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THE RISE AND FALL
OF THE EAST INDIA COMPANY



THE RISE AND FALL
OF THE EAST INDIA COMPANY

BY

RAMKRISHNA MUKHERJEE



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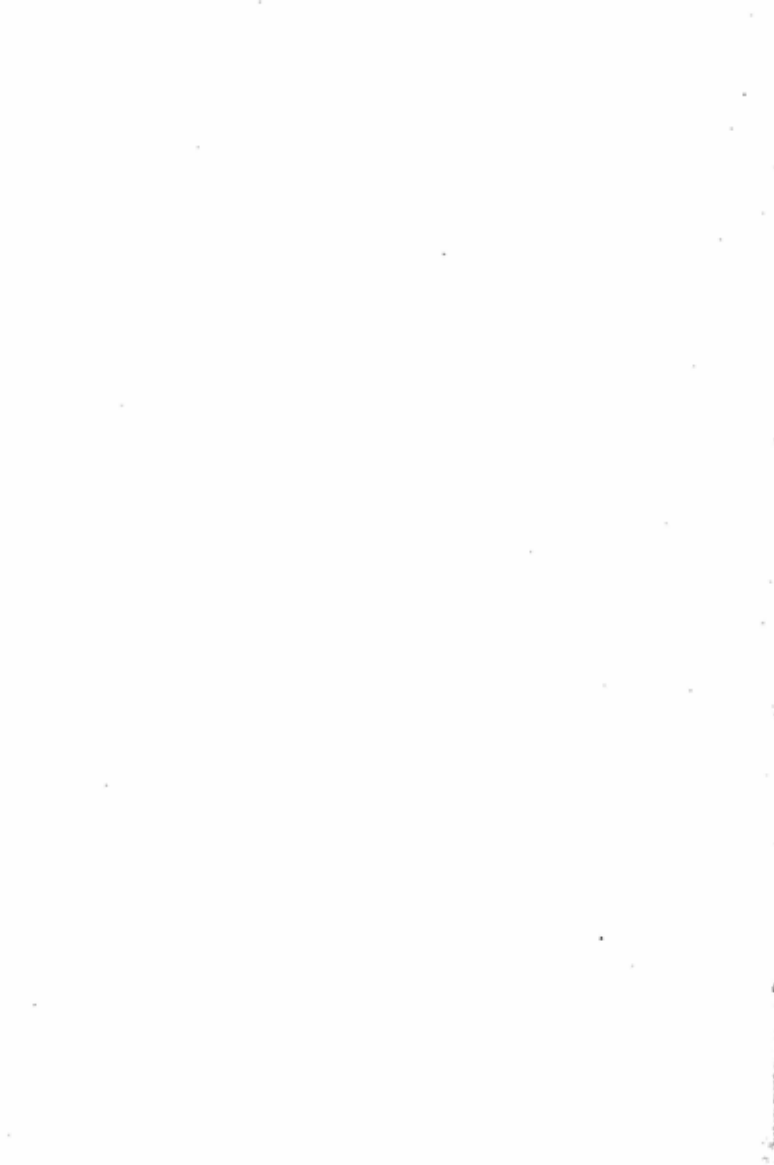
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To the memory of my father
Satindra Nath Mukherjee



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FOREWORD

The present study does not claim any originality in historical materials relating to the formation of the East India Company in Britain; its activities in the mother country, vis-a-vis other European Powers, and in India; and its final decay. Very many books have been written by able historians, noting the salient points in the life of the East India Company. But scarcely any one has so far attempted to give a complete picture of the Company in the light of the social forces which led to its formation, its activities as they were in the course of its existence, and its eventual removal from world society. Such *social* studies, as differentiated from what are generally known as *historical* studies, are available for different phases in the life of the Company. The present study does no more than to present such a comprehensive view, covering the period from immediately before the birth of the Company until its final decay.

Since history is not the main discipline of the author, there may be some minor inaccuracies in the study, although the author has tried to gather his materials from the reliable and generally accepted historical works and documents. Though such minor inaccuracies, which do not affect the overall formulations put forward in this study, may be excusable in a comprehensive analysis, the author would welcome criticism to rectify them. And, in any case, in spite of such faults, if there are any, the author is inclined to consider this attempt fruitful if it can help to answer the *Whys* of the apparent behaviour of the Company, which appear to have led to many fallacious views on its role in India and Europe. This he considers his duty as a social scientist.

What are the current views on the character of the East India Company and the role it played in India?

Firstly, there is the view that the Company always nurtured good intentions for India and her people; and if there were some cases of

oppression, breach of faith, and other "ungentlemanly" behaviour on the part of the Company or its employees (which could not be completely ignored, so obvious they were), these were isolated incidents resulting either from general ignorance of the Directors of the Company in London and their servants in India, as regards peculiar "oriental" mentality and the customs of the "natives", or because of particular individuals in the employment of the Company who might have failed in prosecuting their honourable duties (as befitting the Englishman) of looking after the interests of the Company as well as of the Indian people basking under the glory of British rule.

Thus, Mr. Ramsay Muir, Professor of Modern History in the University of Manchester, came to the conclusion in his wellknown study on "The Making of British India"¹:

"Never was Empire less the result of design than the British Empire of India."

According to him, the East India Company *became* the ruler of India, even though "they struggled against it". But once having undergone the transformation, the Company "rendered immeasurable services to the peoples of India". Its "three priceless gifts" to the Indian people were:

1) "Political unity, . . . which they never in all their history possessed before";

2) "Assured peace (bringing easy intercourse)", which revealed that "the *pax Britannica* has been a yet more wonderful thing than the *pax Romana*";

3) "Reign of Law", which under the Company's rule took "the place of the arbitrary will of innumerable despots".

And, if there were some defects, they were of course unavoidable — the leaders and the servants of the Company "being human".¹

Mr. Muir is only one of many to be still found in Great Britain and in the Continent of Europe.*

* See, for instance, "The Man Who Ruled India" by Philip Woodruff (Jonathan Cape, London, 1953), which was dedicated:

"To the Peoples of India and Pakistan whose tranquillity was our care and whose continuance in the family of nations to which we belong is our Memorial."

Besides such unadulterated eulogization of the East India Company, there is the second view that since the birth of the Company in 1600 and up to the close of the seventeenth century, the Company represented a band of peaceful traders. But the conquest of a part of India in the battle of Plassey in 1757 roused their ambition for territorial acquisition of the whole of the rich subcontinent. This ambition, which had faint expressions in the last two decades of the seventeenth century, now transformed the peaceful traders into domineering rulers; and their continued success in subjugating different parts of India, filled their heads with ideas of power and made them greedy and tyrannical.

This view has received so common an acceptance that even three reputed Indian historians—R. C. Majumdar, H. C. Raichaudhuri and Kalikinkar Datta—noted with reference to the last decades of the seventeenth century²:

"The Company's policy in India also changed during this period. A peaceful trading body was transformed into a power eager to establish its own position by territorial acquisitions, largely in view of the political disorders in the country."

And, then:

"The battle of Plassey was, . . . , a great turning-point, not only in the political but also in the economic history of Bengal. Apart from the resulting misrule and confusion, which had an adverse effect upon trade and industry, several causes directly operated in impoverishing the country and ruining its rich and prosperous trade and industry."

Lastly, there is the view that while the role of the East India Company might or might not have been up to the standards demanded by British honesty, truthfulness and such virtues, nevertheless the rule of the British Crown over India since 1858 was certainly beneficial to the Indian people, although the Government was not popular in India as before.

Thus, Sir John Strachey, C.G.S.I. stated at Cambridge University in 1884 in "a course of lectures on subjects connected with India"³:

"There is hardly any country possessing a civilised administration where the public burdens are so light. Mr. J. S. Mill declared his belief that the British Government in India was 'not only one of the purest in intention,

but one of the most beneficent in act, ever known among mankind'. I do not doubt that this is still truer now.

Whether all this makes our Government really popular is another question. . . .

The truth is that, in a country in the conditions of India, the more actively enlightened our Government becomes, the less likely it is to be popular. Our Government is highly respected; the confidence of the people in our justice is unlimited."

But,

"The sympathies between the people and their English rulers can hardly be anything but imperfect. . . .

I never heard of a great measure of improvement that was popular in India, even among the classes that have received the largest share of education. . . .

It would thus be an error to suppose that the British Government is administered in a manner that altogether commends itself to the majority of the Indian population. This we cannot help. Considerations of political prudence compel us to tolerate much that we should wish to alter, and to abstain from much that we might desire to see accomplished, but, subject to this most essential condition, our duty is plain. It is to govern India with unflinching determination on the principles which our superior knowledge tells us are right, although they may be unpopular."

And so on, a panegyric on the glory of British rule in India, which one often hears in the West.

Of these three main views, although the last one is beyond the scope of the present study, it may be noted that the national movement of India throughout the period of British rule has amply demonstrated the falsity of the above claim. The other two views are within the purview of the present study. Of them, the first one is not shared by the majority. So much has been unearthed by historians, economists, politicians and other social scientists regarding the reign of inhuman oppression of the people of India and the loot and plunder of India's wealth by the East India Company and its servants since the conquest of Bengal in 1757 that except for a few die-hards no one would plead for the Company the excuse of ignorance and commission of some "mistakes". But the social character of the Company, which was fully revealed with the assump-

tion of political power over India, has not been realised by many. Therefore, several British writers, even though they possessed profound sympathy for the Indian people, attempted to explain this shocking revelation by abstract value-judgement.* The same was also done by several Indian writers who had failed to understand the socio-economic roots of British expansion and colonial policy, and had pinned their faith in the "British sense of justice" which, they thought, must prevail in the end.** Hence, a study of the rise and decay of the East India Company in the social perspective of England and India at that time is still called for.

What is this social perspective that one should look for? Since the East India Company was a typical monopolist company of Merchant Capital, to appreciate its activities it is first necessary to recount something about the formation of merchant capital and of the historical basis of the growth of the East India Company in England. From a general consideration, these aspects have been intensively studied by several economists and historians. What is attempted in the following pages is to focus the results of their investigations in line with the subject-matter of the present study. On the following pages, therefore, it will be briefly described:

1) Why and how from about the fourteenth century onwards conditions were created in England and some other European States for the growth of Merchant Capital;

2) Why from the beginning it took a monopolist character, and thus encountered two sources of opposition, viz. (a) from the *haves-nots* in the mother country, and (b) from similar monopolist companies in other European States;

3) How the expansion of merchant capital had to be linked with the extension of commercial relations to other countries under conditions advantageous to the merchant companies;

* For instance, W. M. Torrens, M. P., in his book entitled "Empire in Asia - How we came by it: A Book of Confessions" (Trübner & Co., London, 1872), accounted for the Company's subjugation of India by "the spirit of conquest" which "breathes so fearlessly through every page of England's history" (p. 6).

** See, for instance, the Preface to the books by Romesh Dutt, entitled "The Economic History of India under Early British Rule" and "The Economic History of India in the Victorian Age" (Routledge & Kegan Paul, Ltd., London, 1950).

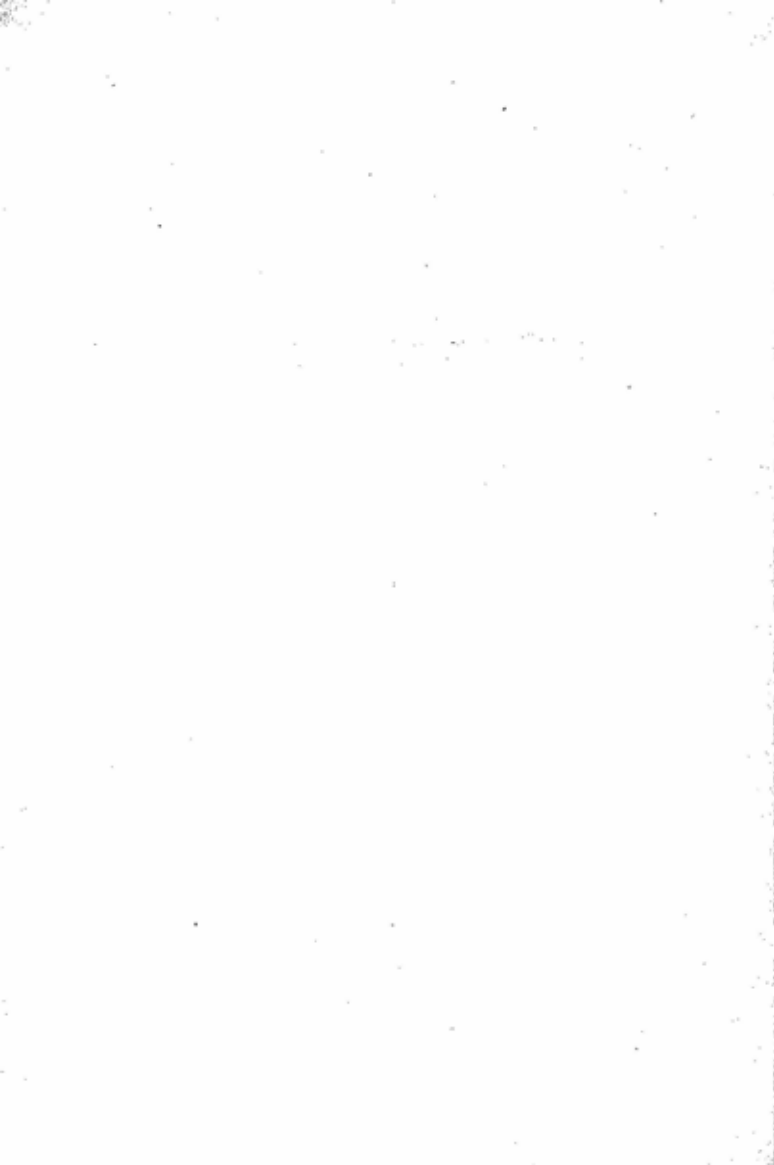
4) Why the loudly proclaimed "honest mercantile trade" of these European nations could acquire a meaning only when it was interpreted in terms of "colonial trade". This, therefore, led to serious rivalry between the merchant companies of different nations with regard to obtaining trading privileges in those countries with which they wanted to trade, and also raised the problem of fighting the "Interlopers" or rival merchant companies and individual merchants belonging to the same country;

5) Why for such "trade relations" these companies *had* to aspire for political power, which the English East India Company ultimately got in India;

6) Why the merchant bourgeoisie soon became reactionary in their home countries, and, consequently, what was the effect of the struggle which ensued between the decadent mercantile bourgeoisie and the growing industrial bourgeoisie in the mother country vis-a-vis the colonies, like India?

In conformity with the points of study outlined above, Chapter 1 will deal with the social background leading to the rise and decay of the Company. Chapter 2 will deal in detail with the birth of the Company and the resolution of the antagonism between the *haves* and *have-nots* merchants in England in relation to India, which they found as "a true mine of gold"⁴. Chapter 3 will examine the course of rivalry between the rival mercantile interests of Europe, representing different nations, the resolution of the rivalry between which could not be effected by internal regulations, and so, in the main, the Powers had to resort to open wars. Chapter 4 will deal with the stage of social development in India at the advent of the Company and until its conquest of India, and will also reveal the role the Company played in India to gain its own end vis-a-vis the Indian rulers; — a game of guile and bribes, of coercion and treachery, — exposing the worst side of human character. Chapter 5 will deal with the loot and plunder of India which the Company and its officials began with the usurpation of political power, and which thus gave vent to the full character of merchant capital. And, Chapter 6 will deal with the Company's losing battle against a new System — the Era of Industrial Capital, and how the Company was forced to accept its natural death.

The present work is the result of a course of lectures which the author, as a Guest Professor of the Humboldt University in Berlin, delivered to the students of the Institute for Indian Studies during the Autumn Term of 1953-54. Thanks for its preparation are therefore due primarily to the authorities of the Humboldt University who gave full facilities for the work. The author also feels particularly grateful to Professor Walter Ruben, the Director of the Institute for Indian Studies, who took keen interest in its preparation and publication, and to Mr. Ralf D. Jung, a student of the Institute for Indian Studies, who helped in preparing the Index and other matters relating to the publication of the book.



CHAPTER 1.

SOCIAL BACKGROUND

Some authorities are of the opinion that when the town communities of Europe succeeded in winning partial or complete autonomy and began their independent career they were somewhat egalitarian in character. Whether that was universally true or not, and whether it is not true that in some places at least, such as in Italy, the situation was complicated by the presence of feudal families within the towns, it has been asserted with some degree of certainty that "the inequalities that existed in English towns prior to the fourteenth century were not very marked"⁵. This leads to the further question as to the method by which the citizens obtained their income. The answer to this question is evidently that the essential basis of urban society lay in what Marx termed the "petty mode of production", that is, under the system production was carried on by small producers who owned their instruments of production and who freely traded in their products. No doubt, as some authorities have described, in course of time, with the growth of the towns in population and extent, the original owners of urban land enriched themselves from sales of land or from leases at a high rent, and this formed an important source of capital accumulation in the thirteenth and fourteenth century; but there also cannot be any doubt that at the outset the "petty mode of production" remained true of the handicraft body at any rate. Referring to England it has been noted⁶:

"... even though from the earliest times there may have been some citizens who were exclusively traders, few of these in England could have been much more than pedlars travelling between the town market and neighbouring manors, and their activities could hardly have been extensive when the bulk of trade was local and took the form of an exchange of craftsmen's wares sold retail in the town market against country produce that the peasant brought to town to sell."

But under that system the productivity of labour was low and the unit of production was small. Hence, savings would be meagre, and there was thus little scope for capital accumulation except from sudden luck or the increment of land values. It follows therefore that such chance gains or mere increment of land values could not fully account for the splendid riches and the accumulation of the early bourgeoisie. Also, their fortune could neither be accounted for by the exploitation of the surplus labour of servile class, nor could it be realised from the surplus labour of wage-earners, as the urban bourgeoisie of the fourteenth and fifteenth centuries had neither serfs to toil for them like the feudal lords nor had they yet invested in the employment of an industrial proletariat. Evidently, the source unfolded itself with the beginning of wholesale trade in which the emergent privileged class of burghers engaged themselves, having cut themselves off from production.

What was the basis of this trading income? Adam Smith and other economists following the same trend of thought were of the opinion that this burgher wealth was truly "produced", instead of being "acquired"; acquired, firstly, as a share in the products of the town craftsmen and the peasant-cultivators which otherwise would have accrued to the producers themselves or would have been converted into feudal revenue, and, lately, in an increasing measure in the scarcely-veiled plunder of other lands with which these traders undertook "commercial" relations. Adam Smith has discussed at length how the services that the spread of commerce performed for the direct producer or the aristocratic consumer produced wealth for the burgher merchants. It is true that by extending markets and by making supplies available in greater variety in places and at seasons where no supplies were available before, commerce had served to raise the standard of life of the producers, and thus obtained its reward as a share of this general increase, instead of encroaching on an unchanged standard of consumption. It is also true that, with the extension of commercial enterprise, the communities which were previously confined within the narrow limits of a local market could now raise their standards; just as at a later stage commerce created the conditions within production itself for an extended division of labour. But all such beneficial effects of commercial enterprise of a society do not explain how the vast fortunes and the great accumula-

tions, characteristic of the merchant class at this period, were made. Granted that commerce was very useful, and enlarged the sphere of utilities in the society; but that alone does not explain why the commercial enterprise yielded such a handsome surplus which handicraft failed to produce. As has been remarked⁷:

"... it does not explain why commerce was the basis of so large a *differential* gain. Windfalls, it is true, might be expected to be more plentiful in a novel and previously unadventured sphere. But windfall gains can hardly account for a persistent and continuing income on so large a scale: in the course of time one could have expected competition in this sphere, if it were unhindered, to bring the normal expectation of gain into line with that of urban industry."

Hence, the explanation for this must be sought somewhere else, in some other features of the development of the societies of that period.

These features, in the main, were, firstly, that the bulk of commerce in those days, and especially foreign commerce, went on hand in hand with some political "concession" or it was scarcely-veiled plunder; and, secondly, that as soon as a class of merchants assumed any corporate form, they strove for monopoly powers, so as to guard themselves from competition from other merchants not included in their body, and to have the major or undisputed say in all dealings with producers and consumers. These two features were the guiding principles of all monopolist companies of Merchant Capital, including naturally the East India Company.

Of the two above features, the former pertains to what Marx called "primitive accumulation", and the latter has been characterised as "exploitation through trade"⁸. Marx, in his *Historical Data Concerning Merchants' Capital*, has noted⁹:

"The rule, that the independent development of merchants' capital is inversely proportioned to the degrees of development of capitalist production, becomes particularly manifest in the history of the carrying trade, for instance, among the Venetians, Genoese, Dutch, etc., where the principal gains were not made by exportation of the products of the home industries, but by the promotion of the exchange of products of commercially and otherwise economically undeveloped societies and by the exploitation of both spheres of production.

Here the merchants' capital is pure, separated from the extremes, the spheres of production, between which it intervenes. This is one of the main sources of its formation. But this monopoly of the carrying trade disintegrates, and with it this trade itself, in proportion as the economic development of peoples advances, whom it exploits at each end of its course, and whose backward development formed the basis of this trade. In the carrying trade, this appears not only as the disintegration of a special line of commerce, but also as the disintegration of the supremacy of purely commercial nations and of their commercial wealth in general, which rested upon this carrying trade. This is but one of the special forms, which expresses the subordination of the commercial capital to the industrial capital with the advance of capitalist production. The manner in which merchants' capital behaves wherever it rules over production is drastically illustrated, not only by the colonial economy (the colonial system) in general, but particularly by the methods of the old Dutch East India Company.

Since the movement of merchants' capital is $M-C-M'$, the profit of the merchant is made, in the first place, only within the process of circulation, by the two transactions of buying and selling; and in the second place, it is realised in the last transactions, the sale. It is a profit upon alienation. At first sight, a pure and independent commercial profit seems impossible, so long as products are sold at their value. To buy cheap in order to sell dear is the rule of trade. It is not supposed to be an exchange of equivalents. The conception of value is included in it only to the extent that the individual commodities all have a value and are to that extent money. In quality, they are all expressions of social labour. But they are not values of equal magnitude. The quantitative ratio, in which products are exchanged, is at first quite arbitrary."

This arbitrariness could prevail because the market was not developed, and the producers were not able to effect an exchange of their products on any more than a parochial scale. This was to the best advantage of merchant capital, and so the traders were determined to preserve it, as an authority on this subject has remarked¹⁰:

"It was the separation of the raw material from the craftsman and the craftsman from the consumer at this period, and the fact that the resources in the hands of the producer were so meagre and their meagreness so straitly bounded his horizon in space and time which formed the source of commercial profit. It was the very co-existence of local gluts and local famines on which merchant capital thrived. Moreover, in conditions of primitive

communications the existence of narrow local markets, each separate from others, meant that any small change in the volume of purchases or in the quantities offered for sale tended to exert a disproportionately large effect on the market price, so that the temptation to enforce regulations in the interest of those trading between these markets was very great. So long as these primitive conditions continued, so did the chances of exceptional gain for those who had the means to exploit them; and it was only natural that the perpetuation of such conditions, and not their removal, should become the conscious policy of merchant capital. For this reason monopoly was of the essence of economic life in this epoch."

Also Marx, while discussing, as quoted above, the arbitrariness of the "quantitative ratio, in which products are exchanged," noted¹¹:

"They assume the form of commodities inasmuch as they are exchangeable, that is, inasmuch as they may be expressed in terms of the same third thing. The continued exchange and the more regular reproduction for exchange reduces this arbitrariness more and more. But this applies not at once to the producer and consumer, but only to the mediator between them, the merchant, who compares the money-prices and pockets their difference. By his own movements he establishes the equivalence of commodities."

Hence, in order to retard this levelling tendency, the corporate bodies of merchants developed into commercial monopolies.

And this usurpation of monopoly by a class of merchants meant a serious obstruction to the growth of the market, and in a measure to the development of the productive forces of society. Therefore, the role of merchant capital soon became distinctly reactionary.

"... while the influence of commerce as a dissolvent of feudal relationships was considerable, merchant capital remained nevertheless in large measure a parasite on the old order, and its conscious rôle, when it had passed its adolescence, was conservative and not revolutionary. Moreover, once capital had begun to accumulate, whether from commercial profits or from urban land-values, a further vista of prosperous increase opened before it. This capital could now be fattened on the fruits of usury: usury practised on the one hand against the petty producers and on the other against decadent feudal society - against needy feudal knights and barons and the even less satiable needs of the Crown."¹²

Marx thus stated of the town at this period:¹³

"While the country exploits the town politically in the Middle Ages, wherever feudalism has not been broken down by an exceptional development of the towns, the towns, on the other hand, everywhere and without exception exploits the land economically by its monopoly prices, its system of taxation, its guild organizations, its direct mercantile fraud and its usury."

This, in short, was the genesis of merchant capital in Europe, and especially in England, which in the shape of the East India Company caused havoc in India.

1. Development of the English Merchant Bourgeoisie

In general, it is regarded that the beginning of an organised trading interest in the towns, as distinct from the handicraft, took two parallel forms. First, a specifically trading element, "frequently drawn (at least in England) from the more well-to-do craftsmen, separated itself from production and formed exclusively trading organisations which proceeded to monopolise some particular sphere of wholesale trade"; and, second, having dominated the town government at a not very much later date, these new trading organisations began "to use their political power to further their own privileges and to subordinate the craftsmen"¹⁴.

In many areas on the Continent this process was unfolding since as early as 1200, as in the Netherlands, Italy and France; and the usual form of change in these areas vis-a-vis the form of government in their centres of commerce and manufacture was first from democracy to plutocracy, and then to oligarchy. In English towns,

"these developments seem to have occurred mainly in the fourteenth century; and the growth of the 'insignificant peddling traders of the eleventh, twelfth and thirteenth centuries' into 'the important political plutocracy of the fourteenth' is a remarkable feature of the time. Here the new development involved an actual usurpation of economic privileges and political control by the new burgher plutocracy, since in England there is some evidence of the existence of an earlier urban democracy which in the fourteenth century was abolished, and also evidence that trading privileges had been more or

less open (*de jure* at least, even if not *de facto*) to the general body of citizens."¹⁵

This usurpation took very many forms. In some cases, the traditional Guild Merchant which previously included the majority of burgesses now became a closed-organisation and excluded craftsmen from wholesale trade. But in most cases the old Guild Merchant died out, and in their place appeared new mercantile guilds, or misteries, "composed entirely of traders as distinct from craftsmen and endowed by their charters with exclusive rights over some particular branch of wholesale trade"¹⁶. Henceforth, the craftsmen were neither allowed to sell directly to "stranger-merchants" nor were they allowed to export their goods outside the town without having the wholesale traders as intermediary.

And, along with this went "the concentration of political power in the towns into the hands of burgher oligarchy; an oligarchy which seems to have been indentical with the section of richer merchants that was acquiring the monopoly of wholesale trade"¹⁷. In the fourteenth century, at the end of the reign of Edward III, the burgesses at large "were entirely excluded from their right of suffrage in Parliamentary elections"¹⁸. In this way, barring some exceptions, such as where the urban oligarchy was composed of ancient landowning elements in the town and not of commercial *parvenu*, and where usurpation of power by one group of trading interest instead of all such groups led the *have-nots* to unite with the craft-guilds to resist this monopoly power, both in the economic as well as in the political sphere merchant capital began to rule most of the towns in the fourteenth century.

The new merchant aristocracy could however be invaded by those who had the money to buy themselves in.

"... in the fifteenth and sixteenth centuries there was a fairly constant infiltration into its ranks from among the richer master-craftsmen, who tended to leave handicraft for trade, and even to become employers of other craftsmen, as soon as they had accumulated sufficient capital to enable them to scan wider horizons than the retail trade of a local market afforded them. It was inevitable that the *parvenu* ambition of such men should find the exclusive privileges of the merchant companies irksome and cramping. Two roads of advancement lay open to them. They could purchase a position in

one of the privileged companies and abandon their old calling; or they could struggle to secure for their own craft gild the status of a trading body."¹⁹

This, however, did not affect the solid basis of merchant capital, and particularly so in England.

"While there was some infiltration into the privileged ranks as capital accumulated among the crafts themselves, the monopolistic position of merchant capital in England was scarcely weakened thereby, and the increase of its wealth was not retarded. With the growth of the market, and especially of foreign trade, there was room for the numbers within the privileged ranks to grow without any serious overcrowding."²⁰

Indeed, as noted before, foreign trade was the key-note of the growth of merchant capital and the rapid development of the merchant bourgeoisie of England. Although internally the market was expanding, it was "foreign trade which provided the greatest opportunities for rapid commercial advancement, and it was in this sphere that the most impressive fortunes were made"²¹.

2. Growth of British Foreign Trade

In the development of foreign trade, the British merchants had first to fight out the foreign merchants, because for some time the latter held the field; their position being strengthened by special privileges from the English Crown. These foreign merchants were first the merchants of the Flemish Hansa, and later Italians, who purchased wool direct from monasteries and landowners, often advancing loans on the security of future wool deliveries. Hence, before the English merchants could embark upon the lucrative sphere of foreign trade, it was necessary that the privileges of the foreign merchants be abolished or at least drastically reduced. This, of course, was not a simple task, for "the English Crown was not only debtor to these foreign concessionaires, but was under the recurrent necessity of new borrowing"²².

The situation, however, began to change after the end of the thirteenth century and became more and more pronounced in the fourteenth century when the English monarch began to depend on the revenue raised by an export tax on wool and on wool-loans from

the British wool-exporters. The English merchants, who were dealing in wool, hides, tin and lead and in the reign of Henry III were organised into an association which came to be known as the Fellowship of the Staple, "were able to take advantage of the royal necessity to barter loans in exchange for monopoly-rights in the valuable export trade in wool"²³. By royal edict, a compulsory wool Staple was set-up in the Netherlands in 1313. Henceforth, all wool for export was to be brought and offered for sale there "at the orders of the Mayor and Company of Merchants". The members of the English Company found this a weapon to fight the foreign competitors in the sphere of export trade, and so the latter protested strongly.

Moreover, while this monopoly export trade in wool resulted in "raising the price to foreign customers and in elbowing out foreign merchants from the export trade with Flanders", it depressed "the price of wool at home"²⁴. Since this English Company was a small and exclusive body, a demand very soon arose for the repeal of the Staple privileges, which was also taken up by those who were engaged in the internal wool trade in England. But after temporary cessation, "the privileges of the narrow circle of exporters organised in the English Merchants of the Staple were renewed"²⁵.

This, however, did no good to the bulk of English merchants, and "threatened to narrow the market for English wool, instead of widening it"²⁶. In this situation, "the very monopoly of the Staple by narrowing the channels of export and maintaining an 'immense margin between the domestic and the foreign price of wool' unwittingly assisted the growth of English cloth-making"²⁷. English cloth-making received "growing official encouragement" and the export trade in English cloth developed "in rivalry with the Flemish industry"; the low price in England assuring that "English cloth could be sold, not only at home but abroad, much more cheaply than foreign cloth, which had to pay an immensely higher sum for the raw material"²⁸. The upshot was that the export of cloth became increasingly more lucrative than the export of wool. The Company of Merchant Adventurers, which came into being at the beginning of the thirteenth century but was definitely established and constituted into a regular company by the Royal Charter of Henry IV in 1407, took great interest in the cloth trade with Flanders. Nearly two centuries later the Merchants of the Staple began to criticise

the clothiers and the Merchant Adventurers, and joined "in the demand that the cloth industry should be confined to corporate towns"²⁹.

By then, however, the British merchants had moved farther. The middle of the sixteenth century found them solidly entrenched in foreign trade; they having ventured "sufficiently far afield, both across the North Sea and into the Mediterranean, to inaugurate some five or six new general companies, each possessing privileges in a new area"³⁰. It is generally agreed that a number of those belonging to the Company of Merchant Adventurers took the initiative in forming the Russia Company in 1553, which two years later received a charter giving it a monopoly, as the first company to employ joint-stock and to own ships corporately. In the same year in which the Russia Company secured its charter from the English monarch, it was successful in negotiating an agreement with the Russian Tsar, "whereby it was to enjoy the sole right of trading with Muscovy by the White Sea route and to establish depots at Kholmogory and Vologda"³¹. In 1557, an employee of the Company went to Persia and Bokhara, and in 1567 the Company "obtained the right to trade across Russia with Persia through Kazan and Astrakhan"³².

Also, in the same year in which the Russia Company obtained its charter, the Africa Company was formed, the members of which grew fat on the lucrative enterprise they took up "to kidnap or purchase and work to death without compunction the natives of Africa"³³. About such "idyllic proceedings", as Marx described the "chief momenta of primitive accumulation"³⁴, "the English and the Dutch, at that time the wisest and most religious nations of the world... had no more scruple... than they had about enslaving horses"³⁵.

Then, in 1578, the Eastland Company obtained its charter in order to "enjoy the sole trade through the Sound into Norway, Sweden, Poland, Lithuania (excepting Narva), Prussia and also Pomerania, from the river Oder eastward to Dantzick, Elbing and Konigsberg; also to Copenhagen and Elsinore and to Finland, Gothland, Barnholm and Oeland"³⁶. The Company also received powers "to make bye-laws and to impose fines, imprisonment, etc., on all non-freemen trading to these parts"³⁷. Also, in the year before the Eastland Company was formed, the Spanish Company was set-up by some members of the

Company of Merchant Adventurers in order to monopolise "the lucrative trade in wine, oil, and fruit with Spain and Portugal, and to secure powers under charter to exclude competitors"³⁸. And, then in 1581, letters patent were granted by the English Crown to four gentlemen to trade with Turkey, which was the origin of the Levant Company. This was incorporated in 1592 as a fusion of the Turkey Company with the Venice Company, and included Queen Elizabeth as one of its leading shareholders. In 1600, this company "begat the East India Company and in 1605 had its charter of monopoly renewed in perpetuity by James I"³⁹.

As late as in 1942, Maurice Collis, while eulogising the "private enterprise, courage and audacity" of the British nation which founded their Empire, noted⁴⁰:

"No satisfactory explanation has ever been given of the astonishing expansion of British power overseas which began immediately after the English succeeded in preventing the Spaniards from invading this country, then a poor and sparsely populated island with little standing among the kingdoms of the world. What was the secret of this extraordinary expansion and how was it that so small a maritime power, one of the smallest in Europe, grew into the vast empire which has since become something entirely new in history - namely, a Commonwealth of Nations?"

The secret obviously lay in the growth of merchant capital, and its characteristic features which were best fulfilled by the British mercantile bourgeoisie.

3. Characteristics of the Merchant Bourgeoisie

What were the essential characteristics of the merchant bourgeoisie? Briefly, they may be summed up as taking, for the furtherance of the colossal profits they reaped, all possible privileges and advantages, both in the mother country and the country with which commerce was undertaken, in the forms of monopoly rights, exclusive organisation, special concessions in the trading country as well as regarding the trade-route, etc. These points will be made clear while describing the role of the East India Company in India. A few general remarks may, however, be made here to explain further the over-all situation, so that the activities of the East India Company will be fully appreciated.

Owing their unique position to the sanctions incorporated in the Royal Charters, as described above, these foreign trading companies were highly exclusive bodies. Because of the Royal Charter, they were allowed to function not merely as trading bodies, but to a considerable extent as military and political authorities in their spheres of trade, so that their exclusive rights over the loot might not be challenged. The Merchant Adventurers, for instance, "conducted a vigorous struggle against any interloping in its trade, so that this profitable intercourse might be preserved for the few and prices be fenced against the influence of competition"; similarly, the Russia Company "made strenuous (if far from successful) efforts to exclude interlopers trading through Narva; and both the Eastlanders and the Spanish Company used their powers to control the trade"⁴¹. And the East India Company, of which much more will be said later, went so far that even before the Company captured power in India, in the last decades of the seventeenth century,

"Sir Josiah Child, as Chairman of the Court of Directors, wrote to the Governor of Bombay, to spare no severity to crush their countrymen who invaded the ground of the Company's pretensions in India. The Governor replied, by professing his readiness to omit nothing which lay within the sphere of his power, to satisfy the wishes of the Company; but the laws of England, unhappily, would not let him proceed so far as might otherwise be desirable. Sir Josiah wrote back with anger: 'That he expected his orders were to be his rules, and not the laws of England, which were a heap of nonsense, compiled by a few ignorant country gentlemen, who hardly knew how to make laws for the good of their own private families, much less for the regulating of companies, and foreign commerce' (Hamilton's *New Account of India*, i., 232)." ⁴²

Also, not everybody could secure admission to these privileged companies at any time he desired. This was restricted by a limitation of apprenticeship and by entrance fees which generally grew heavier in course of time. For instance by the beginning of the seventeenth century the entrance fee to the Company of Merchant Adventurers "had risen to the figure of £200"⁴³. For the East India Company, the entrance fee was £50 for a merchant, £66 for a shopkeeper, and for a gentleman "such terms as they thought fit"⁴⁴. Moreover, the craftsmen were generally not allowed to become members of these companies, which was "one common feature which characterizes the

whole of the charters"⁴⁵. Also it often happened, at least in the provinces if not everywhere, that leading members in a locality had a power of veto in the admission of new members from the district. Thus, patrimony was the main channel of getting a place in such companies, just like inheriting a vast property.

Besides restricting the fortunes of their enterprise to narrow circles, the quantities traded by these companies were carefully regulated, presumably in the interests of price-maintenance, by the control of shipping that the company exercised. Also, minimum selling-prices and maximum buying-prices were sometimes enforced on members. Thus, in the reign of James I, "the Levant Company not only controlled the supply but fixed buying prices for produce purchased in the Near East"⁴⁶. How the East India Company controlled the buying-prices in India, and carried on indiscriminate loot and plunder of the country and her people, behind the thin veil of commerce, will be discussed later.

There was also another interesting feature of this new merchant bourgeoisie, which is "the readiness with which this class compromised with feudal society once its privileges had been won"⁴⁷. The compromise was three-fold in character. In the economic sphere, "it purchased land, entered into business partnerships with the aristocracy, and welcomed local gentry and their sons to membership of its leading guilds"; in its social aspect there was the desire of the commercial *parvenu* to raise their status by intermarriage and by the acquisition of titles to gentility; and in the political sphere, there was the "readiness to accept a political coalition (as often happened in the government of Italian and other continental towns between the wealthy burghers and the older noble families) or to accept ministerial offices and a place at Court on the basis of the old State-form (as occurred with the Tudor régime in England)"⁴⁸. This was necessitated firstly by their foremost demand for political privilege, and, secondly, by the need that as few as possible should enjoy it. Thus the East India Company was "a typical monopolist creation of the oligarchy which fixed its grip on England with the Whig Revolution"⁴⁹.

But, by thus compromising itself with the feudal elements, as a class the merchant bourgeoisie failed to lead society further. As an authority on the subject has remarked⁵⁰:

"The degree to which merchant capital flourished in a country at this period affords us no measure of the ease and speed with which capitalist production was destined to develop; in many cases quite the contrary. Having previously existed, as Marx aptly remarked, 'like the gods of Epicurus in the intermediate worlds of the universe', merchant capital in its efflorescence between the fourteenth and the sixteenth centuries exercised a profoundly disintegrating effect. But in an important sense it continued to exist 'in the pores of society'. It flourished as an intermediary, whose fortune depended on its insinuating cunning, its facility for adaptation, and the political favours it could win. The needs that merchants and usurers served were largely those of lords and princes and kings. These new men had to be ingratiating as well as crafty; they had to temper extortion with fawning, combine avarice with flattery, and clothe a usurer's hardness in the vestments of chivalry. In the producer they had little interest save in his continuing submissiveness and for the system of production they had little regard save as a cheap and ready source of supply. They had as much concern for the terms of trade (on which their profit-margin depended) as for its volume; and they minded nothing whether what they bartered was slaves or ivory, wool or woollens, tin or gold as long as it was lucrative. To acquire political privilege was their first ambition: their second that as few as possible should enjoy it. Since they were essentially parasites on the old economic order, while they might bleed and weaken it, their fortune was in the last analysis associated with that of their host. Hence the upper strata of these bourgeois *nouveaux-riches* took to country mansions and to falconing and cut capers like a gentleman without great embarrassment, and what remained of the old baronial families took these upstarts into partnership with a fairly cheerful grace. The merchant of Defoe's story retorted to the squire who told him he was no gentleman: 'No Sir, but I can buy a gentleman'."

How true the above characterisation of the merchant bourgeoisie is will be evident from the following study. It will be seen while perusing the subsequent chapters how by plying every tool of trade the East India Company, the most powerful representative of British merchant capital, consolidated its position in England and India. To obtain and maintain exclusive political privileges in England, it combined bribery with protestations of honesty, intrigues with outward submission, plunder of foreign lands for the small clique with declarations of serving the British interest of promoting trade; and later, rapine of India with the martyrdom of bearing the "White Man's Burden" in the colony. To obtain mastery of Eastern waters

(and particularly India) vis-a-vis its European rivals, it alternated between truce and treachery, peace and war, as the occasion demanded. And with the same governing objective of acquiring fortunes irrespective of scruple or any such accepted virtue, in India, so long as the Indian powers were strong, it used flattery, bribery and court-intrigues; played with guile and ostentation of friendship and alliance; alternated acquiescence to the Indian rulers and sudden attacks; and after it became *the* political power in India, it let itself loose on this proverbially rich land to "make hay while the sun shines".

In a sense, however, the East India Company was a late product of the time; for, by the end of the sixteenth century, "this new aristocracy, jealous of its new-found prerogatives, had become a conservative rather than a revolutionary force; and its influence and the influence of the institutions it had fostered, such as the chartered companies, was to retard rather than to accelerate the development of capitalism as a mode of production"⁵¹. As a class, the merchant bourgeoisie therefore came in conflict with the rising force of industrial capitalists, to which it had to give way. Thus, born in the wake of reaction, the East India Company, after bitter struggles to retain power, had to liquidate itself in the middle of the nineteenth century, when British industrial capital finally decided not to tolerate any more any vestige of this obstruction towards its full play in the colony of India.

4. Mercantile Theories

To complete the background of the East India Company, it is also necessary to expose the hollowness of the lofty mercantile theories which the supporters of merchant capital have often pronounced in order to hide the real aim of the merchant companies in the countries they traded with, and which they invariably aspired to turn into colonies. This is of particular importance to note here, for the apologists of the East India Company have frequently asserted that the Company became the master of India purely by chance, and not as a result of its policy. But their so-called honest ambition for fair trade can easily be proved to be sham if the basis is examined on which depended the trading profit of these mercantile bourgeoisie.

The main concern of these merchant companies was for the maintenance of a profit-margin between the price in the market of purchase and the price in the market of sale. Obviously, for this reason, they always depended on monopolistic trade; otherwise, if they were to be subjected to unrestrained competition, what source could there be for the immense profits they reaped? Secondly, they were not only interested in selling commodities dear by means of their monopoly rights, but also buying these commodities cheap. This necessitated substantial control over the buying country, so that goods could be bought at a very low price, or practically for nothing, when they were obtained by means of virtual loot and plunder. In other words, a political control over the countries they traded with was a *sine qua non* of the policy of the merchant companies. This will be amply illustrated from the role of the East India Company from the beginning of their penetration into India.

Furthermore, it should be noted that an unusually high selling price of commodities demanded by the monopolist companies was bound to affect in the long run the demand for their exportable goods. An *inelastic* foreign demand had therefore to be implicitly accepted in their mercantile theories. And this, under this situation, could be possible only when their policy chiefly depended for its success on its application to a system of colonial trade where political influence could be brought to bear to ensure to the parent country the right to exploit a dependent colonial system. This situation was fully revealed in the era of industrial rather than of merchant capital, or perhaps from the time when merchant capital was already acquiring a direct interest in production, for the trade they evidently had in mind consisted of an exchange between the products of home manufacture and colonial products which consisted chiefly of raw materials and therefore entered as an element into the cost of the former. Any favourable turn in the terms of trade would, therefore, tend to lower industrial costs relatively to the price of finished industrial goods and consequently augment industrial profit. Although these features of British rule in India were fully unfolded when the exploitation of India by British Industrial Capital gained an upper hand, yet it should be borne in mind that germs of this situation were laid down much earlier. Of this much evidence was obtained after the East India Company usurped political control over India.

The present study, however, will deal with that phase of British rule in India which was mainly characterised by its exploitation by means of merchant capital. Therefore, the scramble for power of the several European merchant companies in India, stimulated by the rivalry of these nations in Europe, in which the British were finally victorious—not because of their “spectacular heroism” and unflinching determination to oppose tyranny of the Indian rulers, as it has often been claimed from Britain, but because of their best adaptation and application of the essential features of merchant capital as enunciated above; the manoeuvre of the East India Company to gain a position in India when the centralised Indian Power was strong, and its activities to become supreme in Indian politics when this centralised power was disintegrating; the partially-successful attempts of the East India Company to check the growing influence of the Free Merchants or “Interlopers” and its own employees, who, breeding in the same stultifying system, began to break through the exclusiveness of the Company both at home and in the trading countries; the reckless vandalism of the Company in India since it usurped political power, changing the one-time “Granary of the East” into a land of destitution and beggars; and, finally, its capitulation to the mounting influence of industrial capital in Britain—after bleeding India white for a century;—these will be the subject-matter of the present study.

Hence, in the light of the growth of mercantile bourgeoisie in England and some other European countries, as discussed above, it will be shown in the following study how the East India Company was born in England and how it fared in relation to those English merchants who were barred from such a lucrative field for “commerce”; how the foreign merchant companies penetrated into India, and how they reacted to one another; what were the essential characteristics of life in India before the East India Company finally entrenched itself into Indian territory; how by taking advantage of the disintegration of the Moghal Empire and the inherent weakness of the Indian feudal structure the East India Company emerged as the biggest power in the subcontinent; what role it played in its career against the background of the political situation in (i) England, (ii) India, and (iii) the world as a whole; and why finally it had to wither away, since as a social force it had spent its power and was

standing as an obstruction to the rule of British capitalism in the colony in the Era of Industrial Capital.

The present study will thus endeavour to give a logical continuity to the role of the East India Company from its rise and until its decay, and show that its activities, however contradictory they might have appeared from the usual studies of its history — painting it as a band of peaceful traders transforming itself into a band of oppressive rulers, — were inherent in the *social character* of its genesis and development.

CHAPTER 2.

COMPANY AND THE ENGLISH MERCHANTS

1. Birth of the Company

The wealth and splendour of India were not unknown to Europe long before the advent of the European merchant companies in the subcontinent. The Greeks and Romans were well acquainted with Indian merchandise, and this might have been one of the principal reasons "enabling the ancients to obtain a great accession to their knowledge respecting India"⁵². In those times, direct commerce developed between Europe and the western seaports of India, but "the weakness and distractions of the Roman Empire, and subsequently the rise of the Mohammedan power, cut off the nations of Europe from all direct communication with India"⁵³. Henceforth, the trade between India and Europe was taken over by the "Moors of Egypt and Arabia", who, collecting their wares from Indian border towns and ports, used to hand them over to the European traders in the Mediterranean ports.

Usually this merchandise went by the sea-route—by the Indian Ocean and Red Sea—to Egypt and Syria, to Greece and Turkey, and as far as Venice, and also by the Persian Gulf to Persia and the Middle East. Some goods also trickled to places like Bokhara by the overland route, but this was never a very successful trade-route in India, mainly because it was rather inaccessible. In later times also, the contact of the European merchants with India was mainly by sea. Not only India was thus more easily accessible, having a sea-frontier of some 5,000 miles as compared with about 4,000 miles of land-frontier studded with insurmountable peaks of the Himalayas and impassable regions, but because the Indian sea-frontier, unlike her land-frontier (especially in the north-west), was never well-guarded by the Indian rulers. There was also the point that of late the sea-power of the Indian rulers was practically non-existent. With the Great Moghals, sea-power was virtually absent, and with the

smaller semi-independent or independent kingdoms in the south of India also it was at a very poor stage or did not exist at all. So this was the most convenient course of approach for the European merchants, who, in any case of difficulty, could easily leave the shores of India without being molested or receiving the punishment due to them for their misbehaviour to the Indian people and the governments.

The Arab merchants do not appear to have ever risen above their position as intermediaries between the Indian and European traders. For a considerable time, the rich productions of India were "conveyed by Arabian navigators or by inland caravans, and sold to the Venetians and Genoese on the shores of the Mediterranean or of the Black Sea; but these traders themselves, so distinguished in the Middle Ages by their maritime enterprise, made no attempt to open a direct commerce with the distant regions whence those precious commodities were imported"⁵⁴. The situation changed with the rise of the *class* of merchants in Europe and the emergence of some European nations as the foremost maritime powers in the world.

By the fifteenth century, the riches of India "violently attracted the attention of Europe":

"The commerce of India, even when confined to those narrow limits which a carriage by land had prescribed, was supposed to have elevated feeble states into great ones; and to have constituted an enviable part in the fortune even of the most opulent and powerful: to have contributed largely to support the Grecian monarchies both in Syria and Egypt; to have retarded the downfall of Constantinople; and to have raised the small and obscure republic of Venice to the rank and influence of the most potent kingdoms."⁵⁵

Hence, true to the position that foreign trade occupied in the flowering of merchant capital, the cupidity of all maritime nations in Europe was roused, and all of them set about establishing direct "trade relations" with India.

The Portuguese were the first to take the field. A Russian merchant, Afanassi Nikitin, had visited India prior to the Portuguese (1469-1472), and spent most of his time in South India⁵⁶. But, if he had any commercial mission, it does not appear to have been very successful; at any rate, so far very little is known about it. The Portuguese, on the other hand, began splendidly.

In 1498, Vasco da Gama discovered the sea-route to India via the Cape of Good Hope. It is said that he and his crew came in search of "Christians and spices". Christians they did not find many, but spices in plenty; and especially in the islands of Sumatra, Java, etc., in what were then known as "Indian Waters". They began to import to Europe spices, then one of the most coveted commodities from the Orient. By the beginning of the sixteenth century, the Portuguese merchants had established themselves as a trading body in India. A number of Portuguese settlements grew up near the sea, namely, Goa, Diu, Daman, Salsette, Bassein, Chaul and Bombay at the west coast; San Thomé near Madras at the south-east; and in eastern India, at Hugli in Bengal. Their authority also extended over the major part of Ceylon.

Next to the Portuguese, came the Dutch to India. Since the discovery of the India-route via the Cape of Good Hope, the Portuguese were very keen on preserving their exclusive rights to this route, and fought with any other nation which might attempt to jeopardise their monopoly by voyaging to Indian waters by this only available sea-path and thus supplant them in their lucrative pursuit. They had therefore fortified ports on this route where vessels might call in for supplies, and cruised the water with armed ships. Even so, the Dutch in 1595 were bold enough to send four ships to trade with India by this route.

Furthermore, in 1595-96, a great work on India was published by one Jan Huyghen van Linschoten, a Hollander, who had lived six years at Goa. In this book he revealed to the world how insecure was the Portuguese grip upon the East. This book was speedily translated into English, Latin, German, and French, and obviously had a significant bearing on the formation of both the Dutch and the English East India Companies.

The United East India Company of the Netherlands was incorporated for trading in the East with a capital of over £ 500,000, and in 1602, it was furnished with a Charter by the Dutch States General which empowered the company to make war, conclude treaties, acquire territories and build fortresses. It was thus made "a great instrument of war and conquest"⁵⁷, like the other Chartered Companies of Merchant Capital in Europe in those days.

Although the Dutch paid more attention to the Far Eastern areas,

such as Sumatra, Java and Borneo, they also established *factories*, as the trading depots of all these merchant companies were called, in Gujarat in West India, on the Coromandel Coast in south-eastern India, and in Bengal, Bihar and Orissa, that is, in eastern India. They entered deep into the interior of the lower Ganges valley; and in 1658 they also got possession of the last Portuguese settlement in Ceylon.

By supplanting the Portuguese, the Dutch practically maintained a monopoly of the spice trade in the East throughout the seventeenth century. They also became the carriers of trade between India and the islands of the Far East, "thus reviving a very old connection maintained in the palmy days of the Vijayanagar Empire"⁵⁸. At Surat, where they established themselves in 1616, the Dutch were supplied with large quantities of indigo, manufactured in central India and the Jumna valley. From Bengal, Bihar, Gujarat and Coromandel, they exported raw silk, textiles, saltpetre, rice and Gangetic opium.

The English did not lag far behind. Since the penetration of the Portuguese merchants into India, they had their eye on the sub-continent, and were devising ways and means to accomplish the task. Their first known attempt was probably in 1527, when an English merchant by the name of Robert Thorne, who, having spent a number of years at Seville in Spain, had acquired very definite knowledge about the Portuguese trade relations with India, submitted a project to Henry VIII by which the English merchant bourgeoisie could gain a passage to India and attain the same enviable position as that of the Portuguese at that time. Since the Portuguese defended by force their exclusive right to the passage to India via the Cape of Good Hope, the suggestion of Thorne was to reach India "by sailing to the north-west, and thus obtain a passage at once expeditious and undisputed"⁵⁹. Two voyages were thus made during the reign of Henry VIII, one about 1527 and the other ten years later; but both of them ended in failure. Several more voyages to explore the north-west passage to India were undertaken before the close of the century, but, as before, nothing came out of such ventures.

The English merchant bourgeoisie also "anticipated a happier issue from a voyage to the north-east"⁶⁰. Accordingly, during the reign

of Edward VI a squadron went sailing along the coast of Norway, doubled the North Cape, and one of the two principal ships "found shelter in the harbour of Archangel, and was the first foreign ship by which it was entered"⁶¹. This ultimately resulted in the birth of the Russia Company, which although not dealing with India, brought rich profit to the English merchant bourgeoisie. In 1580, another attempt was made to explore the north-east passage, but it ended in failure.

The English then made up their mind to defy the Portuguese, and sent two expeditions to China via the Cape of Good Hope. The first one was in 1582, and the second in 1596; the latter carrying Queen Elizabeth's letters to the Emperor of China. But both the expeditions ended in fiasco.

Meanwhile, in 1580, Captain Drake completed his round the world voyage by sailing via the New Hemisphere and returning via the Cape of Good Hope, "with half a million pounds worth of loot, as much as the whole revenue of the Crown for a year"⁶². His assertion that the voyage to India by the Cape was also possible for the English raised once again the high hopes of the English merchant bourgeoisie. A second round the world expedition left England in 1586 and returned in 1588, carrying nautical data on sailing via the Cape of Good Hope.

By then, trade with India had become irresistible to the English merchant bourgeoisie.

"They sailed to the eastern shores of the Mediterranean Sea, where they found cargoes of Indian goods conveyed over land; and a mercantile company, denominated the Levant Company, was instituted, according to the policy of the age, to secure to the nation the advantages of so important a commerce."⁶³

The Russia Company also had sent a representative to open trade relations with Persia, who in the city of Bokhara "found merchants not only from various parts of the Persian Empire, but from Russia and China, and India"; and having performed seven times his voyage to Persia, he "opened a considerable trade for raw and wrought silk, carpets, spices, precious stones, and other Asiatic productions"⁶⁴. By 1563, the business had reached such a dimension that it required "the presence of three agents at Casbin, the seat of Persian Court;

and the traffic flourished for several years"⁶⁵. Then, by 1593, two Portuguese ships carrying merchandise from India were captured by the English. The cargoes of the first ship "inflamed the imaginations of the merchants; and the papers which she carried afforded information respecting the traffic in which she was engaged"; and the second vessel was the largest "which had ever been seen in England, laden with spices, calicoes, silks, gold, pearls, drugs, porcelain, ebony, &c.; and stimulated the impatience of the English to be engaged in so opulent a commerce"⁶⁶.

Further preparations had also been made during such expeditions and piratical actions. The English merchants who had long before been organised for trade under the name of Merchant Adventurers decided in 1581 to send out men to report on what could be bought and sold in Asia. These traders were to go via Syria and the Persian Gulf, for they apprehended that the Portuguese would try to sink intruders who went via the Cape of Good Hope. So, in February 1583, a party of merchant-travellers, set out on their mission, carrying letters from the Queen Elizabeth addressed to Akbar, the Great Moghal Emperor of India. The party was financed by the Turkey or the Levant Company.

Having arrived at Basra, via Aleppo, the party was divided. Ralph Fitch, Newberry, Leeds and Storey were deputed to proceed to India, and the rest remained there. Fitch and his friends intended to slip across the Arabian Sea from Ormuz, an island at the mouth of the Persian Gulf. But they were arrested by the Portuguese who had a fortress there. This gives an idea of how the mercantilist states of the Atlantic seaboard guarded their exclusive interests.

Imprisonment was not the only fate awaiting Fitch and his party. Religion was called in aid of the rival merchants, and the charge of heresy was levelled by the Portuguese against Fitch and his colleagues. So, as heretics, they were sent prisoners to Goa, the capital of the Portuguese Indies. An inquisition existed in Goa, and a Grand Inquisitor was waiting for them. However, with the help of an English Jesuit who was then at Goa, Fitch and his colleagues, except Storey, managed to escape from the Inquisition. Storey became a monk at Goa. The other three secretly entered the Indian subcontinent, and travelled to Fatehpur Sikri, the wonderful red sandstone city which Akbar had just built. They saw the splendour of the

Moghal Court at its greatest moment. But they were not given formal audience by the Emperor, evidently because, to a grand monarch like Akbar, England and her Queen were not matters of great concern, and as mere merchant-travellers without any presents to offer the party of Fitch was not qualified for that honour. The party was therefore unable to deliver the Queen's letter, but Leeds, who was a jeweller, was given employment at Court on a good salary.

Fitch decided to travel farther eastwards, and taking a boat on the Ganges in September 1584 he floated down to Hugli in Bengal. From Hugli he passed into Chittagong, and thence by boat to Pegu in Burma. He stayed in Burma for some time, visiting Rangoon and other places, and then went to Chiengmai in northern Siam. After investigating the trade at Chiengmai he returned to Pegu and went to Malacca near Singapura. Thence, "having noted the vital importance of the Straits of Malacca for a maritime power trading to the Far East"⁶⁷, (or, to be more exact, for holding the Far East for *colonial trade* on account of which the British later built the town of Singapore), Fitch returned to Pegu. And then he set out for home, travelling by sea to Ceylon, thence up the west coast of India to Cochin, then to Goa, and so on to Basra, Babylon, Mosul, Aleppo, and finally to London. Newberry died on his way home by the Punjab.

Fitch was away for eight years. In this period he had noted the tremendous prosperity of the eastern countries compared to which his own country appeared to him very insignificant. He found even Pegu much bigger than London.⁶⁸ In four years of British occupation from 1852 Pegu was reduced to such a state and was considered so well suited for transportation for life that after the Santhal Insurrection of 1855-56 the mouth-piece of the British in India, the journal entitled "Friends of India" wrote editorially⁶⁹:

"It is to Pegu that we would convey the Santhals, not one or two of the ring-leaders, but the entire population of the infected districts."

During his voyage in the East, Fitch had also collected a mass of information of the greatest importance to the English merchants. As a shrewd observer he had also noted about Nanda Bayin, the King of all-Burma, who had conquered Siam, that "This king hath little

force by sea, because he hath but very few ships"⁷⁰. Such comments emphasises the importance of a strong naval power on which the prosperity and final supremacy of these merchant companies ultimately depended. Indeed, for this reason, the merchant bourgeoisie of different European nations were continuously striving to make their navy the strongest, so that only one of them would have the undisputed sway over the sea-borne trade, and, consequently, over the colonies. It appears that to a significant extent herein lay the maximum success of the English as the greatest coloniser of the world, for eventually they became the unrivalled sea-faring nation in Europe and in the world; and, as will be seen later, because of the lack of a strong Indian navy, the growing Indian mercantile bourgeoisie could not but make alliance with the European merchant companies, which, in the end, brought their doom.

To go back to Fitch, the information collected by him, along with the details about trade in India, Burma and Siam, was found very useful by the merchants in London. They went through his information for a number of years; and, it is said that this information finally "led to the founding nine years later of the East India Company, the great organization which in the course of two hundred and fifty years was to acquire for England almost all the towns he had visited"⁷¹.

Meanwhile, in 1591, Sir James Lancaster doubled the Cape and traversed the Indian Ocean. He and a few survivors struggled home after much sufferings, but he had proved once more the voyage to be a possibility. This, no doubt, further influenced the London merchants to float the East India Company, who had by then more intelligence about India from another Englishman by the name of Stevens who had "sailed with the Portuguese from Lisbon to Goa, by the Cape of Good Hope, and wrote an account of his voyage, which was read with avidity, and contributed to swell the general current of enterprise which now ran so vehemently toward India"⁷². And, added to these was the publication by the Hollander Linschoten which further speeded the formation of the English East India Company, as has been mentioned before. Finally, the successful expedition of the Dutch to India via the Cape route in 1595 was more than the outrivalled English merchant bourgeoisie could bear. So, in 1599, under the direct auspices of the Merchant Adventurers, "an associa-

tion was formed, and a fund subscribed, which amounted to 30,133 l. 6s. 8d., and consisted of 101 shares: the subscriptions of individuals varying from 100 l. to 3,000 l."⁷³

The association petitioned the Queen "for a warrant to fit out three ships, and export bullion, and also for a charter of privileges"⁷⁴, but the ruling circles hesitated to break peace with Spain and Portugal on this account. The Queen was, however, persuaded to send a merchant by the name of John Mildenhall on an embassy to the Great Moghal by the overland route via Constantinople, while the official acknowledgement of the Company was under discussion. Carrying a letter from the Queen to the Emperor Akbar, Mildenhall could not reach Agra before 1603, but having stayed in India for three years he successfully returned to England in 1607, carrying a *firman* or Royal Order from Jahangir, the successor of Akbar, in favour of English trade in India.

