

# **The Financial Policies of East India Company – Three Centuries of Indian History and Language**

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Year 2000 was the fourth centenary of the establishment of the East India Company. Before the East India Company (E.I.C.), never had a corporation influenced the history, culture and language of a country like it did in India over a period of three centuries.

Some new publications have revived interest in this topic in recent years. A new printing of a book authored by E. Kebel Chatterton,<sup>2</sup> titled *A world for the Taking: The Ships of Honourable East India Company*, published by Fireship Press in 2008, is one such book that has detailed how the Company began, how it ran itself and how it took over the country of India, and finally led to the country being ruled by the British Crown for nearly a century.

Another book authored by Nick Robins, titled *The Corporation that Changed the World: How the East India Company Shaped the Modern Multinational*, is also very interesting. Nick Robins shows parallels between how E.I.C. dealt with deceit, stealth and corruption during the three centuries in India to enrich its directors at the expense of the Indian population, and the way the modern multinationals have been behaving in the corporate world in our times.

Here is a passage from Robins' introduction in his book:

The Company and its executives eventually achieved market dominance in Asia,

ruling over large swaths of India for a profit. But the Company also shocked its age with the scale of its extensive malpractice, stock market excesses and human oppression. For me the parallels with today's leviathans soon became overpowering, with the Company outstripping WalMart in terms of market power, Enron for corruption and Union Carbide for human devastation. (Robins, page 11).

Some more quotes relating to finances of the company and international economy are worth mentioning:

"In 1700, the GDP of Britain was £10.7 billion, representing 2.88% of world GDP. The respective figures for China were £82.8b, 22.3%, and for India £90.7b, 24.4%. By 1870, these had changed to £100b (9.1%) for Britain, £189b (17.2%) for China, and £134b (12.2%) for India." (Robins, page 7).

In those days, i.e. the 16<sup>th</sup> and 17<sup>th</sup> centuries, India was so rich that it was known as the "golden bird." Food shortages and famines were virtually unknown in India. By the beginning of the 19<sup>th</sup> century there were frequent famines mainly in Bengal (the part of India where the Company had built its first foothold) and other parts of India.

"... Cornelius Wallard calculated that in the 120 years of British rule there had been 34 famines in India, compared with only 17 recorded famines in the entire previous two millennia." (Ibid, page 90)

The Company was led by one Governor and 24 Directors, who made up the Court of Directors. They, in turn, reported to the Court of Proprietors which appointed them. Ten committees reported to the Court of Directors.

Company officers were not only allowed but encouraged to conduct their own private transactions in the Indian market and make profit, making many of them millionaires in the process. One such executive was Elihu Yale, of whom we will read more presently.

One junior executive accumulated over £60,000 pounds, as rice prices soared from 120 seers<sup>1</sup> per rupee at the beginning of the famine to just three seers a rupee in June 1770. (Robins, page 91).



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Robins has recorded that the Company was extremely callous about collecting taxes from the locals. While the Mughal rulers as well as the Nawabs of Awadh had both been very considerate about taxes in times of hardship, the Company wanted their “pound of flesh” and collected it, despite the circumstances.

Not only did the Company continue to collect its land revenue throughout the famine - instead of introducing some form of relief in the Mughal fashion - it actually increased the rate. (Ibid, page 92).

And again, in 1772, Warren Hastings estimated that perhaps 10 million Bengalis had

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<sup>1</sup>An Indian seer is equal to 2.06 lbs.

starved to death, equating to perhaps a third of the population. (Ibid, page 92).

It looked like Bengal was really dying:

“... in December 1770, when the Gentleman's Magazine reported that ‘provisions were so scarce in the Company's new acquisitions that parents brought their children to sell them for a loaf of bread.’” (Ibid, page 95).

It was not just that the Company was callous about tax collecting, the Company employed many other cruel means to humiliate and oppress Indian workers:



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According to William Bolt's celebrated account, 'various and innumerable' were the 'methods of oppressing the poor weavers, such as fines, imprisonments, floggings, forcing bonds on them, etc.'... the Company's practices led to a shocking form of self-mutilation, stating that 'instances have been known of their cutting off their thumbs to prevent their being forced to wind silk.' (Ibid, page 77-78).

Let us give a brief overview of the inception and the history of the East India Company.

