

How much wealth did the East India Company extract from India? : The economic collapse of India and the rise of a Vicious Corporate.(1762-1857)

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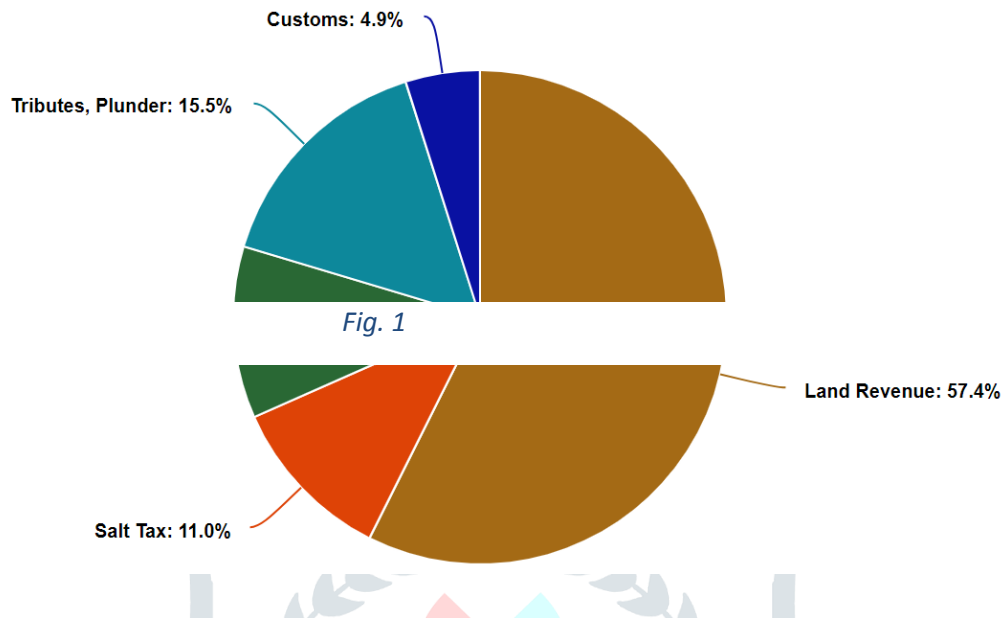
Abstract

The 'Company Raj'(Company Rule) lasted in India for almost a hundred years, before the British Crown took over India as a colony. During its period of rule in the country, the Company devastatingly exploited India's resources and riches for its 'Corporate Profits'. Although an immense number of people are well aware of the intense financial plunder caused by the Company and often stumble upon the question of the actual amount of funds taken away by the former, it is seldom that they have the answer to this. The purpose of this research, therefore, is to calculate the best possible estimate of the total present-day value of the gross amount of capital extracted by the EIC(East India Company) from India along with a brief examination of the distressing effects of the overall economic disaster caused by the Company in the country. This paper will also look at the sheer contrast between the EIC and present-day foreign enterprises operating in India. The following research was conducted through the detailed examination of various suitable and verified sources related to the EIC's loot of the Indian economy, including other research papers and articles. This paper also takes into consideration the omnipresent room for errors (due to the lack of documentation) while calculating historic monetary funds such as in the following research. Therefore all statistical figures and calculations in this paper are presented in consideration with various credible sources. [1]

Introduction

Starting as a monopolistic trading body on December 31, 1600, the Company became involved in politics and acted as an agent of British imperialism in India from the early 18th century to the mid-19th century. While it rose to account for half of the world's trade, the company also ended up seizing large parts of the Indian subcontinent, scoring a tidy fortune from land revenues, tributes, plunder, salt tax, high custom duties and illegal opium trade along with various other wrongful methods (The East India Company: The original corporate raiders, 2015).[2]

Figure.1 shows the average distribution of the main sources of revenue for the EIC(Richards,2011),



Revenue Methods

I) LAND REVENUE: The Company collected land revenue in occupied territories through three systems:

- The Zamindari system:** In this system, the collected amount was divided into eleven equal parts. One part (1/11) of the total amount went to the Zamindars (local landlords) and the rest of the ten parts (10/11) went to the Company (Bastin,1954).
- The Ryotwari System:** The revenue within this system was fixed for a period of time (not more than thirty years). The company also shared 50% of the net value of the crop (NeoStencil.co, n.d.).
- The Mahalwari System:** In this system, the land was divided into various *mahals* (or zones). A village committee was made responsible for the collection taxes (figures varied) from each mahal in the respective area (Bastin,1954).

II) Tributes: The Company annexed many kingdoms such as *Bengal Subah*, *Oudh*, and *Ghazipur*, throughout the 18th century. The company made these kingdoms forcefully pay an annual tribute as an 'acknowledgement of Company power'. Thus, the company filled its coffers as Native Kingdoms started getting bankrupt.[4]

III) OPIUM TRADE: During the 1700s, Britain had a huge trade deficit with the Qing dynasty (China), and to lower the same, the company successfully established a monopoly of opium buying in the region of Bengal, by banning all licenses of opium farmers and private cultivation of opium. The opium produced in Bengal was sold in Calcutta (Company's Indian capital) on the condition that it be sent to China. This monopoly system continued until 1947, therefore causing catastrophic losses for local opium farmers as they

were deprived of profitable selling prices in the market (Editors of Encyclopaedia Britannica, n.d.). [5]

IV) SALT: In 1759, two years after the Company won the Battle of Plassey, it came into possession of vast land near Calcutta where there were salt works. Utilizing this opportunity to make money, they doubled the land rent and imposed transit charges on the transportation of salt (Serajuddin,1978), hence extracting hefty sums of money from local traders and landowners. [6]

V) CUSTOMS: By the early 1760s, the East India Company controlled almost all major trade ports across the country such as Calcutta, Madras, and Bombay, hence they decided to use custom duties as a method of amassing huge profits. Massive charges were imposed by the company on the import and export of goods in and out of the country. [7]

