UNIT 18 ECONOMIC IMPACT OF COLONIAL RULE

Structure

18.0 OBJECTIVES

This Unit completes our survey of the British economic impact on India. Some major aspects of the theme have already been studied in Units 14-17. We take up in this Unit a few questions which remain to be discussed:

- the changes in the position of the Indian traders and bankers as the English East India Company and English private traders became dominant in India from the 1750's;
- how this domination affected the artisans and peasants whose products were drawn into the 'market' by the English Company and business houses;
- how famines ravaged the countryside and old cities declined;
- what was the system channelising flow of funds from India to England;
- how the pattern of foreign trade changed to convert India from being an exporter of industrial goods to an importer to English manufactured goods and exporter of agricultural goods and raw materials; and
- why railways were promoted by British businessmen in England and the government in India and what system was devised to encourage British investors.

18.1 INTRODUCTION

"The government of an exclusive company of merchants is perhaps the worst of all governments for any country whatever." That was the opinion of Adam Smith in the Wealth of Nations in 1776.

As you know already (Unit 14) Adam Smith's criticism of the monopolist character of the East India Company was part of an attack on its statutory privileges which led to the abolition of these privileges in 1813 and 1833. You have also studied the impact of the Industrial Revolution in Europe and how it led to the rise of a new form of colonialism (Units 6 and 7). Some aspects of the consequent transformation of the colonialism in India have been discussed in connection with the process of commercialization of agriculture (Unit 16) and India's de-industrialization (Unit 17). It remains to be seen how some other developments, not discussed till now, reflect the process of colonialisation of the Indian economy.

18.2 SUBORDINATION OF 'NATIVE' CAPITAL

The European system of merchant capitalist trade provided initially for an important role for the Indian 'native' traders: they were needed for the procurement of goods for export. But, as the English East India Company began to acquire political hegemony and a dominant position as the chief buyer of export goods, the local traders' position was reduced to that of dependent agents and, in some branches of trade, to the status of servants of the English.

In the middle of 18th century there were flourishing native business communities in many parts of India. These included the Hindu, Jain and Bohra merchants of the Gujarat coast, the Khatris and Lohnas of Punjab and Sind, the Marwari banias of Rajasthan, the Moplas and Syrian Christians and Cochin Jews of present day Kerala, the Chettis and Komtis of Tamil and Andhra region, the Vaniks of Bengal, etc. Some of them, e.g. those in Gujarat or Kerala region, were prominent in overseas trade, and in various degrees all of them played in the internal economy some important roles (in addition to their usual trade functions), in the pre-colonial period.

a) They facilitated tax collection in cash by converting crops into money and sometimes also by paying, on behalf of the landlords or tax farmers, cash to the state in advance: often they were also guarantors of the tax collectors.

b) The traders and bankers also facilitated remittance of revenue. For example by means of a bill of exchange or hundi the banking house of Jagat Seth paid the annual revenue payable by the Bengal Nawab to the Mughal emperor.

c) Money-changing was an important function performed by bankers, particularly the Sarrafs. This was an important service not only to trade but also the state at a time when numerous regional states each minted currency of its own and coins also came in from foreign countries through trade channels.

d) The State depended heavily on the traditional trading communities for provisioning the army during the wars. From late 17th century, as you know, warfare became quite frequent. For supply of food to the army on the march, for loan of money to pay the soldiers' wages, for sale of plundered goods, etc. the state depended on traders and banjaras (migrating dealers in foodgrains, livestock etc.).

e) Finally the traders and bankers were vitally important to the State and the nobility as source of loans during crises like warfare or the failure of crops, as well as other credit requirements in normal times.

Thus in the pre-colonial period there was close interdependence between the State and the traders and bankers. As the regional States began to wilt before the onslaught of the British and the East India Company's tentacles began to spread in India, some of these lines of business began to close for Indian business communities. For example, the banking house of Jagat Seth ceased to be the state banker and repository of revenue in 1765 when the Company became Dewan of Bengal: the minting rights of Jagat Seth were gradually taken away by the English: that banking house and other native ones also lost their European clients to English banks and agency houses of Calcutta.

