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Economic Impact of Colonialization

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Abstract
The basic respect of the colonialization or peripheralization of India was its reduction to a producer of raw materials and importer of manufactures. This means that India as periphery of the world economy was assigned a specific role in the international division of labor. It was to Produce low technology, low productivity, law wage and low profit products in comparison to developed countries. This further deteriorated the economic condition of Indian people. The Indian economy grew at about 1% per year from 1880 to 1920 and the population also grew at 1%. The result was, on average, no long term change in income levels.
Keywords*:- Peripheralization, Colonialization, Developed Countries, Deteriorated, Economy etc.*

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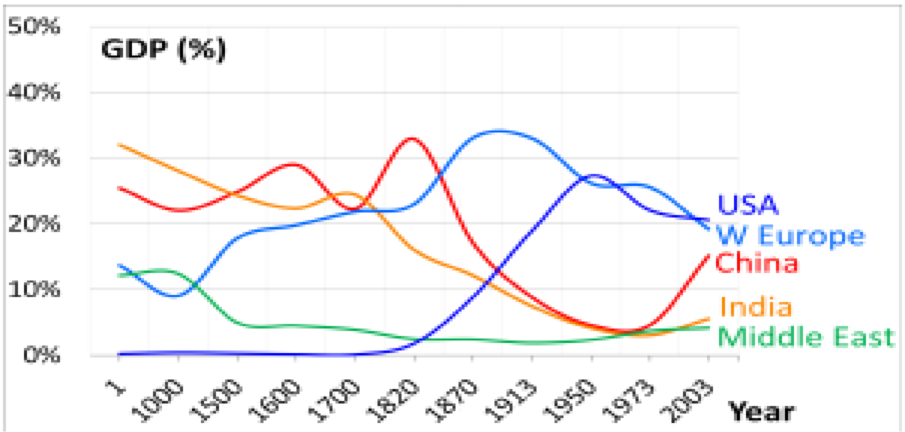
I. BRITISH RULE

After gaining the right to collect revenue in Bengal in 1765, the East India Company largely ceased importing gold and silver, which it had hitherto used to pay for goods shipped back to Britain. [2] In addition, as under Mughal rule, land revenue collected in the Bengal Presidency helped finance the Company's wars in other parts of India. [2] Consequently, in the period 1760–1800, Bengal's money supply was greatly diminished. The closing of some local mints and close supervision of the rest, the fixing of exchange rates and the standardization of coinage added to the economic downturn. [2]During the period 1780–1860 India changed from an exporter of processed goods paid for in bullion to an exporter of raw materials and a buyer of manufactured goods.[2] In the 1750s fine cotton and silk was exported from India to markets in Europe, Asia and Africa, while by the second quarter of the 19th century, raw materials, which chiefly consisted of raw cotton, opium, and indigo, accounted for most of India's exports.[3] From the late 18th century the British cotton mill industry began to lobby their government to tax Indian imports and allow them access to markets in India.3] Starting in the 1830s, British textiles began to appear in—and then inundate—Indian markets, with the value of the textile imports growing from £5.2 million in 1850 to £18.4 million in 1896.[4] The abolition of slavery encouraged Caribbean plantations to organize the import of South Asian labor.[5]

British colonial rule created an institutional environment that stabilized Indian society, while they stifled trade with the rest of the world. They created a well-developed system of railways, telegraphs and a modern legal system. This infrastructure was mainly geared towards the exploitation of resources, leaving industrial development stalled and agriculture unable to feed a rapidly accelerating population. Indians were subject to frequent famines, had one of the world's lowest life expectancies, suffered from pervasive malnutrition and were largely illiterate.

Declining Share of World GDP

British economist, Angus Maddison argues that India's share of the world income went from 27% in 1700(compared to Europe's share of 23%) to 23% in 1950.Moern economic historians have blamed the colonial rule for the dismal state of India's economy, investment in Indian industries was limited since it was a colony. [6,7]



Fall of the rupee

Price of silver – Rate of Exchange: 1871–72 to 1892–93		
Period	**Price of silver (in pence per troy ounce)**	**Rupee exchange rate (in pence)**
1871–1872	60½	23 ⅛
1875–1876	56¾	21⅝
1879–1880	51¼	20
1883–1884	50½	19½
1887–1888	44⅝	18⅞
1890–1951	47 11/16	18⅛
1891–1892	45	16¾
1892–1893	39	15
Source: B.E. Dadachanji. *History of Indian Currency and Exchange*, 3rd enlarged ed. (Bombay: D.B. Taraporevala Sons & Co, 1934), p. 15		

See also: The crisis of silver currency and bank notes (1750–1870)

After its victory in the Franco-Prussian War (1870–71), Germany extracted a huge indemnity from France of £200,000,000, and then moved to join Britain on a gold monetary standard. France, the US and other industrializing countries followed Germany in adopting gold in the 1870s. Countries such as Japan that did not have the necessary access to gold or those, such as India, that were subject to imperial policies remained mostly on a silver standard.