Ironically, as the East India Company gained large profits from custom duties, it itself prevented potential expenditure on customs by obtaining a permit from the Mughal emperor for rights to trade in Bengal without paying custom charges in lieu of a meagre annual payment of Rs. 3,000. (The East India Company: The original corporate raiders, 2015.) [8]

GDP and Living Standards under the ‘Company Raj’

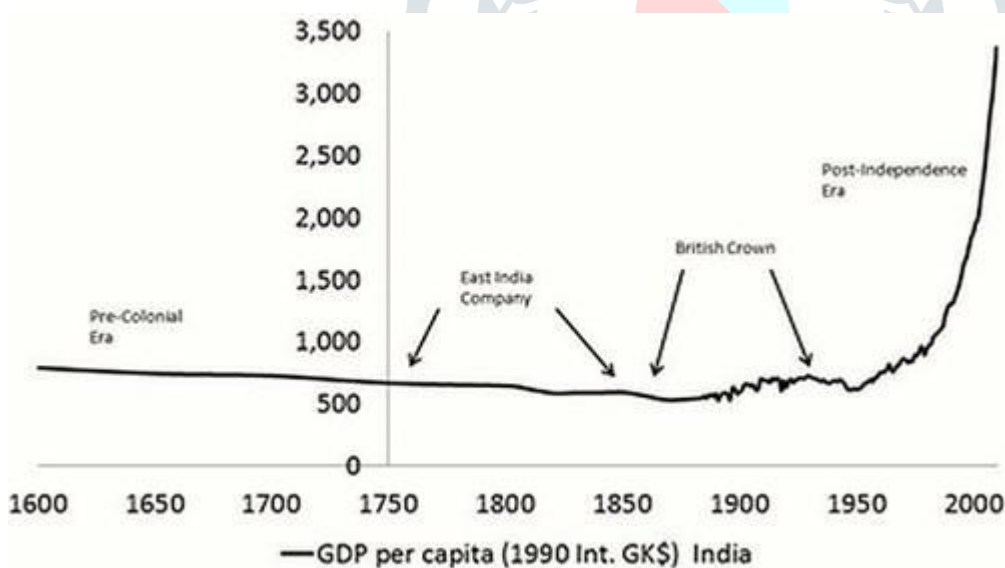


Fig .2. Bagchi, A. (2013). The stagnation of the Indian economy under Colonial rule. Retrieved from: <https://www.cbe.anu.edu.au/about/content/news/2019/the-fall-and-rise-of-the-indian-economy/>

The per capita GDP from 1600 shows a reasonably prosperous economy under the Mughal Emperor Akbar, but as the chart suggests, living standards (with respect to the GDP/ capita) began to decline from the beginning of the 18th century and started sharply falling after the East India Company gained territorial control in 1757. It is clearly visible that the rate of decline in living and economic standards increased with the consolidation of the EIC rule in India. This, therefore, clearly proves that the Company Raj in India created widespread-massive economic problems for the local population. [9]

As textile trade surged in Europe partly due to the East India Company's increasingly frequent shipments, Britain experienced an absolute and relative rise in GDP per capita while India faced a prolonged decline.[10]

