

Topic Page: [East India Company](#)

Definition: **East India Company, British** from *The Hutchinson Unabridged Encyclopedia with Atlas and Weather Guide*

Commercial company (1600–1858) that had a monopoly on trade between England and the Far East; see British East India Company.

Summary Article: **British East India Company**

From *Encyclopedia of Business in Today's World*

The contribution of the British East India Company (EIC) to the British Empire was considerable. In the closing years of her reign, Queen Elizabeth I (1533-1603) granted a royal charter to the company on December 31, 1600, with rights of trading east of the Cape of Good Hope. Within a span of 150 years, the EIC was the most powerful company trading with India. Gradually Britain established political hegemony in the subcontinent and from its traders, it became colonial masters.

The EIC, a joint-stock company of 125 shareholders, began with a capital of £72,000. It was administered by a court of directors, and had a governor and 24 directors elected annually. The EIC got its start in 1601, when merchant ships went to purchase spices from Indonesia. The huge quantities of black pepper brought back resulted in an oversupply in the British domestic market and the company began to diversify its trade. Indian textiles were a prized item and a factory (meaning a trading establishment, from the word *factor*, or agent) in Surat was opened on the northwest coast of India in 1608. After three years, a factory was established in Masulipatam on the eastern coast of India. In 1615 the EIC representative Thomas Roe (1581-1644) obtained *farman* (an imperial order) from the Mughal Emperor Jehangir (1605-27) for trading and setting up posts throughout the Mughal Empire. The EIC did brisk trading from major factories such as the walled forts of Saint George in Bengal, Fort William in Madras, and Bombay Castle.

An abundance of cotton textiles in the factories resulted in fulfilling global demand for durable and washable Indian textiles. The EIC began to receive concessions from the local rulers of India and in time dabbled in politics. In Bengal, the EIC was enjoying highly profitable trading and in fact, 60 percent of commodities imported from Asia were coming from Bengal. By 1717 it had a free hand in the importing and exporting of goods from Bengal. It did not have to pay any tax and could issue *dastak* (permits) to certify the movement of goods. By adroit diplomacy, warfare, and political conspiracy, the British subjugated Bengal, and afterward the whole of the Indian subcontinent.

In 1757 the expansion of the EIC began with the Battle of Plassey after the defeat of Mirza Muhammad Sirajuddaula (1729-57), the *nawab* of Bengal, by Robert Clive (1725-44). The French were defeated in the ensuing Anglo-French conflict. The Carnatic wars eliminated the French from south India. There was further consolidation of the EIC's power in eastern India after the Battle of Buxar in 1764, which gave the company control over the financial administration of Bengal, Bihar, and Orissa.

With the loss of the American colonies, the “first British Empire” was over by 1783. In the period of the “second British Empire,” imperial attention turned toward Asia and the sugar plantations of the Caribbean. The EIC defeated any power that stood in its way. Mysore and Maratha states came under the British sway. By the middle of 19th century, British authority extended up to present-day

Afghanistan in the west and Myanmar (Burma) in the east.

Land revenue was major source of income for the EIC and its collection was a major concern for the company. The commercialization of agriculture increased. With the rise of a new class of manufactures in industrialized Britain, there was an overhauling of the EIC's trading system. The company lost absolute privilege in commerce in 1813. British goods then flowed abundantly to India. The latter was becoming a supplier of raw materials to Britain and a consumer of British finished products. The drain of wealth from India continued, with profits from business being transferred to Britain. The EIC purchased goods from India out of the revenue that was collected from Bengal and sent it home. Great Britain drained resources and wealth from India.

The rule of the company had witnessed the revolts of peasants, tribal people, and landowners. The revolt of 1857 (the so-called *Sepoy* mutiny) engulfed large parts of India. It also sounded the death knell for the EIC: Queen Victoria's (1819-1901) proclamation of November 1, 1858, brought the Indian subcontinent under the direct rule of Great Britain.

See also

Dutch East India Company, India, Pakistan, United Kingdom

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