Queen Elizabeth I signed a charter in December 1600, in London, allowing a business venture to trade in the East Indies. At first the company was known as 'The Company of Merchants of London Trading into the East Indies.' Sir Thomas Smythe was the Company's first

Governor.<sup>2</sup>

Under that Royal Charter, the first British ships sailed in 1601 and set out for the Banda Islands to trade woolen cloth and silver for spices.(Farrington).

There, the English met Arab, Turkish, Gujarati, Bengali, Malay and Chinese merchants. They traded goods including spices, drugs, silks, porcelain, precious stones, carpets, gourmet foods and perfumes.

Six years before that, the Dutch had already made a foothold in the spice country in the East Indies. The French had also been sailing in that part of the world. It was natural that the three colonizing powers would clash in the Eastern seas as they did. The British suffered some losses.

In India, the Great Mughal king, Akbar, had died in October 1605. Akbar's son, Noor-ud-Deen Saleem, had become king taking the title, *Jahangeer*.

St. Francis Xavier, one of the founders of the Roman Catholic Jesuits, had landed in Goa in 1542. Goa had become a stronghold of the Portuguese in India since the early 1500's. Christianity then spread out due to the proselytization by Christian missionaries in western and southern India.

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<sup>2</sup> Most of these and all other such records are kept in the India Office Records, which are a very large collection of documents relating to the administration of India from 1600 to 1947, the period spanning Company and British rule in India. The archive is held in London by the British Library and is publicly accessible.

There are reports that Jesuit priests had a presence in Akbar's Court. This is not surprising since Akbar had a very pluralistic religious policy and had ruled his subjects with a lot of social and religious freedom.

On the other hand, the French and Dutch had been competing for influence on the eastern coastline in India, around the area where today's city of Madras is located. In 1640, the British took over that area after a grant for a settlement by the local Raja. A factory was established for cotton cloth which was exported to Europe.

The Mughal Emperor Jahangeer, though addicted to wine and opium, was a great connoisseur of arts and sciences and had allowed religious freedom under his reign. It was Jahangeer in Indian history who would first welcome foreign ambassadors from European countries in his Court. Jahangeer died in 1627 and his son, Mohammad Khurram (known by his imperial name Shah Jahan), became the Indian emperor of the Mughal Empire in South Asia and ruled from 1628 until 1658. Shah Jahan set about conquering the Deccani states, one after another, and merging them into the Mughal Empire. Akbar had already invaded Ahmad Nagar, where the courageous lady named Chand Bibi had ruled. What was left of the southern states was taken over by Aurangzeb after Shah Jahan.

The beginning of the 17<sup>th</sup> century is also the time when Urdu poetry began to evolve in its modern form. Vali Dakni (or Gujrati), the first poet of Urdu Gazal died in 1707, which is also the year of death of Emperor Aurangzeb.

To show the kind of trade the Company was doing and the extent of profits those trades were turning over, here is a quote from one of the books cited above, namely that by Chatterton<sup>15</sup>:

“One of the reviews of the book by Chatterton goes as follows: “It was a time when one of the most powerful rulers in the world wasn't a government-it was a corporation. Its official name was "The Company of Merchants of London Trading into the East Indies." Some simply called it "John Company," others "Company Bahadur." But most people knew it as the Honourable East India Company. It was the first major shareholder-owned business enterprise. At its height it ruled more than a fifth of the world's population, and generated a revenue greater than the rest of Britain combined-including the government. To hold all this together it had its own private army and navy consisting of over a quarter million men. But at its heart, it was still a "company of merchants" and it was her merchant ships that made everything else possible. ....”

On 12<sup>th</sup> of March 1607 an expedition was off again, for the third voyage. This time the sum of £53,000 had been subscribed; £7280 being expended in merchandise to take out. There were only three ships on the present occasion, consisting of those two veterans, *Red Dragon* and *Hector*, and a vessel named the *Consent*, of 105 tons. The 'Generall' in this case was Captain Keeling. The latter left England on 12th March and reached the Moluccas. Although he was unable to obtain a cargo from there, yet he purchased from a Java junk a cargo of cloves for £2948, 15s., which on their arrival in England fetched the considerable sum of £36,287. The reason why spices of the East were so readily brought up by the West is explained at once by the fact that a great demand existed throughout civilised Europe at that time for their employment in cookery and in certain expensive drinks. (Chatterton, page 45).

Some correspondence ensued between Jahangeer and the English king, James I. James I sent some gifts for Jahangeer and requested a trading post in India.