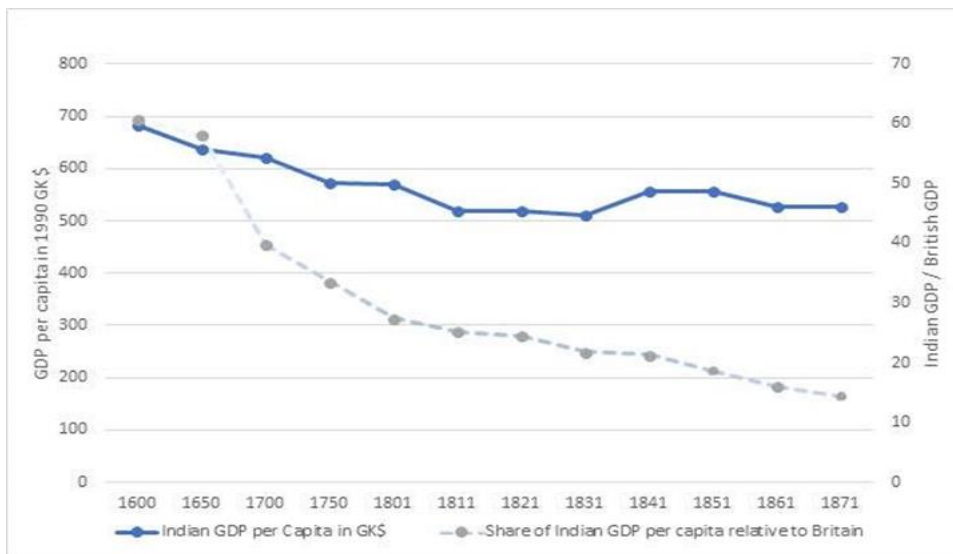


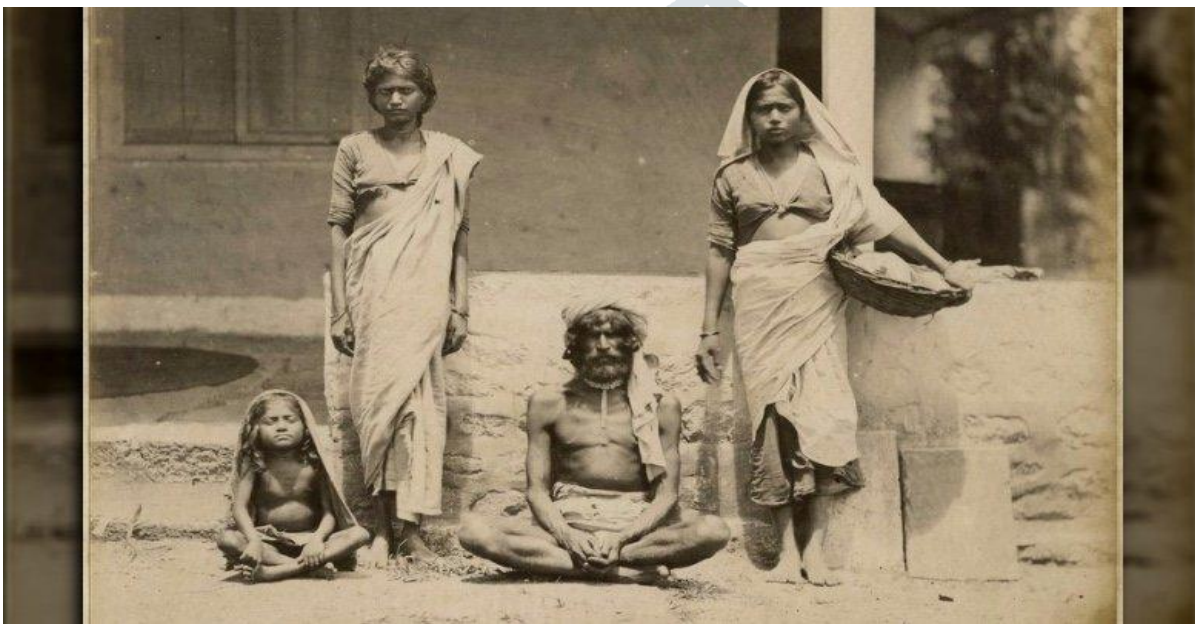
Fig.3. Broadberry, S. (2015). Indian GDP per capita relative to Britain. Retrieved from: <https://www.ideasforindia.in/topics/macroeconomics/falling-behind-india-under-colonial-rule.html>

As the graph above suggests, the Indian GDP Per Capita declined quite steadily from the beginning of the 18th century, but it is noteworthy to see how India's GDP Per Capita experienced a steep decline relative to Britain during the East India Company's influence. Evidently, the graph also shows that revenues and earnings from trade and taxes in India were repatriated back to Britain, owing to a rapid rise in Britain's GDP Per Capita relative to India. This thus undeniably proves that the EIC was simply using India as an extraction hub for valuable resources such as spices, cotton, and tea by engaging in violent territorial conquests (such as the 2nd Mysore War, 1780) and also implementing unjust trading rules.[11]

Poor working conditions in EIC occupied India

Paid for by Indian taxpayers, the construction of the railways in 1843 was claimed to benefit the empire and livelihood of people, and help with 'the commerce, government and military control of the country' (The East India Company: The original corporate raiders, 2015). The exploitation of India's natural resources and raw materials including coal, iron ore, and cotton began soon after the EIC promised huge profits to British Shareholders in its Indian operations, therefore making it extremely evident that the primary aim of the EIC was to satisfy their shareholders with the promised profit by transporting these valuable materials for use in British factories. In order to maximize profits, the EIC spent negligible capital on the welfare of its native workers and treated them like slaves. [13]

As a result of the dire working conditions under the East India Company, thousands of Indian workers died during the construction of the railroads. (The East India Company: The original corporate raiders, 2015) [14]



Pic.1. Poor workers during the Company Raj(n.d.). Retrieved from: <https://www.grunge.com/168122/what-life-was-really-like-in-british-india/>

Calculating the complete recorded EIC revenue figure

In the Finances of the East India Company (2011) published by the London School of Economics, the author John F. Richards has included detailed lists of EIC incomes from various sources. Estimates of the total (recorded) yearly gross revenues (1762-1857) of the EIC can be calculated after examining the lists mentioned above carefully. Figure 4 displays the growth in calculated aggregate annual revenue amounts over the years of EIC rule in India. [15]