There was much change in the position of the local traders during the late 18th century in the trade in commodities for export. We can look at the example of Bengal trade in cloth, the leading export item. Up to 1753 the English East India Company, like other European companies and private traders, depended on the Indian merchants to procure cloth: these merchants were called dadni merchants since they were the agency through which dadan or advance was given by the Company to the artisans or weavers. From 1753 the English Company began to replace the independent dadni merchants with gomastas who were agents of the English and dependent on commission paid by the English as a percentage on value of cloth collected by these agents. After the battle of Plassey the increasing political power in the hands of the English enabled them to swith over to this new gomasta system which reduced the Indian merchants to commisioned brokers. In 1775 a variant of this system, known as the 'contract system', consolidated the position of the English in relation to the Indian brokers. Finally, in 1789 the system of 'direct agency' was introduced, dispensing with Indian middlemen altogether. Thus step by step Indian businessmen were reduced to a subordinate position (e.g. in salt, saltpetre business) or virtually excluded (e.g. in raw silk, cotton cloth) by the end of the 18th century.

The decline of export industries in the early half of the 19th century, restricted opportunities for Indian businessmen further. In the new lines opening up (e.g. jute and opium), a role subordinate to the English business houses was assigned to Indian businessmen. Petty money lending, mternal trade in agricultural and artisanal products, the sale of imported manufactures – these were the areas of activity of Indian businessmen in Bengal in the first half of the 19th century.

It is true, however, that within the over all pattern of foreign capital's domination over Indian businessman, there remained spaces for the latter to do well in business and to accumulate capital. For example, the business in raw cotton and opium in western India (commodities produced in large quantities in the princely states outside of Bombay Presidency), allowed considerable accumulation of capital in the hands of Indian businessmen; some of the Parsi businessmen in the first half of the 19th century became major exporters of these commodities. It is the capital accumulation which led to industrial investments in Bombay and the growth of a textile industry which challenged manchester's hold over the Indian market in the early 20th century.

18.3 DOMINATION – MARKET AND THE PRODUCERS

Let us now turn from the realm of traders to that of producers, the farmers and artisans. Very little is known of the trends in production that could tell us about national income or about the earnings of artisans and farmers. However, we do know about the way production and marketing was organised in the late 18th and early 19th centuries. How was that affected by the activities of the English East India Company, its servants engaged in private trade and English 'free traders' and agency houses? (You have been introduced to them in Unit 14).

The essence of merchant capitalist operation is to 'buy cheap and sell dear'. It is good to have a monopoly to enable one to do that. It is even better to be able to use coercion and state power to do that really well. This was the beautry of the position of the East India Company as a government (since 1765 in Bengal and in some other parts of India where the Company extended territorial control: (Block-3).

As you know, by the 1770's and 1780's there had developed a collective monopoly of the English Company and its servants engaged in private trade in respect of certain commodities, particularly cotton cloth in Bengal (Unit 14). That meant that artisans had no option but to sell their products to the Company and its servants. How was such a situation brought about? To a great extent this was the result of use of coercion. A classic instance is provided by the restructuration of the relationship between the weavers on the one hand, and the Company and the servants of the Company on the other, between the 1750's and the 1780's in Bengal.

Up to the middle of the 18th century, the weavers appear to have enjoyed independence and freedom to sell their products to the English, the French or the Dutch or to Indian merchants. From the 1750's, the gomastas began to compel weavers to sell their products to the English. The elimination of the French and the Dutch from competition by military means helped the process. Extortion by fraudulent undervaluation of cloth and chicanery in the English Factories became common. The weavers were bullied and harassed by the Factors, through the agency of Gomastas, to accept advance and to produce cloth. In the 1780's this practice became systematised as the Khatbandi system: the artisans were indentured to sell exclusively to the Company under Regulations passed by the Bengal government.

