The Pillage of India

(Economic Exploitation during British Colonial Period)

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Introduction

Rostowian and other capitalist economists have tried to propagate that the contemporary underdevelopment in the Third World is linked with the earlier stages of development undergone by the present-day developed countries. In support of this thesis, they frequently quote "The Stages of Economic Growth"[1] and other capital-oriented growth theories.

Although this thesis might hold true for countries that remained isolated from the mainstream of world history, this is certainly not applicable to India, a country which even before the British occupation (long before the battle of Plassey in 1757) was fairly well-developed. It was, in fact one of the leading nations carrying on the legendary trade in cotton textiles, including items such as, the world's finest Dacca muslin, Sind's chintzes and Ahmedabad's brocades. The English and other European merchants had to pay in gold and silver bullion for the purchase of these goods as they had virtually nothing else to offer in exchange. Thus, it is not the "stages theory" which has any relevance to India but the thesis of centre-periphery relationship propounded by Hobson, Lenin, and, in recent years, developed further by Andre Gunder Frank, Harry Magdoff, Samir Amin, and C. Furtado.

In the present exercise, the author has tried to review the pattern of development during the British colonial period on the basis of the following hypotheses:

maintain a dominant position until the end of the sixteenth century. At a later stage their trading strength was, however, crushed by the European nations. The first nation to pose a challenge or competition with the Arab merchants was Portugal. Holland, France and England followed later on. This contact between India and the European nations gave birth to a new era of international trade.

European traders bought Indian goods first through the local traders and later on appointed their own agents to make the purchases directly from the primary producers. The pattern of this trade with India is analysed under the following three epochs:

1. The Arab Merchants: Portuguese and Dutch Trade,
2. British East India Company: The Pre-Plassey Period,
3. The period between Take-over of Delhi until Independence.

Before Vasco da Gama's voyage to India via the newly discovered route of the Cape of Good Hope in 1497, Asian trade was largely in the hands of Arab and Chinese merchants. As such, the European merchants were obliged to purchase Indian and Chinese goods from the Asians, particularly the Arabs. The Gulf enjoyed a special trading status until the middle of the thirteenth century. "Long-range arteries of maritime trade had spanned the Asian continent as the Chinese junks, and the Arab *dhows* obdurately sailed to and fro between southern China and the Persian shores.[2] This brisk trade, however, broke down with the invasion and ransacking of Baghdad by Halaku Khan in 1258, as a consequence of which the Abbaside Caliphate collapsed. Thereafter, the centre of the Arabian sea trade moved to Cairo. Under the Mamluk sultans the Egyptian traders known as "the Karimi merchants began to sail from a revived Aden to the newly established Calicut".[3] They maintained active trade links with India, and had "resident agents" in East Africa as far south as Mozambique, as also in India down to Cape Comorin. "...they formed a close ring to maintain

Arab control of Asian trade, particularly of Indian and Chinese origin, was suddenly threatened by the Portuguese. On December 17, 1500, the seizure of two Muslim ships laden with pepper at Calicut by the Portuguese Captain Carbal ushered in an era of sea piracy. The Portuguese began to crush all the influential groups who traded between Cairo and Calicut, Cambay and Malacca and who could at any time float an Egyptian armada or conjure up a Turko-Indian alliance.[6] In this struggle, the old Muslim-Christian enmity also served as an important factor for destruction of the Muslim trade in Asian waters. How did the Arab merchants resist the Portuguese inroads into the Malabar coast? This can be judged from an appeal made to the Zamorin King by the Arab merchants of Calicut against the Portuguese. It says:

> We are astonished that you should debase yourself by receiving into your country these enemies of your law and strangers to the customs of your kingdom.... Their country is almost five thousand leagues from hence, and the voyage out and back is attended by many dangers through unknown and stormy seas, besides the great cost of their large ships with so many men and guns. Hence at whatever prices they might dispose of their spices in Portugal, it is obvious that such a trade must be carried on with great loss, which manifest that they are pirates and not merchants, who come here to rob and take your city.[7]

By the beginning of the sixteenth century, the Poruguese had become quite powerful and succeeded in driving out the Arab merchants even from the ports of the Malabar coast. They established themselves firmly in Goa, Hormuz, and Malacca, and the spices brought by them were sold in Antwerp, Lisbon and Madina del Campo. They interrupted the regular Arab sailings engaged in trade with the ports of the Persian Gulf and the Red Sea. The Portuguese had become so strong that the oldest European-Asian link port of Levantine, for long the centre of Venetian merchants, was dried of fresh arrivals from the traditional Arab trade sources. As a consequence, the interests. They wanted to acquire the pepper of Malabar in exchange for the spices of Indonesia.[9] It was not however easy to do this. The Muslim merchants of Bijapore who were conducting substantial trade in pepper with Persia and Mocha, were still a force to be reckoned with. To meet this challenge, the Dutch decided to drive out the Portuguese. On 7 January, 1663 they captured the Portuguese stronghold of Cochin and made it the headquarters of the Dutch Commandant of Malabar,[10] Rijkloff Van Goens, the Dutch Governor of Ceylon (1664 to 1672), played a leading role in establishing Dutch authority on the Malabar cost. He was of the view that as successors to the Portuguese, the Dutch had the right to claim monopoly over all the pepper and cinnamon produced along the coast. Despite this claim, the Dutch did not always succeed in getting an adequate supply of pepper. The main hindrance was the low prices offered by them; while the Dutch offered only 12 rix-dollars for a candy of five hundred pounds, the Portuguese were bidding as much as 20 rix-dollars for the same quantity. The Muslim merchants at Calicut and the English at Porka (a market town located to the South of Cochin) were even outbidding the Portuguese. The major reason for the inability of the Dutch to buy pepper was their failure to exercise an effective naval watch along the coast of north Malabar as was earlier done by the Portuguese. As a result of this ineffectiveness, many of the Dutch treaties entered into with coastal princes remained ineffective and the Dutch were soon obliged to pay either the full market price of the commodity or face negligible purchases. This situation enabled the Muslim and English merchants to continue to buy pepper despite the opposition from the Dutch. "When in 1679 Marten Huijsman, visiting commissioner in Malabar, argued in favour of holding a substantial military force on the coast to enforce fulfilment of the agreements, the Heeren XVII doubted whether such a 'method of trade through force' would succeed for long".[11] Nevertheless, the Dutch did, at times, succeed in clamping a complete embargo on the sale of pepper to the non-Dutch.

buyers of pepper and pushed back the traders from the north (Cochin). The Muslim merchants were the main victims. The legendary Haji Yusuf once more lost the regained trading position in Calicut.

II. Beginning of British Trade: Pre-Plassey Period

When the Portuguese had lost control of the Indian ocean trade and the Dutch were also facing difficulties on the Malabar coast, the English East India Company entered the Asian trade. In the beginning, they relied less on their naval power; rather they followed a policy of persistent persuasion and appeals to the king and princes. They did this particularly in the case of Travancore whose king had declared trading a state enterprise. Unmindful of the initial setbacks, particularly during the years 1747/48 and 1748/49 when they failed to get any pepper, they continued to develop good trading relations with the pepper growing areas. Ultimately they succeeded in buying the largest quantity of pepper from the coastal areas. The East India Company, besides its own men, maintained good relations with the local influential merchants. One of them was Ghaucara Mousa, who in the 1780s was threatening even the king of Cochin to keep off from his vessels. "His trump card in all difficulties was the English East India Company which he would amiably describe as 'our own company'. The prime minister of the Zamorin once had occasion to inform the English Resident at Calicut ruefully that Mousa had threatened to bring an English army if he ventured to interfere in Mousa's timber trade".[15]

While the English could not develop good trading relations before the end of the eighteenth century, they had, nevertheless succeeded in establishing themselves much earlier in many other important places of the Indian subcontinent. For instance, they had obtained trading privileges at Surat from the Mughal emperor. In 1743, by agreement with the king of Golconda, they had secured and fortified the first territorial possession, namely Madras. Bombay came with Catherine of were brought to Bombay and Surat for shipment to Europe or for sale to Arab, Indian or European merchants.

