PAPER 1 DSE-A-1 SEM -5: HISTORY OF BENGAL(c.1757-1905)

III. COLONIAL ECONOMY:-AGRICULTURE,TRADE, INDUSTRY.

After the establishment of the British rule in Bengal, conditions rapidly in other parts of India too. The flourishing economy and export of Indian goods, especially of textiles to Europe and other countries, received a major setback. The massive demands that the Indian goods enjoyed in foreign markets was no longer promoted by the British, thus, turning the system into a one sided import-depended one. The British similarly began to recognise the agricultural system too. Once they started to collect the land revenue collection, they actively restructured agrarian polices governing the farmers and the categories of crops that were hitherto grown.

Agriculture was always the most important economic activity of the Indian for many centuries, in turn providing the rulers with the opportunity to draw a large part of their taxes from it. When the British Acquired territorial control in India, they instituted various land revenue systems which would facilitate them in imposing and collecting land taxes.

After the Battle of Plassey (1757 CE) THE British did not find it necessary to replace the old system of economic administration in the province of Bengal as had been established by the Nawab. Rather they felt they could collect large amount of revenue for themselves from the established policies. so, although native officials were in charge of collection, European officers of the Company were given supervisory authority over them, and there corruption as well as lack of understanding of the local situation led to complete disorganisation of the agrarian economy and society of the diwani provinces within a few year. The devastating famine of 1769-70, in which about one-third of the Bengal population was wiped off, was but only one indication of the prevailing chaos.

In order to make reforms within the system, in 1772 Warren Hastings introduced a new system, known as the farming system. European District Collectors were to be in charge of the revenue collection, the revenue collecting right was farmed out to the highest bidder. About the periodicity of the settlements, a number of experiments were made, but the farming system ultimately failed to improve the situation, as the farmers tried to extract as much as possible without any concern for the production process. The burden of revenue demand on the peasants increased as a result and often it was so onerous that it could not be collected at all. The net outcome of this whole period of rash experimentation was the ruination of the agricultural population. In 1784, Lord Cornwallis was therefore sent to India with a specific mandate to streamline the revenue administration.

In the province of Bengal, revenue collection was conducted by the zamindars on behalf of the Mughal emperor and his representative or diwan who had appointed officials especially for this purpose. According to the treaty of Allahabad (1765 CE), the Mughal emperor, Shah Alam II had given the British the Diwani powers over Bengal, Bihar and Orissa. This meant that the British were granted the authority to collect the revenues of these provinces.. The British in turn appointed revenue farmers for land revenue collection. There was constant pressure from the Company officials to exceed the amounts to be collected and even the revenue collected was never used for social welfare. When the devastating famine in Bengal occurred, it was an eye-opener for the British who realised that it was extremely important for them to closely monitor the question of revenue collection. Hence Warren Hastings, the British Governor-general introduced a system of five-yearly inspection and collection of revenue.

But even this system was not free from defects. The appointed tax farmers took away as much money as they could earn within this five year period. When the British Parliament came to know about the corruption of the Company in 1784 cE, the British Prime Minister, Pitt the Younger, tried to improve the situation in Bengal by implementing the Pite's India Act; and in 1786 CE Lord Cornwallis was sent to India to reorganize the economic administration of the Company and bring in revisions in the system.

In 1786 CE, the Court of Directors of the East India Company first proposed the Permanent Settlement Act only for Bengal. After many deliberations the Court of Directors passed a ten-year (Decennial) Settlement Act in 1790 CE, which finally led to the Permanent Settlement Act of 1793 CE instituted under Lord Cornwallis. It was a contract between the Company and the land- holders of Bengal, according to which, the zamindars and independent talkukdars were recognized as the absolute owners of landed property by the British. More so, the landholders were allowed to hold their proprietary rights at a rate that was permanent and the British government could not enhance its revenue demands on them.

