression Impact British India

The great depression had an impact on the Indian government policies which resulted to widespread protest in the entire country. As the struggle of the nation deepened, the Indian government approved a number of nationalists' economic demands such as establishing a central bank. Consequently, Reserve Bank of India Act was passed and in 1935, the central bank of India came into being. Business in India was a hyperbole of segregation – there was an uncoordinated and far-dispersed strategy of doing business and promoting commerce in India. Perhaps the most implicative proof was on the period of creation of an organizational body that protected commercial and industrial activities– it was only established in 1929, upon realization of the effects of the increasing economic instability due to the Great Depression. Figure 1; the changes of due to the Great Depression led to crashes in New York as the stock markets were facing heavy trade offs.

Although the overall standpoint of India's frugality seemed to be heavily jeopardized by the self-centered rule of the British – whose prime focus was on strengthening London's financial stability – British India momentarily soared economically in the years leading up to the war of the late 1930s. This was primarily due to an aggravated and laboriously fuelled focus on improving the anti-imperialist-designated manufacturing sector, which then created a set off for post-war industrial

leverage. Trade balancing was, during the Great Depression, a question of incentive between the British Raj and British India owing to the unprecedented overturns that happened in the trade market advantage for both dynasties. Initially, trade stability had stagnated in favor of the British Raj in the earlier years during the Depression, but British India regained trade in their favor in the latter years (1936/37 and beyond).

India, being the at the helm of nations that suffered badly as a result of Great Depression, the fall in price commodity was a bit higher as compared to importations from the United Kingdom. Farmers had shifted in large numbers from food crops farming to cash crops farming in order to meet the high demand of mills in United Kingdom [1]. They were now crippled since they were not able to sell their commodities in India as a result of high prices. Nevertheless, they could not also export products to United Kingdom since the nation had already adopted a protective policy which prohibited Indian imports.

There was deficiency of money all over India which caused widespread poverty. This was caused by cash crops such as wheat and rice cultivated, and could not be used for private consumption [2]. Since there were limited exports and little sale of indigenous manufacturers, their products accumulated and cash flow was restricted.



Figure 1: 1929 Millbury bank patrons try to recover what little money they can

A conference convened by member countries of the British Empire earmarked the worsening of the economic status of India, especially targeting the Indian entrepreneurs and commercialists. In the meeting, named the Imperial Economic Conference, it was passed that an admittance would be sanctioned to have some of the commodities shipped from Britain admitted into Indian borders free of duty, staking between 7.5 and 10% more duty evasion for Britain than for India. The conference, held in Ottawa, spurred hope for most Indians as it was expected that the more pressing matter of discussion, which was about the currency policy would make the main agenda, but this was not even mentioned, let alone addressed [3]. Knight points out that the 1932 Ottawa conference

brewed strong discontent, prompting businessmen in British India to turn to Congress for financial equity owing to the lacking “point of pressure” with the Indian government.

The fall in income in British India did not necessarily occur because of a fall in production or total output, but it was mainly because of the looming fall in commodity prices. For agricultural crops produced in India, the price dropped from approximately Rs. 1021 crores in the 1928-29 periods, to a lowly Rs. 474 crores circa 1933-34 – this induced a worrisome burden of debts at the regional and national levels. It had been reported that the debt of the agriculturalist in India was Rs. 900 crores in the year 1929, according to the Royal Commission on Agriculture. This debt increased by about 50p.c. over the next two years [4]. The scourge of currency depression was banished about 4 years later in 1938 leading up to the end of the Depression in 1939.

The financial policy posed by the British on the Indian economy was one more of the British beneficial tools aimed at disadvantaging the Indian economy at the gains of the British Empire. This policy was created to give the British currency some edge over the Indian Rupee through a high exchange rate. Rothermund holds that this policy agreement had already been created even before the great depression at a time when the Indian Rupee was confined to the gold standard in which case it had a fixed exchange rate at any level (660) [5]. The most definitive move by the Indian government was to contract its currency from Rs. 185 crore to around Rs. 148 in 1931 (661) [5]. The effects of the dwindling currency were perceived countrywide and the economic stability of the country during this time was at jeopardy. Efforts of activists such as Jawaharlal Nehru were denied fruition as the British frontier was incredibly strong and rigid.

Simmons posts that one of the aftermaths of the Great depression especially in the third world nations was economic slowdown. In India particularly, there was an imminent collapse in the levels of occurrence of effective “growthmanship” i.e. the lack of proper strategizing needed to effect a raise in the per capita income and product as a lead towards sustainable and consistent economic development (589) [6]. According to Simmons, there is, indeed, evidence of economic deteriorations occurring in the pre-independence era (including the Great Depression) and the period amidst war, and these were in the form of a drop in product exports as well as adversities associated to trade movements (590). The scourge of dropping commodity prices in the late 20s and early 30s was associated to the discourse of despotism, as was highlighted by other scholars such as Sir Arthur Lewis and John Latham. Simmons reasserts that the effects of economic dissension in India led to the impactful pushing of the several financial policies as well as preambles meant to wage revolt politics in India – Quit India notwithstanding (589).