Coinage

Punch marked silver ingots were in circulation around the 5th century BCE. They were the first metallic coins minted around the 6th century BCE by the Mahajanapadas of the Gangetic plains and were India's earliest traces of coinage. While India's many kingdoms and rulers issued coins, barter was still widely prevalent.[15]Villages paid a portion of their crops as revenue while its craftsmen received a stipend out of the crops for their services. Each village was mostly self-sufficient.[16]

– Bidar Sultanate	(1492–1619)
– Bijapur Sultanate	(1492–1686)
– Golkonda Sultanate	(1518–1687)
Keladi Kingdom	(1499–1763)
Koch Kingdom	(1515–1947)
Mughal Empire	(1526–1858)
Sur Empire	(1540–1556)
Madurai Kingdom	(1559–1736)
Thanjavur Kingdom	(1572–1918)
Marava Kingdom	(1600–1750)
Thondaiman Kingdom	(1650–1948)
Maratha Empire	(1674–1818)
Sikh Confederacy	(1707–1799)
Travancore Kingdom	(1729–1947)
Sikh Empire	(1799–1849)
Colonial Period (1510–1961)	
Portuguese India	(1510–1961)
Dutch India	(1605–1825)
Danish India	(1620–1869)
French India	(1759–1954)
Company Raj	(1757–1858)
British Raj	(1858–1947)
Kingdoms and Colonies of Sri Lanka (544 BC–1948)	
Kingdom of Tambapanni	(543–505 BC)
Kingdom of Upatissa Nuwara	(505–377 BC)
Anuradhapura Kingdom	(377 BC–AD 1017)
Kingdom of Ruhuna	(AD 200)
Kingdom of Polonnaruwa	(300–1310)
Jaffna Kingdom	(1215–1624)
Kingdom of Dambadeniya	(1220–1272)
Kingdom of Yapahuwa	(1272–1293)
Kingdom of Kurunegala	(1293–1341)
Kingdom of Gampola	(1341–1347)
Kingdom of Raigama	(1347–1415)
Kingdom of Kotte	(1412–1597)
Kingdom of Sitawaka	(1521–1594)
Kingdom of Kandy	(1469–1815)
Portuguese Ceylon	(1505–1658)
Dutch Ceylon	(1656–1796)
British Ceylon	(1815–1948)

National histories

Afghanistan · Bangladesh · Bhutan · India · Maldives · Nepal · Pakistan · Sri Lanka

Regional histories

Assam · Balochistan · Bengal · Bihar · Gujarat · Himachal Pradesh · Kabul · Kashmir · Khyber Pakhtunkhwa · Rajasthan · Maharashtra · Uttar Pradesh · Punjab · Odisha · Sindh · South India · Tamil Nadu · Tibet

Specialised histories

Coinage · Dynasties · Economy · Indology · Language · Literature · Maritime · Military · Partition of India · Pakistan studies · Science & Technology · Timeline

GDP estimates

According to economic historian Angus Maddison in *Contours of the world economy, 1–2030 AD: essays in macro-economic history*, India had the world's largest economy from 1 *AD* to 1000 *AD*. [17]

During the Maurya Empire (c. 321–185 BC), important changes and developments affected the Indian economy. It was the first time most of India was unified under one ruler. With an empire in place, trade routes became more secure. The empire spent considerable resources building and maintaining roads. The improved infrastructure, combined with increased security, greater uniformity in measurements, and increasing usage of coins as currency, enhanced trade.[18]

Mughal Empire

During the Mughal period (1526–1858) in the 16th century, the gross domestic product of India was estimated at about 25.1% of the world economy.

