21 August

1.) "Railway dev. in India provides an interesting instance of private enterprise at public risk". Comment (10M).

Ans.) The first passenger train in India started working from Thane in 1853. The revolution brought out in England with steam engines and locomotives were also shared with India. However, the colonial character of British rule even made this means of communication to be exploitative.

A unique system of capital investment was devised for the development of Railways in India. The British government guaranteed a return of 5% on the private British capital that will be invested for the development of Railways. This guaranteed profit system was started in 1869, as before it, the State investment in Railways was proving to be too slow and costly for the Government.

However, with time, this system of guaranteed profits also started to cost heavily to the British government and by 1980, the State government again entered the field for the spread of Railways.

The Railways provided the Britishers with the access to the remotest corners of India, which helped in the thorough exploitation of Indian masses and its markets. It was due to these profits only that, by independence, India had around 65,000 km of Railways lines in country which are not much expanded till now.

2.) Our system acts very much like a sponge, drawing up all the good things from the banks of Ganges, and squeezing them down on the banks of the Thames. Comment (20 M).

Ans) The comment was made by the Indian Economist and civil servant under British, R. C. Dutt, in his book 'Economic history of India'. It talks about the 'Drain of wealth' concept, which was utilised by the British to drain or take away all the financial, or economic benefits ~~to~~ of India to England, for which the country got nothing in return.

Before the Battle of Plassey (1757), the British traders brought £ 20 Million pounds worth of Bullion into Indian markets for 50 years. However, after gradually taking economic and then political control over India, the British started to raise their revenues from country itself to pay for the exports.

Various forms were utilised for draining of Indian wealth, such as:

- HOME CHARGES: It constituted the largest share of the expenditure which British made and was subsequently drained to England. It included: salaries, pensions, furloughs etc. paid to British officials in England; interest payments on loans raised by British from London; civil and military costs for products and wars fought outside India, for which India had no direct concerns. etc.

The Home charges started to increase gradually on account of rising bureaucratisation by British. It was only around 10-13% during 1858, then shot up to 24% during 1900s and up to 40% during 1920s.

- EUROPEAN FINANCE CAPITAL: The Europeans invested their wealth in the country and sapped out the profits to England, besides getting benefits by exploiting Indian raw materials, artisans etc.

- The British also invested in Banks, insurance, Railways, shipping etc. for which India had to make huge payments.

Thus, the Drain of Wealth theory removed the facade of '<u>Paternalistic Imperialism</u>' which was used by British to justify continuation of British rule. The credit for this achievement of understanding the <u>intricacies of colonialism</u> goes to R. C. Dutt, Dadabhai Naoroji, M. G. Ranade, Sachidanand Sinha etc. The political merit of the theory to <u>be understood</u> by even the <u>common masses</u> proved beneficial for the spread of nationalism in country, which ultimately led to its independence.