In the meantime, in England, the Merchant Adventurers had by the end of 1600 succeeded in winning the consent of the government to prepare their voyage to India. For this, they obtained a Royal Charter on the 31st December 1600. The raising of the price of pepper by the Dutch in 1600, "at one sweep from 3s. a pound to 6s. and 8s.", by taking advantage of their monopoly in spice-trade, was an immediate cause for the official recognition of the Company and the granting of its charter.⁷⁵

The Company was entitled, "the Governor and Company of Merchants of London, trading to the East Indies". Of the many exclusive privileges obtained by the Company according to the Royal Charter, the most important ones were:

- 1) "prohibiting the rest of the community from trading within limits assigned to the Company, but granting to them the power, whenever they please, of bestowing licenses for that purpose";

- 2) power to "export in each voyage 30,000 l. in gold and silver; also English goods for the first four voyages exempt from duties, and to re-export Indian goods in English ships under the same privilege to the end of the charter";

- 3) validity of the charter for fifteen years, "but under condition that, if not found to be advantageous to the country, it might be

annulled at any time under a notice of two years: if advantageous, it might, if desired by the Company, be renewed for fifteen years".⁷⁶

In other words, the charter contained similar rights and privileges to those obtained by other monopolist companies of merchant capital in those days.

It is interesting to note further, how the merchant bourgeoisie strove to maintain from the beginning their exclusive hold in this venture. When the East India Company was organising its first voyage to India, the government suggested the employment of Sir Edward Michelbourne in the expedition. But the leaders of the venture, although they waited upon favours from the Queen and the Lords, made known their desire quite categorically: — "not to employ any *gentleman* in any place of charge", and to be allowed "to sort their business with men of their own qualite, lest the suspicion of employ^t of *gentlemen* being taken hold uppon by the generalitie, do dryve a great number of the adventurers to withdraw their contributions"⁷⁷. The Company, however, in all essentials, remained closely linked with the monarchy from the start; Queen Elizabeth being one of its shareholders.

Thus began the career of the English East India Company, the first ship of which sailed from England on the 2nd of May, 1601, "carrying letters of recommendation from the Queen to the sovereigns of the different ports to which it might resort"⁷⁸.

2. Struggle of the *Have-not* English Merchants

Since the birth of the Company, it was motivated by three guiding principles:

1) Preservation of its monopoly rights and privileges with regard to Eastern trade vis-a-vis other English merchants;

2) Execution of plans to oust rival mercantile interests from the eastern theatre;

3) Securing special and exclusive privileges for itself from the Oriental governments in order to receive goods from the buying-countries at the least possible expense.

Of these three principles, the last two will be discussed in subsequent chapters. In the following it will be examined how the Company fared in England.

While from 1601 the East India Company embarked upon a prosperous career in eastern trade, basking in the favour of the monarchy in the form of a royal charter, opinions were getting stronger in England against royal monopolies. Those merchant-manufacturers who could not secure admission to the privileged ranks of the export companies (which, incidentally, always remained their ruling ambition) came into acute conflict with the trading monopolies which limited their market and depressed the price at which they could effect a sale.

In this situation, the East India Company soon became the greatest eye-sore to them, for it soon became the most important foreign-trading company in England. At the beginning, all those merchants who had joined together to promote trade with India were not sure of its outcome. So, until 1612, the Company did not function as a joint-stock company. Only those "subscribers who had paid were invited to take upon themselves the expense of the voyage, and, as they sustained the whole of the risk, to reap the whole of the profit"⁷⁹. For a company in its infancy and facing formidable opposition from the Portuguese and the Dutch in Eastern Waters, the initial ventures did not pay badly. A summary of the results of the separate voyages which came to an end with the first terminable joint-stock of 1613-16 shows that from 1601 to 1612 twenty-six large ships sailed for the East, representing a total investment of £466,179, of which £138,127 was exported in money and £62,413 in goods; the remainder being consumed by working expenses. The average profit for the period, allowing for losses by delay in winding up, was about 20 per cent per annum.⁸⁰ How big this profit was per voyage undertaken would be evident from the fact that during 1603 and 1613 eight voyages were carried out, of which that in 1607 fetched nothing as the vessels were lost; but the remaining seven voyages were so prosperous that the clear profits were "hardly ever below 100 per cent, being in general more than 200 on the capital of the voyage"⁸¹.

And how were such immense profits made? Here one gets a glimpse of the essential basis of foreign trade of these merchant bourgeoisie,

in which there was but a very small gap between legitimate commerce and piracy. Commenting on these eight expeditions of the Company, Murray, who, like others, did not show any less admiration for the integrity of British character in relation to the Company's European rivals in eastern trade, or in its dealings with the Indian rulers, noted⁸²:

"The Company had now sent eight expeditions, the result of which was judged on the whole to be extremely advantageous. Leaving out of the account the unfortunate voyage of Sharpey, they had derived an average profit of not less than 171 per cent. Mr. Mill hence draws the natural inference, that these had been conducted in a manner decidedly more judicious than subsequent adventures that yielded a very different return. Yet we cannot forbear observing, that many of the cargoes were made up on such very easy terms as their successors could not expect to command. Independently of the fact that whole fleets were sometimes laden with captured goods, trade was often carried on by compulsory means, calculated to ensure a profitable return only to the stronger party. These first voyages, in short, exhibit the profits of trade combined with the produce of piracy."

Thus, in the first ventures of the Company piracy played a considerable part. In subsequent years its role had to diminish in importance because of the sharp contest between European Powers over the eastern trade, and because of the growing resistance of the Asian peoples to such vandalism, which could obtain some redress until political power over them was fully usurped by the Colonial Powers. As it will be seen in Chapter 5, after the East India Company became the ruler of India, the mask of honourable trade was torn off and there remained no difference between commerce and open plunder.

However, to go back to the first phase of the Company's trade, from the beginning the East India Company was coming out as the most important of all chartered companies in England. It was the only one among many concerns which was exploiting the capital and manufactures of the country. So the other subscribers of the company who had so far held back from its ventures came together to form the first joint-stock company for the period 1613-16. The total amount put forward was £ 429,000, which made a total profit of 87½ per cent. The second joint-stock of 1617-32 raised a capital

of £1,629,000, and promised a satisfactory return. In 1617, the Company made a profit of £1,000,000 on a capital of £200,000.⁸³ Evidently, the East India Company had become the most important joint-stock company in England. In the seventeenth century, it "averaged a rate of profit of about 100 per cent"⁸⁴.

And while thus reaping great fortunes, the small clique of the Company's shareholders endeavoured to maintain their privileged position by proclaiming how the Company was serving the interests of the British nation. Mill wrote⁸⁵:

"Of the sort of views held out at this period to excite the favour of the nation towards the East India Company, a specimen has come down to us of considerable value. Sir Josiah Child, an eminent member of the body of Directors, in his celebrated Discourses on Trade, written in 1665, and published in 1667, represents the trade to India as the most beneficial branch of English commerce; and in proof of this opinion he asserts, that it employs from twenty-five to thirty sail of the most warlike mercantile ships of the kingdom, manned with mariners from 60 to 100 each; that it supplies the kingdom with saltpetre, which would otherwise cost the nation an immense sum to the Dutch; with pepper, indigo, calicoes, and drugs, to the value of 150,000 *l.* or 180,000 *l.* yearly, for which it would otherwise pay to the same people an exorbitant price; with materials for export to Turkey, France, Spain, Italy, and Guinea, to the amount of 200,000 *l.* or 300,000 *l.* yearly, countries with which, if the nation were deprived of these commodities, a profitable trade could not be carried on."

Naturally, the *have-not* merchant-manufacturers of England were not particularly pleased with such "services" rendered by the East India Company to the nation. They, therefore, conducted a vigorous campaign against the monopolist companies. But the influence of the monarchy was on the side of the "great whale", or the big chartered companies; for, with them the monarchy was closely affiliated. Consequently, little was done immediately to give the little fishes greater freedom of movement.

This, however, did not mean smooth sailing for the big companies. The practice of the Stuarts of selling monopolies was increasing on a large scale. The practice had originated with the last Tudor monarch, Queen Elizabeth, who bestowed valuable patents even upon servants of the Queen's household and upon clerks in

lieu of salaries. But, "what his predecessor had started as an occasional expedient James I developed into a regular system", in order to "replenish a treasury depleted by the rising expenditures due to the price-revolution"⁸⁰. And this system, while furthering royal prerogatives in foreign trade and thus in principle supporting the aims of the merchant-monopolies, led to temporary but quite serious inconvenience to the big monopolist companies.

With their characteristic policy of appeasing royalty and proclaiming the nation how they served the interests of England, the big trading bodies of course maintained their privileges, and the East India Company even further fortified its position in this period, but they had also to suffer temporary set-backs.

Thus, at the very beginning of the reign of James I,

"In 1604, the Company were alarmed by a license, in violation of their charter, granted to Sir Edward Michelborne and others, to trade to 'Cathaya, China, Japan, Corea, and Cambaya, &c.' The injury was compensated in 1609, when the facility and indiscretion of King James encouraged the Company to aim at a removal of those restrictions which the more cautious policy of Elizabeth had imposed. They obtained a renewal of their charter, confirming all their preceding privileges, and constituting them a body corporate, not for fifteen years, or any other limited time, but for ever; still, however, providing that, on experience of injury to the nation, their exclusive privileges should, after three years' notice, cease and expire."⁸¹

And, at the close of the reign of the same monarch,

"In 1624, the Company applied by petition, to the King, for authority to punish his servants abroad, by martial as well as municipal laws. It appears not that any difficulty was experienced in obtaining their request; or that any parliamentary proceeding for transferring unlimited power over the lives and fortunes of the citizens, was deemed even a necessary ceremony. This ought to be regarded as an era in the history of the Company."⁸²

Another set-back to the Company, however, came during the rule of the next monarch, when "Charles I was even so foolish as to annoy the East India Company by sanctioning a rival company from which he was to receive a share of the profits; while persons so anciently privileged as the Merchant Adventurers remembered that they had recently had to distribute some £ 70,000 in bribes in order to win a new charter"⁸³. This time also the Company, like the Merchant

Adventurers, was able to regain its position; the King giving his consent in 1639 "to withdraw the license granted to those rivals"⁹⁰ in 1635, which however was not put into effect before 1650.

In these manoeuvres of the East India Company and other such foremost trading bodies of England to resolve the difficulties created by royalty and for further fortification of their positions by the favour of the same agency, bribery evidently remained one of their chief weapons. As will be shown later in greater detail, up to the reign of Charles I, the yearly expenditure of the East India Company on this account, in order to appease the King and other "great men" of England, went up to £ 1,200. Moreover, how the Company had to pay in other ways for royal favours was illustrated during the reign of Charles I, whose grant of license to the Courten's Association for trading in the East created such difficulties to the Company.

"The King having resolved to draw the sword for terminating the disputes between him and his people; and finding himself destitute of money; fixed his eyes, as the most convenient mass of property within his reach, on the magazines of the East India Company. A price being named, which was probably a high one, he bought upon credit the whole of their pepper (for a total sum of £ 63,283-11s.-1d. - RKM), and sold it again at a lower price (for a total sum of £ 50,626-17s.-1d. - RKM) for ready money. Bonds, four in number, one of which was promised to be paid every six months, were given by the farmers of the customs and Lord Cottington for the amount; of which only a small portion seems ever to have been paid. On a pressing application, about the beginning of the year 1642, it was stated, that 13,000 l. had been allowed them out of the duties they owed; the remainder the farmers declared it to be out of their power to advance. A prayer was presented that the customs, now due by them, amounting to 12,000 l., might be applied in liquidation of the debt; but for this they were afterwards pressed by the parliament. The King exerted himself to protect the parties who stood responsible for him; and what the Company were obliged to pay to the parliament, or what they succeeded in getting from the King or his sureties, nowhere appears."⁹¹

While, like other big trading bodies of England, the East India Company was thus sheltering behind royalty, and by paying substantial sums was further fortifying its position, the attack of the *have-not* merchant-manufacturers came from another direction. The power in England was then shifting from absolute monarchy to

Parliament, which was run in an increasing measure by the upper classes in the towns and the landowners. In this situation the fight of the deprived section of the English merchant bourgeoisie took the parliamentary form of dissolution of all royal monopolies. The fight developed with mounting virulence, for the "antipathy to particular restrictions, damaging to a sectional interest, became transformed into a general movement against monopoly"⁹².

The opposition to monopolies waged its first Parliamentary battle in 1601, and the fight was resumed in 1604, when a Bill was introduced to abolish all privileges in foreign trade. It was suggested that foreign trading companies should be open to all persons on payment of a moderate entrance fee. In supporting this Bill, Sir Edwin Sandys declared that "merchandise being the chiefest and richest of all other and of greater extent and importance than all the rest, it is against the natural right and liberty of the subjects of England to restrain it into the hands of some few"⁹³. The brunt of the attack was against the privileged "200 families" which were already an entity in Stuart times, for, the speaker added, "governors of these companies by their monopolizing orders have so handled the matter as that the mass of the whole trade of the realm is in the hands of some 200 persons at the most, the rest serving for a show and reaping small benefit"⁹⁴. Since foreign trade was virtually monopolised by the London merchants, their provincial colleagues were very vocal in their complaints. The Newcastle traders, for instance, "fought a long and partly successful battle with the Merchant Adventurers, claiming prior rights granted to their own Merchant Gild in the Middle Ages, and the merchants of Bristol and the West Country ports strongly opposed the attempt of London to monopolise the Spanish and French trade, which, in 1604, was declared open to all Englishmen"⁹⁵.

Later also, after some intermittent skirmishing, the opposition returned to the attack with a general anti-monopoly Act in 1624. And, then, "together with its denial of the right of arbitrary taxation and imprisonment, the challenge by Parliament to royal grants of economic privilege and monopoly can be said to have formed the central issue in the outbreak of the seventeenth century revolution"⁹⁶.

A few years afterwards, in the sphere of foreign trade, not only did the Navigation Act of 1651 give a powerful stimulus to English

commerce and English shipping, but the privileges of the monopolist companies were somewhat reduced. According to this Act, it was prohibited to import into England, Ireland, and the colonies goods from Asia, Africa and America unless in ships owned by Englishmen, Irishmen or colonists, and manned by crews of whom more than half were English, Irish or colonial. Also, by the Navigation Act of 1650, it was earlier declared that none but English ships could lawfully be found in any colonial port. Even Williamson, who appears to be strongly on the side of monarchy, noted: "This was the first step in establishing a parliamentary code in supersession of the royal prerogative and its regulations."⁹⁷

Naturally, the monopolist companies faced grave difficulties under the circumstances. As the complaints of the chartered companies, fattening on the Royal Charters, to the Crown after 1660 witness, it was a period when interlopers thrived and obtained important concessions. How this affected the East India Company will be discussed later, but it is worthy of note here that when at the conclusion of the Dutch War (1654) all concerned looked to Cromwell to reorganise the East Indian trade, for a period of three years during the Protectorate the East Indies trade was actually free and open, to the delight of the enemies of the chartered companies. Even when, under the threats from the East India Company to sell all its forts and stations in India, the charter of the Company was renewed in 1657, this renewal was on the basis of a compromise between competing interests. And, "There is some evidence that the net result of such relaxation of monopoly was that trade expanded and export-prices and the profits of the foreign trading companies fell"⁹⁸.

Some of these social and political changes of course disappeared with the Commonwealth, but surely not all of them; and there cannot be any doubt that the Restoration was not at all a simple return to the *status quo ante*, as some historians would like the world to believe. As it has been remarked⁹⁹:

"... the Restoration of 1660 was in effect a re-combination of class forces to establish a government more in harmony with the real distribution of strength. It was less a restoration of the monarchy than a new compromise between the landowners and the upper classes in the towns."

Politically, the royal prerogative had suffered a mortal blow. The control of trade and finance, of judiciary and the army were henceforth in the hands of Parliament. "The field of industry was no longer encumbered by royal grants of monopoly; and, except for the East India Company, the exclusive privileges of the foreign-trading companies had been too much undermined for these bodies to regain their former position"¹⁰⁰. Shortly afterwards, by an Act of 1688, trade was thrown open and former monopoly-rights abolished, "except in the spheres of the Levant, Russia, Africa and Eastland Companies"¹⁰¹. One of the effects of this was a big expansion of the trade of other English ports relatively to London.

The East India Company is thus seen to have maintained its privileges during this turbulent period, and was probably on the most secure ground of all such big monopolies. But it had to pay a heavier price for its existence and privileges. For instance, just after the Restoration, the Directors of the Company greeted Charles II with an address of loyalty and a present of plate. The king, in return, granted them a favourable charter and availed himself of their practical goodwill by accepting loans amounting to £170,000 in the space of sixteen years.

Although the East India Company had thus to pay an immense price, it enjoyed some amount of stability during the reign of Charles II and his brother. The charter of 1661 confirmed to the Company the privileges accorded by previous grants, and gave additional rights of jurisdiction over all Englishmen in the East and power to maintain fortifications and to raise troops for their defence. In short, the Company was now equipped with political and military powers to have its way much more smoothly for profit-hunting than before.

The paid-up capital with which the Company began the new era totalled £370,000. This became a permanent joint-stock upon which the Directors could operate with greater confidence than in the old days of terminable joint-stocks. They increased their resources by limitation of dividends in the first years and also by acting as bankers, accepting deposits repayable at short notice and on low rates of interest. How rapidly the Company prospered at this time when they were extending their influence in India and were also enjoying some amount of tranquillity at home was revealed in 1683 when a

test case was brought to determine whether the king could grant royal monopolies outside the realm, with special reference to the East India Company's monopoly in Asia. This case has a little history.

While after the Restoration the shareholders of the Company as a body leaned to the Court and their Royal patrons, under the leadership of Sir Josiah Child who was made the Governor of the Company, the Deputy-Governor, Thomas Papillon, was against such arrangement. It has been said that Child was a monarchist, while Papillon was almost a republican. Whether that is true or not, it appears that while the former saw that the charter was as safe as the throne, the latter envisaged the overthrow of both or the aligning of the Company more towards the favour of Parliament than that of the King. Therefore, the minority of shareholders in the Company, under the leadership of Papillon, asked for the inclusion of the unprivileged merchants into the Company. The majority however stood firm for the maintenance of the vested interest. The minority in the end sold their stock, and withdrew from the Company. Papillon, since he was the ring-leader of the rebels, was not allowed to retire unscathed. His enemies prosecuted him as an exclusionist, which incidentally reveals the real character of these chartered companies of merchant capital in the seventeenth century. The case came before the Lord Chief Justice Jeffreys who was an ardent monarchist. He naturally found in favour of the Crown, and the Company's exclusive rights. Papillon was fined £ 10,000 for sedition, and he fled overseas.

The verdict was very pleasing to the Company's present shareholders;—a small clique of about forty persons closely connected with the Court. A few years previously their stock was valued at £ 1,700,000, on which the dividends averaged 22 per cent. It may be recalled that the Company was founded in 1600 with a capital of £ 70,000! Now, Jeffrey's verdict guaranteed their further future profits. Indeed, everything came up to expectations. During the whole period 1657–1691, the average annual dividend was about 25 per cent. The stock reached the highest price in 1683, when a £ 100 share fetched £ 500 in the market.

The conflict between the privileged and deprived merchants at home, however, was not yet resolved. Although the Company's monopoly was re-established, it was not as comfortable as could be

desired by the narrow interest of its shareholders. England was then flourishing from her foreign trade. As Mill wrote¹⁰²:

"Sir William Petty, who wrote his celebrated work, entitled 'Political Arithmetic', in 1676, says: '1. The streets of London showed that city to be double what it was forty years before; great increase was also manifested at Newcastle, Yarmouth, Norwich, Exeter, Portsmouth, and Cowes; and in Ireland, at Dublin, Kingsale, Coleraine, and Londonderry. 2. With respect to shipping, the navy was triple or quadruple what it was at that time; the shipping of Newcastle was 80,000 tons, and could not then have exceeded a quarter of that amount. 3. The number and splendour of coaches, equipages, and furniture, had much increased since that period. 4. The postage of letters had increased from one to twenty. 5. The king's revenue had tripled itself.'"

Hence, the English merchants who were deprived of holding shares in the Company continued to trade in Asia on their own. These people from earlier times called themselves "Free Merchants", while the shareholders of the Company dubbed them as Interlopers.

It would be of interest here to discuss briefly how these Interlopers acted in the trading countries and vis-a-vis the East India Company, in particular; and how they created conditions whereby the Company was ultimately forced to come to a compromise with them.

3. Interlopers

In fact, from the start of the East India Company, those merchants who wanted but could not get into the "favoured ring" took the field as "Free Merchants". At first, they made attempts to obtain sanctions from the English monarchs for trading in eastern seas, for in the pre-Reformation days Royal prerogative was a factor which could hardly be ignored directly. The monarchs, however, as stated before, in return for suitable presents or in lieu of some service rendered to them by these merchants, were not ill-disposed to grant the desired favour, provided by that they did not make the chartered companies too angry. Also it is not improbable to think that this might have been another method the monarchs sometimes adopted to extort more money, in forms of "loans", etc., from the chartered companies by promising them to withdraw the "undue" favour bestowed on the "Interlopers". Thus, as mentioned earlier, James I licensed at least one English, and one Scotch courtier, to make

independent voyages of their own in the eastern seas, which obviously went against the interests of the East India Company, and so it had to make "efforts" to get rid of such nuisances.

It has been said that the behaviour of the English Interlopers in the eastern seas was so atrocious that James thus imperilled the whole credit of his countrymen in the eyes of the Asiatics. For instance, Sir Edward Michaelbourne, a member of Jame's Court, was also one of the original members of the East India Company, but he was expelled from it for non-payment of his venture in the first expedition. In 1604, as stated before, Michaelborne obtained from James a licence to make an independent voyage in violation of the royal charter, and for two years he cruised in the eastern archipelago, doing very little trade but robbing any ship which came in his way. His victims included Dutch and Chinese merchants, and he thoroughly compromised the position of his fellow-countrymen in the islands. He returned in 1606, and died not long afterwards, the Company never obtaining any redress for the damages he had done to their interests, except that it made its position much stronger in 1609, as noted before. Whether Michaelborne acted with prudence or not, it will be evident from the following chapters that the Company itself was also not unskilled in resorting to every possible trick, the very meanest in many cases, to uphold or to further spread its influence in eastern waters. So the argument of the peculiar behaviour of the Interlopers does not appear to hold much water. And, in any case, James' example was followed by Charles I. He, being in constant need of money, instigated the formation of the rival association of Sir William Courten, whereby the East India Company fell into a state of disorganisation wherefrom it was fully restored as late as in 1657.

Moreover, when the "Free Merchants" did not, or could not, secure a sanction from the monarch, they took direct initiative in interloping trade, for which conditions were being created with the gradual weakening of royal prerogatives, and which became particularly manifest with the establishment of the Commonwealth. Since the time of Charles II, this was not at all a risky undertaking, for, as a result of constant pressure from the *have-not* merchants of England, the East India Company was forced to admit the "Free Merchants" into port to port trade in the eastern seas as well as in the

inland trade in India. In no case, however, did they allow the Interlopers to indulge in trading between the Orient and Europe. This remained their exclusive source of profit-hunting.

Such was the background when Samuel White came into the picture as perhaps the most remarkable of these Interlopers. A short account of White's activities in the eastern seas would not be out of place here to indicate how the East India Company fared both at home and in the East at the hands of its own compatriots. As it will be seen from the following, all of them—the Company, its officials and their compatriots, the "Free Merchants"—were guided only by the lust for loot from the East. They had very little conscience or scruple left to them.

Samuel White began his life as an employee of the East India Company. The trade at that time consisted mainly in the buying of cotton goods in India, for cash or in exchange for English manufactures, but there also existed another trade, known as the country trade. This comprised of exchanging commodities between the various countries inside Asia. The East India Company was not directly interested in that trade, which was carried on by the local inhabitants and the Interlopers. But the employees of the Company were allowed to engage in it for their private profit in a half-open partnership with the Interlopers. The Company connived at it (in fact, was indirectly interested in it as it will be seen in Chapter 5, when dealing with the internal trade of Bengal after the Company came to power), for the salary it offered to its employees was much too meagre to lure them to go abroad without the possibilities of making fortunes by means of internal trade. The internal trade was thus an indirect source of income to the Company, and thus there existed a good deal of give and take between the East India Company and the "Free Merchants", which the former could not help in the declining phase of monopoly privileges granted by royalty. The *de facto* arrangement was that as long as the Interlopers confined themselves to the country trade and made no attempt to compete in the London cotton market, or "embarrass" the regular trade of the Company by agreements with Asian rulers contrary to the interests of the Company, or with rival European merchants, the activities of the "Free Merchants", though not officially recognised, were winked at.

This was the world, and these were the possibilities, to which Samuel White had arrived in Madras in 1676. His salary was £10 a year, with the prospect later of promotion and private trade, provided White kept to the easy way. But, instead of keeping his safe job, White joined his brother George who was established as a Free Merchant at Ayudhya, the capital of Siam. He was appointed by the King of Siam as Captain of one of the king's ships plying between Mergui and Masulipatam on the Indian border. This was in 1677, and for six years White sailed back and forth across the Bay of Bengal, delivering the royal cargo—elephants—and trading on his own account.

Meanwhile, the King of Siam looked more favourably to the French to fortify his position against other Asiatic kingdoms as well as the Europeans (particularly Dutch encroachments which were then a serious matter in this area), and decided to fortify his position with the help of the English Interlopers in the Siamese service. Accordingly, White was sent for in 1683, created Mandarin and made Shabandar of Mergui, an appointment which combined the duties of a Superintendent of Trade and a Commissioner of Maritime Affairs. He was instructed to fortify Mergui and get together a fleet of armed merchantmen, so that when the French arrived Mergui would already be a port of the first importance on the Canton-Masulipatam trade-route. This was to be the base where the French ships could anchor and from which, with their assistance, Siam could dominate the Bay of Bengal.

The plan was a direct threat to the English East India Company whose ships commanded the Bay of Bengal and its approaches. But, just as the merchant bourgeoisie as a class had no other interest than in amassing wealth from cleverly-secured trading privileges, the attitude of White was to make a quick fortune by hook or crook. Likewise, just as the patriotism of the merchant bourgeoisie did not go far enough to help in rapidly industrialising their own country, so the Englishman White did not care the very least whether the French or the English were going to be the supreme power in the East so long as his personal loot was assured. All of them belonged to the same class of reactionary merchant bourgeoisie which had already spent its force, and their actions were motivated mainly, or only, by self-interest. Hence, White's behaviour in working for the

King of Siam against the interest of the East India Company was neither exceptional nor unnatural. It was in the nature of things outlined in the previous chapter.

Following his line of conduct, as soon as some of the armed ships which he was authorised to build or purchase were available, White placed them under the command of English "interloper" Captains and declared an unprovoked war on Burma and Golconda (an Indian kingdom independent of the Great Moghals). This he did without the knowledge or sanction of the Siamese Government. White then proceeded to seize all ships belonging to those States which were encountered in the Bay of Bengal, and manning the prizes with his own crews, he sent them to ports in Sumatra, or in the Persian Gulf. There the cargoes of these ships were sold as his private property!

For two years, White continued to prey on Asian shipping, which "enabled him to remit home £ 15,740 and to keep by him a trading capital in cash and jewels of a like amount, a total of which nowadays would be equivalent to at least £ 150,000"¹⁰³. Besides this trade in other people's property, he embezzled the entire sum allotted from the Siamese Treasury for the fortification of Mergui, and, "by maintaining a garrison which only existed on paper, was able on pay-day to credit himself with their wages"¹⁰⁴.

Such a happy state of affairs, however, did not last very long. The East India Company had come to the conclusion that he must be suppressed, for he was now associated with the French policy of the Siamese Government and thus the interest of the Company, as opposed to the interests of the Asian traders, was at a stake. If the French established themselves at Mergui, which was placed immediately opposite Madras and on the route to the Far East, the whole position of the Company would be in danger. The Directors of the Company therefore procured from James II, who was a large shareholder of the Company*, an order recalling White from service with the Crown of Siam.

* In the List of Adventurers in the East India Company for April, 1689, the following principalities were entered as shareholders:

The King	£ 7,000	Sir Thomas Cooke	£ 120,000
Sir Josiah Child	£ 51,000	Sir Nathaniel Herne	£ 108,000

(cf. Shafaat Ahmad Khan, "The East India Trade in the XVIIth Century", Oxford University Press, London, 1923, p. 173)

White was now in a difficult situation. The people of Mergui were very much against him, being incensed by his high-handed policy which never looked after their interest; in the capital of Siam, Ayudhya, also White would not feel secure because the whole administration was in disintegration, as a result of corruption and intrigues, and there were strong currents against him; and to go to Madras with the person who had come on behalf of the Company to escort him back would be certain ruin and possibly death on a charge of piracy or treason. On the other hand, to fight the representative of the Company would be a capital offence, for which, if he escaped afterwards to England, he could be arrested and tried. So, taking all these points into consideration, White sailed in 1687 in his own ship towards Madras, escorted by the ship of the Company which came to fetch him; but one day managed to slip away from the escort and sail for England with all his treasures. He arrived in England long before any news of his recent doings at Mergui had reached the Directors of the Company. At Mergui in order to remove the Company's escort, his last escapade was to tell the Siamese Council that the escort Weldon "had come to seize their town", which so incensed the Siamese that they attacked the entire community of English Interlopers (White managed to escape with Weldon as escort) and "some eighty Englishmen were killed"¹⁰⁵.

When White arrived in England, James II had just fled the realm, and William had come to the throne. The time was very favourable to White and all other Interlopers, for the Revolution of 1688-89 was the precursor of misfortune for the shareholders of the East India Company who were previously established in a stable position by the notorious Judge Jeffreys as described earlier. The Bill of Rights under which William and Mary took the throne although effecting little theoretical curtailment of the royal prerogative, practically made parliament the arbiter in all questions of national importance. Monopolies based solely on royal grants, while still possible, were thus rendered subject to reversal by legislation. In this mood of Parliament against royal monopolies, White saw his chance. He decided to anticipate any charges which the Company might subsequently bring by himself suing it for damages to the extent of £40,000. But before the case came up, he died suddenly in 1689.

4. Company Re-constituted

White might have died, but the other "Free Merchants" did not wish to miss this chance. Like White, they were quick to perceive that their time had come. So, with Thomas Papillon, who had in the meantime returned from abroad, at their head, they subscribed a fund, formed themselves into a society, and petitioned the Parliament in 1690 to throw open the Indian trade. A general election and the pressing business of the French war delayed their success. Sir Josiah Child, the Governor of the East India Company, also fought stiffly to the last. The Company spent £ 80,000 in bribes in a single year to maintain its exclusive rights in the eastern seas. Bribing royalty and the "great men" of England was an usual practice with the Company, and it had by now increased to a colossal dimension. This was noted by Mill as follows¹⁰⁶:

"The Company meanwhile did not neglect the usual corrupt methods of obtaining favours at home. It appeared that they had distributed large sums of money to men in power, before obtaining their charter. The House of Commons were, at the present period, disposed to inquire into such transactions. They ordered the books of the Company to be examined; where it appeared that it had been the practice, and even habit of the Company, to give bribes to great men; that, previous to the revolution, their annual expense, under that head, had scarcely ever exceeded 1,200 *l.*; that since the revolution it had gradually increased; and that in the year 1693, it had amounted to nearly 90,000 *l.* The Duke of Leeds, who was charged with having received a bribe of 5000 *l.*, was impeached by the Commons. But the principal witness against him was sent out of the way, and it was not till nine days after it was demanded by the Lords that a proclamation was issued to stop his flight. Great men were concerned in smothering the inquiry; parliament was prorogued; and the scene was here permitted to close."

The virtuous king also had his share in the spoils; probably the highest individual share,— "10,000 *l.* is said to have been traced to the king"¹⁰⁷.

But the trend of events was now against the small clique of shareholders of the Company depending on royal prerogative rather than on statutory law. The upshot was that the agitation against the Company, of which White's petition to the Parliament was a part, culminated in a resolution of the House of Commons in 1694 that

"all subjects of England have equal rights to trade in the East Indies, unless prohibited by Act of Parliament". Thus, the rule of Parliament was established over that of royalty.

The trade now being thrown open, the Interlopers founded a rival company. The Old Company again resorted to its cardinal policy of bribing, but here also it was superseded by the rivals!

"In the year 1698, both parties were urging their pretensions with the greatest possible zeal, when the necessities of the government pointed out to both the project of bribing it by the accommodation of money. The Company offered to lend to government 700,000 l. at 4 per cent. interest, provided their charter should be confirmed, and the monopoly of India secured to them by act of parliament. Their rivals, knowing on how effectual an expedient they had fallen, resolved to augment the temptation. They offered to advance 2,000,000 l. at 8 per cent., provided they should be invested with the monopoly, free from obligation of trading on a joint-stock, except as they themselves should afterwards desire."¹⁰⁸

Needless to say, the Interlopers' much bigger offer was readily accepted by the parliament, and in July 1698 Papillon and his followers obtained an Act of Parliament recognising them as the New or English East India Company in contradistinction to the Old or London Corporation. The grant was contingent upon the New Company lending £2,000,000 to the government at 8 per cent. All subscribers to the loan were to enjoy a proportionate share in the Indian trade, with liberty to organise themselves for that purpose in any way they thought fit. William confirmed the Act and gave three years' formal notice to the Old Company of the termination of its privileges.

Still, the Old Company did not accept defeat. If its rivals were strong at home, it was none the less firmly entrenched in the East. It had many factories, a loyal staff—fattening on inland trade and other legal or semi-legal and even illegal operations, and a century's experience. Moreover, by a clever manipulation, the Old Company made inroads into the New Company. When the subscription books for the two million sterling loan were opened in three days the great amount was underwritten. Among the entries appeared the name of John du Bois, for the sum of £315,000, or nearly one-sixth of the whole. John du Bois was the Secretary of the Old Company.

By this masterly stroke Child and the old hands stood to gain under the New Act almost as much as they were losing by the extinction of the royal charter. They might trade in what manner they pleased to the extent of their holding, and they were determined to put to the proof their rivals' ability to establish factories, to "attract" trade, to "negotiate" with Eastern Courts, and to accumulate the necessary "prestige" in a new land. How utterly incredible it appeared to the masters of the Old Company that merchant capital can prosper without monopoly privileges would be evident from what the Directors of the Old Company wrote to the Company's representatives abroad when the New Company had begun to function.

"In the instructions to their servants abroad they represented the late measures of parliament as rather the result of the power of a particular party than the fruit of legislative wisdom: 'The Interlopers', so they called the New Company, 'had prevailed by their offer of having the trade free, and not on a joint-stock;' but they were resolved by large equipments (if their servants would only second their endeavours) to frustrate the speculations of those opponents: 'Two East India Companies in England', these are their own words, 'could no more subsist without destroying one the other, than two kings, at the same time regnant in the same kingdom: that now a civil battle was to be fought between the Old and the New Company; and that two or three years must end this war, as the Old or the New must give way; that, being veterans, if their servants abroad would do their duty, they did not doubt of the victory; that if the world laughed at the pains the two Companies took to ruin each other, they could not help it, as they were on good ground and had a charter'."¹⁰⁰

The New Company also realised that it yet had much to win, and that a fusion of interests with the Old Company was the best solution for the class of merchant bourgeoisie. So it proposed a fusion, but received an evasive reply. Having no other course left to it, the New Company sent out presidents, factors, and clerks to India with orders to open business at all places where the Old Company was already established. But its untrained servants had little success in face of its rival's long-standing hold upon the country. Moreover, in "diplomacy" the New Company met with its heaviest defeat. It has been described how Sir William Norris, whom the New Company sent as its ambassador to the Moghal Emperor Aurangzeb,

made himself ridiculous by his pretensions and his ignorance of the Moghal Court manners, and narrowly escaped death while making a retirement which resembled a flight!

No doubt, on all sides the Old Company was foiling the New, but at ruinous cost to both. Thus, internal tension within the English merchant bourgeoisie was in no way serving the interests of the class as a whole. Evidently, amalgamation was the only remedy for a state of affairs rapidly becoming intolerable. Both the companies realised it, but now the terms of the union became the struggle between the Old and the New. Both sides looked to parliamentary influence to carry the day, and in the general election of 1700-01 the din of the rival arguments eclipsed all questions of general politics. Characteristically, bribes flowed like the water of the Thames, and it has been said that the eighteenth-century system of borough-mongering took shape from the electioneering methods of the East India Companies.

At length, in 1702, the end was reached. By the Instrument of Union of that year the financial issues were readjusted, the Old Company received seven years' grace in which to wind up its affairs, and thereafter the two bodies were to merge into the *United Company of Merchants of England trading to the East Indies*.

The tension between the *have* and the most vocal *have-not* merchants of England thus came to a satisfactory end, and the newly organised East India Company began to represent more broadly the interests of British Merchant Capital. This is why Marx wrote about the East India Company¹¹⁰:

"The true commencement of the East India Company cannot be dated from a more remote epoch than the year 1702, when the different societies, claiming the monopoly of the East India Trade, united together in one single company. Till then, the very existence of the original East India Company was repeatedly endangered, once suspended for years under the protectorate of Cromwell, and once threatened with utter dissolution by Parliamentary interference under the reign of William III. It was under the ascendancy of that Dutch Prince when the Whigs became the farmers of the revenues of the British Empire, when the Bank of England sprung into life, when the protective system was formally established in England, and the Balance of Power in Europe was definitely settled, that the existence of an East India Company was recognised by Parliament. That era of apparent liberty was

in reality the era of monopolies, not created by Royal Grants, as in the times of Elizabeth and Charles I, but authorized by the sanction of Parliament. This epoch in the history of England bears, in fact, an extreme likeness to the epoch of Louis Phillippe in France, the old landed aristocracy having been defeated, and the bourgeoisie not being able to take its place except under the banner of *moneyocracy* or the '*haute finance*'. The East India Company excluded them from parliamentary representation. In this, as well as other instances, we find the first decisive victory of the *bourgeoisie* over the feudal aristocracy, coinciding with the most pronounced reaction against the people, a phenomenon which has driven more than one popular writer, like Cobbett, to look for popular liberty rather in the past than in the future."

The East India Company of Britain is thus seen to have been born at the beginning of the seventeenth century, by which time merchant capital in England and in Europe had already passed beyond its initial progressive stage; and it is also seen that the final consolidation of the Company, effected by the amalgamation of its old and new variants at the beginning of the eighteenth century, coincided "with the most pronounced reaction against the people". Such was the character of the East India Company from the very beginning.

CHAPTER 3.

COMPANY AND ITS EUROPEAN RIVALS

Besides monopoly in the Home country, one of the other basic demands of merchant capital was that it must have full sway in the country with which trade was conducted. Although the renowned British historian James Mill accounted for this feature of merchant capital by professing ignorance of the science of political economy in those days, he noted¹¹¹:

"During that age, the principles of public wealth were very imperfectly understood, and hardly any trade was regarded as profitable but that which was exclusive. The different nations which traded to India, all traded by way of monopoly; and the several exclusive companies treated every proposal for a participation in their traffic, as a proposal for their ruin. In the same spirit, every nation which obtained admittance into any newly-explored channel of commerce endeavoured to exclude from it all participants, and considered its own profits as depending on the absence of all competition."

India thus became the theatre of conflict between four European Powers, viz. Portuguese, Dutch, English and French. Public Power in their respective countries could serve the interest of the class in power, and so in their mother countries the exclusive position of the respective companies was assured by their monopoly rights. But over them there was no *supra-national power*. Hence, they had to fight among themselves in order to decide who would gain supreme control of the India Trade. Jungle Law prevailed; the stronger in a contest between any two of them could dictate its own terms, or, if possible, eat up the other.

Thus triangular contests developed in the seventeenth century over the eastern trade; contests between the Portuguese and the Dutch, the Portuguese and the English, and the Dutch and the English, for they were the three main European Powers in the East

in that century. Although the French had ventured into the East in the same century, in the beginning they could not make much headway. Therefore, the conflict between the English and the French, which outrivalled all other rivalries of the European Powers in the East, could not fully emerge before the middle of the eighteenth century.

A few other European nations were also interested in the eastern trade; but they were interested only in small-scale and often "clandestine" trade, or they were not interested in India in particular, or they worked for British capital and thus did not represent any particular "national" interest other than that of the English Interlopers. Thus, the Danes came to India in 1616. But, not only "British capital played a large part in their operations", but "the Danes never had any pretensions to empire on a grand scale", and they were more engaged clandestinely in the private inland trade or otherwise.¹¹² A Swedish East India Company was also formed in 1731, but its trade was confined almost exclusively to China. Then there was the Ostend Company, organised by the merchants of Flanders and formally chartered in 1722; but it had a brief career in India. Moreover, as has been reported¹¹³:

"In the 1770's and 1780's, Copenhagen, Ostend, and Lisbon became the centres of an Indian trade which was for the most part British in all but name."

Thus, besides the Portuguese and the Dutch, who had gained access to the eastern trade prior to the English, the other mercantile force that the English East India Company had to reckon with in its designs over India was the French Company. In the following, therefore, the activities of the English East India Company in relation to these three European rivals will be discussed in the order of Portuguese first, the Dutch next, and lastly the French.

1. English-Portuguese Rivalry

Although the Portuguese arrived in India at the end of the fifteenth century, their commercial "mission" did not begin before the beginning of the sixteenth century. The real foundation of Portuguese Power in India was laid by Alfonso de Albuquerque, who "was

the first European since Alexander the Great who dreamed of establishing an empire in India, or rather in Asia, governed from Europe"¹¹⁴. Arriving in India in 1503, as commander of a squadron, he was appointed the Governor of Portuguese Affairs in India in 1509 because of his satisfactory naval activities. In 1510, he captured the port of Goa from the Bijapur Sultanate, and this port still remains the most important possession of the Portuguese in India. Some other ports also came into their hands, as noted in the previous chapter, and in the Moghal Court also they consolidated their position. So the Dutch and the English companies, in order to gain "concessions" from the Great Moghals for their trading activities in India, had to face this opposition.

The Portuguese influence however did not last long in India. From the beginning, the Indian rulers were not favourably disposed to them, although when Vasco da Gama had first anchored at Calicut in 1498 he received a warm reception from the local king and obtained permission to open trade relations, even though his presents to the king were so insignificant that the courtiers laughed when he presented them to the king.¹¹⁵ The rapid deterioration of the position of the Portuguese merchants in the eyes of the Indian rulers was for several reasons. Firstly, in order to establish their supremacy in the eastern seas, they from the beginning started forcibly to stop the merchants of other nations (Arabs, for example) from carrying on trade in India, using their strong naval force for this purpose. Secondly, their zeal to make Christian converts was too strong for the Moslem rulers and even for the rather more tolerant Hindu monarchs in the southern part of the subcontinent. Thus it appears that while they had the same aim as the other European representatives of merchant capital as regards exclusive privileges, they were too hasty in executing their designs. And added to their piratical actions on the coast of India was their proselytising vigour which became a nuisance in India, as in this respect also they did not proceed craftily like the English. The upshot was that the other European merchant companies which arrived in India in the wake of the Portuguese, namely the Dutch and the English, could muster support from the Indian rulers and drive the Portuguese out of the subcontinent. It is also true that the discovery of Brazil drew their colonising activities in the West.

However, at the initial stage of the English Company's adventures in the eastern waters, the Portuguese were still a force to be reckoned with. They had fortified positions on the west coast of India, and could draw support from a fairly strong clique in the Moghal Court. Also, as noted before, they professedly held mastery over the Cape route to India, as an alternative to which in the previous century the English had to try in vain to find the north-west and the north-east passages to India. Although the Portuguese could not withhold this privilege any more from either the Dutch or the English, they were not willing to surrender their other exclusive privileges without serious opposition and stiff fights.

Besides their fortifications on the coasts of India—east and west—and Ceylon, the Portuguese were in control of the port of Aden at the entrance to the Red Sea, of Ormus in the Persian Gulf, parts of Bengal where they possessed "factories", and several places in the eastern islands. In the areas east of India, the Portuguese were tackled mainly by the Dutch Company, but on the western coast of India the English Company had to encounter them, for the latter decided to open a "factory" at Surat as "in 1608, the factors at Bantam and in the Moluccas reported that the cloths and calicoes imported from the continent of India were in great request in the islands; and recommended the opening of a trade at Surat and Cambaya, to supply them with those commodities, which might be exchanged, with extra-ordinary profit, for the spices and other productions of the islands"¹¹⁶. So, for the first time in its life-history the East India Company attempted in 1608 to develop trade relations with India.

The English Company sent William Hawkins, who bringing his ship to Surat, which was then the main western port of the Moghal Empire, went to Agra—the Imperial Capital—to obtain permission from the Moghal Emperor Jahangir to open trade with the sub-continent. Patiently pursuing his plan for three years, Hawkins could persuade the Emperor to grant leave to trade at Surat, but as "the Portuguese, who were strongly represented at Court by Jesuits, succeeded in obtaining the cancellation of this grant and the virtual expulsion of Hawkins in 1611"¹¹⁷, the Company's first bid for penetration into India ended in failure. There was also the point that "the unruly behaviour of British ship-wrecked sailors produced a bad impression and trade facilities were denied"¹¹⁸.

The Company's next attempt was more successful. This time its representative, Captain Best, came with full preparations, and in the clash between his fleet of two vessels and the Portuguese squadron in 1612 at Swally, a place not at a great distance from Surat, the Portuguese were defeated. The prestige of the English rose in the eyes of the Indian rulers; as a result, in January 1613, Best managed to receive an Imperial Firman (Royal Order) from the Emperor granting the English Company the permission to open trade at Surat, Ahmedabad, Cambaya and Goga. This was the beginning of the Company's relations with India.

For reasons explained before, the Company was of course not satisfied only with the permission to open trade.

"The Company wanted a charter of rights from the Emperor himself which would place English commerce on a firm and enduring basis."¹¹⁹

So, in London, the brains behind the Company came to the conclusion: "To effect this the Jesuit diplomats at the Court of Agra must be confronted by an English diplomat as clever as themselves"¹²⁰. The man chosen for the purpose was Sir Thomas Roe who arrived in January 1616 at the Moghal Court carrying a letter from the King of England to the Moghal Emperor.

Meanwhile, a Portuguese fleet had burnt "the towns of Baroach and Goga: and a powerful armament arrived at Swally with the Portuguese Viceroy, in January 1614; which attacked the English; but was defeated, with a loss of 350 men"¹²¹. Roe knew that the position of the Portuguese in the East was not as good as before and that they were also facing serious opposition from the Dutch. So, "if it came to a fight, he knew the British could beat her armadas"; but "Roe did not want it to come to a fight", as "that would annoy the Mughul and, moreover, cause such expenditure that the trade would pay no dividends for years"¹²².

Roe was just the right type of diplomat that merchant capital could select for England at a time when the Company was only making in-roads into India. With his cunning and guile he put the English in a better light in the Moghal Court than the Portuguese, secured a treaty from the Emperor stating the right of trading and establishing factories by the English Company in any part of the Moghal Empire, in which Surat, Bengal and Sind were particularly

named, and also did his best to undermine the growing influence of the Dutch. The following extracts from Mill's "History of British India" gives an insight as to how Roe worked as a true representative of British merchant capital to oust the rivals from the field.¹²³

"Besides his other services, Sir Thomas bestowed advice upon the Company. 'At my first arrival', says he, 'I understood a fort was very necessary; but experience teaches me we are refused it to our own advantage.* If the Emperor would offer me ten, I would not accept one.' He then states his reasons: first, he adduces evidence that it would be of no service to their trade: 'secondly, the charge', he says, 'is greater than the trade can bear; for to maintain a garrison will eat out your profit; a war and traffic are incompatible. By my consent you shall never engage yourselves but at sea, where you are like to gain as often as to lose.** The Portugueses, notwithstanding their many rich residences, are beggared by keeping of soldiers; and yet their garrisons are but mean. They never made advantage of the Indies since they defended them: observe this well. It has also been the error of the Dutch, who seek plantations here by the sword.*** They turn a wonderful stock; they prole in all places; they possess some of the best: yet their dead pays consume all the gain. Let this be received as a rule, that if you will profit, seek it at sea, and in quiet trade; for, without controversies, it is an error to affect garrisons and land wars in India.

'It is not a number of ports, residences, and factories that will profit you. They will increase charge, but not recompense it. The conveniency of one, with respect to your sails, and to the commodity of investments, and the well employing of your servants, is all you need.' . . .

'The settling your traffic here will not need so much help at court as you suppose. A little countenance and the discretion of your factors will,

* This, of course, did not remain the consistent principle of the Company when it had consolidated its position in India.

** One should note the clever tactic suggested by Roe which were diligently followed by the Company until it had come into a position to launch a direct onslaught. The next chapter will show how this policy was useful while conquering Bengal, and later in this chapter also it will be seen how skilfully this stratagem was applied by the English in their fight with the French over India.

*** One should note again that Roe knew that in the beginning what was more effective than the sword was the weapon of guile and flattery to please the Emperor, and obtain the "concessions" necessary to consolidate first the position of the Company; later, they could take to arms and bring their design to a close as the role of the East India Company showed in the eighteenth century when India was in confusion with the disintegration of the Moghal Empire. This will be discussed in the next chapter.

with easy charge, return you most profit; but you must alter your stock. Let not your servants deceive you; cloth, lead, teeth, quicksilver, are dead commodities, and will never drive this trade; you must succour it by change.' . . .

Sir Thomas tells the Company that he was very industrious to injure the Dutch. 'The Dutch', he says, 'are arrived at Surat from the Red Sea, with some money and southern commodities. I have done my best to disgrace them; but could not turn them out without further danger. Your comfort is, here are goods enough for both. . . . The 10th, 11th, and 12th, I spent in giving the prince* advice that a Dutch ship lay before Surat, and would not declare upon what design it came, till a fleet arrived; which was expected with the first fit of season. This I improved to fill their heads with jealousies of the designs of the Dutch, and the dangers that might arise from them; which was well taken: and, being demanded, I gave my advice to prevent coming to a rupture with them, and yet exclude them the trade of India.'"

Such was the role the British Ambassador Roe played in the Moghal Court vis-a-vis the European rivals of the English Company. Roe was highly praised by well-known British writers as late as in 1953.** His role with regard to the Moghals themselves will be discussed in the next chapter.

In a sense however Roe's embassy was a failure, for he came not merely to open trade in various parts of India, but to obtain a "treaty between Jehangir and King James", so that the English Company could eventually ask for support from the Moghals to drive their European rivals out of the subcontinent, and un-rivalled it could pursue its designs over India. Yet, "it was a satisfying compromise"¹²⁴. India was so rich in her commodities that the English Company could comfort itself that "here are goods enough for both" — the English and the Dutch. Mill commented on this assertion of Roe — "If so, why seek to turn them (the Dutch) out?"¹²⁵. Evidently, here lay one of the essential characteristics of merchant capital. However, as the best executors of the aims of merchant capital, the English Company knew when to come to a compromise and when to take up arms. It was therefore willing to mark time.

* The prince referred to was probably Khurram, who later became the Emperor Shah Jahan, and who at that time supported the Portuguese faction in the Moghal Court.

** See, for instance, Chapter II in Part I of Philip Woodruff's "The Men Who Ruled India: The Founders", Jonathan Cape, London, 1954.

The Portuguese, on the other hand, were exasperated. With their declining influence in India, they continued their offensive against the English who had in a short time established themselves securely at Surat and spread their influence in other parts of the subcontinent. In 1620, a Portuguese fleet blockaded two of the Company's ships which were sailing from Surat to Persia. The English ships returned to Surat for reinforcement, and then attacked the Portuguese. The battle, however, ended without a decision, and the Portuguese returned to Ormus, their stronghold in the Persian Gulf. Then followed a tough struggle between the English and the Portuguese, in which the English were ultimately victorious. With its usual consummate skill, the English Company did not rest content with that victory; it made the best use of the vantage point it had gained to crush Portuguese might in the Orient. The victory had enhanced the prestige of the English in Persian eyes; the Persians also were not favourably disposed to the Portuguese for their overbearing activities on the Persian coast and their seizure of Ormus in their days of greatest prosperity in eastern seas. So, upon mutual agreement, the English and the Persians jointly attacked the Portuguese on the island of Ormus, the Persians supplying the land force and the English the navy. On the 22nd of April, 1622, the Portuguese surrendered their possession, and, "For this service the English received part of the plunder of Ormus, and a grant of half the customs at the port of Gombroon; which became their principal station in the Persian Gulf" ¹²⁶.

Since then the Portuguese could not hold for long to their previous power over the eastern seas. In rapid succession they lost all their possessions in India, with the exception of Goa, Diu and Daman which they still retain. Notable parts of the Portuguese possessions in this region, their property and fortifications on the eastern coast of India and in Ceylon were, from the beginning of the seventeenth century, taken away by the Dutch; now, in 1662, Bombay went to King Charles II of England as dowry for marrying a Portuguese princess, Salsette and Bassein were captured by the Maratha Power of India in 1793, and Hugli was taken over during the rule of the Moghals much earlier, and both finally came in the hands of the British along with the Dutch possessions in India.

Officially, the capitulation of the Portuguese in India began from

1630, when by the Madrid Treaty, hostilities between the English and the Portuguese came to an end. Four years later, Methold, the President of the English factory at Surat signed a convention with the Portuguese Viceroy at Goa, which "'actually guaranteed commercial inter-relations' between the two nations in India"¹²⁷. Finally, by the treaty of July 1654, Portugal fully accepted the rights of the English to the eastern trade, and the treaty of 1661 enjoined the English to support the Portuguese in their actions against the Dutch in India. Thus, having beaten down the previous foe, the crafty English could now use him to crush the other formidable European rival in India in the seventeenth century.

Because the Portuguese could not play the game well, by the middle of the seventeenth century "the English were no longer faced with bitter commercial rivalry from the Portuguese in India, who came to be too degenerate to pursue any consistent policy, though individual Portuguese traders occasionally obstructed the collection of investments by the English in their factories in the eighteenth century"¹²⁸. It should however be said in the end that in their class character the Portuguese mercantile bourgeoisie were no better and no worse than their English or Dutch colleagues, although from both the latter quarters consistent attempts were made to paint them as the villain of the piece. To quote Mill who could maintain some sober judgement in this matter¹²⁹:

"The Portuguese followed their merchandise as their chief occupation, but like the English and Dutch of the same period, had no objection to plunder, when it fell in their way."

2. English-Dutch Rivalry

It will be remembered that one of the immediate reasons which facilitated the receipt of the Royal Charter by the English Company was that by monopolising the pepper-trade from the East the Dutch had sharply increased its price in 1600. Following the dictates of their principles, the English Company therefore first ventured into the Spice Islands in the eastern seas. Probably in the beginning the Company also apprehended more serious resistance to its "trade mission" from the Portuguese, who were longer established in the

eastern trade and had their headquarters at Goa on the west coast of India, than from the newcomer Dutch who were making in-roads into the Spice Islands by ousting the Portuguese from their possession there. In this process the Dutch were helped by the local inhabitants, for, like in India, in the Far East also the Portuguese had made themselves very disagreeable to the people by their too hasty actions. And now the English wanted to take a share in the spoils which the Dutch were going to monopolise.

Although newly-arrived in the field, the Dutch were a much stronger rival to the English than the Portuguese. In those days:

"The augmentation of capital was rapid, in Holland, beyond what has often been witnessed in any other part of the globe. A proportional share of this capital naturally found its way into the channel of the India trade, and gave both extent and vigour to the enterprises of the nation in the East; while the English, whose country, oppressed by misgovernment, or scourged with civil war, afforded little capital to extend its trade, or means to afford it protection, found themselves unequal competitors with a people so favourably situated as the Dutch."¹³⁰

The English, however, had made their position sufficiently felt by their connection with Sumatra and Java, to have "their full share in the article of pepper; but were excluded from cinnamon, cloves, nutmegs, and all the finer spices"¹³¹. Naturally, the Company could not remain satisfied with only that much of a share! Pepper was produced in so great quantities in the East that it could not be a subject of monopoly. Hence, it was the finer spices that the English Company was after. But, the Dutch "who were governed by the same prejudices (!) as their contemporaries, ... beheld, with great impatience, the attempts of the English to share with them in the spice trade"¹³². According to the English version, the agents of the English Company who were despatched from Bantam to Amboyna, Banda, and other islands, "fired the jealousy and cupidity of the Dutch"¹³³. This endeavour of the English could not therefore produce any tangible result; the Company was driven out from all places in the Spice Islands where the Dutch had solidly established themselves after first throwing out the Portuguese. Evidently, the Dutch at that time had the upper hand. Their naval supremacy, and "the negotiation of twenty-one years' truce between Spain and

Holland in 1609, by freeing them from the danger of war in Europe and some restrictions in the Spice Islands, encouraged the Dutch to oppose English trade in the East Indies more vigorously than before"¹³⁴.

Yet, the English Company could not give up its guiding principle. Characteristic of merchant capital's demand for "trade" without rivals and for trading in whatever goods they could acquire as long as the profit-margin was high, the agents of the English Company reported to London in 1617¹³⁵:

"That Surat was the place at which the cloths of India could best be obtained, though nothing could there be disposed of in return, except China goods, spices, and money: That large quantities of Indian wove goods might be sold, and gold, camphor, and benjamin obtained, at the two factories of Acheen and Tekoo, on the island of Sumatra: That Bantam afforded a still larger demand for the wove goods of India, and supplied pepper for the European market: That Jacatra, Jambec, and Polania, agreed with the two former places in the articles both of demand and supply, though both on a smaller scale: That Siam might afford a large vent for similar commodities, and would yield gold, silver, and deer-skins for the Japan market: That English cloth, lead, deer-skins, silks, and other goods, might be disposed of at Japan for silver, copper, and iron, though hitherto want of skill had rendered the adventures to that kingdom unprofitable: That, on the island of Borneo, diamonds, bezoar stones, and gold, might be obtained at Succadania, notwithstanding the mischief occasioned by the ignorance of the first factors; but from Banjarmassin, where the same articles were found, it would be expedient, on account of the treacherous character (!) of the natives, to withdraw the factory: That the best rice in India could be bought, and the wove goods of India sold, at Macassar: And that at Banda the same goods could be sold, and nutmegs and mace procured, even to a large amount, if the obstruction of European rivals were removed."

Thus, while the Company had by then established its principal stations at Surat and Bantam, its immediate occupation was to remove the "obstruction of European rivals", namely of the Portuguese in the west coast of India (which they did successively as described above) and of the Dutch in the eastern seas.

The latter was not an easy task. Having been unable to establish themselves anywhere in the Spice Islands where the Dutch had already moved in, the English Company chose Macassar, "of which

the produce was only rice, but which might serve as a magazine for spices collected from the neighbouring islands"¹³⁶. But the British fortresses in the small islands of Pularoon and Rosengin, although they contained no Dutch settlements, were not viewed amicably by the Dutch. So the Dutch, "after having in vain endeavoured to expel their rivals from these strongholds, seized two of their vessels, announcing their determination not to release them till England should have withdrawn her pretensions to the trade of the Spice Islands"¹³⁷. This led to the outbreak of hostilities between the English and the Dutch, which, though it affected both, was "particularly disastrous to our countrymen (the English)"¹³⁸. Moreover, since as representatives of merchant capital both the companies had the same governing principles, the English Company could not make out a good case in its favour; the Dutch, on the other hand, could demand "justice" from the King of England himself! Mill noted¹³⁹:

"The proceedings of the Dutch, though regarded by the English as in the highest degree unjust and rapacious, were founded on pretensions, not inferior to those on which the English Company endeavoured to convert claims into rights; and on pretensions which it is clear, at any rate, that the Dutch themselves regarded as valid and equitable; since they presented them to the English monarch, as the ground of complaint against his subjects, and of a demand for his interference to prevent the recurrence of similar injuries. In a memorial to James, in 1618, the Dutch Company set forth, that, at their own cost and hazard, they had expelled the Portuguese from the Spice Islands, and had established a treaty with the natives, on the express condition of affording the natives protection against the Portuguese, and enjoying the exclusive advantage of their trade; that the agents of the English Company, however, had interfered with those well-established rights, and had not only endeavoured to trade with the natives, but to incite them against the Dutch."

