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**A STUDY ON THE RULE OF BRITISH EAST INDIA
COMPANY IN INDIA**

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A Study on the Rule of British East India Company in India

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Abstract – Company rule in India refers to the rule or dominion of the British East India Company on the Indian subcontinent. This is variously taken to have commenced in 1757, after the Battle of Plassey, when the Nawab of Bengal Sirajuddaulah surrendered his dominions to the Company in 1765, when the Company was granted the diwani, or the right to collect revenue, in Bengal and Bihar or in 1773, when the Company established a capital in Calcutta, appointed its first Governor-General, Warren Hastings, and became directly involved in governance.

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INTRODUCTION

The Company's rule lasted until 1858, when, after the Indian rebellion of 1857, it was abolished. With the Government of India Act 1858, the British government assumed the task of directly administering India in the new British Raj.

The English East India Company ("the Company") was founded in 1600, as *The Company of Merchants of London Trading into the East Indies*. It gained a foothold in India with the establishment of a factory in Masulipatnam on the Eastern coast of India in 1611 and the grant of the rights to establish a factory in Surat in 1612 by the Mughal Emperor Jahangir. In 1640, after receiving similar permission from the Vijayanagara ruler farther south, a second factory was established in Madras on the southeastern coast. Bombay island, not far from Surat, a former Portuguese outpost gifted to England as dowry in the marriage of Catherine of Braganza to Charles II, was leased by the Company in 1668. Two decades later, the Company established a presence on the eastern coast as well; far up that coast, in the Ganges river delta, a factory was set up in Calcutta. Since, during this time other *companies* established by the Portuguese, Dutch, French, and Danish—were similarly expanding in the region, the English Company's unremarkable beginnings on coastal India offered no clues to what would become a lengthy presence on the Indian subcontinent.

The Company's victory under Andrea Bustamante and Robert Clive in the 1757 Battle of Plassey and another victory in the 1764 Battle of Buxar (in Bihar), consolidated the Company's power, and forced emperor Shah Alam II to appoint it the *diwan*, or revenue collector, of Bengal, Bihar, and Orissa. The Company thus became the de facto ruler of large

areas of the lower Gangetic plain by 1773. It also proceeded by degrees to expand its dominions around Bombay and Madras. The Anglo-Mysore Wars (1766–99) and the Anglo-Maratha Wars (1772–1818) left it in control of large areas of India south of the Sutlej River. With the defeat of the Marathas, no native power represented a threat for the Company any longer.

THE PROLIFERATION OF THE COMPANY'S POWER

The proliferation of the Company's power chiefly took two forms. The first of these was the outright annexation of Indian states and subsequent direct governance of the underlying regions, which collectively came to comprise British India. The annexed regions included the North-Western Provinces (comprising Rohilkhand, Gorakhpur, and the Doab) (1801), Delhi (1803), Assam (Ahom Kingdom 1828), and Sindh (1843). Punjab, North-West Frontier Province, and Kashmir, were annexed after the Anglo-Sikh Wars in 1849–56 (Period of tenure of Marquess of Dalhousie Governor General); however, Kashmir was immediately sold under the Treaty of Amritsar (1850) to the Dogra Dynasty of Jammu, and thereby became a princely state. In 1854 Berar was annexed, and the state of Oudh two years later.

The second form of asserting power involved treaties in which Indian rulers acknowledged the Company's hegemony in return for limited internal autonomy. Since the Company operated under financial constraints, it had to set up *political* underpinnings for its rule. The most important such support came from the *subsidiary alliances* with Indian princes during the first 75 years of Company rule. In the early 19th century, the

territories of these princes accounted for two-thirds of India. When an Indian ruler, who was able to secure his territory, wanted to enter such an alliance, the Company welcomed it as an economical method of indirect rule, which did not involve the economic costs of direct administration or the political costs of gaining the support of alien subjects.

British political opinion was also shaped by the attempted Impeachment of Warren Hastings; the trial, whose proceedings began in 1788, ended with Hastings' acquittal, in 1795. Although the effort was chiefly coordinated by Edmund Burke, it also drew support from within the British government.

Burke accused Hastings not only of corruption, but—appealing to universal standards of justice—also of acting solely upon his own discretion, without concern for law, and of willfully causing distress to others in India. Hastings' defenders countered that his actions were consistent with Indian customs and traditions. Although Burke's speeches at the trial drew applause and focused attention on India, Hastings was eventually acquitted, due in part to the revival of nationalism in Britain in the wake of the French Revolution. Nonetheless, Burke's effort had the effect of creating a sense of responsibility in British public life for the Company's dominion in India.

Soon rumblings appeared amongst merchants in London that the monopoly granted to the East India Company in 1600, intended to facilitate its competition against Dutch and French in a distant region, was no longer needed. In response, in the Charter Act of 1813, the British Parliament renewed the Company's charter but terminated its monopoly except with regard to tea and trade with China, opening India both to private investment and missionaries. With increased British power in India, supervision of Indian affairs by the British Crown and Parliament increased as well. By 1820s British nationals could transact business or engage in missionary work under the protection of the Crown in the three presidencies. Finally, under the terms of The Charter Act of 1833, the British Parliament revoked the Company's trade license altogether. This made the Company a part of British governance, but administration of British India remained the responsibility Company officers.