Chatterton gives the following version of the contact between King James I and the King Jahangeer:

“The Captain of the *Hector* was Hawkins, whilst the *Dragon* was under the command of Captain Keeling. Some historians assert that Captain Keeling himself went to Surat, where he landed a Mr. Finch to form a factory, and then sent Captain Hawkins to persuade the Great Mogul at Agra to order his officers to deal justly with the English: but at any rate, Hawkins remained ashore, as there was a fine opportunity for inaugurating a big business, and sent the *Hector* on to Bantam to join Captain Keeling. Hawkins had come out from England with a letter from King James I, to the Great Mogul, and the latter promised to Grant the Company all the privileges asked for<sup>17</sup>.”

Here is Jahanageer's response to James I.<sup>3</sup>

‘As a result of English disappointments with dislodging the Dutch from the Spice Islands, they turned instead to India. In 1614 Sir Thomas Roe<sup>4</sup> was instructed by

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<sup>3</sup> This entire passage, beginning with this line up to the line where the letter ends with a prayer to God, is taken from the Fordham University website at:

<http://www.fordham.edu/halsall/india/1617englandindies.asp>

<sup>4</sup> According to Chatterton, as above, we saw that the contact between King James I and Jahangeer had already taken place in 1607 by way of Captain Hawkins visiting the Mughal Court. It is possible that the contact made by Captain



James I to visit the court of Jahangir, the Moghal emperor of Hindustan. Sir Thomas was to arrange a commercial treaty and to secure for the East India Company sites for commercial agencies, --- "factories" as they were called."

Moghul Jahangir was contemptuous of the presents sent him by James I, sent the following remarkably polite letter nonetheless.

***The Great Moghul Jahangir: Letter to James I, King of England, 1617 A.D.***

*When your Majesty shall open this letter let your royal heart be as fresh as a sweet garden. Let all people make reverence at your gate; let your throne be advanced higher; amongst the greatness of the kings of the prophet Jesus, let your Majesty be the greatest, and all monarchies derive their counsel and wisdom from your breast as from a fountain, that the law of the majesty of Jesus may revive and flourish under your protection.*

*The letter of love and friendship which you sent and the presents, tokens of your good affections toward me, I have received by the hands of your ambassador, Sir Thomas Roe (who well deserves to be your trusted servant), delivered to me in an acceptable and happy hour; upon which mine eyes were so fixed that I could not easily remove them to any other object, and have accepted them with great joy and delight.*

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Hawkins was only a goodwill trip without any formal exchange of letters, while this exchange of letters between the two kings took place with the ambassadorial visit of Sir Thomas Roe, ten years later in 1617.

*Upon which assurance of your royal love I have given my general command to all the kingdoms and ports of my dominions to receive all the merchants of the English nation as the subjects of my friend; that in what place soever they choose to live, they may have free liberty without any restraint; and at what port soever they shall arrive, that neither Portugal nor any other shall dare to molest their quiet; and in what city so ever they shall have residence, I have commanded all my governors and captains to give them freedom answerable to their own desires; to sell, buy, and to transport into their country at their pleasure.*

*For confirmation of our love and friendship, I desire your Majesty to command your merchants to bring in their ships of all sorts of rarities and rich goods fit for my palace; and that you be pleased to send me your royal letters by every opportunity, that I may rejoice in your health and prosperous affairs; that our friendship may be interchanged and eternal.*

*Your Majesty is learned and quick-sighted as a prophet, and can conceive so much by few words that I need write no more.*

*The God of heaven give you and us increase of honor.* (Robinson, page 333-335.)

Little did Jahangeer know at that time that he was signing off on the future fortunes of India for the next half-a-millennium.

The first trading post that was granted to the E.I.C. was at Madras, as we mentioned above. From its base in Madras, the Company used to ship Indian cotton to other countries in the East Indies. There, the fabrics were traded for spices.

In 1687, Elihu Yale, an Anglo-Welsh Anglican was made president of E.I.C. at Madras. For 20 years, Yale was part of the Company, and made great personal profit. He was also instrumental in the development of a hospital at Madras. Yale amassed a fortune in his lifetime, largely through secret contracts with Madras merchants, against the East India Company's directive. By 1692, Elihu Yale's repeated flouting of East India Company regulations and growing embarrassment at his illegal profiteering resulted in his being relieved of the post of governor. However, he returned to England with all that wealth. A small educational institution, the Collegiate School of Connecticut, was established in 1701, and it needed money for a new building in New Haven, Connecticut. Yale gave some gifts to the college which gave the college a donation worth £800 pounds sterling. Thus the institution was named after Yale. That is our present day Yale University at New Haven in Connecticut. In January 2005, the current president of Yale visited India. During that visit, Indian newspapers dug up some history and reports came out in the Indian press. These details were extracted from one such report published in the "Hindu." (Gandhi).