Sind

Before the advent of European commerce, Sind was a well-developed trading area, having a good network of internal waterway system on the Indus. Two most important cities of the Punjab, i.e. Lahore and Multan were linked through this system with the outside world. At that time these two cities were among the most flourishing centres of India's thriving cotton industry. Thatta, located in the Indus delta served as an entrepot with Laribunder as the busiest port. This port was large enough to accommodate ships with a tonnage of 200 to 300. Thatta was a flourishing city. A European traveller, Manucci says: "Thatta abounds in very fine white cloth, also in coarse cloth, and printed cloth of two kinds and has much leather, which is exported to Arabia and Persia."[19] This city remained well-known for its products till mid-eighteenth century. Nasarpur, like Thatta, was also an important manufacturing centre. British trade with Thatta and other industrial centres of Sind continued till the middle of the eighteenth century. Thereafter it declined rapidly. Karachi, Hyderabad, Sukkur and Shikarpur replaced Thatta in importance. But never again did Sind's cotton manufactures regain their traditional demand in international trade. Sind produced nearly 400 tons of saltpetre, most of which was exported. The East India Company manoeuvred to acquire monopoly rights for its supply to England and set up extensive works at Shahbunder for its purification. Later on, Bengal, Hugli, Coromandel coast, Gujerat and Agra would also supply saltpetre at a much cheaper rate than Sind. Saltpetre continued to be used in gunpowder in the seventeenth century, but in the eighteenth century its usefulness had extended to other and more peaceful operations, such as glass-making, the sizing of cloth and the making of dyes. The Company made considerable profit during the eighteenth century by virtue of its monopolistic control of this article dian and Chinese origin. The East India Company carried on its business through Hindu brokers or *gumashtas*, who arranged direct contact with the producers of the goods, made advance payments, and supplied goods under the supervision of the factors. The overall economy of Sind, though based on agriculture, was nonetheless well-endowed with a large network of small industries and trading centres. Besides the export trade to Europe, the Company also engaged itself in inter-Indian ocean merchants trade. Bombay and Surat served as an important commercial centres for bulk storage and wholesale trade. They were also instrumental in playing the role of a springboard in times of crises.

Bengal cotton textiles were exported to China, the Arab and the Mediterranean countries and the continent of Europe. Other items exported from Bengal were mustard seed and hemp. All these goods had to be collected from scattered places all over the Gangetic plain and then transported to the ports of Bengal. The Marwari merchants with their offices spread all over North India served as the principal inland traders for the supply of goods to foreign merchants, especially to those working in the English East India Company.

Most of the goods purchased by the English East India Company were paid in species brought all the way from England.[24] This was made possible by the "...revolution in economic conditions that had taken place in Europe .... The gold and silver mines of Central and South America had enriched the maritime peoples of the Atlantic coast. North American colonies of England and Holland had increased the prosperity of the mother countries.... By the middle of the seventeenth century the Atlantic nations had reached a sate of prosperity which only Venice had known before".[25] The average amount of bullion annually exported (to India) during the years 1697-1702 stood at about £800,000. During the years of 1697-99 export of bullion stood at 4, 177,859.13 ounces of silver and 4,027.3 ounces of gold.[26] Later on the quantity of bullion export must have increased further as the quantum of trade had gration, first of the political power of the Mughals and, then, of the centuries old, well developed economic structure of the country. Those responsible for this situation were mainly the 7,000 European men who carried on trade in India. Although small in number they exercised substantial financial and political influence through trade.[30] The main aim of these men was to reduce the political power of the Nawab of Bengal.

In addition, there was the powerful class of local merchants who, over the decades, had developed very close relations with the Company's officials. Well-known among them were the Marwari millionaires of Bengal. In order to safeguard their interests, they aligned themselves with the East India Company and helped it to give a crushing defeat to Nawab Siraj-ud-Daula in the historic battle of Plassey. It is reported that Plassey was far from just a battle. It was more a transaction by which the compradors of Bengal led by Jagat Seth sold the Nawab to the East India Company. "The Nawab's generals, already in league with the Hindu merchant princes and their British allies, did not fight and the treacherous general, Mir Jafar, received, as the price of his betrayal, the Nawabi of Bengal".[31] M.B. Brown confirms this view when he writes: "Clive's success in Bengal against the Mogul Empire was in part due to the already existing orientation of the Bengal merchants towards the European trade".[32] A few years after the Battle of Plassey and the military scuffle that took place in 1764 at Boxar, the Mogul Emperor after an engagement in which his forces were defeated, granted the Company the *Diwani*, i.e., the right of revenue administration, over the rich and fertile territories of Bengal, Bihar and Orissa.[33]

After the Battle of Plassey and the grant of *Diwani* right, the East India Company began to engage itself in a regular plunder. According to Richard Becher, a servant of the Company; " It must give pain to an Englishman to have reason to think that since the accession of the Company to the *Diwani* the condition of the people of this country has been worse than it was (ever) before.... This fine country, which flourished under ers became the main target for exploitation. This is how Brown describes some of the important aspects of the colonial policy. "The Permanent Land Settlement established by Lord Cornwallis in 1793, affecting Bengal, Bihar, Orissa and later Madras, not only formed the basis for taxation but established a permanent class of landowners. The zamindars who had been originally just tax-collectors for the Mogul, collecting a certain share of each year's crop produced by the village commune which had owned the land since time immemorial, became landlords. The 'peasants were' expropriated and the tax was fixed with little regard to crop fluctuations".[38] The new landed aristocracy was created primarily to collect revenue and to strengthen the political hands of the Company officials. The role of the new landed aristocracy was not to develop land but to act as absentee landlord, and extract the maximum possible share of the crop from the tenants. The Permanent Settlement, though a failure in many other respects, had, however, one big advantage for the Government. This was the creation of a vast body of rich landed aristocracy deeply interested in the perpetuation of the British raj.[39] Lord Lytton, while inaugurating Queen Victoria's proclamation as Empress of India, said, "...the Crown of England should henceforth be identified with the hopes, the aspirations, the sympathies and the interest of a powerful native aristocracy ",[40] created under the Land Settlement Act of 1793 and subsequent measures. The Land Settlement Act also brought in its wake the imposition of heavy taxes on the poor peasants. This forced a large number of them to lease or pledge their land to local people. Usury followed "to...eat up the social organisation from within like a canker".[41] In order to accelerate this process, the British passed a law that flew in the face of every tradition and justice known to the village community; compulsory alienation of village land for tax arrears... The British, with their wonted colonial stratagems,... artificially created a landed aristocracy at the expense of the ancient property-rights of the peasant communities, and then proceeded to 'protect' the peasants against these alleged from Bengal, continued to remain in cotton pieces though other items were also traded. Among the minor items included were cincabs, vermilion, copper, mother-of-pearl, tortoise-shell, quicksilver stick lack, safflowers, indigo, green gingers, sugar candy, cassia lignum, aloes, anacardium, bergamium, churranja, oil (preparation of Indian hemp), sago, galingale, curries, tineal (crude borax from Tibet), nux vomica, long pepper, saltpetre, cotton yarn, tea, cake lack, elephant's teeth, shellac and gunnies, blue long cloth, damasks, satins, Persian taffetas, velvet, diapers, chintzes, gold gauze and shawls, wrought silk, printed and stained calicoes.[46]

A confirmation of the anti-Indian policy can well be seen from the volume of trade in textiles. "Total Indian exports of cotton goods amounting to a million and a quarter pieces in 1814 and valued at £1.3 million, had fallen to 300,000 pieces valued at £100,000 by 1832, and to 63,000 pieces by 1844".[47]

The legendary trade in cotton textiles, among them the world's finest Dacca muslin, Sind's very fine printed cloth (chintzes). Ahmedabad's brocade, all, one after another, began to disappear from international trade.[48] India's finest textile was thus sacrified to protect the interests of a few textile magnates in Great Britain. The final blow was struck in 1813 when the East India Company was officially deprived of its monopoly in India.[49] Lancashire now began to export cotton textiles to India, while Indian weavers were forced to close down their looms. After this episode, only for a short period were some of the luxury items allowed to find their way into the British market. Soon thereafter, the British Government was quick to impose customs duty thereon. The little export that could still be carried on in cotton textiles was meant exclusively for purpose of re-export to the continent of Europe.

