CC-12: HISTORY OF INDIA (1750s-1857)

V. TRADE AND INDUSTRY

(B). TRADE AND FISCAL POLICY

From 1600 to 1757, the East India Company's role in India was that of a trading corporation which brought goods or precious metals into India and exchanged them for Indian goods like textiles and spices, which it sold abroad. Its profits came primarily from the sale of Indian goods abroad. Naturally, it tried constantly to open new market for Indian goods in Britain and other countries. Thereby, it increased the export of Indian manufacturer's goods and thus encouraged their production. This is the reason why the Indian rulers tolerated and even encouraged the establishment of the Company's factories in India.

After the Battle of Plassey in 1757, the pattern of the Company's commercial relations with India underwent a qualitative change. Now the Company could use its political control over Bengal to acquire monopolistic control over Indian trade and production and to push its Indian trade. Moreover, it utilised the revenues of Bengal to finance its export of Indian goods. The Company used its political power to dictate terms to the weavers of Bengal who were forced to sell their products at a cheaper and dictated price, even at a loss. Moreover, their labour was no longer free. Many of them were compelled to work for the Company for low wages and were forbidden to work for Indian merchants. The Company eliminated its rival traders, both Indian and foreign, and prevented them from offering higher wages or prices to the Bengal handicraftsmen. The servants of the Company monopolised the sale of raw cotton and made the Bengal weaver pay exorbitant prices for it. Thus, the weaver lost both ways, as buyer as well as seller. At the same time, Indian textiles had to pay heavy duties on entering England. The British Government was determined to protect its rising machine industry whose products could still not compete with the cheaper and better Indian goods. Even so Indian products held some of their ground. The real blow to Indian handicrafts fell after 1813, when they lost not only their foreign markets but, what was of much greater importance, their market in India itself.

The British manufacturers after the Industrial Revolution which in England which brought about major economic changes and developments, looked upon the East India Company, its monopoly of eastern trade, and its methods of exploitation of India through control of India's revenues and export trade, to be the chief obstacles in the fulfilment of their dreams. Between 1793 and 1813, they launched a powerful campaign against the Company and its commercial privileges and finally succeeded in 1813 in abolishing its monopoly of Indian trade. With this event, a new phase in Britain's economic relations with India began. Agricultural India was to be made an economic colony of industrial England.

The Government of India now followed a policy of free trade or unrestricted entry of British goods. Indian handicrafts were exposed to the fierce and unequal competition of the machine-made products of Britain and faced extinction. India had to admit British goods free or at nominal tariff rates. The Government of India also tried to increase the number of purchasers of British goods by following a policy of fresh conquests and direct occupation of protected states like Awadh. Many British officials, political leaders and businessmen advocated reduction in land revenue so that the Indian peasant might be in a better position to buy foreign manufactures.

Not only were Indian industries not protected by the foreign rulers but foreign goods were given free entry. Foreign imports rose rapidly. Imports of British cotton goods alone increased from £ 1,100,000 in 1813 to £ 6.300,000 in 1856.

The free trade imposed on India was, however, one- sided. While the doors of India were thus thrown wide open to foreign goods, Indian products which could still compete with British products were subjected to heavy import duties on entry into Britain. Duties in Britain on several categories of Indian goods continued to be high till their export to Britain virtually ceased.

Instead of exporting manufactures, India was now forced to export raw materials like raw cotton and raw silk which British industries needed urgently, or plantation products like Indigo and tea, or food grains which were in short supply in Britain. By the end of the 19th century, Indian exports consisted primarily of raw cotton, jute and silk, oil1- seeds, wheat, hides and skins, indigo and tea.

Thus, the commercial policy of the East India Company after 1813 was guided by the needs of British industry. Its main aim was to transform India into a consumer of British manufactures and a supplier of raw materials.

British colonialism established its firm roots in India in three stages, each stage representing a different pattern of subordination of the colony and consequently different colonial policies, ideologies, impact and the colonial people's response. The change from one stage to another was due partly to the changes in the metropolis itself and partly to the changes in the colonies.

The three stages are not strictly bound. But each stage has some main features, though the features of the earlier one may continue into the later one.

Period of Mercantilism, which was in operation from 1757 to 1813.The objectives of the British during this time were monopoly of trade and direct appropriation of revenue. The main features were: Very strong element of plunder and direct seizure of power; Absence of large-scale import of British goods; No basic changes in the colony's administration, judiciary, culture, economy, etc.

Period of Laissez Faire, which was in operation from 1813 to1860. The main features of this period were: Determination of the administrative policies and economic structure of the colony by the interests of the industrial bourgeoisie of the metropolis; Making the colony a subordinate trading partner which would export raw materials and import manufactured goods; Transformation of the colony's economy polity, administration, society and culture and ideology under the guise of development and modernisation in order to exploit for furthering British interests.

Finance Imperialism which was in operation from 1860 to1947. This period was marked by: Intense struggle for new, secure and exclusive markets and sources of raw materials among the industrialised countries; The consequent export of capital by these countries to the colonies; Replacement of liberal policies by reactionary ones in the administration of colonies.

In the Colonial period the administrative machinery of the Government of India was designed and developed in such a way that trade with India and exploitation of its resources could be carried out by the Colonial masters without any disturbance. Soon after the Battle of Plassey in 1757 and the Battle of Buxar in 1764 when the English established their sway over the rich province of Bengal, the Indian economy was transformed from a surplus and self-sufficient economy into a Colonial economy.

NOTES AND REFERANCE

Puri, Gopal k., Indian History

SUGGESTED READING

Bandyopadhyay, Sekhar. From Plassey to Partition: A History of Modern India. New Delhi: Orient Blackswan, 2004