Inter-change of hostilities between the English and the Dutch Companies, spiced with intrigues, went on for some time, in which the English faced the worse situation. The Dutch began to buy up pepper at a price which the English Company could not afford, and in 1619 by means of their superior naval force the former intercepted four English ships near the Isles of Tekoo. As the balance of forces were at that time, the English had to come to terms

with the Dutch, and so a treaty was concluded in London on the 17th July 1619, according to which the English Company was allowed half the trade in pepper and one-third of the finer spices. The English were also allowed to trade freely "at Pullicate, on the Coromandel coast, on paying half the expense of the garrison", and the treaty included "arrangements for mutual profit and defence", and "mutual amnesty, and a mutual restitution of ships and property"¹⁴⁰. Thus, the English and the Dutch "agreed to become, as it were, copartners in the Indian traffic"¹⁴¹.

Naturally, such co-partnership could not run for long, as it affected the very basis of the role of merchant capital. Ousting of one from the field of "business" evidently remained the historical course for the other. And, in this case, the Dutch being superior in strength, they took the offensive. In 1623, along with nine Japanese and one Portuguese sailor, they put ten Englishmen to the rack and later executed them on the plea of conspiracy against their possessions in the East Indies. In virtuous indignation the English Company stirred up the people of England against such a barbarous act, although as Mill commented, such actions were also not unknown either in England or in the Company's possessions in the East where until "they were entrusted with the powers of martial law, having no power to punish capitally any but pirates, they made it a rule to whip to death, or starve to death, those of whom they wished to get rid"¹⁴². In other words, both were equally representatives of merchant capital, and neither the English Company nor the Dutch Company were better or worse than each other. But now the English Company wanted to make the best of the situation and utilise the English people for its own end. So, the Directors of the Company even went to the length of ordering the painting of a picture "in which their countrymen were represented expiring upon the rack, with the most shocking expressions of horror and agony in their countenance and attitudes, and the most frightful instruments of torture applied to their bodies"¹⁴³. Their propaganda had some effect; the people pressed on the British Government to retaliate; and, fearing severe retaliation, the Dutch Government and the Dutch Company retreated a little from their uncompromising position, although the Dutch Company did not surrender its principle of remaining superior in the eastern seas. The Dutch agreed "to

permit the English to retire from the Dutch settlements without paying any duties"¹⁴⁴, which, in lieu of any better solution, the English Company was forced to accept.

While the English could only hope to retaliate at a later date, the Dutch, remaining the superior of the two, took the offensive again. In 1653-54, the English Company suspended its trade at Surat, when a large fleet of Dutch ships appeared near Swally. Three of the English Company's ships were taken by the Dutch in the Gulf of Persia, and one was destroyed, and "the whole of the coasting trade of the English, consisting of the interchange of goods from one of their stations to another, became, under the naval superiority of the Dutch, so hazardous, as to be nearly suspended; and at Bantam, traffic seems to have been rendered wholly impracticable"¹⁴⁵. The Dutch had by then thrown out the Portuguese from Malacca (1640), and had become "complete masters of the Eastern Islands"¹⁴⁶.

Moreover, after having totally removed the Portuguese from East Indies, in 1644, "the Dutch followed the example of the English in forming a convention with the Portuguese at Goa", and "though it is not pretended that in this any partiality was shown to the Dutch, or any privilege granted to them which was withheld from the English, the Company found themselves, as usual, unable to sustain competition, and complained of this convention as an additional source of misfortune"¹⁴⁷. While the role of merchant capital was thus again illustrated from one aspect, its another aspect was brought to light as an apparent paradox, when, although the Dutch East India Company was fighting tooth and nail with the English East India Company for permanent supremacy over eastern trade, "the merchants of Amsterdam, having heard that the Lord Protector would dissolve the East India Company at London, and declare the navigation and commerce to the Indies to be free and open, were greatly alarmed; considering such a measure as ruinous to their own East India Company"¹⁴⁸. Here one hears the voice of Merchant Capital, in contradistinction to the internal quarrels, against the curtailment of its basic demand for monopoly rights. The Dutch merchant bourgeoisie knew that abolition of monopoly rights for their English contemporaries would not only intensify competition between the two, as the previously *have-not* merchants of England would also take to eastern trade, but the social and political atmo-

sphere which would be produced by such a measure in England would not be favourable to their own position in Holland.

The English Company, however, soon resumed its monopoly rights, as described before; and from about this time the English began to supersede the Dutch. Gradually the situation improved for the British. In 1665, after the Dutch War of 1654, the English Company obtained from the Dutch £3,615 as compensation for the massacre of Amboyna in 1623, as well as the island of Polaroon. The latter the English ceded back to the Dutch by the treaty of Breda. It is worthy of note that while it is true that the amount received as compensation was much less than what the English Company had demanded from the Dutch Company, as Mill commented¹⁴⁹:

"The English Company, who have never found themselves at a loss to make out heavy claims for compensation, whether it was their own government, or of a foreign, with which they had to deal, stated their damages, ascertained by a series of accounts, from the year 1611 to the year 1652, at the vast amount of 2,695,999 l. 15s."

This was but only one of the many instances of the Company's honesty in dealing with others.

Hostilities, however, still went on between the English and the Dutch companies, but now the power of the latter was broken. During the years 1672-74, the Dutch frequently obstructed the communications of the English Company between Surat and the new English settlement of Bombay. They also captured three English vessels in the Bay of Bengal. But Anglo-Dutch rivalry did not produce any profound effect on India, because, while the Dutch had the power to retain their rights over the Eastern Islands (where they developed their colonial empire), they were no longer in a position to make an attempt to drive the English from the Indian sub-continent.

The English Company, on the other hand, while it could do little in the Dutch possessions in the eastern seas, now took the offensive to drive the Dutch from Indian soil. It will be remembered that to deal finally with the Dutch, the English Company had entered into a treaty with its former rivals—the Portuguese—for action against the Dutch in India. This was necessary, for, as noted before, although

the Dutch had always paid more attention in the Far Eastern areas, their position in India was also not of little importance. Notable among their factories in India were those at Pulicat (1610), Surat (1616), Chinsura (1653), Cassimbazar, Baranagore, Patna, Balasore, Negapatam (1659) and Cochin (1663). Now it was the turn of the English Company to drive the Dutch from these possessions and from their trade. This, in course of time, the English brought to a successful conclusion, so that with the defeat of the Dutch in the battle of Bedara (Biderra) in 1759, Dutch opposition to the growth of English influence in India collapsed completely.

After this date the Dutch Company in India began to limit itself more to the "country trade" only, and the officers of the company interested themselves in making private fortunes in collaboration with officers of the English Company.¹⁵⁰ Whatever conflict remained between the two companies in India were henceforth resolved in favour of the English. Thus, in 1759, although "the Dutch were not then at war with England", they, "being excited to cupidity by the lofty reports of the rich harvest lately reaped by the English in Bengal, possibly aimed at no more than a share of the same advantages, or to balance before its irresistible ascendancy the increasing power of their rivals", and fitted out a fleet at Batavia destined for Bengal.¹⁵¹ But now the virtuous English had no more scruple than the Dutch previously had when they attacked the latter's fleet although they were not at war, and after reducing them to submission Clive was quick to close "the irregularity of his interference" by accepting compensation from the Dutch factors at Chinsurah (near Calcutta).¹⁵²

In the same way, the English Company did not wish that the Dutch "should enjoy the advantage of retaining" their possessions of the seaport town of Nagore and its dependencies which they had received "in assignment for the money which they had lent to the Raja of Tanjore"; so, a war was declared, and since the Dutch "were not in a condition to make effectual resistance", they "made a solemn protest against the injustice" and "prudently retired" in 1773.¹⁵³ The Dutch settlement of Negapatam, which was their principal settlement on the Coromandel coast, along with the whole of the Dutch possessions on the coast, and Trincomalle—"a celebrated Dutch settlement on the island of Ceylon"—were occupied by the

English in 1782.¹⁵⁴ Finally, in 1795, the English expelled Dutch Power from India, as well as removing it from its strategic hold on the Cape of Good Hope. Mill wrote on the occasion¹⁵⁵:

"Though, by the compound opposition of the Supreme Government, and of the powerful class of individuals whose profit depended upon the misgovernment of the country, no reform could be introduced, the war, which the progress of the French revolution brought on with the Dutch, provided for the Governor a sort of triumph, to which the enemies of reform, that is, of mankind, have seldom any objection. In 1795, an armament was fitted out at Madras, which, aided by a squadron of his Majesty's fleet under Admiral Ranier, completely reduced the settlements of the Dutch, on Ceylon, Malacca, Banda, and Amboyna, without any incident of sufficient importance to require a particular description. Their possessions on the Peninsula were likewise subdued; Cochin, after a great resistance. And their grand settlement at the Cape of Good Hope fell into the hands of the English, the same year."

3. English-French Rivalry

While the English found a tougher rival in the Dutch than in the Portuguese, the French outrivalled both. Both the Powers, the English and the French, fought their utmost in the eighteenth century to obtain, in the end, India — "the jewel of the East" — as booty.

Why was the Anglo-French rivalry so many times more virulent than the Anglo-Portuguese or the Anglo-Dutch rivalries? The reason appears to lie in the fact that in the first half of the seventeenth century, when the Portuguese and the English fought most seriously over India, the Moghal Power was strong and so it could resist any aggressive move of a foreign power. Hence, the rival merchant powers could only snipe at each other's trading advantages, while maintaining the facade of remaining "peaceful traders" to the Moghal Emperor and his vassals and pleasing them with flattery, presents and guile. In later years also, even though the Moghal Power had begun to disintegrate from the beginning of the eighteenth century, it was yet strong enough to punish any impudence on the part of foreign merchants; so the Anglo-Dutch rivalry, reaching its climax in the second half of the seventeenth century, could also not come completely out in the open, although it was more virulent than the

Anglo-Portuguese rivalry. The Anglo-French rivalry, however, took place mainly after the fourth decade of the eighteenth century, when after the death of the Moghal Emperor Aurangzeb in 1707 the disintegration of the Moghal Empire could not pass unnoticed even by a superficial observer. So, a serious contest with a view to control India for the supreme "trading" advantages of one company at the expense of others, by means of subduing the power of the Indian rulers and using this power to the favour of one company only, a contest which could not unfold itself in the previous phase of "commercial enterprises" of the European merchant bourgeoisie in India, now came out very openly.

Neither the Portuguese nor the Dutch could avail themselves of this wonderful situation, as their powers were already broken. The English Company, therefore, found itself without any serious rival in India except the French. And the fight which ensued between them after the fourth decade of the eighteenth century was quite naked as regards the ultimate objective of merchant capital. Since this rivalry not only manifested itself with the utmost virulence, but also unfolded quite openly the pervading ambition of the representatives of merchant capital to usurp political power over India for their total exploitation, and simultaneously exhibited the shrewd policy of utilising, not always honestly or in a "gentlemanly way", the local conflicts and disunity between the Indian Powers to further their own ends, this phase in the life of the Company should be treated in a little greater detail.

Although the "desire for eastern traffic displayed itself at a very early date among the French", they were the last of the European Powers to compete with other European merchant companies for commercial and territorial gains in the East. At the initiative of Colbert, the finance-minister of France, the *Compagnie des Indes Orientales* was formed in 1664, as a part of the Minister's plan to augment France's financial and commercial opulence. The Directors of the English Company naturally did not view this new rival amicably, but "the subservience of the English government to that of France was already so apparent, as to make them afraid of disputes in which they were likely to have their own rulers against them"¹⁵⁶. So, the English Company had to be content for the time being to describe the French merchants in India as "Dutch pirates", and by

instructing their agents in India "to afford these rivals no aid or protection, but to behave towards them with circumspection and delicacy"¹⁸⁷. In India, the agents of the English Company abided by the wishes and instructions of their masters in London, while the first French factory was established at Surat in 1668, the place where the principal station of the English Company in India was situated.

In the beginning, however, the English Company had not much to fear from its French contemporary, for, although the arrival "of a French fleet of twelve ships, and a stock computed at 130,000*l.*" had embarrassed the Company officials at Surat, and "the inconsiderate purchases and sales of the French reduced the price of European goods, and raised that of India", yet, "these adventurers exhibited so little of the spirit and knowledge of commerce, as convinced the Company's agents that they would not prove formidable rivals"¹⁸⁸. In short, in the beginning, the French mercantile bourgeoisie failed in one of the basic principles of merchant capital, namely, to buy cheap and sell dear, so that their fundamental mistake, the English Company concluded, would remove them from the field.

But, because of a mistake committed by the English Company at about this time, the French Company could spread its influence in India at this initial stage, in spite of the serious error it had committed. Prematurely the English Company took up arms to usurp political power, and thus fully to establish the control of English merchant capital over India. But, as will be described in the next chapter, although the Moghal Empire had by then begun to disintegrate, it still had power enough to retaliate strongly and bring the English Company to submission. The Moghal Emperor Aurangzeb issued orders "to expel the English from his dominions", and this "exposed the Company's establishments to ruin in every part of India"¹⁸⁹. By the attack of the Moghal Power on the English Company, "the factory at Surat was seized; the island of Bombay was attacked by the fleet of the Siddees; the greater part of it was taken, and the governor besieged in the town and castle. ... the factory at Masulipatam was seized; as was also that at Vizagapatam, where the Company's agent and several of their servants were slain"¹⁹⁰. The Company was reduced to abject submission, and appealed for restoration of its properties in India. Since the stoppage of English trade also meant a serious reduction in income to the

Moghal Treasury, the Emperor after putting a stop to the Company's ambition for political power was not averse to coming to a settlement. The properties of the English Company were therefore restored, "but the interruption and delay sustained by the Company made them pay dearly for their premature ambition, and for the unreasonable insolence, or the imprudence of their servants"¹⁶¹. The situation was of course favourable to the French Company, and so "during these contests, the French found an interval in which they improved their footing"¹⁶². They had already penetrated into India to a far extent, having established a factory at Masulipatam in 1669, building on a modest scale the town of Pondicherry, near the British settlement at Madras, in 1673, and receiving a site near Calcutta in 1674 from the Nawab of Bengal, where now, during 1690-92, they built the town of Chandernagore, and at Pondicherry they erected fortifications.

In the seventeenth century, however, the French were more or less in the background. Their rivalry with the Dutch over India (the latter discretely supported by the English)¹⁶³ affected their position adversely. Pondicherry was captured by the Dutch in 1693, and although it was handed back to the French by the treaty of Ryswick and the latter then fortified it as noted above, in other places the influence of the French Company was on the decline. The upshot was that by the beginning of the eighteenth century the factories of the French Company at Bantam, Surat and Masulipatam were abandoned, and its resources were practically exhausted. Till 1720, it passed through very bad days, even selling its licences to others.

In 1720, however, the French mercantile bourgeoisie revived their interest in India and reconstituted themselves in a new company, entitled "The Perpetual Company of the Indies". In 1721, they occupied Mauritius, which was a very distinct gain to the French as enhancing their naval power and thus making them a formidable enemy to English designs over India, for, as noted before, supremacy over the sea had a very significant bearing on the fulfilment of the cherished wish of the merchant capitalists of all European nations finally to bring the governments and the people of the countries they "traded" with into submission. Moreover, in 1725, the French established themselves at Mahe on the Malabar coast, and in 1739 at Karikal. Anglo-French rivalry was thus resumed, and it was not

finally resolved until in all essentials the French were eliminated from India as a result of the cleverer moves of the English Company and because of the Seven Years' War in which, along with North America, India was the stake between the contending bourgeoisie of England and France, and in which again the English bourgeoisie played a cleverer role.

The Anglo-French rivalry, now revived in India, emerged in full-scale armed conflict when the wars of Frederick II found the English and the French opposed to each other in the battlefields of Europe, Asia and America for well-nigh twenty years, from 1744 to 1763. Henceforth, the French and the English companies made open alliance with the Indian princes and their underlings, besieged each other's commercial settlements, and evinced in the East those bitter jealousies which divided them in the West. The upshot was that the English mercantile bourgeoisie were able to get rid of their last European rival in India, for, of the two, only the English could grasp the situation better both in India and elsewhere.

When in 1744 the English and the French Governments came to mutual declarations of war, technically it placed the English and the French companies in a state of war in India. The French Company, however, wanted to avoid the spread of Anglo-French tension on Indian soil, and so requested the English Company to maintain strict neutrality. But the English Company, while professing to avoid hostilities, declined to accept the proposal, evidently because it was encouraged to take up the contest in India to further its own ends. Hostilities therefore soon began with the capture of French ships by the English off the south-eastern coast of India. The French at that time had no fleet in Indian waters, but they were in possession of Mauritius on the Indian Ocean. So, a squadron soon arrived from the French colony of Mauritius, and the First Carnatic War began.

The French besieged Madras both by land and sea, and within a week the English surrendered Madras to the French. The English appealed to the Nawab of the Carnatic, and the Nawab Anwar-ud-din, true to his role of protector, asked the French Governor of Pondicherry, Dupleix, to raise the siege of Madras. The French did not pay any heed to his orders, just as previously the English did not respect the Nawab's authority when it suited them and had attacked the French ships contrary to his wishes. As noted above,

this was the reason for the outbreak of hostilities in India between the two Powers, but there was no reason why the English should recall that.

With the Nawab the situation was now different. Since he did not possess any navy, like all other kings and Nawabs of India at that time (including the Moghals), he could not have interfered previously when the English started fighting in his territory. But it was a different matter in the case of warfare on land, and he was determined to establish his sovereignty before the foreign merchants. So, he sent an army against the French troops besieging Madras in order to stop fights between the foreign merchant companies in his kingdom. But, although the Nawab's army was much bigger than that of the French, the latter was much better equipped. The French "astonished them beyond measure by the rapidity of their artillery; with a numerical force which bore no proportion to the enemy, gained over them a decisive victory"¹⁰⁴.

The English, however, managed to retake Madras by means of a large squadron sent from England in 1748, and now they in their turn sieged the French settlement of Pondicherry. But before the final outcome of this warfare between the two companies in India, the war in Europe was concluded by the Treaty of Aix-la-Chapelle (1748), and under the terms of the treaty, Madras was restored to the English.

The First Carnatic War revealed two important features of the Indian situation in those days. Firstly, supremacy in naval power was a deciding factor in the Anglo-French hostilities in which the Indian Powers could not have any say at all, for all of them lacked navies; secondly, while in small numbers, the European troops could possibly out-class larger Indian armies at this time, because of the up-to-date military equipment of the former and possibly also their better discipline, since with the disintegration of the Moghal Empire discipline and the fighting quality of the local troops under minor vassals could not be enhanced, as previously, by the arrival of superior military leaders and their troops from the centre when occasion demanded.

These two lessons could now be made use of by the English and the French companies, for, as will be described in the next chapter, in those days of political unrest in India when the Moghal Power

was crumbling to pieces, the time had become ripe for either of the two companies to ask for all possible "concessions" from the Indian rulers and, failing them, to usurp political power in order to ensure that only their wishes and demands were honoured.

It is generally said that the French, under the leadership of Dupleix who in 1742 was vested with supreme command over the French settlements in India, took the first initiative in territorial acquisition, while the "peaceful" English were forced to take up arms in the end—only to defend their "trading interests", and thus by a series of accidents and good luck they became the masters of India. But there can be no room for doubt that, whoever might have taken the first initiative in the matter, the policy itself, that is, political control over India, was inseparably linked with the full flowering of merchant capital in this "trading" country.

At the latest in the 1680's, if not earlier, the activities of the English Company had left no shadow of doubt that they had come to the logical conclusion that ultimately "concessions" for their commercial pursuits in India would have to be obtained at the point of sword. It is not necessary to elaborate the point any further that this was in the *nature* of merchant capital, as opposed to its being the product of brain-wave of an individual person, however talented he might have been. If the fundamental motto is to buy cheap and sell dear, "concessions" are indispensable; and such "concessions" can be obtained to the fullest extent only when the commercial body has also got political power over the country with which commerce is undertaken, and can thus uncompromisingly dictate its terms to the local inhabitants. Indeed, that it had become the cardinal policy of the English Company in the seventeenth century when the officials of the Company were witnessing the break-up of the Moghal Empire and reporting the same to their Directors in London, became completely clear in 1689 when the Directors in their instructions to the agents of the Company in India wrote as follows¹⁶⁵:

"The increase of our revenue is the subject of our care, as much as our trade:—'tis that must maintain our force, when twenty accidents may interrupt our trade; 'tis that must make us a nation in India;—without that we are but as a great number of interlopers, united by his Majesty's royal charter, fit only to trade where nobody of power thinks it their interest to

prevent us;—and upon this account it is that the wise Dutch, in all their general advices which we have seen, write ten paragraphs concerning their government, their civil and military policy, warfare, and the increase of their revenue, for one paragraph they write concerning trade.”*

Mill commented on this as follows¹⁶⁶:

“It thus appears at how early a period, when trade and sovereignty were blended, the trade, as was abundantly natural, became an object of contempt, and by necessary consequence, a subject of neglect. A trade, the subject of neglect, is of course a trade without profit.”

Wilson further commented on it¹⁶⁷:

“The anxiety of the Directors to maintain a trade ‘without profit’, would be somewhat inexplicable, if it was true, but the injuries to which that trade had been exposed from European competition and native exactions, had sufficiently proved that it could not be carried on without the means of maintaining an independent position in India.”

In short, not only the monopoly in the Home country, but also that in the country with which trade is carried on was the *sine qua non* of merchant capital, and for this the merchant capitalists of the two countries were striving for political power to fulfil all their demands as well as to stop the local inhabitants and their rulers from receiving their dues in the commercial transactions. While this point will be better investigated in the next chapter while examining the relations between the English Company and the Indian rulers, it would be of interest to describe in the following how both the English and the French companies put this policy in operation.

Although the policy of territorial acquisition was decided by the role of merchant capital itself, how it could be put into practice lay evidently in the hands of the two companies. Here, it appears, Dupleix’s initiative, talent and organising abilities were brought into full play; while the English soon learnt the game, and in a short time out-played the French. A characteristic feature of the

* One should note that just as in their Home country they dubbed the Free Merchants who did not enjoy monopoly privileges as Interlopers, so they considered themselves in India until they could usurp political power. One should further note that their very material interest in studies of Indian societies, which some decades later became the quest for “pure” scientific knowledge, is another example of how the enlightened rulers of India encouraged prosecution of Science for Science’s sake.

manoeuvres of the two companies was to uphold the interests of rival political adventurers, *rajās*, *nawābs*, etc., all of whom in those unsettled days were striving to improve their position. This led to the resumption of armed hostilities between the English and the French in the Second Carnatic War.

Before the First Carnatic War, the Marathas (who had become a formidable power in India with the disintegration of the Moghal Empire) had invaded the Carnatic, killed its governor, Nawab Dost Ali, and taken his son-in-law, Chand Sahib, prisoner. The son of Dost Ali, who was allowed to save his life and kingdom by promising to pay the Marathas ten million rupees, was soon murdered by a cousin, and his young son was proclaimed the Nawab. Since these incidents had created a feeling of panic and uncertainty in the Carnatic, the Nizam of Hyderabad, under whom the Nawab of Carnatic was placed, came in person in 1743 to restore order. He appointed one of his favourite servants, Anwar-ud-din, the Nawab of the Carnatic.

This appointment made the situation worse, and particularly so after 1748 when Chand Sahib was set free by the Marathas after seven years of captivity. Chand Sahib now began to form a conspiracy to regain the throne of the Deccan, for Asaf Jah Nizam-ul-Mulk of Hyderabad died in 1748, and was succeeded by his son, Nasir Jang, but his grandson, Muzaffar Jang laid claim to the throne on the ground that the Moghal Emperor had appointed him as the Subhadar (Governor) of the Deccan; and now Chand Sahib and Muzaffar Jang came to an agreement to fight together to gain the respective seats at Carnatic and Hyderabad.

This was a wonderful situation for the foreign merchant companies to pursue their own ends. The French immediately took the initiative and made up their mind to utilise the discord in Hyderabad and the Deccan in their favour. Dupleix concluded a secret treaty with Chand Sahib and Muzaffar Jang with a view to placing them on the thrones of the Carnatic and the Deccan, respectively. In 1749, the three allies defeated and killed Anwar-ud-din in a battle, and Muhammad Ali, the son of Anwar-ud-din, fled to Trichinopoly. A French army was sent to reduce that town.

The English understood the situation very well. Indeed, "from the beginning of 1747, the English had been intriguing, both with Nizam

al Mulk and with Nazir Jung, against the French"¹⁶⁸. A letter from Commodore Griffin to the Nizam-ul-Mulk dated March 6, 1747, which is quoted below gives some idea of how the English Company was then playing the game.

"I shall not enter into a particular detail of the robberies, cruelties, and depredations, committed on shore upon the King my Master's subjects, by that insolent, perfidious nation the French; connived at, and abetted by those under your Excellency, (the Nabob of Arcot,) whose duty it was to have preserved the peace of your country, instead of selling the interest of a nation, with whom you have had the strictest friendship time out of mind; a nation that has been the means not only of enriching this part of the country, but the whole dominions of the grand Mogul; and that to a people who are remarkable all over the world for encroaching upon, and giving disturbances and disquiet to all near them; a people who are strangers in your country, in comparison of those who have been robbed by them of that most important fortress and factory, Madras; and now they are possessed of it, have neither money nor credit, to carry on the trade. . . . And now, excellent Sir, we have laid this before you, for your information and consideration; and must entreat you, in the name of the King of Great Britain, my Royal Master, to call the Nabob to an account for his past transactions, and interpose your power to restore, as near as possible in its original state, what has been so unjustly taken from us."¹⁶⁹

This was during the First Carnatic War, when the English had also established friendship with Nasir Jang, who in return had persuaded the Nizam-ul-Mulk to write to Anwar-ud-din to drive out the French from the Carnatic, so that "the English nation may be restored to their right, establish themselves in their former place, as before, and carry on their trade and commerce for the flourishing of the place"¹⁷⁰. But the Nawab Anwar-ud-din, as the English Company was informed by their Indian Agent at Arcot, "is but a *Renter*, he does not much regard the distress of the people of this province, but in all shapes has respect to his own interest and benefit; therefore there is no trusting to his promises"¹⁷¹. So, to make the request of the English Company effective, the agent instructed the Company that just as "the French are very generous in making presents of other people's goods, both to the old and young", so the English should also be "equally liberal with their gifts"¹⁷². Thus, whether the Nawab of Arcot fought against the French solely to

maintain his sovereignty or not, the English are seen to have been securing their position in the Deccan and the Carnatic by means of intrigues and bribes. But, Dupleix's quick moves out-manoeuvred them for a time. Finding however that the initiative was slipping out of their hands, the English now persuaded Nasir Jang to come and crush his enemies in the Carnatic, and sent some help to Muhammad Ali at Trichinopoly. But Nasir Jang was killed in 1750, and Muzaffar Jang was proclaimed Subhadar of the Deccan.

The grateful Subhadar suitably rewarded the service of his French ally. He appointed Dupleix as Governor of the Moghal Dominions on the coast of Coromandel from the river Krishna to Cape Comorin, and ceded territories to the French near Pondicherry as well as on the Orissa coast, including the famous market-town of Masulipatam. In return, at the request of Muzaffar Jang, Dupleix placed at his disposal the service of his best officer, Bussy, with a French army. The shrewd general knew that this was the surest means to guarantee French influence at the court of the Nizam, and thus guarantee the French hold over the Deccan.

In this way, within less than two years, an insignificant body of foreign merchants was raised to the position of supreme political authority in the Deccan and the Carnatic. The merchants however were the French, and not the British. The rising tide of the French thus only sharpened the antagonism between these two contending sections of European merchant bourgeoisie. Mill wrote¹⁷³:

"The Europeans in India, who hitherto had crouched at the feet of the meanest of the petty governors of a district, were astonished at the progress of the French, who now seemed to preside over the whole region of the Deccan. A letter to Dupleix, from a friend in the camp of Salabat Jung, affirmed that in a little time the Mogul on his throne would tremble at the name of Dupleix; and however presumptuous this prophecy might appear, little was wanting to secure its fulfilment."

Although "sunk in apathy or despair", the English did not give up completely. Very soon they turned the scale in their favour, and the French were routed from India for all practical purposes.

To follow the developments chronologically, in order to complete its success, it was necessary for the French Company to come to a settlement with Muhammad Ali who had taken refuge at the strong

fort of Trichinopoly. The French forces sent to reduce that city did not prove up to the task. Overjoyed with their initial success, they had only wasted their energy in a fruitless effort to reduce Tanjore. The French now tried to make up for their mistake, and so Dupleix tried to conciliate Muhammad Ali through diplomatic moves. Muhammad Ali was also very much scared by the recent development, and "now offered to resign his pretensions to the Nabobship of the Carnatic, provided Dupleix, who listened to the overture, would obtain from the new Subhadar a command for him, in any other part of his dominions"¹⁷⁴. But the English were better masters in diplomacy, and now they had decided to come out in full force to oust the French. So they earnestly took up the cause of Muhammad Ali, and advised him to gain time by prolonging the negotiation between him and the French during which the English would prepare for a full-scale offensive. The French were fooled in this game. In May 1751, the English Company sent a detachment towards Trichinopoly to help the latter against the French. Moreover, by the end of the year, the English also persuaded Morari Rao, the Maratha chief, as well as the rulers of Mysore and Tanjore, to join them and Muhammad Ali. The English Company also sent an expedition to Arcot, the capital of the Carnatic, and occupied it without any serious opposition. The upshot was that Chanda Sahib surrendered and was beheaded on the orders of the Tanjorean Generals.

The French were now in a bad situation. Yet, Dupleix was not despondent: "As it was the character of this man to form schemes, which from their magnitude appears romantic, so was it his practice to adhere to them with constancy, even when the disasters which he encountered in their execution seemed to counsel nothing but despair"¹⁷⁵. By counter-moves he won over Morari Rao and the ruler of Mysore to the side of the French and secured the neutrality of the Raja of Tanjore. Thus he effected a balance of strength with the English Company, in order to "oppose a nearly equal, in a little time a more than equal, force to his opponents"¹⁷⁶. Then, on 31st December 1752, the French renewed the siege of Trichinopoly.

Dupleix, however, was no longer ably assisted by his compatriots.

"The French East India Company were much poorer than even the English; the resources which they furnished from Europe were proportionally feeble; and though perfectly willing to share with Dupleix in the hopes of conquest,

when enjoyment was speedily promised, their impatience for gain made them soon tired of the war; and they were now importunately urging Dupleix to find the means of concluding a peace"¹⁷⁷.

Dupleix staked his own fortune and his own credit for pursuing the war, and persuaded Mortiz Ali, the Governor of Vellore, to contribute to the war expenses with "the prospect of even the Nabobship itself"¹⁷⁸. Mortiz Ali, however, soon realised that Dupleix was only making use of him, and so broke off the negotiation. The troops that Dupleix commanded were also far worse than those of the English; especially the French recruits he received from France, whom he described in his letter to the French Minister, dated 16th October 1753, as "enfants, décroteurs, et bandits"¹⁷⁹. Yet, the siege of Trichinopoly was ably continued by the French for more than a year, and "neither of the contending parties seemed nearer their object"¹⁸⁰.

Meanwhile, in Europe, the leaders of both the companies were exasperated; and "to them the burden of the war had become exceedingly hateful"¹⁸¹. Realising that the stalemate was due to an equal balance of forces between the French and the English, both the companies instructed their representatives in India to come to an amicable settlement. Negotiations were started in January 1754, but as neither of the two parties was willing to concede the victory to the other, the proceedings broke up in mutual recriminations.

After this the tide went against Dupleix, and thus against the French Company. Unlike the English East India Company which was a private body, the French East India Company was directly controlled by the French Government and thus it was more vulnerable to the larger political issues confronting the State. So, when in fear of serious complications in America, the Government of France decided not to fight the English in India, the French Company and its representatives had to accept the decision unequivocally. The English Company further scored a point by removing Dupleix from the scene. It fanned the sentiments growing against him in France for "wasting the resources of the Company in ambitious wars" by further accusing him "of embroiling the two nations in India"¹⁸². Moreover, as "the English ministry prudently despatched a considerable fleet to India, while the negotiation was still proceeding", and as "the French ministry had no fleet to spare; and dreaded the

superiority which such a force might bestow"; and as "the French Company were, at the same time, extremely eager to taste the gains of commerce, which they promised themselves in peace; and, from all these causes, were disposed to make ample concessions"; it was not difficult for the English to get rid of Dupleix by asserting against "any negotiation which was to be conducted by Dupleix, the object of which, they affirmed, his ambition and artifice would be sure to defeat"¹⁸³. This was a decisive victory for the English Company over its French rival. Mill wrote¹⁸⁴:

"A point was thus gained in favour of the English, on which their fortune in India very probably hinged; for when, after the short interval of two years, war was renewed between the English and French; when the English were expelled from Bengal; and the influence of Bussy was paramount at the court of the Subahdar; had Dupleix remained at the head of French affairs in India, the scheme of that enterprising governor, to render himself master of the Carnatic, and the Subahdar master of Bengal, would have stood a fair chance of complete accomplishment."

Henceforth, the fate of the French Company was sealed in India. The treaty of 1754 between the two companies, the provisions of which were readily conceded by the French representative Godheu who replaced Dupleix in India and the English representative Saunders who remained in command of the English Company as he was before at the time of Dupleix, dealt a mortal blow to the French Power in India. According to this treaty, "everything for which they had been contending was gained by the English; every advantage of which they had come into possession was given up by the French"¹⁸⁵. Ostensibly, the treaty concluded peace between the two rivals and outwardly acknowledged the balance of forces between the two companies, by agreeing to leave each company in possession of the territories which they had actually occupied at the time of the treaty, and enjoining them not to interfere in the quarrels of the Indian rulers. But the English Company had now gained the upper hand, and the initiative was decisively taken away from the French.

In the Deccan the French retained some influence. Bussy, the French officer with the Nizam-ul-Mulk, induced the latter to grant him the Northern Sarkars for the payment of his troops kept in Hyderabad.

These consisted of the four districts of Mustafanagar, Ellore, Rajahmundry, and Chicacole, which altogether yielded an annual revenue of more than three million rupees. But the political power of the French in India was a lost thing.

As the events following on the signing of the treaty, of 1754 showed, the English in their ascendancy were in no mood to abide by its provisions.

"In a short time after the conclusion of this treaty, both Saunders and Godheu took their departure for Europe; pleasing themselves with the consideration that, by means of their exertions, the blessings of peace between the two nations in India were now permanently bestowed. Never was expectation more completely deceived. Their treaty procured not so much as a moment's repose. The English proceeded to reduce to the obedience of their Nabob the districts of Madura and Tinivelly. The French exclaimed against these transactions, as an infringement of the treaty with Godheu; but finding their remonstrances without avail, they followed the English example, and sent a body of troops to reduce to their obedience the petty sovereignty of Terriore."¹⁸⁶

Moreover, in 1755, the English Company decided to subjugate Mortiz Ali, the Governor of Vellore, for his "reputed riches", but as "M. Deleyrit, who was Governor of Pondicherry, informed the English Presidency, that he regarded their proceedings at Vellore as a violation of the treaty, and that he should commence hostilities, if their troops were not immediately withdrawn", "the English rulers, soon aware that Vellore could not be easily taken, and unwilling to put to proof the threat of Deleyrit, who had made 700 Europeans and 2000 Sepoys take the field, recalled the army of Madras"¹⁸⁷.

On the whole, however, the English Company was doing well, while its French counterpart was not only crippled by lack of assistance and encouragement from the Home Government, but "during these transactions of the English, not very consistent with their agreement not to interfere in the disputes of the native princes, or add to their territory in India, the French were restrained from that active opposition which, otherwise, it is probable, they would have raised, by the dangerous situation of their affairs under the government of the Subahdar [of the Deccan]"¹⁸⁸. This relates to the difficulties Bussy was experiencing in the court of Nizam-ul-Mulk to retain the French influence there against the powerful

opposition of the nobilities of the court led by the Prime Minister and two brothers of the Nizam who were probably more favourably disposed to the English, and who in 1756 succeeded in securing the Nizam's order to expel the French troops from the Nizam's territory. Bussy, however, managed to regain his position by the "brilliant exploit of 1756, when he defended himself at Hyderabad against the whole power of the Subahdar, and imposed his own terms upon his enemies"¹⁸⁹; and by 1758 he had virtually got rid of his enemies at Hyderabad. But, in the meantime, taking advantage of their respite from French attacks, and by following their usual course of bribery, intrigues and treachery among the Indian rulers and adventurous aspirants for power, the English had managed to conquer the *subah* of Bengal (the States of Bengal, Bihar and Orissa of today, that is, practically the whole of eastern India) in the well-known battle of Plassey. More will be said in the next chapter about the conquest of Bengal in 1757, and what followed in India thereafter, but it should be noted here that after Plassey there remained no trace of hope for the accession of French Power in India. With their most precious gain of one of the richest portions of India, it was no more a difficult task for the English to crush completely their French rival. It has therefore been said that the battle of Plassey finally decided the fate of the French in India, and that this is quite true became only too evident from the outcome of the Third Carnatic War.

With the outbreak of the Seven Years' War in 1756 between the English and the French in Europe, an immediate action of the English Company was to capture Chandernagore, the important French settlement in Bengal near Calcutta. Siraj-ud-Daula, the Nawab of Bengal, was enraged at this behaviour of the Company, for when this proposal was previously made to him by the English he had argued "that he could never allow one section of his subjects to be molested by another"; and so, after the capture of the town by the English, "the Nawab, gallantly enough, afforded shelter to the French fugitives at his court, and refused to drive them away even when the English offered in exchange military help against a threatened invasion of Bengal by the heir-apparent to the Mughul Empire"¹⁹⁰. As will be seen in the next chapter, this refusal of the Nawab to hand over the French was one of the immediate causes of war between

him and the English Company. Meanwhile, the Nawab had also written to Bussy, "inviting him, by the largest offers, to assist him in expelling the English from Bengal", but while Bussy was waiting in the Northern Sarkars to hear from him again, he learnt of the capture of Chandernagore and changing his mind "proceeded to the attack of the English establishments within the Circars"¹⁰¹. The Nawab of Bengal thus could not avail himself of the very useful service of Bussy at this crucial moment; and although the French fugitives in the court of Siraj-ud-Daula fought bravely with the Nawab's army, the conspiracy launched by the English Company had so devalitised the Nawab's government and his army that he lost his throne and his head without a single serious battle. The French in Bengal were completely at the mercy of the English.

While in eastern India the French fared badly from the time news were received of the outbreak of the war in 1756, in South India both the English and the French were not in a position to start hostilities at once. The English at that time were fully occupied in Bengal, and the French resources were similarly crippled as the Governor of Pondicherry had to send assistance to Bussy at Hyderabad. However, this time, with the outbreak of the war, the French Government had "resolved to strike an important blow in India", and so had sent reinforcements to the French Company headed by Count de Lally. But encountering several difficulties on the way, the reinforcements could not reach India before the second quarter of 1758. By then the English fleet also returned from Bengal bringing reinforcements in men and money, and the war in the Carnatic began in full scale.

The French began splendidly. They took Fort St. David from the English, after besieging it for just a month, on the 2nd June 1758. Also, by the 24th June, Bussy had taken over all the English settlements in Northern Sarkars, including the fort at Vizagapatam. As in the previous wars between the English and the French in India, the former were now greatly alarmed by the successes of their rivals. Mill wrote¹⁰²:

"The English were thrown into the greatest alarm. So much was the power of the enemy now superior to their own, that they scarcely anticipated any other result, than their expulsion from the country; and had Dupleix been still

the guide and conductor of the enemy's affairs, it is more than probable that their most gloomy apprehensions would have been realized."

The English of course had not by then fully realised that the relative position of the two companies had undergone a fundamental change in India with their subjugation of the *subah* of Bengal; but while that became clearer to them as the Third Carnatic War proceeded on its course, they could not overlook the immediate fact that the ever-present worry of the French Company as regards finance had now come up as a serious bar to the next offensive of Lally. Clive declared in 1772¹⁹³:

"Mr. Lally arrived with a force as threatened not only the destruction of all the settlements there, but of all the East India Company's possessions, and nothing saved Madras from sharing the fate of Fort St. David, at that time, but their want of money, which gave time for strengthening and reinforcing the place."

And, added to this financial trouble of the French Company was the rude and haughty conduct of its General, Lally, by which he alienated almost all his colleagues in India. Furthermore, by refusing to listen to them, Lally made serious political and diplomatic blunders, although as a military leader he was excellent, according to all accounts.

After the capture of Fort St. David, Lally had "wisely decided to strike at the root of the British power in the Carnatic by reducing Madras", but, because while he was in supreme command over civil and military affairs of the French he had no control over the naval forces commanded by d'Ache, he had to put his decision in abeyance, for "d'Ache, who had already been defeated by the English fleet on the 28th April, refused to sail"¹⁹⁴. Such lack of coordination between the army and the navy seriously hampered successful operations on the part of the French, and further speeded the victory of the English.

Next, Lally wanted to solve the financial trouble of the French Company "by forcing the Raja of Tanjore to pay 70 lacs (700,000) rupees", which the king was declared to have owed the company from the time of Dupleix, but although he laid a siege on Tanjore on the 18th July and the military power of the Raja was not anything formidable, he could not bring his scheme to a successful conclusion

due to "lack of ammunition" and because "there was no spirit of mutual trust and concord between Lally and his men"¹⁹⁵. Meanwhile, the English fleet inflicted heavy losses on d'Ache's squadron on the 3rd of August, and the French fleet left the Indian seas. On hearing this news, Lally left Tanjore with his army on the 10th August, "thereby inflicting a heavy blow not only to his own reputation but also to the prestige of the French army"¹⁹⁶.

Then, until the English fleet left the harbourless Madras coast with the onset of monsoon, Lally went on conquering minor English settlements until the English were left only with Madras, Trichinopoly and Chingleput in the Carnatic; and when the English fleet had left the Madras coast and he required no help from the navy, Lally laid siege on Madras on the 14th of December. But the siege of Madras, "marked by defects of the same kind as were noticed in the case of Tanjore"¹⁹⁷, went on for three months, until with the appearance of the English fleet it was immediately lifted on the 16th February 1759.

Lally could no more retrieve the French position: "The next twelve months completed the debacle"¹⁹⁸. He had also made the mistake of recalling Bussy from Hyderabad, and in spite of repeated requests from the latter to send him back left the French troop there "under incompetent commanders"¹⁹⁹. Taking advantage of the situation, the English had sent an army from Bengal to the Northern Sarkars, which "successively occupied Rajahmundry (7th December) and Masulipatam (6th March) and concluded a favourable treaty with the Nizam Salabat Jang"²⁰⁰. The French thus lost all their influence in the Deccan, while by playing the same old game of utilising the Indian rulers the English established their influence in the court of Hyderabad.

The English had also taken the offensive in the Carnatic. At first, they were defeated near Conjeevaram, "but the French could not follow up their success on account of discontent among their troops for lack of pay, which ultimately led to an open mutiny"²⁰¹. Moreover, the French fleet was again severely beaten by the English, and "after this third defeat at the hands of Pocock, d'Ache left India for good, leaving the English the undisputed masters of the sea"²⁰². Then, after a number of minor engagements a decisive battle took place on the 22nd of January 1760 near the fort of Wandiwash which

the French were besieging. Here the French lost decisively, and in the next three months they had nothing left in the Carnatic except Jinje and Pondicherry. In May 1760, the English laid siege to Pondicherry.

The French hoped to retrieve the situation by an alliance with Hyder Ali who was then at the helm of affairs in Mysore. But they could not decide on a concerted plan of action, and Hyder's contingent which was sent to help the French returned to Mysore without a single battle. On the 16th of January, 1761, Pondicherry made an unconditional surrender. The victors "ruthlessly destroyed not merely the fortifications, but also the city itself"; and as Ormy described, "in a few months more not a roof was left standing in this once fair and flourishing city"²⁰³. Such was the vandalism practised by a "superior civilisation" in the first phase of its onslaught on India.

Shortly after Pondicherry, Jinji and Mahe, the two French settlements on the Malabar coast, fell into the hands of the English. Nothing was left to the French in India.

This final failure of the French power in India is sometimes ascribed, besides the chronic financial difficulties of the French Company and its direct control by the French Government, to the personality of Lally as opposed to that of Dupleix. While there is some amount of truth in this, it should be borne in mind that the governing feature of the Third Carnatic War was the previous possession of the *subah* of Bengal by the English Company. As three Indian historians have written²⁰⁴:

"...the possession of the military and financial resources of Bengal gave the English a decisive advantage over Lally. From this secure base they could send a constant supply of men and money to Madras, and create a diversion in its favour by attacking the French in the Northern Sarkars. Although it was not fully recognised at the time, the position of the English in Bengal made the struggle of the French a hopeless one from the very beginning of the Third Carnatic War. The battle of Plassey may be truly said to have decided the fate of the French in India. ... In spite of Lally's undoubted failings and short-comings, it is only fair to remember that the difficulties confronting him were really insurmountable, and that the French had no real chance of success against the English even under the best of leaders. There is a large element of truth in the remark of a historian, that 'neither Alexan-

der the Great nor Napoleon could have won the empire of India by starting from Pondicherry as a base and contending with the power which held Bengal and command of the sea'."

The sun of the British thus shone forth as the brightest in India.

4. Company without Rivals

On the world-scale also British supremacy was established in these days. William Pitt accepted the leadership of the British ruling class with the declaration: "I am sure that I can save the country, and that no one else can"; and, singularly enough, 1757 to 1761, the period of his administration, marked the rise of the British Empire to gladden the hearts of British bourgeoisie. England's ally, Frederick II, won the battle of Rossbach in 1757, made Prussia and humbled France; Wolfe took Quebec in 1759, and the whole of Canada was conquered from the French in 1760; Clive got rid of the last independent Nawab of Bengal in 1757, and Eyre Coote crushed the French Power in India in 1761. Within five years, the place of capitalist Britain as a World Power was assured; France was humbled in Europe, and effaced in Asia and America; and the Portuguese and Dutch rivals of the English in India had already ceased to be of any importance.

Henceforth, Britain ruled the waves, and the English Company had no European rival in India. By the Peace of Paris, the French "factories" in India were restored to the French Company; but the French East India Company ended its career in 1769, and "the French Crown feebly kept up for the benefit of French private traders the 'factories' which the French Company, founded under Richelieu in 1642 and strengthened by Colbert in 1664, had gradually established in order to compete with the English"²⁰⁵. Like the few Portuguese and Dutch settlements in India, the French also concentrated on the "country trade", and both in Europe and in India their business transactions were in collaboration either with the English Company directly or with its officials and private English traders living in India under the protection of the English Company.²⁰⁶ In short, none of these European Powers could any more pose as rivals to the

English Company. Referring to the last quarter of the eighteenth century, it has been reported²⁰⁷:

"Hastings could thus look back over the greater part of the era of conquest and turmoil which had given the British such mastery in India as to make it appear that other European nations existed there merely on sufferance, to be tolerated as long as they proved useful and to be thrust out when they did not."

Indeed, how helpless and abjectly dependent had become the position of the French Company, the strongest of the British rivals in India, was revealed from the series of events which followed the Third Carnatic War. Thus, on receipt of intelligence in Bengal at the beginning of July 1778 that Anglo-French hostilities were resumed in Europe, all the French possessions in India were again taken by the English, and on the conclusion of peace between the two nations the French "factories" were again returned to them in 1783.²⁰⁸ Once more, when in 1793 "the change of government in France precipitated the people of England into a war with that country", with so little resistance "the whole of the French settlements in India were added to the English possessions" that within such a short time Lord Cornwallis could not manage to arrive from Bengal "to obtain the honour of extirpating the republicans"²⁰⁹.

The French, however, again got back their "factories", and, along with the Portuguese in their settlements of Goa, Diu and Daman, the French held Pondicherry, Karikal, Mahe and Yanam throughout the British Period of India's history. But the French settlements (with a latest population of 313,000) and the Portuguese settlement (with 620,000) were pygmies in comparison with the British mastery over four hundred millions. Moreover, as noted before, they had to remain always subservient to the British. For a period in later years after the Third Carnatic War the French repeatedly endeavoured to gain some political power by intriguing with the Indian rulers; for example at the court of Hyderabad and with Tipu Sultan of Mysore. But, as the Portuguese, Dutch, Danes and other European merchant bourgeoisie had fully realised by then, it was now a futile dream for any European Power to oust the English from India. Referring to the French, Furber noted²¹⁰:

"From many points of view it was a misfortune for France ever to have striven for political power and prestige in India after the days of Dupleix. This story of Anglo-French relations in India affairs after 1783 reveals the existence of 'rivets' of British power unappreciated and largely unknown to the great majority of Englishmen and Frenchmen. Utterly unable to carry on an East India trade without British assistance, completely powerless to reassert political dominance and military prestige with the resources she could then muster, France's only opportunity in India lay in turning Britain's increasing responsibilities in India to her own advantage. Bourdieu, with his advice to make 'golden' voyages during Britain's war with Tipu, had a truer grasp of realities than Vergennes. War and revolution intervened to make any fulfillment of Bourdieu's plans impossible. When the 'domestic situation' in France once more enabled French statesmen to think of India, they never thought of the commercial advantages that could be obtained in India without conquest. Napoleonic France thought only of Vergennes' old dream of re-creating by force of arms a French Indian empire which really never had existed and was destined never to exist."

Having thus eliminated its European rivals from the Indian field, the English Company, together with the process of subjugating the Indian rulers (of which more in the next chapter), went on fortifying the frontiers of India. The sea-frontier was not a problem, for Britain had by then emerged as the greatest sea-faring nation in the world. As regards the land-frontier, in order to stop possibilities of Afgan invasions or the imputed designs of the Russian Tsar to become interested in India, the Company instigated the Nawab of Oudh to launch the Ruhela War in 1774. This war, commanded by the British army, completely annihilated the peaceful Ruhelas and fortified the Company's position. Then, by the middle of the nineteenth century, the British had established themselves securely in the north-western provinces of India and had also obtained full control over its eastern frontier. Any possibility of invasions into India was thus ruled out, and un-rivalled the Company ruled in India until 1858. In the words of Marx²¹¹:

"No longer conquering, it had become *the* conqueror. The armies at its disposition no longer had to extend its dominion, but only to maintain it. From soldiers they were converted into policemen."

That India belonged to the British bourgeoisie was fully assured.

CHAPTER 4.

COMPANY AND THE INDIAN RULERS

For a proper understanding of the role of the East India Company vis-a-vis the Indian rulers, it is necessary to examine the following points:

1) Why the European merchant companies were welcomed into India.

2) Why up to the first decades of the eighteenth century these companies had to remain as "peaceful" traders, while sniping at one another whenever a suitable opportunity offered, and simultaneously striving consistently to obtain exclusive "concessions" from the Indian rulers for their commercial pursuits (that is, at the expense of other merchants—Indians or foreigners) by means of flattery, presents and guile, in which operations the English Company excelled others and thus consolidated its position best in India during this period.

3) How, after the close of the seventeenth century, with the disintegration of the Moghal Empire and the confusion prevailing throughout India while the Indian Powers were bidding for supreme power, the situation was maturing in India for the two merchant companies—the English and the French—to aspire for the kingdom of India.

4) And how, when this state of affairs became quite apparent to all towards the middle of the eighteenth century, the English Company finally emerged as the ruler of the subcontinent.

To appreciate the above points, it is first necessary to inquire into the social background of India at that time. Such inquiry reveals that while the merchant bourgeoisie of England were consolidating their position in society, in India also far-reaching changes had taken place during the fourteenth to the sixteenth centuries of the present era.

1. Social Background of India

Just as in Europe conditions were created from the fourteenth century for the emergence of the merchant bourgeoisie and the ultimate formation of the East India Company in England in 1600, so during the same period a situation was developing in India which led to a demand for foreign traders to buy Indian goods. This created the basis for the merchant companies of Europe to penetrate into India, and secure bases in the subcontinent. Of such changes, however, only a few pregnant glimpses are available, for the traditional chroniclers have dealt almost entirely with the change of dynasties, details of battles between rival kings, and such "spectacular" events. Yet, such scattered information as is available today suggest that towards the end of the sixteenth and the beginning of the seventeenth centuries while the feudal grandeur of the Moghals had gained its supreme height, the centralised administration of the Moghals had begun to intervene directly into the Village Community System—the backbone of India's economy—and thus undermined the basic principles of the system. At the same time, the Bhakti Movement, probably led by traders, was spreading over India. This movement, with its opposition to the caste system, was affecting the ideological stability of the village community system. And this was also the time when the Indian mercantile bourgeoisie were making themselves felt in Indian society and Royalty had also become interested in commercial pursuits, and especially in foreign trade.

That India was then basking in the glory of the Moghal's splendour was noticed by every foreign visitor. Ralph Fitch, the first envoy of the English merchant bourgeoisie, who arrived in India during the last days of Akbar's reign, was very greatly impressed by the big towns and lavish wealth of the Moghal Empire, compared to which his own country appeared to him as poor and undeveloped. Very truly Marx noted that Akbar "*Macht Delhi zur grössten und schönsten Stadt damals existing in the world*"²¹². Sir Thomas Roe, the first "Merchant-Ambassador" of England to the Moghal Court during the reign of Jahangir (successor of Akbar), felt himself very small in the society of Moghal nobles.

"His salary was fixed at £ 600 a year, a sum equal to at least £ 5,000 nowadays, but the incomes of the big people at Jahangir's Court ran into

tens or even hundreds of thousands. Moreover, his staff was not very brilliant. A chaplain and a doctor on £50 and £24 per annum were supplied, Roe himself having to pay the wages of the rest of his retinue from the annual grant of £100. Later he records in his diary how ashamed he was of his clothes. The Mughals were dressed in the most dazzling manner. 'Five years allowance would not have furnished me with one indifferent suit sortable to theirs', he writes."²¹³

Such magnificence of the Royal Court was of course based, as previously, on the village economy in the main, and therefore all sources of central revenue taken together "were quite small when compared with the land-revenue"²¹⁴; but there is some evidence to suggest that the essential characteristics of Indian feudalism had begun to suffer changes since the fourteenth century. However, before discussing these changes, it is first necessary to examine the specific features of Indian feudalism.

2. Indian Feudalism

What were the characteristics of Indian feudalism? Here, a good many reasons persuade one to consider seriously the formulation of Shelvanker that "Indian feudalism remained fiscal and military in character, it was not manorial". Shelvanker argues²¹⁵:

"The king under European feudalism combined in himself authority over all persons and things in his kingdom. When the king's dominium was delegated under vows of allegiance to a number of barons and fief-holders of different degrees, and a hierarchy of authority was created, the power and the rights that were passed on from superior to inferior were power and rights over things (i.e., over the land of a given area) as well as over the persons connected with it.

In India there was nothing analogous to the Roman conception of dominium, and the sovereign's power was not, until a late period, regarded as absolute and unlimited over the agricultural land of the kingdom. The king did not, in theory, create subordinate owners of land because he himself was not in theory the supreme owner of the land. What he delegated to the intermediaries was not even his sovereignty understood in this restricted sense, but only the specific and individual rights of *zamin*, the revenue-collecting power.

Hence there did not occur, as in England, a conflict between the king and his baronage, with the baronage endeavouring to delimit and circumscribe the claims which the king could make upon them in virtue of his exercise of the supreme dominium. The king was not *primus inter pares*; and the baronage were not co-sharer with him of sovereignty. From the beginning they held no more than a fairly well-defined title to the collection of taxes, or rents, and they could escape this condition not by fighting with the king for the clarification and settlement of their mutual relationship – which was precise enough – but by taking up arms against the insignia of royalty. The conflict between the king and his feudatories did not therefore lead to political and constitutional developments within the frame-work of the State, but merely to the creation of a new State in no way dissimilar to that from which its ruler had torn himself apart.

In order to resist, when necessary, the overlord's terms or conditions made even on the narrow ground of the *zamin* power, a principle of cohesion was necessary, and that was lacking among the intermediate baronage. They were intermediaries of different grades, different powers, different environments and languages, whose allegiance was never centralised and focused on a single person or institution, and who were, moreover, scattered widely over an immense territory. They could never as an organised and coherent body, resist a common overlord and impose checks on him, partly because there was no common overlord to whom all of them had sworn allegiance, and partly because they themselves were rent asunder, were scattered and had each a different historical antecedent.

Save in some exceptional cases the intermediary in his relations with the peasantry and the village had no occasion to convert his *zamin* rights into one of *de facto* dominium in the European sense by any attempt directly to influence the course of rural operations. Indian feudalism remained fiscal and military in character, it was not manorial. There was in general none of the intermingling of peasant land with demesne land in a common village, nor interdependence for labour services such as marked the manorial system. The peasant was not the lord's serf, nor was the lord directly interested in cultivation. There was therefore nothing similar to the direct conflict between the manorial lord and the peasantry over the disposal and cultivation of the land and of labour services which agitated Europe from the twelfth to the eighteenth centuries.

When there was a conflict, it was over the share of the agricultural produce to be retained by the peasant or surrendered to the lord. The foundations of agriculture themselves were not affected. Nor was there any such widespread and general rise in prices or the temptation of greater income by turning arable into pasture, to lead the baronage to assert their power in

a manner capable of introducing fundamental changes in the rural economy. Even as late as the eighteenth century there was an abundance of land, and the hard-pressed peasant could always abscond on the open plains of the Ganges. The lord therefore was in general satisfied to exact his utmost from the peasant in the shape of produce, without concerning himself with economic and technical questions of increasing production.

At the base of the Indian agrarian system, as at the basis of all ancient agrarian systems, there was the more or less collective or co-operative village, in which individual family claims and obligations are determined on customary lines. On top of this grows up, with monarchy and feudalism, a system variously and unevenly hierarchical of rights belonging to individuals who are themselves not cultivators, but who, by the direct or indirect exercise of force, establish the practice of receiving a more or less big fraction of the final produce of the soil. In broad outline, this superimposition of a military hierarchy over groups of cultivators organised in villages is characteristic of Indian and European feudalism in general.

Owing to the special features of Indian feudalism, which we have pointed out, this agrarian system did not develop any farther. The two sets of conflicts: (a) between the baronage and the king, and (b) between the baronage and the peasantry, which were so settled that proprietary rights over independent and separate tracts of lands, farms, came to be lodged in separate and independent individuals, the conflicts which shattered the pre-capitalist agrarian systems of the West, never took place in India. The rights based on custom and the rights based on political and military power continued to run side by side, without leading by their interaction, as in England, to any important changes in rural organisation.

There was no security or safeguard for a right against the State, as critics sometimes observe, for the simple reason that the right was in fact and manifestly a concession of the State, a delegation of its political revenue-collecting power. But this applies only to the non-cultivating classes. As for the village and the peasantry, they had strictly neither rights nor safeguards — except such as were grounded in custom. They tilled the land not because it was a right or a duty, but because it was the *métier* of their fathers. And no one was foolish enough to try to evict them, because there was plenty of other land to which they could go. What their masters wanted was not the peasant's land, but his surplus value.

None of the major conflicts in Indian history had for its object the exercise of rights within the village, but the exercise of rights over the village. They were conflicts between overlords of various grades for the right or power to get a payment from the peasant, not to seize his land. European history, on the contrary, reveals a conflict between the peasantry and the manorial

lords because the latter not only demanded a share of the produce, but desired to retain a particular method of cultivation – by forced labour – or to introduce new methods of cultivation (enclosures, large-scale farming). The Indian conflict was one between lords who were concerned not at all with methods of cultivation, but only to draw an income from the peasantry. If all ownership of land rests ultimately either on the claim of the sword or the claim of the plough, the issue in India was never fought out between the claimants of the plough and the claimants of the sword. The issue was always between different claimants of the sword, the village and the peasantry remaining throughout the passive subject of conflict, the booty over which the rival powers fought each other."

Available information does not suggest that Shelvanker's arguments, as given above, are founded on false grounds. And, at any rate, these characteristics were generally true for the Moghal Period of India's history, and particularly of that phase immediately prior to the advent of the European merchants.

Furthermore, how the preservation of feudatory interests *over* the villages, while living on tributes collected from the free peasants, could remain intact for so many centuries in India is explained by the very nature of the village community system of India which persisted with considerable vigour until the East India Company broke it up after becoming the master of India. Marx said²¹⁰:

"Climate and territorial conditions, especially the vast tracts of desert, extending from the Sahara, through Arabia, Persia, India and Tartary, to the most elevated Asiatic highlands, constituted artificial irrigation by canals and waterworks, the basis of Oriental agriculture. As in Egypt and India, inundations are used for fertilising the soil in Mesopotamia, Persia, etc.; advantage is taken of a high level for feeding irrigative canals. This prime necessity of an economical and common use of water, which in the Occident drove private enterprise to voluntary association, as in Flanders and Italy, necessitated in the Orient, where civilisation was too low and the territorial extent too vast to call into life voluntary association, the interference of the centralising power of government. Hence an economical function devolved upon all Asiatic governments, the function of providing public works. ...

However changing the political aspect of India's past must appear, its social condition has remained unaltered since its remote antiquity, until the first decennium of the nineteenth century. The handloom and the spinning wheel, producing their regular myriads of spinners and weavers were the pivots of the structure of that society. ...