An estimate of India's pre-colonial economy puts the annual revenue of Emperor Akbar's treasury, in 1600, is £17.5 million (in contrast to the entire treasury of Great Britain two hundred years later, in 1800,which totaled £16 million). The gross domestic product of Mughal India in 1600, was estimated at about 24.3% the world economy, the second largest in the world.[19]

By the late 17th century, the Mughal Empire was as its peak and had expanded to include almost 90 per cent of South Asia. And enforced a uniform customs and tax-administration system. In 1700, the exchequer of the Emperor Aurangzeb reported an annual revenue of more than £100 million,

In the 18th century, Mughals were replaced by the Marathas as the dominant power in much of India, while the other small reginal kingdoms who were m,ostly late Mughal tributaries such as the Nawabs in the north ans the Nizams in the south, declared an autonomy. However, the efficient Mughal tax administration system was left largely intact.

By this time , India had fallen from the top rank to become the second largest economy in the world. [19] A devastating famine broke out in the eastern cost in early 1770s killing 5 percent of the national population.[20]

Economic historians in the 21st century have found that in the 18th century real wages were falling in India, and were" far below European levels."[21] declining due to demonetization of silver. For India which carried out most of its trade gold based countries, especially Britain, the impact of this shift eas profound. As the price of silver continued to fall, so too did the exchange value of the rupee, when measured against sterling.

British East India Company rule

During this period, the East India Company began tax administration reforms in a fast expanding empire spread over 250 million acres (1,000,000 km^2), or 35 per cent of Indian domain. Indirect rule was established on protectorates and buffer states.

Ray (2009) raises three basic questions about the 19th-century cotton textile industry in Bengal: when did the industry begin to decay, what was the extent of its decay during the early 19th century, and what were the factors that led to this? Since no data exist on production, Ray uses the industry's market performance and its consumption of raw materials. Ray challenges the prevailing belief that the industry's permanent decline started in the late 18th century or the early 19th century. The decline actually started in the mid-1820s. The pace of its decline was, however, slow though steady at the beginning, but reached a crisis by 1860, when 563,000 workers lost their jobs. Ray estimates that the industry shrank by about 28% by 1850. However, it survived in the high-end and low-end domestic markets. Ray agrees that British discriminatory policies undoubtedly depressed the industry's exports, but suggests its decay is better explained by technological innovations in Britain.[8]

The absence of industrialization during the colonial period.

Historians have questioned why India failed to industrialize in the 19th century. As the global cotton industry underwent a technological revolution in the 18th century, while Indian industry stagnated after adopting the Flying shuttle, and industrialization began only in the late 19th century. Several historians have suggested that this was because India was still a largely agricultural nation with low Commodity money wage levels, arguing that nominal wages were high in Britain so cotton producers had the incentive to invent and purchase expensive new labour-saving technologies, and that wages levels were low in India so producers preferred to increase output by hiring more workers rather than investing in technology.[9]

Comparative Indian and UK populations and GDP per capita: 1600-1871 (1990 international $)[10,11]

GDP per capita

Year	India ($)	UK ($)	Ratio (%)	India population (m)	UK population (m)
1600	792	1,104	72	142	5
1650	746	904	83	142	5.8
1700	728	1,477	49.3	164	8.8
1751	669	1,678	39.9	190	9.2
1801	646	1,985	32.6	207	16.3
1811	617	2,083	29.6	215	18.5
1821	587	2,080	28.2	205	21.0
1831	592	2,228	26.6	216	24.1
1841	592	2,404	24.6	212	26.9
1851	594	2,718	21.9	232	27.5
1861	562	3,124	18.0	244	29.1
1871	533	3,676	14.5	256	31.6

British Raj (1858–1947)

The formal dissolution of the Mughal Dynasty heralded a change in British treatment of Indian subjects. During the British Raj, massive railway projects were begun in earnest and government jobs and guaranteed pensions attracted a large number of upper caste Hindus into the civil service for the first time. British cotton exports absorbed 55 per cent of the Indian market by 1875.[12] In the 1850s the first cotton mills opened in Bombay, posing a challenge to the cottage-based home production system based on family labour.[13]