While in the beginning, particularly before the Battle of Plassey, England had to bring in gold and silver bullion all the way from home to pay for Indian goods, the situation had now completely changed. "After Plassey no more bullion was exported (from England to India); in fact, practically nothing was

Birmingham, their suffering, however, were soon ameliorated. In course of time they were reabsorbed "...fairly quickly into the new, mushrooming machine textile industry, or into the general process of industrialisation, which was going on in Britain.[54] But in India the position was quite different. Here the workers were simply thrown out of jobs and forced to migrate to rural areas for scratching a minimum living. Who knows how many perished on their way to the rural world, thousands, hundreds of thousands or perhaps more? What a colossal injustice done to the innocent! Were they not the ones who for so long had played a leading role for the prosperity of the East India Company and obviously England"? But such are the laws of an exploitative order.

The story did not end here. In addition to India's weavers and spinners hundreds of thousands of workers engaged in metal works, handicrafts and numerous cottage industries like the manufacture of paper, pottery, glass, etc. were also driven out of their traditional vocations. This was an epoch of "back to agriculture and inactivity", just the opposite to what English workers were passing through in their own country. Strachey writes:" In India,... the process of annihilation of handlooms was fatally one-sided. The hand textile industry was destroyed and for decades no other grew to take its place".[55]

Between 1814 and 1835, British manufacturers increased their exports of cotton goods to India from a million yards, valued at £26,000 to 51 million yards at £400,000; that was "a quarter of all their cotton exports. Exports of silk and woollen goods, iron, pottery, glass and paper increased likewise".[56]

Now that Britain had found a captive market for her industrial products, the earlier pattern of her trade went through a dynamic change. She now used India as a growing market for her industrial products. It made India a subordinate and non-industrial economy condemned to supply cheaper food to the British workers as well as raw cotton and jute to the newly installed mills. The idea of free trade in an environment of dictated development in India provided the necessary theoretical

IV. Founding of British India and its Dissolution: 1858-1947

After inflicting a crushing defeat on the last Mogul Emperor, Bahadur Shah Zafar in 1858, the victorious East India Company was dissolved and India was placed under the direct rule of the British Crown. The British Government followed a more uniform policy in respect of public administration, trade, industry, British private investment, development of a capitalist agriculture, colonization of new lands for the cultivation of cotton and other cash crops, and technical and scientific education.

Dissatisfied with the post-Plassey pattern of trade which still faced serious problems of expanding export of British textiles and other manufactures to India, the British Indian Government was determined to make India a supplier of raw materials. Agriculture and the concomitant plantations and capitalist farming were, therefore, encouraged in selected parts of the vast Indian rural periphery.

Cotton which was scarcely known in Britain before 1700, became an important item of foreign trade during the nineteenth century. Both the import of raw cotton and the manufacture of cotton textiles became the main source of employment in the United Kingdom. As a result, Manchester and Liverpool, the two chief textile centres, soon grew into first-rank cites. By 1880, cotton exports amounted to £75.6 million and employment in this industry had risen 520,000.[57] India, for centuries, the world's largest manufacturer and exporter of the finest muslins and other luxury fabrics to Europe and many Asian and African countries, was now forced to forego her own trade to provide a ready market for the products of the cotton industry. The destruction of the Indian indigenous industry was a well-planned conspiracy. This seems evident from what Spence once said during an intellectual confrontation with John Stuart Mill. "The East India Company", Spence reminded Mill, "had to use specie in its trading since the Indians did not cles, electrical goods, medicines, stationery, books, paper, glass ware, replacement equipment for railways, etc. In many respects, this role is still being played, although half a century has already passed since the British left the sub-continent.

Although on the whole, India remained essentially an agricultural country, it nevertheless did succeed in establishing a few industries. The striking development began with the installation of cotton and jute mills during the nineteenth century. The first cotton spinning mill was set up in Bombay in 1853. Its proper operation was, however, delayed until the last two decades of the century when the port got linked by railway with the cotton producing centres in the Deccan plateau and the Punjab plains. In course of time, the textile industry also spread to other parts of India. By 1900, the industry had already 5 million spindles and about 170,00 workers on its payroll, India had now become an important exporter of yarn; it exported 200 million pounds of yarn to China in 1905.[62] The expansion caught further momentum, and just before the first World War, the number of spindles had increased to 6,600,000. The consumption of raw cotton now rose to 2 million bales. In this way India became the fourth largest consumer of cotton in the world after the United Kingdom, the United States and Russia.

The textile industry benefited a great deal from the modest protection given to it by the British Indian government. As a result of this policy, the Indian textile industry was able to capture a portion of the local market, for long held by British exporters. Before this "India had been such a large market for Britain in the early eighties, as important as the U.S.A. and almost as important as all the Western European countries put together".[63] The growth in Britain's trade with India continued to be fairly rapid until 1920. Thereafter British exporters had however to work hard to maintain their share, and finally had to acknowledge defeat in the years before the Second World War when India emerged as a strong competitor outside the sub-continent. By 1929-30, the local production increased to

A small production of woollen goods began in the later years of the nineteenth century, but this trade never became very large. Similarly the silk industry, which was indigenous to India, made very little headway in the period before the First World War, although there was some modernization of its equipment".[66] Among the heavy industries, the first to develop was coal mining. Later on the founding of the East India Railways in 1853 gave birth to new modern infrastructure. "By the early 1890's the output was about 2-½ million tons a year and from then on there was steady growth until 1920 when it reached about 20 million tons a year. In the inter-war period the industry stagnated, and by the eve of the Second World War production had risen to only 28 million tons a year. After 1900 India, which up to then had been on balance a net importer of coal, increased her exports substantially and in the years just before the First World War these amounted to about 1-½ million tons a year, while imports had become negligible".[67]

"A modern iron works had been set up in 1875, but it was not until the Tatas started production in 1911 that the industry became of any significance. The tata plant had easy access to local supplies of coal and ore, and just before the First World war it turned out a small quantity of steel as well as pig-iron".[68] By 1939 output rose to 1-½ million tons of pig iron and one million tons of steel.[69] The engineering industry developed during this period was concerned mainly with servicing and maintenance requirements of mining, railway, civil engineering and textile industries. The beginning was first made in the establishment of railway workshops by the main railway companies during the second half of the nineteenth century.

Among the manufactures, that developed partly under the shelter of protection duties after the world depression of 1930 were sugar-refining, paper, soap, matches, wool, cement, leather, vegetable, oil, and miscellaneous goods, including hardware, paint and glass. Oil production along modern lines got first started in Burma with the founding of the Burma Oil Company in 1886. The fuel produced by the Company found a

Branch of Industry	No. of Persons	Employed
Cotton and jute	800,000	
Coal mining, Cotton ginning and pressing	500,000	
Metal and general engineering	130,000	
Railway workshops	100,000	
Sugar-refining	80,000	
Paper, cement, woollen, leather goods and vegetable oil industries	10,000	
Sundry industries	380.000	2,000,000
Cottage industries	6,000,000	
Total:	8,000,000	

Source: G.C. Allen, *The Industrialization of the Far East, India; Revolution and After*, Part II, Cambridge University Press, London, 1966, pp.908-919.

V. Niggardly Development

The employment of 2 million workers in modern industries in 1939 was of no special significance considering the fact that India's labour force at that time was no less than 126 million in a population of about 370 million. Further, there was one major unfavourable feature of the then pattern of industries. The new textile mills were not employment inducing. They were, instead, more employment displacing. From the cut-throat competition generated by the textile mills, the largest cottage industries sector i.e. handlooms became the first target. Similarly the development of sugar mills also affected the indigenous production of brown sugar. After 1858, the government of India encouraged the European settlers to acquire land for the development of large-scale plantations. Soon jute fibre which too had to be sent to Dundee mills for the manufacture of gunny bags, a large part of which were exported to India. Disregarding the vital interests of the local people, the British Government forced India to serve both as a supplier of raw materials as well as a captive market for British manufactures.

