

STAGES OF BRITISH RULE IN INDIA

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THREE STAGES

- ◎ **1.Merchant capital**
- ◎ **2.Industrial capital**
- ◎ **3.Finance capital**

2.INDUSTRIAL CAPITAL

- ◉ British rule in India entered the **second phase** under the impact of the **industrial revolution** in Britain.
- ◉ British industries were led by **Indian capital drained out of India** during the age of 'merchant capital'.
- ◉ In other words, the path of Britain's capitalist development became smooth in this age of **direct plunder**.

CAPITALIST INDUSTRIALIST

- The industrial revolution bred a new social class—the **capitalist industrialist class** who became the dominant elements in the British economy.
- These capitalist classes enjoyed tremendous blessings of the colonial administration and policy.
- Actually, the policies of the British Government were intended to serve the interests of the British capitalist class as a whole.
- And the new phase of exploitation by the British capitalist class may be dated from 1813 when the British manufacturers succeeded in destroying the monopoly of the EIC in trade with India.

NEED

- ◉ British industrialists needed converting India rapidly into a market for Manchester textiles and a source of raw materials for the British industries.
- ◉ In other words, “Britain now wanted India as a subordinate trading partner, as a market to be exploited and as a dependent colony to produce and supply the raw materials and foodstuff Britain needed.”

- They argued that what was good for England was also good for India.
- This was the essence of the 19th century colonialism when it could not function through the crude tools of direct plunder, tribute and mercantilism.

- ◉ To sub-serve the interests of the foreign ruler it was necessary that **India must export some products to Britain.**
- ◉ **Traditional handicraft industries** were at its height at that time while British manufactured products were both **inferior and costly.**
- ◉ In order to **protect rising textile industry** in England, the British, very **systematically, did not allow India to export Indian goods** by levying heavy import duties on Indian goods.

METHODS

- ◉ In this way, a room was created for the export of raw materials and other non-manufactured articles.
- ◉ Consequently, the whole pattern of India's foreign trade underwent a **dramatic change**.
- ◉ The change was, obviously, **good for England, but not for India**.
- ◉ Being a traditional exporter of cotton textiles and handicraft products, India was **converted into an importer of machine-made cotton textiles and an exporter of cotton and other raw materials**.
- ◉ In view of this, it is said that this new state of exploitation was far more **systematic, calculated, and intense** than the first phase of haphazard plunder of India.

PATTERN

- ◉ The basic economic philosophy as well as the policy that centred during this stage was the policy of “**free trade**” championed by **Adam Smith**.
- ◉ But **peculiarity** of the period was that it was a **one-way free trade** i.e., free entry for British consumer goods into India but tariffs against the entry of Indian goods into Britain.
- ◉ England—which **had imposed high import duties** on Indian cotton and silk goods—now began to preach the gospel of free trade to India.

HOW TRANSFORMED

- ◉ Consequently, it **levied import duties** on Indian goods.
- ◉ This discrimination was necessary to make Britain the '**workshop of the world**'.
- ◉ And for that, India, being a colony of England, had been **compelled to sacrifice** a lot.
- ◉ All these caused not only **destruction of Indian manufacturing industries**, but also ensured a **growing market for English manufactures**.
- ◉ The **next problem** was how to make India pay for the supply of raw materials and exports like hides, oil, jute, cotton, etc., required for industrial production in England.
- ◉ The **strategy** adopted by the Britishers was, no doubt, **uncivilized**

- ◉ The Englishmen had been allowed **to acquire land and set up as planters** in India.
- ◉ Most of them settled around **indigo, rubber, tea, and coffee plantation**.
- ◉ Eg: The merciless exploitation of indigo workers of Bengal.
- ◉ Consequently, from the fourth decade of the 19th century, volume of **export** on the said items **increased phenomenally**.

- Revenue and expenditure policies of the Britishers were also **exploitative in nature**, though the **pattern of exploitation** during this stage **differed from the earlier period**.
- **Huge expenditure** (expenditure on army, pensions and salaries of Englishmen, etc.) incurred by the British imperial power had been borne by Indians by paying **high doses of taxes**.

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.

NEW PATTERN OF EXPLOITATION

- The new pattern of exploitation of India in the 19th century brought about a **change in the nature of the Indian economy.**
- **Self-sufficiency of the village community** received its mortal blow.
- **The union of agriculture and industry** disintegrated.
- **De-industrialization was complete.**
- India was thus, **forcibly transformed** into a typical **agricultural colony** of British manufacturing capitalism

- ◉ India was **converted rapidly into a market for British textiles and a great source for raw materials.**
- ◉ Traditional handicrafts were thrown out.
- ◉ The exports from India confined to raw materials and food grains, which caused **famine conditions in India.**

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