Events like the passage of the Vernacular Press Act in 1878 and the Ilbert Bill of 1882, as well as the reduction of the age limit for the Civil Services Exams in 1876 resulted in a wave of opposition from the middle class Indians. Consequently some of them came together and formed a number of small political parties that came out in the streets for protests and rallies. The British foresaw the situation resulting in another rebellion on the pattern of the War of Independence of 1857. To avoid such a situation, the British decided to provide an outlet to the local people where they could discuss their political problems. In order to achieve this goal, Allan Octavian Hume, a retired British civil servant, had a series of meetings with Lord Dufferin, the Viceroy.

On his return from Britain, Hume consulted the local Indian leaders and started working towards the establishment of an Indian political organization.

He invited the convention of the Indian National Union, an organization he had already formed in 1884, to Bombay in December 1885. Seventy delegates, most of whom were lawyers, educationalists and journalists, attended the convention in which the Indian National Congress was established. This first session of Congress was presided over by Womesh Chandra Banerjee and he was also elected as the first president of the organization.

To begin with, Congress acted as a 'Kings Party'. Its early aims and objectives were:

- To seek the cooperation of all the Indians in its efforts.
- Eradicate the concepts of race, creed and provincial prejudices and try to form national unity.
- Discuss and solve the social problems of the country.
- To request the government, give more share to the locals in administrative affairs.

As time went by, the Congress changed its stance and apparently became the biggest opposition to the British government.

Muslims primarily opposed the creation of Congress and refused to participate in its activities. Out of the 70 delegates who attended the opening session of the Congress, only two were Muslims. Sir Syed Ahmad Khan, who was invited to attend the Bombay session, refused the offer. He also urged the Muslims to abstain from the Congress activities and predicted that the party would eventually become a Hindu party and would only look after the interests of the Hindus. Syed Ameer Ali, another important Muslim figure of the era, also refused to join Indian National Congress.