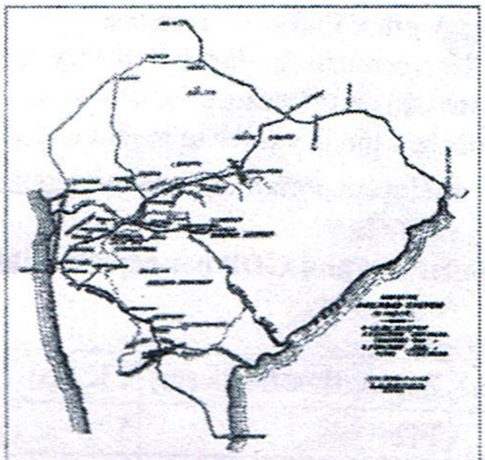
The worldwide Great Depression of 1929 had a small direct impact on traditional India, with relatively little impact on the modern secondary sector. The government did little to alleviate distress, and was focused mostly on shipping gold to Britain.[14] The worst consequences involved deflation, which increased the burden of the debt on villagers while lowering the cost of living.[15] In terms of volume of total economic output, there was no decline between 1929 and 1934. Falling price for jute(and also wheat) hurt large growers. The worst hit sector was just, based in Bengal, which was an important element in overseas trade; it had prospered in the

1920s but was hard hit in the 1930s.[16] in the terms of Employment also decline, while agriculture and small-scale industry also exhibited gains.[17] The most successful new industry was sugar, which had meteoric growth in the 1930s.[18][19]

The newly independent but weak Union government's treasury reported annual revenue of £334 million in 1950. In contrast, NizamAsaf Jah VII of south India was widely reported to have a fortune of almost £668 million then.[20] About one-sixth of the national population were urban by 1950.[21] A US Dollar was exchanged at 4.79 rupees.

Railways

British investors built a modern railway system in the late 19th century—it became the then fourth-largest in the world and was renowned for quality of construction and service.[22] The government was supportive, realizing its value for military use and for economic growth. The railways at first were privately owned and operated, and run by British administrators, engineers and skilled craftsmen. At first, only the unskilled workers were Indians.[23]

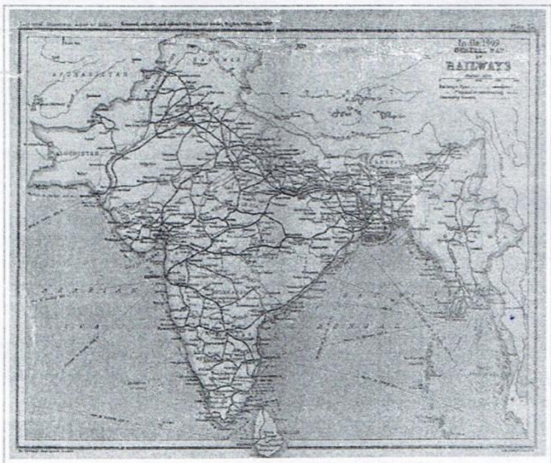


Extent of Great Indian Peninsular Railway network in 1870. The GIPR was one of the largest rail companies at that time.

A plan for a rail system was first advanced in 1832. The first train ran from Red Hills to Chintadripet bridge in Madras, inaugurated in 1837. It was called *Red Hill Railway*.[109] It was used for freight transport. A few more short lines were built in the 1830s and 1840s. They did not interconnect and were used for freight transport. The East India Company (and later the colonial government) encouraged new railway companies backed by private investors under a scheme that would provide land and guarantee an annual return of up to five percent during the initial years of operation. The companies were to build and operate the lines under a 99-year lease, with the government retaining the option to buy them earlier.[24]

Two new railway companies, Great Indian Peninsular Railways (GIPR) and East India Railway(EIR) began in 1853-54 to construct and operate lines near Bombay and Calcutta.[24]In 1853, the first passenger train service was inaugurated between BoriBunder in Bombaqy and Thane. Covering a distance of 34 kn (21mil). [25] The first passenger railway line in North India between Allahabad and Kanpur opened in 1859.

In 1854 Governor-General Lord Dalhousie formulated a plan to construct a network of trunk lines connecting the principal regions. A series of new rail companies were established, leading to rapid expansion of the rail system in India.[26]



The railway network in 1909, when it was the fourth largest railway network in the world.

Soon several large princely states build their own rail systems and the network spread to the regions that become the modern-day states of Assam, Rajasthan and Andhra Pradesh. The route mileage of this network increased from 1,349 km (838 mi) in 1860 to 25,495 km (15,842 mi) in 1880 – mostly radiating inland from the port cities of Bombay, Madras and Calcutta.[27] Most of the railway construction was done by Indian companies supervised by British engineers. The system was heavily built. In terms of sturdy tracks and strong bridges. By 1900 India had a full range of rail services with diverse ownership and management, operating on broad, meter and narrow gauge networks.[28]

In 1900 the government took over the GIPR network, while the company continued to manage it.