British monopoly interests in India covered a wide field: plantations, shipping, banking, insurance and a greater part of the country's foreign trade. A large number of British firms were active in trade, chiefly buying local goods like, cotton, jute, hides and skins, wool and tobacco, and selling British goods in the Indian market. All these activities played a dominating role in the economic life of British India. For a long time Britain did not permit Indian export trade to be conducted directly by the non-British buyers. Continental Europe, for instance, had to obtain Indian goods not directly from India, but from the London markets. According to M. B. Brown, "Re-exports to Europe of colonial products (including those from India) through the London markets were growing, once more, to equal more than a fifth of the value of home-produced exports by 1910-13. Shipping earned another fifth.[71]

For a long time India's balance of trade remained in surplus. It had to be adjusted through payments in gold and silver bullion. But in course of time, it was balanced through dubious transactions. Among them, there were, for instance, the disbursement of pensions to colonial civil servants, payment of compensation to the share of the East India Company after its dissolution, and sharing the burden of defence costs and payment of dividends. In place of manufactured goods, India was permitted only to export raw materials, whose prices were very often determined by the British commercial interests having their headquarters in the United Kingdom. Under these conditions both the farming and urban communities had to suffer a great deal.

In the beginning in India the development of educational facilities, among others, included the establishment of colleges the inter-war period, however, the Hindus began to participate extensively in the jute industry, and the new sugar-refining industry was mainly owned by them. The iron and steel industry was developed partly by the Parsees and partly by the British. For the rest the British at least maintained their importance, and even during the Second World War their relative position was not much affected".[74]

The role of British enterprise and capital has long been the subject of criticism by Indian scholars, historians and enlightened individuals. Panikkar blames British investors for deriving excessive profits from their investments in India. He says: "There is no doubt that during the second half of the nineteenth century British capital exploited Indian resources without competition and drew enormous profits and in this process, it was helped by the economic policies approved by the British authorities in London".[75] Hobson blames the most favoured British business and industrial families for the exploitation of the Indian economy.[76] Like Hobson, there were others who criticised the imperial policies. *The Radical West minster Review*, for example, saw the colonial system as an aristocratic plot, and called for the 'emancipation' of all British colonies. The *Review* bemoaned 'that unyielding tenacity to colonial dominion, which has ever been the bane and curse of the people of this country': the Horse Guards and others of the governing classes alone benefited from the colonies, not the nation as a whole; the Indian empire was a means of exploiting both the inhabitants of that sub-continent, and the tea-drinkers of England, part and parcel of the general plot, by which the aristocracy of England are to be supported by the commonalty".[77] Engel, however, looked at it differently. In his view, the benefit from exploitative practices in the colonies was not alone drawn by selected capitalists or by economic parasites of imperialism, but surely by the whole mass of the working men and women in the United Kingdom. This he ascribed to the increase in the wage packet of workers and overall rise in their living standard. This point was, however, not fully understood by Hobson, those of the colonies (India) further strengthened and sanctified the whole business of exploitation. Under these sets of policies, the normal inter-play of economic forces served against to the interests of the Indian economy.

Conclusion

The study comes out with the following conclusions:

1. The long colonial period turned India from, at one time, the richest and the most diversified trading nation to a pauper country. This was the result of persistent policies of exploitation based on satellite metropole relationship. Unlike an independent economy which ploughs back its economic surplus into its future development, India's economy was forced to forsake it for the development of the mother country. This process of robbery or at times, also net dis-investment gave birth to impoverishment al' perpetuity. Side by side, with declining economic conditions, the concomitant social, administrative, cultural, institutional and other infrastructural wherewithal also went through the same process of decay and stagnation. As against India, a resource-poor but not a colony, namely, Japan, was able to steer through the historical development process on the basis of her own strength.

2. The mode of foreign trade carried on by the British merchants in India was inherently tilted against the Indian economy. In spite loud claims generally may be British economists about the usefulness of foreign trade, on the criteria of comparative advantage and international division of labour, the practice, however turned out to be quite the opposite. By violating all objective economic laws, the British colonial government persistently did everything possible to harm the local industry which in one way or another posed a threat to the British industry at home. The greatest and most daring example of this violation of 'economic rationality' was to be seen in the establishment of jute and textile mills in England based on the raw material imported from India. In this way, India, although,

from a common and spontaneous inner enthusiasm, and not a series of alien directives. The greatest need appears to be a process of *mental decolonization*. Political changes in the developing countries will prove of little long-term value unless they also include economic and cultural changes as well. These changes become possible only when the people, as a whole, fight out their mental battle themselves. Other can not do it for them. These countries should strive to control their own destinies within self-reliant societies.*

* Development from within", *Dialogue*, Volume II, 1978, No.2, International Communication Agency, Washington, D.C., pp.62-3.

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11. *Ibid.*, p.16.
12. *Ibid.*

strated outside Parliament. Nor was the position any better in France. The Regency, under the pressure of textile interests in that country, attempted by successive pieces of legislation to stem the tide in favour of Indian and Chinese goods". p.52.

30. Wilhelm, Friedrich, Indien Weitgeschichte, Dd. 17, Fischer Bücherei: Dec. 1967, p.298.

31. Panikkar, *op.cit.*, pp.78-9.

32. *After Imperialism, op.cit.*, p.178.

33. Panikkar, *op.cit.*, p.79.

34. Written to the Company's Headquarters in London on May 24, 1769 quoted by Panikkar, *op.cit.*, p.79.

35. *Ibid.*

36. E.L.J., Coornaert, 'European' Economic Institutions and the New World; The Chartered Companies, *The Cambridge Economic History of Europe*, Cambridge, IV, 1967, p.272.

37. Brown, *op.cit.*, pp.46-7.

38. A.B. Keith, *Speeches and Documents on Indian Policy, 1750-1921*, World Classics, 1922, Vol. I, p.215,

39. R.P.Dutt, *India Today*, p.259, Brown, *op.cit.*, p.178.

40. Luxemburg, Rosa, *The Accumulation of Capital*, Routledge, London, 1963, p.374.

41. *Ibid.*, pp.374-75.

42. *Ibid.*

43. 'Islamic Budget', *The Muslim*, Magazine Section, May 17, 1985.

44. Brown, *op.cit.*, p.178.

45. Minutes of September 18, 1789, quoted by J. Strachey, *The End of Empire*, p.44, quoted by Brown, *op.cit.*, p.43.

46. F.P. Robinson, *The Trade of the East India Company*, quoted by Sorley, p.104.

manufacture of the above product was purchased from the West European countries, c.f.' A New Generation of the Elephants' in "Afkar Inquiry, Vol.2, No.10, Oct.1985, London, pp.22-3.

57. Sayers, R.S., *A History of Economic Change in England 1880-1939*, Oxford University Press, New York, 1964, p.20.

58. Spence, *Agriculture: The Source*, pp.19-20 (quoted by Bernard Semmel, *The Rise of Free Trade Imperialism*, London, 1970, pp.59-60.

59. Sayers, *op.cit.*, p.20.

60. *The Cambridge Economic History of Europe*, VI, part II, p.910.

61. Panikkar, *op.cit.*, p.316, quoted in Carrington, *British Overseas*, p.479.

62. *Ibid.*, p.467.

63. Sayers, *op.cit.*, pp.18-19.

64. *The Cambridge Economic History of Europe*, *op.cit.*, pp.914-15.

65. G.C. Allen, *The Industrialization of the Far East, The Industrial Revolution*, Part-II, Cambridge University Press, 1966, p.914.

66. *Ibid.*, p.912.

67. *Ibid.*, pp.910-11.

68. *Ibid.*, p.912.

69. *Ibid.*, p.913.

