

## 8<sup>th</sup> – From Trade To Territory I



**The Company Establishes Power:** Aurangzeb was the last of the powerful Mughal rulers. He established control over a very large part of the territory that is now known as India. After his death in 1707, many Mughal governors (subadars) and big zamindars began asserting their authority and establishing regional kingdoms. By the second half of the eighteenth century, however, a new power was emerging on the political horizon - the British.

**East India Company Comes East:** Between the 7<sup>th</sup> and 14<sup>th</sup> centuries, Arab leaders dominated the trade between the East and the West. They took spices, textiles, sugar, indigo and saltpeter (used for making gun power) from India by sea port. 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. By the time the first English ships sailed down the west coast of Africa, round the Cape of Good Hope, and crossed the Indian Ocean, the Portuguese had already established their presence in the western coast of India, and had their base in Goa.

- In fact, it was Vasco da Gama, a Portuguese explorer, who had discovered this sea route to India in 1498. By the early seventeenth century, the Dutch too were exploring the possibilities of trade in the Indian Ocean.

- Soon the French traders arrived on the scene. The rival European countries soon realized the enormous potential for wealth that lay in trade with India. Individual traders joined to form trading companies, which were supported by their respective government. Their efforts to control trade with India led to increasingly bitter trade wars between the Dutch, the British, the Portuguese and the French.

- The problem was that all the companies were interested in buying the same things. The fine qualities of cotton and silk produced in India had a big market in Europe. Pepper, cloves, cardamom and cinnamon too were in great demand.

- The only way the trading companies could flourish was by eliminating rival competitors. The urge to secure markets therefore led to fierce battles between the trading companies. Through the seventeenth and eighteenth centuries they regularly sank each other's ships, blockaded routes, and prevented rival ships from moving the supplies of goods.

- Trade was carried on with arms and trading posts were protected through fortification. This effort to fortify settlements and carry on profitable trade also led to intense conflict with local rulers. The company therefore found it difficult to separate trade from politics. The captains of the ships sought out suitable places and asked for permission to trade from local rulers. If the trade proved profitable, the captains set up trading ports called Factories. In the more successful areas, groups of factories developed, which were known as settlements. Some of these settlements developed into centers to which other factories in the region reported and came to be called presidencies.

**East India Company begins trade in Bengal:** British trade with India increased, and so did their power. The first English factory was set up on the banks of the river Hugli in 1651. This was the base from which the company's traders, known at that time as "factors", operated. As trade expanded, the company persuaded merchants and traders to come and settle near the factory. By 1696 it began building a fort around the settlement. Two years later it bribed Mughal officials

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into giving the Company zamindari rights over three villages. One of these was Kalikata, which later grew into the city of Calcutta or Kolkata as it is known today. The city of Calcutta grew from three villages where the company was given rights to collect tax. Bombay soon become a British stronghold and replaced Surat as the centre of the Company's activities on India's west coast. The provinces of Bengal include present - day Bihar, Jharkhand and Odisha. It was one of the richest provinces of the subcontinent, known for its textile and silk. It also persuaded the Mughal emperor Aurangzeb to issue a Farman granting the Company right to trade duty free. Starting out as trades operating from small trading outposts, the Europeans' soon established powerful colonies in the East. The European power fought bitter battles among themselves for control over the lucrative trade with East, especially India.

**How trade led to battles:** After the death of Aurangzeb, the Bengal nawabs asserted their power and autonomy, as other regional powers were doing at that time. Murshid Quli khan was followed Aliwardi Khan and then Sirajuddaulah as the nawabs of Bengal. Each one of them was a strong ruler. They refuse to grant the company concessions, demanded tributes for the company's right to trade, denied it right to mint coins, and stopped it from extending fortification.

Accusing the company of deceit, they claimed that the company was depriving the Bengal's government o huge amounts of revenue and undermining the authority of nawabs. It was refusing to pay taxes, writing disrespectful letters, and trying to humiliate the nawabs and his officials.