In the First World War, the railways were used to transport troops and grains to Bombay and Karachi en route to Britain, Mesopotamia and East Africa. With shipments of equipment and parts from Britain curtailed, maintenance became much more difficult; critical workers entered the army; workshops were converted to make artillery; some locomotives and cars were shipped to the Middle East. The railways could barely keep up with the increased demand.[29] By the end of the war, the railways had deteriorated badly.[30]

Headrick argues that until the 1930s, both the Raj lines and the private companies hired only European supervisors, civil engineers and even operating personnel, such as locomotive engineers. The government's Stores Policy required that bids on railway contracts be submitted to the India Office in London, shutting out most Indian firms. The railway companies purchased most of their hardware and parts in Britain. Railway maintenance workshops existed in India, but were rarely allowed to manufacture or repair locomotives. TISCO first won orders for rails only in the 1920s.[31]

"The most magnificent railway station in the world." Victoria Terminus, Bombay, was completed in 1888.

In the Second World War severely crippled the railways' rolling stock was diverted to the Middle East, and the railway workshops were again converted into munitions workshops.[32]

India provides an example of British Empire its money and expertise into a very well built system designed for military purpose after the Mutiny of 1857, and with the hope that it would stimulate industry. The system was overbuilt and too expensive for the small amount of fright traffic it carried. However, it did capture the imagination of the Indians, who saw their railways as the system of industrial modernity- but one that was not realized until after Independence. Christensen (1996) looked at colonial purpose, local needs, and capital, service and private-versus-public interests. He concluded that making the railways dependent on the state hindered success, because railway expenses had to go through the same bureaucratic budgeting process as did all other state expenses. Railway costs could therefore not respond to needs of the railways or their passengers.[33]

After independence in 1947, forty-two separate railway system, including thirty-two lines owned by the former Indian princely status, were amalgamated to form a single unit named the Indian railways. The exixting rail networks were abandoned in favor of zones in 1951 and a total of six zones come into being in 1952.[28]

Agriculture and industry

The Indian economy grew at about 1%.[34] per year from 1880 to 1920, matching population growth. The result was no change in income levels. Agriculture was still dominant, with most peasants at the subsistence level. Extensive irrigation systems were built, providing an impetus for growing cash crops for export and for raw materials for Indian industry, especially jute, cotton, sugarcane, coffee and tea.[35]

The Entrepreneur Jamsetji Tata (1839–1904) began his industrial career in 1877 with the Central India Spinning, Weaving, and Manufacturing Company in Bombay. While other Indian mills produced cheap coarse yarn (and later cloth) using local short-staple cotton and simple machinery imported from Britain, Tata did much better by importing expensive longer-stapled cotton from Egypt and buying more complex ring-spindle machinery from the United States to spin finer yarn that could compete with imports from Britain.[36]

In the 1890s, Tata launched plans to expand into heavy industry using Indian funding. The Raj did not provide capital, but aware of Britain's declining position against the U.S. and Germany in the steel industry, it wanted steel mills in India so it promised to purchase any surplus steel Tata could not otherwise sell.[37] The Tata Iron and Steel Company (TISCO), headed by his son Dorabji Tata (1859–1932), opened its plant at Jamshedpur in Bihar in 1908. It became the leading iron and steel producer in India, with 120,000 employees in 1945.[38] TISCO became an India's symbol of technical skill, managerial competence, entrepreneurial flair, and high pay for industrial workers.[39]

This map shows the change in per capita GDP of India from 1820 CE to 2015 CE. All GDP numbers are inflation adjusted to 1990 International Geary-Khamis dollars. Data Source: Tables of Prof. Angus Maddison (2010). The per capita GDP over various years and population data can be downloaded in a spreadsheet from here. The 2015 estimate is retrieved from the International Monetary Fund.

