



**anujjindal.in**



**India under East India Company's Rule**

[www.anujjindal.in](http://www.anujjindal.in)

## KEY BENEFITS OF OUR COURSES



Video Lectures



Live Sessions



PDFs



Mock  
Tests



Current  
Affairs



Daily Preparation  
Material



Personalised  
Feedback

**Our course structure includes a lot of perks that are otherwise unavailable elsewhere.**

**It is a comprehensive guide to help you crack the paper & secure your dream position.**

**We provide personal solutions to all queries using a Telegram group wherein Anuj Jindal himself will clarify your doubts.**

**We curate the learning strategies of past year toppers to help you learn from the success of the best.**



## Table of Contents

### India under East India Company's Rule

<b>Introduction</b>	<b>4</b>
<b>Administration</b>	<b>7</b>
<b>Political policies</b>	<b>8</b>
<b>British Expansion policy</b>	<b>9</b>
<b>Economic policies and their impact</b>	<b>10</b>
<b>Judicial Developments</b>	<b>11</b>
<b>Foreign Policies</b>	<b>13</b>
<b>Social Policies</b>	<b>14</b>
<b>End of Company rule</b>	<b>15</b>

# India under East India Company's Rule

## INTRODUCTION

- The world economy and political map changed dramatically between the seventeenth and nineteenth centuries. Unprecedented trade linked the continents together and set off a European scramble to discover new resources and markets. European ships and merchants reached across the world, and their governments followed after them, inaugurating the modern eras of imperialism and colonialism.
- Merchant trading companies, exemplified by the English East India Company, were the agents of empire at the dawn of early modern capitalism. The East India Company was a monopoly trading company that linked the Eastern and Western worlds.
- During the sixteenth century, English merchants became increasingly interested in the possibility of capturing some of the lucrative ocean-going spice trade in the Indian Ocean, which Dutch and Portuguese companies were finding very profitable.
- In 1600, Queen Elizabeth-I granted a royal charter to the “Governor and Company of Merchants of London trading with the East Indies,” soon thereafter known as the East India Company (EIC), which gave the merchants a monopoly on all trade.
- East India Company, also called English East India Company, formally (1600–1708) Governor and Company of Merchants of London Trading into the East Indies or (1708–1873) United Company of Merchants of England Trading to the East Indies i.e., English company formed for the exploitation of trade

with East and Southeast Asia and India, was incorporated by royal charter on December 31, 1600.



- The first English factory was set up on the banks of the river Hugli in 1651. This was the base from which the Company's traders, known at that time as "factors", operated. The factory had a warehouse where goods for export were stored, and it had offices where Company officials sat.
- They also persuaded the Mughal emperor Aurangzeb to issue a Farman granting the Company the right to trade duty-free.
- Company rule in India refers to the rule or dominion of the British East India Company on the Indian subcontinent. This is variously taken to have commenced in 1757, after the Battle of Plassey, when the Nawab of Bengal surrendered his dominions to the Company, in 1765, when the Company was granted the Diwani, or the right to collect revenue, in Bengal and Bihar, or in 1773, when the Company established a capital in Calcutta, appointed its first

Governor-General, Warren Hastings, and became directly involved in governance.

- The rule lasted until 1858, when, after the Indian rebellion of 1857 and due to the consequences of the Government of India Act 1858, the British government assumed the task of directly administering India in the new British Raj.
- Until Clive's victory at Plassey, the East India Company territories in India, which consisted largely of the presidency towns of Calcutta, Madras, and Bombay, were governed mostly by the autonomous and sporadically unmanageable town councils, all composed of merchants.
- The councils barely had enough powers for the effective management of their local affairs, and the ensuing lack of oversight of the overall Company operations in India led to some grave abuses by Company officers or their allies. Clive's victory, and the award of the Diwani of the rich region of Bengal, brought India into the public spotlight in Britain.
- After the Battle of Buxar (1764), the Company appointed Residents in Indian states. They were political or commercial agents and their job was to serve and further the interests of the Company.
- Through the Residents, the Company officials began interfering in the internal affairs of Indian states. They tried to decide who was to be the successor to the throne, and who was to be appointed in administrative posts. Sometimes the Company forced the states into a “subsidiary alliance”.
- According to the terms of this alliance, Indian rulers were not allowed to have their independent armed forces. They were to be protected by the Company, but had to pay for the “subsidiary forces” that the Company was supposed to maintain for the purpose of this protection. If the Indian rulers failed to make the payment, then the parts of their territory were taken away as a penalty.