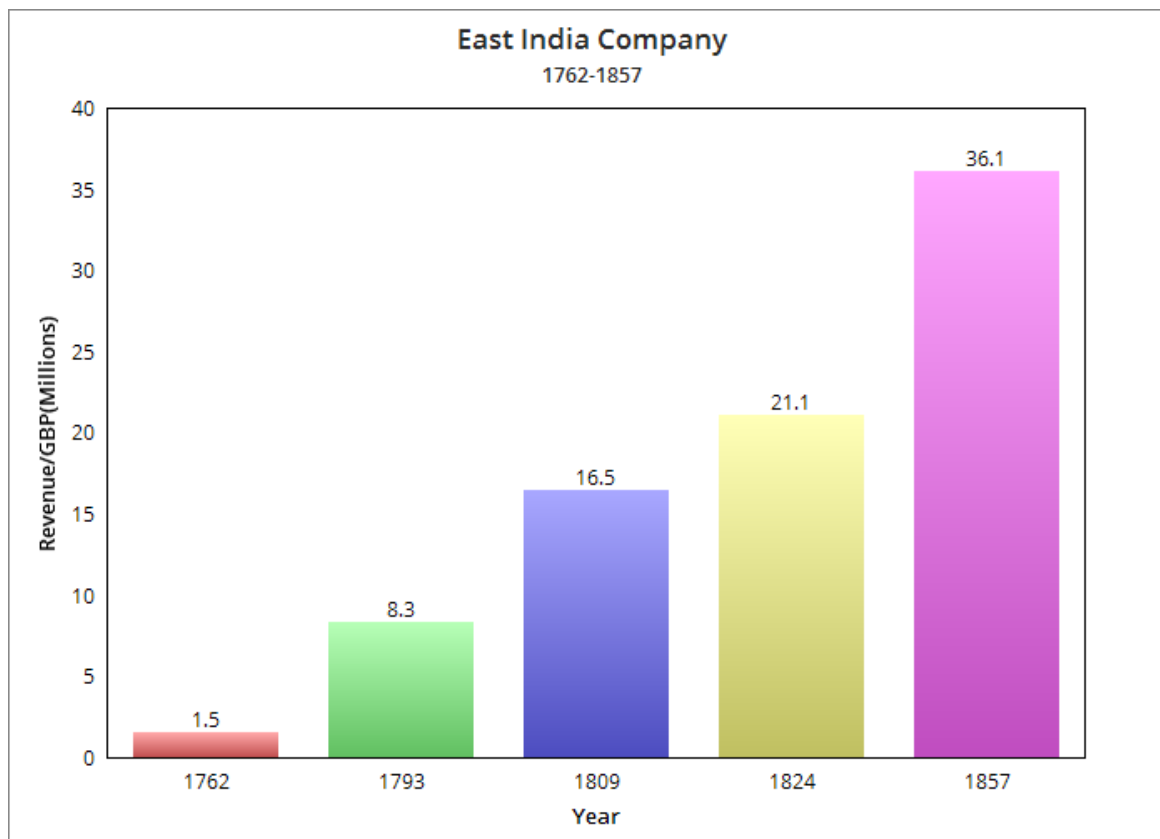


Fig. 4

Looking at the graph we can see how the EIC profits exponentially increased as the Company strengthened its rule in India. The entire gross revenue amount of the East India Company between 1762-1857 sums up to be £89,417,249,059 or roughly **£89.4 billion, in 2019 value [Detailed yearly revenue amount charts and conversion tables are provided in the Appendix]**. The figure above is equal to roughly **\$111.75 billion (111,750,000,000) or 8.049trillion (8,049,000,000,000) Indian Rupees** in value. [16]

Important: Since this amount is only a sum of recorded EIC revenue figures and there were many instances where the value of the loot wasn't recorded (E.g. During the Battle of Plassey in 1757, the EIC seized at least £2.5 million from the defeated rulers) (The East India Company: The original corporate raiders, 2015.), the actual extracted total is likely to be much greater than the amount aforementioned. Therefore, it is seemingly impossible to calculate the exact value of wealth the EIC amassed from India.

[17]

EIC: A Stark Contrast To Present-Day Western Enterprises

The average yearly profit amount of the EIC in India is \$1.16billion (obtained from calculated figures) in present-day value, which is comparable to the yearly profits of present-day Indian subsidiaries of large Western companies like Amazon [\$ 1.08 billion in 2019 India profits](Amazon Revenue Figures,2019) and Microsoft [\$1.01 billion in 2019 India profits](Microsoft Revenue Figure, 2019) The entrance of these giant foreign enterprises into the Indian Market, in recent years, has created a massive amount of profitable employment opportunities for the skilled Indian population. The median salary of an employee working in

one of these Multi-National Companies (MNC's) is said to be about Indian Rs.4,00,000(\$5600) (Indeed.co, n.d.) which is, surprisingly, twice the median salary offered in local Indian companies. Moreover, this figure almost doubles if the employee has a 'Science- Technology-Engineering-Math'(STEM)' background (Indeed.co, n.d.). The employees of these 'big brands' are usually also provided with free medical care along with other necessities. What is most important, although(however), is that these companies aim to gain profits by letting the local Indian market benefit from their services. The **EIC, on the other hand, gathered a majority of its profits through unjust and oppressive means.** Being one of the largest trade companies at the time, if it wanted the EIC could have facilitated the building of a fair and just trade partnership between India and Europe, which would have brought in equal sways of revenue for both sides. Sadly, however, the EIC chose to be a ruthless, wrongful organization that deeply exploited India's precious riches and continued to fill its treasuries on the basis of the toil and sweat of millions of Indians, giving them almost nothing but oppressive rule in return. In the role of an ruthless, unjust organisation, the EIC recorded massive profits in the wake of its oppressive rule, resulting in a predictable rise in Britain's GDP, but an equally drastic decline in the living standards, and thus, the GDP of India. While this was a result of the excessive yet unfair repatriation of profits back to Britain, the exploitation of labour- in the construction of railways, for instance- owed to the further suppression of Indian labour, but an unjust advantage to the British in their trade, which ultimately resulted in the fall of Indian trade in the global market. The current account surplus and profits from trade across India were managed and thus taken by the EIC. [18]

Conclusion

From all of the findings, it is clearly visible that the EIC made massive gains through its operations in India. While the Company itself rose in value, it deprived the native population of their historically treasured wealth and pride. The operations of the East India Company in India lay a platform for a further 100 years of harsh and economically draining rule by the British crown. It is quite evident that India would have been a much more powerful nation if the 100 years of exploitative rule by the EIC were absent. [19]