Thus the artisans were reduced step by step to the position of bonded labourers by the denial of free access to the market, by the use of coercion, and by laws and regulations made by the Company's government. Another instance that you already know of is the production of indigo (Unit 16): in the ryoti system the peasant was forced to cultivate and to supply indigo at a low price by the English indigo planters. To a lesser degree, opium was also produced under the threat of coercion.

Now, what is the result of this system of semi-monopoly and coercion? It creates a buyers' market, i.e. a situation where the buyer can dictate the price, the buyer being the English Company, its servants, and later, English traders, planters and agency houses.

It was, of course, to be expected that an English Factor in the later 18th century would pay the weaver as little as possible, or that the English Indigo planter in early 19th century would pay the indigo-grower ryot as little as possible, if the Englishman had the advantage of a monopoly position or coercive power. Lower prices paid to the weaver or the indigo farmer would inflate the profit margin of the English trader. Thus, sections of the artisans and peasants were producing under coercion goods which did not fetch a price that would allow more than subsistence to the producer.

Consider this situation where trading capital gets a nice profit margin without having to make any capital investment in the production of cotton cloth or indigo or opium. Why should the trader invest his money in the production process if he is making good money merely by buying the product at a low price? And consider the producer who obtains such a low price that he cannot add to his capital stock, for he has scarcely any surplus after feeding himself and his family. How can the artisan or the weaver add to his capital stock, i.e. his tools and implements, if he is forced to sell his product at a price so low as to make accumulation of funds in his hands impossible? Then who will invest and add to the capital stock and generate higher production with new tools and implements and machines? In other words who will invest in technological development and increase in productivity? The answer is, no one. Thus the scheme of things outlined above contains one of the explanations of the longstanding stagnation in technology and productivity characterising 19th century India. In fairness one must add that Indian trading and money lending capital played the same role as that of foreign trading interests in this regard; the only difference was that the latter received more firm backing from state power in the initial stages of the establishment of this pattern.

In short, capital remained outside of production process, leaving technology and organization of production by and large where it had been in the 18th century. It is of course true that there are variations from region to region, from industry to industry. In some cases the involvement of the capitalist was greater; e.g. in the raw silk industry in Bengal where wage employment was not uncommon, or in the nijabadi system (see Unit 16) where indigo planters employed people in farms owned by the planters. These are exceptional cases and affected only a small section of producers.

18.4 CITY AND COUNTRYSIDE

In the absence of other measurements of the prosperity and welfare of the people many historians have used the frequency and intensity of famines as a means of gauging economic condition of the people, particularly the condition of agriculture. As regards intensity of famines, the number of people who died in famines could have been a measure, but such figures are not available in most cases; further, there is no way one can separate in these figures starvation deaths from deaths due to epidemics which usually accompanied famines. We have, therefore, to depend on general accounts of famines, without the aid of statistics.

From the middle of the 18th century a number of major famines occurred in India. North India was affected by famines in 1759 (Sind), 1783 (present day Uttar Pradesh, Kashmir, Rajasthan), 1800-04 (U.P.), and 1837-38 (U.P., Punjab and Rajasthan). In Western India, present day Maharashtra and Gujarat, famine years were 1787,1790-92, 1799-1804, 1812-13, 1819-20, 1824-25, 1833-34. Famines visited South Indian regions in 1781-82, 1790-92, 1806-07,1824-25, 1833-34 and 1853-55. In Eastern India famines occurred relatively infrequently, but the famine of 1770 in Bengal was possibly the most disastrous of all in this period, causing about one crore deaths i.e. one-third of the population of Bengal.