- For example, when Richard Wellesley was Governor-General (1798-1805), the Nawab of Awadh was forced to give over half of his territory to the Company in 1801, as he failed to pay for the “subsidiary forces”. Hyderabad was also forced to cede territories on similar grounds.

## Administration

- Warren Hastings (Governor-General from 1773 to 1785) was one of the many important figures who played a significant role in the expansion of Company power. By his time the Company had acquired power not only in Bengal but also in Bombay and Madras. British territories were broadly divided into administrative units called Presidencies. There were three Presidencies: Bengal, Madras and Bombay. Each was ruled by a Governor.
- The supreme head of the administration was the Governor-General. Warren Hastings, the first Governor-General, introduced several administrative reforms, notably in the sphere of justice. From 1772 a new system of justice was established. Each district was to have two courts – a criminal court (Faujdari Adalat) and a civil court (Diwani Adalat). Maulvis and Hindu Pandits interpreted Indian laws for the European district collectors who presided over civil courts. The criminal courts were still under a qazi and a mufti but under the supervision of the collectors.
- A major problem was that the Brahman pandits have different interpretations of local laws based on different schools of the dharmashastra. To bring about uniformity, in 1775 eleven pandits were asked to compile a digest of Hindu laws. Under the Regulating Act of 1773, a new Supreme Court was established, while a court of appeal, the Sadar Nizamat Adalat, was also set up at Calcutta. The principal figure in an Indian district was the Collector.
- As the title suggests, his main job was to collect revenue and taxes and maintain law and order in his district with the help of Judges, Police Officers and Darogas. His office, the Collectorate, became the new centre of power and patronage that steadily replaced previous holders of authority.

- Colonial rule in India brought in some new ideas of administration and reforms but its power rested on its military strength.

## Political policies

- A variety of economic factors contributed to improving the trading revenues for the EIC in the eighteenth century. In exchange for tea from China, which approached 5 million lbs. per year by 1750, the EIC offered metal goods and metals (e.g. copper), saltpetre, firearms, naval stores, calicos and other Indian clothes and, of course, opium.
- They turned their North American and other colonies into a market for finished manufactures and a source of key staple commodities. This allowed for a lucrative re-export of commodities like tobacco, cotton, silk, indigo, and naval stores, which improved trade prospects with Northern Europe and the Middle East.
- Meanwhile, the EIC was enhancing its control over India and expanding into new areas in East Asia. All trade grew, but proportions shifted as trade with Europe became less important relative to trade with the American colonies and Asia, and as re-exports gained relative to exports, and textiles gained relative to spices.
- The Company's success was due in part to an extremely effective management system. The management hierarchy created by the EIC was a committee system with performance incentives for managers. The eighteenth century was a period of political instability in the Indian subcontinent, as the great Mogul Empire disintegrated, resulting in competition by aspirants to the succession of the Mughal throne, as well as attempts by competing rulers to expand their states.