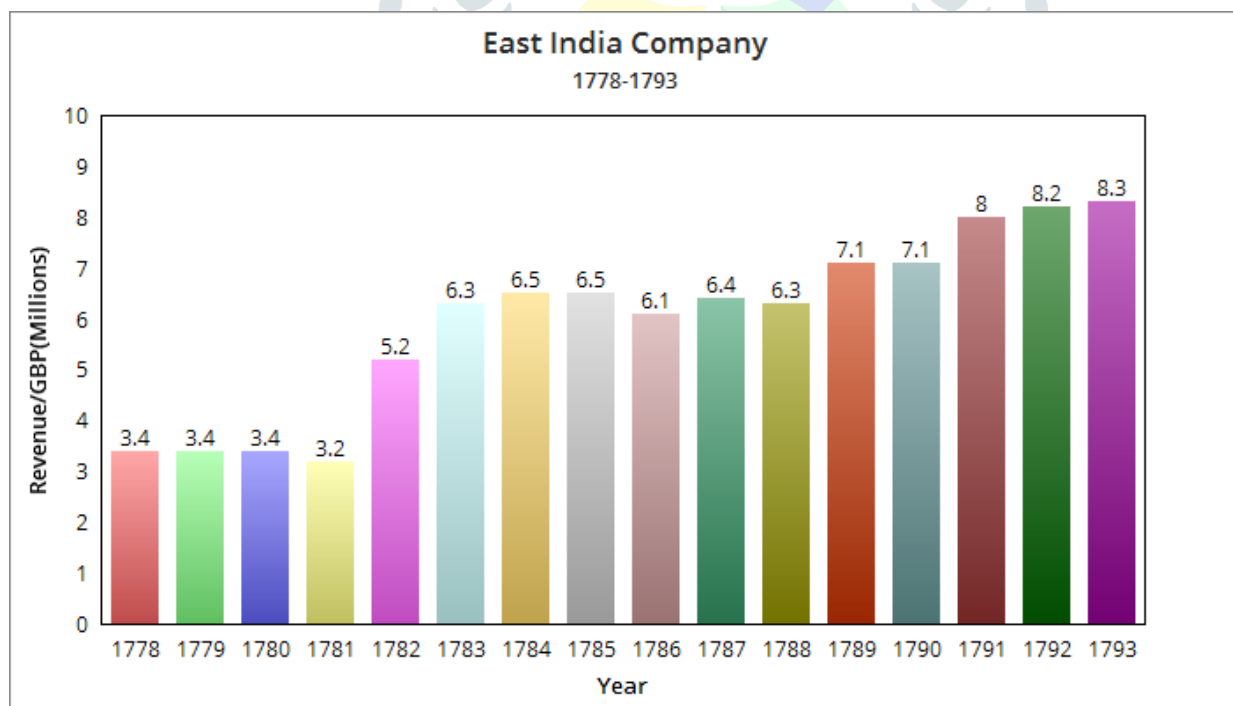
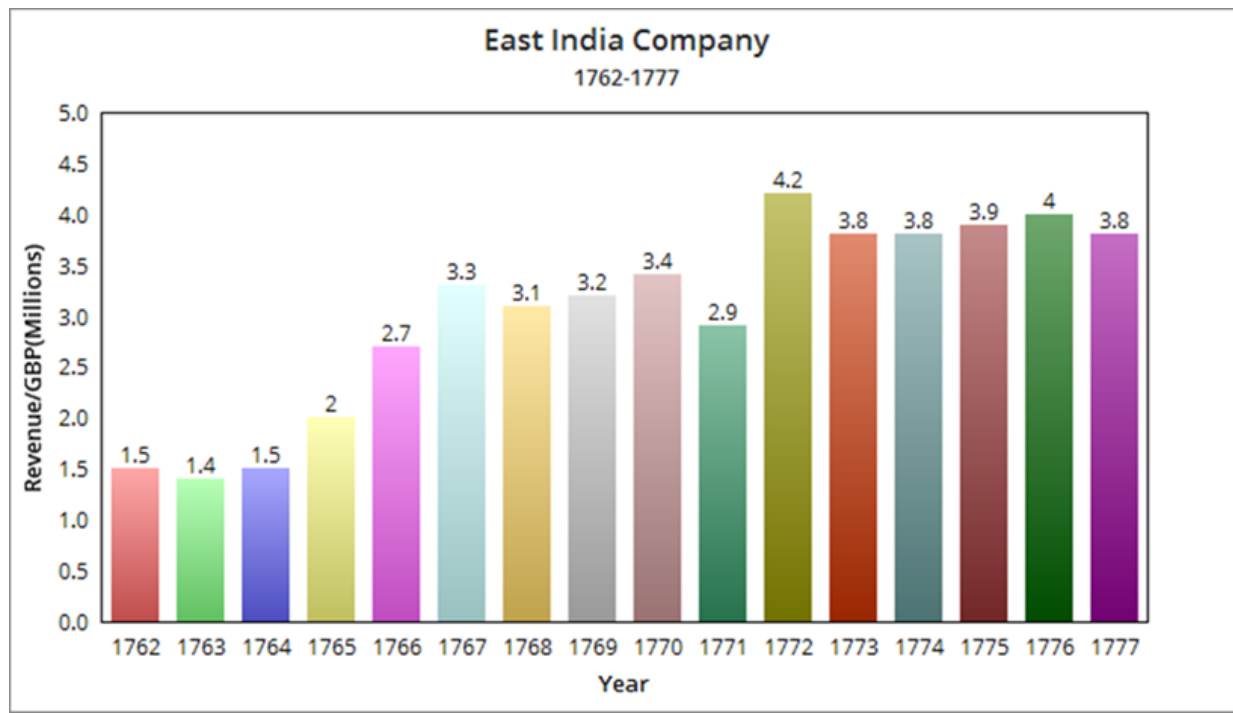
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