These two circumstances – the Hindu, on the one hand, leaving, like all Oriental peoples, to the central government the care of the great public works, the prime condition of his agriculture and commerce, dispersed, on the other hand, over the surface of the country, and agglomerated in small centres by the domestic union of agricultural and manufacturing pursuits – these two circumstances had brought about, since the remotest times, a social system of particular features – the so-called *village system* which gave to each of these small unions their independent organisation and distinct life.”

Thus, depending upon the low development of productive forces, which, although the plough was in vogue and so cultivation was done by family labour, could not manipulate irrigation without communal labour, the social development of India led to the establishment of village communities, which has been characterised as the prolongation of primitive democracy in India’s feudal epoch.²¹⁷

One can get the best idea how these village communities functioned from the classic description given by Marx on the basis of the literature available to him. As a piece of scientific generalisation, it is of inestimable value.

“Those small and extremely ancient Indian communities, some of which have continued down to this day, are based on possession in common of the land, on the blending of agriculture and handicrafts, and on an unalterable division of labour, which serves, whenever a new community is started, as a plan and scheme ready cut and dried. Occupying areas from 100 up to several thousand acres, each forms a compact whole producing all it requires. The chief part of the products is destined for direct use by the community itself, and does not take the form of a commodity. Hence, production here is independent of that division of labour brought about, in Indian society as a whole, by means of the exchange of commodities. It is the surplus alone that becomes a commodity, and a portion of even that, not until it has reached the hands of the State, into whose hands from time immemorial a certain quantity of these products has found its way in the shape of rent in kind. The constitution of these communities varies in different parts of India. In those of the simplest form, the land is tilled in common, and the produce divided among the members. At the same time, spinning and weaving are carried on in each family as subsidiary industries. Side by side with the masses thus occupied with one and the same work, we find the ‘chief inhabitant’, who is judge, police, and tax-gatherer in one; the book-keeper who keeps the accounts of the tillage and registers everything relating thereto; another

official, who prosecutes criminals, protects strangers travelling through, and escorts them to the next village; the boundary man, who guards the boundaries against neighbouring communities; the water-overseer, who distributes the water from the common tanks for irrigation; the Brahmin, who conducts the religious services; the schoolmaster, who on the sand teaches the children reading and writing; the calender-Brahmin, or astrologer, who makes known the lucky or unlucky days for seed-time and harvest, and for every other kind of agricultural work; a smith and a carpenter, who make and repair all the agricultural implements; the potter, who makes all the pottery of the village; the barber, the washerman, who washes clothes, the silversmith, here and there the poet, who in some communities replaces the silversmith, in others the schoolmaster. This dozen of individuals is maintained at the expense of the whole community. If the population increases, a new community is founded, on the pattern of the old one, on unoccupied land. The whole mechanism discloses a systematic division of labour; but a division like that in manufactures is impossible, since the smith and the carpenter, &c., find an unchanging market, and at the most there occur, according to the sizes of the villages, two or three of each, instead of one. The law that regulates the division of labour in the community acts with the irresistible authority of a law of Nature, at the same time that each individual artificer, the smith, the carpenter, and so on, conducts in his workshop all the operations of his handicraft in the traditional way, but independently, and without recognizing any authority over him. The simplicity of the organisation for production in these self-sufficing communities that constantly reproduce themselves in the same form, and when accidentally destroyed, spring up again on the spot and with the same name — this simplicity supplies the key to the secret of the unchangeableness of Asiatic societies, an unchangeableness in such striking contrast with the constant dissolution and refounding of Asiatic States, and the never-ceasing changes of dynasty. The structure of the economical elements of society remains untouched by the storm-clouds of the political sky."²¹⁸

These "myriads of industrious patriarchal and inoffensive social organisations... were contaminated by distinctions of caste and by slavery,... they subjugated man to external circumstances, instead of elevating man the sovereign of circumstances,... they transformed a self-developing social state into never changing natural destiny, and thus brought about a brutalising worship of nature, exhibiting its degradation in the fact that man, the sovereign of nature, fell down on his knees in adoration of *Hanuman*, the monkey and *Sabbala* the cow."²¹⁹ In other words, while based on the economic needs of the

age when it was first established,* the village community system was stabilised and transformed into a "never changing natural destiny" mainly by the caste-ideology and accompanying rights and rituals, which in the form of *Jati-Dharma* was a specific feature of Indian feudalism.** The upshot was that "the barbarian egotism which, concentrating on some miserable patch of land, had quietly witnessed the ruin of empires, the perpetration of unspeakable cruelties, the massacre of the population of large towns with no other consideration bestowed upon them than on natural events, itself the helpless prey of any aggressor who deigned to notice it at all", saw to it that "all the civil wars, invasions, revolutions, conquests, famines, strangely complex, rapid and destructive as the successive action in Hindustan may appear, did not go deeper than its surface"²²⁰.

Such then were the main characteristics of Indian feudalism: (1) control of feudal sovereigns and their representatives over the village for collection of taxes and tributes, and concentration of public works (particularly irrigation) in the hands of the State; (2) within the decentralised social units of village communities everything being decided by the village council, and its subsistence

* Thus Dange remarked: "The coming into existence of the village community, with its hereditary division of labour by castes, developed the productive powers of society. Each caste and subcaste specialising in its own craft, developed it to the highest pitch possible for handicrafts. On the basis of the growth of productivity, also grew the surplus extracted by the ruling classes and the state. From this surplus were maintained the public works of irrigation and also those monuments of architecture, as have been preserved to us." (S. A. Dange, "Some Problems of Indian History", *New Age* (monthly), Delhi, September 1954, p. 11)

** This viewpoint is still controversial, although the writer is inclined to agree with its proponents (such as Suleykin, Dange, *Geschichte Indiens*), who would argue that "the caste-system (*Jati Dharma*) is the expression of the rise and growth of Indian feudalism" (Dange), as against those (such as, Kosambi) who would consider the four *Varnas* (Brahmins, Kshatriyas, Vaishyas and Sudras), instead of the *jati* or hereditarily transmitted detailed occupational groups within the society arranged in a societal hierarchy (which would however also conform to the four *varnas* in the overall classification), as depicting the caste-system. (cf. Suleykin - loc. cit. (217); Dange - op. cit., 6, 9-10, etc.; *Geschichte Indiens*, Große Sowjet-Enzyklopädie, Rütten & Loening, Berlin, 1955, p. 15; Kosambi, D. D. - "On a Marxist Approach to Indian Chronology", *Annals of the Bhandarkar Oriental Research Institute*, XXXI, 1951, pp. 265, etc.)

economy being based on a harmonious combination of industry and agriculture; (3) the autonomous and self-sufficient existence of the village communities, in a large measure free from internal tension, being finally stabilised by the hereditary classification of the people into various *jati* (as different from *varna*) signifying mainly immutable divisions of labour in society, so that the village communities would not burst asunder owing to internal tension generated by individual aspiration for a different position in society, and, on the other hand, the vegetative process of the growth of these communities would be maintained by the establishment of new communities in the exact image of the previous ones, as Marx so forcefully described.

It should not, of course, be forgotten that although features of "primitive democracy" were visible in the village community system in the communal ownership of land and in the function of the village council, class exploitation was established not only by the control of the feudal lords *over* the village, but also by the control exercised by the priest and headman *within* the village, who living on the surplus labour of the peasantry and the rural artisans, and belonging to the castes of Brahmin and Kshatriya, represented the interests of the ruling class in these smallest units of the feudal society. The remaining castes, on the other hand, "*were tied to their place in production, to the particular production of handicrafts and agriculture and the share of the product that they had to yield to the others was also laid down and enforced*"²²¹. Thus, "*hereditary serfdom of a type was the foundation of these village communities*", and such communities with their socio-religious superstructure of caste-ideology were "*the basis of the structure of Indian feudalism*"²²².

3. Emergence of New Forces

In the later phase of Moslem Rule in India, while in general the village communities continued to exist and the caste system prevailed, there are reasons to believe that, because of forces attacking the institution from outside and within, feudalism in India had begun to weaken from the fourteenth century onwards. The

external forces working against the essential characteristics of the system came from the ruling powers. As has been reported²²³:

"A number of measures adopted by the Delhi kings, before Shershah, contributed to a certain extent to the weakening of feudalism. Alauddin Khilji confiscated religious endowments and all grants of rent-free land. The powers of the hereditary assessors and collectors of revenue were sharply curtailed in his reign. Under the Tughlaks, the land tax was assessed by the collectors in person (*Cambridge History of India*, Vol. III, p. 128). Mubarak Shah introduced the custom of transferring nobles from one fief to another (*ibid.*, p. 210)."

Sher Shah assumed sovereignty in 1539. Since then changes in India's socio-economic life became more noticeable. In 1555, Humayun recovered the throne of India for the Moghals from the Sur Afgans (Sher Shah's successors), and with Akbar's assumption of sovereignty after the death of Humayun in 1556, the same process of changes went on developing at a still more rapid rate, for

"Humayun and Akbar fought against the Sur kings but it was the revenue and administrative system introduced under Shershah Sur that the Mughal king Akbar took over. This shows how far more important were the internal developments of Indian society than the wars for the possession of the throne at Delhi."²²⁴

After the death of Akbar, his son Jahangir ascended the throne in 1605, and the English East India Company made its first appearance in India in 1608 through its representative, William Hawkins. By then, the Moghal Empire had spread all over North India, and a substantial part of the Deccan; in later years, it covered almost the whole of the subcontinent. So, what happened within the Moghal Empire was a very good reflection of the social forces working within the whole of India, although it should not be expected that all the changes introduced by the Moghals worked uniformly throughout the empire. In the following therefore an attempt will be made to note the salient points in the changes introduced in India's socio-economic life in this period, particularly by Sher Shah and Akbar, to indicate the social scene the English Company faced on its advent in India. Needless to say, materials for this discussion are very scanty, and their interpretation is often controversial. Even

so, the following account may be useful in obtaining a general idea of the social forces working in India at this very significant period of her history.

Perhaps the most notable of Sher Shah's administrative measures was in regard to the collection of land revenue. In this respect, while "the practice of farming the revenue of a village, or larger area, is of old standing in India", and so "it was a common practice for the revenue assessors to come to terms with the headmen year by year for the revenue to be paid by the village as a whole; the sum to be paid was fixed on a consideration of the productive resources of the village, but was not assessed directly on the separate portions of cultivated land, or on the individual peasants", during the reign of Sher Shah, who "distrusted the village headmen"²²⁵,

"Above all he established direct relations with the cultivator and deprived the headmen of the village of all rights in assessing the revenue. This could not but have curtailed the autonomy of the village communities."²²⁶

In addition, instead of recognising the presence of the village headman as a representative of the village community, or instead of neglecting his presence altogether, Sher Shah endeavoured to turn him into a civil servant answerable not to the village council but to the centralised authority of the State.

"Sher Shah threw upon the village headman the responsibility of collecting the land revenue. He was expected to execute a bond and furnish securities for the due discharge of his duties. The muqaddam gave a receipt to the cultivator. The revenue demand was to be rigorously enforced. If a cultivator failed to pay, probably the usual methods of extorting the money from him were resorted to. He was imprisoned and tortured till he managed to pay the requisite amount in kind or cash."²²⁷

It is also probable that in Sher Shah's time, "the peasants were now required to pay in cash" instead of paying in grain²²⁸; which if true, was surely a significant departure from the past.

And what Sher Shah had started, Akbar brought to a fuller conclusion; "the basis of Akbar's distinctive system is to be found in the reorganisation effected by Sher Shah"²²⁹. This distinctive system consisted of "the direct relationship which it established between the collector and the individual peasant, who was to be treated as

an independent unit, encouraged to increase production, and assisted with loans for that purpose, but held firmly to the engagements into which he had ventured"²³⁰. In his *Chronologische Auszüge über Ostindien* (*Chronological Notes on India*) Marx remarked on Akbar's revenue system as follows:

"1582-85. . . . *Akber's Revenue system* (autore *Rajah Toder Mull*, the finance minister); um *revenue to collect von den cultivators*:

1) first established an uniform standard of measurement und dann a *regular survey system* set on foot.

2) to ascertain the produce of each separate 'bigba', and hence the amount it ought to pay to government: The land divided into 3 different classes, according to their varying degrees of fertility. Dann, for each bigba, the average yield of its class taken und the king's share made = $\frac{1}{3}$ of this amount in kind.

3) to settle the equivalent of this amount in money regular statements of prices over all the country for 19.

Der *Machtmißbrauch* der petty officers put down; the amount of revenue nahm ab, aber die expenses of collection lessened, so blieb net revenue dieselbe. Akber schafft ab the custom of farming the revenues, which had been source of so much cruelty und exhortion." [All underlined words in Marx's manuscript are italicised - R.K.M.]

As noted above, during Akbar's time, "from the outset the demand was made in cash, the produce due under the schedule being valued at prices fixed by order of the emperor"²³¹. Henceforth money rent became a fairly established feature in the Moghal administration, and it was generally followed by Akbar's successors. This measure appears to have reflected the penetration of commodity circulation in the villages; a feature, if true, indicated how the subsistence character of the village communities was undergoing changes in this period. In any case, it meant the rise of new forces in the society, namely, that of money-changers and usurers²³²; in which connection it should be borne in mind that "money forces the commodity form even on the objects which have hitherto been produced for the producer's own use; it drags them into exchange"²³³, and that even though "under the Asiatic forms usury may last for a long time", it "works revolutionary effects in all pre-capitalist modes of production" and that it could not but produce "economic disintegration and political rottenness"²³⁴.

Furthermore, it is of interest to note that, as at the time of Sher Shah, during Akbar's reign, the government "encouraged the sowing of the crops yielding a better cash value... by granting advances to the cultivators which were repayable within a year"²³⁵. Significantly enough, in this and latter periods, production of non-food crops, other than those of direct interest to the village communities leading a self-supporting life, was gaining ground. As has been reported²³⁶:

"... indigo was cultivated in certain places of Northern India. Pelsaert definitely tells us of the large-scale production and manufacture of indigo in the Jumna valley and Central India. To meet the demands of widespread manufactures of cotton and silk goods, both cotton and silk were cultivated extensively in certain parts of India."

As will be mentioned later, indigo-trade became a royal monopoly, and silk and textiles—the chief articles of export from India. Thus, the village economy which had until now maintained an independent existence of its own, irrespective of how the urban economy went its way, and this dualism gave a peculiar imprint on the characteristics of Indian feudalism, was now being gradually drawn into the needs of manufacture and commerce.

Such intrusions into the internal arrangement of the village community system could not but have weakened the institution itself, and thus affected one of the basic props of Indian feudalism.

Along with the attack on the economic basis of the village communities, movements had developed against its ideological basis of the caste system. The Bhakti movement, "which swept over India from the twelfth century A. D.", preached as "its essential doctrine that salvation may be attained, independently of priests, ritual and caste, by devotion to the Divine Name"²³⁷. This movement in India, "compared to the Protestant Reformation in Europe", flourished greatly during the fifteenth and sixteenth century, and continued till later years.

"Like the Protestant Reformation in Europe in the 16th century, there was a religious, social, and literary revival and Reformation in India, but notably in the Deccan in the 15th and 16th centuries. This religious revival was not Brahmanical in its orthodoxy; it was heterodox in its spirit of protest

against forms and ceremonies and class distinctions based on birth, and ethical in its preference of a pure heart, and of the law of love, to all other acquired merits and good works. This religious revival was the work also of the people, of the masses, and not of the classes. At its head were saints and prophets, poets and philosophers, who sprang chiefly from the lower orders of society, — tailors, carpenters, potters, gardeners, shop-keepers, barbers, and even *mabars* (scavengers) — more often than from Brahmins."²²⁸

It is well to remember how extensive was this movement and how it sprang up simultaneously in various parts of India without any apparent connection, proving thereby that it was the *social system* which gave rise to this movement in India. Thus, Ramananda, who was one of the pioneers of the movement, preached widely in Northern India in the fourteenth century. Vallabhacharya, born near Benares in the year 1479, was a Telegu-speaking South-Indian who preached his views in the kingdom of Vijayanagar in the south. Chaitanya (1485—1533) was a Bengali, who preached his message extensively in eastern India, northern India and the Deccan. Namadev, in the latter half of the fourteenth or in the first half of of the fifteenth century, propagated his views in Maharastra. Kabir, also in the fifteenth century, preached his ideas in north and central India. Nanak, in the latter half of the fifteenth century, founded Sikhism in the Punjab. And then there were many others, like Eknath of Paithan in Maharastra who died in 1608; Tukaram, contemporary of Sivaji in the seventeenth century; Tulsi Das (1544—1624) who became famous for his Ramayana; the famous poet Dadu (1544—1603) of North India; Tiruvalluvar, the great Tamilian poet of the south; Vemana, the popular Telegu writer; the poetess Lalla of Kashmir in the fourteenth century; and similar figures in all parts of India including Gujarat, Kanara, Malabar, Orissa, Assam, Bengal, etc.²²⁹

The preachings of these leaders of the Bhakti movement and their disciples against the caste system — the basic social organisation of India in that epoch — could not but have had an adverse effect on the fundamental basis of Indian feudalism.

Furthermore, some information is available to indicate that hereditary transmission of professions according to caste-affiliation was also being over-ruled in those days. This was of course very well marked among the preachers and the followers of the Bhakti move-

ment, which became the expression of the rising force of artisans and traders as well as of the oppressed peasantry.

"... the Bhakti movement among all the larger peoples of India started everywhere as a movement of artisans and traders in towns and later, in the XVII century, in certain regions it was joined by the peasants. It happened, for instance, in the Agra-Mathura region, where a great peasant rebellion took place in which Jat peasants played a leading role. The same happened in Punjab, where the peasants of the central districts rose under the leadership of the Sikhs. The dissatisfaction of oppressed artisans and traders with the feudal system turned into an armed struggle against the rule of the great feudal lords.

Everywhere the Bhakti movement went hand in hand with the development of national literature in the vernaculars and it became an important stimulus in the development of national culture of India's peoples. The literature, mostly poetry, which was called to life by this movement was more or less of an anti-feudal character. It expressed a protest against the caste system, against the rites of official Hinduism and Islam. The movement was especially wide-spread among the Hindu population of India, and therefore took the form of Vaishnava sectarianism; but the lower strata of Moslem society also took part in the movement. This is evidenced by the fact that there were Moslems among its leaders (Malik Muhammad Baba Farid). The strong growth of genuinely national literature, which left an indelible trace in the literature of nearly all the peoples of India, testifies to the fact that beginning from the XV century, in certain regions of India inhabited by its most numerous peoples, local markets were emerging and the role of the town handicrafts and trade was increasing in economic life. This process was bound to create the need in literatures in various national languages for these languages alone could serve as a means of intercourse between sellers and buyers."²⁴⁰

In this connection it is of interest to recall again that most of the progenitors and proponents of the Bhakti movement belonged to the castes of traders and artisans. Thus, of the twelve disciples of Ramananda, Kabir was a weaver, Raidas a cobbler, Sena a barber; Rishi Swapacha was "a tanner by caste"²⁴¹; Tukaram was a Sudra and a poor trader by profession; Kabir's successor, Dharmadas was a trader by caste; several distinguished disciples of Chaitanya were traders by caste; Namadev and Nanak were by caste tailor or calico-printer and trader, respectively; Dadu is said to have been a cobbler, and his disciple Sundardas was a trader; Malukdas was a *khatri*

(trader); Vemana was an "uncultured peasant"; and Tiruvalluvar was a *pariah*.

Moreover, besides these and other important personages connected with the Bhakti movement, there were many others important enough to be mentioned in historical studies who violated their caste-regulations and took up other professions. As has been reported²⁴²:

"Tilak, who is said to have been well-versed in both Hindi and Persian and served Abdul Hasan and Mahmud Ghazanavi, was the son of a barber. Mandawar had been held by Rahup, an 'Agarwal Baniya' against Iltumish and he had taken this fort from a prince of the Parihar dynasty (*Cambridge History of India*, Vol. III, p. 53). The fact that a *baniya* (trader) should seize a fort from a prince is a very strong indication of the changes taking place in the relations of the various *varnas* in Indian society. In Gujerat, a rebellion against the Delhi Emperor had been led by Taghi, a cobbler (*ibid.*, p. 169). Sidharan and Sidhupal, involved in the court intrigues and the murder of a Delhi king, were Khattris. The famous Hemu, who took the field against young Akbar, was a *baniya*. He has been described as an able general who had won twenty-two victories for his Pathan king. The leading painter of Akbar's time, Daswanth, was a *kahar* (a palanquin bearer)."

Thus there are a good deal of evidence that caste-rules were superseded in those times. And it is perhaps of still greater importance to note than mere infringement of caste-rules is that a large number of such noted persons who are mentioned in standard historical literature came from the caste of traders. This probably indicates the growing importance of traders in those days, particularly noticeable in the upper Gangetic plain where the Khattris migrating from the Punjab "took a leading part in the formation of the new bureaucracy and the growth of trade"²⁴³.

That trade was flourishing in India in those days is also substantiated from other available facts. It has been noted²⁴⁴:

"The system of posts through horsemen or runners, the use of tokens by foreign merchants, the abolition of octroi duties 'which had weighed heavily upon merchants and tradesmen', etc., under various Delhi kings, before Shershah, contributed to the strengthening of trade and commerce in the country. Firuz Tughlak in particular paid greater attention to irrigation and built up a number of canal systems which not only helped agriculture but also linked the countryside with the towns. The growth of new towns at this time cannot be ascribed solely to the magnanimity of a monarch. They

are an indication of new forces within the womb of the feudal system. On the site of old Indraprastha, there arose Firuzabad. Hissar, Fathabad, Firuzpur, Budaun, Jaunpur, etc., testify to the further growth of exchange centres in Northern India.

The men employed for finance and revenue by the Delhi Sultans were mostly from the indigenous population. The existence of a ministry for dealing with markets, the rules for regulating weights and measures, etc., testify to the same fact."

Sher Shah, during his reign, further accelerated the spread of commerce. He "realised the importance of Agra both for his authority and for the growth of commerce, (so that) Agra became an important centre of communications"²⁴⁵. Sher Shah was "also a builder and a road-maker".

"Of his four great roads one ran from Sonargaon in Bengal through Agra, Delhi and Lahore to the Indus, one from Agra to Mandu, one from Agra to Jodhpur and Chitor, and one from Lahore to Multan. On either side of all were planted fruit trees, and beside them were erected 1700 caravanserais with separate lodgings for Muslims and Hindus and servants to supply food to those of each religion. Grain and fodder were supplied for horses and cattle, and each caravanserai contained a well and a mosque of burnt brick, with a *mu'azzin* and an *inam* in attendance. A police official kept the peace and prevented crime, and two post-horses were stabled in each building for the use of riders conveying the royal mail."²⁴⁶

Such measures could not but have given help to commercial pursuits.

Sher Shah also built new towns as important trade-centres. One of them was the town of Patna, built on the ruins of the famous old town of Pataliputra, about which Sher Shah was reported to have remarked²⁴⁷: "One day Patna will become one of the leading cities of the country". It has also been reported²⁴⁸:

"According to V. A. Smith, Patna had extensive trade in raw cotton, cotton cloths, sugar, opium and other commodities. Ralph Fitch found Patna a flourishing trade centre in 1586. Both politically and commercially, Patna was linked with Banaras and Agra. It also became a connecting link between Bengal and Northern Hindustan though essentially it formed a part of the Hindustani market."

Furthermore, an efficient execution of law and order made Sher Shah's kingdom safe for travellers.

"Crime was rigorously suppressed and the headmen of villages were held responsible for the surrender of those who committed crimes in their villages or of criminals who took refuge in them. Even the historians of the Timurids admit that in the Afgan's reign an old woman with a basket of gold could safely sleep in the open plain at night without a guard, and the historian Badauni, born in 1540, imitates the founder of his faith by thanking God that he was born the subject of so just a king."²⁴⁹

Under such protection the merchants could travel to distant regions without any anxiety, and thus facilitate the spread of commerce in bulk and extent. It has been noted²⁵⁰:

"Sher Shah assured a prosperous trade in the country by the measures he took for the purpose of maintaining law and order in the country. His improved means of communication further made transport cheaper and less inconvenient. The serais assured the merchants safe places for the deposit of their valuable goods. To encourage commerce still further he abolished the vexatious transit duties charged as commerce passed from city to city. Custom dues were to be paid at the frontiers, taxes on sales were collected when an article had been actually sold. To help trade and industry and encourage sales he reformed the coinage. A standard weight and uniform fineness were adopted for all coins issued so that these could be easily accepted without any fear of any discount being charged later on. Gold, silver and copper coins were issued from various mint towns."

After Sher Shah, during the reign of Akbar, further measures were taken to facilitate trade and commerce. Akbar, "like Sher Shah, tried to regulate the currency of the State", and "mercantile affairs of the Empire during the reigns of Akbar and his successors were transacted in round gold *mohars*, rupees and *dams*"²⁵¹. A uniform currency throughout the empire was certainly beneficial to the traders; and then there were big and prosperous cities in which a brisk trade was conducted during the time of Akbar.

"Writing in A.D. 1585, Fitch observed: 'Agra and Fatehpore are two very great cities, either of them much greater than London and very populous. Between Agra and Fatehpore are twelve miles, and all the way is a market of victual and other things, as full as though a man were still in a town, and so many people, as if a man were in a market.' Terry refers to the Punjab as 'a large province, and most fruitful. Lahore is the chief city thereof, built very large, and abounds both in people and riches, one of the principal cities

for trade in all India.' Monserrate asserted that in 1581 Lahore was 'not second to any city in Europe or Asia'. Burhanpur in Khandesh was 'very great, rich and full of people'. Ahmadabad in Gujarat has been described by Abul Fazl as 'a noble city in a high state of prosperity', which 'for the pleasantness of its climate and display of the choicest productions of the whole globe is almost unrivalled'. In Eastern India there was much opulence in cities like Benares, Patna, Rajmahal, Burdwan, Hugli, Dacca and Chittagong.²⁵²

And, "there was no want of communications, along roads and rivers, for the purpose of the vast mercantile traffic, . . . the 'main routes of land travel were clearly defined, in some cases by avenues of trees, and more generally by walled enclosures, known as *sarais*, in which travellers and merchants could pass the night in comparative security"²⁵³. There were also the rivers which "afforded excellent means for the carriage of heavy traffic"²⁵⁴.

Furthermore, like Sher Shah, Akbar followed a policy of religious toleration irrespective of Hindus, Muslims and Christians. He initiated socially progressive measures, probably signifying the new era that was dawning in India⁵, and in later years, propounding his

* There is evidence to indicate that during Akbar's reign new values were entering into society. Marx noted in his *Chronological Notes on India*:

"1582-85: Ruhe; *Akber settles the Empire*. War selbst gleichgültig in religious matters, daher tolerant; seine Haupt religious und literacy advisers Feizi and Abul Fazl. Feizi übersetzt old Sanscrit poems, u. a.: '*Ramayana*' und '*Mahabharatta*' (später auch, nachdem Akber römisch/katholischen/portugiesischen/Priest von Goa mitgebracht, übersetzt Feizi die evangelists. '*Indulgenz gegen die Hindus*'; Akber bestand nur auf *abolition of Suttee* (burning of widows on the husband's funeral pyre) etc. *Er schafft ab 'Jezia', i. e., capitation tax*, which every Hindu had been compelled to pay to the Mussulman government." [All underlined words in Marx's manuscript are italicised. - R. K. M.]

Not only by the abolition of the *jezia* tax in 1563 did Akbar endeavour to bring amity between the Hindus and Muslims, which was certainly necessary for an all-round development of the new forces in the society, but at the same time he also abolished the pilgrimage tax which "was levied on the Hindus not only when they visited their famous places of pilgrimage but for their local religious fairs and festivities" (loc. cit. (227), 65). Then, as Marx noted, "Akber reformed the *Code of punishments*, founding them partly on *Mahomedan custom*, partly on the laws of *Mennu*", that is, the authority whom the Hindus were said to have followed. (cf. *Chronological Notes on India*). [All underlined words in Marx's manuscript are italicised. - R. K. M.]

[continued overleaf]

"Divine Faith", undertook the spiritual leadership of the State besides his secular reign over the subjects. It has been stated²⁵⁵:

"The theory of his spiritual headship of the state was developed by Abul Fazal, a theory which was directly aimed at weakening the hold of the priests on the people. The most important reason for this was that Akbar's interests lay with the merchant class: 'Akbar himself was a trader, and did not disdain to earn commercial profits' (V. A. Smith, *Akbar: The Great Mogul*, 1919, p. 411)."

Akbar's interests in commercial pursuits were manifold; "some of the fine industries of Gujarat and Agra" were reserved for himself, and "a horse could not be sold without the king's knowledge or that of his agents"²⁵⁶.

Akbar's successors were also no less interested in commerce.

"Shahjahan enjoyed the monopoly of trade in indigo and permitted Manohardas to carry on the sale of indigo with the help of a loan from the treasury and share the profits with the king (D. Panth, "The Commercial Policy of the Moguls", Bombay, 1930, p. 195). Nurjahan had 'dabbled in indigo and embroidered cloth trade' (ibid., p. 165). As prince Khurram, Shahjahan had carried on private trade with Mocha and Persia (ibid.). About

Several other progressive measures of Akbar have been noted as follows (cf. loc. cit. (227), 168-169):

"Akbar tried to prevent child marriages even though both the Hindu and the Muslim orthodoxy backed this evil custom. He permitted Hindu widows to remarry. He declared himself against marriages between near relatives. He tried to stop the circumcision of children though with what success we do not know.

Many Muslim rulers before him had left the evil of drink alone. Akbar decided that it was not possible to prohibit it altogether and that it would be better to control its use. Wine was allowed to be sold ostensibly for medical purposes, but every purchaser had to give his name. Being drunk in public became an offence, disorderly conduct in public was punished. To control the evil of prostitution, all women of ill fame were assigned separate quarters, names of those visiting them or sending for them were taken down. He allowed women to come out of their seclusion to the Mina Bazar (a step directly against the social standard set up by the Hindu and Moslem feudal nobility - RKM). In education and literature he was not content with the study or spread of the Muslim theology alone. He patronized astronomy, mathematics, history, *belles lettres*, medicine and many other subjects. His patronage of painting, including portrait painting, led to the foundation of a new school of art in India."

And, it has also been asserted (loc. cit. (227), 180):

"Akbar had discontinued making prisoners of war first slaves and then Muslims."

salpetre, an Englishman complained about Shahjahan's monopoly: 'The king hath made it his owne commodity' (ibid., p. 197). Not only the monarch, his kinsmen and kinswomen also engaged in trade. 'Shahjahan's father-in-law Asaf Khan was a notorious trader and so was Mirjumla who was made *Deewan* for making presents of about fifteen lakhs [1,500,000] rupees to Shahjahan. Princess Jahanara the favourite daughter of Shahjahan used to trade on her own account' (ibid., p. 211).

The monarch's personal interest in trade violated the feudal law that the duty of the prince is to 'protect' the people while the duty of the merchant is to provide for the people."²⁵⁷

Indeed, during this period production increased beyond the confines of local consumption and "besides supplying the needs of the local aristocracy and merchants could meet the demands of traders coming from Europe and other parts of Asia"²⁵⁸.

"By far the most important industry in India during this period was the manufacture of cotton cloth. The principal centres of cotton manufacture were distributed throughout the country, as, for example, at Patna in Gujarat, Burhanpur in Khandesh, Jaunpur, Benares, Patna and some other places in the United Provinces and Bihar, and many cities and villages in Orissa and Bengal. The whole country from Orissa to East Bengal looked like a big cotton factory, and the Dacca district was specially reputed for its delicate muslin fabrics, 'the best and finest cloth made of cotton' that was in all India. Pelsaert [at the time of Jahangir's reign] notes that at Chabaspur and Sonargaon in East Bengal 'all live by the weaving industry and the produce has the highest reputation and quality'. ... The dyeing industry, too, was in a flourishing condition. Terry [1616-19] tells us that coarser cotton cloths were either dyed or printed with a 'variety of well-shaped and well-coloured flowers or figures, which are so fixed in the cloth that no water can wash them out'. Silk-weaving, limited in scope as compared with cotton manufacture, was also an important industry of a section of the people. Abul Fazl writes that it received a considerable impetus in the reign of Akbar due to the imperial patronage. Bengal was the premier centre of silk production and manufacture and supplied the demands of the Indian and European merchants from other parts of India, though silk-weaving was practised in Lahore, Agra, Fathpur Sikri and Gujarat. ... Shawl and carpet-weaving industries flourished under the patronage of Akbar; the former woven mainly from hair, having originated from Kashmir, was manufactured also at Lahore, and the latter at Lahore and Agra. Wollen goods, chiefly coarse blankets, were also woven. ... Besides these major industries, we have testimony regarding various crafts during the Mughul period. Edward Terry

noticed that 'many curious boxes, trunks, standishes (pen-cases), carpets, with other excellent manufactures, may be there had'. Pelsaert also writes that in Sind 'ornamental disks, draught-boards, writing-cases, and similar goods are manufactured locally in large quantities; they are pretty, inlaid with ivory and ebony, and used to be exported in large quantities from Goa, and the coast towns'.²⁵⁹

Thus, "the export and import trade of Hindustan was no longer confined to luxury goods nor was it dependent on the surplus products of the village communities"²⁶⁰. And such developments of India's industries and crafts had their effect in extending the scope of foreign trade.

"India had an active and considerable foreign trade during the greater part of the Moghul period, with different countries of Asia and Europe. The chief imports of the country were bullion, raw silk, horses, metals, ivory, coral, amber, precious stones, velvets, brocades, broadcloth, perfumes, drugs, Chinese porcelain and African slaves, and her exports were various textiles, pepper, indigo, opium and other drugs, and miscellaneous goods."²⁶¹

And, in this pursuit the State had a direct interest.

"The State was not only a great manufacturer, it was a great trader as well. It took part in the maritime trade of the country; it participated in the foreign trade with Persia and Arabia. The manufacture of salt and saltpetre was a State monopoly. From time to time other articles were also declared State monopoly."²⁶²

It thus appears that the developments in India in this period were in many ways similar to those in Europe. Like Queen Elizabeth and her successors in England, the Moghal rulers themselves were interested in trade; as in the home country of the East India Company, the growing mercantile bourgeoisie of India were sheltering behind the protection of the kings and nobles; and manufacture for the local market as well as for a wider sphere had developed.

4. Weakness of Growing Indian Bourgeoisie

There were, however, important differences in the social development of India and such countries of Europe as England. Of them two are particularly worthy of note in this discussion. Firstly,

although the Indian mercantile bourgeoisie were developing in that period, their development had not yet reached the stage to make profound and permanent changes in the society.

"... the character of mass movements and uprisings of this period (XVII century) is indicative of the fact that even if primary forms of capitalist relations did exist at that time in India (which is probable) they were of a sporadic character and formed isolated islets on the territory of India. It also testifies to the absence of the classes of capitalist society which could lead the struggle against feudalism. Even successful popular uprisings led only to the substitution of one feudal lord by another, and not to the elimination of feudal relations (viz. the Jat states in the Ganges-Jumna region, the Mahratta state)." ²⁶³

So the mercantile bourgeoisie were still decisively subservient to the feudal power of Indian society.

Secondly, while in Europe, where the foremost powers of that time possessed strong navies, the mercantile bourgeoisie could venture on sea-borne trade, (wherefrom they made most of their fortunes and from such "primary accumulation" the bourgeois development of the society went at a rapid rate—the capital being ultimately employed for the industrial progress of the nation), in India such opportunities did not exist. As noted before, trade-routes over land were difficult and insecure. And, while "the sea and the rivers were more advantageous for commercial purposes" ²⁶⁴, the Indian Powers, including the Great Moghals, hardly possessed any navy at all, although in order to protect their commercial vessels against piracy which was a regular feature in foreign trade in those days a strong navy was a very essential adjunct.

"The Moghals had no large fighting vessels. The ships that they maintained were part of the commercial policy of State trade." ²⁶⁵

Hence, in India, while production had increased beyond the demands within the society and a class of merchants had come into existence, for trading with foreign countries they had to depend on foreign merchants. In England, at a similar stage of development, the English mercantile bourgeoisie resented the intrusion of Hanse merchants; in India, their contemporaries welcomed such intrusions. In the beginning, these merchants were mostly Arabs. Later, when

the European merchants came on the scene—starting with the Portuguese who came at the beginning of the sixteenth century, then the Dutch who, appearing at the beginning of the seventeenth century, revived the ancient commerce of India with the far Eastern Islands of Sumatra, Java and Borneo, and finally the English Company in 1608—it is no wonder that all of them found a ready reception in India for pursuing their commercial pursuits. Moreover, in any case the Portuguese, if not also the others, were entrusted with the responsibility of protecting the Indian vessels at sea. When in 1613 Middleton of the English Company captured four Indian ships in “his action against the trading vessels from Gujarat to the Red Sea”, he found that “they were provided with a Portuguese pass, and Jahangir’s mother had an interest in the cargo”²⁶⁶.

Such was the social background of India at the advent of the East India Company.

5. Company in India in the 17th Century

The first phase of the Company’s career in India, which lasted until the disintegration of the Moghal Empire in the early years of the eighteenth century, was dictated primarily by the interests of the Indian rulers themselves and of the Indian merchants who probably claimed first priority in commercial enterprise within the country. The Moghal rulers, their representatives in different parts of the subcontinent, and the Indian merchants were interested in having European merchants in India, and while there were indications of the presence of some cliques in favour of one group of merchants as against others, in general it may be true to say (and at any rate it was almost always true for the sovereign) that they were unwilling to show favourable discrimination to any one of them at the expense of others. Evidently, the sovereign in particular, as well as the general run of traders selling their goods to foreign merchants, wanted to have the best out of all foreign merchants in India.

Such a situation was of course quite contrary to the governing objectives of the monopolist companies of merchant capital. The consistent aim of the English Company was to obtain “concessions”;

for instance, as regards customs dues to be paid to the Government Treasury, so that they could buy *cheap* from India. Another of its fundamental principles was to secure exclusive opportunities for itself as against its European rivals who as a result of competition might raise the price of goods in the buying country (India) and lower the price in the selling country (Europe). But in those days they could not dictate their terms to the Indian government; "they had maintained the character of mere traders, and by humility and submission endeavoured to preserve a footing in that distant country, under the native powers"²⁶⁷. So flattery, presents and guile were their weapons in the presence of Indian rulers to achieve their desired objectives (as it was in the Home country); and behind the backs of the Indian rulers their course of action was sniping at their rivals and fortifying their position and increasing their strength in India. This is the picture one gets from the activities of the East India Company in India in the seventeenth century.

In the beginning, of course, the aim of the Company was to secure a permanent establishment in India wherefrom it could extend its commerce and consolidate its position against its rivals. So, in 1608, William Hawkins, the first representative of the Company arrived in the Moghal Court. He was very well received, and was "the first to have held a Mughul assignment"²⁶⁸, that is, the royal grant of a territory from which he was to collect revenue for the state and make his living, — a prosperous one, no doubt. But, although in 1611, Hawkins received the Emperor's permission to open trade at Surat, the strong clique of the Portuguese in the Moghal Court as well as the unruly behaviour of the English sailors at Surat, which have been mentioned earlier, nullified the gain.

However, in the next few years, the performance of Middleton and Best against the sea-power of the Portuguese "created a spirit of respect, and the hope that the newcomers might be of assistance to check the claim of the Portuguese to command the sea"²⁶⁹. Probably in this the Indian rulers found that the English could be equal in foreign trade to the Portuguese, who, to their dislike, had virtually monopolised all external trade between India and the Red Sea and Persian Gulf areas. So, in 1613, the English Company was again given permission to open trade at Surat as well as at Ahmedabad, Cambaya and Goga.

But the Company wanted more secure and extensive arrangements, and that meant going over the strong clique which had already been formed by the Jesuit diplomats on behalf of the Portuguese at the Court at Agra. Hence, with King James's sanction and credentials, Sir Thomas Roe was sent as an ambassador to the Moghal Emperor Jahangir. King James of course obliged, for he was a shareholder of the Company and so directly interested in securing trading privileges in India. Roe's mission was to take up residence in the Indian capital, get the better of the Portuguese Jesuits, and foster and expand the trading concessions in which the first footing had just been made. James gave Roe a letter addressed to Jahangir. Roe was to press for a treaty of "free trade" between the two countries.

Roe did not have a good reception at Surat. The Governor, Zulfikar Khan, who was a nominee of Prince Khurram (Jahangir's favourite son and the future Emperor Shah Jahan), supported the Portuguese clique in the court and was probably, like this prince and Jahangir's Empress—the famous Nur Mahal, involved in trade arrangements with the Portuguese. Zulfikar Khan made difficulties when Roe announced in Surat that he desired to proceed to the capital. But eventually Roe managed to travel on 13 December 1615 to Ajmere, where the Court was then being held. Roe appeared at a time when Portugal's position in Eastern waters was not so strong as it had been before, and the Dutch had also recently appeared in Indian seas and like the English were bent on breaking the Portuguese monopoly in India's foreign trade. Naturally, Roe took advantage of the situation, and evidently the sovereign himself and the general body of the Indian merchants would have been pleased to have more competitors in foreign commerce. So Roe was welcomed in the Moghal Court but, contrary to his expectations, probably did not receive the honour due to an ambassador of a prominent country. Although he was successful in making a favourable impression on the Emperor, he was irked by the inferior status accorded to him. He reported later to the Company²⁷⁰:

"An ambassador lives not in fit honour here. A meaner agent would, among these proud moors, better effect your business."

Roe was of course well conversant with his "tools of trade", and

advised the Company how by flattery, bribery and intrigues it could have its way instead of maintaining him as "ambassador" in the court. To quote him²⁷¹:

"The best way to do your business in it [India] is to find some Mogul, that you may entertain for 1000 rupees a year, as your solicitor at court. He must be authorised by the king, and then he will serve you better than ten ambassadors. Under him you must allow 500 rupees for another at your port, to follow the Governor and customers, and to advertise his chief at court. These two will effect all; for your other smaller residencies are not subject to much inconveniency."

The final settlement which Roe was able to make with the Moghal Emperor in September 1618 was not exactly what he had come to get, namely, a charter of rights from the emperor himself, but he obtained a public declaration by the Emperor of his amity towards the East India Company. Henceforth, the merchants were given liberty to trade "freely" in India, to live in a rented house on shore, to govern themselves and to bear arms when they went abroad in the city. No payments beyond the normal dues were to be demanded of them. The Portuguese were invited to co-operate in an "open trade";—exactly what the Indian interests, when they were in a position to assert it, would have liked it to be. But this was also the thin end of the wedge which ultimately led to the complete conquest of India by the British.

English influence in India began to spread in easy stages. Before Roe left India in February 1619, the English East India Company had established factories at Surat, Agra, Ahmadabad and Broach. All these were placed under the control of the President and Council of the Surat factory, who had also the power to control the Company's trade with the Red Sea Ports and Persia. Surat became the depot for cotton, muslins, saltpetre, indigo and dyestuffs collected from all parts of the interior. English factories were also started at Broach and Baroda with the object of purchasing at first hand the piece-goods manufactured in the localities. The purpose of having a factory at Agra was mainly to sell broad-cloth to the officers of the Imperial Court and to buy indigo, the best quality of which was manufactured at Biyana.

In 1668, Bombay was transferred to the East India Company by

Charles II (who had got it from the Portuguese as a part of the dowry for marrying Catherine of Braganza) at an annual rent of £10. Bombay grew more and more prosperous, and became so important that in 1687 it superseded Surat as the chief settlement of the English on the west coast of India.

Expanding its influence in the south-eastern part of India was not however so easy for the Company. Here the Moghal Power was less firmly established; therefore, the English had to face formidable opposition from the Dutch who had earlier settled in this part of India. On the south-eastern coast, the English had established in 1611 a factory at Masulipatam, the principal port of the kingdom of Golkunda, in order to purchase the locally woven piece-goods. These goods they used to export to Persia and Bantam. But being much troubled there by the opposition of the Dutch and the frequent demands of the local officials, they opened another factory in 1626 at Armagaon, a few miles north of the Dutch settlement of Pulicat.

At Armagaon also the English were put to various inconveniences, and so they turned their attention again to Masulipatam. And now, by means of their usual craft, they managed to secure from the Sultan of Golkunda the "Golden Firman" in 1632, one of the notable "concessions" secured by the Company in this period. According to this *firman*, the English were allowed to trade freely in the ports belonging to the kingdom of Golkunda on payment of duties worth 500 pagodas (a coin current in South India), or the equivalent of about Rs. 1,750 per year. A fixed amount of custom duty, irrespective of the volume of trade, when the trade was flourishing, was certainly beneficial to the Company, and so it managed to have the condition repeated in another *firman* issued in 1634.

The *firman* however did not relieve the Company from the demands of local officers, to which all other merchants were subjected. The English Company, therefore, looked for a more advantageous place, and in 1639 obtained the lease of Madras from the ruler of Chandragiri, representative of the ruined Vijayanagar Empire. There it built a fortified factory which came to be known as Fort St. George. Fort St. George soon superseded Masulipatam as the headquarters of the English settlements on the Coromandel Coast. Later, this place figured prominently during the English

conquest of South India, as has been noted in connection with the Carnatic Wars.

The next stage in the growth of English influence was expansion in the east. Factories had been started at Hariharpur in the Mahanadi Delta and at Balasore (both within the present state of Orissa) in 1633. In 1651 a factory was established at Hugli (Bengal), and soon others were opened at Patna (Bihar) and Cassimbazar (Bengal). In 1658, all the settlements in Bengal, Bihar and Orissa, and on the Coromandel Coast, were made subordinate to Fort St. George in Madras. The principal articles of trade of the Company in Bengal during this period were silk, cotton piece-goods, saltpetre and sugar.

In Bengal also the Company tried to receive more trading privileges. In this province the staples of commerce could not be purchased near the coast, but had to be procured from places lying far up the waterways of the province. Like all other merchants, the Company was therefore subject to payment of tolls at the custom-posts. In 1651, Sultan Shuja issued a *firman* (royal command) or a *nishan* (letter of authority) granting the Company the privilege of trading in return for a fixed annual payment of duties worth Rs. 3,000. Another order, granted in 1656, laid down that "the factory of the English Company be no more troubled with demands of customs for goods imported or exported either by land or by water, nor that their goods be opened and forced from them at under-rates in any places of government by which they shall pass and repass up and down the country; but that they buy and sell freely, and without impediment"²⁷². How such grants were obtained is evident from the fact that in a later communication, to be referred to subsequently, the Court of Directors themselves spoke of such *firman*s (or as they put it, *phirmaund*) as "purchased".

However, although the Company thus managed to receive such unique privileges, the successors of Sultan Shuja in Bengal did not consider the order to be binding on them, probably because it was merely a *nishan* from Sultan Shuja and not a *firman* from the Emperor. For the obvious reason that such privileges affected the Treasury, and also being granted to only one merchant company became a gross indication of partiality, they demanded that the English, in view of their increasing trade, should pay duties similar to other merchants. The Company, however, secured another *firman*

or *nishan* in 1672 from the Governor of Bengal, Shaista Khan, granting exemption from the payment of duties. Furthermore, the Emperor Aurangzeb issued a *firman* in 1680, ordering that none should molest the Company's people for customs or obstruct their trade, and that "of the English nation, besides their usual custom of 2 per cent of their goods, more $1\frac{1}{2}$ *jezia* or poll-money, shall be taken"²⁷³. For this royal command the Company had to spend Rs. 50,000 as bribes to the Moghal officers; but "by this the trade of the English was made custom-free in all places except Surat"²⁷⁴.

In spite of these *firmans*, however, the Company's agents in all places—Bombay, Madras and Bengal—could not escape from the demands of the local customs officers and their goods were occasionally seized. The customs officers need not be blamed for their action, for it was a standard practice with the servants of the Company to smuggle goods of their own for private inland trade in India, and to this were added the goods of their compatriots making money in India as private inland traders. Since it was the duty of the custom-officers to levy duties on such goods, and since, being aware of the artifices of these private traders, they could not always be sure that the goods in question belonged strictly to the Company, it is not unlikely that on several occasions the Company's goods were also assessed by them. But, true to their policy, instead of checking such abuses by its own servants (for reasons to be explained later), the Company now decided to protect itself by force. The reason for taking such a decision was obvious. As mentioned before, the Company was then under the impression that the Moghal Power would not be able to retaliate. So, as a first step, it thought it necessary to have a fortified settlement at Hugli, just as had already been built at Madras.

Hostilities broke out between the Moghal Power and the English Company on the sack of Hugli by the latter in October 1686. But the English were "obliged to retire from Hoogly, after they had cannonaded it with the fleet, and took shelter at Chutanuttee, afterwards Calcutta, till an agreement with the Nabob, or additional forces, should enable them to resume their stations"²⁷⁵. But, as happened in Bombay in the same period, the Moghals were still much stronger than the English Company had anticipated. While the English had stormed Hijli and the Moghal fortifications at Balasore,

and they themselves burnt the town (although the Company had established a factory there), the properties of the Company at Patna and Cassimbazar were seized. The English were now in a deplorable state. They had to go down the Ganges to a fever-stricken island at the mouth of the river*, wherefrom they opened negotiations with the Moghals. Because the Moghals were interested in the Company's trade, in view of the income to the State Treasury, the negotiations ended favourably to the English. In September 1687, "an accommodation was effected and the English were allowed to return to Hoogly with their ancient privileges"²⁷⁶. But now the English had further realised the importance of settling nearer to the sea; so they "obtained leave to build a factory at Calcutta, which they preferred, as more secure and accessible to shipping"²⁷⁷.

The Company however did not become a peaceful trading body, which it never was and could not be on account of its inherent policy and historical character. In 1688, hostilities were renewed when a fresh naval force was sent from London with orders to seize Chittagong. This attempt also ended in failure.

These rash and premature actions on the part of the Company stopped when, after assessing their relative strength, the President and Council of Bombay concluded peace with the Moghal Emperor in 1690. An English factory was established at Sutanuti; and under the orders of the Moghal Emperor, Ibrahim Khan, who was the successor of Shaista Khan in the government of Bengal, issued a *firman* in February 1691 granting the Company exemption from the payment of custom-duties in return for Rs. 3,000 a year. In other words, the status quo of 1651 was re-established.

But although the Company was forced to accept these terms of trade, it did not, by any means, give up its consistent policy of securing undue privileges through clever manoeuvring, guile, and, in the last resort, by military strength. Owing to the rebellion of Sobha Sing, a *zemindar* or revenue farmer in the district of Burdwan, the Company got an excuse to fortify its new factory in Sutanuti in 1696. In 1698, on payment of Rs. 1,200 to the previous proprietors, the Company was granted the right of revenue farming, or *zemindari*, of the three villages of Sutanuti, Kalikata and Govindapur.

* Worthy of note is their refuge at a place opening to the sea, which was always of strategic importance to the Company.

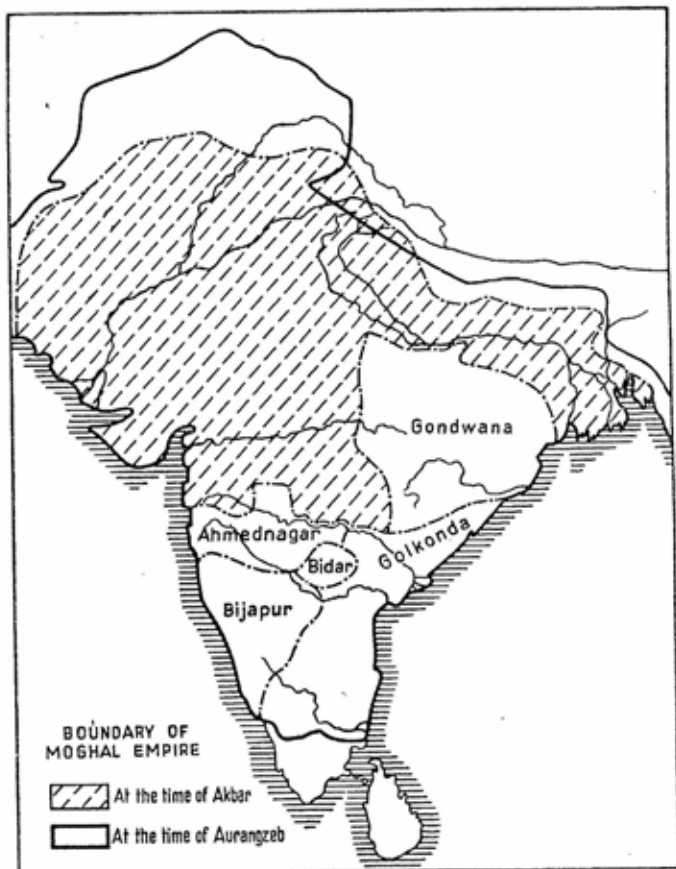
In 1700, the English factories in Bengal were placed under the separate control of a President and Council, established in the new fortified settlement which was henceforth named Fort William, "in compliment to the then reigning king of England"²⁷⁸. The city took the anglicised name of Calcutta from the name of the village Kalikata, which is still the Bengali name for the city.

Such was the position of the Company in India while the Moghal Empire was still a powerful entity, and politically had the control over practically the whole of India. It is important to note that by the end of the seventeenth century, the English Company had securely settled down at three strategic points in India, viz. Surat or Bombay in the west, Madras in the south, and Calcutta in the east. From these vantage points, fortified and having immediate access to the sea where the English power remained undisputed by the Moghals, the Company could not only spread to all parts of India for commercial activities and to make overtures for "concessions", but, while the way to escape in any eventuality was always at its disposal, at the opportune moment these places could serve the English as excellent spring-boards for the final consummation of the desires of merchant capital.

In this way the Company was consolidating its position in India prior to the final conquest of the whole subcontinent, which its policy inevitably led to, as will be described in the following.

6. Disintegration of Moghal Empire

Since the time of Akbar, the Moghal Empire in India had passed its zenith. His successors were of lesser calibre. His son, Jahangir, has been described as a "talented drunkard". Jahangir's son, Shah Jahan, to whom reference has been made as Prince Khurram, maintained a court of unexampled magnificence. Under the rule of both Jahangir and Shah Jahan, the empire continued to flourish in seeming strength and prosperity. Their lavish patronage of the Arts, especially of music and painting and poetry and architecture, led to a cultural renaissance which is one of the brightest chapters in Indian history.



Such a cultural renaissance of India was obviously not due to the mere whims of two monarchs. Firstly, they could indulge in such luxuries because of their greater surplus wealth resulting from increasingly intensified feudal exploitation of the peasants and handicraftsmen; and, secondly, this cultural renaissance coincided with the flourishing state of India's industry and commerce, and thus reflected more the emergence of new social forces in society rather than of the decaying feudal attributes of life. This seems to be corroborated by the fact that after the time of Akbar, behind the pomp and show of the Moghal Court, signs were appearing of the degeneration of the nobility. This came out into the open during and after the reign of the third successor of Akbar, and became an important factor in the disintegration of the Moghal Empire and the full expression of the role of British merchant capital in India. In the words of three reputed historians of India²⁷⁹:

"With abundant resources at their disposal, the rich naturally indulged in luxury and intemperance, and the apprehension of escheat of the wealth and property of the nobles at death destroyed their incentive to thrift. Excessive addiction to wine and women was a very common vice among the aristocrats. ... They lived in highly decorated palatial buildings and amused themselves with outdoor sports as well as indoor games. ... The nobles originally possessed qualities which made them efficient servants of the State so long as it retained its vigour, but they began to lose their old usefulness, and grew more demoralised, with the closing years of the reign of Shah Jahan. Further deterioration set in during the reign of Aurangzeb and in the eighteenth century. The rivalries and conspiracies of the selfish and debased nobility of the later period, besides casting a malign influence on social life, were largely responsible for the political disorders of the age."

In the Moghal Empire, "every officer of the State was entitled to receive an income defined precisely in cash, out of which he had ordinarily to maintain a specified force of cavalry, available for the service of the ruler at any time"²⁸⁰. But, instead of paying them the salaries, "the most distinctive institution of the period" was to assign to each of these officials "the revenue of an area estimated to yield the income due to him"²⁸¹. This form of assignment of revenue had become so important in Moghal administration that in 1647, "revenue aggregating 190 millions of rupees was assigned, while thirty millions were reserved for the treasury"²⁸². Evidently, this

institution gave the nobles ample scope for a luxurious living, and to degenerate in sensuality and lasciviousness with the loss of vigour in Moghal rule, which also affected their usefulness. And while they thus degenerated, they could also simultaneously consolidate their position by the virtually hereditary grant entitled *altamgha*, which, contrary to the usages at the time of Akbar when the assignments were at the most for the life-time of a noble, was first introduced in India by Jahangir and were "made profusely" in the eighteenth century.²⁸³ At any rate, the biggest nobles in the Moghal Court could thus make a bid to capture supreme power in the eighteenth century when the Moghal Empire was falling to pieces; and in this period of extreme confusion in India's political field the English Company finally emerged as the ruler of the subcontinent. In short, the decaying feudal forces of society neither provided the basis for the cultural renaissance which India witnessed in this period nor could they maintain their hold over India for long.

On the other hand, it appears that while the marked increase in India's wealth in this period from her industrial and commercial progress (which, it stands to reason, had a very significant bearing upon the cultural renaissance in this period) was due to the growing influence of the Indian mercantile bourgeoisie, the latter as a class could neither rise above the feudal forces of the country nor could they by that time have a decisively upper hand over the European merchants, and specially over the English Company, which was probably the strongest at that time. This was evidently the most opportune moment for the European mercantile bourgeoisie to unfold fully their designs over India; and in this process the English Company — of the two rivals in India at that time, namely the English and the French —, became ultimately victorious. Thereby, the normal course of social development of India was cut short and reverted for two centuries. Palme Dutt noted²⁸⁴:

"The internal wars which racked India in the eighteenth century after the decline of the Moghul Empire represented a period of inner confusion (comparable in some respects to the Wars of the Roses in England or the Thirty Years War in Germany) necessary for the break-up of the old order and preparing the way, in the normal course of evolution, for the rise of bourgeois power on the basis of the advancing merchant, shipping and manufacturing interests in Indian society. The invasion, however, during this critical period

of the representatives of the more highly developed European bourgeoisie, with their superior technical and military equipment and social-political cohesion, thwarted this normal course of evolution, and led to the outcome that the bourgeois rule which supervened in India on the break-up of the old order was not Indian bourgeois rule, growing up within the shell of the old order, but foreign bourgeois rule, forcibly superimposing itself on the old society and smashing the germs of the rising Indian bourgeois class. Herein lay the tragedy of Indian development, which thereafter became a thwarted or distorted social development for the benefit of a foreign bourgeoisie."

To return to this critical period in India's history, how the prosperity of the Indian merchants had, in those days, become linked up with the commercial pursuits of the European merchants, and especially of the English Company, is evident from the following.

"The increasing demand for Indian cotton cloth in England led to a more intensive activity of merchants and weavers. The demand for Indian calico increased from 1619 onwards. Purchases were made at Agra of calico 'woven in other localities, chiefly Oudh' (W. H. Moreland: *From Akbar to Aurangzeb*, 1923, London, p. 127). The towns of Dariyabad and Khairabad in Avadh came into prominence as centres of manufacture. Lucknow developed into another centre of exchange. In 1638-39, Agra sent 2,823 pieces of cotton cloth to England; in 1639-40, this number increased to 12,122 and in 1640-41, it increased further to 23,550. In the same years, Gujarat had been exporting 38,883, 13,660, and 18,918 pieces respectively (*ibid.*, p. 129). Agra thus beat Gujarat in export trade and the pieces exported were made mostly in Avadh. . . . Moreland comments: 'The London market was thus definitely opened to the weavers of Northern India.'

According to Manrique, Agra had a population of six lacs (600,000) in 1640. Clive had compared Dacca with London and the population of Dacca in his time was only $1\frac{1}{2}$ lacs (150,000). Agra indeed was one of the biggest trading centres of Asia and therefore of the world. 'There is no Nation in all the East but hath some commerce or other at their place', wrote Mandelslo (Pant: *The Commercial Policy of the Moghuls*, p. 204).

Agra was also a big centre of saltpetre industry. Stone quarries were worked at Fatahpur and Biana was rich in indigo. Iron mines were worked at Gwalior and all these centres were linked together through a centralised authority."²⁸⁸

Also,

"Bernier [1656-1668] observes: 'There is in *Bengale* such a quantity of cotton and silk, that the Kingdom may be called the common storehouse

for those two kinds of merchandise, not of Hindoustan or the Empire of the *Great Mogul* only, but of all the neighbouring kingdoms, and even of Europe'. ... Moreland writes on the authority of Tavernier that, about the middle of the seventeenth century, the total production of silk in Bengal was 'about $2\frac{1}{2}$ million pounds out of which one million pounds were worked up locally, $\frac{3}{4}$ million were exported raw by the Dutch and $\frac{3}{4}$ million distributed over India, most of it going to Gujarat, but some being taken by merchants from Central Asia'. ... Saltpetre, used chiefly as an ingredient for gunpowder in India and also exported outside by the Dutch and English traders, was manufactured in widely distributed parts of India during the seventeenth century, particularly in Peninsular India and the Bihar section of the Indo-Gangetic region. Bihar henceforth enjoyed a special reputation for the manufacture of this article till the first half of the nineteenth century, and it was in high demand by the Europeans for use in wars in their countries."²⁸⁶

In conditions of such rapid progress, the merchant-bourgeoisie of India went a step forward. Manufacture had by then begun to develop, leading to the eventual alienation of the product from the producer by the merchant-capitalists. Shifting from their previous position of only being interested in buying goods cheap from the artisans and peasants and selling them dear to the European merchants, the Indian merchants were also encouraging production in a similar way as the "putting-out" system current in England in "the later half of the sixteenth and the early seventeenth century" as well as in other parts of Europe.²⁸⁷ It has been noted²⁸⁸:

"Though the State encouraged manufactures, the weavers were directly financed in most cases by middlemen, who must have exploited them greatly."

