

## 2 From Trade to Territory The Company Establishes Power

### Lesson at a Glance

- The **British power** began to emerge in India from the second half of the 18th century.
- The British originally came to India as a small **trading company** and were reluctant to acquire territories. Ultimately, they became the masters of the vast territory. This did not happen overnight. It took a long time.
- In 1600, the East India Company acquired a Charter from the ruler of England, Queen Elizabeth I, granting it the sole right to trade with the East.
- The royal Charter, however could not prevent other European powers from entering the eastern markets. The Portuguese established their presence in the western coast of India and got their base in Goa. By the early 17th century, the Dutch too were exploring the possibilities of trade in the Indian Ocean. Soon, the French traders arrived.
- All the companies wanted to buy the same things such as fine qualities of cotton, silk, pepper, cloves, cardamom and cinnamon from the Indian market.
- Competition amongst the companies pushed up the prices at which these goods could be purchased and this reduced the profits that could be earned. The only way the trading companies could flourish was by eliminating rival competitors.
- The first English factory was set up on the banks of the river Hugli in 1651. Soon, the trade expanded and the East India Company persuaded merchants and traders to come and settle near the factory.
- By 1696 it began building a fort around the settlement. It also bribed Mughal officials into giving the company *zamindari* rights over three villages. One of these was Kalikata which later became the city of Calcutta or Kolkata as it is now called.
- It also persuaded the Mughal emperor Aurangzeb to issue a *farman* granting the company the right to trade duty free.
- The officials of the Company who were carrying on private trade, were expected to pay duty. But they refused to pay which angered the Nawab of Bengal, Murshid Quli Khan. This led to fierce battles.

- After the death of Aurangzeb, the Bengal nawabs (Murshid Quli Khan, Alivardi Khan and Sirajuddaulah) one after another refused to grant concessions to the company.
- In such a situation the company began to think about replacing Sirajuddaulah with a puppet ruler who would willingly give trade concessions and other privileges. They began helping one of Sirajuddaulah's rivals become the nawab. Sirajuddaulah got infuriated. This finally led to the **Battle of Plassey** in which Sirajuddaulah got defeated.
- One of the main reasons for the defeat of the Nawab was that the forces led by Mir Jafar, one of Sirajuddaulah's commanders, never fought the battle.
- For the company it was the first victory in India.
- Mir Jafar who had deceived Sirajuddaulah was made the new Nawab of Bengal.
- But Mir Jafar could not prove himself a puppet ruler for a long time. Hence, the Company deposed him and installed Mir Qasim in his place. When Mir Qasim complained, he in turn was defeated in the **Battle of Buxar** in 1764, driven out of Bengal and Mir Jafar was reinstalled, who died the next year, *i.e.* 1765. In the same year the Mughal emperor appointed the Company as the Diwan of the provinces of Bengal. The Company now began to exploit the vast revenue resources of Bengal.
- After the Battle of Buxar the Company appointed Residents in Indian states. These Residents were political or commercial agents and their job was to serve and further the interests of the company. Through the Residents, the Company began interfering in the internal matters of Indian states. Soon the Company forced the states into a **subsidiary alliance**. According to the terms of this alliance, Indian rulers were not allowed to have their independent armed forces. They were to be protected by the company, but had to pay for the 'subsidiary forces' that the Company was supposed to maintain for the purpose of this protection. If the Indian rulers failed to make the payment, the part of their territory was taken away. Awadh and Hyderabad, for example, were forced to cede territories on this ground.
- Whenever, the Company saw a threat to its political or economic interests, it resorted to **direct military confrontation**. In this regard we can give example of Mysore.
- Mysore had become powerful under rulers like Haider Ali and his son Tipu Sultan.

- Mysore controlled the profitable trade of the Malabar coast where the company purchased pepper and cardamom. In 1785, Tipu Sultan stopped the export of Sandalwood, pepper and cardamom through the parts of his kingdom, and disallowed local merchants from trading with the Company. This infuriated the Company.
- The Company, for this reason, fought four wars with Mysore. Only in the last the **Battle of Seringapatam** did the company ultimately win a victory. Tipu Sultan was killed defending his capital Seringapatam.
- The Company also subdued the Marathas in a series of wars.
- From the early 19th century the Company pursued an aggressive policy of **territorial expansion**.
- Under Governor-General **Lord Hastings** (1813–1823) a new policy of **paramountcy** was initiated. The Company now claimed that its authority was paramount or supreme. Following this policy, the Company annexed several states.
- Under Governor-General Lord Dalhousie **annexations** were at the peak. He devised a policy that came to be known as the **Doctrine of Lapse**. The doctrine declared that if an Indian ruler died without a male heir his kingdom would become the part of Company territory.
- Satara, Sambalpur, Udaipur, Nagpur and Jhansi were annexed by applying this doctrine.
- In 1856, the Company also took over Awadh.
- When Warren Hastings became the first Governor-General of India he introduced several administrative reforms, especially in the sphere of justice.
- In the early 19th century, the British developed a **uniform military culture**. Soldiers were increasingly subjected to European-style training, drill and discipline that regulated their life for more than before.
- Thus, the East India Company was transformed from a trading company to a **territorial colonial power**.