II. RESULT AND DISCUSSION

Debate continues about the economic impact of British imperialism on India. The issue was actually raised by conservative British politiciansEdmund Burke who in the 1780s vehemently attacked the East India Company, claiming that Warren Hastings and other top officials had ruined the Indian economy and society. Indian historian Rajat Kanta Ray (1998) continues this line of reasoning, saying thenew economy brought by the British in the 18th century was a form of plunder and was a catastrophe for the traditional economy oh Mughal India (Economic Drain Theory), Ray believes that British depleted food and money stocks and imposed high taxes that helped cause the terrible famine of 1770, which killed a third of the people of Bengal.[40]

P. J. Marshall a British historian known for his work on the British Empire , has a reinterpreted of the view that the prosperity of the formally being Mughal rule gave way to poverty and anarchy. Marshall argues the British takeover was not make sharp break with the past. British control was delegated largely through regional rulers and was sustained by a generally prosperous economy for the rest of the 18th century, except for the frequent famines with very high fatality rate (Famine in India). Marshall notes the British raised revenue through local tax administrators and kept the old Mughal rates of taxation. Instead of the Indian nationalist account of the British as alien aggressors, seizing power by brute force and impoverishing all of India, Marshall presents a British nationalist interpretation in which the British were not in full control but instead were controllers in what was primarily an Indian play and in which their ability to keep power depended upon excellent cooperation with Indian elites.[33]

Republic of India

See also: Economy of India

After independence India adopted a socialism-inspired economic model with elements of capitalism. India adopted a USSR-like centralized and nationalized economics programs called Five-Year Plans. This Nehruvian policy suppressed economic growth for several decades.

Socialist rate of growth

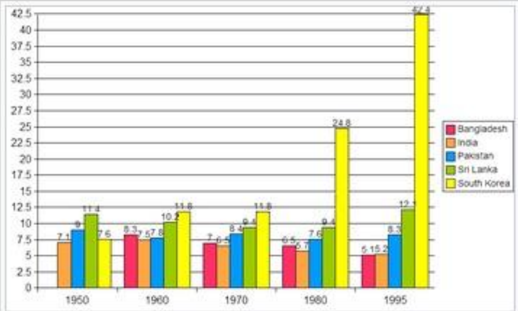
The "Nehruvian Socialist rate of growth" is used to refer to the low annual growth rate of the economy of Indiabefore 1991. It remained at around 3.5% from the 1950s to 1980s, while per capita income growth averaged extremely low 1.3% a year. At the same time, South Korea grew by 10% and Taiwan by 12%.This phenomenon was called the “Hindu rate of growth”, by the leading Indian economist Raj Krishna.

Socialist reforms (1950–1975)

In 1975 the GDP (in 1990 US dollars) was $545 billion in India, $1561 billion in the USSR, $1266 billion in Japan, and $3517 billion in the US.

Before independence a large share of tax revenue was generated by the land tax, which was in effect a lump sum tax on land. Since then land taxes have steadily declined as a share of revenues and completely replaced by sales taxes.

Moreover, the structural economic problems inherited at independence were exacerbated by the costs associated with the partition of British India , which had resulted in about 2 to 4 million refugees fleeing past each other across the new borders between India and Pakistan. The settlement of refugee was a considerable financial strain. Partition divided India into complementary economic zones. Under the British, jute and cotton were grown in the eastern part of Bengal, the area that become East Pakistan(after 1971, Bangladesh), but processing took place mostly in the western part of Bengal, which became the Indian state of West Bengal in 1947. As a result, after independence India had to employ land previously used for food production to cultivate cotton and jute in Bengal and for its mills.



Compare India (orange) with South Korea (yellow). Both started from about the same income level in 1950. The graph shows GDP per capita of South Asian economies and South Korea as a percent of the American GDP per capita.

Government was assigned an important role in the process of alleviating poverty and since 1951 a series of plans had guided the country’s economic development. Although there was a considerable growth in the 1950s, the long-term rates of real growth were less positive than India’s politicians expected.

Growth continued in the 1950s, the rate of growth was less positive than India's politicians expected.

Toward the end of Nehru's term as prime minister, India would continue to face shortages despite hoped for progress and increases in agriculture production.

Beginning in 1950, India faced trade deficits that increased in the 1960s. The Government of India had a major budget deficit and therefore could not borrow money internationally or privately. As a result, the government issued bonds to the Reserve Bank of India, which increased the money supply, leading to inflation. The Indo-Pakistani War of 1965 led the US and other countries friendly towards Pakistan to withdraw foreign aid to India, which necessitated devaluation. India was told it had to liberalize trade before aid would resume. The response was the politically unpopular step of devaluation accompanied by liberalization. Defense spending in 1965/1966 was 24.06% of expenditure, the highest in the period from 1965 to 1989. Exacerbated by the drought of 1965/1966, the devaluation was severe. GDP per capita grew 33% in the 1960s, reaching a peak growth of 142% in the 1970s, before decelerating to 41% in the 1980s and 20% in the 1990s.From FY 1951 to FY 1979, the economy grew at an average rate of about 3.1 percent a year, or at an annual rate of 1.0 percent per capita. During this period, industry grew at an average rate of 4.5 percent a year, compared with 3.0 percent for agriculture.

