

De-industrialization and Foreign Rule : An Appraisal of De-industrialisation of India During 1757-1857

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ABSTRACT

The administrative policy of East India Company (1757-1857) profoundly affected the economic infrastructure of India as it caused gradual industrial decline across the country. Since the battles of Plassey (1757) and Buxar (1764) the officials of the Company formulated its policy to change India as a market for British goods made from Indian raw materials. This made India a hub for raw materials for industries being developed in Britain. The far-reaching repercussions of the policy is evident in Industrial Revolution in Britain at the cost of gradual decline of Indian Industries in 18th and 19th centuries. This had a disastrous effect on the country's economic prosperity and the first process of de-industrialisation started in the country.

Keywords: Company, Industry, Policy, Goods, Market.

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Introduction

Before the advent of Europeans, India had acquired the position of the industrial workshop of the world and known for globally demanded its industrial goods. During 17th and 18th centuries three sort of Industries existed and flourished in India, viz--the rural cottage industries, the urban domestic industries and the small urban factory. The cottage industry of weaving, carpentry, pottery etc. provided daily requirements of the villages while urban domestic industry provided various kinds of products for the people living in towns and cities. The small urban factory not only produced sophisticated products but also engaged some hired labour and carrying specialization. The urban handicrafts industry produced fine textiles and luxury products for aristocratic classes. It had achieved a high water-mark of excellence as its products gained global reputation. It contributed a lot to the Indian economic growth across the country. But its excellence and reputation gradually declined from the mid of the 19th century though it

had began earlier. (Mishra 1997:44-45) The process of decline ultimately led to de-industrialization of India. Noted nationalist economists like R.C.Dutt, Dadabhai Naoroji, M.G.Ranade and others pointed out that British misrule in India led to decline of Indian industry. A noted scholar M.S.Gill observed, "IN THE INITIAL STAGES of their conquest of India the English plundered the country's wealth and resources by (i) exactions from Indian rulers, zamindars (revenue farmers), merchants and the common people; (ii) oppression and exploitation of Indian artisans, indigo cultivators and merchants and (iii) taking over surplus revenue." (Gill 1993:3) However, M.D.Morris, Daniel and Alice Thorner argued that de-industrialization was a myth.

Objectives

The paper explores the gradual decline of Indian industries after the advent of Company's Rule at first in erstwhile Bengal Presidency than gradually most of territories of the country. It

reveals how the Industrial Revolution (1760-1820) in England (Sen2017:161-162) developed on the grave of Indian Industries. It is pointed out that under the Company's rule India gradually became a centre of raw materials for the industries in England that not only destroyed Indian industries but also of its owners and workers.

Methodology:

This study is mainly based on published sources i.e. edited and authored books and research papers published in various journals and proceedings available in archives and libraries. Although the authored and edited books are main sources but for comparative study in historical perspective research papers published in journals and contributions by google scholars also formed and provided facts and data for the study. Literature Review

There is no dearth of authored and edited books and research papers on Economic History of India but in most of books there is no proper discussion of de-industrialisation of India under Company Rule in India. Books by S.R. Sharma(1951), Sridhar Pandey(1978), G.Kaushal (1979), Sabyasachi Bhattacharya (1987), Sabyasachi Bhattacharya (1990), V.B.Singh (1992), K.S.Gill(1993) D. Pandey (1994, 2016), Girish Mishra (1997), Grover and Yashpal (2002), Egnesh Thakur (2003),Sekhar Bandyopadhyay (200\$),Dhires Bhattacharyya and Ranesh Ray (2007),Suranjan Chatterjee and Siddhartha Guha Ray (2015),S.N.Sen (2017) on Economic History of India ,there is a brief discussion regarding de-industrialisation of India during 1757-1857.

Indian Industry before the Advent of East India Company

Indian industry was in a developed state before the advent of the Company in the country. (Chatterjee and Guha Ray2015:247-248;Kaushal 1979:24-30)) Its industrial goods were sold in markets all over the world. India was the largest producer of industrial goods in the world.(Banerjee1992:362-363) The Indian goods were in high demand across the globe because of