The British had a fortified settlement in Madras, and the French had one in Pondicherry. The French and the British took advantage of the revelry between the Indian rulers. They allied themselves with rival groups and fought three wars between 1746 and 1763, which came to be called the Carnatic Wars. The British defeated the French comprehensively. By the end of the Third Carnatic War, the French retained only Pondicherry and Chandernagore, and they were not allowed to fortify even these. The British were now the main European power in India.

**The Battle of Plassey:** When Aliwardi Khan died in 1756, Sirajuddaulah became the Nawab of Bengal. The company was worried about his power and keen on a puppet ruler who would willingly give trade concessions and other privileges. So it tried, though without success, to help one of the Sirajuddaulah rivals become the Nawab. An infuriated Sirajuddaulah asked the company to stop meddling in the political affairs of his dominion, stop fortification and pay the revenues.

After negotiations failed, the Nawab marched with 30,000 soldiers to the English factory at Kassimbazar, captured the company officials, locked the warehouse, disarmed all Englishmen, and blockaded English ships. Then he marched to Calcutta to establish control over the company's fort there.

On hearing the news of the falls if Calcutta, Company officials in madras sent forced under the command of Robert Clive, reinforced by naval fleets. Prolonged **Robert Clive** led the Company's army against Sirajuddaulah at Plassey. One of the main reasons for the defeat of the Nawab was that the forces led by Mir Jafar, one of the Sirajuddaulah's a commanders, never fought the battle. Clive had managed to secure his support by promising to make him Nawab after crushing Sirajuddaulah. The Battle of Plassey become famous because it was the first major victory the company won in India. After the defeat at Plassey, Sirajuddaulah was

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assassinated and Mir Jafar was made the Nawab. The Company was still unwilling to take over the responsibility of administration. Its prime objective was the expansion of trade. If this could be done without conquest, through the help of local rulers who were willing to grant privileges, then territories need not be taken over directly.

When Mir Jafar protested, the company deposed him and installed Mir Qasim in his place. When Mir Qasim complained, he in turn was defeated in a **Battle fought at Buxar (1764)**; driven out of Bengal, and Mir Jafar was reinstalled. Mir Jafar was brought back as Nawab of Bengal.

Through the Nawab continued to be responsible for the administration of the province, the revenue from the land now went to the British. This was called the system of dual government. The Nawab had to pay Rs 500,000 every month but the Company wanted more money to finance its wars, and meet the demands of trade and its other expenses. It wanted more territories and more revenue. By the time Mir Jafar died in 1765 the mood of the company had changed. Having failed to work with puppet nawabs, Clive declared: "We must indeed become nawabs ourselves."

Finally, in 1765 the Mughal emperor appointed the Company as the Diwan of the provinces of Bengal. The Diwan allowed the company to use the vast revenue resources of Bengal. This solved a major problem that the company had earlier faced. From the early eighteenth century its trade with India had expanded. But it had to buy most of the goods in India with gold and silver imported from Britain. This was because at this time Britain had no goods to sell in India. The outflow of gold from Britain slowed after the Battle of Plassey, and entirely stopped after the assumption of Diwan. Now revenues from India could finance Company expenses. These revenues could be used to purchase cotton and silk textiles in India, maintain Company fort and offices at Calcutta.

**Company Officials become "nabobs"**: After the battle of Plassey the actual nawabs of Bengal were forced to give land and vast sums of money as personal gifts to Company officials. **Robert Clive** himself amassed a fortune in India. He had come to Madras (now Chennai) from England in 1743 at the age of 18. When in 1767 he left India his Indian fortune was worth £401. Interestingly, when he was asked to remove corruption in Company administration but he was himself cross-examined in 1772 by the British Parliament which was suspicious of his vast wealth. Although he was acquitted, he committed suicide in 1774.

**Company Rule Expands**: After the Battle of Buxar (1764), the Company appointed Residents in Indian states. They were political or commercial agents and their job was to serve and further the interests of the Company. Through the residents, the Company officials began interfering in the internal affairs of Indian states.

They tried to decide who was to be the successor to the throne, and who was to be the successor to the throne, and who was to be appointed in administrative posts. Sometimes 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, then part of their territory was taken away the penalty.