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Advent of European Chartered Companies in India and South-East Asia

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Abstract – The British Empire in India came into being through the acts of the East India Company. We cannot be sure what purposes the Business served at the time of the creation of the new state – whether mainly defensive or offensive, mainly political or economic. Answers to these questions depends on whether we see this institution as more like a firm or more like a political body, and this problem remains unresolved. Indian agricultural production increased. Foodcrops included wheat, rice, and barley, while non-food cash crops included cotton, indigo and opium. By the mid-17th century, Indian cultivators had begun to extensively grow two crops from the Americas, maize and tobacco. By the late 17th century, the Mughal Empire was at its height and had grown to cover almost 90 percent of the Indian subcontinent. It implemented a standardised customs and tax-administration system. Until the 18th century, Mughal India was the most important manufacturing centre for foreign trade. The debate so far has been about the federal state. But as stated earlier, the responsibility for vital welfare spending fell upon the provinces, and in turn, the local authorities. How well will they perform this duty? Crown rule instituted the structure of elected local bodies – District Boards, municipalities, and companies – to oversee schools, and allowed them to increase certain types of taxes. Reports in the early twentieth century focused on the financial vulnerability and limited administrative capability of the Boards.

Key Words- Advent, European, Chartered, Companies, India, South-East Asia.

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INTRODUCTION

The British Empire was established by the East India Company in India. We cannot be sure about the objectives of the Business, whether mainly defensive or offensive, mainly political or commercial, when the new state was created. Answers to these questions rely on our views as a company or as a political party, and this topic continues to remain unresolved. The regime was one of the weaker regime in the splintering political system of the post-Mughal India, when it first started in Bengal in 1757–65. There was also no big army of territory. The realm of Maratha was military stronger and fiscal richer. In nearly every consequential war until the 19th century the Company was a smaller army than its opponents and rivals. As a trading company and a European, its officers were not natural allies of local property owners who collected taxes and landed property under charge. The government gained power from this precarious base, creating a standing army and rewriting the contract between the state and landowners, turning them into demilitarized landlords.

It was essentially a fiscal project. The project's revolutionary aspect can be seen in the contrast between colonial India and its most influential predecessor of two previously mentioned fiscal modernization requirements, centralisation and securitization. There may be three centralizing metrics of public finances: the ratio of revenues received to assignments; the proportion between central and regional revenues; and the proportion between projected and reliable revenues; and an uncertainly predicted revenue that would be collected in full.

The annual revenue calculated at 1600 by Emperor Akbar the Great treasury amounted to EUR 17.5m (as opposed to the taxes taken two hundred years later in the United Kingdom of 1800 totaling £16m). The area of South Asia, which was the second biggest in the world, was estimated in 1600 behind China.

By the end of the 17th century, the Mughal Empire had reached its height, reaching nearly 90% of the Indian subcontinent. It has introduced a standardised scheme of customs and taxation. In 1700, emperor Aurangzeb's exchequer produced over £100 million, or $450 million annually more than tenfold the revenue of his contemporary French Louis XIV while governing the population just seven times as high.

By 1700, Mughal India, which comprised approximately 24.2 percent of the world's population and generated about a quarters of global results, had been the largest economy, ahead of Qing China and Western Europe. In the early 18th century Mughal India produced approximately 25% of world output. In the Mughal Empire, India's GDP growth increased, out striking growth during the previous 1,500 years. The Mughals have developed a comprehensive road system, established a standardised currency and united the country. In the Mughals, the rupee currency introduced by Sher Shah Suri was adopted and standardised. Without depletion up until the 1720s the Mughals mined tens of millions of coins with purety of at least 96%. The empire fulfilled global demand for Indian manufacturing and agricultural goods.

Under the Mughal Empire, cities and towns boomed and were relatively modern (15% lived in urban areas); more urban than Europe of the day; British India, in the 19th century. Many cities had a population of between one-quarter and a half million, some with Agra (Agra Subah) and Dhaka (Bengal Subah) with more than one million, while many cities had a population of up to 800,000. The main (including agriculture) sector employs 64% of the workforce, while secondary and tertiary sectors account for36%. In 1700 65%-90% of Europe's population was in agriculture, and in 1750 65%-75% was in agriculture. The number of people working was higher than that currently shown by Europe in the non-primaries.

Urbanization of India

Year	Population (m)	Urban Population (m)	Urban (%)
1500	79	5	6.4
1600	142	21.3	15
1801	207	26.9	13
1851	232	25.5	11
1871	256	22.3	8.7
1950	222	38.7	17.4

Agriculture

Indian agricultural production increased. Although non-food crops include cotton, indigo and opium, the food crops included wheat, rice and barley. Two American crops, maize and tobacco, had started to grow extensively by the mid-17th century. Bengalipeasants have learned mulberry and sericulture techniques, establishing sub-Subah Bengal as a major silk production region. Compared to Europe, agriculture was advanced, as demonstrated by earlier use of a seed drill. The government of Mughal stressed agricultural reform, which started under Sher Shah Suri, a Non-Mughal Emperor. Akbar took this and added further reforms. The Mughal administration financed the construction of irrigation plants that produced much greater harvests and crop yields.