In 1688, Aurangzeb conquered Golconda and annexed it to the Mughal Empire. Aurangzeb commanded that the Company supply soldiers to fight in Mughal expeditions, which the Company complied with. During this period Englishmen were extensively involved in the slave trade. Little Indian boys would be abducted and sold into slavery into other colonies. The Company administration later curbed the practice and selling of boys into slavery was stopped.

By the 1690s, there was a great demand for all kinds of gorgeous Indian textiles in Europe. Indian craftsmen produced many beautiful textiles for the Company: cottons, silks, muslin and embroidered quilts. While these workers suffered the effects of famine, war and poverty, the Company grew rich on the profits of the textile trade.

The Company built its corporate headquarters in London in a building known as the Old East India House, located at the corner of Leadenhall and Lime Street<sup>5</sup>. In 1697, weavers, dyers and linen drapers in England protested outside that building saying that imports of Indian cloth were threatening their own industries. Initially, the Company responded by re-exporting Asian textiles to other countries in Europe. But market forces soon overshadowed the cries of protesters, and Asian textiles continued to be hugely popular in England throughout the 18th century.

It was not just the local businesses in England which were feeling the pressure of the rising power of the Company's expanding trading in the East. Even the British Government became apprehensive of the developments in India.

The English trading post was then moved to Calcutta and expanded into so-called Factories in a number of buildings. The Company, very shrewdly, envisioned its future in Bengal and started building a garrison by employing a mercenary force manned by English soldiers and big guns. In 1696, the Old Fort William was constructed at the mouth of River Hoogley.

By the end of the 17th century, various Company traders had made enormous profits and they used those earnings to establish properties and new businesses in England. They were also able to establish a strong lobby in the Parliament and used that to bring about laws favouring

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<sup>5</sup> Nick Robins states in the introduction of his book that the building is nowhere to be found now.

their business practices. The Parliament was thus forced to pass many bills on deregulation.

Around 1699, the Company began to trade with Canton, importing silk, tea and porcelain from China. In England, the demand for tea boomed, and by the late 1700's, tea accounted for more than 60 percent of the Company's total trade. Having initially traded tea for silver, the English became concerned that too much silver was leaving their shores. They began to trade the illegal and highly addictive drug opium, introducing a widespread drug problem in China. Millions of Chinese would die from the drug as a result.

It is obvious from the above that during the 17<sup>th</sup> century, all international trading was done on a silver standard. It was not until 1704, following Queen Anne's proclamation, that the British West Indies became one of the first regions to adopt a gold standard in conjunction with the Spanish gold doubloon coin. In 1717, the master of the Royal Mint, Sir Isaac Newton (the scientist of the falling apple fame), introduced a new mint ratio as between silver and gold, and this had the effect of putting Britain onto a *de facto* gold standard.

In 1707, Aurangzeb died and the Mughal Empire's decline began. Little and big provincial rulers began to rebel; Marathas intensified their raids from the south.

Bengal, Bihar and Orissa (collectively known as the province of Bengal), which were ruled by the Nawabs of the Afshar tribe (descendants of Nadir Shah) as vassals of the Mughals, declared their independence. With that independence came internal strife. Ali Vardi Khan<sup>23</sup> became the governor of that area in 1740, at which time he was over 80 years old. In 1756, Ali Vardi Khan died leaving the kingdom of Bengal to his grandson (*nawasa*) named Siraj-ud-Daula, of age 23, as the governor.

In the meantime, the E.I.C. had been fortifying their garrison at Fort William. The new governor of the Fort and that of the Company was Lord Clive.

