

GS Foundation 2024: Modern India
Handout 11: Industrial Phase: Charter Acts
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As the Company's domains expanded and its responsibilities diversified, a series of new questions had to be faced. What type of government should be set up in the new territories? What kind of political institutions would fit most suitably with Indian social structures? And what of the 'pacified' Indians? Should they be educated, or even converted to more acceptable forms of religion? Was the EIC really a fit organ of government? Should its monopoly be maintained? Distinct approaches to these questions emerged, each with its partisan advocates.

Industrial Capitalism

In the 18th century, the EIC faced domestic opposition due to the fears of pernicious influence of corrupt nabobs on English society and politics leading to the Acts of 1773, 1784 and attempts at professionalization of its bureaucracy. Still, the EIC remained powerful and entrenched in parliamentary politics and never lost its trade monopoly. In the 19th century, however, the scale of opposition to it changed after industrial capitalists became powerful.

Growing Opposition to the Company in London

- Conflict between the old mercantile interests and the new industrial interests
 - By the late 18th century, there was growing opposition to the East India Company's (EIC) monopoly over commerce with India and China. **Private traders** wanted to share in the profits. With 'free trade' becoming the dominant economic doctrine in Britain, it was difficult for the government to resist demands for the termination of the Company's monopoly.
 - **Industrial capitalists** wanted open overseas Indian market for industrial products of Lancashire and Manchester and procure raw materials from India (indigo, opium, long staple cotton). The EIC's interests conflicted with those of the manufacturers since the Company mainly imported Asian commodities into Britain, rather than selling British manufactured products in Asia.
- The East India Company's expanded activities, including political, administrative, military, commercial, and technical pursuits, required the cooperation of various groups in British society. By the early 19th century, the Company's Indian empire was no longer solely the concern of a small number of merchant capitalists.

Thus, a loose free trade pressure group had been operating in British politics for some time and had tried, unsuccessfully, to have the Company's monopoly withdrawn in 1793. With renewal of the charter due in 1813, this alliance of manufacturers and exporters reinvigorated its efforts. These industrial capitalists successfully bribed/pressurized the government to abolish trade monopoly by Charter Act of 1813 partially and 1833 fully.

The Charter of 1793

- The Charter Act of 1793 **renewed the charter** of the Company for **twenty years**, giving it possession of all territories in India during that period.
- Only a **modest concession to the free-traders** in face of resistance from the London merchants
 - The Company was empowered to give **licences to individuals** as well as the Company's employees to trade in India. These licences, known as 'privilege' or 'country trade', paved the way for shipments of opium to China. It allowed for a part of the Company's fleet to be used by the private merchants. Private merchants complained of high freight rates and didn't want to be tied to the Company's warehouses.
- The **Home Government** members were to be **paid out of Indian revenues** which continued up to 1919.
- The **royal approval was mandated for the appointment** of the governor-general, the governors, and the commander-in-chief.
- In Indian administration, the **governor general's power** over the council was extended and the Governors of Bombay and Madras were brought more decisively under his control.
- It introduced in India the **concept of a civil law**, enacted by a secular human agency, and applied universally.
 - The regulation applied to all rights, person and property of the Indian people and it bound the courts to regulate their decisions by the rules and directives contained therein. All laws were to be printed with translations in Indian languages, so that people could know of their rights, privileges, and immunities.

The Charter Act of 1813

The Company fiercely contested the proposal to abolish its Indian monopoly when its charter came up for renewal in 1813. Parliament was, on the other hand, unconvinced of the Company's arguments and the Charter Act of 1813 put an end to its monopoly over India.

Provisions:

- Renewal of charter for 20 years.
- Partial abolition of trade monopoly: Except for trade in tea and trade with China.
 - While abolishing the Company's monopoly of trade, it **imposed restrictions on long-term residence** by private British individuals (private merchants, free traders) in India. A licence had to be obtained from the Company for residing in India.
- The act also allowed Christian missionaries to enter India and propagate their religion.
- Rs. 1 lakh per annum for promotion of Indian languages, literature, and scientific education in India.

The Charter Act of 1813 was thus an important benchmark in the **push towards westernisation** of India. At pace with the altered conditions, Company rule in India now had to act as an accessory, an instrument to ensure 'the necessary conditions of law and order' to make the vast Indian market captive for British goods.

The Charter Act of 1833

When the time came to renew the Charter in 1833, there was **increased pressure** in Britain for the government to take over the Indian administration directly and abolish the Company. **The Reform Act of 1832** had recently been passed, which fuelled a general desire for reform in Britain. A parliamentary inquiry was conducted, and the resulting Act of 1833 became a significant moment in the constitutional history of India.

This Act became a landmark in the constitutional history of India and had a larger significance. Most of its provisions pertained to arrangements for governing the Indian empire. The framework evolved in 1833 was to continue almost unchanged down to 1858, and some elements were retained in the latter half of the nineteenth century.