In the proceedings from the Ottawa Conference in 1932, Indian government held that even though the country (India) was prepared to welcome any plans that would lead to sustainable development, India was not prepared to embrace any tariff impositions from the British Empire. Speaking at the conference on behalf of India’s governance was Sir Padamji P. Ginwala, previously president of the Indian Tariff Board.

[Figure 2](#): sketch of the round table conference holding led by Sir C. P. Ramaswami Iyer. 1932

The conference had been attended by select members of the tariff board of India, alongside other representatives from the four countries to have been discussed in the conference that were under the British rule. The previous year, it was written that the national government of India had abandoned the Free Trade Agreement, but that in this conference, it was passed that India had agreed to get into a Trade Agreement with the UK in August of 1932 [\[7\]](#). The author of this paper was an economic in national matters in India and at the forefront for addressing sustainable economic development in British India. The underlying assumption here was that there had not been adversities in the agricultural sector in India at the time of signature of the said agreement. The adversity of the Great Depression intensified greatly, such that by 1933, over one third of the

mills in Bombay alone had been rendered defunct, a situation that prompted farmers to strike a contract with Lancashire, it was dubbed the Lees-Mody Pact. Inasmuch as the beneficial nature of this pact was split between India and the British Raj in the latter's favor, regions like Ahmadabad failed to approve of the pact on the basis of its fascistic nature. No substantial gains were realized by British India upon signature of this pact, as the British had no particular interests in the Indian business. Figure 2: select committee members conjoined and met for the round table conference to discuss on the adversities of sectors during the Great Depression.

On August 1942, a statement was published in the New York Times as released by the government of India and forwarded to the All-India Congress Working Committee in April of 1942. This was one of two "Quit India" resolution drafts that had been brought forward with the intent of garnering approval from the committee. Quit India was a resolution first enacted in August 8 of 1942 as a call for the immediate termination of the British rule on India for the sake of the nation's prosperity, and for the allowance of successful United Nations endeavors. In the draft, the working committee disdains the emperorship of the British while bringing forward the point that it was not at war with Japan as it had been apparent in the years leading up to 1942. It was also a sympathetic request to the British to let go of India's government, and an appeal to the Japanese government to brush off the impression that they were at war with India. The context of the text was a peace entreaty extended to the Japanese government by India, and also an appeal to the British Empire to abandon all its efforts on governing India [8]. The reviewed draft was written by Mohandas K. Gandhi, insurgency frontrunner and leader of the Indian Independence Movement, a nonconformist group created to rebel against the British rule. He was known to be aggressive in rebellion of the British rule and up to this day, he remains a historical figure for his efforts. The source operates on the assumption that the expanse and severity of the British rule in India had subsided enough for India to be in a position to contest for its rights as a country.

Figure 3: Mahatma Gandhi led the Quit India Movement asking for the termination of the British rule in India. Bombay 1942

Knight extrapolates two lessons that can be deduced from the Great Depression in India – first is the outcomes of the British rule on India in the wake of the Great Depression. Indian governance functioned under the idea that it was the British rule that amplified the effect of the Great Depression, hence anti movements, including the Quit India resolution. Although the effect of the Great Depression could not have been directly felt in India were it not for British existence, the economic gamut of British India could not have performed much either. Secondly, the price that British Empire had to pay ahead of the looming Second World War was indispensable. Knight ascertains that the British Army, as at 1938, "was unfit to take the field against land or air forces

equipped with up-to-date weapons" The resort was to grant retraining to its army and expand its army size as was recommended by the Chatfield Committee in the year 1939 [9].

The great depression of British India was a major epidemic of the year 1929 written in the books of history as it led to the Quit India resolution which requested British rule to relinquish the colonialism and allow India stand out on its own. British rule portrayed an amplifying effect of the Great depression instead of alleviating the effect through the protective policy benefiting the United Kingdom at the expense of India. (10) The British policy tools attempting to give the British Currency some edge over the Indian Rupee caused more havoc during the Great Depression period affecting the Indian economy leading to converging of the Ottawa Conference in discussion for the way forward of the Indian economy, since it was on the verge of collapsing. Drafting of the statement Quit India was made in the Ottawa conference and awaited All-India Congress Working Committee to approve as a call for termination of the British Rule in India for the sake of the nation's prosperity. The great depression gives out a wakeup call to watch out during policy making since some policies interfering with the economy may lead to collapse of a country's economy eventually.

References

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Search terms: (great depression) nation?, indigenous, import? export?.

NOTE: ?The asterisk found at the end of the stump set of letters brings in multiple endings to the root word.

Illustrations

Figure1 http://www.uwgbcommons.org/archives/15378_1929

Figure2 http://www.wikiwand.com/en/C._P._Ramaswami_Iyer_1932

Figure 3 http://11717403.weebly.com/uploads/2/6/6/3/26632089/8105257_orig.jpg bombay 1942