GDP at market prices			
Year	**Gross domestic product (000,000 rupees)**	**per USD**	**Per Capita Income (as % of US)**
1950	100,850	4.79	3.12
1955	110,300	4.79	2.33
1960	174,070	4.77	2.88
1965	280,160	4.78	3.26
1970	462,490	7.56	2.23
1975	842,210	8.39	2.18

Prime minister Indira Gandhi proclaimed a national emergency and suspended the Constitution in 1975. About one-fifth of the national population was urban by 1975.[139]

Steel

Prime Minister Nehru was a believer in socialism and decided that India needed maximum steel production. He, therefore, formed a government-owned company, Hindustan Steel Limited (HSL) and set up three steel plants in the 1950s.[140]

1975–2000

Main article: Economic liberalization in India.

Economic liberalization in India in the 1990s and first decade of the 21st century led to large economic changes.

Service markets which would enjoy much lighter burden of regulation and other obstacles became more successful than still regulated sectors. For example, world-famous business process services are very lightly regulated.[8]

GDP and foreign trade at market prices estimated by *Ministry of Statistics and Programme Implementation* with figures (millions of Indian rupees)						
Year	**Gross Domestic Product**	**Exports**	**Imports**	**□ per USD**	**Inflation Index (2000=100)**	**Per Capita Income (as % of US)**
1975	842,210			8.39		2.18
1980	1,380,334	90,290	135,960	7.86	18	2.08
1985	2,729,350	149,510	217,540	12.36	28	1.60
1990	5,542,706	406,350	486,980	17.50	42	1.56
1995	11,571,882	1,307,330	1,449,530	32.42	69	1.32
2000	20,791,898	2,781,260	2,975,230	44.94	100	1.26

About one-fourth of the national population was urban by 2000.

2000–present

The Indian steel industry began expanding into Europe in the 21st century. In January 2007 India's Tata bought European steel maker Corus Group for $11.3 billion. In 2006 Mittal Steel (based in London but with Indian management) acquired Arcelor for $34.3 billion to become the world's biggest steel maker, ArcelorMittal, with 10% of world output.

The GDP of India in 2007 was estimated at about 8 per cent that of the US. The government started the Golden Quadrilateral road network connecting Delhi, Chennai, Mumbai and Kolkata with various Indian regions. The project, completed in January 2012, was the most ambitious infrastructure project of independent India.

The top 3% of the population still earn 50% of GDP. Education was made a fundamental right by amending the constitution.

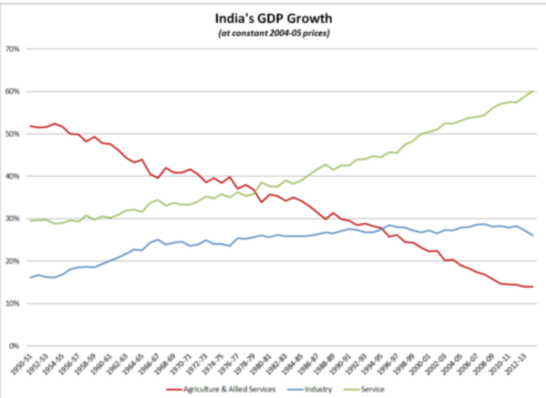
Economic activity remains limited by poor infrastructure such as dilapidated roads, electricity shortages and a cumbersome justice system.

GDP and foreign trade at market prices estimated by *Ministry of Statistics and Programme Implementation* (figures in millions of rupees)

Year	GDP	Exports	Imports	□ per USD	Inflation Index (2000=100)	Per Capita Income (as % of US)
2000	21,774,130	2,781,260	2,975,230	44.94	100	1.26
2005	36,933,690	7,120,870	8,134,660	44.09	121	1.64
2010	77,953,140	17,101,930	20,501,820	45.83	185	2.01
2012	100,020,620	23,877,410	31,601,590	54.93	219	2.90

For purchasing power parity comparisons, the US dollar is converted at 9.46 rupees. Despite steady growth and continuous reforms since the 1990s, the Indian economy is mired in bureaucratic hurdles. This was confirmed by a World Bank report published in late 2006 ranking Pakistan (at 74th) well ahead of India (at 134th) based on ease of doing business.

