



NORTH SOUTH UNIVERSITY



DEPARTMENT OF HISTORY AND PHILOSOPHY

Emergence of Bangladesh



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BRITISH EXPLOITATION OF INDIAN RESOURCES



General

- With the advancement in sailing ships, seafaring, navigation including international trade and naval warfare as referred by historians as the 'Age of Sail' (middle of 16th to 19th century) facilitated European colonization of Africa and Asia.
- With it came the competition between the major European powers about which we already had some glimpses in the earlier session – Austria, Prussia, Great Britain, Portuguese, France & Spain.
- They had been trying to establish their hegemony and that consequently resulted into numerous battles/wars occurring throughout 17th & 18th centuries.
- European colonization began in Indian sub-continent with the defeat of Bengal Nawab Siraj Ud Daula in 1757 by EIC following Battle of Plessey.

- **Colonization is nothing but exploitation – this is a economic policy of conquering a country to exploit its population as labour and its natural resources as raw material.**
- **These concept and theories were among the scholarly circle that helped in legitimizing colonial activity and expansion into overseas territories.**
- **All colonial stories are nothing but the stories of treachery, betrayal, deprivation and atrocities.**
- **The nature of British exploitation had been no different and as a result when they left, India had been in a grim state.**
- **The motivation of British imperialism had been economic, not evangelical – probably this is the reason for which Christians are not majority in India.**

- You might have heard the name of famous Kohinoor diamond which is preserved in the British Museum is just symbolic to manifest the level of plunder the British had carried out in India.
- It was a prized possession of pre-colonial India which the British took with them on their way back home.
- Act of taking it back and claiming it to be India's, Pakistan's and Afghanistan's in the past caused a uproar couple of years back.
- However, it forms a very small fraction of what our colonizers took away from here. Subsequently, you will be exposed to the whole gamut of exploitation carried out by the British.

There was no particular Christian fanaticism which the Portuguese and Spanish demonstrated in Latin America and less enthusiasm for cultural diffusion than the French or the Americans showed in their colonies.

The British interests laid elsewhere.

At first the main purpose was to achieve a monopolistic trading position.

Later it was felt that a regime of free trade would make India a major market for British goods and a source of raw materials – by setting up industries in England the British made the best use of this opportunity.

- # India also provided lucrative jobs for a sizeable portion of army and British upper middle class, and the remittances they sent home made a significant contribution to Britain's balance of payments and savings.
- # **Finally, control of India was a key element in the world power structure, in terms of geography, logistics and military.**
- # In acquiring all those, they exploited India particularly its people and raw materials.
- # **In entirety, Britain looted about 45 Trillion dollars between 1765 to 1938 – an amount equal to 17 times the current GDP of UK.**
- # Their economic agenda was ruthless which did not include empathy for native citizens about which we shall be exposed subsequently.