RULE OF BRITISH COMPANY

The Charter Act of 1833 also charged the Governor-General-in-Council (to whose title was now added "of India") with the supervision of civil and military administration of the totality of India, as well granting the office the exclusive power of legislation. Since the British territories in north India had now extended up to Delhi, the Act also sanctioned the creation of a Presidency of Agra. With the annexation of Oudh in 1856, this territory was extended and eventually became the United Provinces of Agra and Oudh.

In addition, in 1854, a Lieutenant-Governor was appointed for the region of Bengal, Bihar and Odisha, leaving the Governor-General to concentrate on the governance of India.

In the remnant of the Mughal Empire revenue system existing in pre-1765 Bengal, zamindars, or "land holders," collected revenue on behalf of the Mughal emperor, whose representative, or diwan supervised their activities. In this system, the assortment of rights associated with land were not possessed by a "land owner," but rather shared by the several parties with stake in the land, including the peasant cultivator, the *zamindar*, and the state. The *zamindar* served as an intermediary who procured economic rent from the cultivator, and after withholding a percentage for his own expenses, made available the rest, as revenue to the state.

Under the Mughal system, the land itself belonged to the state and not to the *zamindar*, who could transfer only his right to collect rent. On being awarded the *diwani* or overlordship of Bengal following the Battle of Buxar in 1764, the East India Company found itself short of trained administrators, especially those familiar with local custom and law; tax collection was consequently farmed out. This uncertain foray into land taxation by the Company, may have gravely worsened the impact of a famine that struck Bengal in 1769-70, in which between seven and ten million people—or between a quarter and third of the presidency's population—may have died. However, the company provided little relief either through reduced taxation or by relief efforts and the economic and cultural impact of the famine was felt decades later, even becoming, a century later, the subject of Bankim Chandra Chatterjee's novel *Anandamath*.

In 1772, under Warren Hastings, the East India Company took over revenue collection directly in the Bengal Presidency (then Bengal and Bihar), establishing a Board of Revenue with offices in Calcutta and Patna, and moving the pre-existing Mughal revenue records from Murshidabad to Calcutta. In 1773, after Oudh ceded the tributary state of Benaras, the revenue collection system was extended to the territory with a Company Resident in charge. The following year—with a view to preventing corruption—Company *district collectors*, who were then responsible for revenue collection for an entire district, were replaced with provincial councils at Patna, Murshidabad, and Calcutta, and with Indian collectors working within each district. The title, "collector," reflected "the centrality of land revenue collection to government in India: it was the government's primary function and it moulded the institutions and patterns of administration."

The Company inherited a revenue collection system from the Mughals in which the heaviest proportion of the tax burden fell on the cultivators, with one-third of the production reserved for imperial entitlement; this pre-colonial system became the Company revenue

policy's baseline. However, there was vast variation across India in the methods by which the revenues were collected; with this complication in mind, a Committee of Circuit toured the districts of expanded Bengal presidency in order to make a five-year settlement, consisting of five-yearly inspections and temporary tax farming.

In their overall approach to revenue policy, Company officials were guided by two goals: first, preserving as much as possible the balance of rights and obligations that were traditionally claimed by the farmers who cultivated the land and the various intermediaries who collected tax on the state's behalf and who reserved a cut for themselves; and second, identifying those sectors of the rural economy that would maximise both revenue and security.

Although their first revenue settlement turned out to be essentially the same as the more informal pre-existing Mughal one, the Company had created a foundation for the growth of both information and bureaucracy.

As the East India Company expanded its territories, it added irregular "local corps," which were not as well trained as the army. In 1846, after the Second Anglo-Sikh War, a frontier brigade was raised in the Cis-Sutlej Hill States mainly for police work; in addition, in 1849, the "Punjab Irregular Force" was added on the frontier.^[60] Two years later, this force consisted of "3 light field batteries, 5 regiments of cavalry, and 5 of infantry." The following year, "a garrison company was added a sixth infantry regiment (formed from the Sind Camel Corps) in 1853, and one mountain battery in 1856."

Similarly, a local force was raised after the annexation of Nagpur in 1854, and the "Oudh Irregular Force" was added after Oudh was annexed in 1856. Earlier, as a result of the treaty of 1800, the Nizam of Hyderabad had begun to maintain a contingent force of 9,000 horse and 6,000-foot which was commanded by Company officers; in 1853, after a new treaty was negotiated, this force was assigned to Berar and stopped being a part of the Nizam's army.