These famines occurred due to a variety of causes not all of which can be traced to British rule; in fact, several of the famines mentioned above struck regions outside of British territories. In the 18th and early 19th centuries an important factor was the devastation caused by frequent warfare between the British and various regional powers. In the part of the country ruled by the British there was a tendency in the early days of British administration to push up land revenue demand to a high level. Moreover, the British collected the revenue with greater rigour than was customary in pre-British days. They also refused to reduce revenue as a concession to farmers in a bad season. This inflexibility of revenue policy was certainly a major cause of the Bengal Famine of 1770, apart from failure of seasonal rains. English traders' and their agents' activities might have contributed to the intensity of famines in some cases, e.g. speculation in grain trade by the Company's servants in 1770 in Bengal. In the early 19th century the forced cultivation of commercial crops for export in place of foodgrains may have been a factor. The neglect of the British to maintain or expand the pre-British irrigation works, in the territories that came under their rule, exposed agriculturists to their

5. A Famine Scene

old enemy, drought. From the middle of the 19th century the newly established Public Works Department began to pay some attention to irrigation requirements in British India. The revenue policy also became more flexible and from 1880 famine relief measures were systematised. On balance it may be concluded that if ability to withstand occasional crop failure without heavy famine mortality is a measure of the prosperity and economic well-being of the agriculturist, the achievement of British rule in that regard was no better than that of previous 'unenlightened' administrations.

Turning from the country side to the towns and cities, we notice two trends. the decline and depopulation of old urban centres and, on the other hand, the rapid growth of new cities and towns. The latter development was due to the needs of British commerce and administration. The premier examples were the future colonial metropolises, Calcutta, Bombay and Madras. Simultaneously, many hitherto small towns grew in size as administrative centres or central places for the marketing of imported manufactures and exportable agricultural goods. The noteworthy feature was that the new urban growth was not oriented towards industrial production, quite unlike the European pattern. Towns and cities which experienced growth in the first half of the 19th century were not places where productive activities were located – their population was engaged predominantly in the service sector i.e. marketing, transport, administration etc.

There is no doubt about the evidence of decline on stagnation of older cities, e.g. the Mughal capital cities of Agra and Delhi, or regional seats of power like Deccan, Murshidabad, Patna, Seringapatam, Hyderabad etc. This trend was partly due to the shift in the political centre of gravity away from them to new colonial metropolises. It was also due to the decline in the trade marts located in them and re-channeling of trade to new routes and networks. De-urbanization seems to have been particularly marked in the heartland of Northern India, the region around Delhi, and in parts of Western India. Whether, in an all-India perspective, the decline of population in older cities was counterbalanced by population growth in new ones is a difficult question to answer. Perhaps the answer does not matter in one sense: functionally the cities remained what they were in the pre-colonial era, vast pumping stations for the concentration of wealth from the countryside. The colonial metropolises were different only in that these were meant to pump out a susbstantial part of that wealth. That leads us to another important feature of the colonial economy, the transfer of funds to England.

Check Your Progress 1

1) Explain the reasons for the change in position of the Indian merchants in the colonial period. Answer in 60 words.

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2) Did coercion play any role in colonial trade in goods for export? Answer in 5 lines.

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3) How would you corelate the frequency of famine and the colonial rule? Answer in 60 words.

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18.5 TRANSFER OF FUNDS

If you take a look at the 17th and early 18th century account books of the East India Company, you would see that apart from trade goods it used to send to India large amounts of 'Treasure', i.e. gold and silver. This was to buy Indian goods for sale in Europe. The years after the battle of Plassey (1757) and the assumption of Dewani of Bengal by the Company (1765), saw a sharp decline in the import of 'Treasure' into India. Yet export of Indian goods to Europe continued. How did the Company buy these goods in India? This was possible because the surplus revenue remaining with the Company (i.e. the land revenue collected minus the dues payable to the Nawab of Bengal) began to be used to buy goods in India for export. Therefore the Company did not need to bring silver and gold from England.