Aim

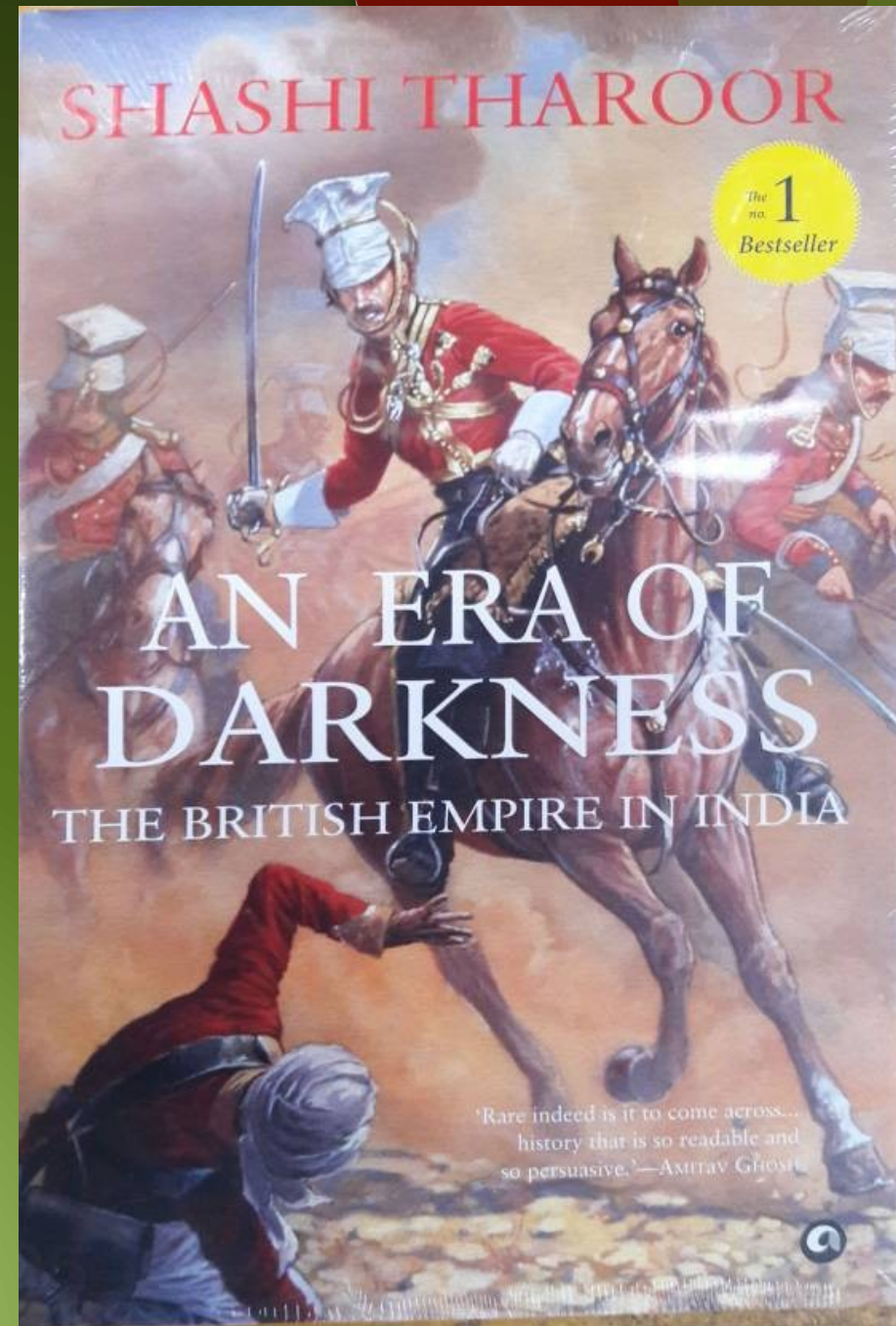
Aim of this session is to review the nature & extent of Colonial exploitation of Indian Resources during their rule.

Loot after Battle of Plessey

After the Battle of Plessey in 1757, a victory that owed more to treachery, forged contracts, bankers and bribes than military prowess, Robert Clive transferred £2.5m to EIC treasury after seizing from the defeated rulers of Bengal which is £250 m in today's company.

A proportion of the loot of Bengal went directly into Clive's pocket.

He returned to Britain with a personal fortune – then valued at £234,000 – that made him the richest self-made man in Europe.



Phases of Exploitation

1st Phase (1757-1813)(Marchant Capital Phase) is the period marked by direct plunder by which EIC invested surplus revenues for purchasing Indian finished goods for exporting to England and Europe.

2nd Phase (1813-1858)(Free Trade Phase) India provided all the raw materials and also became a market for finished British goods.

3rd Phase (Finance Capital Phase) - 1858 onwards was the finance imperialism when British capital controlled all the banks, foreign trading firms, and managing agencies in India.



