



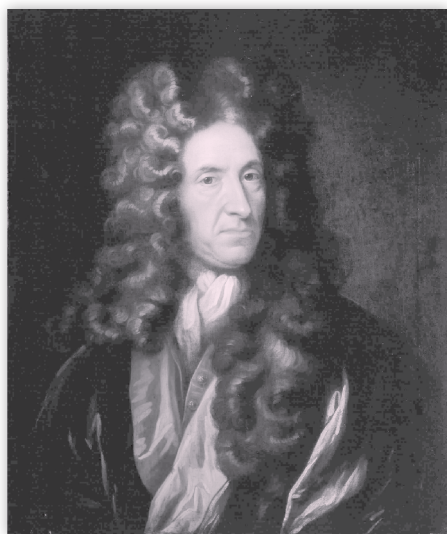
BRITISH ECONOMIC POLICIES AND IMPACT

PERIOD: 1600-1757

Role of East India Company

- That of a trading corporation
- Earned profits primarily from the sale of Indian goods abroad.
- Tried constantly to open market for Indian goods in Britain and other countries.
- Encouraged production in India to meet the demands.

Indian textiles became very popular in Britain



Daniel Defoe

- An English Trader and author of famous novel *Robinson Crusoe* (1719), complained that –

“Indian cloth had crept into our houses, our closets and bed chambers; curtains, cushions, chair and at last beds themselves were nothing but calicos or Indian stuffs.”

British manufacturers pressurized the government to restrict and prohibit the sale of Indian goods in England.

- In 1720, laws passed forbidding the wear or use of printed or dyed cotton cloth.

- In 1760, a lady paid a fine of £ 200 for having an imported handkerchief.
- **Except Holland**, other European countries also either prohibited the import or imposed heavy import duties on plain cloth.
- Despite that **until middle of 18th century Indian silk and cotton textiles had primacy in foreign markets.**

POST- 1757 (AFTER BATTLE OF PLASSEY) TILL 1813

- Qualitative change in patterns of commercial relations of Company with India.
 - Company used its political control over Bengal to acquire monopolistic control over Indian trade and production.
 - It utilized revenue of Bengal to finance its Indian exports.
 - It used its political power to coerce weavers of Bengal to sell their products at cheaper and dictated prices, even at a loss.
 - Indian labourers were compelled to work for the Company for low wages and were forbidden to work for Indian merchants.
 - Company prevented Indian or foreign traders from offering higher wages to Bengal handicraftsmen.
 - Servants of the Company monopolized the sale of raw cotton and made the Bengal weavers pay high prices for it. Thus Bengal weaver lost both ways – as buyer as well as seller.
 - At the same time, Indian textiles had to pay heavy duties on entering England.

1813: INTRODUCED NEW PHASE

1813

- **Monopoly of East India Company to trade with India was abolished.**
- **A policy of free trade** or unrestricted entry of British goods was followed.
- **Main aim:**
 - To transform India into a consumer of British manufactures and a supplier of raw materials.
 - Agricultural India to be made an economic colony of industrial England.

New British economic relations with India

- Indian handicrafts faced unequal competition with machine-made British products.
- Imports of British goods increased from £ 1.1 million in 1813 to £ 6.3 million in 1856.
- Free trade was one-sided, as Indian products were subjected to heavy import duties on entry into Britain.
- In 1824 a duty of 67.5 per cent on Indian calicos and 37.5 per cent on Indian muslins levied.
- Indian sugar to pay a duty 3 times its cost price.
- Prohibitive import duties on entry to England, free trade or unrestricted entry into India and cheaper products of British Mills gave a big blow to Indian handicrafts industry.
- India was now forced to export raw materials like raw cotton and raw silk or plantation products like indigo and tea, or food grains.
- In 1856 India exported:

- £ 4.3 million worth of raw cotton.
- £ 2.9 million worth of food grains.
- £ 1.7 million worth of indigo.
- £ 7.7 lakh worth of raw silk.
- Company promoted sale of Indian opium in China and earned large profits and revenues, when import of opium was banned in China.

1813 after-effects

- A **policy of fresh conquests and direct occupations** of Indian States to increase the number of purchasers of British goods. For example:
 - 1813-22 under Lord Hastings: Maratha and Rajputana states.
 - Conquest of Sind in 1843 and Punjab in 1846.
 - 1848-56 under Lord Dalhousie: annexation of Satara (1848), Nagpur, Sambhal and Baghat (1850), Udaipur (1852) and Awadh (1856).
- **Westernization of India** through modern western education and thought was conceptualized and implemented to create a social class of Indians having a natural inclination for western goods.
 - **Charter Act of 1813** incorporated the principle of encouraging learned Indians and promoting knowledge of modern sciences and directed the Company to spend one lakh of rupees for this purpose.
 - **Act of 1835: Lord Macaulay** system of education – teaching of western sciences and literature through medium of English language.
 - Macaulay opinion: *“Oriental learning was completely inferior to European learning.”*
 - **Wood’s Dispatch 1854:** asked *Government of India* to spread