70. Panikkar, *op.cit.*, pp.114-15.

71. Brown, *op.cit.*, p.106.

72. *The Cambridge Economic History of Europe*, *op.cit.*, p.917.

73. *Ibid.*

74. *Ibid.*

75. Panikkar, *op.cit.*, p.116.

76. C.F. Hobson, *Imperialism: A Study*, George Allen & Unwin, London, 1968, p.302.

77. Quotation from the Review, see Bernard Semmel; *The Rise of Free Trade Imperialism*, Cambridge University Press, Cambridge, 1970, p.101.

78. Brown, *op.cit.*, p.85

79. Bernard Semmel, *op.cit.*, p.223.

47. Brown, *op.cit.*, p.47. According to Sorley: "By 1770 India's commanding lead in cotton piece goods had disappeared for ever entirely because of the force of economic circumstances outside the control of anyone. Sind suffered with the rest of cotton manufacturing India and, with the loss of the English trade, there arosed the circumstances which the later Kalhora exploited to turn Sind into a self-contained Muslim state closed for nearly three-quarters of a century to Englishman. Thatta's day of glory was over and Sind relapsed into condition of lethargy. After 1843, it was again drawn into the maelstrom of world politics, and communication with the outside world began once more". p.107.

48. Sorley, *op.cit.*, p.107.

49. It was abolished in 1858 after the Indian mutiny.

50. *Rise and Fulfilment of British Rule in India*, Macmillan, 1934, p.99, quoted by Brown, *op.cit.*, p.46.

51. Sir Henry Cotton, quoted in R.P.Dutt, *India Today*, *op.cit.*, p.102.

52. Dutt, quoted in Kenneth L.Gillion, *Ahmedabad — A Study in Indian Urban History*, University of California Press, Berkley and Los Angeles, 1968, pp.5-6.

53. John, Strachey, *The End of Empire*, Victor Gollanez, London, 1961, p.52.

54. *Ibid.*, p.53

55. *Ibid.*

56. Brown, *op.cit.*, p.47

    Quite surprisingly the same policy continues to be followed even until today. This is evident from the fact that while they generally permit the import of raw material without tariff barriers while manufactured goods have to face tariff and quotas restrictions c.f. natural changes in Industry", UNIDO, Vienna (ID/266). United Nations, New York, 1981. Recently, the European common market imposed a 13.5% tariff on imports of Saudi Arabian methanol, despite the fact that most of the industrial complex installed for the

13. *Ibid.* , p.18.

14. *Ibid.*

15. *Ibid.*, p.129.

16. Alexander, Hamilton, quoted by H.T. Sorley, *Shah Abdul Latif of Bhit, His Poetry, Life and Times*, Oxford University Press, Karachi, 1966, p.94.

17. The Headquarters of the Company in India since 1687.

18. 'East India Company Records'; quoted by Sorley, *op.cit.*, p.105.

19. Storia do Mogor, p.427, quoted by H.T. Sorley, *Shah Abdul Latif of Bhit*, *op.cit.*, p.93.

20. Crow Nathan, quoted by Sorley, *op.cit.*, pp.96-7.

21. *Ibid.*, p.98.

22. Manrigue, quoted by Sorley, *op.cit.*, p.99.

23. Sorley, p.101.

24. K.M. Panikkar, *Asian and Western Dominance*, London, Unwin University, 1965, p.50.

25. *Ibid.*, p.52.

26. Shafa'at Ahmed Khan, quoted by Sorley, *op.cit.*, p.106.

27. *Ibid.*

28. Brown, Barratt M , *After Imperialism*, Heinemann, London 1963, p.46.

29. Panikkar says, "The popularity of Indian textiles became a great political issue both in England and in France. Pamphleteers-notable among them that mercenary of letters, Steele-appeared on the scene to defend the virtue of British woollen goods. As early as 1677 Parliament felt called upon to prohibit all but woollen goods for winter use. By 1695 Indian textiles had displaced British goods so effectively that there was an insistent public demand for a total embargo on Indian textiles. The Spittle fields silk weavers demon-

a natural home for fibre industry was deprived of the genuine share in the 'value added' process of her own raw materials. By doing so, Britain was influenced by its robber barons who held sway over political power in the Empire. This is confirmed by Hobson. According to him, the nineteenth century British imperialism was aimed at capturing markets for British goods in the colonies, not on the principle of 'comparative advantage' but more on the 'unequal relationship'. Textiles was obviously the major sector in which India could have excelled all other nations on the criterion of efficiency and rentability. But English textiles magnates who, other wise, were unable to compete on economic grounds were, however, politically strong enough to force the sale of their products in the vast Indian market. As such, it was the 'non-economics' which finally struck the bargain and not the theory of comparative advantage or the international division of labour.

3. The other conclusion emerging from the study is that, although, British India undertook some measures to pull up the native economy through partial industrialization during the last leg of its rule integrated, as India was more with England than with the local economy, it failed to function autonomously. As a consequence it could not move towards a self-sustained process of development.

Although India, and, for that matter, Pakistan and Bangladesh are today free countries, the structure and pattern of their economies still continued to be tied up with the Western industrial countries. For reasons of 'aid-dependence' and perhaps also due to the socio-cultural and intellectual and political domination of the West, these countries have not come out of the colonial syndrome. In view of this it is therefore necessary that the above countries should assert their independence by refusing to accept the centuries old colonial domination. It is this dialectics of liberation that they must invoke before it is too late. A Nigerian, economist, Dr. Jimoh Omo-Fadaka comes out with almost similar conclusions. He writes: "The transformation of the developing countries should come who found himself stuck up in the "rich club" monopoly exploitation thesis. Added to this, there was the huge burden of "Home charges", that is, India's payments for the privilege of being administered by Britain and the increasingly large interest payments on the Indian Public Debt. Large sums of investment income was another big drain on India's economy, although it served as a boon to Britain's balance of payments in the last quarter of the nineteenth century. No wonder, therefore, that Barratt Brown termed India as "the jewel in the imperial diadem"[78] because it was India's riches which made England a prosperous country.

No doubt, British capital played a useful role in introducing modern industries in India, but it also engaged itself in maximising profit and failed to establish dynamic growth centres for the development of indigenously-rooted industrialisation. The industries that were set up served more the interests of the parent-firms in the United Kingdom rather than contributing much toward an organic development of the host country. British capital remained alien to the Indian economy and this obviously made it primarily bound up with immediate gains to the shareholders back in England. Enjoying almost a monopoly position in the vast Indian market, the British firms found it to their advantage to follow a policy of restricted production and maximum profit. This, along with other policy measures however, stood in the way of local investors to compete with these enterprises. The British colonial policy was always on the lookout to safeguard the economic interests of the United Kingdom's trade or private British investments in India. As such, it was natural to promote or discourage local industrial initiative within the framework of the official policy. The local industrialists who still managed to succeed in developing a number of industries did so under the rulers' tutelage. Obviously, favours went to "a selfish minority of capitalists, and the pro-capitalist feudal and military classes in whose hearts the atavistic sentiments of imperialism still prevailed".[79] The inter-marriage between the capitalists of England and for engineering, agriculture, medicine, dentistry and general education. At the primary and middle levels, schools were set up in the rural and urban centres. The educational and training facilities were, however, highly inadequate to meet the needs of the country. In addition, these facilities were not always suitable to foster a dynamic and sustained development of the economy. One of its main weaknesses was the complete absence of vocational institutions like, polytechnics and industrial schools badly needed to cater for the training and education of middle-tier technical hands. While subjects such as, economics, and sociology, were continuously neglected one or two general and law colleges were set up almost in every province in the early years of British rule.

Though British India was gradually provided with a vast network of railways, roads and bridges, its public administration however continued to remain in the hands of British and a few selected Indian civil servants. Other services like banking, commerce, shipping, etc., were of peripheral character depending on a regular support from the metropolis. All this was purposely done to prolong the British rule and ensure handsome profits to British investors, importers and exporters.