Period of Merchant Capital:

- # Around 1757, Indian economy was basically a feudal economic system.**
- # Researchers believed that the seeds of capitalist development that existed in India had been robbed by the British.**
- # British rule in India in economic sphere was very destructive in character.**
- # The colonial form of exploitation started from 1757 when EIC started appearing as a political power.**
- # This merchant class used its power in the later half of the 18th century in a way which was nothing but organized greed unrestrained by any moral norms.**

Initially EIC wanted to make a profit by establishing monopoly in trade with India & the East Indies.

EIC sold its products in European market at high prices and purchased Indian & East Indies products at low prices to make largest profit.

But, Britain had almost nothing to offer in exchange of goods it purchased.

It was solved by offering precious gold and silver coins to buy Indian goods

(Barter is trading goods or services between parties without money)(Gold standard. Trade in gold from the Gold Coast of Ghana started with slave trading by Portuguese who arrived there in 1471.)

But it didn't please the merchants as it involved a huge drainage of gold and silver from Britain to India(China-Opium/Tea)

After 1757, the position went in favour of Britain & to transform Britain into global workshop, it required huge capital for investment in industries.

Britain was poor but India was rich; so Britain planned to syphon its capital by the EIC to develop industrial capitalism in Britain.

As Bengal & South India came under EIC's political control in 1750s & 1760s, the objective of monopolistic trade was fulfilled.

With political power the margin narrowed down between trade & plunder & EIC secured maximum goods for minimum payment.

When, in 1765, EIC acquired the Diwani right, it came in a position to grab the limitless wealth of the Indian rulers, nobles and zamindars.

Such revenue administration opened up a new field of direct plunder coupled with profits of trade.

The signs of colonial exploitation was vividly marked in the land revenue administration.

In 1793, the Permanent Settlement was granted and the land revenue was fixed at £3,400,000 to be spent for administration/public welfare which never materialized.

The Company administration succeeded in generating huge surpluses which were repatriated to England.

This was possible due to unreasonably prepared revenue assessment so that a larger part could be taken to Britain.

A long chain of intermediaries grew who made the revenue system a tortuous one.

The officials of EIC extorted substantial wealth from Indian merchants, zamindars, and sent those to England.

Bulk of revenues was spent for EIC's own benefit and for its employees and for financing its further expansion in India.

Between 1765 and 1770, EIC repatriated 33% of its net revenue in the form of goods.

The wealth drained out of India during merchant capital phase or the direct plunder of India played a pivotal role in financing Britain's capitalist development.

Free Trade Phase:

As I said before, British industries were funded by Indian capital drained out during merchant capital phase.

The industrial revolution bred a new social class - the capitalist industrialist class who became the dominant elements in the British economy.

The Capitalist class enjoyed blessings of the colonial administration and policy.

And the new phase of exploitation by the British capitalist class started tentatively from 1813 when the British manufacturers succeeded in destroying the EIC monopoly.

British industrialists converted India into a market for Manchester textiles and a source of raw materials for the British industries.

In order to protect rising textile industry in England, the British, very systematically, did not allow India to export Indian goods by levying heavy import duties on Indian goods.

In this way, Indians were forced to export raw materials and other non-manufactured articles to Britain.

Consequently, the whole pattern of India's foreign trade underwent a dramatic change and it has only gone in favour of Britain.

Being a traditional exporter of cotton textiles and handicraft products, India was converted into an importer of machine-made cotton textiles and an exporter of cotton and other raw materials.

In view of this, it is said that this new state of exploitation was far more systematic, calculated, and intense.

Although, the basic economic philosophy was the policy of “free trade” championed by Adam Smith.

But it was a one-way free trade i.e., free entry for British consumer goods into India but tariffs against the entry of Indian goods into Britain.

Britain even levied import duties to the extent of 70-80% on Indian goods to support their industrialization.

India, being a colony of England, had been compelled to sacrifice a lot.

The next problem was how to make India pay for the supply of raw materials and exports like hides, oil, jute, cotton, etc., required for industrial production in England. The strategy adopted by the Britishers was, no doubt, uncivilized.