The Permanent Settlement Act brought improvement of the land held by the landowners as they began to take greater interest in issues related to their lands, such as drainage and irrigation. Construction of roads and bridges was also encouraged-so far lacking in the province of use of land; it only included clauses relating to rev Bengal. Through this settlement, the former land- holders and revenue intermediaries benefitted the land greatly, as their proprietorship on lands was assured. Similarly, earnings for the Company were also guaranteed as zamindars no more defaulted on payments as a result of assured returns. As the land revenue was now fixed, the zamindars could invest the money saved by them without fear of tax increment. The system also ensured minimizing the fortunes made on revenues through corrupt practices by the Company officials.

Although the Permanent Settlement brought in the required reforms in revenue administration its effects were sudden and took time for the people to understand. The tax demanded by the Company was fixed and hence the revenue collec- tors of the Company refused to give any consideration even during the times of drought, flood or other natural calamities when agriculturists could not pay the zamindars. This was an important drawback that caused many zamindars to fall into arrears. The Company's policy was to auction the land on which taxes were not paid. This created them. He remained as proprietor until the British a new market for the land. Many Indian officials government of the Company purchased the land sold through this system, thus creating a new class of bureaucrats. This led to two negative trends in the system. While the persons interested in specific lands tried to manipulate the system to have the lands they wanted listed for sale, there were others who bribed officials in order to get possession of certain lands. As a result, this class of bureaucrats became rich through unfair means. In other words, the Permanent Settlement led to commercialization of land, which had not existed in Bengal so far. It also created a new landlord class which had no connection with their lands but managed the property through managers appointed for the purpose.

The Company's goal in implementing the Permanent settlement was to ensure that the zamindari class would be the source of revenue generation as well as intermediaries for making British rule acceptable and protect the latter in all their interests. But the Act overlooked details regarding the use of land;it only included clause relating to revenue collection. In order to earn more money from the land, the Company officials and Zamindars insisted on planting indigo and cotton rather than wheat and rice. This was the cause of many famines in Bengal. Another disadvantage was the creation of absentee landlordism, a feature that led to inadequate attention paid to the improvement of lands. Thus, the zamindari class became more powerful than they were in the earlier Mughal period.

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 Industrial Revolution in Britain completely transformed Britain's economy and its economic relations with India. During the second half of the 18th century and the first few decades of the 19th century, Britain underwent profound social and economic transformation, and British industry developed and expanded rapidly on the basis of modern machines, the factory system, and capitalism.

The Industrial Revolution transformed British society in a fundamental manner. The British manufacturers 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 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. 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, oil- 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.

The village industries were an integral part of the balanced and self-sufficient village economy of pre-British India. Indian villages were able to meet all their industrial requirements locally. But this internal balance of the village economy had been systematically slaughtered by the British Government. In the process, traditional handicraft industries slipped away, from its pre-eminence and its decline started at the turn of the 18th century and proceeded rapidly almost to the beginning of the 19th century. Industry that had experienced the onslaught of de-industrialisation most was the cotton textile industry. It was the largest provider of employment after agriculture. India's cotton goods were the best in the world before 1800. Machine-made textile goods of Britain, however, did the great damage to this Indian industry since 1750. Consequent upon industrial revolution in cotton textile industry there had been massive growth of British imports in India and the domination British cloth in the Indian market did the havoc: it created large scale unemployment as well as unbelievable drop in wages among the spinners and weavers.

Other affected industries were: Jute-handloom weaving of Bengal, woollen manufactures of Kashmir, silk manufacture of Bengal hand-paper industry, glass industry, lac, bangles, etc. Britain experienced 'industrialisation' in the mid-18th century and India experienced 'de-industrialisation' at the same time. The process of deindustrialisation of India began with the gradudual disappearance of cotton manufactures from the list of India's exports and the remarkable growth of cotton manufactures in the list of her imports mainly from Britain. That is why it is said that Britain 'inundated the very mother country of cotton with cottons', thereby eclipsing India's traditional handicraft industries.