## British Expansion policy

- The EIC was created and expanded in a mercantilist era in which the conventional wisdom was that foreign trade monopolies were an effective vehicle for building the wealth and power of the state.
- Spices like pepper, cloves, nutmeg, mace, cinnamon, and ginger, were used to improve the taste of food and for making medicines and had a large market in Europe.
- Average annual EIC imports from Asia increased 300 per cent between 1660 and 1690. English merchants faced the ongoing challenge of what to trade for the spices and other goods they obtained.
- The wealth acquired by the private investor-officers allowed them to gain political influence either directly or indirectly through extensive lobbying efforts.
- Gifts to members of the royal court, politicians, and government officials were common, and on several occasions, the EIC lent money directly to the Treasury.
- The result was that over its first 100 years the Company acquired influence unknown in today's world of business-government relations.
- By 1670, the EIC had been granted the right to create its own money, independently acquire territory, command armies and establish forts as it prosecuted war at its discretion.

## Economic policies and their impact

- The British's profits came primarily from the sale of Indian goods abroad. It tried constantly to open new markets for Indian goods in Britain and other countries. Thereby, it increased the export of Indian manufacturers 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.
- By 1720, laws had been passed forbidding the wear or use of printed or dyed cotton cloth in the UK.
- Other European countries, except Holland, also either prohibited the import of Indian cloth or imposed heavy import duties. Despite these laws, however, Indian silk and cotton textiles still held their importance in foreign markets, until the middle of the 18th century when the English textile industry began to develop based on new and advanced technology.
- 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 push its Indian trade.
- 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 British 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 monopolized the sale of raw cotton and made the Bengal weaver pay exorbitant prices for it. Thus, the weaver lost both

ways, as a buyer as well as a seller. On the contrary, Indian textiles had to pay heavy duties on catering for England.

## Judicial Developments

- The beginning of Indian codified common law is traced back to 1726 when a Mayor's Court in Madras, Bombay and Calcutta was established by the East India Company. This was the first sign of the Company's transformation from a trading company to a ruling power with the added flavour of new elements of the Judiciary.
- The chronological development of the judiciary system during British India has been discussed below:

### 1. Reforms under Warren Hastings (1772-1785 AD)

- Warren Hasting established two courts for resolving disputes –civil disputes for District Diwani Adalat and criminal disputes for District Fauzdari Adalats.
- **District Diwani Adalat:** It was established in districts to resolve the civil disputes which were placed under the collector. In this court, Hindu law was applicable for Hindus and Muslim law for Muslims.
- **District Fauzdari Adalats:** It was set up to resolve the criminal issues which were placed under an Indian officer assisted by Qazi and Muftis. The entire functioning of this court was administered by the collector. The Muslim law was administered in this court.
- The formation of the Supreme Court at Calcutta under the Regulating Act of 1773 AD had original and appellate jurisdiction.

### 2. Reforms under Cornwallis (1786-1793 AD)

- Under Cornwallis, the District Fauzadari Court was abolished and Circuit Court was set at Calcutta, Decca, Murshidabad and Patna. It acts as a court of appeal for civil as well as criminal cases which functioned under the European judges. He shifted Sadar Nizamat Adalat to Calcutta and put it under the supervision of the Governor-General and the members of the Supreme Council who were assisted by Chief Qazi and Chief Mufti. The District Diwani Adalat was renamed as District, City or the Zila Court which functioned under a district judge.

### **3. Reforms under William Bentinck**

- Under William Bentinck, the four Circuit Courts were abolished and transferred the functions of the abolished court to the collectors under the supervision of the commissioner of revenue and circuit. Sadar Diwani Adalat and Sadar Nizamat Adalat were established at Allahabad.
- He made Persian and a Vernacular language for the court proceeding in the lower court and made the English language the official language for Supreme Court proceedings.
- During his reign, the Law Commission was set up by Macaulay which codified the Indian laws. Based on this commission, a civil Procedure Code of 1859, an Indian Penal Code of 1860, and a Criminal Procedure Code of 1861 were prepared.

### **4. Government of India Act 1935**

- The Government of India Act, 1935 changed the structure of the Indian Government from “unitary” to that of “federal” type. The distribution of powers between the Centre and the Provinces required the balance to avoid

disputes, which would have arisen between the constituent units and the Federation.