The Englishmen acquired land and set up as planters in India. Most of them settled around indigo, rubber, tea, and coffee plantation. The merciless exploitation of indigo workers of Bengal has no comparison.

Huge expenditure in the form of salaries of army, Englishmen & their pension, etc. incurred by the British imperial power had been borne by Indians by paying high taxes.

Pattern of exploitation of India in the 19th century brought about a change in the nature of the Indian economy.

Self-sufficiency of the village community completely destroyed. The union of agriculture and industry disintegrated. De-industrialization was complete.



Finance Capital Phase:

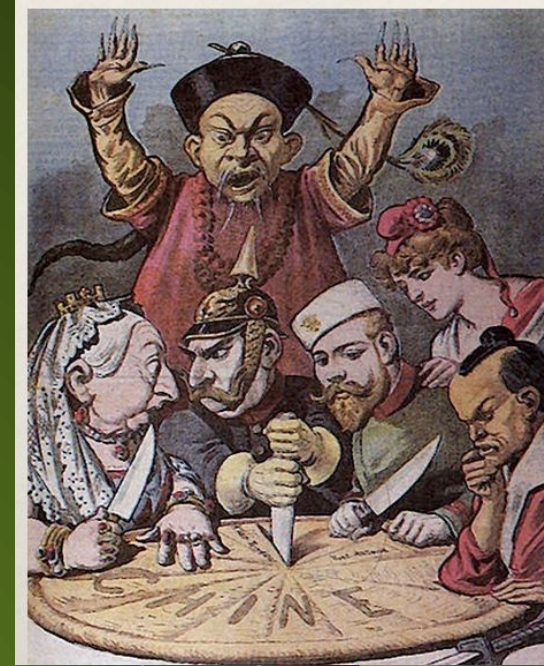
During 3rd stage(started in later half of 19th century), other European nations succeeded in industrializing themselves.

This led to a massive search for exclusive colonies and sub-colonies so that exclusive control of the imperialist country could be exercised.

The struggle for division of the world into colonies was now transformed into a struggle for the re-division of the colonial world.

To Britain, India was important where British capital could hope to maintain a haven. Britain decided to make massive investments in rail, road, postal system, irrigation, European banking system, & limited education by plundering Indian capital.

It is said that 'railway construction' laid the foundation for a new stage of colonial exploitation, or in other words, the exploitation by British capital investment in India.



For Railway project poor Indians taxpayers had to finance. Besides, for the same project the state of rising debt was as:

@ When EIC handed over power to British Government in 1858, it was £ 70 m

@ Under British Government it stood at £ 224 m in 1900

@ It swelled to £ 884 m before WW II (1939-45).

When private capitalist investment from Britain came to India; 97% of it spent before WW I spent in administration, transport, plantation, and finance.

The basic motive behind such investment was the commercial penetration of India, its exploitation as a source of raw materials and markets for British manufactures.

Some development was necessary to carry on with the colonial exploitation, but the very policy of colonial ruler slowed down the pace of development thereby putting the Indian economy in a state of perpetual underdevelopment.

Agricultural Sector

During the pre-British era, a major part of India's population was dependent on agriculture.

During the British rule also the Indian economy remained agrarian.

Rough estimates claim that about 85% of the economy derived their livelihood directly or indirectly from agriculture.



The pre-colonial India was primarily producing two crops– rice and wheat.

Despite this, it was self-sufficient and sustainable and people lived happily.

Starvations and famines were rare if not frequent.



Agricultural technologies remained primitive with no efforts to improve conditions from the British side.

Even after the introduction of fertilizer technology farmers used natural manure, which resulted in low yields.

This coupled with lack of proper irrigation facilities aggravated the misery.

The motive behind agricultural activities shifted from self-sustainability to commercialization focused upon the increase of profits of colonials.

As a result, there was an increase in the yield of cash crops like cotton, jute, oilseeds, sugarcane, tobacco etc. but it didn't help the farmers in any way.

The consequent impact was the reduction of per capita food grains drastically from 197.3 kg/year in 1909-14 to 136.8 kg/year in 1946.