Also,

"The merchant-capitalist advanced funds to the weavers with which they bought the necessary material and supported themselves while at work. Thus, when they handed over their products to the merchant-capitalists, they were no longer owners of their own produce. The product was alienated from the producer. The merchant-capitalist derived not the usual profit out of buying cheap and selling dear; he was already exploiting the labour-power of the producer."²⁸⁹

The rising *entrepreneurs* however were at the earliest stage of development; and their orientation was almost entirely towards the

foreign merchants, and particularly towards the English Company, on whom depended ultimately their realisation of profit. Hence, although it did not mean that the foreign merchants could dictate their own terms (for, the latter had not yet come to the stage when they could have "matters all their own way", and so they had to take careful note of the Indian traders who were "generally subtle and clever", as Moreland remarked), how definitely the socio-economic life of the country was geared to external trade *via media* the European merchants would be evident from the following account of the situation at the close of the seventeenth century, when with the disintegration of the Moghal Empire the general unsettled condition so badly affected agriculture, industries and trade that "for some time trade came almost to a standstill".

"During the years 1690-98, the English could not procure sufficient cloths for their shipping. 'Thus ensued', observes the historian of Aurangzeb, 'a great economic impoverishment of India - not only a decrease of the 'national stock', but also a rapid lowering of mechanical skill and standard of civilisation, a disappearance of art and culture over wide tracts of the country'." ²⁹⁰

It appears thus from whatever little information is available on the subject and from such indirect observations as that above that while the Indian bourgeoisie were growing stronger every day, they were not yet in a position to provide any opposition to the English Company when it finally decided to usurp political power in India.

On the other hand, there is some evidence to suggest that this class in Indian society might have seen in the foreign merchants their chance of future prosperity and so allied themselves to the cause of the English Company. How trustworthy they appeared before the English Company would be evident from the fact that during the last years of the seventeenth century (1689-1698), after the Company had declared its intention of striving for political power in India, the Court of Directors sent instruction to India from London that, "instead of multiplying European agents in India, natives, and especially Armenians, should be employed: 'because', to use the words of Mr. Bruce, copying or abridging the letters of the Court, 'that people could vend English woollens, by carrying small quantities into the interior provinces, and could collect fine muslins, and other new and valuable articles, suited to the European demands, better than any agents of the Company could effect, under any

phirmaund [*firman* or royal command] or grant which might be eventually purchased'"²⁹¹. The Armenians referred above were those who had finally settled down in India and were absorbed in the Indian business community. How effectively these Armenians, and the "Hindus, Mussulmans and other subjects of Calcutta" served the cause of the English Company during its last hostility with the Nawab of Bengal (since when the Company became the king-maker in India) is evident from the fact that the treaty which the first puppet Nawab, Mir Jafar, signed with the representatives of the Company included the payment of 2,700,000 rupees for the losses alleged to have been sustained by these people during the hostilities.²⁹² It may not also be fortuitous that the prime movers from the Indian side in the conspiracy launched by the Company to overthrow the last independent Nawab of Bengal (of which more will be said later) were those who were foremost in banking and commerce in that period. Jagat Seth, who was probably the brain behind the conspiracy from the Indian side, was a reputed banker; his name signified "The Banker of the World". Omichand, who played the biggest part in the conspiracy from Calcutta — the seat of the Company in Bengal —, was "one of the wealthiest native merchants resident at Calcutta"²⁹³. Mir Jafar himself was the Pay Master General of the Nawab's Forces.

It is true that nothing definite can be said about the role of the Indian bourgeoisie in this critical period of India's history until further knowledge is obtained about them. Yet the above facts should be borne in mind, from which it appears that some of them, in any case, took the side of the English in the endeavours of the European mercantile bourgeoisie to capture power in India. That some Indian merchants were, on the other hand, working with the French is suggested by the fact that, during the period of hostilities between the English and the Nawab of Bengal in the fifth decade of the eighteenth century, the former captured some ships belonging to the Indian merchants on the plea that they were carrying merchandise for the French Company.

It is probable, however, that some belonging to the class of Indian bourgeoisie took side with the Indian rulers. But in at least one case that is known, it was because of receiving unfavourable treatment from the European mercantile bourgeoisie. Thus, up to 1750, the

English Company's Investments (or goods purchased) in Bengal were provided by Dadney merchants of the country who received advances and contracted to deliver the goods at the principal settlement. But after that date a new measure was adopted to provide the Investment by direct agents of the Company who were also Indians but employed for this purpose as servants of the Company. It was reported that the Dadney merchants worked against the English Company in the Court of the Nawab of Bengal during the fateful years which resulted in the emergence of the Company as the ruler of the *subah* of Bengal, and then of the whole of India.²⁹⁴

Thus, on the whole, the statement may be justified that there was some collusion between the Indian mercantile bourgeoisie and their European contemporaries, although to what extent it affected the situation is yet to be investigated.

What then were the main causes at that time, as far as it is known today, which led to the disintegration of the Moghal Empire, the termination of India's feudal epoch, and of her normal course of social development? One of the foremost was the acute agrarian trouble which had set in during the rule of Aurangzeb, the successor of Shah Jahan to the throne of India, because of "the ruination of the great mass of the peasants by feudal exploitation, coupled with enslavement by usurers' capital"²⁹⁵.

Since the death of Akbar, direct assessment of each cultivator for revenue was allowed to lapse, for his successors were not efficient enough to continue with the process. Assessment of the entire village gradually became the rule as in the pre-Sher Shah period, but with this difference that in the meanwhile the headmen were turned into some sort of civil servants of the State instead of remaining as previously the representatives of the village communities. That the headmen had turned into autocrats became fully manifest during the reign of Aurangzeb.

"The other abuse was oppression of the weaker peasants by the village headmen, who had to distribute the amount of the assessment over individuals. The method of distribution in each village was determined by local custom, but manipulation was always possible in practice, and the Ministry suspected,

* From the Great Soviet Encyclopedia, Moscow 1953. Translated from the German version „Geschichte Indiens“, Rütten & Loening, Berlin 1954.

again not unreasonably, that headmen were favouring themselves and their friends, to the prejudice of the peasants outside their circle."²⁹⁶

Besides such "other abuse", there was the more important one, that is, the State now demanded much greater rent than before. At the time of Akbar, a one-third share of the crop was the normal revenue; now it had become in general one-half. It has been reported²⁹⁷:

"Under pressure to increase the revenue, the practice had grown up of making sanguine assessments, more than could in fact be realised; then, as the year progressed, reports would come in of injury to the crops from drought, frost, hail and other calamities, injuries which involved a reduction in the assessments originally made. The Revenue Ministry considered, not unreasonably, that many of the calamities reported were fictitious, devised in order to get the local officials out of the difficulty caused by the original over-assessment, and stringent orders were issued to ensure that the controlling officers should be supplied with adequate information, and should closely scrutinise all reports of the kind. The effect of these orders is matter for conjecture, but the necessity for their issue is significant of the pressure which had been exerted to bring assessments to the highest possible figure."

And, apart from such burdens on the peasantry, there were the "incidents of unauthorised cesses, levies and other exactions by local officers"²⁹⁸. The sum-total result was²⁹⁹:

"The detailed provisions in Aurangzeb's orders leave no room for doubt that in the opening decade of his reign the administration was already seriously concerned about the scarcity of peasants and their readiness to abscond, topics which do not emerge in the literature of Akbar's time. They thus confirm in the essential points the description of the agrarian situation given by the French physician, Francois Bernier, whose experience was gained during this period. His observations, made during eight years' residence at the Mughul court, led him to the conclusion that agriculture was declining in consequence of the 'execrable tyranny' which the peasants were experiencing at the hands of officials, farmers, and assignees alike; and that many of them were either absconding to other regions, especially the domains of the chiefs, where conditions were more tolerable, or were abandoning the land in order to work as servants in the towns or with the army. It may be taken therefore as an established fact that by this time the danger foreseen by the early Islamic jurists had become a reality; that agricultural production was being diminished by the excessive burden laid upon the peasants'

shoulders; and that the efforts of the administration to increase the revenue were in fact leading in the direction of a progressive decline."

Added to the situation was the excessive religious zeal of Aurangzeb. A man of tireless energy, but narrow-minded, puritanical and bigoted, he reversed the policy laid down by Akbar and for fifty years toiled unceasingly to impose upon all, Hindu and Moslem alike, conformity to the religious principles of Islam, as interpreted by himself and the Moslem sect of the Sunnis to which he belonged. His attacks were mainly against the Hindus who formed the great majority of the Indian population, representing all classes and occupations in society. He reimposed the capitation tax, *Jezia*, which was not insignificant in amount; "in Gujarat it was expected to form 4 per cent of the total revenue"³⁰⁰. He also imposed special and additional taxes on Hindu traders.

"In 1665 Aurangzeb introduced religious discrimination by charging 5 per cent on goods imported and exported by Hindus and 2½ per cent on those by the Muslims. Not content with this, he remitted the custom duties on the Muslims in 1668. To make good the loss, the duties on the Hindus were raised to 5 per cent. Sometime about 1672 this was found unworkable—Muslim traders imported and exported the goods belonging to Hindu traders free, charging a 'consideration' for their services. This probably led to the reduction of the duty on the Hindus to 2½ per cent. But in 1680 the duties on the Muslims were again imposed at 2½ per cent and raised on the goods of the Hindu merchants to 5 per cent."³⁰¹

Probably Aurangzeb also reimposed the pilgrimage tax for the Hindus, as some European writers claim³⁰², and in any case he made the rich Hindus pay heavily to keep their places of worship open or not to have them destroyed by his expeditions sent from time to time for the purpose.³⁰³

Far from succeeding, Aurangzeb's attempt to turn India into an orthodox Moslem State only hastened the decline of the Moghal Empire. All-round oppression of the people in their economic, social and religious life resulted in many places in mass-uprisings of the Hindus against the Moghal Power led by the leading people of the community.

"By these measures Aurangzeb aroused the enmity of the exploiting section of the Hindus – the priests, the usurers and the secular feudal lords – and gave them the opportunity of summoning the mass of the Indian craftsmen and peasants to a religious war against the Mohammedans."³⁰⁴

In Maharastra, under the leadership of their great leader Sivaji, the people were already fighting against Moghal tyranny from the time of Shah Jahan's rule; and this became particularly insistent after Aurangzeb usurped the throne in 1658 by imprisoning his father and getting rid of his brothers.

"The backbone of Shivaji's army was composed of the peasantry, who belonged to two low castes, named *Maratha* and *Kunbi*."³⁰⁵

In 1664 Sivaji assumed royal title, and henceforth, for all practical purposes, Maharastra fell out of the Moghal Empire. As Marx wrote³⁰⁶:

"1668 und 1669: *Sevaji settles his kingdom; macht advantageous treaties mit den Rajputs und anderen Nachbarn*. [All underlined words in Marx's manuscript are italicised. – R. K. M.]

1669. So die Mahrattas a nation, governed by an independent sovereign."

Later, Aurangzeb spent many long years in fighting the powerful and intractable opposition of the Marathas, but with no success. In 1674 Sivaji assumed the title of *Chhatrapati*; the rule and influence of Sivaji spread over large parts of the Deccan and the Carnatic.

Next the Rajputs were alienated. As Marx noted³⁰⁷:

"1678: *Schließlich entfremdet er die besten Krieger in seiner Armee, die Rajputs durch his conduct gegen Witwe und Kinder ihres großen chieft: Rajah Jeswant Singh, der 1678 †. Durga Das, des Rajah's Sohn, plotted mit Prinz Akber, Aurangzeb's son, marched gen Delhi mit 70,000 Rajputs. Die combination broken by intrigue und defection und die army disbanded vor irgend einer action; Akber und Durga Das flüchteten zu den Mahrattas unter Sambaji, Sohn des famosen Sevaji.*" [All underlined words in Marx's manuscript are italicised. – R. K. M.]

Some conciliation was later made with the Rajputs.

"1681: *Frieden in Mewar und Marwar, nachdem der Kampf zwischen beiden parties in desultory way fortgedauert.*"³⁰⁸ [All underlined words in Marx's manuscript are italicised. – R. K. M.]

But with the more pronounced cracks in the edifice of the Moghal Empire, the Rajputs maintained their oppositional role.

Also, in the Punjab, the Sikhs who had formed themselves into a sect through the Bhakti movement and created a common platform for the Hindu and Moslem masses, now armed and organised themselves to resist Aurangzeb's tyranny.

"The sect of the Sikhs, formed at the beginning of the 16th Century, created at first the opposition of the merchants, and partly of the usurers in the north Indian towns against the feudal order. The founder of the sect, Nanak (1469-1538), and the 'Gurus' (literally: teachers) who followed him as head of the Sikhs, not only condemned the caste system and proclaimed the equality of all Sikhs in the sight of God, but also preached the rejection of force and of the oppression by the Padishahs. The Padishahs, particularly Akbar, bestowed large grants of land on the Sikh-Guru in the 16th Century. They intended thereby to use for their own interests the influence of the head of the Sikhs among the ordinary people. The successive Gurus of the Sikhs became peculiar spiritual feudal lords, who possessed unlimited powers over the members of the sect. At the beginning of the 17th Century the demands of the Sikh-Gurus, not only to spiritual but also to secular power led to the first conflict with the Mogul administration.

From the second half of the 17th century, in the period of growing class conflicts, there were changes both in the class composition of the Sikh community, and the aims of the movement. The ruined peasants and craftsmen became the main force of this movement. After a number of splits, the sect was cleansed of the merchants and usurers, and the armed anti-feudal fight commenced. Under the leadership of Guru Govind Singh (1675-1708) power passed to the Khalsa, the community of the Sikhs, the caste differences between Sikhs were wiped out, and a complete break was made with orthodox Hinduism. The Sikhs began an armed struggle for a 'real government' in order to become masters of their land and the soil.

The persecution of members of the sect began. In 1705 the united forces of the Moguls and the Hindu Rajahs beat the Sikhs and captured their fortress Anandpur. Govind was forced to flee. Shortly before his death in 1708 he named the peasant Banda as his successor, and bequeathed him the task of continuing the fight against the Moguls."²⁹⁹

And the peaceful Jats, who lived on cultivation in North India, also rose in rebellion from 1669.

"The rising of the Jats, the caste of peasants in the Agra-Delhi area, continued, with a few interruptions, throughout the entire second half of

the 17th Century (1669, 1671-72, 1686-91, 1705). After 50 years of struggle the Jats drove the Jagirdars, the vassals of the Moguls, together with the tax-collectors, from many districts near to the capital of the Mogul State."²¹⁰

In short, everywhere in the empire discontent grew out of the oppression of the people and the sectarian policy of Aurangzeb. Where the people could gather enough strength, they rose against the tyranny; and, otherwise, discontent spread and went deeper into society. Referring to the year 1670, Marx noted²¹¹:

"Seit dieser Zeit decline of Aurangzeb's influence; all parties irritated against him; seine Mogulsoldaten wütend wegen seiner faulen Mahrattazüge; die Hindus, weil er die 'Jezia' erneuert und sie persecutes on all sides." [All underlined words in Marx's manuscript are italicised. — R. K. M.]

Such was the situation in India during Aurangzeb's rule. With his death in 1707, the glory of the Moghals faded. Their empire fell to pieces, civil war broke out, the powerful ones of the decadent nobility emerged bidding for supreme power, and a multitude of adventurers and independent principalities ruled by adventurers sprang up in every part of the country. Utter confusion prevailed everywhere.

Taking advantage of the fights between the sons and grandsons of Aurangzeb to secure the throne at Delhi, the *subah* of the Deccan became independent under Nizam-ul-Mulk, who, as noted before, played a significant role during the Carnatic Wars. His grandfather had migrated to India about the middle of the seventeenth century and entered the service of Aurangzeb. His father was also in the imperial service during the reign of Aurangzeb; and Nizam-ul-Mulk himself was also appointed to a small command at the age of thirteen. Skilfully consolidating his position during the days of turmoil following the death of Aurangzeb, in 1724 he virtually became independent and laid foundation to the Hyderabad State in the Deccan.

Similarly, the *subah* of Oudh (Avādh) became semi-independent in this period. This *subah* then comprised not only modern Oudh but also some territory to its west and some districts near Allahabad and Cawnpore. It thus formed a large piece of the Moghal Empire, and its alienation, even if only *de facto*, for it still accepted suzerainty of the Moghal Emperor, dealt another severe blow to the might of

the Empire. Its Nawab, Shuja-ud-Daula, who came into the picture in 1754, had to play a significant role in the history of northern India in the first phase of British expansion in India.

The *subah* of Bengal also became semi-independent during the rapid disintegration of the Moghal Empire. Murshild Quli Jafar Khan, who was appointed by Aurangzeb as Governor of Bengal Subah in 1705, was a strong ruler. He made attempts to prevent the abuse of *dastak* or free passes by the servants of the English Company, about which something has already been said and more follows in the next chapter. After his death in 1727, his son-in-law Shuja-ud-din Khan succeeded him in the government of Bengal. During his regime, in 1733, the Bihar *subah* was annexed to Bengal. The semi-independent state of Bengal also had thus enlarged itself while the Moghal Empire was crumbling to pieces.

Later the son of Shuja-ud-din Khan came to the *masnad*, or the seat of Bengal. Then, one of his employees, Alivardi Khan, who killed the new Nawab, ascended the throne of Bengal. Alivardi Khan was followed by his favourite grandson who was known as Siraj-ud-Daula. By this time, the Nawab of Bengal was virtually the independent ruler of Bengal, Bihar and Orissa. Siraj-ud-Daula was the last independent ruler who lost his throne to the English in the battle of Plassey in 1757.

Besides the rise to power of such *nawabs* and *nizams*, who were in control of large territories, the rulers of many vassal states also began to consider themselves somewhat independent of the Moghal Power. Notable amongst them was the Nawab of Arcot who ruled over the Carnatic region, that is, the Coromandel Coast and its hinterland, and eventually became the stooge of the English Company, as the Carnatic Wars described before revealed.

Bold adventurers were also aspiring to become rulers in this uncertain period. One of them was Hyder Ali who was previously a general in the army of the Hindu kingdom of Mysore. Later he became its ruler by means of his genius and bold leadership. Hyder Ali formed a serious rival to the English conquest of the Deccan, and his son Tipu Sultan became one of the most dangerous foes of the English in South India, as will be discussed later.

The important point to note about all these rising *nawabs* and generals is that all of them intended to maintain the feudal order of

the society. They acknowledged the suzerainty of the Moghal Emperor, and the lesser ones, at least formally, showed their allegiance to the Emperor's representatives, as was seen in the case of relation between the Nawab of Arcot and the Nizam-ul-Mulk during the Carnatic Wars. But the fond hope of all of them was to become independent powers in the course of time, as was rightly remarked by Shelvanker (quoted earlier).

At the same time, when these *nawabs* were coming into the political picture of India, the Rajputs and the Jats were assuming independent power in northern India. The principal Rajput States, like Mewar (Udaipur), Marwar (Jodhpur) and Amber (Jaipur) had sympathy with the Moghal Empire before the reign of Aurangzeb. Aurangzeb alienated them, as noted before, and after his death they tried to throw off their allegiance. The son of Aurangzeb, who ascended the throne after him with the title of Bahadur Shah, at first brought the Rajputs to submission. But in 1708 they departed from the Emperor's camp and formed a league against him. In view of the Sikh rising in the north of Sirhind, Bahadur Shah pacified the Rajputs by conciliatory measures. But during the disorders that followed his death, Ajit Singh of Jodhpur invaded the imperial territories. Finally, in 1714, he concluded peace with the Emperor, and gave one of his daughters in marriage to him. Henceforth, the chiefs of Jodhpur and Jaipur played an important part in Delhi politics, and "by opportune aloofness or adherence they had added to their possessions a large portion of the Empire"³¹². Ajit Singh remained the Governor of Ajmer and Gujarat till 1721. During the reign of Muhammad Shah; the great-grandson of Aurangzeb, Jay Singh II of Jaipur was appointed the Governor of Surat; later, he also became the Governor of Agra.

"In this way the country from a point sixty miles south of Delhi to the shores of the Ocean at Surat was in the hands of these two Rajas, very untrustworthy sentinels for the Mughuls in this exposed frontier."³¹³

Towards the close of the reign of Aurangzeb, predatory bands of the Jats under individual village-headmen carried out depredations round Delhi and Agra and increased their power. But in 1721 they lost their power to the hands of the Rajput chiefs who henceforth controlled these areas. But, later, under the leadership of Badan

Singh and his adopted son, Suraj Mal, the Jats extended the authority of the Bharatpur kingdom over the districts of Agra, Dholpur, Mainpuri, Hathras, Aligarh, Etawah, Meerut, Rhotak, Farrukhnagar, Mewat, Rewari, Gurgaon and Muttra.

It has been noted before that during the reign of Aurangzeb the Sikhs were rising against his tyranny. After the death of the Emperor, they marched northwards and captured the province of Sirhind. The country lying between the Sutlej and the Jumna next fell into their control. But Bahadur Shah managed to drive them away to the hills north of Lahore. However, after the death of Bahadur Shah, they virtually reoccupied Sirhind. They were again defeated by the Moghal in 1715, and a large number of them were killed. But the military power of the Sikhs could not be completely destroyed. Later, they came to control large territories formerly belonging to the Moghal Empire.

Thus the Moghal Power was attacked from all sides, and big sections of the empire were either directly cut off or these *de facto* maintained an independent status.

Of all these Indian Powers which were carving out their portions from the Moghal Empire, the strongest was the Maratha's. The Marathas, with their base at Poona, made a bid for empire, and the successively weakened Moghal Emperors had to sanction, after about the middle of the eighteenth century, Maratha supremacy in large tracts of the Deccan and the Hindustan proper (that is, the Indo-Gangetic Plain). But for their internal quarrels about the leadership of the Maratha Confederacy, there would have been the possibility that the Marathas would have proved successful in completely ousting the Moghals and becoming a stronger rival to the English Company in its designs to conquer India than they actually were. There can be no doubt that in later years only they proved to be the most formidable opponent to the English Company.

To complete this brief account of the disintegration of the Moghal Empire, it is worthy of note that the empire was crumbling not only owing to internal disorders fomented by the family struggle of the sons and grandsons of Aurangzeb for the throne. Other reasons were the intrigues which set in among the Moghal nobility who, realising their opportunity, played at king-making in order to make the position of one faction supreme in the empire at the cost of others; the

attempts of the officers of the Moghal Administration (Governors in distant regions) and lesser fry to assume sovereignty and extend their power in this confusion; and the uprisings of the masses against the most powerful feudal authority (although such uprisings were often led by feudal elements in these societies, such as among the Marathas). There was also another factor which hastened the decline of the empire, viz. foreign invasions from 1738 onwards.

During the reign of strong Moghal rulers, the northwest frontier of India was well-guarded. But after the death of Aurangzeb the frontier-defence weakened markedly due to internal troubles leading to corruption and inefficiency. Finding thus a suitable moment, Nadir Shah of Persia invaded India in 1738, and his victorious army reached Delhi, the capital of Moghal India. Wherever he and his army went, they devastated the country and plundered the people. The Moghal Emperor could not offer any resistance at all. Nadir Shah's invasion thus aimed a serious blow at Moghal Power from the outside. Nadir Shah's death in 1747 did not relieve the Moghal Emperors from further invasions. Misfortunes were still awaiting them. After the assassination of Nadir Shah, one of his officers named Ahmad Shah, an Afgan chief of the Abdali clan, rose to power and succeeded in establishing himself as the independent ruler of Afghanistan. Ahmad Shah Abdali, while accompanying Nadir to India, had seen with his own eyes "the weakness of the Empire, the inbecility of the Emperor, the inattentiveness of the ministers, the spirit of independence which had crept among the *grandees*"³¹⁴. So, after establishing his power at home, he led several expeditions into India from 1748 to 1767. These were something more than mere predatory raids; they further expedited the collapse of the Moghal Empire.

Such was the situation in India in the first half of the eighteenth century, when while the Moghal Empire was going to pieces and its strength was ebbing away, the English Company was more and more consolidating its position and coming out as the strongest military power.

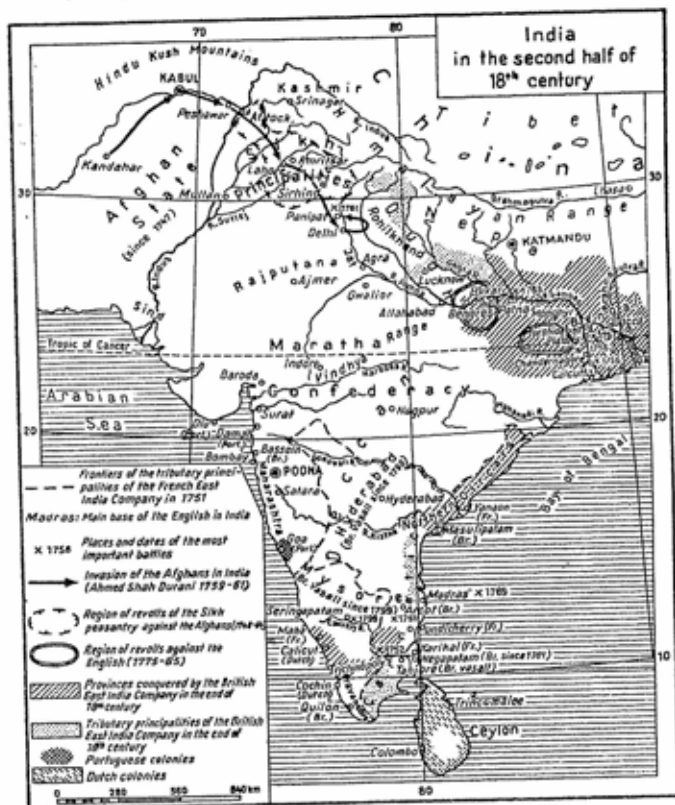
7. Company and Collapse of Moghal Power

It has already been described how during the later half of the seventeenth century the English Company spread over India and consolidated its position in the western, southern and eastern regions. At the same time, taking advantage of the political disorders in the country, it began to come out more openly to establish its position by territorial acquisitions. Marx wrote³¹⁵:

"The paramount power of the Great Moghul was broken by the Moghul Viceroys. The power of the Viceroys was broken by the Mahrattas. The power of the Mahrattas was broken by the Afgans (with the first blow in 1761 at the hands of Ahmad Shah referred to earlier - R. K. M.), and while all were struggling against all, the Briton rushed in and was enabled to subdue them all."

On the pretext of long warfare between the Imperial (Moghal) forces, the Marathas and the other Deccan States; the Maratha raids on Surat in 1664 and 1670; the weak government of the Moghal Viceroys in Bengal; and the disturbances caused by the Malabar pirates; the East India Company rapidly developed its military strength. The President at Surat and Governor of Bombay, Gerald Aungier, wrote to the Court of Directors of the Company in London, "the time now requires you to manage your general commerce with the sword in your hands"³¹⁶. In December 1687 the Court of Directors wrote to the Chief of Madras, "to establish such a politie of civil and military power, and create and secure such a large revenue to secure both... as may be the foundation of a large, well grounded, secure English domain in India for a long time to come"³¹⁷.

It is of interest to stress again that the above statement from the Court of Directors of the Company showed clearly that, as early as in the last decades of the seventeenth century, conquering India as a logical culmination of the mercantile policy of the merchant bourgeoisie was in their mind and it came out directly when any suitable moment for executing such a task became apparent. One should always compare this statement with those made later from an interested section of British intellectuals that the English conquest of India was a matter of coincidence only, and that the English



Company as "peaceful traders" had no designs on the Indian territory.

In pursuance of this policy of conquest, in December 1688, the Company blockaded Bombay and the Moghal ports on the western coast. It seized many Moghal vessels and sent its captains to the Red Sea and Persian Gulf in order to "arrest the pilgrimage traffic to Mecca"³¹⁸. But the English had then underestimated the force of the Moghal Power which was still formidable enough to exercise its control. The representatives of the Company, being in a very difficult situation, at last appealed for pardon to Aurangzeb. The Emperor not only pardoned the English but in February 1690 also granted a licence for English trade when the English agreed to restore all the captured Moghal ships and to pay Rs. 150,000 in compensation.

As mentioned before, probably an important reason behind this softened attitude of the Emperor was that the lack of trade at Surat had begun to be felt seriously in the Royal Treasury. It should be borne in mind that even in the earlier period of the middle of the seventeenth century customs revenue from the port of Surat, "by far the most important source, was reckoned to yield half a million rupees a year, after the cost of administration had been met"³¹⁹. This again indicates how linked up the finances of the Moghal Empire were with the English Company. Because of this, although the Company was now unmasking itself from the pose of a meek lamb and becoming a roaring lion, the Moghal ruler instead of driving it out of India, when it still had the power to do so, effected a compromise, and thus eventually brought about the downfall of the empire.

Meanwhile, the Company went on spreading its influence, consolidating its position, and further equipping itself for an offensive. In 1715, the Company managed to install an embassy in the Moghal Court with a view to securing privileges throughout Moghal India and some villages round Calcutta. The staff of the embassy included a surgeon who was able to cure the then Emperor, Farrukhsiyar, great-grandson of Aurangzeb, of a painful disease. The Emperor, thus being pleased with the English, issued *firman*s in 1717 complying with the requests of the Company, and directed the governors of the provinces to observe them. By this Royal order, the

privileges enjoyed by the Company of trading in Bengal, free of all duties and subject to the annual payment of Rs. 30,000 per annum, was confirmed; the Company was permitted to rent additional territory round Calcutta; its old privilege of exemption from dues throughout the province of Hyderabad was retained, the Company being required to pay only the existing rent for Madras; it was also exempted from the payment of all customs and dues at Surat, hitherto obligatory, in return for an annual sum of Rs. 10,000; and the coins of the Company minted at Bombay were allowed to have currency throughout the Moghal Dominions. Thus, with the connivance of the Moghal Emperor, the Company emerged as a strong power. The historian Orme truly described the *firmans* of 1716–1717 as the "Magna Charta of the Company"³²⁰.

In Bengal, Murshid Quli Jafar Khan, of whom mention has already been made as a strong and able governor who had already assumed semi-independent status, opposed the grant of the additional villages to the English. Still, the other rights secured by the Emperor's *firman* greatly furthered the interests of the Company. Its trade prospered markedly in Bengal. The importance of Calcutta increased so much that it came to have a population of 100,000 by 1735. The Company's shipping at the port during the ten years following the embassy of 1715 amounted to ten thousand tons a year.

On the western coast of India, the Company's trade did not prosper so well immediately after the Emperor's *firman* was granted. It suffered from the quarrels between the Marathas and the Portuguese, and the ravages of the Maratha sea-captains who dominated the coast between Bombay and Goa from two strongholds, Gheria and Suvarndrug. But here also the Company did not humbly and peacefully acquiesce to the situation. During 1715–1722, the Company built a wall round Bombay and increased the number of their armed ships, and their military strength in all other respects. After that the Company's power in Bombay began to prosper. In 1744, the town had a population of about 70,000. In 1739, the Company concluded a treaty with the Marathas, and in alliance with the Peswa, the *de facto* head of the Maratha Confederacy, launched attacks against the Maratha sea-captains. Suvarndrug was captured in 1752, and Gheria in 1757.

At Madras also the Company on "peaceful commerce" was on "excellent terms" both with the Nawab of Arcot, the ruler of the Carnatic region (who in course of time became the Company's puppet, as noted before), and his overlord, the Subahdar of the Deccan (who also later was reduced to a similar status vis-a-vis the Company). In 1717, the Company took possession of five towns near Madras, which its Governor of Madras from 1698 to 1709 had originally obtained from the Nawab of Arcot in 1708. In 1734, the Company also secured Vepery and four other hamlets. Its base in the south-eastern part of India was thus strongly developed.

In this way, during the disintegration of the Moghal Empire in the last decades of the seventeenth and the early decades of the eighteenth centuries, two strong powers rose up in India. These were the Marathas and the English. Only these two were powers that had to be reckoned with.

But there was an important difference between the two. Although, as against the decadent outlook of the Moghal nobility now aspiring for power, the Marathas, being inspired by the teachings of the Bhakti movement, were imbued with a new spirit of "self-reliance, courage, perseverance, a stern simplicity, a rough straight-forwardness, a sense of social equality, and consequently pride in the dignity of man as man"³²¹, they were no less dominated by the essentially feudal orientation of their leaders.* Moreover, the germs of the prevailing putrification in India's political sky were making in-roads into them; so that, dissensions were raising their head within the Maratha Confederacy making it weaker, while some of the Marathas were already turning into predatory adventurers—a feature particularly noteworthy in the second half of the eighteenth century. The English, on the other hand, were governed by a single objective of finally stabilising their mercantile interests at this most opportune moment in India. In addition, from the First Carnatic War (1744—48) they had learnt two important lessons, namely, (1) complete rottenness of the Indian political situation, and (2) superiority of European forces to that of the Indian powers at

* It may be of interest to note in this connection that — "The chief defect of the Marathas, which has disastrously reacted on their political history, is their lack of business capacity. This race has produced no great banker, trader, captain of industry, or even commissariat organiser or contractor." (loc. cit. (238), 20)

that time, provided they were treated separately one after another. This difference between these two rising powers in India greatly helped the English Company in its eventual conquest of the whole of India.

For such a consummation of the eternal desire of merchant capital, the Company henceforth instilled forceful weight to its demands for "concessions", keeping in mind the lessons it had learnt from the First Carnatic War. The first application of this lesson was in Bengal, wherefrom started the victorious march of the Company in India.

8. Conquest of Bengal

It has been mentioned earlier that in 1717 the English Company had received a *firman* from the Moghal Emperor by which it obtained freedom of trade for its goods for export and import and the right of issuing *dastaks* or passes for such goods. This had a serious effect on the government finances, for in those days, as in many other countries, the transit of goods by roads and navigable rivers was subject to inland duties in India. But now the goods which the Company imported from Europe, and those which they purchased in India for export were permitted to pass through the country without payment of duties. A *dastak* signed by the English President of any settlement of the Company or by chiefs of English factories was shown at the toll-houses, and protected the Company's merchandise from all duties.

This arrangement, while fulfilling the Company's motto of buying cheap, meant a sharp depletion of the Government Treasury in Bengal particularly, for in that province most commodities had to be fetched from inland and so inland duties for trading were an important source of revenue to the Government. All the Nawabs after 1717 therefore felt very strongly against it, and in 1756 Nawab Siraj-ud-Daula, who had recently become the Nawab after the death of his grandfather, Alivardi Khan, decided to reduce the power of the English to the extent of driving them out of Bengal unless they were satisfied to trade on the footing they had before they had obtained the *firman* from the Moghal Emperor.

It is likely that Siraj-ud-Daula was moved to take this step from a political motive also. It has been reported that before his death Alivardi Khan told him^{*322}:

"My life has been a life of war and stratagem: for what have I fought, to what have my councils tended, but to secure you, my son, a quiet succession to my *sibadari*? My fears for you have for many days robbed me of sleep. I perceived who had power to give you trouble after I am gone hence. ... Keep in view the power the European nations have in the country. This fear I would also have freed you from if God had lengthened my days. - The work, my son, must now be yours. Their wars and politicks in the Telinga country [southern India] should keep you waking. On pretence of private contests between their kings they have seized and divided the country of the King [the Moghal] and the goods of his people between them. Think not to weaken all three together [the English, French, and the Dutch]. The power of the English is great; ... reduce them first; the others will give you little trouble, when you have reduced them. Suffer them not, my son, to have fortifications or soldiers: if you do, the country is not yours."

Siraj-ud-Daula followed the advice of his grandfather, but his intentions did not materialise. On the other hand, the intentions of the English were all too apparent by their latest moves. But why Siraj-ud-Daula could not curb their power, and had ultimately to surrender his throne and also his head to a puppet of the English has a little history behind it. This may be outlined in some detail, for, in a certain sense, the story of the English conquest of Bengal brings out almost all the features of India at that time, and also gives a graphic account of the manoeuvres of the English Company - of the guile and flattery of its officers, their meanness and cowardice. Eulogistic British writers have often praised Clive as a great hero, because the battle of Plassey went in the Company's favour. But, as will be realised from the following, looked at objectively, the battle of Plassey was nothing better than a cowardly act of hitting the

* That Alivardi Khan had also the same intention was evident from his letters to Watts, the agent of the Company, about which J. Z. Holwell (once Acting-Governor of the Company in Calcutta) wrote to the Court of Directors in London on November 30, 1756, that he "had long meditated to destroy the forts and garrisons of the Europeans, and to reduce their trade on the footing of the Armenians" (cf. loc. cit. (292), 40). This move to equate the English with the general run of traders - Indian or foreign - was strongly resented by the "peaceful" East India Company.

adversary "below the belt", after having drained off his vitality by conspiracy. This tale may best be told in the words of three reputable historians of India, and so is given below.³²³

"Like the Deccan, Bengal was under a Subahdar who nominally acknowledged the suzerainty of the Mughul Emperor of Delhi, but was to all intents and purposes an independent king. Like the Deccan, too, Bengal lacked any political strength or stability. Conspiracies and revolutions were the order of the day and corruption and inefficiency sapped the vitality of the State. . . .

'Alivardi had no male heir. His three daughters were married to three sons of his brother. Siraj-ud-daulah, the son of his youngest daughter, was his chosen successor, but the arrangement was naturally disliked by the two other sons-in-law, who were governors respectively of Dacca and Purnea. It was inevitable that they should be centres of plots and conspiracies by scheming persons. Although both of them died towards the close of 'Alivardi's reign, Ghasiti Begam, the widow of the former, and Shaukat Jang, the son of the latter, pursued their policy up to the very end. Ghasiti was ably supported by her *Diwan* [Minister] Rajballabh, who really carried on affairs in the name of the princess.

Amidst these troubles 'Alivardi died on 9th April, 1756, and Siraj-ud-Daula ascended the throne without any difficulty. But although his succession was unopposed, his troubles indeed were great. In addition to the hostile activities of Rajballabh and Shaukat Jang, he found himself implicated in a bitter dispute with the English Company.

Even when Siraj-ud-daulah was administering the State during the illness of 'Alivardi, the relations between the Nawab and the English had been anything but friendly. The main cause of the dispute was the additional fortification of Calcutta, which the English had recently undertaken, ostensibly as a measure of precaution against the French. The recent events in the Carnatic were certainly calculated to rouse the suspicion of the Nawab against any such measure. The manner in which it was done increased the wrath of the Nawab still further. The English not only mounted guns on the old fort but also commenced to build additional fortifications without the permission or even the knowledge of the Nawab. The fact was that the English discounted, like many others, the chances of Siraj-ud-daulah's accession to the throne, and were therefore eager to court the favour of Rajballabh, the leader of the opposing party, with surer chances of success. This explains why at the request of Watts, their agent at Cassimbazar, the English agreed to give protection to Rajballabh's son Krishnadas, who fled to Calcutta with his family and treasure. They knew full well that this step was calculated to provoke the wrath of Siraj-ud-daulah against them. There

is no doubt also that Siraj-ud-daulah construed the event as proving the complicity of the English in the schemes of Rajballabh against him.

The contemporary historian, Orme, writes: "There remained no hopes of Alivardi's recovery; upon which the widow of Nawajis (i.e. Ghasiti Begam) had quitted Muxadabad (the capital city of Murshidabad) and encamped with 10,000 men at Moota Ghill (Moti jhil), a garden two miles south of the city, and many now began to think and to say that she would prevail in her opposition against Surajo Dowla (Siraj-ud-daulah). Mr. Watts therefore was easily induced to oblige her minister and advised the Presidency (of Calcutta) to comply with his request."

Indeed, the rumour was widely spread in Murshidabad that the English had espoused the cause of Ghasiti Begam. Dr. Forth, attached to the factory of Cassimbazar, visited 'Alivardi about a fortnight before his death. While he was talking with the Nawab, Siraj-ud-daulah came in and reported that he had information to the effect that the English had agreed to help Ghasiti Begam. The dying Nawab immediately questioned Forth about this. Forth not only denied the charge but disavowed on behalf of his nation any intention to interfere in Indian politics.

This denial had but little effect on the mind of Siraj-ud-daulah which was already embittered against the English over the question of fortification. Immediately after his accession to the throne, he communicated his views to Watts, the chief of the English factory at Cassimbazar, in remarkably plain language. The Nawab pointed out that he looked upon the English only as a set of merchants and they were welcome as such, but he disapproved of their recent fortifications and insisted on their immediate demolition. The Nawab also sent envoys to Calcutta with similar instructions and a demand for the surrender of Rajballabh's family, but they were dismissed with scant respect by the English governor. This incredible conduct can only be explained by a tenacious belief that Rajballabh would ultimately succeed against Siraj-ud-daulah.

The first concern of Siraj-ud-daulah after his accession to the throne was, therefore, to remove the great internal danger that threatened his safety. By a masterly stroke, which has not been sufficiently recognised in history, he succeeded in quietly removing Ghasiti Begam to his own palace, without any bloodshed. The English now came to realise their mistake. Excuses and apologies were offered for their late conduct. But Siraj-ud-daulah was not the man to be satisfied by mere hollow promises. He wrote a letter to Mr. Drake, the governor of Calcutta, repeating his orders to demolish the additional fortifications. For the time being he could do no more, for although Ghasiti Begam had been suppressed, Shaukat Jang, the governor of Purnea, still remained the centre of a revolutionary conspiracy against

him. The Nawab rightly concluded that he must remove this danger before he could adopt a strong policy towards the English. Accordingly he marched towards Purnea. When he reached Rajmahal, the reply of Governor Drake reached him. It was couched in polite language, but contained no indication that he would comply with the Nawab's request. The Nawab immediately changed his mind, and returned to Murshidabad, in order to begin a campaign against the English in good earnest. The letter of Drake evidently convinced him that he had more to fear from the inveterate enmity of the British than anything that Shaukat Jang could do against him.

Once having taken the decision, Siraj-ud-daulah acted with unwonted energy. The return journey from Rajmahal commenced on 20th May. He reached Murshidabad on 1st June and on 4th June seized the English factory at Cassimbazar. On 5th June he marched against Calcutta and reached there on the 16th. Three days later, Governor Drake, the Commandant and many prominent Englishmen abandoned the fort to its fate and sought their own safety on board the ships. Next day, i.e. on 20th June, Fort William surrendered to Siraj-ud-daulah after a feeble resistance.

The capture of Calcutta will ever remain memorable in history on account of the so-called Black Hole episode, which occupies a prominent place in the narrative of Holwell. According to his version, 146 English prisoners were confined during the night in a small room, known as the Black Hole, 18 feet long by 14 feet 10 inches wide. One hundred and twenty-three died of suffocation, and 23 miserable survivors alone remained to tell the tale of that tragic summer night.

The truth of this story has been doubted on good grounds. That some prisoners were put into the Black Hole and a number of them, including those wounded in the course of the fight, died there, may be accepted as true. But the tragic details, designed to suit a magnified number of prisoners, must almost certainly be ascribed to the fertile imagination of Holwell, on whose authority the story primarily rests. In any case, it is agreed on all hands that Siraj-ud-daulah was not in any way personally responsible for the incident.*

Leaving his general Manikchand in charge of Calcutta, Siraj-ud-daulah returned to Murshidabad. Shaukat Jang had in the meantime procured from the titular Mughul Emperor of Delhi the formal *Sanad* for the Subahdarship

* Marx in his *Chronological Notes on India* wrote about the Black Hole incident as follows (cf. Section: *Events in Bengal: 1755-1773*):

"Evening 21 June 1756 reissen die Handelsjüngling etc. aus; in der Nacht fort verteidigt durch Holwell 'by the light of the burning factories', fort stormed, garrison taken prisoners, Suraj gab orders all the captives should be kept in safety till the morning; die 146 men, (accidentally it seems) aber crushed into a room

of Bengal and made no secret of his intention to make a bold bid for the viceregal throne. He no doubt relied upon the help of disaffected chiefs of Bengal like the banker Jagat Seth and the general Mir Jafar. But before they could agree upon any general plan, Siraj-ud-daulah marched against Shaukat Jang and defeated and killed him.

It reflects no small credit upon the young and inexperienced Nawab that he could get rid of his three powerful enemies within a few months of his accession to the throne. A superficial observer might well have regarded the future with equanimity, and perhaps even the Nawab was led into a false sense of security. But if he had been a true statesman he should not have been unaware of the dangers and difficulties ahead.

It was, for instance, sheer ineptitude to expect that the English would retire from Bengal after their first defeat without making fresh efforts to retrieve their situation. For, although small in number, the possession of the sea gave them a decided advantage in any warfare with the Nawab as it kept open the way for retreat when pressed hard, and the means of securing fresh supplies of resources, either from home or from other settlements in India. If the Nawab had fully realised this fact he would have continued his hold upon Calcutta in order to keep the English permanently in check.

The Nawab would perhaps have devoted his serious attention to this problem and evolved suitable measures if his own house were in order. But that was the chief plague-spot. Bengal, like most other provincial States, lacked almost every element that makes a State strong and stable. It had only recently emerged as a semi-independent kingdom; and no tradition or attachmet bound the people to the ruling house. The theoretical powers of the Emperor of Delhi still existed, and the case of Shaukat Jang showed what practical use could be made of them. The common people were too accustomed to revolutions to trouble themselves seriously about any change in the government, while the more influential chiefs shaped their policy with a view to their own interests alone. . . .

The discomfited English leaders knew the situation in Bengal well enough, and, having experienced the force of the Nawab's arms, they sought to retrieve their position by exploiting the internal situation. After the fall of Calcutta, they had taken refuge in Fulta, and from this place they carried on intrigues with the leading persons whom they knew to be hostile to the

20 feet square und mit but one small window; am andern Morgen (von Holwell selbst das Zeug erzählt) nur noch 23 am Leben, ihnen erlaubt to sail down the Hoghly. Dies 'das Black Hole of Calcutta', worüber the English hypocrites so viel sham scandal bis dato machen. Suraj-u-dowla zurück nach Moorsshedabad; Bengal nun completely and effectually cleared of the English intruders." [All underlined words in Marx's manuscript are italicised. — R. K. M.]

Nawab. The attempt of Shaukat Jang to seize the throne opened up new hopes to them. They sent him a letter with presents 'hoping he might defeat Siraj-ud-daulah'. When that hope failed they won over to their cause Manikchand, the officer in charge of Calcutta, Omichand, a rich merchant of the city, Jagat Seth, the famous banker, and other leading men of the Nawab's court. At the same time they made appeals to the Nawab to restore their old privileges of trade in Calcutta. This appeal, backed by the support of the interested advisers, induced the Nawab to consent to an accommodation with the English.

In the meantime warlike preparations were being made by the Madras Council. As soon as they received the news of the capture of Calcutta, they decided upon sending a large military expedition. Fortunately, a fully equipped army and navy which had been made ready for an expedition against the French were immediately available. After some discussion it was resolved to send the expedition under Clive and Admiral Watson. The expedition set sail on 16th October and reached Bengal on 14th December. The Nawab was evidently quite ignorant of this. While the English fugitives at Fulta were lulling his suspicions by piteous appeals, and his treacherous officers and advisers were pleading the cause of the 'harmless traders', Clive and Watson arrived at Fulta with the force from Madras. It is only fair to note that the English at Fulta were perhaps equally ignorant of the help sent from Madras, and did their very best to induce Clive to desist from warlike operations against the Nawab, who was ready to concede their reasonable demands. But Clive and Watson paid no heed to the proposals of their compatriots in Fulta. On 17th December Watson addressed a letter to the Nawab asking him not only to restore the ancient 'rights and immunities' of the Company but also to give them a reasonable compensation for the losses and injuries they had suffered. The Nawab appears to have sent a pacific reply, but it probably never reached Watson. Clive marched towards Calcutta. Manikchand made a pretence of war and then fled to Murshidabad. Clive recovered Calcutta on 2nd January, 1757, without any serious fighting. The English then plundered Hugli and destroyed many magnificent houses in that city.

Even after these provocations, Siraj-ud-daulah came to Calcutta and concluded the Treaty of 'Alinagar (9th February, 1757), conceding to the English practically all their demands.* This pacific attitude of Siraj-ud-

* The treaty which promised more favourable terms to English trade, even allowed the Company "to fortify Calcutta in such a manner as they shall esteem proper for their defence, without any hindrance or obstruction", and "that restitution be made to the Company of their factories and settlements at Calcutta, Kasimbazar, Dacca, etc., which have been taken from them. That all money and

daulah, offering such a strange contrast to his earlier policy, is difficult to explain. It has been suggested that a night attack on his camp by Clive terrified him into a humble submission. But that attack, according to Orme, was a great failure for which Clive was taken to task even by his own soldiers. Besides, the letters written by Siraj-ud-daulah, even before he reached Calcutta, contained proposals of peace similar to those to which he afterwards agreed. It is probable that the known treacherous designs of his own officers and the apprehension of an invasion from the north-west induced him to settle with the English at any cost.

Whatever may be the right explanation, it is quite clear that from this time onward Siraj-ud-daulah displayed a lack of energy and decision at almost every step. The outbreak of the Seven Years' War introduced a new element into the situation. The English naturally desired to conquer the French possession of Chandernagore. Siraj-ud-daulah very reasonably argued that he could never allow one section of his subjects to be molested by another. When the English made preparations for sending an expedition to Chandernagore he accused them of violating the Treaty of 'Alinagar and loudly proclaimed his determination never to sacrifice the French. Yet he did nothing to protect the French and Chandernagore was easily conquered by Clive and Watson in March, 1757. It is admitted by the English themselves that the Nawab had a large force near Chandernagore under Nanda Kumar, the Faujdar of Hugli, and if he had not moved away they could not have conquered the French city. It is almost certain that Nanda Kumar was bribed, but it does not appear that the Nawab had given any definite orders to Nanda Kumar to resist the English.

The Nawab, gallantly enough, afforded shelter to the French fugitives at his court, and refused to drive them away even when the English offered in exchange military help against a threatened invasion of Bengal by the heir-

effects taken from the English Company, their factors or dependents, at the several settlements, and *Aurangs* (collecting stations for goods or sub-factories), be restored in the same condition. That an equivalent in money be given for such goods as are damaged, plundered, or lost, which shall be left to the Nawab's justice to determine" (cf. Aitchison, *Treaties and Sanads*, 4th Ed. i., 181; quoted in loc. cit. (292), 47). Not only his strength relative to that of the Company, but his prestige as a Nawab was also thus seriously undermined. And this treaty put an end to the Nawab's wishes of reducing the English Company to the same footing as other merchants - Indian or foreign, for the treaty also noted that "all goods belonging to the English Company, and having their *Dastak*, do pass freely by land or water, in Bengal, Behar, and Orissa, without paying any duties or tolls of any kind whatsoever; and that the Zemindars (District Collectors of land-revenue), Chaukidars (Collectors of Customs), Guzar-bans (Collectors of ferry-tolls), etc., offer them no kind of molestation upon this account" (*ibid.*).

apparent to the Mughul Empire. Generosity and prudence alike must have dictated the course of policy which the Nawab pursued, for in any war with the English the French support would have been of inestimable value to him.

The English fully understood the danger of the situation. While the war was going on with the French, a Nawab of Bengal with sympathy for the French cause was an element of potential danger. A French force from Pondicherry might join the Nawab and renew in more favourable circumstances the policy of expelling the English which Dupleix had so brilliantly initiated in the Carnatic.

Hence the English leaders were bent upon replacing Siraj-ud-daulah by a Nawab more amenable to their control. A conspiracy was set on foot with the help of the disaffected chiefs, and it was ultimately resolved to place Mir Jafar upon the throne of Bengal. Mir Jafar and Rai Durlabh, the two generals of the Nawab, as well as Jagat Seth, the rich banker, all joined in the plot. A regular treaty was drawn up (10th June) which stipulated, among other things, the reward to be given to the Company and to their chief servants in Calcutta for their military help. A difficulty arose at the last moment. Omichand, who acted as the intermediary, asked for a large share of the plunder, and Clive silenced him by a forged copy of the treaty in which Omichand's demands were admitted. As Watson refused to sign this treaty his signature was forged at the instance of Clive.*

The Nawab displayed a lamentable lack of decision and energy in this critical moment.** After having drawn upon himself the wrath and inveterate hostility of the English by his support to the French fugitives, he ultimately agreed to send them away on the advice of his treacherous ministers. At the

* Torrens noted: "The unsuspecting Hindoo was satisfied; but when the time came for settling accounts among the conspirators, Clive bade an interpreter inform the old man of the trick of which he had been the dupe - that the treaty containing his name was a sham, and that having asked too much, he was to have nothing. Stunned at this ruin of his golden dreams, Omichand fell to the ground insensible. He slowly recovered, but remained for the rest of his days an idiot." (loc. cit. (267), 39)

Even such dishonour among the thieves did not come in for any condemnation. Mill noted a hundred years later: "Not an Englishman, not even Mr. Orme, has yet expressed a word of sympathy or regret." (loc. cit. (270), iii, 136 ff.)

** Probably it was influenced by the fact that the French were not strong enough, and the vitality of Siraj-ud-Daula's Government was sapped by the treacherous intrigues among his ministers and officers, as stated above. While Bussy did not come to the assistance of the Nawab, that the Nawab's uncle and Pay Master, Mir Jafar, had an eye on the throne did not pass unnoticed by the English. The situation for the young Nawab, who had just passed his teens, was indeed pathetic. Since the time of signing the treaty with Siraj-ud-Daula, and, in fact, since the time before he ascended the throne of Bengal, the English were conspiring to overthrow

time of their departure the French gave him friendly warning of the conspiracy, which was evidently patent to everybody save the Nawab. His eyes were not opened until he came to know of the secret treaty. Even then he failed to act vigorously. Had the Nawab promptly imprisoned Mir Jafar, the other conspirators would have been struck with terror and the plot might perhaps have come to nothing. The Nawab's courage, however, failed. Far from taking any energetic measures, he himself paid a visit to Mir Jafar (15th June) and made pathetic appeals to him in the name of 'Alivardi Khan. Mir Jafar gave him most solemn assurances of support and the Nawab was apparently satisfied. He hastily began to make preparations for the war, with Mir Jafar as commander of his forces.

Three days before this interview the English forces had left Calcutta on their expedition against the Nawab. So thoroughly did treachery pervade all ranks of the Nawab's army, that little or no real opposition was offered to the English even by the garrisons at Hugli or Katwa. On the night of 22nd June Clive reached the mango grove of Plassey, on the bank of the Bhagirathi, where the Nawab was already entrenched with his troops.

The battle broke out on the morning of the 23rd June. On the Nawab's side Mir Jafar and Rai Durlabh stood still with their large armies, and only a small force under Mohanlal and Mir Madan, backed by a French officer, took part in the battle. Had Mir Jafar loyally fought for the Nawab the English forces might have easily been routed. Even the small advance party made the situation too critical for the English. After half an hour's fighting Clive withdrew his forces behind the trees. At eleven o'clock he consulted his officers. It was resolved to maintain the cannonade during the day and to attack the Nawab's camp at midnight. Unfortunately a stray shot killed Mir Madan and this so unnerved the Nawab that he sent for Mir Jafar and accepted his treacherous advice to recall the only troops which were fighting for him. What followed may be best described in the words of a contemporary historian, Ghulam Husain, the author of the *Siyar-ul-mutakberin*:-

'By this time Mohanlal, who had advanced with Mir Madan, was closely engaged with the enemy; his cannon was served with effect; and his infantry having availed themselves of some covers and other grounds, were pouring a quantity of bullets in the enemy's ranks. It was at this moment he received the order of falling back, and of

him. They found in him an enemy who would not bow down to their will and pleasure. And since now they had considerable strength and the internal situation of Bengal was most congenial to all kinds of conspirators, they wanted to have one of "their" own men as the Nawab. It can be truthfully said that after the battle of Plassey the English Company became the greatest king-maker in India. They put up "suitable" kings wherever they wanted them to protect and expand their interest.

retreating. He answered: "That this was not a time to retreat; that the action was so far advanced, that whatever might happen, would happen now; and that should he turn his head, to march back to camp, his people would disperse, and perhaps abandon themselves to an open flight." Siraj-ud-daulah, on this answer, turned towards Mir Jafar, and the latter coldly answered: "That the advice he had proposed was the best in his power; and that as to the rest, His Highness was the master of taking his own resolutions." Siraj-ud-daulah, intimidated by the General's coldness, and overcome by his own fears and apprehensions, renounced his own natural sense, and submitted to Mir Jafar's pleasure; he sent repeated orders, with pressing messages, to Mohanlal; who at last obeyed, and retreated from the post to which he had advanced.

"This retreat of Mohanlal's made a full impression on his troops. The sight of their General's retreat damped their courage; and having at the same time spied some parties which were flying (for they were of the complot), they disbanded likewise, and fled, every one taking example from his neighbour; and as the flight now had lost all its shame, whole bodies fled although no one pursued; and in a little time the camp remained totally empty. Siraj-ud-daulah, informed of the desertion of his troops, was amazed; and fearing not only the English he had in his front, but chiefly the domestic enemies he had about his person, he lost all firmness of mind. Confounded by that general abandonment, he joined the runaways himself; and after marching the whole night, he the next day at about eight in the morning arrived at his palace in the city."

Siraj-ud-daulah reached Murshidabad on the morning of the 24th. The news of his defeat created the utmost panic and confusion in the city. He made an effort to collect his forces, but both men and officers fled pell-mell in all directions. In vain did he lavish considerable treasures to induce the troops to stand by him, and then, finding no other way, he fled with his wife Lutf-un-nisā and one trusted servant.

Mir Jafar reached Murshidabad on the 25th and Clive followed him a few days later. Mir Jafar was proclaimed Subahdar of Bengal. In a few days news arrived of the capture of Siraj-ud-daulah. He was brought back to the capital and immediately murdered by the orders of Miran, the son of Mir Jafar. Thus the treacherous conspiracy of Mir Jafar was brought to a triumphant conclusion."

Having thus ascended the throne as the puppet *nawab* of the English, Mir Jafar signed a treaty with the Company by which the latter received undisputed right to trade in Bengal, Bihar and Orissa. This meant virtually the whole of eastern India. The Company

also received a *zemindari* or the right to revenue-farming over a large tract of land south of Calcutta, which is still known as the District of 24 Parganas. Furthermore, the puppet nawab assured the Company that he "will not erect any new fortifications below Hugli, near the River Ganges", and that when demanded "the English assistance" he would be "at the charge of the maintenance of them"; and, in addition to such promises, he paid a total sum of Rs. 17,700,000 for the redress of the Company, for the maintenance of its forces, and for the redress of the English, Armenians, Hindus and Muslim inhabitants of Calcutta, with the understanding that the money was "to be disposed by them (that is, Clive and other Company officers) to whom they think proper"³²⁴.

9. Control of Upper Gangetic Plain

After the conquest of Bengal, there were no powers, foreign or Indian, to oust the Company from India. With such a rich possession as Bengal, Bihar and Orissa, the English Company could easily crush the French Power in India (successive Carnatic Wars); and after having dealt the decisive blow to French aspirations in India, the efforts of the Company after the later half of the eighteenth century were to bring the Indian territories under full control, the territories which were then ruled by various kings, *nawabs*, and adventurers. Proceeding prudently in this venture, the first objective of the Company was to build a wall of defence against the Maratha power. So, to safeguard its newly-acquired territory of eastern India against the incursions of the Marathas or of the Afgans, the Company first spread its domination over the Subah of Oudh (Avādh), which, as noted earlier, was the most important semi-independent State in northern India in those days.

This was not a difficult task. When, in 1763, the Company's army drove Mir Kasim out of Bengal (Mir Kasim had replaced Mir Jafar as the Nawab of Bengal because of the latter's incompetence in meeting the demands of the Company and its officers but eventually proved hostile to the Company's design of wholesale plunder of Bengal, as it will explained in the next chapter), and when the Nawab of Oudh came to his aid, the united forces were utterly defeated by the English at Buxar in 1764. Buxar finally rivetted the

shackles of the Company's rule upon Bengal, and furthermore placed Oudh at the mercy of the English. By the treaty of 1765, which followed the war, the Nawab of Oudh, who was also titular Vizier or Minister of the Moghal Emperor since 1761, became a dependent of the Company. Henceforth, it was a matter of policy to maintain a close alliance with Oudh, "with a view to utilising it as a bulwark against the incursions of the Marathas or of the Afgans"²⁵.

