

STAGES OF BRITISH RULE IN INDIA

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- The British interference in Indian politics and economy started from **1757** and since then, for roughly two centuries, she stood as the main base of the British Empire.
- The net outcome was the utter exploitation of India.

THREE STAGES

- ◉ 1. Merchant capital
- ◉ 2. Industrial capital
- ◉ 3. Finance capital

1.MERCHANT CAPITAL

- ◉ from 1757 to 1813.
- ◉ This ‘mercantilist’ phase was marked by **direct plunder** and the EIC’s monopoly trade functioning through the investment of surplus revenues in the purchase of Indian finished goods for export to England and Europe.

2. INDUSTRIAL CAPITAL

- ◉ from 1813 to 1858.
- ◉ This period saw the classic age of **free trader industrial capitalist exploitation**.
- ◉ The entire pattern of trade underwent a dramatic change under the mighty impact of England's industrial revolution.

- ◉ India was converted rapidly into a market for British textiles and a great source for raw materials.
- ◉ Traditional handicrafts were thrown out of gear—a period when the ‘homeland of cotton was inundated with cotton’ (Karl Marx).

3. FINANCE CAPITAL

- ◉ from the closing years of the 19th century and continuing till independence.
- ◉ During this phase, finance-imperialism began to entrench itself through the managing agency firms, **export-import firms, exchange banks**, and some export of capital

PERIOD OF MERCHANT CAPITAL

- ◉ Immediately after the Battle of Plassey (1757), Britain started establishing her control over India to serve her own interests.
- ◉ At that time the Indian economy was basically feudal.
- ◉ R. C. Dutt and Pandit Nehru believed that the seeds of capitalist development that existed in India had been robbed by the Britishers.
- ◉ It is true that the British rule in India, at least in economic sphere, was essentially destructive rather than constructive in character.

- ◉ The colonial form of exploitation started almost from 1757 when the East India Company, hitherto a corporation of merchants, made its appearance as a political power in India to promote the interests of the metropolis.
- ◉ The way this merchant class used its power in the second half of the 18th century stands out in history as a “particularly painful example of organised greed untrammelled by any moral norms.”

THE EIC'S INGENUOUS METHODS OF EXPLOITATION WERE OF THE FOLLOWING NATURE.

- ◉ In the first place, the only aim of the EIC was to make a profit by establishing monopoly trade in the goods and products with India and the East Indies.
- ◉ The EIC intended to sell its products in the Indian market at high prices and purchase products of India and East Indies (especially spices, cotton goods, and silk goods) at low prices so that the largest profit can be netted in.
- ◉ But the problem was that Britain at that stage of development had almost **nothing to offer** to this country in exchange of goods it purchased.

- ◉ However, the problem was initially solved by offering precious gold and silver bullion and their coins to buy Indian goods.
- ◉ But such a course of action did not please the merchants as: Involved a **huge drainage of gold and silver from Britain to India** as well as was painful and repugnant to the whole system of mercantile capitalism.

- ◉ However, the position went in favour of the Britishers after the Battle of Plassey.
- ◉ During this time, British capitalism made a great headway.
- ◉ To make Britain the ‘workshop of the world’, she needed huge capital for investment in industries.
- ◉ In this respect, **Britain was poor** and, on the contrary, **India at that time was reputed to be rich.**
- ◉ India had been considered as the **best hunting ground for capital** by the EIC to develop industrial capitalism in Britain.

- ◉ When Bengal and South India came under political sway of the EIC in the 1750s and 1760s, **the objective of monopoly of trade was fulfilled.**
- ◉ As a result, “**the margin between trade and plunder**” became thin and the political power enabled it to secure maximum goods for minimum payment.
- ◉ When, in **1765**, **the administration of revenues passed into the hands of the EIC**, the EIC came in a position to grab the accumulated limitless wealth of the Indian rulers, nobles and zamindars.
- ◉ In other words, such revenue administration opened up a new field of **direct plunder** coupled with profits of trade.

SECOND

- ◉ the colonial form of exploitation was vividly marked in the land revenue administration.
- ◉ In 1793, the Permanent Settlement was granted and the land revenue was fixed

- ◉ The Company administration succeeded in generating huge surpluses which were repatriated to England, and the Indian leaders linked this problem of land revenue with that of the '**drain**'.
- ◉ They pointed out that the evil of heavy assessment was intensified by a large part of it being siphoned off the country and not 'fructifying' within India.

- ◉ Reckless raising of land revenues became more significant after acquiring the ‘**Dewani**’ rights for the civil administration by the EIC.
- ◉ In the name of agricultural development, the Company mercilessly increased land revenue — resulting in **the ruination of peasants**.
- ◉ The land tenure system introduced by Cornwallis in 1793—under the name of **Permanent Settlement**—turned out to be **exploitative**.

- ◉ A long chain of **intermediaries** grew who made the revenue system a tortuous one.
- ◉ “The heavy exploitation of the peasantry by English merchants’ capital after it had displaced a section of the indigenous ruling class provided resources that helped to sustain the process of industrialisation in the metropolis.”

THIRD

- ◉ the officials of the Company amassed substantial wealth extorted from Indian merchants, zamindars, etc., and sent them in England.
- ◉ Bulk of revenues was spent for its own benefit and for that of its employees and for financing its further expansion in India.

- ◉ Above all, the officers of the Company were unscrupulous and corrupt.
- ◉ Keeping this in mind, a British M.P. in 1858 commented: “I do most confidently maintain that no civilized government ever existed on the face of this earth which was more corrupt, perfidious and more rapacious than the Government of East India Company from 1765 to 1784.”

- The wealth drained out of India in this period of 'merchant capital' or the direct plunder of India played a pivotal role in financing Britain's capitalist development.
- It is said that it constituted nearly two per cent of Britain's national income at that time.

FOURTH

- ◉ at the same time, the monopolistic control over Indian trade and production by the Company was thrown out in a calculated way.
- ◉ Artisans were forced to surrender their products at a cheap rate and ultimately adopted agriculture as the prime occupation.
- ◉ No basic changes had been made in the realm of administration, the judicial system, the methods of agricultural and industrial production, transport and communication, educational or intellectual field, and so on.
- ◉ The only concern to the Company at this stage was to generate economic surplus and the Company very smartly succeeded in this game.

POINTS IN SHORT

- ◉ aim of the EIC was to make a profit by establishing monopoly trade in the goods and products with India and the East Indies.
- ◉ land revenue administration.
- ◉ the Company amassed substantial wealth extorted from Indian merchants, zamindars, etc., and sent them in England.
- ◉ the monopolistic control over Indian trade and production