Colonizers drew out every ounce of Indian resource and every drop of Indian blood for their selfish motives.

This led to various famines which the colonizers paid no heed to alleviate. Did you know that the deaths due to starvation alone during British rule are estimated to be between 15 to 29 million?

The Indian agricultural sector, which supported almost the entire economy, went towards stagnation.

There was a negligible introduction of reforms to ensure an increase in productivity.

Besides shifting focus of agricultural crops, another significant issue was the land settlement systems of the colonial government practiced in the then Bengal presidency.

Land Rights :

Land as a factor of production is of immense importance. As has already been pointed out, everything we use can be traced back to land.

Land may be rightly called the original source of every wealth.

Land resource is important because humans not only live but also perform all economic activities on land.

The economic prosperity of any country is closely linked with her land.

It is also used by human beings for various purposes such as agriculture, forestry, mining, building houses and roads, and setting up industries.

After obtaining the Diwani of Bihar, Bengal and Orissa the British introduced different land revenue policies aiming to appropriation of maximum revenue from the Zamindars and peasants.

In order to meet the high demand of revenue, the peasants perpetually remained indebted to the local money-lenders.

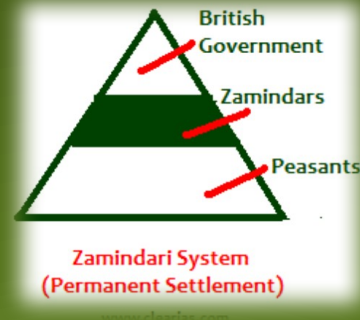
Many of them lost their lands to these greedy moneylenders for failing to pay back the borrowed amount.

The production of cash crops spoiled the fertility of the land and no other crop could be grown on it.

The growth of minimum of subsistence crops led to the deterioration and impoverishment of the Indian agriculture and the cultivators.

The peasant was suppressed under triple burden of the government, landlord and the moneylender.

His subsistence base was completely ruined by the agrarian policies of the British.



Lord Cornwallis introduced Zamindari system in 1793 had many problems.

Under this, the Bengal province land revenue demand was settled once for, all while in other provinces revenue was revised after a fixed term ranging from 10-40 years.

Zamindars were the owners who could mortgage, donate and sell the land.

Land Settlements:

The state held the Zamindari responsible for the payment of land revenue and in default thereof the land could be confiscated and sold out.

Peasants had no contact with the state authority.

The Bengal Rent Acts of 1859 and 1885 provided some relief to cultivators.



Industrial Sector

On setting foot in India, the Britishers chalked out a plan to de-industrialize the flourishing industries which served them two purposes:

Firstly, Indian export volume was made dominant with raw materials directed to Britain turning a prominent exporter of manufactured items to a mere exporter of raw materials.

Secondly, this ensured that there was a low level of local supply to meet Indian demands for finished goods.

Hence, India was forced to turn towards British to meet its demands.

Industrial Sector

Truly speaking the, British should be thankful to us for their Industrial revolution?

Indians were forced to import British goods, which eventually gave them lot of earnings.

These were used to finance imports of strategic material like iron, timber and tar for their industrialization.

Before the rise of British Empire, India was known for its handicraft and this industry enjoyed worldwide demand and was held in a high regard.

Industrial Sector

The downfall of aforesaid industries gave rise to large-scale unemployment.

The British shrewdly erased this unemployment, identically born as a result of their policies, by offering employment for working in tea, coffee, indigo plantations and jute industries, completely owned by the colonials.

At the same time, increased local demand was being profitably met by the British imports.

The British exploitation spread rapidly to all sectors of India and the industrial sector was among the ones worst affected.

Textile & Craftsmanship

Until 18th century, India was the world's dominant producer and exporter of cotton textiles, a position it held for low wages & abundant human capital.

