UNIT 50 – UPSC -Company's Charter renewed

India's History : Modern India : Renewal of Company's Charter; Abolition of company's trading rights : 1833

Renewal of Charter

After the separation of the Company�s commercial and political financial accounts, tracking charges to Indian territorial revenues became somewhat easier. Company accounts distinguished a class of territorial expenses incurred in Britain that were chargeable to the Indian revenues. After the 1833 Charter Renewal that abolished the Company�s commercial operations, calculating what were called Home Charges become straightforward anything spent by the Company in Britain was an expense for the Indian treasury. Whether all these charges represented a transfer of wealth from India as a drain or tribute or whether some or all should be considered payments for services rendered is a difficult question and one that this paper cannot really answer. However, the impact of the Home Charges upon Indian budgets between 1815 and 1859 is clear.

It was only after passage of the Charter Act of 1833 had closed India Company trading operations that a shift occurred. After that date, the regime began a systematic policy of building and improving public works. For example, the regime invested 2.2 million sterling in improving three grand trunk roads: Peshawar-Delhi-Calcutta; Calcutta to Bombay; and Bombay to Agra. In the 1850�s the state began work for the first time on new irrigation projects. The Ganges Canal that tapped into the perennial water flow of the Himalayan river sources, finished in 1854, cost 1.4 million sterling. The Kaveri, Godavari and Krishna river systems in the south were also completed.

These long-term East India Company fiscal data reveal several characteristic features of the Company�s fiscal approach: First, decision-makers at home and in India were bent on creating a usable revenue surplus each year suitable for commercial investment (until 1833) and paying dividends to the holders of East India Company stock. To do so, they raised their revenue demands in each territory acquired to levels equal to the highest assessments made by previous Indian regimes. Second, those surpluses produced were never adequate to meet the combined administrative, military and commercial expenses of the Company. Third, the Company resorted to borrowing on interest-bearing bonds in India and at home in steadily rising amounts to meet its obligations. Fourth, the escalating cost of the East India Company armies and of incessant warfare formed the greatest single fiscal burden for the new regime. Finally, the Company allocated negligible funds for public works, for cultural patronage, for charitable relief, or for any form of education. The Company confined its generosity to paying extremely high salaries to its civil servants and military officers. Otherwise parsimony ruled. These characteristics marked the East India Company fiscal system from its inception to its demise in 1859.