British enterprise and capital continued to play a significant, rather a predominant role, in the Indian economy. With a few exceptions, such as, cotton textile mills, iron and steel works, and leather tanneries owned partly by the Hindus, the Tatas, and, the Muslim industrial community respectively, the majority of the modern industries continued to remain in the hands of the British investors. "In 1915 more than half the total number of workers in modern factories and transport industries, and most of those in modern mining, were employed in undertakings controlled by foreigners".[72] The country's largest industries, namely, the jute mills, shipping, railways, engineering factories, non-ferrous metal mines and leather goods factories were also owned exclusively by British investors. Similarly, much of the sugar refining, woollen manufacturing, paper and coal mining industries were in British hands".[73] In thereafter a large number of them were set up in Assam and the Nilgiris. European indigo planters were brought in from the West Indies and settled in Bihar.[70]

On the agricultural front, the early post-Plassey pro-government landed aristocracy was patronised throughout the British era. Land was given to Indian government officials, high military personnel, prominent citizens and randomly selected individuals from amongst the farming community. The practice of land allotment was followed extensively in the newly colonized areas of the Punjab and Sind. The levy of excessive land revenue and unhindered growth of usury in rural areas were other unpleasant features of the colonial rule.

The other notable development in the agricultural sector was the colonization of vast areas of land in the Punjab and Sind. These areas were now provided with the then world's largest network of irrigation canals. As a consequence, agricultural production increased substantially. Cotton, now in great demand by the growing cotton industry in Manchester and Lancashire, was grown all over the newly colonized areas and exported to England. Large-scale agricultural development programmes, particularly irrigation and reclamation works, began during the second half of the nineteenth century and continued until the first decade of the twentieth century. To improve quality, and ensure high yields, crops were properly looked after through research and extension. For instance, the cultivation of long staple American cotton in the Punjab and Sind was supported by research carried out at the Agricultural College Lyallpur, the then leading agricultural institution in British India.

VI. Mechanism and Practice of Exploitation

For a long time India's cotton had to travel all the way to Manchester and Lancashire. A part of it came back to India as textiles. In this way the largest share of the added value, whether it was shipping or processing, was received by the British people themselves. Not dissimilar was the position of ready market both for traditional use in the country as well as for the generation of electric energy in West India. The output however, remained very low. Total production of both Burma and India during the 1930s was not more than 1.25 million metric tons a year. This came close to meeting half of India's total requirements at that time.

In the production of electric energy, India did not make much headway. Total output did not exceed beyond 2,500 million kwh in 1939. Some diversification did take place in the composition of industries, but the overall industrial strength continued to remain concentrated in jute and cotton industries, employing two-fifths of the total labour force of about 2 million engaged in large-scale industries. Cottage industries employed three times that number.

The majority of the labour force engaged in modern industries consisted of adult males. Women workers were given jobs on a modest scale in the textile sector. The level of skill and vocational know-how of the main body of workers remained fairly low. This is understandable as no facilities for practical training were available outside the premises of the factory. The Indian educational system concentrated more on theory and less on practical application. Only a few dozen engineering graduates were produced every year. No wonder, therefore, that at the time of partition in 1947, Pakistan was particularly handicapped by the shortage of trained technical work-force at the ground and middle levels.

The employment of workers in modern industries increased from 1,150,000 in 1911 to about 2,000,000 in 1939. By 1944 this number had risen to 2,800,000. The industry-wise position in 1939 was as follows:-

almost twice the pre-war level, thus reducing imports from 3,000 million yards (just before 1914) to 1100 million yards. A decade later the number of power looms rose to 200,000, almost twice the number in 1913. The Indian mill production now stood at 4,300 million yards. As the production of handloom cloth had been largely maintained, India was then able to supply most of her needs, and imports had been reduced to 650 million yards. The employment afforded by the cotton-spinning and weaving industries went up in the same period from 200,000 to 440,000. This was the most important single development in Indian industry during the inter-war era. It was accomplished in part as a result of technical improvements on the manufacturing side of the industry, for these they had raised efficiency not only in the production of standardized grey and beleached cloth, but also in the more highly finished section of the trade. But the growth had been powerfully assisted by the rise in tariffs after 1931".[64]

For decades, especially during the first half of the nineteenth century, India exported her raw jute to Dundee. At a later stage, however, considering the cheap cost of installation, some Scottish firms imported British machinery and installed a number of jute spinning and weaving mills in India. Just before the First World War began, the local jute industry had 750,000 spindles, 36,000 looms and 216,000 workers. "The jute industry, which depended primarily upon export markets, enjoyed a boom during the First World War, and after the postwar slump it resumed its expansion until, by the end of the 1920's, it had nearly 1-½ million spindles and 62,000 looms and provided employment to 308,000 persons. During the world depression the industry declined and its recovery during the 1930's was only partial. By that time it was being adversely affected by long-term structural changes in the world demand, particularly by the introduction of substitute packing materials. Its output in the later 1930's was about 10 per cent less than it had been in the middle 1920's and a little more than in 1913".[65]

wish to purchase British products; and the wages of Indian labour were so low that the Indians could undersell us in every one of our staple manufactures. Unless England were determined to destroy the handicraft of the Orient (Spence inquired prophetically), how could she send earthen-ware to the Chinese, or manufactured cotton and muslins to the Hindus".[58]

Other important items of export from Britain to India were iron and steel goods which were used for the construction of railway networks and bridges.[59] The first railway line was opened in 1853 and by 1900, private and public enterprise together had built 25,000 miles of railways. By 1914, the mileage had risen to 35,000 and by 1939, to 43,000.[60] Fabulous profits were allegedly extracted during the construction of railways in the Indo-Gangetic plain. According to Hoboson, "About one-third went to pay the home charges in London, something under one-third was spent on wages and administrative expenses largely paid to English engineers, and something over one-third on British rails and engines and in paying British ships to bring them to India".[61] The development of railways in India is generally believed to be a great feat of British rule in India. This is, however, not the whole truth. Side by side with its role in improving the overall means of transport, it also had its negative side. Critics are of the opinion that the vast railways network was built mainly;

i) to meet the strategic requirements of the army, and,

ii) to promote easy transport of raw materials from the hinterland to the sea ports.

The role of the railways in the development of inland trade was only incidental. Similarly, the development of road network was not undertaken with the main object of fostering genuine economic development of the local economy; it had to serve political goals as well.

In addition to the export of iron and steel manufactures, Britain supplied a large variety of machinery, chemicals, vehijustification to turn India into an ideal country for the production of raw material. Not only India but a large number of other countries subjected to the colonial order too were forced to give up the traditional pattern of their economy and became the hewers of wood and drawers of water.

In this way these countries were turned into suppliers of raw material for the newly industrializing countries. This artificial division of economic activity became the hall-mark of the unequal relationship existing between the advanced countries and the colonies.

The trade policy of the Company was tailored to serve the interests of the mother country. Goods exported from India were purchased at extremely low rates. Besides, the entire handling of this trade involving, shipment, insurance, etc., was left alone in the hands of the Company's own officials and authorized agents.

There was also another feature of India's foreign trade. While India's exports of manufactured goods were subject to heavy custom duties at the British ports, her raw materials, like raw cotton, could, however, pass through the custom ports in England without any duties. The main goal of this policy was:

i) to restrict the export of manufactured goods from India, and

ii) to get cheap raw materials for England's young industries or to meet food requirements of the growing number of industrial workers at cheaper prices.

It is clear that both the above policy measures indirectly improved England's ability to develop her own industry. On the contrary, as far as India's economy is concerned, it went under a process of perpetual economic decline and overall impoverishment.

taken to India, while exports from India were valued at well over £6 million a year.[50] Dacca exported three million rupees worth of muslin in 1787".[51]

This wilful destruction of India's export of cotton textiles did enormous damage to this once flourishing and highly specialised industry. The same people who once did their best to improve the quality of their products to meet the tastes of their overseas buyers, were now condemned to see their own fine craft and source of livelihood rapidly dying. This was indeed an unforgivable crime committed by the rulers against the Indian people.