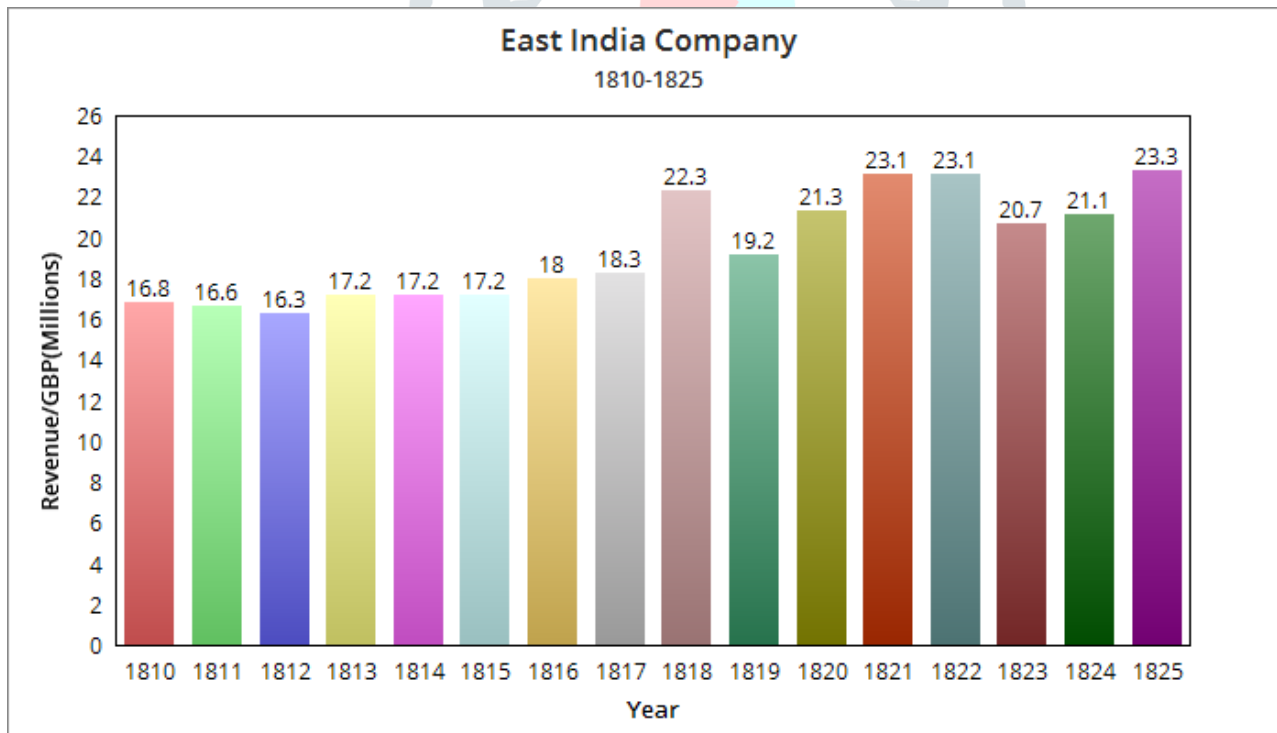
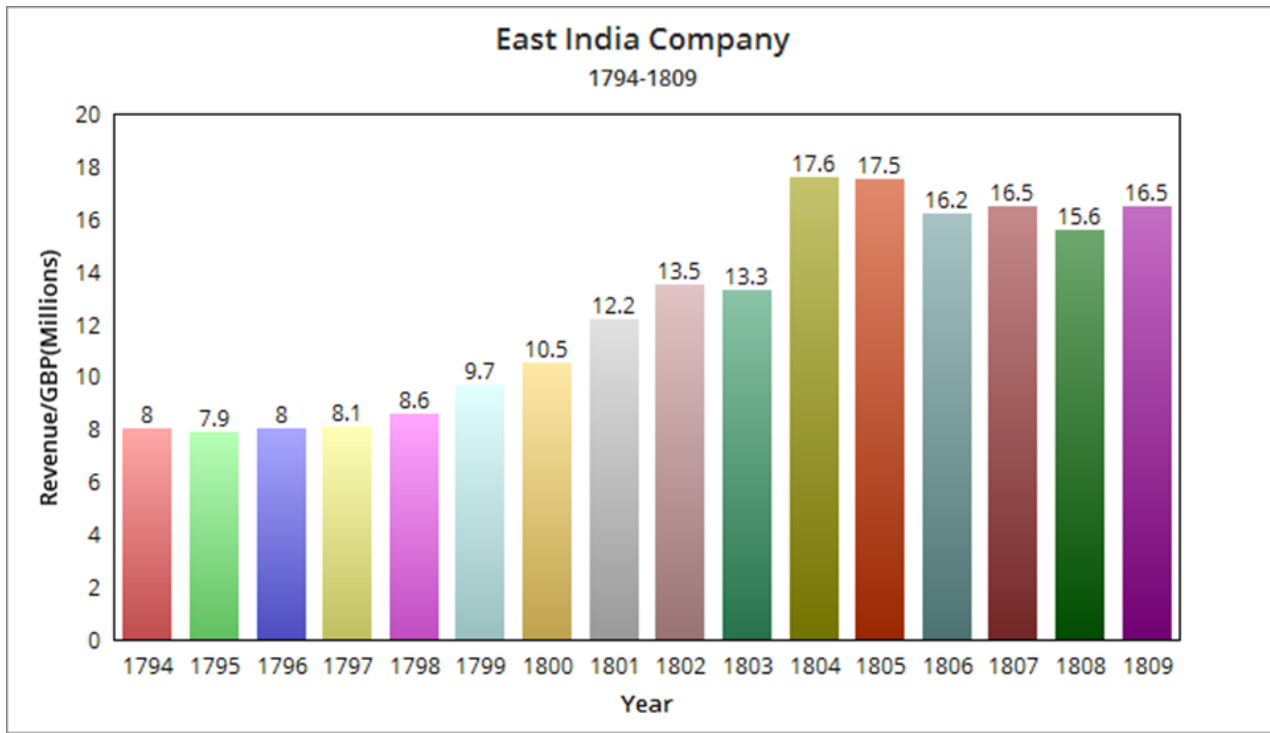
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