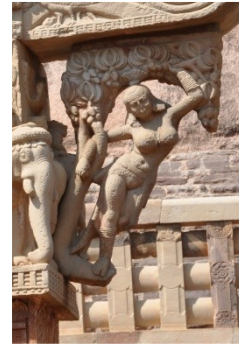
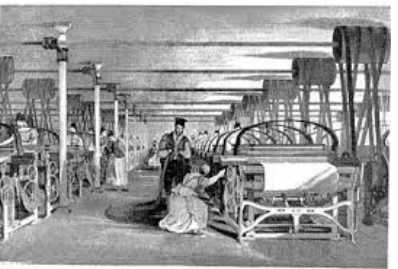
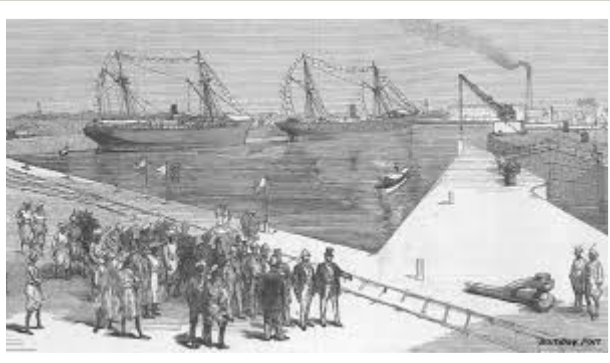
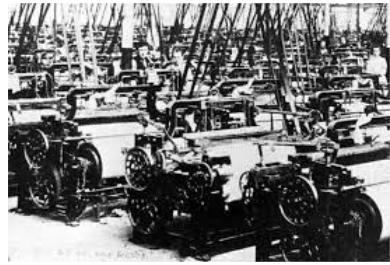
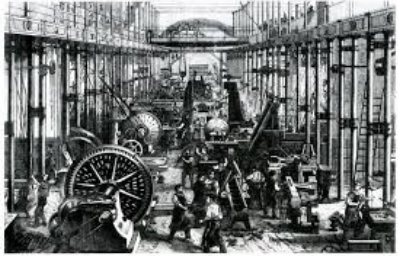
Articles made up of wool, cotton and silk were famous both inside and outside the country's boundaries.

But these goods made with primitive techniques could no more compete with those made on a mass scale by powerful steam-operated machines.

The development of railways enabled British manufactures to reach and uproot the traditional industries in the remotest villages of the country.



Shipbuilding industry



Additionally, various metal industries, stone carving, marble work, shipbuilding and tanning and leather industries were taking shape.

It had a large shipbuilding industry with an output of 223,250 tons/annually during 16th & 17th centuries compared with 23,061 tons produced in 13 colonies in North America from 1769 to 1771.

Shipbuilding Industry

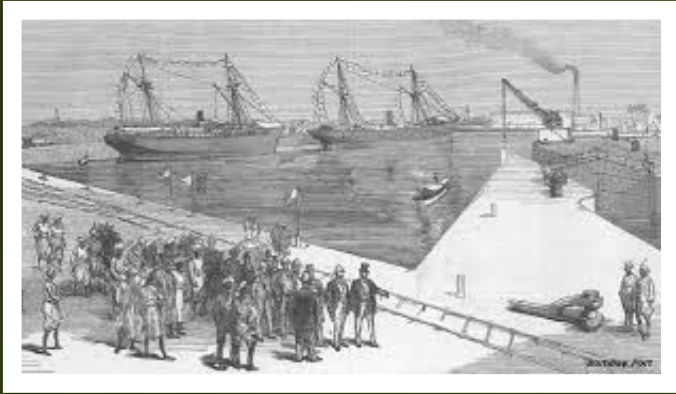
Indian boats were broad in beam, spacious and comfortable with strong radars and faultless.

India has been a major maritime power for millennia, controlling the key routes through the Indian Ocean which facilitates half of global maritime trade.

Akbar maintained a ship which was engaged in trade, Aurangzeb maintained a fleet which were used to carry the pilgrims for Hazz in Mecca.

The naval wing was an important branch of Maratha leader Shivaji's attack and defence strategy.