The Emperor of Delhi also now fell into the hands of the English. The feeble descendant of the Great Moghals was now a homeless wanderer, but was still recognised as the titular sovereign of India. All the kings and chiefs in the vast subcontinent still owed nominal allegiance to him, and all pretended to derive from him their power in the kingdoms and provinces which they conquered by force of arms. The English also imitated their example. In 1765, the Company obtained from the Emperor a Charter, making the Company the Dewan or Administrator of the Subah of Bengal. The English thus obtained a legal status, and also formally took upon themselves the responsibility of administering the province which they had conquered eight years before.

10. Anglo-Mysore Wars

Next, the English paid their attention to Mysore where Hyder Ali and later his son, Tipu Sultan, were a source of danger to the rising power of the British in India. And thus followed the Anglo-Mysore Wars, in which, like in all wars of the English with the Indian Powers, the Indian side won campaigns but lost the battle.

While the Carnatic was distracted by wars and Bengal was entering into her ignoble days, Hyder Ali steadily rose to power in Mysore. Originally an adventurer, he entered the service of the prime minister of Mysore, who had made himself the practical dictator over the titular Hindu ruler of the State. Though uneducated and illiterate, Hyder Ali has been said to have been the most capable military commander that India produced in the later half of the eighteenth century. Taking advantage of the prevailing distractions in the south, he increased his power and soon supplanted his former patron. He extended his territories by conquering Bednore, Sunda, Sera, Canara and Guti, and by sub-

jugating the quasi-military chiefs of South India—the Poligars, who were essentially revenue-farmers.

The rapid rise of Hyder naturally excited the jealousy of the Marathas, the Nizam of Hyderabad, and the English; and they formed a tripartite alliance against Hyder. But in the first Anglo-Mysore War Hyder was victorious. He devastated the Carnatic and appeared within a few miles of Madras. The Company was struck with panic, and made peace with the terrible invader in 1769. This, however, was not the end. A second Anglo-Mysore war broke out in 1780, and in this Hyder was defeated. But his strength was not broken. Hyder Ali died in 1782, and the war ended with a peace with his son, Tipu Sultan, in 1783.

Two more wars were fought against the Mysore Sultan Tipu, for he was making alliance with the French and his rich possession remained an eye-sore to the English, the Marathas and the Nizam. Again there was a tripartite alliance between these enemies of Tipu in the third Anglo-Mysore war of 1790–92. Tipu fought bravely, and by his military and diplomatic skill averted a complete disaster. Ultimately he was forced by circumstances to sign the Treaty of Seringapatam in 1792, by which he had to surrender half of his dominions. The allies divided the territory among themselves, the English receiving the most important areas. It has been remarked that these “were cessions of considerable importance in adding to the strength and compactness of the Company’s territories”³²⁶. Moreover, Tipu was made to pay an indemnity of more than three million pounds and to send two of his sons as hostages to the English Company.

In the fourth and the last Anglo-Mysore war Tipu tried to regain his position. Meanwhile, he had added fortifications to his capital, and reorganised his forces. He also took help from the French when they were involved in a deadly war with the English in Europe. He even sent emissaries to Arabia, Kabul, Constantinople, Versailles and Mauritius, inviting them to send volunteers to come forward to help him “in expelling the English from India”. The English, on the other hand, revived their triple alliance, although this time the Marathas remained rather cool. The war that followed was of a very short duration, but quite decisive. Tipu fell in 1799 in the defence of his capital, which was then plundered by the English troops.

Mysore was now at the disposal of the English. A portion was offered to the Marathas if they would form a subsidiary alliance, but they declined. This policy of "subsidiary alliance" is worth explaining in detail to show why the Marathas were clever enough to refuse this offer. At the time when the wars of Napoleon Bonaparte were influencing British policy in Europe, William Pitt was subsidising the Great Powers to maintain armies against Napoleon. Lord Mornington, afterwards Marquis of Wellesley, who came to India in 1798 as the Governor-General of the Company, introduced this policy of Pitt in India, but with an important variation. Instead of paying subsidies to the Indian princes, Wellesley obtained it from them for maintaining contingents of the British army in their dominions. This at once brought money to the Company and kept the Indian princes under British control. This astute policy of the British in India came to be known as the policy of "subsidiary alliance". Thus, by refusing to be drawn into this noose, the Marathas showed their wisdom. Later, of course, the Maratha Peshwa placed his neck in it, just as it adorned all the vassals of the Company, including the Nawab of Oudh.

To return to the story of the annexation of Mysore, another portion of it was given to the Nizam of Hyderabad who was fool enough to fall into the trap. Subsequently it was taken back by the Company in lieu of the British contingent forced upon him to safeguard the interests of the British in the Deccan, lest the French make any move to re-enter the political arena of India. This is actually how the policy of "subsidiary alliance" worked.

And then what remained of Mysore was formed into a little kingdom without any outlet to the sea, and the old Hindu house was restored. The new State of Mysore became virtually a dependency of the English, the same fate as that of the subah of Oudh and other provinces and states which had shown their independence with the decline of the Moghal Empire but were cleverly annexed by the British in course of time.

A subsidiary treaty which the new ruler of Mysore had to accept provided for the maintenance of a "protecting British force within the kingdom" (the same "subsidiary alliance"!), and it was also enjoined that the ruler must pay a subsidy to the English which would be increased in time of war. Furthermore, the Governor-

General of the Company was empowered to take over the entire internal administration of the country if he was dissatisfied on any account with its government. Such "independence" was granted not only to the State of Mysore, but to all the Indian States which existed in British India. In the words of the British contemporary writer, Thornton, the Governor-General of the Company thus "acted wisely in not making Mysore ostensibly a British possession. He acted no less wisely in making it substantially so"³²⁷. Indeed, it so remained the policy of the British in regard to all the native states of India which were rearranged or created with puppets at the top of their administration. These creatures, who had no real power at all, served only as the fifth column of the foreign power against the Indian people. This was the first wall of defence that the British built in India against the natural desire of her people to become free and proceed on a normal course of development.

The settlement of Mysore secured for the Company substantial territorial, economic, commercial, and military advantages. Previous to it, in 1788, the English had secured from the Nizam of Hyderabad the town of Guntur which was the only outlet of that state to the sea. Now the State of Mysore was also similarly crippled, while the acquisition of its parts by the English extended the Company's dominion "from sea to sea across the base the peninsula", encompassing the new kingdom of Mysore on all sides except in the north. And when in 1800 the Nizam transferred his acquisitions from Mysore to the Company, this kingdom "was entirely encircled by the Pax Britannica"³²⁸.

Such an achievement of the Governor-General of the Company was enthusiastically applauded in England. As mentioned earlier, he was elevated to the rank of Marquis in the peerage of Ireland, and his general, Harris, was made a baron. The crusaders of "Western Civilisation" were thus rewarded for fulfilling their mission in India.

The fall of Tipu Sultan also removed another serious concern of the English. The French menace in India now disappeared completely. They could not any more make serious attempts to regain their lost position. The Marathas, however, remained the chief concern of the English, but they were also soon liquidated as will be seen from the following account of the Anglo-Maratha Wars.

11. Anglo-Maratha Wars

During the period in which successive stages of the Anglo-Mysore wars were conducted, hostilities broke out between the English and the Marathas, which lasted till the second decade of the nineteenth century, ending in the complete collapse of the Marathas. The most powerful rival of the English was thus eliminated.

As described earlier, the treaty of 1765 with the Nawab of Oudh was meant primarily as a bulwark against Maratha invasions in northern India. The English further strengthened the arrangement by the Benares Treaty of 1773. This was particularly necessary when in 1770-71 the vagrant Emperor of Delhi, Shah Alam II, the Moghal, (who was previously lured into the British trap in 1765 by the offer of Kora and Allahabad from the Subah of Oudh as his personal possession and was simultaneously pensioned off by the promise of the payment to him of an annual tribute of Rs. 2,600,000 for the English possession of the Subah of Bengal), placed himself under Maratha tutelage. By this new treaty of Benares, Kora and Allahabad were taken away from the Moghal, his pension was stopped, and simultaneously Oudh was virtually reduced to a state of vassalage in order to maintain an efficient defence against any possible Maratha invasion. And then followed the Ruhela War which has been noted before.

Very soon, besides these defence preparations, an opportunity arrived for the English to take a direct move vis-a-vis the Marathas. As elsewhere in India the internal quarrels among the Indian princes and chiefs gave the English the chance to intervene in their internal affairs, so it happened in the case of the Marathas also. There were two claimants to the post of Peshwa, the head of the Maratha Confederacy; and the Bombay Government of the Company did not miss the opportunity to enter into a treaty in 1775 to help one of them. This started the first Anglo-Maratha war. In this war, however, the English could not make spectacular gains. They captured Ahmedabad and Gwalior, but the war failed in its objective. The ally of the British retired on a pension, while Salsette and some other islands which were in significant positions in western India fell into the hands of the Company under the peace of 1782.

Maratha power remained a headache for the English, and so a

second Anglo-Maratha war soon followed. Fortunately for the English, the Peshwa was hard pressed by other Maratha chiefs, and their internal quarrels thus finally compelled him to seek the Company's aid. A "subsidiary alliance" was concluded in 1802, and the Peshwa was placed on his throne with the help of British troops. The Company thus gained a foot-hold among the Marathas. But the other Maratha chiefs, Sindia, Holkar and Bhonsla, were taken aback by this introduction of British power in their dominions; and then followed what is known as the Second Maratha War. General Wellesley, who was afterwards known as the Duke of Wellington, crushed the armies of Sindia and Bhonsla in the battles of Assye and Argaon in 1803, and Lord Lake triumphantly entered Delhi in the same year and defeated Sindia's troops at Laswari. But Holkar who was playing a waiting game now joined in. Thus the interminable war with the many-headed Maratha Confederacy continued. This alarmed the Directors of the Company, and so for the time being they adopted the policy of letting the Marathas alone.

The final offensive against the Marathas was undertaken in the second decade of the nineteenth century. But before dealing decisively with the Marathas, the Company first consolidated its position still further. A war with Nepal during 1814-16 brought the independent Nepalese Government into submission. According to a treaty signed in 1816, the Nepalese gave up their claims to places in the lowlands along their southern frontier, ceded to the Company the districts of Garwal and Kumaon west of Nepal, withdrew from Sikkim, and agreed to receive a British Resident at Khatmandu. These were indeed important gains for the English, for the north-western frontier of their dominions now reached the mountains, and thus henceforth they had greater facilities for communications with the regions of Central Asia.

Next came the wars with the Pindaris and Pathan hordes which led to the extension of British supremacy over Rajputana and Central India. The Pindaris were described as "swarms of Afgan, Jat and Maratha condottieri—who had offered their service to any chief who paid them". The Pindaris mainly dwelt in Central India and were employed as auxiliary forces in the Maratha armies and enjoyed the protection of Maratha chiefs like Sindia and Holkar. In 1794, Sindia granted them some settlements in Malwa near the Narmada.

By the end of 1817, the Company succeeded in expelling the Pindaris from Malwa and "by the close of January, 1818, they were practically exterminated"³²⁰.

After this came the suppression of the Pathans. Many Pathans at this time took to the habits of a predatory horde like the Pindaris. They generally served as military adventurers under one of the Rajput or Maratha chiefs of the time. The English managed to isolate the most important of their chiefs, Amir Khan, from the others in November 1817, and made him the Nawab of Tonk. After that there was no problem in suppressing the Pathans.

Then came the third and final war with the Marathas. As noted before, the Peshwa had concluded a subsidiary alliance with the Company in 1802, but he soon realised its implications and chafed under the restraint. At last he threw off all disguise, and other Maratha chiefs joined him. But it was too late. The Peshwa was beaten off at Khirki, Bhonsla's army was defeated at Sitabaldi, and Holkar's army was crushed at Mehidpur. The Peshwa's dominions were annexed in 1817, and formed into the province of Bombay. He himself was captured in the following year, and retired on pension. Minor Maratha chiefs—Sindia, Holkar, Bhonsla and Gaekwar, were allowed to "rule" in their own "States" under the imperial power of the Company. As in all other states, they were also shorn of their political and military powers.

12. Remaining Indian Powers

British moves, as in a game of chess, followed successively one after another. Their next move was to extend their paramountcy over Rajputana and Central India. This was easy. The lords of Rajputana had once stood as serious rivals to the Moghal supremacy in India; but now they were utterly bankrupt. Their land, distracted by dynastic quarrels, had become the prey to external aggressions of the Marathas, the Pindaris and the Pathans, resulting in anarchy, plunder, economic ruin, and moral degradation. Therefore, when the Company had vanquished the leading Indian powers, the Rajput leaders readily acknowledged British supremacy. The whole of Rajputana and Central India soon fell under the control of the Company which lorded over the numerous small states, some

rearranged from the old ones and some newly-created to make room for the Company's stooges.

Thus, the close of the eighteenth and the beginning of the nineteenth century saw the fall of those Indian powers which arose or revived on the decline of the Moghal Power and contended for political supremacy or local sovereignty. Simultaneously, the English Company became the paramount power over a dominion extending from the Himalayas to Cape Comorin, and from the Sutlej to the Brahmaputra.

For the complete possession of India and fortification of her frontiers there remained only the Sikhs in the Punjab, the Sindhis, the Pathan and Baloch tribes in the north-west, the Afgans beyond the Khyber Pass, and the Burmeese and the Assamese to the east of the Brahmaputra. In course of time all these territories were brought under control, and "friendly" ties were established with the Afgans. By the first Anglo-Burmese War of 1824—26, Assam, Cachar and Manipur became practically the protectorates of the Company; Sind was conquered in 1843; the Punjab was annexed as the result of the Anglo-Sikh Wars lasting over 1848—52; and the English extended their domination over Burma in the later wars during the second half of the nineteenth century. The Company thus became the unchallenged master of India.

Meanwhile, the weaker States were dealt with more summarily, and the Company was not very particular in its methods. The Raja of Benares was disposed of in 1794; the Nawab of Surat died in 1799, his brother was retired on pension and his State was annexed by the Company; the Raja of Tanjore was set aside, his brother resigned his powers to the Company and retired on pension; the Nawab of the Carnatic died in 1801 but his successor declined to abdicate, so another prince was set up in his place who, following the example of others, gave his kingdom to the Company and retired on pension; the Nawab of Bengal was pensioned off earlier; and the boy-nawab of Farakkabad who was about to attain his majority, was also made to transfer the State to the Company and was retired on pension. The same procedure continued.

Even the large State of Oudh was not treated differently. The State of Benares which formed a part of the dominion of the Nawab of Oudh was taken away from him in 1775, and, as has been noted

before, Kora and Allahabad were taken away even earlier (1765) for nothing in return, and were sold back to the Nawab after a few years (1773) for five million rupees. Later, the Nawab was asked either to make over the civil and military administration of his kingdom to the Company or to enter into the bondage of "subsidiary alliance" ceding one-half of his kingdom for the maintenance of the British contingent forced upon him. He was compelled to accept the latter proposal, and again ceded Allahabad and other districts to the Company in 1801. Finally, in 1856, the State of Oudh was annexed to British India, and the Nawab disappeared for good.

In the last ten years of the Company's rule in India after 1848, many Indian States were liquidated. Lord Dalhousie who was then the Governor-General of the Company in India annexed "about 150,000 square miles previously ruled by dependent princes"³³⁰. Gone were the Maratha realm of the Bhonsla family in Nagpur, the States of Sattara, Jhansi, and others. In the case of some of them the reason was purely to further strengthen direct British hold on India. Thus, regarding the annexation of Nagpur and Sattara it has openly been admitted that "imperial considerations weighed with him (Lord Dalhousie)", for, "they were placed right across the main lines of communication between Bombay and Madras and Bombay and Calcutta"³³¹.

In this period the British not only liquidated many Indian states, but further curtailed the power of the others, and by reducing the pension of the deposed princes made their position still worse. Thus, the British acquired further territories from the Indian rulers who had failed to pay regularly the stipulated sum to the Company for being a party to the scheme of "subsidiary alliance" and therefore maintaining the British contingent forced on their territory to guard the interests of the British. Because of this, in 1853, the cotton-producing province of Berar was taken away from the Nizam of Hyderabad in lieu of the subsidy.

Meanwhile, the huge pensions paid to several dethroned or degraded rulers were drastically revised or abolished. Notable among them were the ex-Peshwa (who had been made the Raja of Bithur), the nominal Nawab of Bengal, and the nominal Nawab of the Carnatic. Henceforth, the expropriated wealth of India could be enjoyed by the British alone.

In those days the English thought that they had no more need of their "Indian allies", and so could dispose of them on the slightest pretext or stop their pensions without any ceremony. But the Indian Revolt of 1857—58, which the English contemptuously described as the Sepoy Mutiny and Marx in his *Chronological Notes on India* acclaimed as "die Sepoy Revolution", showed them the usefulness of maintaining the remaining princes, *nawabs* and *maharajas* as a buffer between them and the Indian people. After this date these creatures remained as "show boys" of the British, while their "States" depended in all essentials on the wishes of the British Residents imposed upon them. Lord Canning quite candidly remarked in his Minute of 30th April, 1860³³²:

"The safety of our rule is increased, not diminished, by the maintenance of native chiefs well affected to us. Should the day come when India shall be threatened by an external enemy, or when the interests of England elsewhere may require that her Eastern Empire shall incur more than ordinary risk, one of our best mainstays will be found in these Native States. But to make them so we must treat their chiefs and influential families with consideration and generosity, teaching them that, in spite of all suspicion to the contrary, their independence is safe, that we are not waiting for plausible opportunities to convert their country into British territory."

But how "independent" these Indian "rulers" were and how their rule was sanctioned by the Indian people was unmasked by Karl Marx before the Revolt of 1857. To quote Marx³³³:

"After the British intruders had once put their feet on India and made up their mind to hold it, there remained no alternative, but to break the power of the native princes by force or by intrigue. Placed with regard to them in similar circumstances as the ancient Romans with regard to their allies, they followed in the track of Roman politics. 'It was', says an English writer, 'a system of fattening allies as we fatten oxen, till they were worthy of being devoured.' After having won over allies in the way of ancient Rome, the East India Company executed them in the modern manner of Change-Alley. In order to discharge the engagements they had entered into with the Company, the native princes were forced to borrow enormous sums from Englishmen at a usurious interest. When their embarrassment had reached the highest pitch, the creditors got inexorable, 'the screw was turned' and the princes were compelled either to concede their territories amicably to the Company, or to begin war; to become pensioners on their usurpers in one

case or to be deposed as traitors in the other. At this moment the Native States occupy an area of 699,961 square miles – with a population of 52,941,263 souls*, being, however, no longer allies, but only the dependents of the British Government upon multifarious conditions and under the various forms of the subsidiary and of the protective systems. These systems have in common the relinquishment, by the Native States of the right of self-defence, of maintaining diplomatic relations, and of settling the disputes among themselves without the interference of the Governor-General.

All of them have to pay a tribute, either in hard cash, or in a contingent of armed forces commanded by British officers. The final absorption or annexation of these Native States is at present eagerly controverted between the reformers who denounce it as a crime and the men of business who excuse it as a necessity.

In my opinion the question itself is altogether improperly put. As to native States, they virtually ceased to exist from the moment they became subsidiary to or protected by the Company. If you divide the revenue of a country between two governments, you are sure to cripple the resources of the one and the administration of both. Under the present system the native States succumb under the double incubus of their native administration and the tributes and inordinate military establishments imposed upon them by the Company. The conditions under which they are allowed to retain their apparent independence are, at the same time, the conditions of a permanent decay, and of an utter inability of improvement. Organic weakness is the constitutional law of their existence, as of all existence living upon sufferance. It is, therefore, not the native States, but the native Princes and Courts about whose maintenance the question revolves. Now, is it not a strange thing that the same men who denounce 'the barbarous splendours of the Crown and Aristocracy of England' are shedding tears at the downfall of Indian Nabobs, Rajahs and Jagirdars, a great majority of whom possess not even the prestige of antiquity, generally usurpers of very recent date, set up by the English intrigue. There exists in the whole world no despotism more ridiculous, absurd and childish than that of these Schazennas and Schariars of the Arabian Nights. The Duke of Wellington, Sir J. Malcolm, Sir Henry Russel, Lord Ellenborough, General Briggs, and other authorities have pronounced in favour of the *status quo* but on what grounds? Because the native troops under English rule want employment in the petty warfares with their own

* Up to the end of the British Period of India's history, there were 562 Indian States, covering an area of 598,138 square miles, or nearly two-fifths of the total area of India; and these States contained a total population of 78,996,854, that is, roughly less than a quarter of the total population of India. (cf. Panikkar, K. M. – "Indian States", Oxford Pamphlets on Indian Affairs, Oxford, 1944, p. 3)

countrymen, in order to prevent them from turning their strength against their own European masters. Because the existence of independent states gives occasional employment to the English troops. Because the hereditary princes are the most servile tools of English despotism, and check the rise of those bold military adventurers with whom India has and ever will abound. Because the independent territories afford a refuge to all discontented and enterprising native spirits. . . .

As to the pensioned Princes, the £ 2,468,969 assigned to them by the British Government on the Indian revenue is a most heavy charge upon a people living on rice, and deprived of the first necessities of life. If they are good for anything, it is for exhibiting royalty in its lowest stage of degradation and ridicule. Take, for instance, the Great Moghul, the descendant of Timour Tamerlane. He is allowed £ 120,000 a year. His authority does not extend beyond the walls of his palace, within which the royal idiotic race, left to itself, propagates as freely as rabbits. Even the police of Delhi is held by Englishmen, above his control. There he sits on the throne, a little shrivelled yellow old man, trimmed in a theatrical dress, embroidered with gold, much like that of the dancing girls of Hindostan. On certain State occasions, the tinsel-covered puppet issues forth to gladden the hearts of the loyal. On his days of reception strangers have to pay a fee, in the form of guineas, as to any other *sallimbanque* exhibiting himself in public; while he, in his turn, presents them with turbans, diamonds, etc. On looking nearer at them, they find that the royal diamonds are like so many pieces of ordinary glass, grossly painted and imitating as roughly as possible the precious stones, and jointed so wretchedly, that they break in the hand like ginger-bread.

The English money-lenders, combined with English aristocracy, understand, we must own, the art of degrading Royalty, reducing it to the nullity of constitutionalism at home and to the seclusion of etiquette abroad. And now, here are the Radicals, exasperated at this spectacle!"

Thus, by using its characteristic "tools of trade" — fair or foul, subversive or open —, by the middle of the nineteenth century the Company emerged as the undisputed ruler of India, while two-fifths of India's territory remained "independent" under Native Rulers.* As Marx remarked in 1853³⁴:

"As to its exterior, India was now finished. It is only since 1849, that one great Anglo-Indian empire has existed."

* (see page 168.)

It should not however be understood that during the whole process of its onslaught, the Company did not come across any opposition from the Indian people. At first, when the Company was playing at "king-making", they might have taken it as only a change of dynasties, and so did not trouble themselves much. But soon they came to realise that they had fallen victim to a new system of oppression and exploitation. And after this there arose active opposition of the people in all parts of India. In the beginning, this took the character of sporadic peasant revolts. The eighteenth century was particularly marked by them; such as in Dinajpur and Rangpur, at Benares, in Oudh, in the Northern Circars, etc. But this century also marked the Sannyasi Revolt of Bengal (1760-1774), which took the character of armed united resistance of the artisans and peasants under the leadership of a socio-religious sect. The people fought with country-made firearms and even field-pieces, and caused a good deal of panic and anxiety to the Company. Then, in the first half of the nineteenth century, there were a series of revolts, such as the Bareilly rising of 1816; the Kol revolt of 1831-32 in Bihar; several uprisings in Chota Nagpur and Palamu; the revolts of the Bengal peasantry under the leadership of Titu Mir and Didu Mir in 1831 and 1847, respectively; peasant uprising in Mysore in 1830-31; the uprisings of the Moplah in south India after 1836; the Santhal Insurrection of 1855-56; and others. As has been reported:

"These risings testify to the general ferment in the British Empire in India, the last and the most severe being the Mutiny of 1857-1859, which shook its mighty fabric to its very foundation." (loc. cit. (236), 772)

All these revolts were ruthlessly suppressed by the Company with inhuman terror and oppression, of which, however inadequate, information are available in government documents and historical literatures. And the Company could so smash the people's opposition to its rule of pillage and destruction because of possessing superior arms and because of the active help it received from its faithful allies - the "Native Rulers", and the landlords created by it, especially in Bengal, Bihar and Orissa by the Permanent Land Settlement of 1793. Referring to these loyal "rulers", Marx commented in connection with the Sepoy Revolt of 1857 (cf. loc. cit. (212)):

"*Sindia* loyal to the 'English dogs', nicht so his 'troopers'; *Rajah of Patialah* - for shame! - sends large body of soldiers in aid of the English! . . .

During July, August, September 1858: Sir Colin Campbell, Sir Hope Hunt and General Walpole engaged to hunt down the more prominent rebels and take all forts whose possession disputed; die Begum made some final stands, then fled mit dem Nana Sahib über Rapti river, in die territorien des English dogman Jung Bahadur, of Nepaul; er erlaubt den English die rebels to pursue into his country, so die 'last bands of desperadoes dispersed'; . . . [All underlined words in Marx's manuscript are italicised. - R. K. M.]

In almost all the uprisings in the nineteenth century, these creatures actively participated in hunting down the patriots, sometimes before they were so ordered by the Company. Thus, during the Santhal Insurrection of 1855-56:

"Many of the zamindars (landlords) in the Bhagalpur and neighbouring districts lent their elephants for service with the different detachments operating over the

battle-front. They expressed their willingness 'to receive no hire'; but preferred to lend the elephants to the government only desiring that they should be 'well-fed and taken care of during the period of their employment'. The Nawab Nazim of Murshidabad, too, supplied 'a train of elephants at his personal expense'." (cf. Natarajan, L. - "Peasant Uprisings in India: 1850-1900", People's Publishing House, Bombay, 1953, pp. 26-27)

However, the people's anger at colonial bondage, and the consequent ruthless exploitation of their labour and the country's wealth, flared up again and again throughout the nineteenth century and the early years of the twentieth. And then by the second decade of the twentieth century it emerged as the mighty all-India movement for freedom - to which the British Power had to succumb finally.

CHAPTER 5.

COMPANY AS THE RULER

Marx characterised the rule of the East India Company in India as "European despotism, planted upon Asiatic despotism, by the British East India Company, forming a more monstrous combination than any of the divine monsters startling us in the temple of Salsette"³³⁵. What Marx described as the "distinctive feature of British colonial rule" will be discussed in the next chapter while touching upon the interests of British industrial capital on India. In this chapter it will be shown how true was the above characterisation of Marx; and how this despotism, which only expressed the logical culmination of the cherished dreams of merchant capital, ruined India during its rule over a hundred years and led the people towards destitution.

1. Ruination of Artisans

With "the typical aim of the monopolist companies of Merchant Capital, to make a profit by securing a monopoly trade in the goods and products of an overseas country", as Palme Dutt wrote, the governing objective of the Company was "not the hunt for a market for British manufactures, but the endeavour to secure a supply of the products of India and the East Indies (especially spices, cotton goods and silk goods), which found a ready market in England and Europe, and could thus yield a rich profit on every successful expedition that could return with a supply"³³⁶. But, until the Company usurped political power in India, the commercial transactions were faced with a grave difficulty. This was because, firstly, British industries in those days were poor in development and could not offer much to India in exchange for Indian goods, and, secondly, the

woollen goods, which were virtually the only commodity of quality which the Company could offer, were not in any great demand in the tropical climate of India. So, in the pre-conquest days, while the "concessions" helped the Company much in "buying cheap", still its business had to be conducted mainly in exchange for silver which the English "obtained by the sale of the slaves in the West Indies and Spanish America"³³⁷.

This situation underwent a qualitative change after the Company captured Bengal, and eventually the whole of India. Henceforth, "methods of power could be increasingly used to weight the balance of exchange and secure the maximum goods for the minimum payment"³³⁸. As noted before, the European mercantile bourgeoisie never drew a sharp margin between trade and plunder; the original Merchant Adventurers of England often combined trade with piracy. Now, whatever margin there had been between trade and plunder began to grow conspicuously thin. The merchants were now rulers. Thus, being "favourably placed in relation to the individual producer, whether weaver or peasant, to dictate terms favourably to himself", the Company was now "able to throw the sword into the scales to secure a bargain which abandoned all pretence of equality of exchange"³³⁹. The policy of the Company was established to extract from the Indian producers as much as possible, and to give them in return virtually nothing or so meagre a remuneration that they ultimately became unable to maintain even the reproductive rate of the economy. This decision of the Company, pursued with unwavering resolution, was first put into practice in Bengal after 1757, and in the course of time it spread all over India with the subjugation of her territory, directly or indirectly, by the Company.

In the beginning, the artisans were most drastically affected by this policy. Export of cotton and silk goods from India, "which no western looms could rival"³⁴⁰, was then the main item of the Company's trade. So, orders were sent out to force Indian artisans to work in the Company's factories. On frequent occasions the artisans were not allowed to leave the "factory" until they had fulfilled the commitments they were obliged to undertake by intimidation and oppression. Also, the Commercial Residents of the Company were legally vested with extensive powers over villages and communities

of Indian weavers to make them work for the Company irrespective of what they received in return. In many places it became a general rule that the artisans could not undertake work for anyone other than the Company. In short, the artisans were turned into bond slaves of the Company.

How terrible were the sufferings of the Indian artisans under the Company's rule can be glimpsed from the following extract from the pen of an English merchant "who saw things with his own eyes".

"Inconceivable oppressions and hardships have been practised towards the poor manufacturers and workmen of the Country, who are, in fact, monopolized by the Company as so many slaves. ... Various and innumerable are the methods of oppressing the poor weavers, which are duly practised by the Company's agents and *gomastas* [Indian sub-agents] in the country; such as by fines, imprisonments, floggings, forcing bonds from them, etc., by which the number of weavers in the country has been greatly decreased. ...

In this situation of things, as the trade of the Company increased, and with it the inland trade of individuals also in a much greater proportion, those evils, which at first were scarcely felt, became at last universal throughout the Bengal provinces: and it may with truth be now said, that the whole inland trade of the country, as at present conducted, and that of the Company's investment for Europe in a more peculiar degree, has been one continued scene of oppression: the baneful effects of which are severely felt by every weaver and manufacturer in the country, every article produced being made a monopoly; in which the English, with their *banyans* [Indian agents] and black *gomastas*, arbitrarily decide what quantities of good each manufacturer shall deliver, and the *prices* he shall receive for them. ...

But for the better understanding of the nature of these oppressions, it may not be improper to explain the methods of providing an *investment* of piece goods, as conducted either by the Export-warehouse-keeper and the Company's servants at the subordinate factories, on the Company's account, or by the English gentlemen in the service of the Company, as their own private ventures. In either case, factors, or agents called *gomastas* are engaged at monthly wages by the gentleman's *banyan*. These are dispatched, with a *parwana* (authorisation) from the Governor of Calcutta, or the chief of a Subordinate (subordinate factory) to the *zemindar* [Indian revenue-farmer] of the district where the purchases are intended to be made; directing him not to impede their business, but to give them every assistance in his power. Generally a proportion of such goods as it is imagined can be sold advantageously in the said districts, are also dispatched, with the Company's

dastak, and consigned to these *gomastas*. Upon the *gomasta's* arrival at the *aurang*, or manufacturing town, he fixes upon a habitation, which he calls his *kachari*; to which, by his *peons* and *barkaras* he summons the brokers, together with the weavers; whom he makes to sign a bond for the delivery of a certain quantity of goods, at a certain time and price, and pays them a part of the money in advance. The assent of the poor weaver is in general not deemed necessary, for the *gomastas*, when employed on the Company's investment, frequently make them sign what they please; and upon the weavers refusing to take the money offered, it has been known that they have had it tied to their girdles, and then have been sent away with a flogging. The brokers, who are usually and necessarily employed by the *gomastas*, as knowing and having accounts with all the weavers of the respective districts, are often as much oppressed as the weavers; but when separately employed they always make the latter pay for it. A number of these weavers are generally also registered in the books of the Company's *gomastas*, and not permitted to work for any others; being transferred from one to another as so many slaves, subject to the tyranny and roguery of every succeeding *gomasta*. The cloth, when made, is collected in a warehouse for the purpose, called a *kbatta*; where it is kept marked with the weaver's name, till it is convenient for the *gomasta* to hold a *kbatta*, as the term is, for assorting and fixing the price of each piece. The roguery practised in this department is beyond imagination, but all terminates in the defrauding of the poor weaver; for the prices which the Company's *gomastas* fix upon the goods, are in all places at least fifteen per cent, and in some even forty per cent less than the goods so manufactured would sell for in the public Bazar, or market, upon a free sale. The weaver, therefore, desirous of obtaining the just price of his labour, frequently attempts to sell his cloth privately to others, particularly to the Dutch and French *gomastas*, who are always ready to receive it. This occasions the English Company's *gomasta* to set his *peons* over the weaver to watch him, and not infrequently to cut the piece out of the loom when nearly finished. . . .

Weavers, also, upon their inability to perform such agreements as have been forced upon them by the Company's agents, universally known in Bengal by the name of *Mutchulcahs*, have had their goods seized and sold on the spot to make good the deficiency; and the winders of raw silk, called *Nagoads*, have been treated also with such injustice, that instances have been known of their cutting off their thumbs to prevent their being forced to wind silk."²⁴¹

The above account refers particularly to the Subah of Bengal, where the English vandalism in the first phase of their victorious

intoxication was probably most severe. The puppet Nawab of Bengal complained to the Company's Governor in Calcutta in a Memorandum, dated May 1762³⁴²:

"They forcibly take away the goods and commodities of the Reiat [peasants], merchants, &c., for a fourth part of their value; and by ways of violence and oppressions they oblige the Reiat, &c., to give five rupees for goods which are worth but one rupee."

Thus, the ever-present desire of the merchant bourgeoisie—to buy cheap and sell dear—attained consummation when the Company became the master of Bengal. And this motto was established with full vigour whenever a new patch of territory came under the Company's rule, and from wherever it could obtain its exportable goods. The result was obvious. In 1834–35, the Governor-General of the Company reported to London³⁴³:

"The misery hardly finds a parallel in the history of commerce. The bones of the cotton-weavers are bleaching the plains of India."

2. Liquidation of Traders

Along with thus turning the Indian artisans "out of this 'temporal' world", as Marx remarked caustically³⁴⁴, proceeded the liquidation of the Indian merchant bourgeoisie. Monopolising Indian products for the English meant that the Indian merchants could no longer survive. Only those could maintain their profession who acquiesced in becoming the underlings of the Company or of its servants engaged in private inland trade in India or of the private English merchants residing in India for the same purpose. Otherwise, they had to find a new source of livelihood. Not only were the Indian merchants prohibited from buying commodities directly from the producers, which were monopolised by the English, but the agents of the Company and its servants forced such goods on the Indian merchants at a price higher than the prevailing one. These features, again, were most marked in the Subah of Bengal, where the Company and its servants had their first "taste of blood". In 1762, it was reported from the once prosperous district of Bakherganj in Bengal by one Sergeant Brego³⁴⁵:

"A gentleman sends a Gomastah here to buy or sell; he immediately looks upon himself as sufficient to force every inhabitant either to buy his goods or sell him theirs; and on refusal (in case of non-capacity) a flogging or confinement immediately ensues. This is not sufficient even when willing, but a second force is made use of, which is to engross the different branches of trade to themselves, and not to suffer any person buy or sell the articles they trade in; and if the country people do it, then a repetition of their authority is put in practice; and again, what things they purchase, they think the least they can do is to take them for a considerable deal less than another merchant, and oftentimes refuse paying that; and my interfering occasions an immediate complaint. These, and many other oppressions more than can be related, which are daily used by the Bengal Gomastahs, is the reason that this place is growing destitute of inhabitants; every day numbers leave the town to seek a residence more safe, and the very markets, which before afforded plenty, do hardly now produce anything of use, . . ."

In the same year, the Collector of Dacca, also previously a very prosperous district in Bengal, wrote to the Governor of the Company in Calcutta³⁴⁶:

"In the first place, a number of merchants have made interest with the people of the factory, hoist English colours on their boats, and carry away their goods under the pretence of their being English property, by which means the Shah-bunder and other customs are greatly determined. Secondly, the Gomastahs of Luckypoor and Dacca factories oblige the merchants, &c., to take tobacco, cotton, iron, and sundry other things, at a price exceeding that of the bazaar [market], and then extort the money from them by force; besides which they take diet money for the peons, and make them pay a fine for breaking their agreement. By these proceedings the Aurungs and other places are ruined."

Reporting on such activities of the English merchants and their Indian agents, Sergeant Bergo and the Collector of Dacca further noted that the agents did not pay rent for the lands they occupied and sometimes the English merchants had even organised their own police force, which they sent to seize from the people whatever they wanted. As a result of such vandalism, many flourishing industrial places and market towns, like the two noted above, were ruined; and the Indian merchants, who preferred to remain independent and not become accomplices of the Company or its official or the other English merchants in their nefarious deeds, had to give up their traditional calling.

Besides this monopolisation of trade by the Company, the Indian merchants suffered from another serious discrimination practised against them. This related to the customs duties to be paid in internal trade, of which mention has already been made. In Bengal, opposition to this discrimination took a political character, and revealed to the full the dishonest policy of the Company and the insatiable greed of its servants. It has therefore been described below in some detail.

It has been noted before that in India the servants of the Company in their personal capacity indulged in private inland trade. The Company connived at it, for it was an indirect source of income to the Company itself. The employees of the Company used to get a salary of only ten to twenty pounds per annum, and for that, while abroad, they had to sign a bond for good behaviour of five hundred to a thousand pounds, so that they would not aspire for positions like that of Samuel White and other rivals of the Company. Naturally, the employees looked at the salary as no more than a retaining fee, and from the beginning looked to make their income from private inland trade, which the terms of Indentures of the Company's servants show as fully recognised by the Company itself.³⁴⁷ Needless to say, following the footsteps of the Company, its servants were also guided by the policy of buying cheap, and, as mentioned before, in the pre-conquest days, used to make gross misuse of the *dastak* or the free pass to which only the Company was entitled in order to carry its goods duty-free. Now, when the Company *de facto* became the ruler of the Subah of Bengal, its servants began to abuse the terms of trade on an even bigger scale. Openly as private traders they *claimed* exemption from duties, to which as laid down in the Treaty only the Company was entitled, and "began to trade in the articles which were being prohibited, and to interfere in the affairs of the country"³⁴⁸.

Naturally this meant a marked depletion of the Treasury of Bengal. Therefore, Mir Kasim, who as an efficient *nawab* had replaced Mir Jafar in 1760 and had duly paid back to the Company and its servants all the "dues" which they claimed under the Company's "treaty" with Mir Jafar for making him the Nawab of Bengal, began to protest against this unjust curtailment of income to his treasury and the unfair discrimination displayed against the

Indian merchants when in the same private trade the English officials could transport their goods duty-free. The situation was indeed very serious. As has been reported³⁴⁹:

"The country traders were ruined; the Nawab's revenues declined; and the servants of the Company monopolised the trade and reared colossal fortunes."

So heavy was this oppression of the English merchants that Henry Vansittart, who succeeded Clive as Governor in 1760, noted³⁵⁰:

"A trade was carried on without payment of duties, in the prosecution of which infinite oppressions were committed. English agents or Gomastahs, not contented with injuring the people, trampled on the authority of government, binding and punishing the Nabob's officers whenever they presumed to interfere. This was the immediate cause of the war with Meer Cossim."

As mentioned above, eventually, receiving to redress from the Company, Mir Kasim fell out with the English and brought his own downfall. But, before his rupture with the English, Mir Kasim presented a strong remonstrance against the oppression of the Company's servants in a letter to the English Governor, dated 26th March, 1762³⁵¹:

"From the factory of Calcutta to Cossim Bazar, Patna, and Dacca, all the English chiefs, with their Gomastahs, officers, and agents, in every district of the government, act as Collectors, Renters, Zemindars, and Taalookdars [estate-holders], and setting up the Company's colours, allow no power to my officers. And besides this, the Gomastahs and other servants in every district, in every Gunge [a market town], Perganah [part of a district], and Village, carry on a trade in oil, fish, straw, bamboos, rice, paddy, betel-nut, and other things; and every man with a Company's Dustuck in his hand regards himself as not less than the Company."

Indeed, such was the zeal of the servants of the Company to maintain their "rights" that "an Armenian merchant had been accused of purchasing a small quantity of saltpetre for the use of the Nawab; this was deemed an infringement of the Company's rights, and Ellis [the Company's representative at Patna, and great supporter of 'free trade' for the English only] had him seized and sent in irons to Calcutta"³⁵².

But, although the complaints of Mir Kasim were just,* the Company paid no attention to them. So long as the subjugated *nawab* met its demands of "tributes" and "trading rights", the Company did not care a penny for the welfare of the State and had no objection to its servants fattening on the well-being of the Indians; on the contrary, it suited the Company to pay low emoluments to its officers.

Some servants of the Company, however, felt the seriousness of the situation, and realised that it could take a dangerous turn for the Company. Thus, Warren Hastings, then a Member of the Governor's Council at Calcutta, wrote to the Governor on the 25th of April, 1762³⁵³:

"I beg leave to lay before you a grievance which loudly calls for redress, and will, unless duly attended to, render ineffectual any endeavours to create a firm and lasting harmony between the Nabob and the Company. I mean the oppression committed under the sanction of the English name. . . . I have been surprised to meet with several English flags flying in places which I have passed, and on the river I do not believe I passed a boat without one. By whatever title they have been assumed (for I could trust to the information of my eyes without stopping to ask questions), I am sure their frequency can bode no good to the Nabob's revenues, the quiet of the country, or the honour of our nation, but evidently tends to lessen each of them. A party of Sepoys who were on the march before us afforded sufficient proofs of the rapacious and insolent spirit of those people where they are left to their own discretion. Many complaints against them were made me on the road, and most of the petty towns and Serais [inns] were deserted at our approach and the shops shut up from the apprehension of the same treatment from us. You are sensible, Sir, that it is from such little irregularities, too trivial perhaps for public complaint and continually repeated, that the

* Even Clive who was no better than other servants of the Company in extorting "presents" from the "Nawab" of Bengal, and himself was interested in the inland trade, noted:

"The trade has been carried on by free merchants, acting as *gomastas* to the Company's servants, who, under the sanction of their names, have committed actions which make the name of the English stink in the nostrils of a Hindu or a Mussulman; and the Company's servants themselves have interfered with the revenues of the Nawab, turned out and put in the officers of the government at pleasure, and made every one pay for their preferment." (cf. Malcolm, "Life of Clive", ii, 379; quoted in loc. cit. (340), 76)

country people are habituated to entertain the most unfavourable notions of our government."

Mir Kasim also further protested to the Governor in a letter written in May 1762³⁵⁴:

"In every Perganah, every village, and every factory, they (the Company's Gomastahs) buy and sell salt, betel-nut, ghee, rice, straw, bamboos, fish, gunnies, ginger, sugar, tobacco, opium, and many other things, more than I can write, and which I think it needless to mention. ... The officers of every district have desisted from the exercise of their functions; so that by means of these oppressions, and my being deprived of my duties, I suffer a yearly loss of nearly twenty-five lakhs of Rupees [equivalent to £ 250,000 - R. K. M.]."

Henry Vansittart, the Governor, realised how serious was the situation. Although he was "unwilling to give up an advantage which had been enjoyed by them, in a greater or less degree, for five or six years"³⁵⁵, he was wise enough to go to see the Nawab in Monghyr in order to settle matters amicably. The meeting resulted in an agreement, of which the most important points were: (a) the Company's right to trade duty-free to remain as before, but (b) by every other person duties would have to be paid according to rates to be particularly settled and annexed to the agreement.

The other officers of the Company, however, vehemently protested against such an agreement. Three of them declared in January 1763³⁵⁶:

"... the regulations proposed by him (Vansittart) are dishonourable to us as Englishmen, and tend to the ruin of all public and private trade."

And they were in the majority, as the interests of almost all the English "gentlemen" were involved in the private inland trade. So, on the 1st of March, 1763, the General Council of the Company in Calcutta asserted that the Company's servants had the right to carry on internal trade duty-free; and that, as an acknowledgement to the Nawab, a duty of 2½ per cent would be paid on salt alone, instead of 9 per cent on all articles to which Vansittart had agreed.

On hearing of this decision, Mir Kasim did the most generous thing he could do at the time. He sacrificed his revenues and abolished all inland duties, so that as far as his government was concerned his subjects—the Indian merchants—might at least trade

on equal terms with the servants of the Company and other English merchants. But the General Council again protested! They considered the repeal of all duties as a breach of faith towards the English nation, and they demanded that the duties on the Indian merchants be restored while they themselves would continue to enjoy the right of "free trade". Mill wrote on the occasion³⁵⁷:

"The conduct of the Company's servants, upon this occasion, furnishes one of the most remarkable instances upon record, of the power of interest to extinguish all sense of justice, and even of shame."

Mir Kasim resisted the claim, and the result was war. Although he fought bravely, Mir Kasim was defeated by the superiority of British arms, and Mir Jafar — incompetent but obedient — was reinstated on the throne.*

The English went on enjoying the exclusive privilege in the internal trade. Even though the Directors of the Company prohibited it in their letter of the 8th February, 1765, their orders were disregarded by the Company's servants in India. So determined were they in pursuing this lucrative business that when Clive came to India for the third time in 1765, on the 18th of September of that year he "executed an indenture, jointly with other servants of the Company, to carry on the trade regardless of the orders of the Company"³⁵⁸. But now this form of trade affected the interests of the Company itself, for since 1765 it had undertaken civil administration of the Subah of Bengal, and so the financial affluence of Bengal's Treasury was of direct concern to the Directors in London. Hence, in their letter of the 17th of May, 1766, they refused to sanction Clive's scheme for continuing with the trade under regulations framed by him. Yet this order was disregarded by the servants of the Company on the pretence of contracts formed and advances made, and the inland trade was kept going for another two years.

By then, the big merchants of India were practically wiped out in Bengal and elsewhere. When in the first decade of the nineteenth

* Indeed, this has always been the dilemma of the foreign rulers in India. They could not use the efficient and at the same time loyal men for a long time. They had to choose, and obviously they chose the latter, resulting in misery and misrule of the people.

century Dr. Francis Buchanan, a medical officer of the Company, conducted socio-economic surveys in the Company's territories in India, both south and north, as ordered by the Governor-General of the Company and the Court of Directors from London, he hardly mentioned the presence of big Indian merchants.³⁵⁹ Perhaps typical of the situation was the following account of the position in the district of Dinajpur in Bengal as obtained from his survey.³⁶⁰

"A great portion of the trade of the District had passed from the hands of native traders to that of the Company. There were no longer any Saudagars or great native merchants in the District. 'One family, indeed, has acquired immense wealth in that line, and for nine generations the forefathers of Baidyanath Mandal carried on an extensive commerce with great reputation and propriety. The present head of the family has given up trade, has made large purchases of land, and is just as much despised as his forefathers were respected.'

Smaller merchants, called Mahajans, with capitals from Rs. 2000 to Rs. 25,000 [equivalent to £ 200 to £ 2,500 - R. K. M.], residing in the District, exported rice, sugar, molasses, oil, and tobacco, and imported salt, cotton, metals, and spices. The whole number of fixed shops in the District did not amount to 2000, but open markets were numerous. Petty traders were called Paikars. Gold had become scarce, the Kuldar Rupee of Calcutta was the usual currency, and Cowrie shells were largely used."

Gone were the days of prosperity and mounting influence of the Indian merchant-bourgeoisie. Henceforth, this class was allowed to exist only as petty intermediaries between the English and the Indian artisans and peasants. The future of the independent bourgeois development of India was thus cut short by the Company and its servants because of their insatiable greed. Now, a colonial mercantile bourgeoisie, in the form of *banyans* and *gomastahs* of the English, took birth in the womb of English merchant capital in India. But from the time they came into the world they had a stunted and abnormal growth. Subservient to the needs of the English, as against those of the Indians (the two could not be reconciled), they could only develop through roguery and anti-popular activities. "Righteous" indignation of the English "reformers" has often fallen on their heads, without of course it being made clear that these creatures were the first product of the monstrous machine of colonial exploitation introduced by the Company in India.

3. Disintegration of Indian Economy

Not only the industries and trade of India were thus devitalised in the first phase of the Company's rule in India, but the exploitation by the Company and its servants attacked the very basis of the Indian economy. India up till the eighteenth century was a great manufacturing as well as a prosperous agricultural country, and the products of Indian looms supplied the markets of Asia and Europe. But, although, as mentioned before, a new system of exploiting the labour of the artisans by the rising *entrepreneurs* was coming into existence especially in the eighteenth century, in general the Indian economy was based on the "domestic union of agricultural and manufacturing pursuits", and "these two circumstances had brought about, since the remotest times, a social system of particular features — the so-called *village system* which gave to each of these small unions their independent organisation and distinct life"³⁶¹. In short, the village community system was still the prevailing social system of India. But, now "it was the British intruder who broke up the Indian hand-loom and destroyed the spinning wheel", and eventually "thus produced the *only social* revolution ever heard of in Asia"³⁶².

India had previously seen many despotic rules, and had undergone many kinds of oppression. But the rule of the Company attacked the very base of her economic foundation. For the Indian people, "the springs of their industry were stopped, the sources of their wealth were dried up"³⁶³; and this ruination of the artisans and traders had a far-reaching effect on agriculture, firstly because the artisans in the villages were also partly peasants, and, secondly, because the peasants were also equally oppressed by the agents of the English to supply them the crops they demanded at a nominal or no price at all, and, thirdly, henceforth agriculture became the only source of livelihood for the mass of Indian people.

How terribly English vandalism affected the village economy is evident from the following extract from the writings of the same Englishman "who saw things with his own eyes":

"For the Ryots, who are generally both landholders and manufacturers, by the oppressions of Gomastahs in harassing them for goods are frequently rendered incapable of improving their lands, and even of paying their rents; for which, on the other hand, they are again chastised by the officers of the

revenue, and not unfrequently have those harpies been necessitated to sell their children in order to pay their rents, or otherwise obliged to fly the country."³⁸⁴

It was not only the native Gomastahs who oppressed the peasantry as a part of the Company's policy in occupied India. In this sphere the direct role of the Company and its officers was even worse. How destructive their policy was the renowned economist Adam Smith noted as follows while denouncing the monopoly rule of merchant capital and comparing the colonial policy of the Dutch East India Company in the East Indies and that of the English East India Company in Bengal.

"The English and Dutch companies, though they have established no considerable colonies, except the two above mentioned", have both made considerable conquests in the East Indies. But in the manner in which they both govern their new subjects, the natural genius of an exclusive company has shown itself most distinctly. In the spice islands the Dutch are said to burn all the spiceries which a fertile season produces beyond what they expect to dispose of in Europe with such a profit as they think sufficient. In the islands where they have no settlements, they give a premium to those who collect the young blossoms and green leaves of the clove and nutmeg trees which naturally grow there, but which this savage policy has now, it is said, almost completely extirpated. Even in the islands where they have settlements they have very much reduced, it is said, the number of those trees. If the produce even of their own islands was much greater than what suited their market, the natives, they suspect, might find means to convey some part of it to other nations; and the best way, they imagine, to secure their own monopoly is to take care that no more shall grow than what they themselves carry to market. By different arts of oppression they have reduced the population of several of the Moluccas nearly to the number which is sufficient to supply with fresh provisions and other necessities of life their own insignificant garrisons, and such of their ships as occasionally come there for a cargo of spices. . . . The English company have not yet had time to establish in Bengal so perfectly destructive a system. The plan of their government, however, has had exactly the same tendency. It has not been uncommon, I am well assured, for the chief, that is the first clerk of a factory,

* The two colonies referred to were the Cape of Good Hope and Batavia where the Europeans had settled down, and so in those days these two places were regarded as colonies as differentiated from other conquered territories on the coast of Africa and the East Indies with which Adam Smith was dealing in the above extract.

to order a peasant to plough up a rich field of poppies, and sow it with rice or some other grain. The pretence was, to prevent a scarcity of provisions; but the real reason, to give the chief an opportunity of selling at a better price a large quantity of opium, which he happened then to have upon hand. Upon other occasions the order has been reversed; and a rich field of rice or other grain has been ploughed up, in order to make room for a plantation of poppies; when the chief foresaw that extraordinary profit was likely to be made by opium. The servants of the Company have upon several occasions attempted to establish in their own favour the monopoly of some of the most important branches, not only of the foreign, but of the inland trade of the country."³⁶⁶

The urban economy was also no less affected. Prosperous territories, towns and market-places became desolate, and only the ruins of a prosperous past stood witness to the devastation wrought by the Company and its servants, and its army and other appendages. In northern India, of the places where the Company had strong influence from the beginning, the manufacturing towns of Dacca, Murshidabad and Surat are worthy of note. In 1757, Clive found the town of Murshidabad at least equal in prosperity to the city of London, if not greater. But in 1840, Sir Charles Trevelyan reported³⁶⁶:

"The population of the town of Dacca has fallen from 150,000 to 30,000 or 40,000, and the jungle and malaria are fast encroaching upon the town."

Montgomery Martin reported in the same year³⁶⁷:

"The decay and destruction of Surat, of Dacca, of Murshidabad and other places where native manufactures have been carried on, is too painful a fact to dwell upon."

Sir Henry Cotton noted in 1890 ³⁶⁸:

"In 1787 the exports of Dacca muslin to England amounted to 30 lakhs (three millions) of rupees; in 1817 they had ceased altogether. ... Families which were formerly in a state of affluence have been driven to desert the towns and betake themselves to the villages for a livelihood. ... This decadence had occurred not in Dacca only, but in all districts."

It was not only in northern India that such shattering of the Indian economy took place. In the south, the situation was no better, as the following extract from the *Ninth Report of the Committee of Secrecy Appointed by the House of Commons — 7 December 1772 to 30 June 1773* — testifies. The extract refers to the evidence given before the

Committee by one witness, George Smith, who arrived in India in 1764, and spent twelve years, from 1767 to 1779, in Madras.³⁶⁹

"Being asked what was the state of trade at Madras at the time when he first knew it, he said it was in a flourishing condition, and Madras one of the first marts in India. Being asked in what condition did he leave it with respect to trade, he replied at the time of his leaving it, there was little or no trade, and but one shop belonging to the place. Being asked in what state the interior country of the Karnatic was with regard to commerce and cultivation when he first knew it, he said at that period he understood the Karnatic to be in a well-cultivated and populous condition, and as such consuming a great many articles of merchandise and trade. Being asked in what condition it was when he left Madras with respect to cultivation, population, and internal commerce, he said in respect to cultivation, greatly on the decline, and also in respect of population; and as to commerce, exceedingly circumscribed."

The vandalism of the Company was even more pronounced in Tanjore. The place was renowned for its prosperity, and, until the Carnatic Wars and thereafter, the English had no great influence there. But in 1782 Mr. Petrie in his evidence before the Committee of Secrecy of the House of Commons reported³⁷⁰:

"Before I speak of the present state of Tanjore country, it will be necessary to inform the Committee that not many years ago that province was considered as one of the most flourishing, best cultivated, populous districts in Hindustan. I first saw this country in 1768, when it presented a very different picture from its present situation. Tanjore was formerly a place of great foreign and inland trade; it imported cotton from Bombay and Surat, raw and worked silks from Bengal, sugar, spices, &c., from Sumatra, Malacca, and the eastern islands; gold, horses, elephants, and timber from Pegu, and various articles of trade from China. It was by means of Tanjore that a great part of Haidar Ali's dominions and the north-western parts of the Mahratta empire were supplied with many European commodities, and with a species of silk manufacture from Bengal, which is almost universally worn as a part of dress by the natives of Hindustan. The exports of Tanjore were muslins, chintz, handkerchiefs, gingham, various sorts of long-cloths, and a coarse printed cloth, which last constitutes a material article in the investments of the Dutch and the Danes, being in great demand for the African, West Indian, and South American markets. Few countries have more natural advantages than Tanjore; it possesses a rich and fertile soil, singularly well supplied with water from the two great rivers Caverry and Coleroon, which, by means of reservoirs, sluices, and canals, are made to disperse their waters

through almost every field in the country; to this latter cause we may chiefly attribute the uncommon fertility of Tanjore. . . . Such was Tanjore not many years ago, but its decline has been so rapid, that in many districts it would be difficult to trace the remains of its former opulence. . . .

At this period (1771), as I have been informed, the manufactures flourished, the country was populous and well cultivated, and the inhabitants were wealthy and industrious. Since the year 1771, the era of the first siege [described in Chapter 5—R. K. M.], until the restoration of the Raja the country having been during that period twice the seat of war, and having undergone revolutions in the government, trade, manufactures, and agriculture were neglected, and many thousands of inhabitants went in quest of a more secure abode."

Thus, in peace or during wars, the security, prosperity and progress of the countries were stopped; the people moved from one place to another to escape the ravages of the Company's rule; and when the surviving ones settled down permanently, they had nothing else to depend upon but agriculture as their only source of living. The logical conclusion was overpressure in agriculture, which went on gathering momentum throughout the British Period of India's history. In 1840, Sir Charles Trevelyan reported to the House of Commons Select Committee³⁷¹:

"We have swept away their manufactures; they have nothing to depend on but the produce of their land."

In 1880, the Famine Commission of the Government admitted³⁷²:

"At the root of much of the poverty of the people of India and of the risks to which they are exposed in seasons of scarcity lies the unfortunate circumstance that agriculture forms almost the sole-occupation of the masses of the people."

4. "Welbeing" of the People

While the economy of India thus began to disintegrate with the onset of the Company's rule, the policy of the Company "to make hay while the sun shines" blocked all sources of revival of the old economy. Marx wrote³⁷³:

"There have been in Asia, generally, from immemorial times, but three departments of government, that of finance, or the plunder of the interior,

that of war, or the plunder of the exterior; and, finally the department of public works. ... Now, the British in East India accepted from their predecessors the department of finance and of war, but they have neglected entirely that of public works."

The result was that while the English did not foster any new industry or revive the old industries of India, so that the people were left with no other source of living but agriculture, the agrarian economy itself faced a serious situation with the total neglect of the department of public works.

In ancient India it was the duty of the State to look after the central irrigation system, on which depended the agricultural prosperity of the country. During the first half of the eighteenth century, in the period of utter confusion in India, many of the immense irrigation works were not properly cared for. Now, when "peace" was brought to these territories with the extension of the Company's rule, the people expected that the administration would now revive the irrigation system. But since the attitude of the Company was, as characteristically put by Clive (himself one of the big sharers in the spoils) — "let us get what we can today, let tomorrow take care for itself"³⁷⁴ — that expectation never came true. As a result, these irrigation systems, spread all over India, were soon transformed into historical ruins.

In Bengal Sir William Wilcocks, the renowned hydraulic engineer, who made a scientific study of the ancient system of irrigation in Bengal, discovered that —

"innumerable small destructive rivers of the delta region, constantly changing their course, were originally canals which under the English regime were allowed to escape from their channels and run wild. Formerly these canals distributed the flood waters of the Ganges and provided for proper drainage of the land, undoubtedly accounting for that prosperity of Bengal which lured the rapacious East India merchants there in the early days of the eighteenth century. ... Some areas, cut off from the supply of loam-bearing Ganges water, have gradually become sterile and non-productive; others, improperly drained, show an ... accompaniment of malaria. Nor has any attempt been made to construct proper embankments for the Ganges in its low course, to prevent the enormous erosion by which villages and groves and cultivated fields are swallowed up each year."³⁷⁵

The same was the state of affairs in other parts of India. Dr. Buchanan-Hamilton frequently came across ruins of irrigation reservoirs during his surveys. Some of them were "seven or eight miles in length and three in width", from which water was "let out in numerous small canals to irrigate fields in the dry season"³⁷⁶. And, so much attention was paid by the Company even in the later phase of its rule that as late as in 1851-52 less than one per cent of the gross revenue from the three Presidencies of Bengal, Madras and Bombay were spent on "roads, canals, bridges, and other works of public necessity"³⁷⁷.

No wonder then that the over-pressed agrarian economy, failing to maintain even the previous rates of production, and being further over-burdened by ever-increasing land-tax demanded by the Company and extracted from the starving peasantry with unexampled vigour (as it will be described below), led to chronic famine conditions. And, while the Company's servants in India and the Court of Directors in London hardly took any measures at all to relieve the famine-stricken people, consoling themselves that famines were not formerly unknown in India, the virulence with which the famines began to set in with a clock-work regularity, and the epidemics which they brought in their trails (in addition to malaria and such diseases which became endemic in India—thanks to the turning of her fertile lands into bogs, swamps and marshes with the destruction of the irrigation systems), took ever-mounting tolls of lives. Hardly any statistics are available of the total deaths from the repeated famines which ravaged the plains of India—Bengal, Bihar, Orissa, Benares, Oudh, Madras, Mysore and other parts of north and south India—in the eighteenth century, except that the famine deaths in Bengal in 1770 alone were estimated at ten millions! And, in the first half of the nineteenth century, while the Company was still in power and was supposed to have become more "humanitarian", 1,400,000 famine deaths were recorded.³⁷⁸ Referring to the Bengal famine of 1770, the Calcutta Council of the Company, while taking no steps to ameliorate the conditions of the people, wrote to the Court of Directors in London³⁷⁹:

"The famine which has ensued, the mortality, the beggary, exceed all description."