its high qualities and excellence. There was no comparison to the materials of Indian goods because the goods were excellent in every respect. Trade with foreign countries was in favour of India. (Gill1993:5; Banerjee1992:363).India used to receive gold and silver in large quantities from all over the world. The skill of its craftsmen was unmatched in the world. Mummies in Egyptian tomb dating from 2000 B.C. were found wrapped in Indian muslins of the finest quality. (Kaushal 1979:24) There was no corner of the world where Dacca's muslin was not consumed. The muslin was famous all over the world. There was no other product comparable to it in the entire world. (Thakur 2003:4-5) It established India and its artisans' reputation everywhere. Manufacture of cotton and silk fabrics,jute,sugar,mineral and metallic products (arms,metal wares,oil etc.) and dyestuffs etc. had markets in most of the countries of the world. Varanasi,Agra, Jaunpur and Lucknow (Uttar Pradesh), Multan and Lahore (Punjab),Surat and Ahmedabad (Gujarat), Aurangabad ,Vishakhapatnam and Masulipatnam (Andhra Pradesh), Coimbatore and Madurai (Madras) ,Chanderi (Madhya Pradesh), Bangalore (Mysore), Dacca and Murshidabad (Bengal) etc. were some important flourishing centres of textile industry.(Mishra1997:46) Andhra Pradesh, Bengal and Maharashtra had famous centres of ship building industry and Kashmir specialized in woollen manufactures. In fact, before the advent of the Europeans in the country, India was the "industrial workshop" of the world.

According to H.H.Wilson,the Indian cotton and silk goods were sold in the British market at a price from 50 to 60 per cent lower than those made in England (Bhattacharyya and Ray2007:78) . India was undoubtedly one of the main centres of the world trade. But this excellent status of India gradually declined (Dutt2017:180-189) during the rule of Company. The annihilation of Indian industries was a direct outcome of the origin and development of Industrial Revolution in England.(1760-1820). It completely transformed Britain's economy and its economic relations with

India. (Chandra2009:92-93) In this context the period of rule of the Company in India and the origin and growth of Industrial Revolution in England (1760-1820) are significant as they reveal the truth of gradual decline of Indian Industries and on its grave of growth of Industrial Revolution in England. Even before it, the Act passed in 1720 had prohibited the use of Indian silks and Calicoes in England. (Tayal and Jacob2004:B-37)

De-industrialization under East India Company Rule 1757-1857

With the advent of the Company Rule, India gradually lost its status of one of main centres of world trade. (Chatterjee and Guha Ray2015:248-252; Pandey1978:62-63) In 1772 a European writer observed, "The demands for Bengal manufactures can never lessen; their quality is so peculiar to that country, that no nation on the globe can either equal or rival them." (Banerjee 1992:366) As pointed out above, the growth and development of Industrial Revolution in England accompanied the gradual decline and ultimately annihilation of Indian industry. (Banerjee 1992:370; Thakur2003: Prastavana; Sen2017:162) It converted England from being the "granary of the North" (as the Romans had found her) into the workshop of the World." (Sharma1948:386) that India had achieved before the advent of Company's Rule in India. Therefore, the machine made cloth of England began to replace the indigenous manufactures and Indian artisans were forced out of production. On the other hand all restrictions on import and sale of British goods in India were removed. (Sharma1951:492-494). Duties of 70 to 80 per cent were declared on British goods to protect them and the Mills of Manchester flourished by the sacrifice of Indian manufactures. During 1685-1774 the English and British governments imposed tariffs and prohibited the import of Indian textiles into Britain through the Calico Acts enacted in 1700 and 1721.

Moreover, the goods made in England were forced upon India without paying any duty. The foreign manufacturer took advantage of Company's

rule and successfully strangled Indian competitor in trade and market. A noted author pointed out that "By the Act 11 and 12 William III, it was enacted that the wearing of wrought silk and of printed or dyed calicoes from India, Persia and China should be prohibited, and a penalty of pound 200 imposed on all persons having or selling the same. Similar laws were enacted under George I, II and III (1714-1727, 1727-1760 and 1760-1820 respectively), in consequence of the repeated lamentations of the afterward so "enlightened" British manufactures." (Meena2010:56-59)

The export of Indian cotton manufactures reached their peak in 1813, from 1794 to 1813 increased by nearly 700 times (Sen2017:162), but thereafter cotton manufactures rapidly declined. (Banerjee 1992:366-367) It has been pointed out by R.C. Dutt that the effort of the Parliamentary Select Committee of 1812 was to discover how Indian manufacture could be replaced by British manufactures, and how British industries could be promoted at the expense of Indian industries. (Sen2017:162) The worst aspect of the decline appeared thirty years later when half of Indian imports were cotton textiles from Manchester. The decline forced the Company to convert its rupee revenue into resources transferable to the UK and promoted exports of raw materials on a larger scale including opium, indigo etc. A noted scholar Gil disclosed that "The English often had full control over the raw materials needed by the artisans and charged a high price for these." (Gill193:4)