What did that mean? First, it meant that what the Company collected as a government in the form of taxes, the Company used as a merchant company to invest in its business. Secondly, it meant that the company was getting Indian goods for sale in Europe for nothing; or that the company was collecting a tribute from its territories in India in the form of goods for sale in Europe. It can be called a 'political tribute' – a 'tribute' because for this India obtained nothing in return and thus it was not normal trade, and 'political' because it was the Company's political power that enabled it to collect revenue to invest in its business. This is how there began the 'drain of wealth' or the unilateral (one-sided) transfer of funds.

The Company had a word for it: 'Territorial Revenue' e.g. the revenue surplus from Bengal. Side by side the Company's accounts showed 'Commercial Revenue', i.e. profits of business. As the Company's territory in India extended (Block 3), the 'territorial revenue' expanded. The Company was able to use the territorial revenue from one region, e.g. Bengal, to pay for the military costs of acquiring other territories. Further, the territorial revenue was used to provide the funds for the business which raked in 'commercial revenue'. It was a perfectly self-contained system, needing no funds from England. In fact, the system was successful not only in financing the Company's exports to Europe, but also to finance the Company's investment in China to buy tea and silk. The latter branch of business involved export of silver to China which caused monetary problems in this country.

This system operated in full swing from 1765 till 1813 when the Company's monopoly was abolished. In the next two decades the business of the Company declined sharply and 'Territorial Revenue' became their mainstay. Private traders, both Company servants and non-officials, now took the lead in export business.

They had always been there, as you know (Unit 14), and had been remitting or sending out their profits to England in the form of goods through non-English or through the English Company by means of bills of exchange. Thus, apart from the Company's account, on private account there was transfer of funds to England. Not all that was thus sent out to England was business profit; it included earnings of Englishmen from plunder and lost during wars, bribery obtained from regional principalities, and fraudulent dealings with Indian business partners or underlings. A knowledgeable English businessman, G.A. Prinsep, calculated that between 1813 and 1820 the yearly average private wealth sent out to England from Bengal alone was about Rs. 1 Crore and 8 lakhs.

So, profits of business and other private earnings formed one part of funds remitted to England. Another part was the money paid to shipping companies, banks, insurance companies etc. in England. This amounted to about Rs. 57 lakhs in 1813-20 annually. A third channel of transfer of funds was the Company's remittance to England. This was to pay for the salary of the Company's employees in England, the interest on loans taken by the Company in England, dividends to the stockholders of the Company etc. This amount varied greatly, from one to three crores of rupees. This became known as 'Home charges' and was the sum total of the money sent to England by the Company's government after it stopped trading in 1833.

While the system, described above, to get funds out of India was being perfected, England was undergoing the Industrial Revolution. Wealth from India added to the capital accumulation England needed for industrialisation; however, it does not follow that this was any more than one of a vast number of factors contributing towards England's industrialisation. At any rate, industrialisation in England radically changed the pattern of India's trade. At least that part of India's complex trade history we should look at, for it had important consequences.

18.6 EXTERNAL TRADE

Broadly speaking, the general trend throughout the eighteenth century was that Indian artisanal industries found a steady market abroad, and from the early decades of the nineteenth century there was reversal of that trend. This was accompanied by increase in import of industrial manufactures and export of agricultural goods.

Let us begin with the years following the battle of Plassey. In the years 1758-61, the average value of cotton cloth exported from India by the English EIC was about Rs. 27.4 lakhs (416,000 pieces on the average); this was about 81 per cent of total value of average exports in those years. Raw silk, pepper and saltpetre accounted for the rest, less than twenty per cent of exports.

Now look at the picture of export trade in 1850-51, i.e., at the end of the period we are studying in this course. In 1850-1851 the major export items were opium, raw cotton, indigo and sugar (accounting for about 30, 19, 11 and 10 per cent respectively of total exports in value). Thus India was now reduced to almost totally an exporter of raw or processed agricultural goods. Of exports only 3.7% was cotton piece goods.