Provisions:

- The charter gave to the Company the authority to govern the Indian empire for **another twenty years, till 1854**, when the charter was to come up for renewal (the 1833 Act came in force in 1834).
- With the **abolition of the monopoly** of tea trade with China, the Company ceased to be a commercial concern.
 - All its business activities were wound up. Henceforth, it was to be **only a political-administrative body**. And here too the Indian possessions of the Company were to be held in trust for the British Crown.
 - This did not amount to a loss for its shareholders who were guaranteed an annual dividend of 10.5 per cent by the British government.
- The Charter Act of 1833 further **strengthened the authority of the board of control** and gave more powers to the president of the board of control.
 - The President of the Board of Control now became the **Minister for Indian Affairs**, while the board was empowered to superintend all administrative affairs in India.
- The governor general was henceforth to be known as the '**governor general of India**'. (Lord Bentinck). He would, in consultation with his council, control all civil, military and revenue matters in the whole of India.
- The Act **removed licensing restrictions on British settlement** in India. Also, British settlers could henceforth acquire land in India.
- The Charter Act of 1833 also introduced some **administrative changes**.
 - Formation of a fourth presidency (**Agra Presidency**) by splitting the Bengal Presidency into two.
 - **Indians to be recruited** in jobs and no discrimination based on race.
 - The Company's services in India were thrown open to the natives; but there was no provision for their being nominated to the covenanted services.
 - Although the reality was different, this declaration formed the sheet-anchor of political agitation in India.
 - It enjoined the Company's government **to abolish slavery** in India. (Slavery was finally abolished in 1843.)
- Some crucial changes were made in the composition and functioning of the governor general's council. It made a distinction between the executive and legislative duties of the

Governor-General and provided for the election of a fourth member who could participate only when legislation was being decided.

- With the extension of territories and influx of British settlers into India, there was need for uniform laws. The governor general in council was, therefore, **empowered to legislate** for the **whole of British territories in India** and these laws were to be applicable to **all persons, British or Indian**. The Act **centralized the process** of framing laws, giving to the laws and regulations framed by the governor general's council the **force of statutes**.
 - The council thus became the main legislative body in India. Presidency governments could submit drafts of legislation to the council for consideration.
- Since the making of laws required legal expertise, a provision was made for adding a 'law member' to the council.
 - The law member became the fourth member and his presence was supposed to be essential when the council was deliberating upon any legislation. This **two-fold function of the council, executive and legislative**, had significant implications for subsequent constitutional developments.
 - **Thomas Macaulay** was the first law member to be appointed to the governor general's council. Macaulay had played an important role in drafting the 1833 charter.
- In order to do away with the multiplicity of laws, the process of **codification** and **systemization** of law was initiated by the Act. A **law commission** was set up for the purpose; the four-member commission was **headed by Macaulay**.

The Charter Act of 1853

In 1853, during the renewal of the Company's charter, the parliament asserted its right to decide how India was to be governed more strongly than before. The free traders' demand to end the Company's mechanism of governing India, which had already won a significant victory with the **repeal of the Corn Laws in 1846**, could not be ignored much longer. Yet the Company could still muster sufficient political support to be able to continue with its hold over the Indian empire, even though this hold was considerably weakened by the 1853 Act.

Provisions:

- The Charter Act of 1853 subjected the EIC's empire in India to much **tighter control** by the British government. A decisive measure was the provision for **reconstituting the court of directors**.
 - The strength of the court of directors was brought down from the existing twenty-four to eighteen: six members of the court were henceforth to be nominees of the government.
- The charter of 1833 was **renewed** in 1853, but this time not for another twenty- years. It did not specify the duration for which it would be valid.
 - The Company was allowed to retain the Indian possessions "in trust for Her Majesty, her heirs and successors until Parliament shall otherwise provide", thus keeping the door ajar for a future takeover.
- The **selection of covenanted civil servants** was now to be on the basis of an **open competition**.
 - After 1833, competitive examinations were introduced, though directors' nominees could still be recruited on a nod and a wink. After 1853, selection was entirely examination-based, and thrown open to all white Britons. Members of the court of directors were deprived of the privilege of nominating candidates for appointment to superior posts in the civil service.
 - A committee was constituted by the board of control to work out the modalities of the competition. **Public examinations commenced in 1855**.
- It substantially modified the composition of the governor general's council when it met for **legislative purposes**.
 - The 1833 Act had, it was felt, led to excessive legislative centralization. The provinces no longer had any authority to enact laws or regulations. To have adequate inputs from the several presidencies and provinces, as well as from the judiciary, **six more members were added to the council when it met to deliberate upon legislative matters**.
 - These additional members were the chief justice and a judge of the Supreme Court of Calcutta; and one member each from the three presidencies of Bengal, Madras, and Bombay, and from the North-Western Provinces.
 - The **law member** (added in 1833) was now made a **full member** of the council.
 - Earlier he could only attend meetings of the council when legislative matters were on the agenda.

- The **idea of a distinct 'legislative council'**, which was already conceptually present in the Charter Act of 1833, was now developed further. This was now a body of **twelve members** comprising the
 - Governor general
 - Four 'ordinary members' (including the law member)
 - The commander-in-chief
 - Six 'additional members'. (Did not sit when the council met to discuss executive matters)
- The Act also provided for the appointment of a **separate governor** for the **Bengal Presidency**.
 - In 1854, a lieutenant governor was appointed for Bengal, instead of a full-fledged governor.