



The Company Rule in India (1773-1858)

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Introduction

- **Beginning of Rule:** The British East India Company was established as a trading company in 1600 and transformed into a ruling body in 1765.
- **Interference in Internal Affairs:** After the Battle of Buxar (1764), the East India Company got the Diwani (right to collect revenue) of Bengal, Bihar and Orissa and gradually, it started interfering in Indian affairs.
- **Exploitation of Power:** The period from 1765-72 saw **duality in the system of government** where the Company had the authority but no responsibility and its Indian representatives had all the responsibility but no authority. This resulted in:
 - **Rampant corruption** among servants of the Company.
 - **Excessive revenue collection** and oppression of peasantry.
 - The **Company's bankruptcy**, while the servants were flourishing.
- **Response of British Government:** To bring some order into the business, the British government decided to regulate the Company with a gradual increase in laws.

Acts Introduced by British Government

- **Regulating Act, 1773:**

- **Company Retains Possessions:** This act permitted the company to retain its territorial possessions in India but sought to regulate the activities and functioning of the company.
- **Control over Indian Affairs:** Through this act, for the first time, the British cabinet was given the **right to exercise control over Indian affairs**.
- **Introduction of Governor-General:** It changed the post of Governor of Bengal to **“Governor-General of Bengal”**.
 - The administration in Bengal was to be carried out by the governor-general and a council consisting of 4 members.
 - **Warren Hastings** was made the first Governor-General of Bengal.
 - The Governor of Bombay and Madras now worked under the Governor-General of Bengal.
- **Establishment of Supreme Court:** A Supreme Court of judicature was to be established in Bengal (**Calcutta**) along with **appellate jurisdictions where all subjects could seek redressal**.
 - It comprised one chief justice and three other judges.
 - In 1781, the Act was amended and the Governor-General, the Council and the **servants of the government were exempted from the jurisdiction** if they did anything while discharging their duties.

- **Pitt's India Act, 1784:**

- **Dual Control System:** It established the **dual system of control by the British government and the East India Company**.
 - The Company became a subordinate department of the State and its **territories in India were termed ‘British possessions’**.
 - However, it retained the control of commerce and day-to-day administration.
- **Court of Directors and Board of Control Established:**
 - A **Board of Control** was formed to exercise control over the Company's civil, military and revenue affairs. It consisted of:
 - The **chancellor of exchequer**
 - A **secretary of state**
 - Four **members of the Privy Council** (appointed by the Crown)
 - The important political matters were reserved to a **secret committee of three directors (Court of Directors)** in direct touch with the British government.
- **Governor-General and Commander-in-Chief:** The council of governor-general was **reduced to three members including the commander-in-chief**.
 - In 1786, **Lord Cornwallis** was granted the **power of both the governor-general and the commander-in-chief**.
 - He was allowed to override the council's decision if he owned the responsibility for the decision.

- **Charter Act, 1793:**

- **Extension of Powers to Governor-General:** It extended the overriding power given to Lord Cornwallis over his council, to all future Governor-Generals and Governors of Presidencies.

- **Appointments of Senior Officials:** The royal approval was mandated for the appointment of the governor-general, governors, and the commander-in-chief.

Senior officials of the Company were debarred from leaving India without permission—doing so was treated as resignation.

- **Payments of Officials:** It laid down that the members of the Board of Control and their staff were to be paid out of the Indian revenues (it continued up till 1919).

The Company was also asked to pay 5 lakh pounds annually to the British government (after paying its necessary expenses).

- **Charter Act, 1813:**

- **Demand of English Traders:** The English traders demanded a share in the Indian trade.

This demand was particularly in view of loss of trade due to the Continental System of Napoleon Bonaparte who sought to cripple England commercially.

- **End of Company's Monopoly:** By this, the **Company was deprived of its commercial monopoly** and '**the undoubted sovereignty of the Crown**' over the possessions of the East India Company was laid down.

However, the company was allowed to enjoy the **monopoly of trade with China and trade in tea.**

- **Assistance to Learned Natives:** A sum of Rs.1,00,000 annually was provided for the **revival of literature, encouragement of learned Indian natives and promotion of scientific knowledge** among the Indians.

This was the first step towards acceptance of the principle of State responsibility for education.

- **Charter Act, 1833:**

- **Company's Trade Situation:** The lease of 20 years provided to the Company (under Charter Act, 1813) for the possession of territories and the revenue collection was further extended.

However, the **Company's monopoly over trade with China and in tea ended.**

- **European Immigration:** All restrictions on European immigration and the acquisition of property in India were lifted which paved the way for the wholesale European colonisation of India.

- **Introduction of Governor-General of India:** The post name of Governor-General of Bengal was converted into "**Governor-General of India**".

- He was given the **power to superintend, control and direct all civil and military affairs** of the Company.

All revenues were raised under his authority and he had **complete control over the expenditure** too.

- **William Bentinck** became the first Governor-General of India.

- **Law Commission:** It was established under this act for the consolidation and codification of Indian Laws.

- It **added a fourth ordinary Member** to the Governor-General's Council for India who was to be a legal expert in the making of laws.

- **Lord Macaulay** was the first to be appointed as the fourth ordinary Member.

- **Charter Act, 1853:**

- **Company's Trade Situation:** The Company was to continue possession of territories unless the Parliament provided otherwise.

The Company's patronage over the services was dissolved; the services were now thrown open to a competitive examination.

- **Fourth Ordinary Member:** The **law member became the full member** of the governor-general's executive council.

- **Indian Legislative Council: Local representation** was introduced in the Indian legislature. This legislative wing came to be known as the **Indian Legislative Council.**

However, promulgation of a law required the assent of the governor-general who could veto any Bill of the legislative council.

- **Government of India Act, 1858:**
 - **Outcomes of 1857 Revolt:** The **Revolt of 1857** had exposed the Company's **limitations** in administering under a complex situation.
The revolt offered the opportunity as the **demand for divesting the Company of its authority** over the Company's territory.
 - **End of Company Rule:** The dual system introduced by the Pitt's India Act came to an end now **India was to be governed by and in the name of the Crown** through a **secretary of state** and a council of 15.
The council was just advisory in nature.
 - **Introduction of Viceroy:** The title of **Governor-general of India was replaced with the Viceroy** which increased the prestige of the title holder if not his authority.
 - The Viceroy was **appointed directly by the British government**.
 - The first Viceroy of India was **Lord Canning**.

Reforms under the Governors-General during the Company Rule

- **Lord Cornwallis (governor-general, 1786-93):** He was the first to bring into existence and organise the civil services.
 - **He abolished the District Fauzdari Courts and established circuit courts** at Calcutta, Dacca, Murshidabad and Patna.
 - **Cornwallis Code:** Under this code:
 - There was a **separation of revenue and justice administration**.
 - European subjects were also brought under jurisdiction.
 - Government **officials were answerable to the civil courts** for actions done in their official capacity.
 - The **principle of sovereignty of law** was established.
- **William Bentinck (governor-general 1828-1833):** He **abolished the four Circuit Courts** and transferred their functions to the Collectors.
 - **Established a Sadar Diwani Adalat** and a **Sadar Nizamat Adalat** at Allahabad for the convenience of the people of Upper Provinces.
 - The **English language replaced Persian** as the official language of courts.
Also, the suitor was now provided the option to use Persian or a vernacular language in courts.
 - A **Civil Procedure Code (1859)**, an **Indian Penal Code (1860)** and a **Criminal Procedure Code (1861)** were prepared as a result of the codification of laws.