Shipbuilding Industry



But with the onset of invasions and colonization, the merchant and military navies faded into oblivion.

The decline in trade brought with it a downscaling in the domestic shipbuilding industry.

Thus the shipbuilding industry's productivity reduced.

World Famous Muslin

Dacca produced the finest Muslins & used to be shipped to entire world.

The British for selling their own goods destroyed local industry.

In Dhaka, the weavers disappeared. So did their muslin.

The craftsman of quality of muslin that they produced – decreased from 150,000 to 20,000 between 1827-1837.

In the worst case they chopped off their fingers so that those weavers could no longer produce muslin anymore.



Bengal Famine

Under the British Raj, India suffered countless famines.

But the worst hit was Bengal. The first of these was in 1770, followed by severe ones in 1783, 1866, 1873, 1892, 1897 and lastly 1943-44.

Previously, when famines had hit the country, local rulers were quick enough to respond with required responses to avert major disasters.

After the advent of British rule, most of the famines were a consequence of monsoonal delays along with the exploitation of the country's natural resources by the British for their own financial gain.

Unfortunately the British did nothing in the event of famine.

If anything, they were irritated at the inconveniences in taxation the famines brought about.

The first of these famines was in 1770 and was ghastly brutal.

Bengal Famine

- # The signs indicating the coming of such a huge famine manifested in 1769 and the famine itself went on till 1773.
- # The 1770 famine alone killed approximately 10 million people, many millions more than the Jews killed in holocaust during Second WW II.
- # It wiped out one-third the population of Bengal.
- # Under the Mughal rule, peasants were required to pay a tribute of 10-15 percent of their cash harvest.
- # This ensured a comfortable treasury for the rulers and a wide safety net for the peasants in case of inclement weather harming any future harvests.
- # In 1765, after the the Treaty of Allahabad, EIC took over the task of collecting the tributes from the then Mughal Emperor Shah Alam II.
- # Overnight, the British increased to 50 percent in the name of suppressing the rebellion.

Bengal Famine

Partial failure of crops was quite a regular occurrence in the Indian peasant's life.

That is why the surplus stock, which remained after paying the tributes, was so important to their livelihood.

But with the increased taxation, this surplus deteriorated rapidly.

When partial failure of crops came in 1768, this safety net was no longer in place.

The rains of 1769 were dismal and herein the first signs of the terrible drought began to appear.

The famine occurred mainly in the modern states of West Bengal and Bihar but also hit Orissa, Jharkhand and Bangladesh.

Bengal was the worst hit. Among the worst affected areas were Birbhum and Murshidabad.

Bengal Famine

- # The colonial rulers continued to ignore any warnings that came their way regarding the famine, although starvation had set in from early 1770.
- # Then the deaths started in 1771. That year, the Company raised the land tax to 60% so as to ensure that the British treasury did not suffer any losses during the famine.
- # After taking over from the Mughal rulers, the British had issued widespread orders for cash crops to be cultivated that reduced the farming of staple food.
- # Thus, farmers who were used to growing paddy and vegetables were now being forced to cultivate indigo, poppy and other such items that yielded a high market value for them but could be of no relief to a population starved of food.
- # There was no backup of edible crops in case of a famine.
- # What is even more ironic is that the East India Company generated *higher profits in 1771 than they did in 1768.*



Winston Churchill, the British Prime Minister who saved Europe from a monster like Hitler was disturbingly callous about the roaring famine that was swallowing Bengal's population.

He casually diverted the supplies of medical aid and food that was being dispatched to the starving victims to the already well supplied soldiers of Europe.

When entreated upon, he said, "Famine or no famine, Indians will breed like rabbits."

The Delhi Government sent a telegram to him painting a picture of the horrible devastation and the number of people who had died. His only response was, "Then why hasn't Gandhi died yet?"

It is worthwhile to remember that the riches of the West were built on the graves of the East.....they had not only exploited us but treated with racism.



Conclusion