INDIAN REBELLION OF 1857

In the Indian rebellion of 1857 almost the entire Bengal army, both regular and irregular, revolted. It has been suggested that after the annexation of Oudh by the East India Company in 1856, many sepoys were disquieted both from losing their perquisites, as landed gentry, in the Oudh courts and from the anticipation of any increased land-revenue payments that the annexation might augur. With British victories in wars or with annexation, as the extent of British jurisdiction expanded, the soldiers were now not only expected to serve in less familiar regions (such as in Burma in the Anglo-Burmese Wars in 1856), but also make do

without the "foreign service," remuneration that had previously been their due, and this caused resentment in the ranks. The Bombay and Madras armies, and the Hyderabad contingent, however, remained loyal. The Punjab Irregular Force not only didn't revolt, it played an active role in suppressing the mutiny. The rebellion led to a complete re-organization of the Indian army in 1858 in the new British Raj.

The reforms initiated after 1784 were designed to create an elite civil service where very talented young Britons would spend their entire careers. Advanced training was promoted especially at the Haileybury and Imperial Service College (until 1853). Haileybury emphasized the Anglican religion and morality and trained students in the classical Indian languages. Many students held to Whiggish, evangelical, and Utilitarian convictions of their duty to represent their nation and to modernize India. At most there were about 600 of these men who managed the Raj's customs service, taxes, justice system, and its general administration. The Company's original policy was one of "Orientalism", that is of adjusting to the way of life and customs of the Indian people and not trying to reform them. That changed after 1813, as the forces of reform in the home country, especially evangelical religion, Whiggish political outlook, and Utilitarian philosophy worked together to make the Company an agent of Anglicization and modernization. Christian missionaries became active, but made few converts.

TRADITIONS UNDER BRITISH COMPANY

The Raj set out to outlaw sati (widow-burning) and thuggee (ritual banditry) and upgrade the status of women. Schools would be established in which they would teach the English language. The 1830s and 1840s, however, were not times of prosperity. After its heavy spending on the military, the Company however, had little money to engage in large-scale public works projects or modernization programs.

After gaining the right to collect revenue in Bengal in 1765, the Company largely ceased importing gold and silver, which it had hitherto used to pay for goods shipped back to Britain. In addition, as under Mughal Empire rule, land revenue collected in the Bengal Presidency helped finance the Company's wars in other parts of India. Consequently, in the period 1760–1800, Bengal's money supply was greatly diminished; furthermore, the closing of some local mints and close supervision of the rest, the fixing of exchange rates, and the standardization of coinage, paradoxically, added to the economic downturn. During the period, 1780–1860, India changed from being an exporter of processed goods for which it received payment in bullion, to being an

exporter of raw materials and a buyer of manufactured goods.

More specifically, in the 1750s, mostly fine cotton and silk was exported from India to markets in Europe, Asia, and Africa; 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. Also, from the late 18th century British cotton mill industry began to lobby the government to both tax Indian imports and allow them access to markets in India. Starting in the 1830s, British textiles began to appear in—and soon to inundate—the Indian markets, with the value of the textile imports growing from £5.2 million 1850 to £18.4 million in 1896. The American Civil War too would have a major impact on India's cotton economy: with the outbreak of the war, American cotton was no longer available to British manufacturers; consequently, demand for Indian cotton soared, and the prices soon quadrupled. This led many farmers in India to switch to cultivating cotton as a quick cash crop; however, with the end of the war in 1865, the demand plummeted again, creating another downturn in the agricultural economy.

At this time, the East India Company's trade with China began to grow as well. In the early 19th century demand for Chinese tea had greatly increased in Britain; since the money supply in India was restricted and the Company was indisposed to shipping bullion from Britain, it decided upon opium, which had a large underground market in China and which was grown in many parts of India, as the most profitable form of payment. However, since the Chinese authorities had banned the importation and consumption of opium, the Company engaged them in the First Opium War, and at its conclusion, under the Treaty of Nanjing, gained access to five Chinese ports, Guangzhou, Xiamen, Fuzhou, Shanghai, and Ningbo; in addition, Hong Kong was ceded to the British Crown. Towards the end of the second quarter of the 19th century, opium export constituted 40% of India's exports.

Another major, though erratic, export item was indigo dye, which was extracted from natural indigo, and which came to be grown in Bengal and northern Bihar.^[74] In late 17th and early 18th century Europe, blue clothing was favored as a fashion, and blue uniforms were common in the military; consequently, the demand for the dye was high. In 1788, the East India Company offered advances to ten British planters to grow indigo; however, since the new (landed) property rights defined in the Permanent Settlement, didn't allow them, as Europeans, to buy agricultural land, they had to in turn offer cash advances to local peasants, and sometimes coerce them, to grow the crop.

The European demand for the dye, however, proved to be unstable, and both creditors and cultivators bore the risk of the market crashes in 1827 and 1847. The

peasant discontent in Bengal eventually led to the *Indigo rebellion* in 1859-60 and to the end of indigo production there. In Bihar, however, indigo production continued well into the 20th century; the centre of indigo production there, Champaran district, became the staging ground, in 1917, for Mohandas Karamchand Gandhi's first experiment in non-violent resistance against the British Raj.

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