As regards imports into India, in 1850-51 large quantities of English factory manufactures were the major items; 31.5% of total value of imports was mill cotton cloth and 9% was cotton yarn, 5% woolen cloth, 16% metals etc. Particularly important to note is cotton cloth and yarn. In 1850-51 India imported Rs. 1.13 crores worth cotton yarn and twist, and Rs. 3.37 crores of cotton cloth, called piece goods. Now look at the picture only two decades earlier: cotton yarn import was only Rs. 42 lakhs, and cotton piece goods only Rs. 1.18 crores, in the year 1828-29. Thus in about twenty years these imports from Manchester mills had gone up about three times. In the same period, the export of Indian cloth dropped to an insignificant quantity. There was a reversal of roles: India ceased being an exporter of cotton cloth and became an importer of cloth and yarn, while England stopped importing cloth from India and acquired an export market of that commodity in India. The consequence of this process has been studied in an earlier unit (No. 17) on de-industrialization. This reversal of the 18th century pattern and the establishment of the new pattern of commodity composition of Indian external trade began in the second and third decades of the 19th century. To carry forward this process and to 'open up' India, England needed railways.

18.7 INDIAN RAILWAYS AND ENGLISH CAPITAL

Each age has its favourite phrases or catchwords. In 19th century Europe it was 'opening up' India, or China, or some other African or Asian country awaiting the wonders to be wrought by European capital and commerce. Opening up meant preparing a country for trade with European countries by removing barriers to trade: such barriers could be the objection of the Chinese government to entry of foreigners, or conflicting claims of various European powers, or absence of transportation system suited to the needs of Europeans. In India, after the abolition of the Company's monopoly privileges, opening up meant chiefly railway development.

The objectives are quite obvious: Railways would enable imported English manufactured goods to reach the interior of the country, facilitate the collection and export of raw materials and agricultural goods from the interior, allow an opportunity for the investment of English capital in railway companies operating in India.

To attain the first two objectives railways had to be laid in a certain pattern viz. connecting the interior commercial centres with the sea ports, where imported goods came in and from where exported goods went out. These sea ports like Calcutta, Madras, Bombay and Karachi were also the centres of European business and seats of political power. To serve the first two objectives, it would also be convenient to have a rate of freight charges which would allow cheap transport of manufactured goods from port cities to the interior, and of agricultural goods from the interior to port cities. Such a freight policy and alignment of railways became standard practice in the railway companies. However, these were later developments; in the period you are concerned with now the main thrust of British policy was towards the third of the above said objectives.

The railway companies were set up in England as joint stock companies (see Unit 14 on joint stock companies). English capitalists bought shares in these companies in the stock market in London. In order to encourage them to buy shares in a business remote from England and to create confidence in them, the Government of India offered a guarantee of at least 5% interest on their investments. Thus all the Indian railway companies were in reality English companies protected by a 'guaranteed interest contract'.

The outcome was not good for India in a number of ways.

a) A government guarantee of interest means that irrespective of profit or loss the interest had to be paid out of Indian tax payers' money to the English investors. This encouraged over-expenditure and extravagance in railway construction and management.

b) The guaranteed interest had to be paid in England in sterling, thus increasing India's foreign exchange expenditure in England called the 'Home Charges'.

c) The English railway companies imported into India, the engines, the rails, the machinery and even the coal for the engines (coal was imported for a decade or so). In most other countries railway construction had encouraged auxilliary industries like the engineering industry, iron and steel production, mining etc. (a chain of development called the 'backward linkage' effects). India was denied the benefit of such auxilliary industrial development due to the policy of the railway companies to import almost all that was needed by them.

If the railway companies proved to be so expensive a burden on the finances of

India, why did the Government of India agree to sponsor them and offer guarantees? Some of these reasons were strategic and political. Governor-General Lord Dalhousie wrote in a well known memorandum approving of the railway scheme: the railways would help the government to control the distant parts of India, to move around the army to quell internal disturbance and foreign attack, and to guard the frontiers of India against Russia and other powers. There was pressures on the Indian and British government from interest groups who were economically and politically powerful; e.g. the promoters leading English capitalists interested in investing in these railway companies, the manufacturers of railway engines and machinery seeking a market in India, business groups hopeful of opening up a market for English manufacturers in the interior of this vast country.