This became the general rule for the whole of British India under the "benevolent" government of the East India Company.

5. "Economic Drain" from India

Perhaps the worst effect of the Company's rule, which again was inherent in its policy, was to take away India's wealth and resources to England without providing her with anything in return. This was characterised by the Indian historians and economists of the early twentieth century as the "economic drain" on India. How serious was this phenomenon of the Company's rule (which continued unabated throughout the British Period of India's history) would be realised from the fact that even under the worst government that India had in former times the situation was different. The vast sums which the Afgan and Moghal Emperors spent on their armies went to support great and princely houses, as well as hundreds of thousands of soldiers and their families whose attachment to society was not lost, as it was by Indian soldiers under British rule. The gorgeous palaces and monuments the Indian rulers built, as well as the luxuries and displays in which they indulged, fed and encouraged the manufactures and artisans of India. Nobles and Commanders of the army, Subahdars, Dewans, and Kazis, and a host of inferior officers in every province and every district, followed the example of the Court; and mosques and temples, roads, canals and reservoirs, guest houses on the road-sides and other buildings, etc., attested to their interest in the country's welfare, their wide liberality to the people, and even to their vanity as efficient rulers and officers. In any case, under wise rulers as well as under foolish kings, the proceeds from the people in the forms of taxes and tributes flowed back to them and fructified their trade and industries. But from the beginning of the British rule a profound change came over India. In 1783, in his speech on Fox's East India Bill in the British Parliament, the famous English orator, Edmund Burke, described this "perpetual drain from India" during the Company's rule as follows³⁸⁰:

"The Asiatic conquerors very soon abated of their ferocity, because they made the conquered country their own. They rose or fell with the rise and

fall of the territory they lived in. Fathers there deposited the hopes of their posterity; the children there beheld the monuments of their fathers. Here their lot was finally cast; and it is the normal wish of all that their lot should not be cast in bad land. Poverty, sterility, and desolation are not a recreating prospect to the eye of man, and there are very few who can bear to grow old among the curses of a whole people. If their passion or avarice drove the Tartar lords to acts of rapacity or tyranny, there was time enough, even in the short life of man, to bring round the ill effects of the abuse of power upon the power itself. If hoards were made by violence and tyranny, they were still domestic hoards, and domestic profusion, or the rapine of a more powerful and prodigal hand, restored them to the people. With many disorders, and with few political checks upon power, nature had still fair play, the sources of acquisition were not dried up, and therefore the trade, the manufactures, and the commerce of the country flourished. Even avarice and usury itself operated both for the preservation and the employment of national wealth. The husbandmen and manufacturer paid heavy interest, but then they augmented their fund from whence they were again to borrow. Their resources were dearly bought, but they were sure, and the general stock of the community grew by the general effect.

But under the English Government all this order is reversed. The Tartar invasion was mischievous, but it is our protection that destroys India. It was their enmity, but it is our friendship. Our conquest there, after twenty years, is as crude as it was the first day. The natives scarcely know what it is to see the grey head of an Englishman; young men, boys almost govern there, without society, and without sympathy with the natives. They have no more social habits with the people than if they still resided in England; nor, indeed, any species of intercourse but that which is necessary to making a sudden fortune, with a view to a remote settlement. Animated with all the avarice of age, and all the impetuosity of youth, they roll in one after another; wave after wave, and there is nothing before the eyes of the natives but an endless, hopeless prospect, of new flights of birds of prey and passage, with appetites continually renewing for a food that is continually wasting. Every rupee of profit made by an Englishman is lost for ever to India."

Thus, the British, as "the first conquerors superior, and therefore inaccessible to Hindu civilisation", destroyed it "by breaking up the native communities, uprooting the native industry, and by levelling all that was great and elevated in the native society"³⁸¹. Simultaneously, by taking out the wealth of the country throughout the Company's rule (as well as in the later period), they left no course

open for a progressive development of India until, in the words of Marx in 1853, "in Great Britain itself the now ruling classes shall have been supplanted by the industrial proletariat, or till the Hindus themselves shall have grown strong enough to throw off the English yoke altogether"³⁸².

To give a brief account of this economic drain from India during the Company's rule, in the first stage after the battle of Plassey it took the character of indiscriminate loot and plunder. Those were the days when, in the words of the pious Clive himself, the Company and its servants "thought of nothing but the present time, regardless of the future", and therefore their actions concentrated on the "immediate division of the loaves and fishes"³⁸³. So, with the establishment of Mir Jafar on the throne of Bengal in 1757, the looting began.

This loot was made not only in the sphere of "trade", as it has been described before. Tributes to the Company and its servants from the puppet Indian rulers (which in the last analysis came from the Indian people) was another important variation adopted from the very start. When in 1757 Mir Jafar became the Nawab of Bengal, in addition to a million pounds to the Company, half a million to the "English inhabitants of Calcutta", and the sum of £ 270,000 for the Hindus, Mussulmans, Armenians, and other subjects of Calcutta, — which were all specified in the Treaty —, the new Nawab had to make large gifts to the principal servants of the Company. The Select Committee of the House of Commons of 1772 estimated the total amount of these gifts at £ 1,238,575; out of which the "hero" Clive received £ 31,500 besides a rich *jaigir* or an estate for revenue-farming which was estimated to bring in £ 27,000 a year.³⁸⁴

When Clive had left England he was a poor man. But now fortune smiled on him. He himself reported later that "fortunes of £ 100,000 have been obtained in two years"³⁸⁵. Quite candidly he told the Select Committee of the House of Commons of 1772³⁸⁶:

"I never sought to conceal it, but declared publicly in my letters to the Secret Committee of the India Directors that the Nabob's generosity had made my fortune easy, . . . What pretence could the Company have to expect, that I after having risked my life so often in their service, should deny myself

the only opportunity ever offered of acquiring a fortune without prejudice to them, who it is evident would not have had more for my having had less?"

The Indian historian, R. C. Dutt, commented on this statement³⁸⁷:

"It never struck Clive that the treasure belonged neither to the Company nor to him, but to the country, and should have been devoted to the good of the people."

To the virtuous Clive, however, this was not only of no concern at all, but while describing in the House of Commons,

"in vivid language the situation in which his victory had placed him; a great prince dependent on his pleasure; an opulent city afraid of being given up to plunder; wealthy bankers bidding against each other for his smiles; vaults piled with gold and jewels thrown open to him alone ... 'By God, Mr. Chariman', he exclaimed, 'at this moment I stand astonished at my own moderation.'"³⁸⁸

And, neither was Clive the only person who gained by this loot of Bengal's wealth, nor was this the only occasion. Three years later, when Mir Jafar was set aside for his incompetence to fulfil the coffers of the Company and its officials and Mir Kasim was installed on the throne in 1760, this Nawab again made presents to the English officials to the tune of £200,269, out of which the Governor Vansittart (who had replaced Clive) received £58,333. To the Company itself Mir Kasim agreed to pay the balance which Mir Jafar had left unpaid; to make a present of Rs. 500,000, or £50,000, as a contribution towards the Company's wars in south India (whereby the Company subjugated another part of India); and further assigned the revenues of three districts of Bengal—Burdwan, Midnapur and Chittagong—for a regular income of the Company.³⁸⁹

Again, this was not the last round of loot. Three years later, when Mir Kasim was thrown out and Mir Jafar reinstated in 1763, the presents amounted to £500,165. After two more years, when Mir

³⁸⁷ (cf. Macaulay, T. B. - "Lord Clive", *Critical and Historical Essays*, Vol. IV, Leipzig, Bernhard Taubnitz, No. CLXXXVIII, 1850, pp. 88-89.)

³⁸⁸ Note Macaulay's characteristic defence of the English character! Everything was opened to Clive; there was no persuasion, no intimidation, no force applied to the puppet Nawab and the Indian merchants and bankers.

Jafar died and his illegitimate son, Najim-ud-Daula, was hastily put on the throne (as the Directors of the Company now wanted to stop such accumulation of fortunes to their servants), further presents came in to the extent of £ 230,356.³⁸⁹

It should further be noted that this extraction of £ 2,169,665 within a period of only eight years did not represent the total sum looted from Bengal. In addition, the servants of the Company claimed more, and as restitution obtained within the same period £ 3,770,833.³⁹⁰ Even taking £ 5,940,498 (thus obtained in all in the eight years after the Company captured power) as the total sum looted from the Subah of Bengal, for no account is available in figures of the direct plunder of the people — the peasants, artisans and traders — it represented more than four times the revenue collection of the Nawab in the year 1765–66, when £ 1,470,000 were so collected. Such was the magnitude of this colossal plunder; and it should be further borne in mind that all that was plundered was taken away to England to fructify that country while leading India to destitution.

This form of reckless vandalism, however, could not continue for long. As mentioned above, the loot at the enthronement of Najim-ud-Daula had to be made hastily and the General Council propped him up much too quickly to reap the last harvest, for the shareholders of the Company were not feeling amicably towards such fortunes going to their employees. The Company bosses were, of course, not governed by any philanthropic whim towards the Indians; on the contrary, their self-interest dictated this move, that is, to replace such spontaneous plunder of India by a more regular one which would be to the advantage of the Company only.

Of the two reasons which governed this decision of the Company, the first one was that the former employees of the Company were coming out as rivals to their former bosses when they returned to England with great fortunes. Noteworthy of such ex-servants was Clive who, on his return from India, decided to enter Parliament in order to oppose the Company.

"His purchases of land seem to have been made in a great measure with that view, and, after the general election of 1761, he found himself in the House of Commons, at the head of a body of dependents whose support must have been important to any administration."³⁹¹

Clive also wanted to get into the Court of Directors of the Company. So, he "himself laid out a hundred thousand pounds in the purchase of stocks, which he then divided among nominal proprietors on whom he could depend, and whom he brought down in his train, to every discussion and every ballot"³⁹². And, Clive was no exception; "others did the same, though not to quite so enormous an extent"³⁹³. Hence, in order not to impair their strength further, the clique of Directors desired that the employees of the Company should not grow into millionaires by this form of loot.

The second reason of the Company was probably even more important. In increasing measure, it was usurping all the rights of government in India; hence, the depletion of revenue would now affect the Company directly, and not just the puppet *nawabs*. Even before the Company fully undertook the civil administration of Bengal, the importance of such a measure was revealed to the Directors by the comparatively smaller fortunes the Company had amassed since the subjugation of Bengal in 1757. Already in 1763, L. Scrafton, a member of Clive's Council at Calcutta, wrote gleefully³⁹⁴:

"These glorious successes have brought near three millions of money to the nation; for, properly speaking, almost the whole of the immense sums received from the Soubah (of Bengal) finally centres in England. So great a proportion of it fell into the Company's hands, either from their own share, or by sums paid into the treasury at Calcutta for bills and receipts, that they have been enabled to carry on the whole trade of India (China excepted) for three years together, without sending out one ounce of bullion. Vast sums have been also remitted through the hands of foreign companies, which weigh in the balance of trade to their amount in our favour with such foreign nations."

Because in this way "the dearest dream of the merchants of the East India Company was thus realised: to draw the wealth out of India without having to send wealth in return"³⁹⁵, the Company in order to complete its mission in India decided now to take up full economic control of the territory already under political subjugation.

For these two purposes, viz. to stop the employees from extorting great sums of money from the *nawabs* and to take full control over the Subah of Bengal, the Directors of the Company despatched

Clive for the third time to India in 1765. On arrival in India, the first thing that Clive did was to obtain from the tottering Moghal Emperor a charter making the East India Company the Dewan or the Civil Administrator of the Subah of Bengal, for, though the "Great Moghal" had no real power, he was still the titular sovereign of India and therefore his charter gave the Company a legal status in the country. And this was the beginning of the scheme of the "British moneyocracy", as Marx described them, to convert India into its landed estate and organise systematic plunder of the wealth and resources of the people and the country. Henceforth, over and above the "trading zeal" of the Company was added the "pound of flesh" motive of Shylock. Ever-increasing land-tax imposed on the people and collected with extraordinary efficiency, without in any way caring for the welfare of their economy, sucked at the very vitals of the people. Hunger and famine, pestilence and epidemics became the order of the day in once flourishing lands of India. And, while India and her people were thus continually impoverished, this was the beginning of the *organised* Economic Drain from India, which swelled in bulk and amounted to colossal figures in course of time. With this blood money of India was built the industrial England; and thus were planted the edifices of the great "Victorian" Civilisation, referring to which Marx wrote in a letter to Engels on October 8, 1858: "We cannot deny that bourgeois society has been for a second time living through its sixteenth century, ..."

This form of plundering India by the policy of estate-farming is best described by considering different parts of India separately in the order of application of the Company's policy to these areas. As mentioned above, the policy was first put into practice in the Subah of Bengal in 1765; then it was gradually extended to the whole of northern India. In South India, it was first applied in the Carnatic, and then spread over other parts. It reached Bombay, the Deccan, and the Punjab during the last days of the Company's rule, as everywhere plunder began in the wake of subjugating these territories. In the following sections, therefore, the situation in

* In original, Marx wrote: "Wir können es nicht leugnen, daß die bürgerliche Gesellschaft zum zweitenmal ihr sechzehntes Jahrhundert erlebt hat. ..." (cf. Karl Marx / Friedrich Engels: Briefwechsel, II. Band: 1854-1860, Dietz Verlag, Berlin, 1949, p. 423)

different parts of India during the Company's rule has been described in the above order.

6. Plunder of Bengal

In a letter to the Court of Directors from Calcutta, dated 30th September 1765, Clive wrote³⁹⁶:

"Your revenues, by means of this acquisition, will, as near as I can judge, not fall far short for the ensuing-year of 250 lacks (25,000,000) of Sicca Rupees, including your former possessions of Burdwan, &c. Hereafter they will at least amount to twenty or thirty lacks more. Your civil and military expenses in time of peace can never exceed sixty lacks of Rupees; the Nabob's allowances are already reduced to forty-two lacks, and the tribute to the King (the Moghal) at twenty-six; so that there will be remaining a clear gain to the Company of 122 lacks of Sicca Rupees, or £ 1,650,900 sterling."

Thus, the Subah of Bengal was entered into the Company's ledger book as a 'rich estate, a source of profit; and no consideration was paid to the welfare of the people. In the period that followed, the land revenue was extracted with the utmost vigour, and simultaneously trade and manufacture declined under the system of monopoly and coercion. Considering the period from the financial years, May-April, of 1765-66 to 1770-71, the Gross Collection was £ 20,133,579; the Net Revenue after deducting the tribute to the Moghal, allowance to the Nawab of Bengal, charges of collection, salaries, commissions, etc., was £ 13,066,761; the Total Expenditure — civil, military, buildings, fortifications, etc., — was £ 9,027,609; and the Net Balance in six years was £ 4,037,152.³⁹⁷ The figures show that nearly one-third of the net revenue of the Subah was actually remitted out of the country. The actual drain was, however, much larger, for a large portion of the civil and military expenses consisted of the pay of English officials who sent all their savings out of the country.

Furthermore, the vast fortunes amassed by those who had excluded the Indian merchants from their legitimate trades and industries were annually sent out of India. The actual drain from the Subah may therefore be correctly represented by the figures for imports and exports for the year 1765. Total figures for the entire period of six years is not available; but in the three years of 1766,

1767 and 1768 only, goods and treasures to the value of £ 6,311,250 were exported from the Subah, while the imports amounted to only £ 624,375.³⁹⁸ In other words, the country sent out about ten times what it received.

Such gross expropriation of the country's wealth and the total neglect of its economy led to chronic want. Eventually it burst forth in a virulent famine in 1770 with a seasonal failure of rain and the manipulation of grain-stocks by the profit-hunting English officials and the Indian agents. The situation has been described as follows.³⁹⁹

"Early in 1769 high prices gave an indication of an approaching famine, but the land-tax was more rigorously collected than ever. 'The revenues were never so closely collected before' (Resident at the Durbar, 7th February 1769. India Office Records, quoted in Hunter's *Annals of Rural Bengal*, London, 1868, p. 21 note). Late in the year the periodical rains ceased prematurely, and the Calcutta Council in their letter of the 23rd November to the Court of Directors anticipated a falling off of the revenues, but specified no relief measures to be undertaken. On the 9th May 1770 they wrote: 'The famine which has ensued, the mortality, the beggary, exceed all description. Above one-third of the inhabitants have perished in the once plentiful province of Purneah, and in other parts the misery is equal.' On the 11th September they wrote: 'It is scarcely possible that any description could be an exaggeration of the misery the inhabitants . . . have encountered with. It is not then to be wondered that this calamity has had its influence on the collections; but we are happy to remark they have fallen less short than we supposed they would.' On the 12th February 1771 they wrote: 'Notwithstanding the great severity of the late famine and the great reduction of people thereby, some increase has been made in the settlements both of the Bengal and the Behar provinces for the present year.' On the 10th January 1772 they wrote: 'The collections in each department of revenue are as successfully carried on for the present year as we could have wished.'"

The above remarks on the land-tax collection should be read while keeping in mind that according to the officially-made estimate (which is usually an under-estimate), about one-third of the population of Bengal, or about ten million people, had died in this famine of 1770.

Furthermore, it is worthy of note that while the Company did not take any measure to ameliorate the distress of the people, their sufferings were heightened by the actions of the officials of the Company and their agents. These creatures not only monopolised the

grain in order to make high profits from the hunger of the dying people, but they compelled the cultivators to sell even the seed requisite for the next harvest. The Court of Directors was apparently incensed by this method of "profiting by the universal distress" and suggested the infliction of "the most exemplary punishment"⁴⁰⁰, but when their own pounds, shillings and pence were concerned they did not indulge in any act of benevolence. Warren Hastings, the Governor of Calcutta, wrote to the Court of Directors on the 3rd of November, 1772⁴⁰¹:

"Notwithstanding the loss of at least one-third of the inhabitants of the province, and the consequent decrease of the cultivation, the nett collections of the year 1771 exceeded even those of 1768. ... It was naturally to be expected that the diminution of the revenue should have kept an equal pace with other consequences of so great a calamity. That it did not was owing to its being violently kept up to its former standard."

Such was the character of inhuman loot and plunder of Bengal in the first years of the Company's government.

In later years, when the Company took over the entire administration to itself, the plunder was better organised and more intensified. In 1765, with the grant of the Dewani to the Company, Clive had organised a sort of dual government in which the collection of revenues, administration of justice and all other transactions were still made under the cover of the Nawab's authority and through his officers; while the Company was the real ruler of the country, and its servants "practised unbounded tyranny for their own gain, overawing the Nawab's servants and converting his tribunals of justice into instruments for the prosecution of their own purposes"⁴⁰². Such a situation however could not continue for long. As the Governor Verelst wrote to the Directors of the Company on the 16th December 1769⁴⁰³:

"We insensibly broke down the barrier betwixt us and Government, and the native grew uncertain where his obedience was due. Such a divided and complicated authority gave rise to oppressions and intrigues unknown at any other period; the Officers of Government caught the infection, and being removed from any immediate control, proceeded with still greater audacity."

Therefore, in 1772, it was decided to hand over the administration directly to the English officials, and a committee was formed of the

Governor and four members of his Council to look after the management of the revenues and the administration of justice. Calcutta, instead of Murshidabad where the Nawab resided, became henceforth the capital of Bengal, and soon that of the whole of India under the Company's rule.

About this time, to be exact in 1773, Lord North's Regulating Act was passed in the British Parliament, whereby a substantial control of Parliament over the Company was enforced, the individual officers of the Company were strictly forbidden to extort tributes from the Indian rulers for their personal gain, and the internal trade in India carried on by the servants of the Company and other Englishmen was abolished unless they had received licences from the Company. These measures of 1773 were further enforced by Pitt's India Act of 1784. Hence, from the time the Company undertook full control of the Subah of Bengal, estate-farming became the principal avenue for plundering India's wealth, and eventually the Company's policy in the whole of India was directed to this end.

Previous to 1772, when the Subah was administered formally by the Nawab's officers, the Company had introduced a new system of land settlement in Burdwan and Midnapur soon after it had acquired these districts from Mir Kasim in 1760. The system was as follows⁴⁰⁴:

"The lands were let by public auction for the short term of three years. Men without fortune or character became bidders at the sale; and while some of the former farmers, unwilling to relinquish their habitations, exceeded perhaps the real value in their offers, those who had nothing to lose advanced yet further, wishing at all events to obtain an immediate possession. Thus numberless harpies were let loose to plunder, whom the spoil of a miserable people enabled to complete their first year's payment."

This method of plundering the people through the intermediary of unscrupulous agents was now established over the whole of the Subah. A land-settlement for five years was adopted in 1772, and instead of asking the previous revenue-farmers to continue as before, settlements were made by auction with a view to realise the highest possible revenue. The result was obvious.

"Bidders at the auction had been led by the eagerness of competition to make high offers, had squeezed the cultivators of the soil, and had yet failed to pay the promised revenue."⁴⁰⁵

Simultaneously, the traditional revenue-farmers who had bid along with the agents of the English officials were ruined.

"The Rajah of Nuddea survived the famine so much in default, that he was glad to surrender his estates to his son. . . . The young Rajah of Beerbhoom was thrown into jail for arrears of land-tax; while the aged Rajah of Bishenpoor was only let out of a debtor's prison when his end visibly drew nigh. . . . The ruin of the Hindu gentry excited little pity or forbearance."⁴⁰⁶

The Company, however, instead of relaxing its extortion and coming to the aid of the ruined people and the old revenue-farmers, decided in 1774 to employ its direct agents — the Indian "Amils" — in each district. These Amils virtually became the revenue-farmers, and, on the threat of imprisonment and torture (which were not infrequently put into practice), extracted whatever the people and the traditional revenue-farmers had in order to fill the coffers of the Company and their own.

When the five years' settlement came to an end in 1777, the auction system was somewhat modified, and preference was given to ancient revenue-farmers. But, henceforth it was decided to let out the estates not for five years, but annually. This was done for 1778, 1779 and 1780. In 1781 a Committee of Revenue was formed which continued with the one-year settlement as before, but increased the land-revenue by £ 260,000.⁴⁰⁷ Furthermore, this time a new incentive was given to the Company's officials to extort the utmost from the people.

"... the Collectors were encouraged to replenish the exchequer by the grant of a percentage on their collections, in addition to their salaries. How this bribe succeeded may be estimated from a fact mentioned by Lord Cornwallis, that one collector, with a salary of 1000 rupees a month (£ 1200 a year) had an income of at least £ 40,000 a year."⁴⁰⁸

By such ever-increasing demand for land-tax the people were led towards destitution; and while the English officials and their Indian agents gained substantially by the Company's policy, those of the ancient revenue-farmers who had some consideration for the people were led to the verge of ruin in order to meet the demands of the Company. And if they could not meet the demands regularly, the rapacious agents were let loose on the estates in order to plunder the people and the revenue-farmers alike, and thus to meet the demands

of the Company and fill their own pockets. This one can realise from the available account of the three largest estates in Bengal, namely, Burdwan with its annual revenue of over £ 350,000, Rajshahi with that of over £ 260,000, and Dinajpur with that of over £ 140,000.

"Dinajpur suffered most. An unscrupulous and rapacious agent, Debi Sing, was appointed from Calcutta to manage this estate during the minority. Debi Sing had been guilty of tyranny in Purnea and in Rungpur, and had been removed from his previous employment, and branded in the Company's records; but he was chosen as a proper agent when the object was to screw up the revenues of Dinajpur during a minority. Debi Sing proved himself equal to the task. With a cruelty perhaps unparalleled even in Bengal in the eighteenth century, he imprisoned the Zemindars and flogged the cultivators in order to raise the revenue. Women were not exempted from his tyranny, and insult and indecent outrage were added to the tortures of the stake and the lash.

The oppression of Debi Sing drove the suffering cultivators of Dinajpur from their homes and villages. They attempted to leave the district, but bands of armed soldiers drove them back. Many fled into the jungles, and large numbers of the most passive and submissive race of cultivators on earth were goaded to rebellion. The insurrection spread through Dinajpur and Rungpur; soldiers were called in, and then followed punishments and cruel executions. Mr. Goodlad, the English chief of the district, described the rising as the greatest and most serious disturbance which had ever happened in Bengal; the cruel severity by which it was suppressed was also perhaps unexampled in Bengal.

The story of Burdwan is less tragic, because the great wrong fell on the territorial house, and not to any great extent on the people. Maharaja Tilak Chand had died in 1767, and the succession of the minor son, Tej Chand, had been allowed and confirmed. Lalla Umi Chand, a friend of the family, had been appointed administrator of the estate by the deceased Zemindar; but John Graham, the British chief of the district, forced on the widow Rani a rapacious and unscrupulous manager in Braj Kisor. The Rani, as far as a woman could, endeavoured to stop his dishonesty, and refused him the great seal of the estate.

'My son's seal', she said in a petition to Warren Hastings in 1774, 'was in my own possession; and as I affixed it to no paper without first perusing it, Braj endeavoured by every method to get it into his own hands, which I constantly persisted in refusing him. Upon this, in the Bengal year 1179 (A. D. 1772), Braj Kisor, having prevailed upon Mr. Graham to come to Burdwan, took from me my son Tej Chand, then nine years of age, and

confined him in a separate place under a guard. In this situation, through affliction and apprehension, having remained more than seven days without sustenance to the absolute endangering my life, and finding no resource, I gave up the seal.'

The letter went on to say, that after thus obtaining the seal of the estate, Braj Kisor wasted the wealth of the estate, embezzled a large sum of money, and refused to submit any accounts. The Rani with her son was in dread of her life, and prayed to be allowed to proceed to Calcutta to reside in safety.

Clavering, Monson, and Francis, members of the Governor-General's Council, asked for an inquiry into the charge of embezzlement against Braj Kisor and John Graham. ... The dissensions in the Council, however, prevented a proper inquiry, and Warren Hastings defended John Graham. 'Such inconsiderable presents', wrote Clavering, Monson, and Francis, 'as the Governor-General says Mr. Graham received, could never have created the immoderate fortune he is known to possess.'

'I am totally unacquainted', replied Hastings, 'with Mr. Graham's fortune; I know not on what foundation the majority style it immoderate. I thought it incumbent to vindicate him from the calumnies of the Burdwan Rani.'

For the rest, the Burdwan estate was heavily assessed. ...

The new revenue system introduced by Warren Hastings, and the five-years' settlements made in 1772, affected Rajshahi as they affected every other estate in Bengal. The Governor and Council, in their letter of the 31st December 1773, remarked that 'Rani Bhavani, the zemindar of Rajshahi, proved very backward in her payments'. And on the 15th March 1774 they determined to make 'a declaration to the Rani, that if she did not pay up the revenue due from her to the end of the Bengal month of Magh (10th February) by the 20th Phalgun (1st March), we should be under the necessity of depriving her of her zemindari, and putting it into the possession of those who would be more punctual in fulfilling their engagements with Government'. In another letter, dated 18th October 1774, the Governor-General 'resolved to dispossess her both of her farm and her zemindari, and of all property in the land, and to grant her a monthly pension of 4000 rupees (£400) during life, for her subsistence'.

Among the many petitions which the aged Rani submitted to avert this disgrace and humiliation, there are some which are of more than usual interest. In one of these petitions she recounted the history of her estate since the five-years' settlement of 1772, the oppressions committed by the farmer, Dulal Roy, who had been appointed, and the depopulation of the country in consequence.

'In the year 1179 (A.D. 1772), the English gentlemen of the Sircar

(Government) did blend all the old rents of my land together, and did make the Ziladari Mathote (exactions on tenants) and other temporary rents perpetual. ... I am an old Zemindar; and not being able to see the griefs of my Ryots, I agreed to take the country as a farmer. I soon examined the country, and found there was not enough in it to pay the rents. ...

'In Bhadra, or August 1773, the banks broke, and the Ryots' ground and their crops failed by being over-flowed with water. I am a Zemindar, so was obliged to keep the Ryots from ruin, and gave what ease to them I could, by giving them time to make up their payments; and requested the gentlemen (English officials) would, in the same manner, give me time, when I would also pay up the revenue; but not crediting me, they were pleased to take the Cutchery (rent-collection office) from my house, and bring it away to Motijhil, and employed Dulal Roy as a servant and Sazawal, to collect the revenue from me and the country. ...

'Then my house was surrounded, and all my property inquired into; what collections I had made as farmer and Zemindar were taken; what money I borrowed and my monthly allowances were all taken; and made together Rs. 22,58,674 (£ 226,000).

'In the new year 1181 (A.D. 1774), for the amount of Rs. 22,27,824 (£ 223,000) the country was given in farm to Dulal Roy, taking from me all authority. Then Dulal Roy and Paran Bose, a low man, put on the country more taxes, viz., another Ziladari Mathote (exaction on tenants), and Assey Jzaffer, loss of Ryots' desertion taken from present Ryots, &c. These two men issued their orders, and took from Ryots all their effects, and even seed grain and ploughing bullocks, and have depopulated and destroyed the country. I am an old Zemindar; I hope I have committed no fault. The country is plundered, and the Ryots are full of complaints. ...'

Pran Krishna, son of Rani Bhavani, submitted other petitions, and there were many revenue consultations. Philip Francis protested against the practice of European servants holding farms in the names of their Banians or Indian agents. 'The country', he said, 'belongs to the natives. Former conquerors contended themselves with exacting a tribute from the land. ... Every variation hitherto introduced from the ancient customs and establishments of the country appears to have been attended with fatal consequences, insomuch that I understand it to be the general opinion, that at least two-thirds of the whole surface of Bengal and Behar are in a state of total depopulation. The timid Hindoo flies from the tyranny which he dare not resist.'

In the end, the majority of the Council resolved in 1775 'to deprive Raja Dulal Roy of the farm of Rajshahi, and that the Rani be reinstated in possession of her lands in farm'.

Hastings never entirely approved of this decision; ... Large slices of the old Rajshahi estates were carved out to create a flourishing estate for Kanta Babu, the Banyan of Warren Hastings."⁴⁰⁹

The severity of this plunder from Bengal of her fertile lands will be fully realised from the following table which gives the land-revenues demanded and collected from the Subah of Bengal since the sixteenth century.⁴¹⁰

Year	Particulars	Land-revenues in £	
		Demanded	Collected
1582	Todar Mall's Settlement	1,070,000	Probably less
1658	Sultan Shuja's Settlement	1,312,000	Probably less
1722	Jaffar Khan's Settlement	1,429,000	Probably less
1728	Suja Khans' Settlement	1,425,000	Probably less
1762-63	Mir Kasim's Rule		646,000
1763-64	Mir Jafar's Second Rule		762,000
1764-65	Mir Jafar's Second Rule		818,000
1765-66	First Year of Dual Government		1,470,000
1771-72	Last Year of Dual Government		2,341,941
1771-72 to 1778-79	Yearly average during Company's Direct Rule		2,577,078
1790-91	Company's Direct Rule		2,680,000

The table shows that before the British conquest of the Subah of Bengal the revenue demand had not very much altered over a century and a half. Moreover, it should be borne in mind that in those days there was a sharp difference between what the Indian rulers *wanted* to collect, as laid down in the Settlement Records, and what they *actually* received. The latter figure was invariably below the mark, because, firstly, the revenue-farmers and the Government Collectors did pay heed to the requests of the distressed peasantry for suspension or remission of their taxes in case of natural calamities and such reasons, and, secondly, the collecting apparatus of the Indian rulers was never so well organised as that of the Com-

pany. Thus, the people of the Subah in those days had to contribute even less to the State coffer than the above figures suggest. This suggestion is further supported by the figures of land-revenue actually collected during the rule of puppet *nawabs*; in which case, of course, there was the additional factor that because of reckless vandalism of the Company officials and their agents the people could not contribute much to the Government Treasury, and following the traditional usages the Indian rulers could not enforce it too much. Yet the table shows that the revenue collection began to mount steadily from Mir Kasim's rule to the first and the second years of Mir Jafar's second installation on the throne; and then the situation changed drastically from the year the Company undertook civil administration of the Subah. In the first year of the "Dual Government" the revenue collection was nearly double that of the previous year. In the next six years it further rose by 59 per cent. And it went on rising, so that the collection of 1790-91 was nearly double the assessments of Jafar Khan and Shuja Khan, even though these were the *highest amounts desired* by the Indian rulers in the pre-British days. It should further be noted that it was three times the collections made in the last year of Mir Jafar's rule, and nearly double the collection made in the first year of the Company's Dewani (1765-66). No wonder then that Bengal—once the Granary of the East—became empty; hunger and famine, death and disease stalked the country.

And the worst calamity in this situation was that virtually the whole of the revenue of the Subah was drained out of the country, and did not, in any shape, return to the people in order to fructify their trade, their industries and their agriculture. The Select Committee of the House of Commons reported in 1783⁴¹¹:

"Notwithstanding the famine of 1770, which wasted Bengal in a manner dreadful beyond all example, the Investment by a variety of successive expedients, many of them of dangerous nature and tendency, was forcibly kept up. . . . The goods from Bengal, purchased from the territorial revenues, from the sale of European goods, and from the produce of the monopolies . . . were never less than a million sterling, and commonly nearer £ 1,200,000. This million is the lowest value of the goods sent to Europe, for which no satisfaction is made. About £ 100,000 a year is also remitted from Bengal on the Company's account to China, and the whole of the product of that

money flows into the direct trade from China to Europe. Besides this, Bengal sends a regular supply in time of peace to those Presidencies (in India) which are unequal to their own establishments."

In short, Bengal became the *Kam Dhenu*, the wish-fulfilling cow, of the English by means of which they not only harvested fortunes from India but also carried on their China trade without any payment from England.

The Select Committee further reported⁴¹²:

"When an account is taken of the intercourse, for it is not commerce, which is carried on between Bengal and England, the pernicious effects of the system of Investment from revenue will appear in the strongest point of view. In that view, the whole exported produce of the country, so far as the Company is concerned, is not exchanged in the course of barter, but it is taken away without any return or payment whatever."

This exhaustion of the country and of the people reached such an extent only three decades after the Company's rule began in 1757 that the Governor-General Lord Cornwallis declared in 1789⁴¹³:

"I may safely assert that one-third of the Company's territory in Hindustan is now a jungle inhabited only by wild beasts."

Comments would be superfluous.

7. Plunder of Northern India

The same rule of fleecing the country and the people was enacted in northern India during the latter part of the eighteenth and early nineteenth centuries. It has been noted before how the Company made presents of other people's property in order to gain its own ends, and then returned the same property to its original owner at a larger price when the necessity of pleasing the third party was over. The illustrative case in this respect was the State of Oudh, which occupied practically the whole of northern India, east of Delhi and west of the Subah of Bengal. From this State, Kora and Allahabad were first taken away by the Treaty of 1765, (which the Nawab of Oudh had to sign after his defeat at the hands of the Company along with Mir Kasim), and handed over to the Emperor

of Delhi to bring the latter under control of the Company and obtain from him the right of civil administration of the Subah of Bengal. Eight years later, in 1773, when the defunct Moghal Emperor was found to be aligning himself with the Marathas instead of to the Company, these two territories were taken back from him and "sold" to the Nawab of Oudh for Rs. 4,500,000, or the equivalent of about £ 450,000. This, however, was not the only price the Nawab of Oudh and his satellites had to pay for their vassalage to the Company. Heavier and more ruthless ones followed in succession. And they had the same characteristics as in the case of the Subah of Bengal, namely, first, extortion of colossal tributes from the Indian rulers until they were sucked dry, and then collection of ever-increasing land-revenues under the direct auspices of the officials of the Company.

To describe only the most prominent cases of such tyranny and oppression, it is best to quote the words of a reputable economist-historian of India. The State of Benares is described first.⁴¹⁴

"Among the many little States into which Northern India was divided in the eighteenth century, none was more flourishing and prosperous, according to the testimony of all eye-witnesses, than Benares. The people were industrious, agriculture and manufactures flourished, and Raja Balwant Sing had his capital in that sacred city which was revered by all Hindus in all parts of India.

Balwant Sing died in 1770, and his liege lord, the King of Oudh, known as the Vizir, confirmed his son, Chait Sing, in succession on receipt of a succession fee and on a slight increase of the revenue previously paid. The East India Company had interested themselves in this succession, and in a general letter to the Directors, dated 31st October 1770, the Governor of Bengal wrote that 'the Vizir's readiness in complying with this our recommendation and request has offered us great satisfaction, and is a circumstance the most pleasing, as it must give strength to the opinions of the several Powers in Hindustan of the strict friendship subsisting between the English and him'.

The King of Oudh, Suja-ud-Daula, himself died in 1775, and Warren Hastings, then Governor-General, took advantage of the death of the old ally of the British to extend British dominion and power. In 1775 a new treaty was ratified between his son and successor, Asaf-ud-Daula, by which Benares was ceded to the East India Company, and Raja Chait Sing became a vassal of the British.

'The cession of Benares and the other territories of the Raja Chait Sing', wrote the Governor-General to the Directors in August 1775, 'to the Company, we flatter ourselves, will prove perfectly agreeable to your ideas, as it conveys a valuable acquisition to the Company. ... The revenue which accrues from this acquisition amounts to Rs. 23,72,656 (£ 237,000), and will be paid by the Raja in monthly payments as a neat tribute, without rendering any account of his collections, or being allowed to enter any claims for deduction.'

Three years after this the unfortunate Chait Sing comprehended the full import of the change of his masters. 'War having been declared between the Courts of Great Britain and France', wrote Warren Hastings to Chait Sing in July 1778, 'by the former on the 18th March ... I am to request of you, in my own name and that of the Board as a subject of the Company, bound to promote their interest on every occasion, to contribute your share of the burden of the present war' (which was Rs. 500,000 or £ 50,000 annually - R. K. M.). ...

A second year's contribution of five lakhs (£ 50,000) was demanded from Chait Sing, then a third year's contribution of five lakhs, and then a fourth year's contribution, besides expenses of troops. He was reprimanded for failure of payment and then arrested; and when his people attacked the Company's guards, his fate was sealed. He fled from his estate; his sister's son, Mahip Narayan, was seated in his place with a large increase of the revenue demand; and the administration was controlled by the Governor-General's own agents.

The administration was a ghastly failure - not because Warren Hastings was a less able administrator than Bulwant Sing and Chait Sing, under whom Benares had flourished - but because the increased revenue demand under the new administration crushed the agricultural industry of the State.

The first deputy whom Hastings appointed for the Raja was dismissed for the offence of not making punctual payments. The second accordingly acted upon the 'avowed principle that the sum fixed as the revenue must be collected'. Lands were over-assessed, collections were made with the utmost harshness, the population was plunged into misery, and the country was desolated by a terrible famine in 1784."

In later years also the plunder of the State of Benares went on, and in 1794 it was taken directly under the Company's rule; the Raja of Benares being allowed to maintain his right of revenue-farming over a small tract which had formed the patrimony of his family.

While Benares was thus ransacked, the situation in Oudh itself was no better, especially since Asof-ud-Daula became the Nawab in 1775.

"When Asof-ud-Daula ascended his father's throne, Warren Hastings extended the power of the East India Company in Oudh. The old treaty with Suja-ud-Daula was modified, and a new treaty was made with Asof-ud-Daula, 'by which the latter eventually and necessarily became a vassal of the Company'.

This vassalage was the ruin of Oudh. Colonel Hanny, who was sent up to Oudh by Hastings in command of a brigade, shared with many of his countrymen of those days the desire to make the best of his opportunities, and to rear a rapid fortune in his new station. The practice of the assignment of the land revenues, which had proved so fatal in Madras and elsewhere, was pursued in Oudh. Colonel Hanny exercised civil and military powers in Oudh, and became the farmer of the revenues of Barraich and Gorakpur. Rents were increased; collection was made with every circumstance of cruelty and coercion; the people fled from their fields and villages; the country became desolate.

Asof-ud-Daula saw the ruin he had brought on himself. In 1779 he wrote to the British Government: 'From the great increase of expense, the revenues were necessarily farmed out at a high rate, and the deficiencies followed yearly. The country and cultivation is abandoned.' The Nawab accordingly protested against fresh assignments for the new brigade, declaring that the troops were quite useless to him, and were the cause of loss in the revenues and of confusion in the affairs of his government.

The Calcutta Council deliberated on this important communication. Philip Francis, . . . , recorded a characteristic Minute.

'I have not been long enough in the habits of dominion to see anything offensive or alarming in the demand made by an independent prince to be relieved from the burden of maintaining a foreign army, which, it is notorious, have devoured his revenues and his country under colour of defending it...' . . .

In the eyes of Warren Hastings, the pecuniary loss which would be inflicted on the Company by withdrawing the battalions had greater weight than the miseries imposed on the people of Oudh. The Nawab, he said, was the vassal of the Company, and the troops 'cannot be withdrawn without imposing on the Company the additional burden of their expense' . . .

The demands of the British Government in 1780 stood at £1,400,000. How the Governor-General recalled Bristow from Lucknow and sent Middleton as Resident; how the Nawab was helped to rob his mother and his grandmother, the Begams of Oudh, to meet the demands of the Com-

pany's Government; and how a large sum of money was extorted from them with every circumstance of oppression and indignity, are matters of history which it is unnecessary to narrate in these pages. The condition of the cultivators of Oudh is of far greater importance for the purposes of the present work than the more dramatic story of the wrongs of the royal house.

The facts which were deposed to at the celebrated impeachment of Warren Hastings relating to the collection of rents from the impoverished tenantry are sufficiently dismal. It was stated that the defaulters were confined in open cages, and it was replied that confinement in such cages under the Indian sun was no torture. It was stated that fathers were compelled to sell their children, and it was replied that Colonel Hanny had issued orders against such unnatural sales. Large masses of the people left their villages and fled the country, and troops were employed to prevent their flight. At last a great rebellion broke out; farmers and cultivators rose against the unbecarable exactions; and then followed horrors and executions with which the untrained tillers of the soil are put down by the infuriated soldiery.

Colonel Hanny was then recalled from Oudh, and the rebellion was quelled, but Oudh was in a state of desolation. Captain Edwards visited Oudh in 1774 and in 1783. In the former year he had found the country flourishing in manufactures, cultivation and commerce. In the latter year he found it 'forlorn and desolate'. Mr. Holt, too, stated that Oudh had fallen from its former state, that whole towns and villages had been deserted, and that the country carried the marks of famine. A severe famine actually visited the province in 1784, and the horrors of starvation were added to the horrors of misgovernment and war."⁴¹⁵

The same state of affairs continued in the later years. The British province of India, formerly called the North-Western Provinces and Oudh (which later became the United Provinces, and now Uttar Pradesh), was acquired by the Company in successive stages. As mentioned before, Benares and some adjoining districts were annexed by Warren Hastings in 1775 and in 1794 it came under direct Company's rule. Allahabad and some other districts were "ceded" by the Nawab of Oudh to the Company in 1801 under pressure from Lord Wellesley, and were at first called "Ceded Districts or Provinces". Agra and the Basin of the Ganges and the Jumna were conquered by the Company in the Maratha War of 1803, and were at first called, "Conquered Provinces". And the remaining portion of Oudh was annexed by Lord Dalhousie in 1856, by pensioning off the Nawab who had by then outlived his usefulness. Along with thus subjugating

different parts of the province, land-revenues were successively increased, and the plunder developed in an ascending scale.

As regards the "Ceded Districts", the Nawab's land-revenue assessment was Rs. 13,523,474. In the first year of possession, the Company's assessment was Rs. 15,619,627; in the second year, Rs. 16,162,786; and in the third year, Rs. 16,823,063.⁴¹⁰ Bearing in mind the essential difference between an Indian ruler's assessment, which was invariably higher than what was actually collected, and the Company's assessment, of which not a farthing was abated during the collection, it will be realised how steeply the land-revenue demand rose within the first three years. Mr. Dumbleton, a Collector in this territory, remarked that the settlement of 1802 "pressed beyond a reasonable demand"⁴¹⁷; a polite statement on the situation, no doubt.

Also for the "Ceded and Conquered Provinces", afterwards considered together, it is seen how the land-revenues were constantly increased. In 1807 it was £ 2,008,955; from this figure it steadily increased to £ 2,892,789 in 1818.⁴¹⁸

And then for the North-western Provinces as a whole the land-revenue collections increased from £ 4,018,344 in 1834-35 to £ 4,478,417 in 1836-37.⁴¹⁹ But now the Company had reached the limit. All forms of tyranny and coercion failed; the people could not pay more. In 1837-38 the collection came down to £ 3,765,973.⁴²⁰ Later also, in 1838-39, the revenue-demand for "Northern India" was set at £ 4,554,899, but the collection was £ 3,630,215.⁴²¹ So it continued for the next few years during which the demand was a little relaxed and the collection was more rigorously undertaken. As a result, in 1847-48, the demand was for £ 4,292,166, and the collection was £ 4,248,582.⁴²² In this way the people of Northern India went on building the Company's fortune.

8. Plunder of Southern India

After the Third Carnatic War, ending in 1763, the Company's direct control over the whole of the eastern seaboard stretching northwards from Madras to the subah of Bengal and some territories round Madras was no more disputed. At the same time, the existence of Muhammad Ali as the Company's puppet Nawab of the

Karnatic was also universally accepted. And then began in a full scale the plunder of South India by the Company and its officials.

Unlike Mir Kasim, Muhammad Ali was a man of no character. He left his own capital Arcot to live amidst the luxuries of the British town of Madras. Also, instead of being able to liquidate the "claims" of the Company, as Mir Kasim did, he drifted more and more into debt. Moreover, he made assignments of his land-revenues to his British moneylenders, viz. the officials of the Company, until virtually the whole of his "kingdom" passed into the hands of his creditors.

Incidentally, a comparison of Mir Kasim and Muhammad Ali showed that a strong "ruler" had no place in the scheme of the Company's rule, while a weak "ruler" was permitted to live and to borrow and to pay the interest out of the revenue of his "kingdom" — all of which, of course, were shipped to England. In the following, therefore, this sordid picture may be described in some details, and this is best done in the words of the reputable economist-historian who made a study of the plunder of South India.⁴²³

"Under the administration of this feeble potentate the Company found it easy to extend its influence and power. The Company did not stand forth as the Dewan of the Karnatic, as they had done in Bengal in 1765. On the contrary, Mahomed Ali remained nominally the Dewan or revenue administrator, as well as the Nizam or military governor, while the Company virtually enjoyed all real power. The military defence of the country was undertaken by the Company, and a part of the Nawab's revenues was assigned for this purpose. The demands of the Company increased with their wars, and the Nawab came to adopt the strange method of borrowing from the servants of the Company in order to meet the demands of the Company.

What was still more significant and fatal was the security which the Nawab offered for these private debts. Unable or unwilling to draw from his own hoards, he readily delivered up to his private creditors the revenues of his territories. The cultivators of the Karnatic passed from the rule of the Nawab's agents to the rule of British money-lenders. The crops that grew in the fields were subject to the inalienable claims of British creditors. The collections which were made by the Nawab's servants, often under coercion and the use of the whip, were handed over to the British servants of the Company in order to be remitted to Europe. The whole of the Karnatic resembled an egg-shell with its contents taken out. The fields and villages of Southern India were converted into a vast farm, and the tillers tilled and the

labourers toiled in order that all the value of the produce might be annually exported to Europe. ... The country became poorer, industries and trades declined. ...

The servants of the Company, comprising members of the Madras Council, were building up large fortunes from their loans to the Nawab, and were not anxious to keep the Court of Directors fully informed of their doing. Under the orders of the Court of Directors, however, they had consolidated their loans into one loan of 1767 at the moderate rate of 10 per cent. interest, and they even expressed a hope, from time to time, that the Nawab would pay off his loan. It was neither their interest, however, nor that of the effete and inefficient Nawab, to close the transaction; and it was never closed. And when the full official account of the transaction at last reached the Directors in 1769, their anger knew no bounds."

The righteous indignation of the Court of Directors was of course not dictated by the misery and sufferings of the Indian people, but by the fact that these dealings of the servants of the Company with the puppet Nawab affected the interests of the Company itself. Thus, in a letter to the Superintending Commissioners, dated 23rd March 1770, the Court of Directors wrote⁴²⁴:

"The said Governor and Council have, in notorious violation of the trust reposed in them, manifestly preferred the interest of private persons to that of the Company, in permitting the assignment of the revenues of certain valuable districts to a very large amount from the Nawab to individuals which ought to have been applied towards the discharge of the Nawab's debt to the Company; the impropriety of which conduct is the more striking as those revenues, in a very great degree, owe their existence to the protection of the Company (!); and by such unnatural application of the said revenues, although the care and expense of protecting the Karnatic falls principally on the Company, the prospect of paying off the vast sums owing to us by the Nawab is postponed."

R. C. Dutt commented on this note of the Directors⁴²⁵:

"The assignment of revenues appeared 'unnatural' to the Court, not because it impoverished the country, but because it postponed the prospect of the Nawab's repaying his debt to the Company."

The debt to the Company, incurred solely to build the Company as a political power in south India and to enrich it, was not however immediately made amenable to the Company's interests. On behalf of the Company Warren Hastings endeavoured to effect a con-

ciliation between its interests and that of its officials in Madras. But it was of no avail, for, "the Nawab, who was a tool in the hands of his private creditors, was endeavouring to create influence in England against the Company, and in favour of his creditors"; and, as will be seen below, his creditors also, "who amassed vast fortunes from the rents of the assigned districts, were soon able to qualify a large number of votes, and to make themselves masters of the Court of Directors".⁴²⁶

To continue with this sordid story of greed and avarice, of corruption and conspiracies within the Company's administration, which were inevitable outcomes of the very basis of the role of English merchant capital in India:

"In the meantime the Nawab had nearly exhausted the resources of his own kingdom by assignments to his creditors, and began to cast longing eyes on the rich state of the Raja of Tanjore. In the treaty which had been concluded between the British and Haidar Ali in 1769, the Raja of Tanjore had been recognised as an ally of the British. But even the Court of Directors became covetous of the wealth of their 'ally', and gave a willing ear to the proposals of Mahomed Ali to rob Tanjore in order to repay his debts to the Company.

'It appears most unreasonable to us', wrote the Directors, 'that the Raja of Tanjore should hold possession of the most fruitful part of the country, which can alone supply an army with subsistence, and not contribute to the defence of the Karnatic...'

This was a broad hint, and was acted upon. Tanjore was besieged in 1771, and saved itself only by the payment of £ 400,000. But this only whetted the appetite of the Nawab, and his friends the British were easily led to think that 'it is dangerous to have such a power in the heart of the province'. Tanjore was besieged again and captured on the 16th September 1773; the unfortunate Raja and his family were taken prisoners in the fort; and his dominions were transferred to the Nawab.

Never was a flourishing and prosperous state so reduced within a few years of misgovernment as the State of Tanjore after it passed under the government of the Nawab. Regarding it as a hostile and conquered country, Mahomed Ali multiplied his exactions upon the people, made assignments of its revenues to his British creditors, and ruined its trade and industries; and within a few years Tanjore, the garden of Southern India, became one of the most desolate tracts on the eastern coast."⁴²⁷

Following its policy of *divide et impera*, the Company did not desire to keep Tanjore even under the formal rule of the Nawab of Arcot. So, in 1776, the Raja of Tanjore was reinstated; but now the interests of the Company came in conflict with that of its officials.

"Among the many creditors of the Nawab of Arcot, one Paul Benfield had obtained an unenviable prominence. He had come out to India in 1763 in the Company's service as a civil architect, but had succeeded better as an architect of his own fortunes by usury. When the Raja of Tanjore was reseat on his throne, Benfield claimed that he had assignments upon the revenues of Tanjore to the amount of £ 162,000 for money lent to the Nawab, and that for money lent to individuals in Tanjore he had assignments upon the standing crops to the amount of £ 72,000. The incident throws a strong light on the times. Benfield was still a junior servant of the Company drawing a few hundred pounds a year, but he kept the finest carriages and horses in Madras, and he claimed a fabulous sum from the Nawab. The revenues of a rich state and the standing crops of a nation of agriculturists were supposed to be hypothecated for the satisfaction of his claim.

Lord Pigot (Governor of Madras) laid Benfield's claims before the Board. Benfield was unable to produce vouchers, but urged that the Nawab would admit his debt. The Board resolved by a majority that Benfield's claims against individuals had not been sufficiently explained, and that the assignments of the Nawab on the revenues of Tanjore were not admissible. Benfield was not satisfied, and he had friends and resources. His claims were again brought before the Council, and admitted. Lord Pigot's proposal to send Russel as Resident to Tanjore did not satisfy the majority of members. Colonel Stuart, who was supposed to have agreed to manage Tanjore affairs in the interest of the creditors, was chosen. Lord Pigot resisted the majority, and on the 24th August 1776 he was arrested by Colonel Stuart and imprisoned."⁴²⁸

In 1777, Lord Pigot died in prison, before the orders of the Court of Directors to release him and send him back to England reached Madras. And before the next Governor, Sir Thomas Rumbold, reached Madras in the next year, two more loans were contracted by the Nawab in 1777 in favour of the Company's officials.

"The Nawab was persuaded to discharge his useless cavalry, but had no money to pay them. Taylor, Majendie, and Call offered to advance £ 160,000 if the Company's sanction were given to the debt, and this was done. Assign-

ments of revenues were of course made, and the Nawab's manager complained to him two years after:

'The entire revenue of those districts is by your Highness's order set apart to discharge the Tuncaws granted to the Europeans. The Gomastas of Mr. Taylor ... are there in order to collect those Tuncaws, and as they receive all the revenue that is collected, your Highness's troops have seven or eight months' pay due which they cannot receive.'

A third loan of over two million pounds sterling was also consolidated in this eventful year, 1777, and Sir Thomas Rumbold, on his arrival at Madras, wrote of this new loan with just indignation.⁴²⁹

But now these creditors were economically and politically in a secure position in England, and so they could openly override the interests of the Company.

'And when the matter came for final settlement in the House of Commons, the influence created by those creditors in the House was so great, that all the supposed claims, fraudulent or otherwise, were admitted without inquiry.

Paul Benfield, the greatest and most successful of the creditors, used the vast wealth he had accumulated in India in creating parliamentary influence in England. He returned eight members to Parliament including himself, and he was a powerful and influential man whom the Ministry did not care to offend. 'It was to hold the corrupt benefit of a large parliamentary interest, created by the creditors and creatures, fraudulent and not fraudulent, of the Nawab of Arcot, that ... the Ministry of 1784 decided that they should all, whether fraudulent or not fraudulent, receive their demands.'⁴³⁰

* The role of Paul Benfield and his associates in England, as portrayed by the great orator Edmund Burke in his speech in the British Parliament on the Nawab of Arcot's debt, gives a glimpse into one side of British political life in those days, of which some reference has been made in a previous chapter. To quote from this speech noted for its scathing sarcasm (cf. loc cit. (355), Vol. V, pp. 22-24):

'Paul Benfield is the grand parliamentary reformer. What region in the empire, what city, what borough, what county, what tribunal in this kingdom, is not full of his labours. In order to station a steady phalanx for all future reforms, this public-spirited usurer, amidst his charitable toils for the relief of India, did not forget the poor rotten constitution of his native country. For her he did not disdain to stoop to the trade of a wholesale upholsterer for this House, to furnish it, not with the faded tapestry figures of antiquated merit, such as decorate, and may reproach, some other Houses, but with real solid, living patterns of true modern virtue. Paul Benfield made (reckoning himself) no fewer than eight members in the last Parliament. What copious streams of pure blood must he not have transfused into the veins of the present! ...

Then, following the great whales, came the shoals of fishes. The other creditors now preferred their claims against the Nawab to the tune of £20,390,570. But, by this time, the Nawab was pensioned off and Tanjore was also annexed by the Company. So, any further payments to be made had to be from the Company's Treasury. The Company therefore now behaved just as it did with the inland trade of Bengal. After an inquiry, only £1,346,796 was declared valid; the rest of more than nineteen million pounds was now declared as fraudulent and invalid.⁴⁸¹

Meanwhile, the country was reduced to utter desolation by usurious transactions with the Nawab of Arcot and the direct revenue administration of the Northern Circars by the Company. In the latter, in successive stages, the land-revenues were increased

It was, . . . , not possible for the minister to consult personally with this great man [for Benfield was in India]. What then was he to do? Through a sagacity that never failed him in these pursuits, he found out in Mr. Benfield's representative his exact resemblance. A specific attraction, by which he gravitates towards all such characters, soon brought our minister into a close connexion with Mr. Benfield's agent and attorney; that is, with the grand contractor (whom I name to honour) Mr. Richard Atkinson; a name that will be well remembered as long as the records of this house, as long as the records of the British treasury, as long as the monumental debt of England, shall endure! This gentleman, Sir, acts as attorney for Mr. Paul Benfield. Every one who hears me is well acquainted with the sacred friendship and the mutual attachment that subsist between him and the present minister. As many members as chose to attend in the first session of this parliament can best tell their own feelings at the scenes which were then acted . . .

Every trust, every honour, every distinction was to be heaped upon him [Atkinson]. He was at once made a Director of the India Company; made an Alderman of London; and to be made, if ministry could prevail (and I am sorry to say how near, how very near they were to prevailing), representative of the capital of this kingdom. But to secure his services against all risk, he was brought in for a ministerial borough. On his part he was not wanting in zeal for the common cause. His advertisements show his motives, and the merits upon which he stood. For your minister, this worn-out veteran submitted to enter into the dusty field of the London contest; and you all remember that in the same virtuous cause, he submitted to keep a sort of public office, or counting-house, where the whole business of the last general election was managed. It was openly managed, by the direct agent and attorney of Benfield. It was managed upon Indian principles, and for an Indian interest. This was the golden cup of abominations; this the chalice of the fornications of rapine, usury, and oppression, which was held out by the gorgeous Eastern harlot; which so many of the people, so many of the nobles of this land, had drained to the very dregs."

by more than fifty per cent. For instance, the revenue-farmer of Peddapore paid £ 37,000 under the Moghals, but his revenue was increased by Rumbold to £ 56,000, and "similar enhancements were made in all zemindaries except one poor estate"⁴³². Moreover, how even the "virtuous" officials of the Company made their fortunes in the meanwhile was made known by the dismissal of Rumbold himself when it was pointed out that he had remitted £ 164,000 to Europe within two years of service in Madras.⁴³³

Thus, the whole of southern India under the Company's dominion was in a wretched state. And added to that were the Anglo-Mysore wars. So, "the people fled to the woods, fields were left uncultivated, villages were burnt and destroyed"; and "these accumulated misfortunes, coupled with the impoverishment of the people, brought on the widespread and terrible famine of Madras in 1783"⁴³⁴.

Yet, land-tax was collected with the utmost rigour, and it went on increasing in bulk. Within twelve years from 1767-68 to 1778-79, the total net revenue of the Madras Presidency increased by 30 per cent from £ 381,330 to £ 494,208.⁴³⁵ In 1792, some more territories, like the districts of Salem and Krishnagiri were added to the Madras Presidency, the next addition being in 1800 when the country between the rivers Kistna and Tungabhadra was annexed; and within this period of seven years the land-revenue again increased by 15 per cent from the already very high figure of £ 742,760 in 1792-93 (nearly double the total net revenue of 1778-79) to £ 856,666 in 1798-99.⁴³⁶ In the next two years the Company "acquired the richest and fairest portions of that great territory" which formed the British Province of Madras, and within that period the land-revenue had already increased by 24 per cent from £ 883,539 in 1799-1800 to £ 1,095,972 in 1801-02.⁴³⁷

So it went on in southern India throughout the Company's rule; and, needless to say, all such plundered wealth went out of India without in any way benefiting the disintegrated economy of the country and the impoverished people. Only during the twelve years 1767-68 to 1778-79, the cargoes which went from the Madras Presidency to Europe as the Company's Investments, that is, "commodities and merchandise purchased out of the revenues for sale in Europe", was valued at prime cost at more than two million pounds sterling!⁴³⁸

9. Plunder of Bombay and the Deccan

The same was the situation in Bombay and the Deccan. In 1811 the dominions of the last of the Maratha Peswa came into the hands of the Company and formed the substantial part of the British Province of Bombay. In 1821, the Governor of Bombay, Mountstuart Elphinstone, recorded a Minute on the land revenue arrangements at Broach. In this he wrote⁴³⁹:

"The general principle is to take half of the money produced by the sale of the crops, and leave the rest to the Ryot. ... An increase of four lakhs and a half (£ 45,000) has taken place this year."

On the same day, Elphinstone wrote another Minute on the land-revenue operations in Ahmedabad and Kaira.⁴⁴⁰

"In the Ahmedabad Zilla (district), the number of villages that have been let to the highest bidder, the consequent detection of all sources of revenue, and in some cases the raising of the Bigoties by Panchyats granted at the suggestion of the farmer, have a tendency to strain the revenue to the highest pitch."

