
Chapter 3

Ruling the Countryside

❖ The Company becomes the *Diwan*

- The Mughal emperor appointed the East India Company as the *Diwan* of Bengal on 12 August, 1765.
- The Company became the chief financial administrator of the territory under its control.

❖ Revenue for the Company

- After becoming the *Diwan*, the Company aimed at increasing revenue as much as possible and buying silk cloth and fine cotton as cheaply as possible.
- In five years, the value of goods bought by the Company in Bengal doubled.
- Now, the cost of goods purchased for export was paid from the revenue collected in Bengal.
- Bengal started facing deep economic crisis and artisans started deserting the villages.
- Peasants were unable to pay their dues, artisanal production declined and agricultural cultivation collapsed.
- In 1770, one-third of the population of Bengal was wiped out due to a terrible famine.

Need to Improve Agriculture

- In 1793, the Company introduced Permanent Settlement, according to which the *zamindars* were asked to collect rent from the peasants and the amount to be paid was fixed permanently.
- There were problems that came along with the Permanent Settlement.
 - The *zamindars* were not investing in improving the quality of land.
 - The revenue fixed was too high for the *zamindars*.
 - As long as the *zamindars* could earn by giving out their land to tenants, they were least interested in improving the quality of the land.

❖ The Munro System

- A new system called the *ryotwari* was devised for the British territories in the south. It was tried on a small scale by Captain Alexander Read. Developed by Thomas Munro, this system was gradually spread throughout South India.

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- Munro felt that the British must act as paternal fatherly figures protecting the *ryots* under their charge.
 - The new system was not at all helpful.

❖ **Crops for Europe**

- The British persuaded cultivators around the country to grow various kinds of crops such as the following:
 - Jute in Bengal
 - Sugarcane in Uttar Pradesh
 - Tea in Assam
 - Wheat in Punjab
 - Cotton in Maharashtra and Punjab
 - Rice in Madras
- The British used a variety of methods for increasing cultivation of crops that they needed. One such crop was Indigo, which had a great worldwide demand.

❖ **Demand for Indian Indigo**

- By the thirteenth century, Indian Indigo was being used by cloth manufacturers in France, Italy and Britain for dying cloth. However, the price of indigo was very high.
- European cloth manufacturers had to depend on a plant called woad to make blue and violet dyes. Woad was grown in parts of Italy, France, Germany and Britain.
- However, cloth dyers preferred indigo for dying. As a result, the French started cultivating indigo in the Caribbean islands, the English in Jamaica, the Portuguese in Brazil and the Spanish in Venezuela.
- Britain was experiencing industrialisation and the cotton production expanded rapidly thus, creating enormous demand for cloth dyes.

❖ **Britain Turns to India**

- Faced with rising demand for indigo in Europe, the Company in India explored ways of expanding the area under indigo cultivation.
- By 1810, 95 per cent of the indigo exported to Europe came from India as compared to the 30 per cent that was exported to Europe in 1788.
- Learning about the prospects of earning high profits, many Englishmen and Scotsmen arrived in India to become planters.

❖ **Indigo on the Land of *Ryots***

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- Under the *ryotiwari* system, the village headmen were forced by the planters to sign an agreement on behalf of the *ryots*. Those who signed the contract got cash advances from the planters at low rates of interest for producing indigo. This loan committed the *ryot* to cultivate indigo on at least 25 per cent of the land area they held.
 - After the crop was delivered, a new loan was given to the *ryot* and the same cycle continued again. However, the peasants got lesser prices for growing indigo.
 - Another problem was that indigo exhausted the soil rapidly. After harvesting indigo, the land could not be sown with rice.