Manufacturing

Until the 18th century, Mughal India was the most important manufacturing center for international trade. Key industries included textiles, shipbuilding and steel. Processed products included cotton textiles, yarns, thread, silk, jute products, metal ware, and foods such as sugar, oils and butter. This growth of manufacturing has been referred to as a form of proto-industrialization, similar to 18th-century Western Europe prior to the Industrial Revolution.

Post–Mughal Empire

In the early half of the 18th century, Mughal Empire fell into decline, with Delhi sacked in Nader Shah's invasion of the Mughal Empire, the treasury emptied, tens of thousands killed, and many thousands more carried off, with their livestock, as slaves, weakening the empire and leading to the emergence of post-Mughal states. The Mughals were replaced by the Marathas as the dominant military power in much of India, while the other smaller regional kingdoms who were mostly late

Mughal tributaries, such as the Nawabs in the north and the Nizams in the south, declared autonomy. However, the efficient Mughal tax administration system was left largely intact, with Tapan Raychaudhuri estimating revenue assessment actually increased to 50 percent or more, in contrast to China's 5 to 6 percent, to cover the cost of the wars. Similarly in the same period, Maddison gives the following estimates for the late Mughal economy's income distribution:

Late Mughal economy's income distribution (c. 1750)

Social group	% of population	% of total income	Income in terms of per-capita mean
Nobility, Zamindars	1	15	15
Merchants to Sweepers	17	37	2.2
Village Economy	72	45	0.6
Tribal Economy	10	3	0.3
Total	100	100	1

The dominant economic powers were Bengal subah (under the Nawabs of Bengal) and Mysore southern Indian kingdom (under the Hyder Ali, and Tipu Sultans), which came out of the post-Mughal countries in the 18th century. In the first place, the Maratha invasion of Bengal, in which six invasions occurred over a decade, reported to have killed hundreds of thousands and blocked trade with the Persian and Ottoman colonial empires. The Nawab of Bengals agreed on a peace deal with the Marathas, weakened the economy of the territory. The agreement made Bengal Subah a beneficiary of the Marathas, and the Chauth of Bengal and Bihar agreed to pay Rs 1,2 million annually in tribute to them. The Bengali Nawab also paid the Marathas Rs. 3.2 million, in the backlog for the years prior to it. The Nawab of Bengal paid the Chauth every year until he was defeated in 1757 by the East India Company at the Plassey war.

British East India Company rule (1764–1857)

Immediately following the East India Company gaining the right to collect revenue, on behalf of the Nawab of Bengal, the Company largely ceased a century and a half practice of importing gold and silver, and for more than a decade, which it had hitherto used to pay for the goods shipped back to Britain, the American colonies, East Asia, or on to African Slavers, to be bartered for Slaves in the Atlantic Slave trade :

Export of Bullion to India, by EIC (1708–1810)

Years	Bullion (£)	Average per Annum
1708/9-1733/4	12,189,147	420,315
1734/5-1759/60	15,239,115	586,119
1760/1-1765/6	842,381	140,396
1766/7-1771/2	968,289	161,381
1772/3-1775/6	72,911	18,227
1776/7-1784/5	156,106	17,345
1785/6-1792/3	4,476,207	559,525
1793/4-1809/10	8,988,165	528,715

In addition, as under Mughal rule, land and opium revenue collected in the Bengal Presidency helped finance the Company's administration, raise Sepoy armies, and fund wars in other parts of India, and later further afield, for example the Opium Wars, with additional capital raised, at typically 10%, from Banias(money lenders).

Textiles

Fine cotton and silk were shipped to European, American, Asian and African markets in the 1750s from India. Cotton sections of about 30 per cent trade in the Anglo-African triangular trade for Slavs, which are part of the French and Arab slave trade, were provided with East India Company by price.

British industry started to lobby their governments in the late 18th century to reintroduce the Calico Acts, and to again tax Indian cloth imports while at the same time giving them access to Indian markets. The charter of 1813 forced the until then secured market of India to open up to British goods in India that could now be sold in India without company tariffs or duties, the UK Parliament granted partly with the deleting of the two-hundred years-old British monopoly on the majority of British trade with India. British textiles started to be found in the Indian markets from the beginning of the XIX century and the amount of textile imports rose in the period 1850 from £5.2 million to £18.4 million. Raw cotton was imported, even without tariffs, into British factories manufacturing and selling textiles back to India.

