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**The Rise of the East India Company**

The subcontinent began to face a series of massive challenges after the East India Company, chartered by Queen Elizabeth-I, was set up in the subcontinent. The company, starting as a joint-stock trading corporation, combined military competence with its ruthless ambition, and became enormously wealthy. With wealth came power, and the clever traders took control of huge area of the subcontinent.

Founded on 31st December, 1600, the initial purpose of the East India Company was to get a hold on Indian market. At that time, in India, due to the lack of the means of transportation and other facilities, people could not think of trade on their own so far from Europe. The company offered joint-stock organization, which made merchants able to share the risk of trade and raise further funds as needed. This access to resources provided by the company structure made the British a powerful competitor as they confronted India’s merchant families. The company, being granted the monopoly of Britain’s Asian trade, entered into the largely profitable spice trade with the islands of the East Indies. There, however, due to their encounter with more organized Dutch and French competitors, they failed to enter the Indian market until 1608, when they first entered into Surat, located on the west coast of India. (Mughal twilight: the emergence of regional states and the East India Company, 2006)

The company decided to center their trading operations in India, but this created economic and political problems for the Company. India possessed no spices apart from Malabar pepper, which formed the bulk of the Company’s earliest cargoes, the Indians had no interest in the goods England had to offer, therefore, against the reigning principles of commercialism, and to severe disapproval at home, the Company had to export bullion to pay for its Indian purchases. Also, unlike the Dutch, the British in seventeenth-century India confronted the Mughal Empire at its peak, so, there could be no thought of conquest. The British could hope to gain access to the Indian market only as humble plaintiffs for favor. To their fortune, they were welcomed by the Mughals and Indian traders to neutralize the dominance of the Portuguese and the Dutch in the Indian market. (Mughal twilight: the emergence of regional states and the East India Company, 2006)

The East India Company during the seventeenth century, nevertheless, created a secure and profitable trade for itself. Instead of the limited trade in spices, the British developed markets in Europe for a variety of Indian produce, for example indigo, saltpeter and fine quality hand-loomed Indian textiles. With the growth of a consumer economy in a prospering Britain, after 1660, the demand for Indian fabrics increased rapidly. The Company’s imports, from the subcontinent to their homeland, were worth some £360,000 in 1670, which tripled in value over the next thirty years, and then doubled again to reach nearly 2 million pounds by 1740. By 1700, the Company had secured the three ‘presidencies’ capitals of Madras, Bombay, and Calcutta, from which its authority eventually expanded into the interior. Bombay, an island with a magnificent harbor, was secured in 1661. These presidency capitals were not established with the objective of colonial conquest. The number of Company personnel posted to each was always limited to a few hundred, while the forts were guarded by ill-trained soldiers, some 300 in Madras, recruited from the streets of London. (Mughal twilight: the emergence of regional states and the East India Company, 2006)

With East India Company, The Indian trade participated in a larger worldwide trading arena. After 1707, The Mughal Empire weakened following the death of Aurangzeb, and the trade grew ever more profitable, the Company was more tempted to gain an advantage over its European rivals by political means. In 1717, the British secured from the emperor Farrukhsiyaar the valuable boon of duty-free export of their goods from Bengal. (Mughal twilight: the emergence of regional states and the East India Company, 2006)

It was in engagement with India, not in England itself, that British developed many of the institutions of the modern state. The East India Company rule in India, effectively began in 1757, lasted until 1858, when, following the Indian Rebellion of 1857, the Government of India Act 1858 led to the British Crown's assuming direct control of the Indian subcontinent in the form of the new British Raj.

# References

Mughal twilight: the emergence of regional states and the East India Company. (2006). In B. D. Metcalf, *A Concise History of Modern India* (pp. 1-55). Cambridge: Cambridge University Press.