### ■ TEXTBOOK QUESTIONS SOLVED ■

#### Let's Recall

Q. 1. Match the following:

Diwani	Tipu Sultan
'Tiger of Mysore'	Right to collect land revenue

Faujdari adalat	Sepoy
Rani Channamma	Criminal court
Sipahi	Led an anti-British movement in Kitoor
Ans. Diwani	Right to collect land revenue
'Tiger of Mysore'	Tipu Sultan
Faujdari adalat	Criminal court
Ram Channamma	Led an anti-British movement in Kitoor
Sipahi	Sepoy

Q. 2. Fill in the blanks:

- The British conquest of Bengal began with the Battle of .....
- Haider Ali and Tipu Sultan were the rulers of .....
- Dalhousie implemented the Doctrine of .....
- Maratha kingdoms were located mainly in the ..... part of India.

Ans. (a) Plassey (b) Mysore  
(c) Lapse (d) Western

Q. 3. State whether true or false:

- The Mughal empire became stronger in the eighteenth century.
- The English East India Company was the only European company that traded with India.
- Maharaja Ranjit Singh was the ruler of Punjab.
- The British did not introduce administrative changes in the territories they conquered.

Ans. (a) False (b) False  
(c) True (d) False

#### Let's Discuss

Q. 4. What attracted European trading companies to India?

Ans. (a) The fine qualities of cotton and silk produced in India.  
(b) Indian spices such as pepper, cloves, cardamom and cinnamon.

Q. 5. What were the areas of conflict between the Bengal nawabs and the East India Company?

- Ans.** (a) The Bengal nawabs asserted their power and autonomy and refused to grant the company concessions.
- (b) They demanded large tributes for the Company's right to trade.
- (c) They denied the Company any right to mint coins.
- (d) They stopped the Company from extending its fortifications
- (e) Accusing the Company of deceit, they claimed that the Company was depriving the Bengal government of huge amounts of revenue and undermining the authority of the nawab. It was refusing to pay taxes, writing disrespectful letters, and trying to humiliate the nawab and his officials.

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**Q. 6.** *How did the assumption of Diwani benefit the East India Company?*

**Ans.** The Mughal emperor, in 1765, appointed the Company as the Diwan of the provinces of Bengal. The Diwani allowed the Company to exploit the vast revenue resources of Bengal. This solved a major problem that the company had earlier faced. Although its trade had expanded, it had to buy most of the goods in India with gold and silver imported from Britain. The overflow of gold from Britain stopped after the assumption of Diwani. Now revenue from India could finance Company expenses. These revenues they used to purchase cotton and silk textiles in India, maintain Company troops and meet the cost of building the Company fort and offices at Calcutta.

**Q. 7.** *Explain the system of 'subsidiary alliance'.*

**Ans.** Under the system of 'subsidiary alliance', Indian rulers were not allowed to have their independent armed forces. They were to be protected by the Company, but had to pay for the 'subsidiary forces' that the Company was supposed to maintain for the purpose of this protection. If the Indian rulers failed to make the payment, the part of their territory was taken away as penalty. The states which had to lose their territories on this ground were Awadh and Hyderabad.

**Q. 8.** *In what way was the administration of the Company different from that of Indian rulers?*

**Ans.** The administration of the Company was different from that of the Indian rulers in the following ways:

- (a) The Company divided its administrative units called Presidencies. There were three Presidencies—Bengal, Madras and Bombay. In India, districts were the main administrative units.
- (b) Each presidency was ruled by a Governor. Districts were ruled by the Collectors.
- (c) The supreme head of the administration of the Company was the Governor-General. But in India, the head of the administration was the king.
- (d) The main job of the Governor-General was to introduce administrative reforms while the main job of the Collector was to collect revenue and taxes and maintain law and order in his district.

**Q. 9.** *Describe the changes that occurred in the composition of the Company's army.*

**Ans.** Several changes occurred in the composition of the Company's army:

- (a) The Company began recruitment for its own army, which came to be known as the sepoy army.
- (b) As the warfare technology changed from the 1820s, the cavalry recruitments of the Company's army declined.
- (c) The soldiers of the Company's army had to keep pace with changing military requirements and its infantry regiments now became more important.
- (d) In the early 19th century the British began to develop a uniform military culture. Soldiers were increasingly subjected to European style training, drill and discipline that regulated their life for more than before.

### Let's Do

**Q. 10.** *After the British conquest of Bengal, Calcutta grew from a small village to a big city. Find out about the culture, architecture and the life of Europeans and Indians of the city during the colonial period.*

**Ans.** Students are suggested to visit their school library and collect information about it.

**Q. 11.** *Collect pictures, stories, poems and information about any of the following—the Rani of Jhansi, Mahadji Scindhia, Haider Ali, Maharaja Ranjit Singh, Lord Dalhousie or any other contemporary ruler of your choice.*

**Ans.** For self attempt.