- It also provided for the establishment of a Federal Court, which was set up in 1937 with appellate and advisory jurisdiction. Its appellate jurisdiction was extended to civil and criminal cases.

## Foreign Policies

- British India expanded beyond its company borders to both the northwest and the northeast during the initial phase of crown rule. Russian expansion into Central Asia in the 1860s provided even greater anxiety and incentive to British proconsuls in India, as well as at the Foreign Office in London, to advance the frontier of the Indian empire beyond the Hindu Kush mountain range and, indeed, up to Afghanistan's northern border along the Amu Darya.

## The Second Anglo-Afghan War

- The Second Anglo-Afghan War was a military conflict fought between the British Raj and the Emirate of Afghanistan from 1878 to 1880, when the latter was ruled by Sher Ali Khan of the Barakzai dynasty, the son of former Emir Dost Mohammad Khan. The war was part of the Great Game between the British and Russian empires.
- The war was split into two campaigns – the first began in November 1878 with the British invasion of Afghanistan from India. The British were quickly victorious and forced Amir – Sher Ali Khan to flee. Ali's successor Mohammad Yaqub Khan immediately sued for peace and the Treaty of Gandamak was then signed on 26 May 1879. The British sent an envoy and mission led by Sir Louis Cavagnari to Kabul, but on 3 September this mission was massacred and the conflict was reignited by Ayub Khan which led to the abdication of his

brother Yaqub. The second campaign ended in September 1880 when the British decisively defeated Ayub Khan outside Kandahar.

## The incorporation of Burma

- British India's conquest of Burma (Myanmar) was completed during that period. The Second Anglo-Burmese War (1852) had left the kingdom of Ava (Upper Burma) independent of British India, and under the rule of King Mindon (1853–78), who built his capital at Mandalay, steamers bringing British residents and private traders up the Irrawaddy River from Rangoon (Yangon) were welcomed.

## Social Policies

- During British rule, colonial India followed a policy of non-interference in the social, religious and cultural life of the fellow Indians till 1813 AD.
- After 1813, the British started the journey of transforming Indian society and cultural environment and this happened due to the emergence of new ideas and thought via the French Revolution, Industrial Revolution, and Intellectual Revolution.

1. **The French Revolution** added the flavour of liberty, equality and fraternity in the society but in the same way, it gave British administrators the to tighten the forces of democracy and nationalism.

2. **Intellectual Revolution** influences society through attitude, mind, manners and morals. Through this, the British wanted to develop colonial modernisation.

3. **The Industrial Revolution** gave birth to industrial capitalism that made India a big market. Hence, the British wanted to develop Indian society as modern as to capture the world market as well as Indian.

## End of Company rule

- The Company lost all its administrative powers following the Government of India Act of 1858, and its Indian possessions and armed forces were taken over by the Crown.
- Rule of the country shifted from the directors of the Company to a Secretary of State for India advised by a council, whose members were appointed by the Crown.
- The Crown also directly appointed the governor-general, or viceroy, and provincial governors in India. The East India Company itself was formally dissolved by the Act of Parliament in 1874. Thus began the British Raj, direct imperial rule of India by the British state.

Check our website [www.anujjindal.in](http://www.anujjindal.in) for enrolment, Course details and other updates!

Or

Log on to our mobile application.





## “HALL OF FAME”

## RBI



**AIR 03 RBI : Muhammad Ali**

**AIR 06 RBI : Aditya Sood**

**AIR 10 RBI : Sameer**

**AIR 11 RBI : Abhishek**

**550+ Students cleared RBI Phase 1**

**300+ Students clear RBI Phase 2**

**48 Students got selected in RBI**

## SEBI



**AIR 01 : Rajendra S**

**600+ Students cleared Phase 1**

**300+ Students cleared Phase 2**

**60+ Students selected in SEBI**

## NABARD



**1100+ Students cleared Phase 1**

**250+ Students cleared Phase 2**

**30 Students selected in NABARD**

## UGC NET JRF



**260+ Students selected in UGC NET JRF**