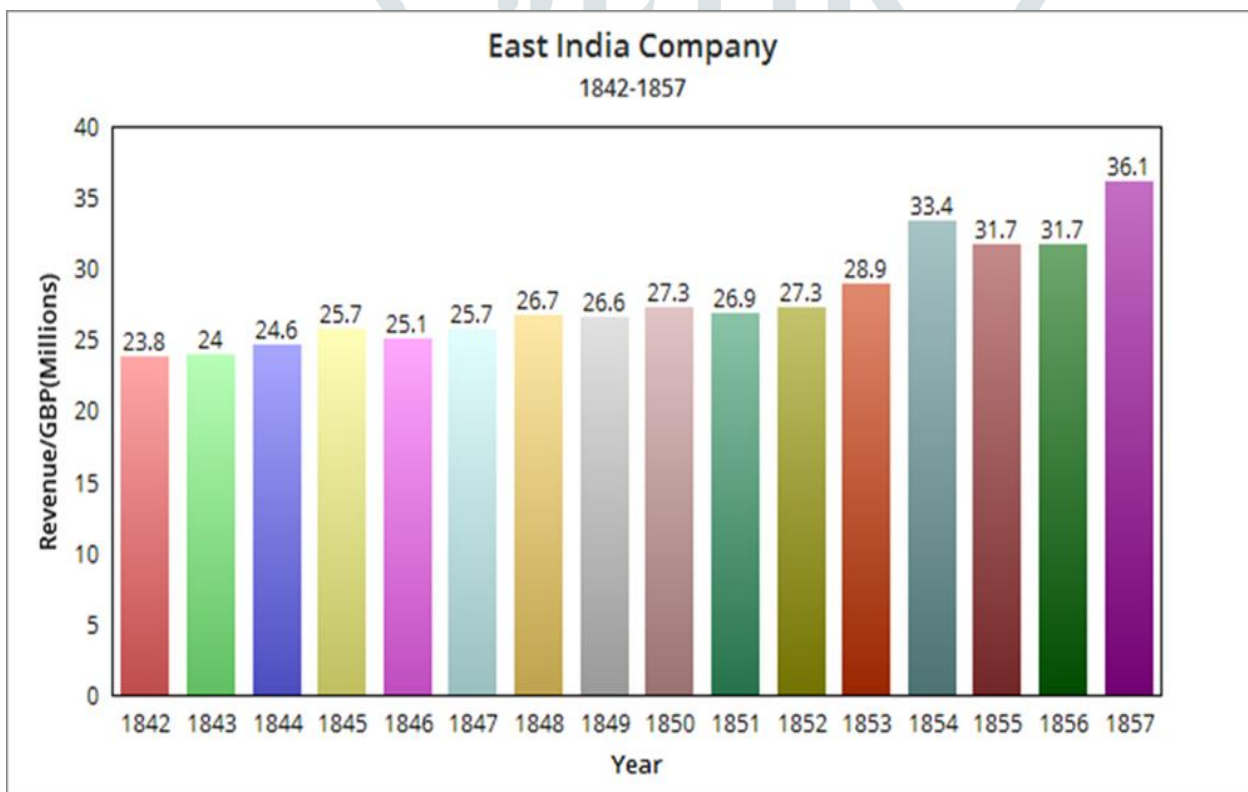
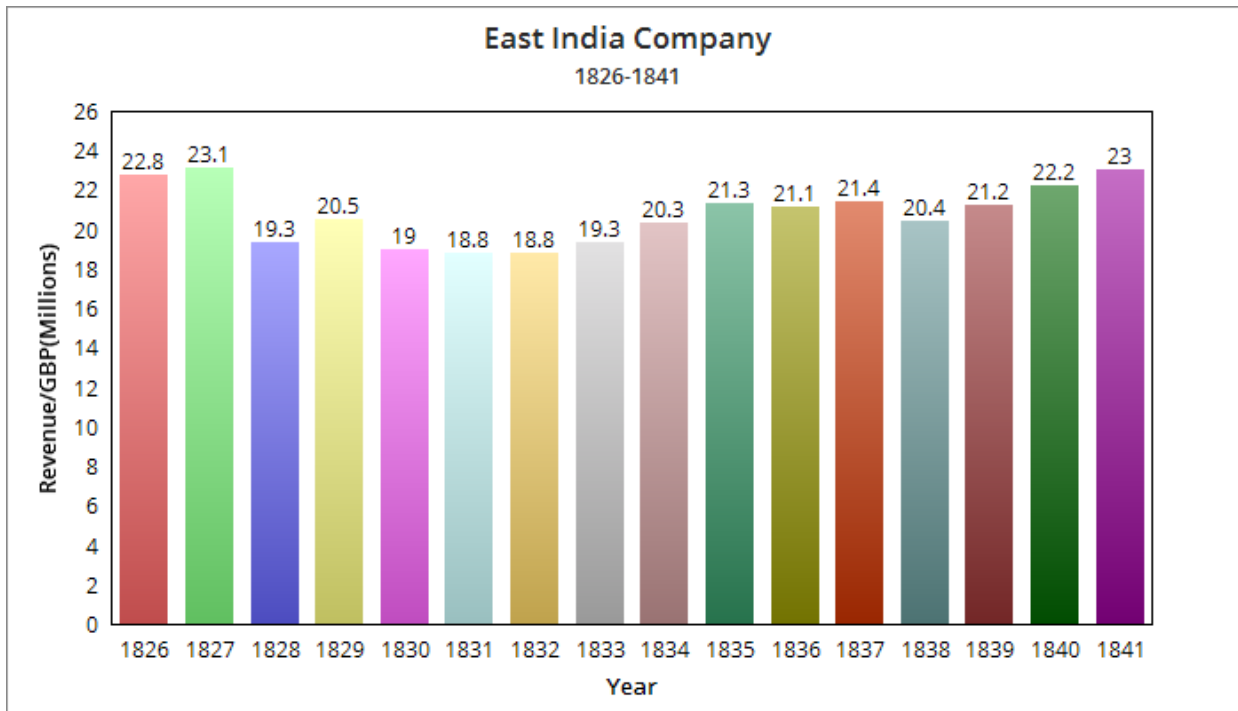
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Appendix