Estimated domestic Indian cotton consumption, production and Imports & Exports with Britain

Mining

Exploitable mineral deposits had started to be identified under the East India Company, with the first Coal mines, along with the Geological Survey of India established to identify and map the available resources in the territory. A modern Iron and steel industry in India would be established in the Second half of the 19th century, with over 3 million tonnes of metals produced annually, and 25 million tonnes of coal, by the 1940s.

Roads

The East India Companies' trade, and industry enabling metaled road network was expanded from the 2,500 kilometers (1,600 mi), constructed to 1850, to 350,000 kilometers (220,000 mi) by 1943.

Indian Ordnance Factories

In 1787, a Gunpowder Factory was established at Ishapore; it began production in 1791, it is now the Rifle Factory Ishapore, beginning in 1904. In 1801, Gun & Shell Factory, Calcuttawas established and the production began on 18 March 1802. There were eighteen ordnance factories before India became independent in 1947.

Paper and Publishing

Under the EIC the first Indian authored publications, printed, on locally produced paper, produced in locally established paper mills, appeared, from the Hicky's Bengal Gazette, to by the 1940s, a hundred thousand tonnes of paper was being produced, annually.

British Raj (1858–1947)

The official abolition of the empire of the Mughals brought about a change in British Indian treatment. In the British Raj for the first time a great number of Hindus upper castes were drawn into the civil service by major railway ventures started at seriously and government employment and assured pensions. By 1875, British exports of cotton consumed 55% of the Indian economy. In the 1950s, Bombay opened first cotton mills, posing a challenge to the household-based family-owned home production system. It is thought that in its day the British took $47 trillion from India as the jewel in the British Empire's crown. Twice the United States of America's gross domestic product.

Fall of the rupee

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. Silver-based and gold-based economies then diverged dramatically. The worst affected were silver economies that traded mainly with gold economies. Silver reserves increased in size, causing gold to rise in relative value. The impact on silver-based India was profound, given that most of its trade was with Britain and other gold-based countries. As the price of silver fell, so too did the exchange value of the rupee, when measured against sterling.

Price of silver – Rate of Exchange: 1871–72 to1892–93

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	18⅝
1890-1951	48	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. 1

Railways

A plan for a rail system was first advanced in 1832. The first train was opened in 1837 from Red Hills to the bridge of Chintadripet in Madras. Red Hill Railway was named. It has been used to carry freight. In the 1830s and 1840s, many short lines were built. They have not interconnected and have been used to transmit freight. In its first years of operations, the East India Company (and later the colonial government) funded a programme of private investor funding for new railway companies to provide land and guarantee an annual return of up to 5%. The companies were expected to construct and operate the lines under a 99-year contract, which was held by the government. In 1854, Lord Dalhousie, Governor General, formulated a scheme to establish a trunk line network linking the major areas. A number of new railways have been created which will rapidly grow.

In 1853, Bori Bunder in Bombay and Thane opened a first passenger train service, covering a 34 km length. The network has increased its route kilometres, from 1,349 kilometres in 1860 to 25,495 kilometres in 1880, primarily radiating inland from Bombay, Madras and Calcutta harbour. This route has increased since 1860. The Indian companies under British engineers supervision carried out much of the railway construction. The device was robustly designed. A number of major princely countries established their own railways and the network extended to India. By 1900 China operated in a broad, metre and narrow network with a wide variety of rail services of varying ownership and management.

Chemicals

The first refineries were established to produce kerosene, petrol, paints and over chemicals, locally, with production increasing once local deposits had been identified, to by the 1940s, sixty million gallons of petrochemicals were being produced annually.

UK historian P. Marshall reinterpreted the success of the Mughal period, stating that it was not a sharp break from past experience that the British takeover. British authority was largely transferred to regional leaders and sponsored, except for regular deadly famines, by a generally prosperous economy in the 18th century. Marshall states that British tax administers have increased revenue and retained the old tax rates on the Mughal. Instead of Indian nationalism as foreign aggressors, taking power by brute force and depleting the region, Marshall presents a British nationalist view in which the British did not dominate the whole thing, but rather were controllers in an Indian society that relied primarily on the co-operation of the Indian elites. Marshall recognised that many historians dismiss much of his analysis.

CONCLUSION

The discussion so far has been about the federal state. But, as mentioned ear-lier, the responsibility for crucial welfare expenditure fell upon the provinces, and in turn, the local authorities. How will they fulfil this duty? In order to administer and allow certain forms of taxation, the Crown rule established a system of elected local bodies - Districts Boards, municipalities and corporations. The financial vulnerability of the boards and limited administrative capability of the boards were addressed in the early 20th century papers. The authorities of Thesea had no power to borrow, relying almost entirely on assistance. They also encountered 'extraordinary indifference,' especially with regard to education (India, 1908, pp. 67, 111). The fact that local authorities were too demoralised to demand more authority and disinterested in expanding their operations exposed evidence gathered from the 1908 decentralisation commission. They were motivated by the energies of individual leaders.

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