As a consequence of the above policy of destroying India's supremacy in textile trade, hundreds of thousands of skilled workers had to lose their jobs. Weavers living in cities like Dacca, Thatta, Surat, Murshidabad and Ahmedabad had to migrate to rural areas to escape starvation. This is how it happened. "The old populous manufacturing towns, Dacca and Murshidabad — which Clive had described in 1757 to be as extensive, populous, and rich as the city of London — and Surat and the like were in a few years rendered desolate under the 'pax Britannica' with a completeness which no ravages of the most destructive war or foreign conquest could have accomplished".[52] Skilled workers sought refuge in rural areas. The injury caused to Indian textile centres in some cases was so great that the victim cities were deserted completely. Thatta, in Sind, is a vivid example of this ill-conceived and callous British policy. Another feature of the aftermath of textile ruin was the sharp decline in the percentage of population engaged in non-agricultural vocations.

While commenting on this disastrous policy of the British government, one of India's Governor-Generals, Lord William Bentinck, reported nearly eighty years after the Battle of Plassey that "the bones of the cotton-weavers are bleaching in the plains of India".[53] Though the British handloom weavers also suffered almost the same fate as their counterparts in India on the emergence of the textile industry in Lancashire and oppressors, and to bring this illegally usurped land into the possession of British capitalists.... Thus large estates developed in India in a short time while over large areas the peasants in their masses were turned into impoverished small tenants with a short-term lease".[42] Due to all these measures, the once owner-farmer was turned into a tenant on his own land.

The landlords became double gainers. On the one hand they got land, and, on the other, they started acting as money-lenders. The share of crop that often had to be delivered by the peasant to the landlord, the money-lender and the tax collector, invariably accounted for almost two-third the value of the produce. While commenting on the Settlement of 1793, Rafiullah Shehab writes: "The Act changed the *kharaj* status of land and created a class of absentee landlords in the subcontinent. The *kharaj* which previously was paid to the government was now misappropriated as *batai* by the absentee landlords and the government was forced to meet its expenses by levying additional taxes.[43] Lean years brought in further misery, thus forcing the tiller to go in for fresher loans.[44]

This new distribution of ownership further worsened the economic lot of the peasantry. Unlike the landlords in England and in East Prussia who played a remarkable and pioneering role in the development and modernisation of agriculture, the Indian landlords wasted their extra income on luxury goods or in prodigal hobbies, such as, dog-hunting, etc.

In addition to indiscriminate plunder, Bengal suffered a serious famine in 1770 as a result of which one-third of the total population perished. In 1789, Lord Cornwallis wrote:"... one-third of the Company's territory in Hindustan is now a jungle inhabited only by wild beasts".[45]

With the already unstable political conditions obtaining in Bengal, the outbreak of famine caused considerable damage to trade. Fortunately, however, it did not take long before trade could be resumed. The arrival of Warren Hastings in 1772, as the first Governor-General of the British Colony, was the main contribution to this development. India's exports, particularly the most despotic and arbitrary government, is verging towards ruin".[34] In a protest to the Company, some of the Indian land owners petitioned the council and stated: "They (officials of the Company) trade...in all kinds of grain, linen and whatever other commodities are 'found' in the country. In order to purchase these articles, they forced their money on the ryots and after having bought these goods at a low rate, they obliged the local inhabitants and shopkeepers to take them at a higher price".[35]

Such was the magnitude of this plunder that even the British Parliament felt obliged to conduct enquiries into these abuses. It passed two acts, one the Regulatory Act of 1773 and the other the India Act of 1784. Under the latter the East India Company was reorganized and made subordinate to the Crown.[36]

Brown, however, holds quite another opinion about the British Parliament's intervention in the affairs of the Company. He writes: "After Bengal had been devastated, the English manufacturers turned once more to attack the East India Company. The reasons advanced by their spokesmen, such as Fox in the House of Commons, were the corruption, maladministration and peculation of the Company's servants. This led to the impeachment of Warren Hastings, but the real objective was the end of the Company's monopoly of the Indian trade, the elimination of Indian competition and the opening-up of this vast new market to English manufactures. It may be a point of some importance that the very diversion of the East India Company from trade with India to military conquest and direct pillage probably aided substantially the final victory of the manufacturing interest. In 1813, at the end of the Napoleonic wars, the East India Company's monopoly of the India trade was at last ended; its monopoly of the China trade (however) continued until 1840.[37]

On the farm-land ownership front, the English influence was no less injurious to the interests of the local population. A large section of the once landowning small and medium farmtrebled by the middle of the eighteenth century. "While in 1658-67 only 99 ships with a tonnage of 31, 040 tons were sent out to the East Indies trade, by 1718-27 the number of ships had risen to 150 and the tonnage to 62,040, and in 1748-57 to 180 with a tonnage of 87,200".[27]

Though trade in pepper continued to grow in full swing well until the end of the eighteenth century, the boom enjoyed by the Indian textiles, however, began to wane by the middle of that century. The major cause for this decline was the mercantilists' attitude towards the export of gold. Another obstacle in the way of Indian export of certain handloom articles was the British Government's Act of 1720. Under this Act, the import of Indian silk and colicoes was prohibited. Besides prohibitive duties were increasingly imposed on Indian cotton manufactures to protect the interests of the Lancashire manufactures. There was also another problem to be encountered. Indian goods could not be sold directly to non-British European traders. It was the company which alone could do this. The re-export business was considered to be quite profitable.[28]

Despite these constraints, English trade with India continued to increase substantially and the Company had by now established permanent headquarters, acquired new ports, developed a network of trade relations with local merchants, and organised sea trade in such a manner that it could carry on its trade uninterrupted. Nevertheless, it was still very largely a one-way traffic, i.e., India's goods being bought by the Company against payment in gold and silver bullion. England was not in a position to offer in exchange any goods which could be sold on the Indian markets. The situation was also no different than the trade of other European countries with the Asian countries.[29]

III. Post-Plassey Period: 1757 to 1857/58

The Battle of Plassey (1757), it is said, changed the history of the Indian sub-continent. It laid the foundation of British political ascendancy in India and the gradual disintewhich had a ready market in Britain for use in manufacture of glass and artistic earthenware.[20]

Indigo growing was concentrated mostly in Middle Sind - the territory of Sehwan, Babuk and Sann, and Sehwan itself. Its consumption was mainly in the dyeing and manufacturing industries of England. The export trade from Sind and other parts of India, which continued well up to the end of the seventeenth century was, however, drastically reduced as cheaper supplies began to flow into England from the Barbados and the West Indies.

Sind had always maintained a large stock of buffaloes and oxen. This gave birth to a flourishing leather industry. "Sind saddlery and ornamental leather-work for camel upholstery and for coverlets were famous".[21] Leather jars were able to hold butter upto 320 pounds and keep it fresh for a year. Manrique observed,

> This region abounded in cattle, especially buffaloes which were so numerous that many ships were dispatched to various ports laden with their hides. From these they manufacture the lovely leather which the Portugues style 'Sind leather', ornamented with back-stitched work in different coloured silks, in fine designs and finished off with fringes of silk at the ends. These leathers are used to cover tables and as hangings in reception rooms, as well as for beds, as they are very soft and cool in summer.[22]

Sind had developed the handicraft of glazed blue tiles which were used to ornament tombs and mosques. Fish catch had been quite plentiful in the Indus river and coastal areas of Karachi. Isinglass was also prepared and exported to the Far East. Arabs, Persian, Zanibaris and Memons of Cutch and Kathiawar carried on a brisk trade in fish and other commodities of Sind. Camels too played an important role in commerce. Camel hair was used as one of the raw material in making rugs and mats.[23]

Sind's products were extensively traded along the Malabar coast in exchange for pepper and other goods, both of In-

Braganza's dowry and Calcutta was founded in the mud of the Ganges delta in 1690. Bombay and Madras became the centres of industry.