The following graphs display the calculated aggregate annual revenue amounts,







Inflation Table (This Table denotes how the EIC earnings were converted to current-day currency values to give an amount of 89.4 billion 2019 pounds)

Year	Total Revenue (Respective Year)	Amount (2019)
1762	£15,00,000.00	£31,31,17,236.00
1763	£14,00,000.00	£28,62,31,884.00
1764	£15,00,000.00	£30,03,69,264.00

1765	£20,00,000.00	£39,22,54,997.00
1766	£27,00,000.00	£51,86,52,543.00
1767	£33,00,000.00	£62,08,70,386.00
1768	£31,00,000.00	£57,12,45,717.00
1769	£32,00,000.00	£57,75,44,563.00
1770	£34,00,000.00	£60,10,19,685.00
1771	£29,00,000.00	£50,20,90,536.00
1772	£42,00,000.00	£71,22,09,210.00
1773	£38,00,000.00	£63,11,26,113.00
1774	£38,00,000.00	£61,81,45,067.00
1775	£39,00,000.00	£62,13,63,411.00
1776	£40,00,000.00	£62,41,87,861.00
1777	£38,00,000.00	£58,07,82,045.00
1778	£34,00,000.00	£50,89,58,954.00
1779	£34,00,000.00	£49,84,90,651.00
1780	£34,00,000.00	£48,82,37,660.00
1781	£32,00,000.00	£45,00,66,403.00
1782	£52,00,000.00	£71,63,15,284.00
1783	£63,00,000.00	£84,99,93,651.00
1784	£65,00,000.00	£85,89,39,840.00
1785	£65,00,000.00	£84,12,73,104.00
1786	£61,00,000.00	£77,32,63,910.00
1787	£64,00,000.00	£79,46,06,545.00
1788	£63,00,000.00	£76,61,02,662.00
1789	£71,00,000.00	£84,56,27,365.00
1790	£71,00,000.00	£82,82,34,442.00
1791	£80,00,000.00	£91,40,27,332.00
1792	£82,00,000.00	£91,76,08,242.00
1793	£83,00,000.00	£90,96,94,992.00
1794	£80,00,000.00	£85,87,80,068.00
1795	£79,00,000.00	£83,06,02,662.00
1796	£80,00,000.00	£82,38,16,474.00
1797	£81,00,000.00	£81,69,58,060.00
1798	£86,00,000.00	£84,95,47,081.00
1799	£97,00,000.00	£93,85,01,548.00
1800	£1,05,00,000.00	£99,50,08,558.00
1801	£1,22,00,000.00	£1,13,23,26,328.00
1802	£1,35,00,000.00	£1,22,72,12,587.00
1803	£1,33,00,000.00	£1,18,41,64,212.00
1804	£1,76,00,000.00	£1,53,47,83,835.00
1805	£1,75,00,000.00	£1,49,46,75,291.00
1806	£1,62,00,000.00	£1,35,51,83,418.00
1807	£1,65,00,000.00	£1,35,18,89,723.00
1808	£1,56,00,000.00	£1,25,18,61,198.00
1809	£1,65,00,000.00	£1,29,68,50,107.00
1810	£1,68,00,000.00	£1,29,32,70,519.00
1811	£1,63,00,000.00	£1,25,15,91,030.00

1812	£1,66,00,000.00	£1,20,36,94,334.00
1813	£1,72,00,000.00	£1,24,40,31,326.00
1814	£1,72,00,000.00	£1,21,84,44,002.00
1815	£1,72,00,000.00	£1,19,33,82,960.00
1816	£1,80,00,000.00	£1,22,32,01,904.00
1817	£1,83,00,000.00	£1,21,80,10,385.00
1818	£2,23,00,000.00	£1,45,37,14,165.00
1819	£1,92,00,000.00	£1,22,58,84,760.00
1820	£2,13,00,000.00	£1,33,19,94,031.00
1821	£2,31,00,000.00	£1,41,48,45,158.00
1822	£2,11,00,000.00	£1,27,17,65,536.00
1823	£2,07,00,000.00	£1,21,62,30,231.00
1824	£2,11,00,000.00	£1,21,42,33,364.00
1825	£2,33,00,000.00	£1,31,32,57,488.00
1826	£2,28,00,000.00	£1,25,86,44,463.00
1827	£2,31,00,000.00	£1,24,89,77,056.00
1828	£1,93,00,000.00	£1,02,20,54,483.00
1829	£2,05,00,000.00	£1,06,32,73,175.00
1830	£1,90,00,000.00	£96,52,03,427.00
1831	£1,88,00,000.00	£93,53,99,991.00
1832	£1,88,00,000.00	£91,61,60,618.00
1833	£1,93,00,000.00	£92,11,81,775.00
1834	£2,03,00,000.00	£94,89,82,762.00
1835	£2,13,00,000.00	£97,52,50,423.00
1836	£2,11,00,000.00	£94,62,22,470.00
1837	£2,11,00,000.00	£93,99,37,189.00
1838	£2,04,00,000.00	£87,75,85,593.00
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1843	£2,40,00,000.00	£93,05,54,575.00
1844	£2,46,00,000.00	£93,42,00,235.00
1845	£2,57,00,000.00	£95,58,99,526.00
1846	£2,51,00,000.00	£91,43,80,808.00
1847	£2,57,00,000.00	£91,69,81,897.00
1848	£2,67,00,000.00	£93,30,67,705.00
1849	£2,66,00,000.00	£91,04,53,545.00
1850	£2,73,00,000.00	£91,51,93,779.00
1851	£2,69,00,000.00	£88,32,36,383.00
1852	£2,73,00,000.00	£87,79,33,408.00
1853	£2,89,00,000.00	£91,02,71,675.00
1854	£3,34,00,000.00	£1,03,03,71,674.00
1855	£3,17,00,000.00	£95,78,13,523.00
1856	£3,17,00,000.00	£93,81,13,147.00
1857	£3,66,00,000.00	£1,04,63,51,063.00