GDP post-Independence



India GDP Growth (at constant 2004–05 price)

GDP history of India after Independence

Year	India's GDP at Current Prices (in crores INR)	India's GDP at Constant 2004–2005 Prices (in crores INR)	Real Growth Rate
1950–51	`10,036	`279,618	
1951–52	`10,596	`286,147	2.33%
1952–53	`10,449	`294,267	2.84%
1953–54	`11,378	`312,177	6.09%
1954–55	`10,689	`325,431	4.25%
1955–56	`10,861	`333,766	2.56%
1956–57	`12,965	`352,766	5.69%
1957–58	`13,255	`348,500	−1.21%
1958–59	`14,827	`374,948	7.59%
1959–60	`15,574	`383,153	2.19%
1960–61	`17,049	`410,279	7.08%
1961–62	`17,992	`423,011	3.10%

GDP history of India after Independence

Year	India's GDP at Current Prices (in crores INR)	India's GDP at Constant 2004–2005 Prices (in crores INR)	Real Growth Rate
1962–63	`19,238	`431,960	2.12%
1963–64	`21,986	`453,829	5.06%
1964–65	`25,686	`488,247	7.58%
1965–66	`26,895	`470,402	−3.65%
1966–67	`30,613	`475,190	1.02%
1967–68	`35,976	`513,860	8.14%
1968–69	`37,938	`527,270	2.61%
1969–70	`41,722	`561,630	6.52%
1970–71	`44,382	`589,787	5.01%
1971–72	`47,221	`595,741	1.01%
1972–73	`51,943	`593,843	−0.32%
1973–74	`63,658	`620,872	4.55%
1974–75	`74,930	`628,079	1.16%
1975–76	`79,582	`684,634	9.00%
1976–77	`85,545	`693,191	1.25%
1977–78	`97,633	`744,972	7.47%
1978–79	`104,930	`785,965	5.50%
1979–80	`114,500	`745,083	−5.20%
1980–81	`136,838	`798,506	7.17%
1981–82	`160,214	`843,426	5.63%
1982–83	`178,985	`868,092	2.92%
1983–84	`209,356	`936,270	7.85%
1984–85	`230,526	`973,357	3.96%
1985–86	`262,717	`1,013,866	4.16%
1986–87	`292,924	`1,057,612	4.31%
1987–88	`332,068	`1,094,993	3.53%
1988–89	`396,295	`1,206,243	10.16%
1989–90	`456,540	`1,280,228	6.13%
1990–91	`531,814	`1,347,889	5.29%
1991–92	`613,528	`1,367,171	1.43%
1992–93	`703,723	`1,440,504	5.36%
1993–94	`805,486	`1,522,344	5.68%
1994–95	`955,386	`1,619,694	6.39%
1995–96	`1,118,586	`1,737,741	7.29%
1996–97	`1,301,788	`1,876,319	7.97%
1997–98	`1,447,613	`1,957,032	4.30%
1998–99	`1,668,739	`2,087,828	6.68%
1999–00	`1,858,205	`2,254,942	8.00%
2000–01	`2,000,743	`2,348,481	4.15%
2001–02	`2,175,260	`2,474,962	5.39%
2002–03	`2,343,864	`2,570,935	3.88%
2003–04	`2,625,819	`2,775,749	7.97%
2004–05	`2,971,464	`2,971,464	7.05%
2005–06	`3,390,503	`3,253,073	9.48%

GDP history of India after Independence			
Year	**India's GDP at Current Prices (in crores INR)**	**India's GDP at Constant 2004–2005 Prices (in crores INR)**	**Real Growth Rate**
2006–07	`3,953,276	`3,564,364	9.57%
2007–08	`4,582,086	`3,896,636	9.32%
2008–09	`5,303,567	`4,158,676	6.72%
2009–10	`6,108,903	`4,516,071	8.59%
2010–11	`7,248,860	`4,918,533	8.91%
2011–12	`8,391,691	`5,247,530	6.69%
2012–13	`9,388,876	`5,482,111	4.47%
2013–14	`10,472,807	`5,741,791	4.74%

See also

- Timeline of the economy of the Indian subcontinent
- Demographics of India
- History of agriculture in India
- History of banking in India`
- History of India
- List of regions by past GDP (PPP)
- List of regions by past GDP (PPP) per capita

- List of countries by past and projected GDP (nominal)

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