The establishment of the Company's rule, after the battles of Plassey 1757 and Buxar 1764, (Chandra2009:92) affected the existence of the Indian handicrafts, though the industry attempted to have a new source of demand from the European officials, tourists and Indians after the elimination of demand for the industry following the disappearance of noble courts. Not only the European officials who favoured imported manufactures disappointed them but also the newly created Indian middle class disdained the products of indigenous industries. This was a huge shock to Indian industries. Moreover copying the Europeans

by the educated middle class Indians proved disastrous to the Indian industries. This helped foreign goods a great deal in their competition with Indian textiles. Obviously the competition from foreign goods dealt a crippling blow to Indian industries. The process of decay was finally completed with the tariff policy known as 'one way free trade' pursued by the Company. By imposing import duties, England encouraged her manufacturing industries at home but in India she advocated the theory of free trade. According to R.C.Dutt, "the Company and the British Parliament following the selfish commercial policy of a hundred years ago discouraged Indian manufacturers in the early years of British rule in order to encourage the rising manufacturers of England. Their policy was to make India subservient to the industries of Great Britain and to make the Indian producer grow raw material for the industries of England." (in Meena2010:60). The Indian cotton and silk goods were sold at a price 50 to 60 per cent lower than the price of cloth manufactured in England. But under tariff policy of the Company, 70 to 80 per cent duties were imposed on the Indian cotton and silk goods in England with an intention to drive them out from the British market. (Sen2017:162)

British manufactured goods entered India duty free while Indian products were imposed heavy excise duty. This declined their status in competitive market and ultimately handicapped Indian industries, its owners and workers. After the Charter Act of 1813 when Company's monopoly of India trade was abolished, the value of British merchandise imported into India increased from 1.8 million pound in 1814 to 4.5 million pound in 1829. The Company's India trade declined significantly after 1813. (Chatterjee and Guha Ray2015:245-246). According to R.C.Dutt, in 1813 Calcutta exported to London two million sterling of cotton goods; in 1830 Calcutta imported two million sterling of British manufacturers. The export of cotton piecegoods from the port of Calcutta declined from 3,026,253 pieces in 1799-1800 to 695,725 pieces in 1829-1830; on the other hand, the import of British calicoes, both plain and printed, increased from 680,23 yards in 1814 to 34,843,110 yards in 1828. India was forced to admit British imports

either free or at nominal rates of duties, while Indian manufactures continued to be subjected to high import duties in England. (Chatterjee and Guha Ray2015:246)

Effects of the Ruin of Industries in India

The discriminatory British policy and competition from machine made goods crippled Indian arts and handicrafts. Lack of capital and neglect of technical and vocational education also became the bane of Indian industrial life that caused a lot of misery and distress to the Indian industrialists and artisans. (Tayal and Jacob2004: B-37). In the matter of competition, the Indian weavers hold its dominance high but in respect of price it miserably failed to face the machine made goods. According to Gill, "Artisans fled to countryside. Flourishing cites like Dacca, Murshidabd and Surat suffered a serious decline in population, and prosperous areas such as the district of Tanjore in south suffered a major setback. Indian merchants, squeezed by the English, were obliged to serve as agents of the later in their oppression and exploitation of the Indian peasants and artisans. On the other hand, the flow of wealth from India stimulated the Industrial Revolution in England and it became the most prosperous and powerful country in the world in the nineteenth century. (Gill1993:4) Moreover "In the absence of industrialisation and urbanization, and on account of limited domestic incomes, the internal market for farm produce was very limited. On the other hand, in Britain, and later on the other industrialized countries, there was a large and growing market for farm products. Consequently, a large proportion of the market produce was exported.

The British also took deliberated measures to stimulate agricultural production for export, such as development of canal irrigation, settlement of canal colonies in west Punjab, and encouragement of tea plantation in Assam and North Bengal. In the absence of industrialisation, the output of minerals like manganese and mica was also meant largely for export. India thus became predominantly an exporter of primary products." (Gill1993:5) This

made India an expanding market for British manufactures. This was due to the decline of traditional handicrafts and the lack of growth of modern machine-based industries. The British fabrics found a ready demand in Bengal and other parts of India chiefly because of their low price and of the demand of the middle classes for commodities “made in England.” Although, in fineness, texture and durability, the English goods were distinctly inferior to Bengal piecegoods, but the people preferred the cheaper varieties. Reginald Heber observed that the manufactures of England were preferred by the people of Dacca themselves for their low prices, (Chatterjee and Guha Ray 2015:250), so the Indian industries suffered a steady decline under Company’s rule in India that produced “the greatest social revolution ever heard of in Asia”. (Kaushal 1979:30)

Conclusion:

Thus under Company administration 1757-1857, India experienced a decline in its manufacturing sector because of its policies that favoured British industries. During 18th and early part of the 19th century England imposed and maintained restriction and high import duties on the import of Indian fabrics into England and pursued a policy of virtually free and unrestricted imports into India up to 1923. This process involved the destruction of traditional Indian industries and a shift towards agriculture and the import of British manufactured goods. There were many responsible causes of de-industrialization of India (Kaushal 1979:27-30) but one of the major causes was that consumers to a certain extent shifted expenditure in favour of services. Low demand for domestic manufactures and decline in manufacturing investment were no less responsible for de-industrialization of India.



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