In the same year he had recorded another Minute on Surat in which he wrote⁴⁴¹:

"If I were to decide on the present condition of the people in this Collectorship, I should pronounce it to be very much depressed. The Ryots seem to be ill-clothed and ill-lodged, ..."

In the Deccan, Mr. Chaplin succeeded Elphinstone as the Commissioner. From his reports of November 1821 and August 1822 it is seen that the payments of the *ryots* or peasants were fixed by the Company's servants with reference to their cultivation and the receipts of former times, but the levy of the State demand was henceforth much more vigorous than before. In 1817 the "revenue of the newly acquired territory was £ 800,000; in 1818 it was raised to £ 1,150,000, and in a few more years to £ 1,500,000"⁴⁴². Also, under the Company's rule, "the village officials were allowed less and less power of interference; the Company's servants liked to come in closer contact with each individual cultivator; and the Village Communities virtually disappeared in a few years in Bombay, as they had disappeared in Madras", and elsewhere.⁴⁴³

Taking the province of Bombay as whole, of which the territory remained virtually unaltered during this period, the land-revenue increased from £868,047 in 1817 to £1,818,314 in 1820-21, or an increase of 109 per cent.⁴⁴⁴ This was only the beginning.

The survey settlements recommended by Elphinstone were undertaken by Pringle of the Bombay Civil Service in 1824-28, and the settlements were conducted on untrue and exaggerated estimates of the produce of the soil. As the Bombay Administration Report of 1872-73 noted, it led to disastrous results.

"From the outset it was found impossible to collect anything approaching to the full revenue. (The Government demand was 55 per cent of the net produce - R.K.M.) In some districts not one half could be realised. . . . Every effort, lawful or unlawful, was made to get the utmost out of the wretched peasantry, who were subjected to torture, in some instances, cruel and revolting beyond all description, if they would not or could not yield what was demanded. Numbers abandoned their homes, and fled into the neighbouring Native States. Large tracts of land were thrown out of cultivation, and in some Districts no more than a third of the cultivable area remained in occupation."⁴⁴⁵

Naturally, the system had to be abandoned, as it was killing the goose which laid the golden eggs; and a survey was commenced in 1835, which was the beginning of the revenue system finally adopted for the Bombay Province. But this new system also gave hardly any relief to the oppressed people. The principles of the new settlement were as follows.

"Firstly, that it was based on the assessment of each field separately, and not of holdings or villages collectively; Secondly, that it granted long leases for thirty years instead of the short leases which had preceded; and Thirdly, that it abandoned the basis of produce-estimates, and substituted the estimated value of lands as the basis of assessment."⁴⁴⁶

Quite characteristically, the principles involved an elaborate scale for the distribution of the District Revenue demand among a million fields contained in the District according to a fictitious geological value of the land, but prescribed no limit to that demand. And it let loose swarms of "Classers of the Soil", paid ten or twelve shillings a month, to determine the depth and nature of the soil in each field in order to fix its relative value! On the other hand, in this system,

"The cultivator had no voice in the settlement of the Land-Tax; he was called upon, after the demand was settled, to pay it or to quit his ancestral land and starve."⁴⁴⁷

Sir G. Wingate noted in 1850⁴⁴⁸:

"There can be little doubt that the over-estimate of the capabilities of the Deccan, formed and acted upon by an early collector, drained the country of its agricultural capital."

How very real this impoverishment of the country was, and the precarious condition of the people, was attested by a young officer of the Bombay Province, Goldfinch, while reporting to the Parliamentary Committee on the 20th June, 1853.⁴⁴⁹

"The assessment was fixed by the Superintendent of Survey, without any reference to the cultivator; and when those new rates were introduced, the holder of each field was summoned to the Collector and informed of the rate at which his land would be assessed in future; and if he chose to retain it on those terms, he did; if he did not chose, he threw it up."

With such provisions for the good of the people, the land-revenue of Bombay increased from £ 868,047 in 1817-18 to £ 1,858,525 in 1837-38;—an increase of 114 per cent!⁴⁵⁰

10. "Agricultural Farm of England"

So it went on during the Company's rule, and in every part of India where the Company set its foot. Thus the Company annexed a portion of the Punjab in 1846, and the whole of the Punjab was fully occupied in 1849; and, as elsewhere, with the conquest of the Punjab, a British garrison was placed there with the stipulation that "the Lahore State was to pay to the British Government £ 220,000 a year"⁴⁵¹. Also, Kashmir was separated from the Punjab and was given to one Golab Singh by the Company at the price of £ 750,000. And then the Company began extorting land-taxes from the people. Between 1847-48 and 1850-51 the land-revenue of the Punjab increased from £ 820,000 to £ 1,060,000; in 1851-52, it stood at £ 1,060,989; and in 1856-57 and 1857-58 (the last two years of the Company's rule) the collections were £ 1,452,000 in each year.⁴⁵² Furthermore

"The fall in prices added to the distress of the cultivators now required to pay their revenue in money. The complaints during the year 1851 on the part of the agriculturists was loud and general."⁴⁵³

In this way, throughout India revenue collections went on at an increasing tempo. In Central India, within a period of only five years from 1819 to 1824, the gross revenue increased by 26 per cent, while the territory under the Company's control remained the same as before.⁴⁵⁴

How such enhanced taxation affected the people was noted by one Englishman, Bishop Heber, who toured India during 1824-26.⁴⁵⁵

"Neither Native nor European agriculturist, I think can thrive at the present rate of taxation. Half the gross produce of the soil is demanded by Government, and this, ... is sadly too much to leave an adequate provision for the present, even with the usual frugal habits of the Indians, and the very inartificial and cheap manner in which they cultivate the land. Still more is it an effective bar to anything like improvement; it keeps the people, even in favourable years, in a state of abject penury; and when the crop fails in even a slight degree, it involves a necessity on the part of the Government of enormous outlays in the way of remission and distribution, which, after all, (as these outlays are in so magnanimous a scale!—R.K.M.) do not prevent men, women, and children dying in the streets in droves, and the roads being strewn with carcasses."

Heber came to the conclusion⁴⁵⁶:

"I am convinced that it is only necessary to draw less money from the peasants, and to spend more of what is drawn within the country, to open some door to Indian industry in Europe, and to admit the natives to some greater share in the magistracy of their own people, to make the Empire as durable as it would be happy."

But the guiding principle of the Company of merchant capital was different. Its principal interest was in the loot. The excess of India's exports to imports during the Company's rule gives some idea of the volume of this loot. According to available figures for the later part of the Company's rule, from 1834 to 1855, India's external trade consistently showed an export-surplus, which ranged from 20 per cent of the total imports in 1852 to 78 per cent in 1836-37; the average percentage-figure being 39.⁴⁵⁷ The total value thus drained away from India in merchandise and treasures without any

replacement amounted to £ 89,211,185 in 21 years, or a yearly average of £ 4,248,152.

Equally serious was the so-called "Indian Debt" which was incurred by the Company in order to consolidate its position in India and to spread its influence further through expeditions and wars, and at the same time paying high dividends to its shareholders in England, tributes to the British Government since 1769, and bribes to influential persons in England.

"The total Indian Debt, bearing interest, was a little over 7 millions in 1792, and had risen to 10 millions in 1799. Then followed Lord Wellesley's wars, and the Indian Debt rose to 21 millions in 1805, and stood at 27 millions in 1807. It remained almost stationary at this figure for many years, but had risen to 30 millions in 1829, the year after Lord William Bentinck's arrival in India. That able and careful administrator was the only Governor-General under the East India Company who made a substantial reduction in the Public Debt of India, and on the 30th April 1836 the Indian Debt was £ 26,947,434. ...

But from 1840-41 Lord Auckland's unfortunate Afghan War began to tell on the finances of India, and the total Debt of India rose from 34½ millions to 43½ millions by 1844-45. ...

The annexation of Sindh by Lord Ellenborough, and the Sikh Wars of Lord Hardinge and Lord Dalhousie brought fresh liabilities, and the total Debt of India rose to 55 millions by 1850-51. There was a fluctuation after this, and endeavours were made to reduce the Debt, but it rose in the last year of Lord Dalhousie's administration to 59½ millions. The Mutiny which occurred in 1857 raised the Debt in one year by 10 millions, so that on April 30, 1858, the total Debt of India stood at 69½ millions sterling."⁴⁵⁸

Regarding the mechanism of this Indian Debt, R. C. Dutt remarked in his studies on the economic-history of India:⁴⁵⁹

"A very popular error prevails in this country [England in 1903] that the whole Indian Debt represents British capital sunk in the development of India. It is shown in the body of this volume that this is not the genesis of the Public Debt of India. When the East India Company ceased to be rulers of India in 1858, they had piled up an Indian Debt of 70 millions. They had in the meantime drawn a tribute from India, financially an unjust tribute, exceeding 150 millions, not calculating interest. They had also charged India with the cost of Afghan wars, Chinese wars, and other wars outside India. Equitably, therefore India owed nothing at the close of the Company's rule; her Public

Debt was a myth; there was a considerable balance of over 100 millions in her favour out of the money that had been drawn from her."

Needless to say, the British side did not look at the matter from this viewpoint either during the Company's rule or afterwards. After 1813 it became a permanent feature of the Company's finances to remit in addition to the export surplus a part of the looted wealth of India as "home charges" to England. These "home charges" included, besides other forms of expenditure, payments of interests on the "Indian Debt" and other startling items, such as "that India should pay £12,000 per annum for the Persian Mission"⁴⁶⁰. In 1814-15, £2,446,016 was drawn out of India through these avenues; steadily it increased to £3,090,582 in 1836-37; and in 1851, on the eve of the fall of the Company, it stood at £6,162,043.⁴⁶¹ Montgomery Martin, an Englishman with genuine sympathy for the Indian people, wrote as early as in 1838⁴⁶²:

"This annual drain of £3,000,000 on British India amounted in thirty years, at 12 per cent. (the usual Indian rate) compound interest to the enormous sum of £723,997,917 sterling; or, at a low rate, as £2,000,000 for fifty years, to £8,400,000,000 sterling! So constant and accumulating a drain even on England would have soon impoverish her; how severe then must be its effects on India, where the wages of a labourer is from two pence to three pence a day?"

Then again⁴⁶³:

"For half a century we have gone on draining from two to three and sometimes four million pounds sterling a year from India, which has been remitted to Great Britain to meet the deficiencies of commercial speculations, to pay the interest of debts, to support the home establishment, and to invest on England's soil the accumulated wealth of those whose lives have been spent in Hindustan. I do not think it possible for human ingenuity to avert entirely the evil effects of a continued drain of three or four million pounds a year from a distant country like India, and which is never returned to it in any shape."

A total picture of this tribute from India is seen to be even greater than the figure mentioned by Martin in 1838. During the twenty-four years of the last phase of the Company's rule, from 1834-35 to 1857-58, even though the years 1855, 1856, and 1857 showed a total import-surplus of £6,436,345 — (not because the foreign rulers

had changed their policy, but because some British capital flowed into India to build railways in order to prepare her for exploitation by British industrial capital),— the total tribute which was drained from India in the form of "Home Charges" and "excess of Indian exports" amounted to the colossal figure of £ 151,830,989.⁴⁶⁴ This works out at a yearly average of £ 6,325,875, or roughly half the annual land-revenue collections in this period!

Yet, with characteristic complacency, arrogance, and hypocrisy, Lord Dalhousie, the last full-term Governor-General of the Company in India, declared on the eve of leaving the colony⁴⁶⁵:

"My parting hope and prayer for India is, that, in all time to come, these reports from the Presidencies and Provinces under our rule may form, in each successive year, a happy record of peace, prosperity, and progress."

The answer to such pious hopes and prayers was given by the Indian people in the next year, when the Revolt of 1857, led by the Indian soldiers with support from the masses, shook the bastion of the Company's rule.*

* Typical of its propaganda regarding India, the cause of the Indian Revolt of 1857, contemptuously described by the English as the Sepoy Mutiny, was given by the Company and its historians as the religious superstition of the Hindu and Muslim soldiers in the Company's army, who objected to tearing the paper-coverings of the newly-issued cartridges for their rifles, the cartridges being (though the Company denied it at that time) greased with pig-fat or cow-fat. But reputable historians have proved conclusively that the inflammable material for the revolt was produced by the Company itself through its inhuman oppressions of the people in all spheres of life and cruel servitude of the Indian soldiers in its army. And, as Atchison remarked, "On this inflammable material the ~~top~~ true story of the cartridges fell as a spark on dry timber" (quoted in "An Advanced History of India", by R. C. Majumdar, H. C. Raychaudhuri, and Kalikinkar Datta, Macmillan, London, 1953, p. 775). So, the soldiers, supported by the common people, rose up in revolt, but the superior arms of the ruling power and the support it received from some of their puppet "Indian rulers" and landlords led it to victory after mass annihilation. Furthermore, as retaliatory measures, the representatives of a professedly superior civilisation demanded the legalisation of punishments like "flaying alive, impalement, or burning of the murderers", and a "ruthless and indiscriminate policy of vengeance" (quoted, *ibid.*, 779).

CHAPTER 6.

THE LAST STAGE

1. Company and Parliamentary Influence

The amalgamation of the Old and the New East India Companies took place in 1708-09, thereby silencing that section of the merchant-bourgeoisie which did not previously have the legal opportunity and also the necessary facilities to exploit the oriental countries. Some discontent within the class of merchant bourgeoisie of course still remained, and "efforts were made at every epoch of the renewal of the Charter, by the merchants of London, Liverpool and Bristol, to break down the commercial monopoly of the Company, and to participate in that commerce estimated to be a true mine of gold"⁴⁶⁶, but placed more securely in its position the Company could successfully parry such attacks by its traditional method of bribing. Marx wrote⁴⁶⁷:

"The union between the Constitutional Monarchy and the monopolizing moneyed interest, between the Company of East India and the glorious revolution of 1688 was fostered by the same force by which the liberal interests and a liberal dynasty have at all times and in all countries met and combined, by the force of corruption, that first and last moving power of Constitutional Monarchy, the guardian angel of William III, and the fatal demon of Louis Phillippe. As early as 1693, it appeared from parliamentary enquiries that the annual expenditure of the East India Company, under the head of 'gifts' to men in power, which had rarely amounted to above £1,200 before the Revolution, reached the sum of £90,000. The Duke of Leeds was impeached for a bribe of £5,000, and the virtuous king himself convicted of having received £10,000. Besides these direct briberies, rival companies were thrown out by tempting the Government with loans of enormous sums at the lowest interest and by buying off rival Directors.

The power that the East India Company had obtained by bringing (bribing? - RKM) the Government, as did the Bank of England, it was forced to maintain by bribing again as did also the Bank of England. At

every epoch when its monopoly was expiring, it could only effect a renewal of its charter by offering fresh loans and fresh presents made to the Government."

Thus, when the arbitration of the Lord High Treasurer of England in 1708 provided the "United Company" with the continuation of its privileges "till three years' notice after the 25th of March, 1726", instead of terminating the period "on three years' notice after the 29th of September, 1711", the Company had to agree to the stipulation that "a sum of 1,200,000 *l.* without interest should be advanced by the United Company to government, which, being added to the former advance of 2,000,000 *l.* at 8 per cent. interest, constituted a loan of 3,200,000 *l.* yielding interest at the rate of 5 per cent. upon the whole"⁴⁶⁸. Then again, when the question of renewal of the Company's charter came up in 1730, (since "in the year 1712, on the petition of the Company, the period of their exclusive trade was extended by act of parliament, from the year 1726, to which by the last regulation it stood confined, to the year 1733, with the usual allowance of three years for notice, should their privileges be withdrawn"), the Company secured the renewal of the charter until 1766 with the usual three years' notice; but, "in order to aid the parliament in coming to such a decision as the Company desired, and to counteract in some degree the impression likely to be made by the proposal of their antagonists to accept of two per cent. for the whole of the loan to Government, they offered to reduce the interest from five to four per cent., and, as a premium for the renewal of their charter, to contribute a sum of £ 200,000 to the public service"⁴⁶⁹.

Then came the period during which the Company became the master of Bengal, Bihar and Orissa, and began to penetrate farther into Indian territory as a political power. Its effect was at once felt in England; the East India Stock rose to £ 263 and dividends were paid at the rate of 12½ per cent. So, there appeared "a new enemy to the Company, no longer in the shape of rival societies, but in the shape of rival Ministers and rival people"⁴⁷⁰. Marx wrote⁴⁷¹:

"It was alleged that the Company's territory had been conquered by the aid of British fleets and British armies, and that no British subjects could hold territorial sovereignties independent of the Crown. The Ministers of the day and the people of the day claimed their share in the 'wonderful treasures'

imagined to have been won by the last conquests. The Company only saved its existence by an agreement made in 1769 that it should annually pay £ 400,000 into the National Exchequer."

But, in the following years, not only did the East India Company fail to keep its agreement and "instead of paying a tribute to the English people, appealed to the Parliament for pecuniary aid", but a new situation confronted England; viz. "the English nation having simultaneously lost their colonies in North America, the necessity of elsewhere regaining some great colonial Empire became more and more universally felt"⁴⁷². So, the year 1773 saw the first step towards the establishment of sovereignty of the British Government as the ruler of the territories conquered in India, when Lord North's Regulating Act was passed. By this Act the office of the Governor-General for India, his Council and a Supreme Court were established. By this act, the private interests of the Company bosses in England and of their employees in India were drastically curtailed. It was enacted that "no person employed in any civil or military capacity in the East Indies shall be capable of being appointed director, until such person shall have returned to and been resident in England for the space of two years; fraudulent transfers of stock for voting purposes would be forbidden with severe penalties; and that "no proprietor shall be deemed qualified to vote in respect of any stock amounting to less than one thousand pounds"⁴⁷³.

This was the beginning. The next was the attempt of Mr. Fox in 1783 to abolish by his India Bill the Courts of Directors and Proprietors of the Company and to vest the whole India Government in the hands of seven Commissioners appointed by Parliament. Failure of this Bill, "by the personal influence of the imbecile king over the House of Lords", was made "the instrument of breaking down the then Coalition Government of Fox and Lord North, and of placing the famous Pitt at the head of the Government"⁴⁷⁴. What followed then has been well summed-up by Marx as follows:

"Pitt carried in 1784 a bill through both Houses, which directed the establishment of the Board of Control, consisting of six members of the Privy Council, who were 'to check, superintend, and control all acts, operations, and concerns which in any wise related to civil and military Government, or revenues of the territories and possessions of the East India Com-

pany'. On this head, Mill, the historian says: 'In passing that law two objectives were pursued.' To avoid the imputation of what was represented as the heinous object of Mr. Fox's Bill, it was necessary that the principal part of the power should *appear* to remain in the hands of the Directors. For Ministerial advantage, it was necessary that it should in reality be all taken away. Mr. Pitt's Bill professed to differ from that of his rival chiefly in this very point, that while the one destroyed the power of the Directors, the other left it almost entire. Under the Act of Mr. Fox, the powers of Ministers would have been avowedly held. Under the Act of Mr. Pitt, they were held in secret and by fraud. The Bill of Fox transferred the power of the Company to Commissioners appointed by Parliament. The Bill of Mr. Pitt transferred them to Commissioners appointed by the King."⁴⁷⁵

2. Company and the Industrial Bourgeoisie

In this trend for control of the Company by Parliament there was the growing influence of the industrial bourgeoisie of England, who were making themselves felt with the Industrial Revolution accomplished in England in the second half of the eighteenth century.

As noted before, the governing object of the East India Company with the typical aim of the monopolist companies of Merchant Capital had been "not the hunt for a market for British manufactures". So, from the beginning, the British manufacturers were opposed to such a policy; but, until the industrial revolution had been fully accomplished, they were not strong enough completely to curtail the privileges of the Company. Yet they agitated against the basic policy of the Company, and obtained some redress to their "grievances". At the end of the seventeenth century, John Pollexfen lamented over "England and India inconsistent in their manufactures"⁴⁷⁶, and by 1720 the British manufacturers "had succeeded in securing the complete prohibition of the import of Indian silks and printed calicoes into England, and increasingly heavy duties were imposed on all Indian manufactured cotton goods"⁴⁷⁷. During the reign of William III, the wearing of wrought silk and of printed and dyed calicoes from India, Persia, and China was prohibited by law, and it was further enforced that anybody found to possess or wear these articles would be fined £ 200. Similar laws were enacted during

the rule of George I, George II and George III, "in consequence of the repeated lamentations of the afterwards so 'enlightened' British manufacturers"⁴⁷⁸. Henceforth, the Company could import these goods from the East only for re-export to the Continent. Meanwhile, the full flowering of the role of British merchant capital (after the Company began to usurp political power in India from 1757) contributed significantly to the industrial revolution in Britain, as the immense wealth of the subcontinent — wrenched away from the Indians in the forms of taxes, tributes, and indiscriminate loot and plunder — began to pour into England.

"Very soon after Plassey, the Bengal plunder began to arrive in London, and the effect appears to have been instantaneous; for all the authorities agree that the 'industrial revolution', the event which has divided the nineteenth century from all antecedent time, began with the year 1760. Prior to 1760, according to Baines, the machinery used for spinning cotton in Lancashire was almost as simple as in India; while about 1750 the English iron industry was in full decline because of the destruction of the forests for fuel. At that time four-fifths of the iron used in the kingdom came from Sweden.

Plassey was fought in 1757, and probably nothing has ever equalled in rapidity of the change which followed. In 1760 the flying shuttle appeared, and coal began to replace wood in smelting. In 1764 Hargreaves invented the spinning jenny, in 1776 Crompton contrived the mule, in 1785 Cartwright patented the powerloom, and, chief of all, in 1768 Watt matured the steam engine, the most perfect of all vents of centralising energy. But, though these machines served as outlets for the accelerating movement of the time, they did not cause that acceleration. In themselves inventions are passive, many of the most important having lain dormant for centuries, waiting for a sufficient store of force to have accumulated to set them working. That store must always take the shape of money, and money not hoarded, but in motion. Before the influx of the Indian treasure, and the expansion of credit which followed, no force sufficient for this purpose existed; and had Watt lived fifty years earlier, he and his invention must have perished together. Possibly since the world began, no investment has ever yielded the profit reaped from the Indian plunder, because for nearly fifty years Great Britain stood without a competitor. From 1694 to Plassey (1757) the growth had been relatively slow. Between 1760 and 1815 the growth was very rapid and prodigious."⁴⁷⁹

Thereafter the industrial bourgeoisie of England became a formidable force and the strongest enemy of the Company's mono-

poly. Their rapidly mounting manufactures needed a suitable outlet*, and to this the Company was then the greatest hindrance. What was necessary, therefore, was

"a revolution in the economic system, from the principles of mercantile capitalism to the principles of free-trade capitalism. And this in turn involved a corresponding complete change in the methods of the colonial system.

The new needs required the creation of a free market in India in place of the previous monopoly. It became necessary to transform India from an exporter of cotton goods to the whole world into an importer of cotton goods. This meant a revolution in the economy of India. It meant at the same time a complete change-over from the whole previous system of the East India Company. A transformation had to be carried through in the methods of exploitation of India, and a transformation would have to be fought through against the strenuous opposition of the vested interests of the Company's monopoly. . . .

It was obvious that, in the interests of effective exploitation, the wholesale anarchic and destructive methods of spoliation pursued by the East India Company and its servants could not continue without some change. The stupid and reckless rapacity of the Company and its servants was destroying the basis of exploitation, just as in England a few years later the unbounded greed of the Lancashire manufacturers was to devour nine generations of the people in one. And just as the greed of the manufacturers had to be curbed by the action of the State on behalf of the capitalist class as a whole, in the interests of future exploitation (the attack being led by their economic rivals, the landed interests), so in the last quarter of the eighteenth century the central organs of the State had to be invoked to regulate the operations of the Company in India. Here also the attack was led by the rival interests. All the numerous interests opposed to the exclusive monopoly of the East India Company combined to organise a powerful offensive against it. . . .

This offensive, which had the support, not only of the rising English manufacturing interests, but of the powerful trading interests excluded from the monopoly of the East India Company, was the precursor of the new developing industrial capitalism, with its demand for free entry into India

* Engels noted in a letter to Conrad Schmidt, dated 27 October, 1890 (cf. Marx and Engels: *Selected Correspondence*, Lawrence & Wishart, London, 1943, p. 479):

"The conquest of India by the Portuguese, Dutch and English between 1500 and 1800 had imports from India as its object — nobody dreamt of exporting anything there. And yet what a colossal reaction these discoveries and conquests, solely conditioned by the interests of trade, had upon industry: they first created the need for export to these countries and developed large-scale industry."

as a market, and for the removal of all obstacles, through individual corruption and spoliation, to the effective exploitation of that market."⁴⁸⁰

The first tangible result of the offensive was felt in 1769, when along with the first introduction of Parliamentary interference it was stipulated that "the Company should, during each year of the term, export British merchandise, exclusive of naval and military stores, to the amount of 380,837 l."⁴⁸¹ This role of the British industrial bourgeoisie and their growing influence on the Company's rule in India is also revealed by the following polite commentary by R. C. Dutt on the situation in India in 1769.

"British weavers had begun to be jealous of the Bengal weavers, whose silk fabrics were imported into England, and a deliberate endeavour was now made to use the political power obtained by the Company to discourage the manufactures of Bengal in order to promote the manufactures of England. In their general letter to Bengal, dated 17th March 1769, the Company desired that the manufacture of raw silk should be encouraged in Bengal, and that of manufactured silk fabrics should be discouraged. And they also recommended that the silk-winders should be forced to work in the Company's factories, and prohibited from working in their own homes.

"This regulation seems to have been productive of very good effects, particularly in bringing over the winders, who were formerly so employed, to work in the factories. Should this practice (the winders working in their own homes) through inattention have been suffered to take place again, it will be proper to put a stop to it, which may now be more effectually done, by an absolute prohibition under severe penalties, by the authority of the Government."

"This letter", as the Select Committee justly remarked, 'contains a perfect plan of policy, both of compulsion and encouragement, which must in a very considerable degree operate destructively to the manufactures of Bengal. Its effects must be (so far as it could operate without being eluded) to change the whole face of that industrial country, in order to render it a field of the produce of crude materials subservient to the manufactures of Great Britain.'⁴⁸²

While British industries were being promoted at the expense of that of the Indians, an ideological offensive against the Company was launched by Adam Smith, "the father of the classical economy of free-trade manufacturing capitalism, and precursor of the new era"⁴⁸³. In his celebrated work, *An Inquiry into the Nature and Causes of the Wealth of Nations*, which came out in 1776, Adam

Smith mercilessly attacked the entire basis of the exclusive companies and concretely cited the East India Company as a harmful relic of the past. Referring to the English and the Dutch East India Companies he noted⁴⁸⁴:

"Such exclusive companies, therefore, are nuisances in every respect; always more or less inconvenient to the countries in which they are established, and destructive to those which have the misfortune to fall under their government."

He further expanded his views on this point elsewhere in his book as follows⁴⁸⁵:

"When a company of merchants undertake, at their own risk and expense, to establish a new trade with some remote and barbarous nation, it may not be unreasonable to incorporate them into a joint stock company, and to grant them, in case of their success, a monopoly of the trade for a certain number of years. It is the easiest and most natural way in which the state can recompense them for hazarding a dangerous and expensive experiment, of which the public is afterwards to reap the benefit. A temporary monopoly of this kind may be vindicated upon the same principles upon which a like monopoly of a new machine is granted to its inventor, and that of a new book to its author. But upon the expiration of the term, the monopoly ought certainly to determine; the forts and garrisons, if it was found necessary to establish any, to be taken into the hands of government, their value to be paid to the company, and the trade to be laid open to all subjects of the state. By a perpetual monopoly, all the other subjects of the state are taxed very absurdly in two different ways: first, by the high price of goods, which, in the case of a free trade, they could buy much cheaper; and, secondly, by their total exclusion from a branch of business which it might be both convenient and profitable for many of them to carry on. It is for the most worthless of all purposes, too, that they are taxed in this manner. It is merely to enable the company to support the negligence, profusion, and malversation of their own servants, whose disorderly conduct seldom allows the dividend of the company to exceed the ordinary rate of profit in trades which are altogether free, and very frequently makes it fall even a good deal short of that rate. . . . The East India Company, upon the redemption of their funds, and the expiration of their exclusive privilege, have a right, by act of parliament, to continue a corporation with a joint stock, and to trade in their corporate capacity to the East Indies in common with the rest of their fellow subjects. But in this situation, the superior vigilance and attention of private adventurers would, in all probability, soon make them weary of the trade."

"Here", as Palme Dutt remarked, "we have the voice of the rising manufacturers' opposition to the mercantile basis of the East India Company, and the prelude to the victory of the industrial capitalists over the old system."⁴⁸⁶

The results of such onslaughts from the industrial bourgeoisie and their spokesmen were as expected. British manufactures were forced into India through the agency of the Governor-General and Commercial Residents, while Indian manufactures were shut out from England by prohibitive tariffs. From the evidence of John Ranking, a merchant examined by the Committee of the House of Commons in 1813, it was found that coloured piece-goods were prohibited from being imported into England; for importing muslins and calicoes to the same destination the merchant had to pay a duty before 1813 of a little over 27 and 68 per cent, respectively; and for importing these goods for Europe, that is, only for re-exportation, they had to pay a duty of 10 per cent on muslins and a little over 3 per cent on calicoes and coloured goods.⁴⁸⁷ The consequence of such discrimination was obvious. From the return to an Order of House of Commons, dated 4th May 1813, it is seen that the value of cotton goods alone sent out from England to ports east of the Cape of Good Hope (mainly to India) increased from £ 156 in 1794 to £ 108,824 in 1813, that is, nearly 700 times within a period of only twenty years.⁴⁸⁸

Yet neither had the industrial bourgeoisie of England obtained full power, nor was India fully de-industrialised. So the decisive stage came in 1813 when, on the one hand, industrial capital was solidly established in England, and, on the other, there were no more overshadowing world issues of the French Revolution "which ended the reforming period of Pitt's administration and revealed the role of the English bourgeoisie as the leader of world counter-revolution"⁴⁸⁹. "Till then", as Marx wrote, "the interests of the British moneyocracy which had converted India into its landed estates and of the oligarchy who had conquered it by their armies, and of the millocracy who had inundated it with their fabrics, had gone hand in hand"; but "the manufacturers, conscious of their ascendancy in England, ask now for the annihilation of these antagonistic powers in India, for the destruction of the whole ancient fabric of Indian government, and for the final eclipse of the East India Company"⁴⁹⁰.

There was also the point that since Napoleon Bonaparte had excluded British manufactures from the continental ports, there was a greater demand to have the "freedom" to dump English goods in India. Hence, when the charter of the Company was renewed in 1813, its monopoly of trade with India was abolished, and thus the industrial bourgeoisie of Britain obtained a free outlet for their manufactures into the great field of India.

But there remained one thing to be done, and that was to crush completely India's industrial power. Severe onslaughts had been made until 1813 into India's industrial sphere; yet it remained in some ways superior to that of the British, especially in textile manufacture, which had become, on the other hand, one of the primary industries of Britain. In 1813, when the Company's charter was renewed but its monopoly in trade with India was abolished, an inquiry was made in the House of Commons to ascertain how Indian manufactures could be replaced by British manufactures and how British industries could be promoted at the expense of Indian industries. And this was done at a time when India had suffered from repeated famines in the preceding half-century, a famine was desolating Bombay in that very year, and industries and manufactures of India, according to all witnesses, had declined in Bengal and Madras. But the British Government had greater interests to look after than mere survival of the robbed and poverty-stricken Indians. As R. C. Dutt remarked⁴⁹¹:

"... it was not in human nature that they should concern themselves much with the welfare of Indian manufacture."

Of the many witnesses called before the Committee, there were Warren Hastings and Thomas Munro, both of whom had spent long years in India as top-grade officials of the Company and were thus fully acquainted with the situation there. Both of them declared that there was not a great scope for British manufactures in India, firstly, because of the poor financial position of the mass of the people, and, secondly, because Indian manufactures, especially textiles, were still superior to British manufactures.⁴⁹² So, to promote British industries in India and finally to destroy Indian industries, that session of British Parliament put a new duty of 20 per cent on the consolidated duties whereby the duties on calicoes and muslins for home con-

sumption were raised to a little over 78 and 31 per cent, respectively. Wilson remarked in this connection in his continuation to Mill's *History of British India*⁴⁹³:

"It was stated in evidence, that the cotton and silk goods of India up to this period could be sold for a profit in the British market, at a price from fifty to sixty per cent. lower than those fabricated in England. It consequently became necessary to protect the latter by duties of seventy and eighty per cent. on their value, or by positive prohibition. Had this not been the case, had not such prohibitory duties and decrees existed, the mills of Paisley and of Manchester would have been stopped in their outset and could scarcely have been again set in motion, even by the powers of steam. They were created by the sacrifice of the Indian manufacture. Had India been independent, she would have retaliated; would have imposed preventive duties upon British goods, and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her; she was at the mercy of the stranger. British goods were forced upon her without paying any duty; and the foreign manufacturer employed the arm of political injustice to keep down and ultimately strangle a competitor with whom he could not have contended on equal terms."

Results were soon forthcoming from such a policy. During 1818 and 1836 the export of cotton twists from Great Britain to India rose in the proportion of 1 to 5,200; and, while in 1824 the export of British muslins to India hardly amounted to 1 million yards, in 1837, it exceeded 64 million yards.⁴⁹⁴ Simultaneously, the process of extinction of Indian manufactures went on under the new arrangement. In 1813 Calcutta exported to London 2 million sterling worth of cotton goods; in 1830, Calcutta imported 2 million sterling of British cotton manufactures. The first import of British cotton twist into India was in 1823; before that India had her own. But in 1824 it was 121,000 lbs., in 1828 it rose to 4,000,000 lbs. Woollen goods, copper, lead, iron, glass and earthenware were also imported. British manufactures were imported into Calcutta on payment of a duty of 2½ per cent, while the import of Indian manufactures into England was discouraged by heavy duties ranging up to 400 per cent on their value!⁴⁹⁵ And all along British private trade with India went on swelling in bulk; "the average value of the whole private trade for fifteen years subsequently to 1814-15 was more than seventeen crores or seventeen millions sterling per annum, being an advance of nearly four millions a year"⁴⁹⁶. Marx wrote in 1853⁴⁹⁷:

"Till 1813, India had been chiefly an exporting country, while it now became an importing one; and" in such a quick progression that already in 1823 the rate of exchange which had generally been 2s. 6d. per Rupee, sank down to 2s. per Rupee. India, the great workshop of cotton manufacture for the world since immemorial times, became now inundated with English twists and cotton stuffs. After its own produce had been excluded from England, or only admitted on the most cruel terms, British manufactures were poured into it at a small or merely nominal duty, to the ruin of the native cotton fabrics once so celebrated. In 1780, the value of the British produce and manufactures amounted only to £ 386,152, the bullion exported during the same year to £ 15,041, the total value of exports during 1780 being £ 12,648,616. So that India trade amounted to only 1-32nd of the entire foreign trade. In 1850, the total exports to India from Great Britain and Ireland were £ 8,024,000 of which the cotton goods alone amounted to £ 5,220,000, so that it reached more than $\frac{1}{4}$ of the foreign cotton trade. But, the cotton manufacture also employed now $\frac{1}{8}$ of the population of Britain and contributed 1-12th of the whole national revenue. After each commercial crisis, the East Indian trade grew of more paramount importance for the British cotton manufacturers, and the East India Continent became actually their best market."

Simultaneously with this liquidation of Indian industries and her reduction to an "agricultural farm of England", as Montgomery Martin so forcefully described⁴⁰⁸, went on the introduction of "reform measures" in order to prepare India for exploitation by British industrial capital. Indiscriminate loot, anarchy and chaos were not conducive to finding a regular market for British goods in India or for the supply of raw materials for British industries from that subcontinent. So, firstly, under the Governor-Generalship of Lord Cornwallis (1786-1793, and 1805), the administration of India was reorganised, and in place of individual corruption and pillage by the British employees of the Company the foundations were laid for the system of well-paid civil servants.

Secondly, to check the unplanned plunder of India's resources by the previous methods of estate-farming, some definite forms of land-tenure were introduced in different parts of India which brought the collection of land-revenues into systematic order while keeping the way open to increase land-tax whenever demanded, except in the areas under the Permanent Zemindari Settlement of Land. By the latter system the collection of land-revenues was permanently

vested in a number of landlords created out of the previous revenue-farmers and loyal agents (*baniyas*) of the Company and its officials, and the revenue-demand of the government was fixed permanently. Henceforth, provided they paid to the government treasury the stipulated sums by the scheduled date every year, the landlords were made in all essentials free to collect, legally or illegally, as much as they liked from the peasantry. This was no doubt a set-back to the Company's principle of collecting ever-increasing land-tax from the peasants, but, considering the spread of political discontent and recurrent mass uprisings in the Subah of Bengal in the later half of the eighteenth century, the wise Governor-General, Lord Cornwallis, found it wiser to abide by the old Indian saying that "in case of disaster the wise man leaves the half" and while sustaining some economic loss created another wall of defence between the foreign government and the Indian people (besides the creation of "Native States") by planting landlords among them. This particular usefulness of the system was quite candidly declared in an official speech by Lord William Bentinck, the Governor-General of India during 1828-35, who became famous for his "social reforms". To quote from his speech⁴⁹⁹:

"If security was wanting against extensive popular tumult or revolution, I should say that the Permanent Settlement, though a failure in many other respects and in most important essentials, has this great advantage at least of having created a vast body of rich landed proprietors deeply interested in the continuance of the British Dominion and having complete command over the mass of the people."

This form of settlement was introduced mainly in the Province of Bengal (the States of Bengal, Bihar and Orissa of today), and it spread to some small regions in other parts of the subcontinent. In the remaining parts of India primarily three other systems of land-tenure were established which bore uniformity in that the land-tax was not permanently fixed and it was generally enhanced at every settlement operation; for, once tiding over the immediate political difficulty in the worst-affected part of India, namely Bengal, the Company was no more willing to give up its basic course of plunder in other areas.

All over South India and some parts of Bombay there prevailed

the system of land-tenure known as the Ryotwari System, under which the peasants paid their land-tax directly to the State and the tax was revised at each new settlement when, on the assumption that the agrarian economy had improved in the meantime, it was usually enhanced.

In northern India the predominant system of land-tenure was called the Mahalwari System, whereby *mahals* or estates were created in the inhabited parts of the country, and the "proprietors" of a *mahal* (these being held individually or several "proprietors" conjointly) were made "responsible in their persons and property for the payment of the sum assessed by the Government on the Mahal"⁵⁰⁰. As in the Ryotwari area, the land-tax of course could be altered with each new settlement operation; and, except in this respect, this system was thus similar to the Permanent Zemindari Settlement of Bengal.

Lastly, in the Punjab was introduced the Village System, according to which the community of peasants living in a village was forced through its headman or representative to pay every year a stipulated total sum of land-tax to the State, raised by assessments on individual peasants belonging to the "brotherhood"; and as in other places, the tax levied on the village was liable to be increased at every successive settlement operation. This system to some extent resembled the traditional arrangement between the village community and the State, but with the profound differences that, firstly, private property in land was established along with the introduction of this system, as it was done with all other systems, and thus worked against the very basis of the ancient village community system; and, secondly, the so-called headman or representative of the village became, in fact, the spokesman of the foreign government instead of the "brotherhood" in the village. The Company, however, retained the form of the village community in the Punjab, for (i) here it was most apparent as the Punjab was one of the last regions to fall prey to British rule and therefore the traditional social system was maintained to the greatest measure when a systematic land-tenure was demanded by the British bourgeoisie, and (ii) having been only recently conquered, the Punjab still maintained a level of militancy which the foreign rulers did not like to disturb by introducing a completely different system.

In all essentials, however, the content of the ancient village community system in the Punjab was drained off, and just as with the other systems of land-tenure introduced in different parts of India its purpose was to establish an economic system for a well-ordered exploitation of the Indian people as producers of raw materials for the British industrialists and as consumers of British merchandise; the incentives being the constantly increasing tax-demand, the introduction of a money economy in the villages with the determined destruction of Indian industries (both pertaining to the village community system and the urban economy) and the forceful circulation of British merchandise all over India to replace them, and the establishment of private property in land by means of all these systems of land-tenure which Marx recorded as "the greatest *desideratum* of Asiatic Society"⁵⁰¹, for hereby the fundamental basis of the village community system was lost for ever and with it went the subsistence character of Indian rural economy. On the other hand, all over India, with the final destruction of the village community system, the introduction of a money economy of commodity production, and the establishment of private property in land, even in those areas where landlords were not directly created by the Permanent Zemindari Settlement there arose "a new landlord class as the social basis of British rule" out of the money-lenders and such anti-social elements as *baniyas* of the Company and its agents. Henceforth, while in course of time everywhere landlordism became the scourge of the Indian peasantry⁵⁰² and the blessing to the foreign rulers⁵⁰³, the mere possibility of survival of the mass of the people and whatever chances there remained slightly to better their conditions of living were tied to the growing demand of the foreign rulers to supply the British industrialists with raw materials and to consume the British goods dumped in India, where a market for them existed from now on both in the towns

* The attitude of the landlords is typified by the following declaration made by the President of the Bengal Landowners' Association in his address to the British Viceroy in 1925:

"Your Excellency can rely on the ungrudging support and sincere assistance of the landlords." (loc. cit. (477), 218)

Such support was consistently given by the bulk of the landlords to the foreign rulers against the developing national movement of India for freedom.

and in the villages. Such was the real character of the land-reforms introduced in India in the last phase of the Company's rule, referring to which Marx noted:⁵⁰³

"The profound hypocrisy and inherent barbarism of bourgeois civilisation lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked. They are the defenders of property, but did any revolutionary party ever originate agrarian revolutions like those in Bengal, in Madras, and in Bombay?..."*

* Marx continued:

"Did they not in India, to borrow an expression of that great robber Lord Clive himself, resort to atrocious extortion, when simple corruption could not keep pace with their rapacity? While they prated in Europe about the inviolable sanctity of the national debt, did they not confiscate in India the dividends of the *rajahs*, who had invested their private savings in the Company's own funds? While they combated the French revolution under the pretext of defending 'our holy religion', did they not forbid, at the same time Christianity to be propagated in India, and did they not, in order to make money out of the pilgrims streaming to the temples of Orissa and Bengal take up the trade in the murder and prostitution perpetrated in the temple of Juggernaut? These are the men of 'Property, Order, Family and Religion'."

As regards the last point raised by Marx, it is of interest to examine it in some detail, for much publicity has been given by the foreign rulers to the innate primitive life and outlook of the Indians; - an outlook which inspite of their consistent efforts, they asserted, forbade them from "granting" self-government to India. Thus, it was recorded in the Report of the Indian Statutory Commission (cf. Government of India Publication, 1930, Vol. I, p. 15):

"Any quickening of general political judgement, any widening of rural horizons beyond the traditional and engrossing interest of weather and water and crops and cattle, with the round of festivals and fairs and family ceremonies, and the dread of famine or flood - any such change from these immemorial preoccupations of the average Indian villager is bound to come very slowly indeed."

While the British rulers thus justified themselves before the world, even those foreigners who believed that the "awakening" of India came from British rule admitted that during the Company's rule decadent and obscurantist customs were deliberately encouraged in India, and that after India had passed under the rule of the British Crown, behind the facade of maintaining "absolute religious neutrality", the same customs were fostered in order to keep the reactionary elements in the society in hand and thus maintain the government over the people. Referring to the British rulers in the Company Period, J. N. Farquhar noted (cf. "Modern Religious Movements in India", Macmillan, New York, 1919, pp. 8-10):

"In order to understand their attitude, we must realize that their only object was trade, and that it was purely for the safeguarding of their trade that they had

Elsewhere Marx thus commented upon the British demand for land-reforms in India:

"The obstacles presented by the internal solidity and articulation of precapitalistic, national, modes of production to the corrosive influence of commerce is strikingly shown in the intercourse of the English with India and China. The broad basis of the mode of production is here formed by the unity of small agriculture and domestic industry, to which is added in India the form of communes resting upon the common ownership of the land, which, by the way, was likewise the original form in China. In India the English exerted simultaneously their direct political and economic power as rulers and landlords for the purpose of disrupting these small economic

interfered with the politics of the land. In consequence, they regarded themselves as in every sense the successors of the old rulers and heirs to their policy and method, except in so far as it was necessary to alter things for the sake of trade. There was another point. They had won their territory by means of an Indian army composed mainly of high-caste Hindus, who were exceedingly strict in keeping all the rules of caste and of religious practice. Further, every competent observer was deeply impressed with the extraordinary hold Hinduism had upon the people. Every element of life was controlled by it. In consequence, the Government believed it to be necessary, for the stability of their position, not merely to recognize the religions of the people of India, but to support and patronize them as fully as the native rulers had done, and to protect their soldiers from any attempt to make them Christians. Accordingly, they adopted three lines of policy from which, for a long time, they stubbornly refused to move:

a. They took under their management and patronage a large number of Hindu temples. They advanced money for rebuilding important shrines and for repairing others, and paid the salaries of the temple officials, even down to the courtesans, which were a normal feature of the great temples of the South. They granted large sums of money for sacrifices and festivals and for the feeding of Brahmans. Salvoes of cannon were fired on the occasion of the greater festivals; and government officials were ordered to be present and to show their interest in the celebrations. Even cruel and immoral rites, such as hook-swinging, practised in the worship of the gods, and the burning of widows, were carried out under British supervision. In order to pay for all these things, a pilgrim-tax was imposed, which not only recouped the Government for their outlay, but brought them a handsome income as well. Reformers in England and India found it a long and toilsome business to get this patronage of idolatry by a Christian Government put down. The last temple was handed over as late as 1862.

b. They absolutely refused to allow any missionary to settle in their territory. Carey got a footing in Bengal by becoming an indigo-planter; and he was not able to devote his whole time and energy to Christian work, until he settled at Serampore, twelve miles north of Calcutta, under the Danish flag. Many missionaries, both

organisations. The English commerce exerts a revolutionary influence on these organisations and tears them apart only to the extent that it destroys by the low prices of its goods the spinning and weaving industries, which are an archaic and integral part of this unity. . . ."204

"If any nation's history, then it is the history of the English management of India which is a string of unsuccessful and really absurd (and in practice infamous) experiments in economics. In Bengal they created a caricature of English-landed property on a large-scale; in southeastern India a caricature of small allotment of property; in the North-west they transformed to the utmost of their ability the Indian commune with common ownership of the soil into a caricature of itself."205

British and American, landed in India, only to be deported by the authorities. This policy was reversed by Act of Parliament in 1813.

c. They refused to employ native Christians in any capacity, and they enforced all the rigours of Hindu law against them. In the Bengal army, if any native soldier wished to become a Christian, he was forcibly prevented by the authorities; or, if by any chance he became baptized, he was expelled from the service. This fierce prejudice was so strong even at the time of the Mutiny that the services of thousands of Indian Christians were refused by the Government."

And then referring to the period after 1857 Farquhar continued (*ibid.*, pp. 11-12):

"We can see how it is that men in business and in government have come to believe that we had better not touch the religion and civilization of India, that it is impossible to alter them, or to produce any lasting influence on Indian thought, and that every attempt to introduce change is bad for the people, on the one hand, and a grave danger to British trade and government, on the other.

It is well to notice that from time to time men of scholarship and character have held to the old policy and ideas in these matters. Horace Hayman Wilson, the famous Sanskrit scholar, was opposed to Bentinck's abolition of *sati*, and seriously believed that it would cause the Government grave difficulty. . . . Many noteworthy persons, and masses of business men throughout the nineteenth century have been opposed to educating the Indian. Lord Ellenborough, when Governor-General,

regarded the political ruin of the English power as the inevitable consequence of the education of the Hindus.

Many a business men in Calcutta echoes this belief to-day, but no serious statesman holds such an opinion. Here is how the attitude of the people of Calcutta to missions was described in 1812:

All were convinced that rebellion, civil war, and universal unrest would certainly accompany every attempt to promote missionary enterprise, and, above all, that the conversion of a high-caste native soldier would inevitably mean the disbanding of the army and the overthrow of British rule in India."

Another significant reform which was introduced in this period was the creation of a "Baboo Class" out of the upper stratum of Indian society in order to supply the government and the commercial organisations with cheap-priced clerks to conduct routine work, for which if British officials were to be imported the cost would have been considerable. An Education Act was passed in 1813, and in 1835 T. B. Macaulay, who became famous for his Minute on Education, discovered that "a single shelf of a good European library was worth the whole native literature of India and Arabia"⁵⁰⁶. English, therefore, became the chief medium of instruction in the "State system of education in India", and from the newly-established

As evident from the above, Farquhar was preoccupied with the spread of Christianity in India. Apart from a discussion on whether Christianity could lead the Indian society to freedom, progress and prosperity, it is well worth noting the above-mentioned features of British rule, for while throughout the British period of India's history the reactionary forces were supported by the rulers to circumvent "a grave danger to British trade and government", the policy kept India backward in many ways with the preservation of decayed social forms and institutions. Religious superstition thrived, and the caste system maintained its role even though it had passed the usefulness it had in the feudal times when it supplied the frame-work to the Indian social organisation (but which with the normal course of social development came under severe attack from the movements of the people organised with the emergence of new forces in Indian society in the fifteenth to the seventeenth centuries). As the author found for Bengal (cf. "Caste in Bengal", *Wissenschaftliche Zeitschrift der Humboldt-Universität zu Berlin, Gesellschafts- und sprachwissenschaftliche Reihe* Nr. 1, 1953/54, pp. 13-23), since the landlords belong mainly to the upper castes in the Hindu hierarchy, caste-ideology dominates the rural areas, which for India as a whole includes four-fifths of the total population. And, while the Indian people were thus conditioned to maintain their "traditional" life, such primitive, decadent and obscurantist customs and institutions in Indian society were paraded by the foreign rulers before the world to convince the world-public that India was not fit for such modern concepts as freedom and democracy. One cannot but therefore agree with Palme Dutt that -

"A policy which in practice fosters and maintains the division and backwardness of a subject people, and even by its administrative methods intensifies these evils, while in public it loudly proclaims these evils as a melancholy proof of the incapacity of the people for unity and self-government, condemns itself." (cf. loc. cit. (477), 272).

Evidently, the true awakening of India involves:

"The problems of the relations and co-existence of different races and religions; the battle against old superstitions and decaying social forms and traditions; the

educational institutions native clerks began to be produced as required.

And, along with such social and economic reforms, were the introduction of quicker means of communication by the telegraphic system, which helped in efficient government of the whole of India (and which played a significant role in the quick suppression of the Revolt of 1857⁵⁰⁷), and the introduction of railways and other means of steam transport to draw more efficiently the raw materials for the British bourgeoisie from the remotest parts of the subcontinent and to bring every corner of India into the market for British goods. Referring to these measures, loudly proclaimed in Britain and in India, Palme Dutt remarked⁵⁰⁸:

"All these measures were intended as reforms. In reality, they were the necessary measures to clear the ground for the more scientific exploitation of India in the interests of the capitalist class as a whole. They prepared the way for the new stage of exploitation by industrial capital, which was to work far deeper havoc on the whole economy of India than the previous haphazard plunder."*

fight for education; the fight for liberation of women; the question of the reorganisation of agriculture and of the development of industry, and of the relationship of town and country; the issues of class conflict in the most manifold and acute forms; the problems of the relationship of nationalism and socialism; all these varied issues of the modern world (which) press forward with special sharpness and urgency in India." (cf. *ibid.*, 18).

The solution of these problems is no doubt the responsibility of the Indian people in a free and progressive India.

* While in introducing the "reform measures" the British capitalists were concerned only with their own profit, it should not be forgotten that, as Marx indicated, by these measures Britain, as an unconscious tool of history, also laid the material basis for the emancipation of India and for a fundamental change in the social development of her people. This "regenerating role" of British rule in India which Marx elaborated in his article "The Future Results of British Rule in India" (*loc. cit.* (501)) has been aptly summarised by R. P. Dutt (*loc. cit.* (477), 90-91) as follows:

- "(1) 'political unity ... more consolidated and extending further than ever it did under the Great Moguls', and destined to be 'strengthened and perpetuated by the electric telegraph';
- (2) the 'native army' (this was before its disbandment after the Revolt of 1857, and the consequent deliberate strengthening of British forces to one-third of the whole, and the strengthening of British military control);

In this way, after 1813, the final limit was placed on the scope of British merchant capital in India and the path was cleared and new avenues were opened for the successful penetration of British industrial capital in the colony. Merchant capital could no more keep pace with the march of time; so it was laid aside. Its monopoly was abolished, and thus it was devoid of its real vigour. Still it lingered on for a while, and the Company ruled India until 1858. But it was a spent force; "the distinctive economic role of the Company was brought to an end with ending of its monopoly in 1813

- (3) 'the free press, introduced for the first time into Asiatic society' (this was following the proclamation of the freedom of the press in India in 1835, and before the series of Press Acts, begun in 1873, and steadily strengthened in the modern period of declining imperialist rule);
- (4) the establishment of 'private property in land - the great desideratum of Asiatic society';
- (5) the building up, however reluctantly and sparingly, of an educated Indian class 'endowed with the requirements for government and imbued with European science';
- (6) 'regular and rapid communication with Europe' through steam transport."

Of all these indications laying the basis for future regeneration of India, the most important was the introduction of railways in India, which, as Marx pointed out, was to have a far-reaching effect with the industrial capitalist exploitation of India. Marx noted in the article mentioned above:

"The ruling classes of Great Britain have had, till now but an accidental, transitory and exceptional interest in the progress of India. The aristocracy wanted to conquer it, the moneyocracy to plunder it and the millocracy to undersell it. But now the tables are turned. The millocracy have discovered that the transformation of India into a reproductive country has become of vital importance to them, and that, to that end, it is necessary above all to gift her with means of irrigation and of internal communication. They intend now drawing a net of railroads over India. And they will do it. The results must be inappreciable.

It is notorious that the productive powers of India are paralysed by the utter want of means for conveyance and exchanging its various produce. . . . The introduction of railroads may be easily made to subserve agricultural purposes . . . Railways will afford the means of diminishing the amount and the cost of the military establishments . . .

We know that the municipal organisation and the economical basis of the village communities has been broken up, but their worst feature, the dissolution of society into stereotyped and disconnected atoms, has survived their vitality. The village isolation produced the absence of roads in India, and the absence of roads perpetuated the village isolation. On this plan a community existed with a given scale

(except for its monopoly of the China trade, which was ended in 1833)⁵⁰⁹. Its shell remained; and the British Government went on "fighting under the Company's name, ... till at last the natural limits of India were reached"⁵¹⁰. By 1849, British rule spread over India from the Himalayas to the southern tip of the subcontinent, and from the Arabian Sea to the Bay of Bengal; so that, "all the native states now became surrounded by British possessions subject to British suzerainty under various forms and cut off from the sea coast, with the sole exception of Gujarat and Scinde"⁵¹¹. And, while "during all this time the parties in England have connived in silence,

of low conveniences, almost without intercourse with other villages, without the desires and efforts indispensable to social advance. The British having broken up this self-sufficient *inertia* of the villages, railways will provide the new want of communication and intercourse. ...

I know that the English millocracy intend to endow India with railways with the exclusive view of extracting at diminished expense the cotton and other raw materials for their manufactures. But when you have once introduced machinery into locomotion of a country, which possesses iron and coal, you are unable to withhold it from its fabrication. ... The railway system will therefore become, in India, truly the forerunner of modern industry. This is the more certain as the Hindus are allowed by British authorities themselves to possess particular aptitude for accommodating themselves to entirely new labour, and acquiring the requisite knowledge of machinery ... Modern industry, resulting from the railway system will dissolve the hereditary divisions of labour, upon which rest the Indian castes, those decisive impediments to Indian progress and Indian power."

It should not however be concluded from the above that the British bourgeoisie were leading the Indian society to future progress. At the same time when Marx was writing his articles on India, he noted in a letter to Engels, dated 14 June, 1853, that in his article while "the destruction of the native industry by England is described as *revolutionary* ... For the rest the whole rule of Britain in India was swinish, and is to this day" (cf. Marx and Engels: *Selected Correspondence*, Lawrence & Wishart, London, 1943, p. 70). Also, as future events proved, imperialist Britain tenaciously held on to its Empire and endeavoured to block all roads to progress. Yet, what the British bourgeoisie could not help doing was "to lay down the material premises" for India's development. As Marx noted in the same article as quoted above:

"All the English bourgeoisie may be forced to do will neither emancipate nor materially mend the social condition of the mass of the people, depending not only on the development of the productive power, but of their appropriation by the people. But what they will not fail to do is to lay down the material premises for both. Has the bourgeoisie ever done more? Has it ever effected a progress without dragging individuals and people through blood and dirt, through misery and degradation?

even those which had resolved to become the loudest with their hypocritical peace-cant after the *arrondissement* of the one Indian Empire should have been completed"⁵¹², all of them now became very vocal about bringing India under the British Crown. Finally, the Revolt of 1857 exposed the complete bankruptcy and obsolete character of the East India Company. The next year, therefore, India passed under the rule of the British Crown and exploitation by British industrial capital. The monopolist company of Merchant Capital thus died a natural death.*

The Indians will not reap the fruits of the new elements of society scattered among them by the British bourgeoisie, till in Great Britain itself the now ruling classes shall have been supplanted by the industrial proletariat, or till the Hindus themselves shall have grown strong enough to throw off the English yoke altogether."

This pregnant remark – "till the Hindus themselves shall have grown strong enough to throw off the English yoke altogether" – should always be borne in mind in any study of the rule and influence of imperialist Britain over India.

* Marx recorded in his *Chronological Notes on India*:

"December 1857: Palmerston Indian Bill; (fällt durch), first reading passiert, trotz solemn protest des Board of Directors in Februar 1858, aber liberal ministry replaced durch Tory.

19 Februar 1858: Disraeli's India Bill fällt durch.

2-nd August 1858 passiert Lord Stanley's India Bill und damit finis der East India Co. Indien – eine Provinz des Empire der 'graussen' Victoria!" [All underlined words in Marx's manuscript are italicised. – R. K. M.]

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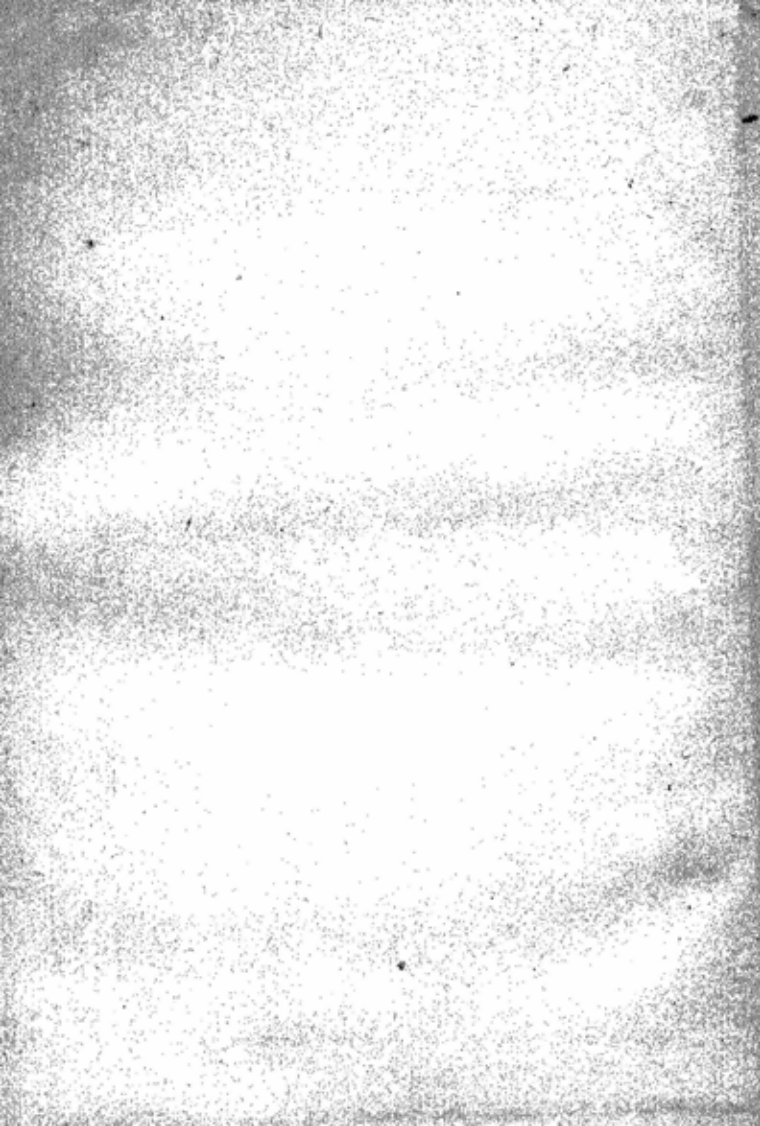
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