In addition to the Indus traffic, Thatta, was linked by land routes with cities such as Ahmedabad, Pali and Sal Jaisalmir. Bakhar was another important trading centre. It had trading links with Afghanistan and Persia and remained a busy trading centre throughout the seventeenth century. It produced a large variety of goods, among them cotton textiles, saltpetre, salt ammoniac, borax, opoponax, assafoetida, goat bezoar, lapis tutiae, lapis lazuli and raw silk. The main articles exported from Sind were cotton manufactures, saltpetre, indigo, leather and leather work, fish and fish products. Hamilton, the contemporary English visitor to the city was very much impressed by the products of this area. He wrote: "They manufacture in wrought silks, which they call *jamawaars*, in cotton and silk called *cuttanees*, and in silk mixed with carminia wool, in calicoes, coarse and fine, sheer and close wrought. Their cloth called *jurries* is very fine and soft and lasts beyond all other cotton that I have used. They make chintzes very fine and cheap and coverlets for beds very beautiful."[16] In the late seventeenth century, Sind cotton manufactures were very popular in London and the East India Company made good money from this business. This is evident from the list of goods to be stored at Surat,[17] and Bombay in the year 1699. They included cotton yarn, 400, 250 bales; quilts, 25,000; and chintzes of all kinds, 46,000.[18] Surat had served as the main headquarters of the Company since 1637. Bombay was both the centre of trade and, at times also as the main office entrusted with enforcing trading contracts, involving the use of naval and military force.

I. The East India Company

The British East India Company was concentrated mainly in three regions, Sind in the North, Malabar Coast in the South and Bengal in the East. Goods from all over India

Despite the growing supremacy of Portuguese and Dutch naval strength, the Indian and Asian merchants somehow managed to carry on a part of the pepper trade until the last decade of the seventeenth century. Both the growers of pepper and the Asian merchants very often joined hands to face the Dutch. Julius Valentijn Stein van Gollenesse, a Dutch commander of the Malabar Coast (1735-1743), writes about the local people's resentment against the Dutch monopoly efforts. "The people of Malabar will not make a fuss about trifles; but when vital interests are at stake, such as those bound up with pepper, areca, rice and oil, they will by no means willingly allow their hands to be tied, or must be compelled by force."[12]

In 1701, the retiring Dutch Commander Wickelman advised his successor to exercise all vigilance against "smuggling" as the English "who came to market with an ample purse" were getting away with a great deal".[13] Unlike the Dutch, the English merchants "claimed no monopoly and imposed no restriction".[14] Besides the English, the French had also begun to establish themselves along the coast. With three European nations willing to buy, the price of pepper shot up. Cardamon became so scarce that the Dutch could not get it at all.

With the weakening of Dutch power, the Malabar coastal trade restarted in full swing. Along with the English and the French merchants, many Arab and Indian merchant also reactivated their trading activity. Merchants from Sind, Cambay, Muscat and Cutch, who earlier had been deprived of Gulf trade, were back again with full force. This happened because the Battle of Gulnabad which overthrew the Safavi dynasty in Persia in 1722, once again enabled the fort of Calicut to regain its old hustle and bustle in trading. British trading in cotton, spices and a few other commodities was in full swing. The merchants from Cutch and Sind bought large quantities of pepper and sugar and paid both in cotton and cash, the latter comprising silver rupees and ducats of all kinds.

The English gradually strengthened their position along the Malabar coast. By 1800 they had emerged as the principal

Venetian merchants were obliged to buy spices from the Portuguese in Lisbon to meet the demand of their regular customers.

The Arab and Venetian merchants, however, did not suffer for long. Political events in Central Asia, the founding of the Mughal empire in India by Babar in 1526, and the contemporary Turkish naval victories leading to the conquest of Aden and the storming of the Portuguese fortress at Diu, once more restored the traditional supremacy of the Arab trade. Although minor skirmishes between the Arab and the Portuguese merchants did continue, they however failed to affect the trade in spices.

The pattern of trade followed by the Arab and the Portuguese merchants was very much different. While the Arab merchants did both selling and buying from different countries, the Portuguese purchased Asian goods against payment in gold and silver bullion. The latter pattern of trade in which ships had to sail to India without any goods on board was obviously less advantageous than the two-way cargo booking enjoyed by the Arabs. This trade did not continue for long and the Portuguese once more became strong by strengthening their marine position in the Indian ocean. The mode of trading followed by the Portuguese was quite different. They resorted to intimidation and threats to enter into favourable treaties with a number of Indian princes. This system required the Asian merchant ships to get a Portuguese permit for sailing. This curious device of compulsion "signified the acceptance of Portuguese supremacy..., to obtain such a permit, an Asian vessel had to enter a Portuguese port or maintain some permanent connection with one... the passports enumerated the ports at which the vessel concerned could trade and also the commodities it was allowed to deal in. Thus, an effectively enforced pass system would control trade generally, attract it to particular ports and divert it away from other".[8]

The Portuguese supremacy in Asian waters was soon challenged by other European powers. The Dutch, who first blockaded Goa in 1636; now wanted to expand their trading their old-standing monopoly of the most lucrative trade, that for the Mediterranean; they were largely inter-related and they commonly had shares in each other's ventures".[4] In addition, a large number of Gujeratis and some Jewish merchants of the Middle East were also actively engaged in the Arabian sea trade.

The port of Calicut along the Malabar coast had become the centre of the Arab and later on the Indian merchants' trade activities. Other ports along the Malabar coast, which gradually became important were Cochin, Cannanore Goa, and further north the ports of Gujerat, particularly Diu. The great itinerant Berber, Ibn Batuta visited the port of Calicut in 1342. He was the first "foreigner" to come to this important centre of Asian trade. In his *Safarnama*,[5] he spoke of a flourishing trade at this port where hundreds of ships came from far and wide and sailed to distant destinations. The Muslim merchants used their own Malbar teak-built *banghlas* and took them laden with precious cargoes to the harbours of Persia, Arabia, and East Africa. At the end of the fifteenth century, the Arab merchants followed two alternative routes from the Indian ocean to the Mediterranean Sea; one via Hormuz which was then (1500 A.D.) an Arab kingdom under Persian suzerainty and the other Aden.

Chinese merchants too played an active role in Asian trade. For centuries they came with their junks and brought goods from China and East Indies to the port of Calicut. By the end of the fourteenth century, however, they lost their dominant position to the Arab merchants who now controlled the trade between Malacca and Calicut. The eastern trade, namely the trade between China and East Indies and the Malayan port of Malacca, however, continued to remain under the control of the Chinese merchants. The Arab merchants also enjoyed good contacts with Sind and Bengal. Many goods, such as cotton and leather were amongst the most important items of Asian trade. Some trade was also carried on between Sind and the Malabar coast.

(1) The satellite-metropole equation in trade and development destroyed a once flourishing economy.

(2) The colonial economic system clamped on India sapped its energy and made it an under developed economy.

(3) The partial industrialisation of India did not lead to an organic regeneration of the economy. It fell short of developing a self-generating and self-sustaining growth syndrome.

I. Asian Merchants and Advent of Portuguese and Traders

The South Asian subcontinent is not a newcomer on the trade map of the world. During the heyday of the Indus civilization, the inhabitants of Mohenjo Daro had a flourishing trade with Mesopotamia and other areas in the Middle East. Similarly there was a regular overland trade with Iran, Afghanistan, Turkistan and China. In Turkistan and China, trade was carried on through the legendary silk route. Sea trade linked the subcontinent with Indonesia, Malaysia and China. This was the case long before the advent of the Arabs and Muslim rule in South Asia. Later, when the Muslims developed contact with India, Arab merchants played a predominant role in trade with many parts of India. The Malabar coast served as the hub of their trading activity. Sea and inland ports of Bengal too were important and served as trading centres. Arab merchants bought a variety of goods, the most important among them being silk from China, spices from Indonesia and Malaysia, precious stones from Burma, and cotton cloth and muslin from India. They sold these goods in Syria, Mesopotamia, East Africa, Persia and even in some parts of the Mediterranean coast.

The Venetian and Genoese traders bought these goods from the Arabs and sold them in the interior of Western Europe. Extensive European contacts with the Orient had existed at Smyrna, Alexandria and Constantinople. Barring a few setbacks from time to time, the Arab merchants continued to