While it is true that the arrangements worked out between the English railway companies and the British Indian government in the 1850's contained features deterimentai to India's interest, the results included some positive features. The railways brought modern technology and their workshops developed new technical skills; the railways also served to unify the country and bring into existance a national market. A contemporary observer, Karl Marx, was not altogether wrong in thinking that the railways were forerunners of modernisation in some ways. This may be true despite the fact that the basic objectives we mentioned in the beginning were to promote British economic interest.

Check Your Progress 2

1) What do you understand by 'drain of wealth'?

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2) Why was the English capitalist interested in the development of Indian railways? Answer in 50 words.

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3) What was the impact of colonial rule on India's external trade? Answer in 100 words.

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18.8 LET US SUM UP

You have studied in this Unit some important trends in the late 18th and early 19th century Indian economy in:

- the sphere of internal trade,
- the market for the artisans' and peasants' produce,
- flow of funds from India to England,
- the pattern of external trade, and
- the 'opening up' of India.

When you look at these developments in the perspective of the transition from mercantile to industrial imperialism (Unit 14), the land revenue policy in British India (Unit 15), the commercialisation of agriculture (Unit 16), and de-industrialisation (Unit 17), you can form an idea of the shape of the colonial economy which emerged in a more developed form in the latter half of the 19th century.

18.9 KEY WORDS

Bill of exchange: Written order by a businessman or business house (call him 'A') to another ('B') to pay a sum of money on given date to 'B'; 'A may pay only to 'B' if the order so specifies, or to another drawer in place of 'B' if not so specified originally.

Commodities: Articles of trade or goods marketed.

Mercantilism:
Monopoly: } See Unit 14, Key Words.
Free Merchant:

Factory:
Free Trade:

Dadni merchant: Indian traders who acted as middleman and advanced cash to producer (e.g. the weaver) on behalf of the buyer (e.g. the East India Company).

Home Charges: A term, part of Anglo-Indian jargon, which refers to the British Indian government's expenditure in England ('Home' to the English in India).

Indentured: A person bound by a contract recorded in a document (e.g. in **Khatbandi** system the weaver in Bengal was indentured to deliver his produce to the East India Company).

Piece goods: Textile fabrics woven in standard lengths.

Treasure: A term used in 16th-18th century to mean bullion i.e. gold and silver.

Ryoti System: See Unit 16 on indigo cultivation.

18.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

1) Your answer should refer to the change in the nature of trade in India, the increasing political power of the English etc. See Sub-sec. 18.2.2.

2) See Sec. 18.3.

3) Your answer should include frequent warfare, excessive land revenue demands, forceful cultivation of commercial crops etc. See Sec. 18.4.

Check Your Progress 2

1) See Sec. 18.5.

2) To facilitate transport of goods, to build up link between the city and the country side, to invest capital for goods return etc. See Sec. 18.7

3) Your answer should focus on the growing import of manufactured goods in India, increase in export of raw materials from India, unfavourable balance of trade etc. See Sec. 18.6.

SOME USEFUL BOOKS FOR THIS BLOCK

Eric Stokes: *English Utilitarians and India*
Dharma Kumar (ed.): *Cambridge Economic History of India, Vol. 2*
N.K. Sinha (ed.): *Economic History of Bengal, Vols. 1 and 3*
K.K. Datta (ed.): *Comprehensive History of India, 1818-57*
Ramakrishna Mukherjee: *Rise and Fall of East India Company*
R.P. Dutt: *India To-day*
R.C. Dutt: *Economic History of India, Vol. 2*
D.R. Gadgil: *Industrial Evolution of India*