Siraj-ud-Daula became wary of the Company's designs in India. He tried to correct the mistake made by Jahangeer 200 years ago, but he was too weak and small for that. There were some negotiations and some light and heavy skirmishes between the Company and Siraj-ud-Daula. The final showdown came in 1757 at the Battle of Plassey. Siraj-ud Daula's forces were thoroughly routed in the Battle and he was brutally killed. The defeat was precipitated by the betrayal of Mir Jafar, the treasurer and paymaster of Siraj-ud-Daula's army. The conspiracy was between Mir Jafar, a merchant named Omichand and the Hindu moneylenders, who also financed the English army by extending them loans at high interest. The name Mir Jafar became proverbial in Urdu speech as "Gaddar-e-Abraar" (meaning the deceiver of the free-fighters).

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Lord Clive, who was the commanding officer of the English forces at Plassey, took over as the governor of Bengal. The Nawabs of the Afsharid dynasty were vanquished in India forever.

Ali Vardi Khan's father was an Arab in the employ of the Mughals, and his mother was an Afsharid princess.

The victory at the battle of Plassey precipitated the true looting of Bengal's treasury, as Nick Robins has rightly noted in his book. Lord Clive loaded the entire treasury full of gold and

silver in over one hundred boats and hauled it all to Calcutta. “Clive had netted £2.5 million for the Company and £234,000 for himself. Today this would be equivalent to a £232 million corporate windfall and a cool £22 million success fee for Clive.” (Robins, page 3).

The Awadh (*Oudh*)<sup>6</sup> kingdom in the twin-river (Ganges and Jamuna) valley in northern India was established first, as a province of the Mughal kingdom under the Vizier Nawab, Sa’adat Ali Khan Burhan ul-Mulk in 1722.

The third Nawab of Awadh Shuja-ud-Daulah (ruled 1754-1775) fell out with the British when he aided the disgraced general Mir Qasim of Bengal.

The Battle of Buxar was fought on 23 October 1764 between the forces under the command of the British East India Company and the combined army of Mir Qasim, the Nawab of Bengal; Shuja-ud-Daula, the Nawab of Awadh; and the Mughal King Shah Alam II. Buxar, at that time, was within the territory of Bengal, a town located on the bank of the Ganges River about 130 km west of Patna. The Company’s forces were able to rout the combined armies of Awadh, Bengal and the Mughals. The victory at Battle of Buxar, combined with the success at Plassey, was a decisive victory for the British East India Company in India.

The Treaty of Allahabad signed between the warring parties after the Battle of Buxar, gave the E.I.C., real estate totaling 100,000,000 acres, which included all of Bengal, Bihar, Orissa and parts of Uttar Pradesh. The Nawab of Awadh had to cede part of his territory to the Company.

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<sup>6</sup> The name of a province in Northern India starting in the north at the foothills of the Himalayan range and covering some of the most fertile regions in India. The true phonetic transcription of the name is “*awadh*”, but the British have preferred “*oudh*”. That is how this name is mentioned in all British and English historical records.

The Company became responsible for the whole province of Bengal, India's richest province. Once the Company took control, land taxes were tripled and many Indians were left living in terrible poverty. Millions died in a famine, and over the next 2 decades, millions more were dispossessed of their land.

In August 1765, the Company's supremacy was formally recognized by the impoverished Mughal Emperor Shah Alam II with the grant of Bengal's diwani. This office of state gave the Company control over tax collection for more than 10 million people. For a stock market listed with profits as its primary motive, this acquisition of a country's public finances was truly revolutionary. Not surprisingly, the Company's share prices boomed, when news of the acquisition reached London's financial markets in April 1766. (Robins, page 3).



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The Company built new docks for its ships sailing up to Calcutta, carrying both trading goods as well as British arms and soldiers. During the East India Company's life about 4,600 ships voyages were made from London.

The Company's trading in the East and its real estate acquisitions in India began affecting local politics back home in London. The British government got concerned at one point, about the way the Company was governing its Indian territories, and decided to curb its power. In 1773 an act was passed in the Parliament against all opposition from the Company. The act imposed a number of regulations on the Company procedures and stipulated that whatever the Company Directors were doing in India were doing as British subjects and whatever sovereignty was acquired by the Company and its Directors was on behalf of the Crown and not for their own personal interests. Thus, in the same year, Warren Hastings was appointed as the first



governor-general of India. Warren Hastings himself became a dictator, in his turn. He was charged with mismanagement and was impeached by the Parliament in London in 1785.

C.H. Philips has dedicated one whole chapter to this topic in his book. Here is an excerpt from that book.

Between 1757 and 1784, the development of the East India Company from a predominantly commercial into a predominantly territorial power undermined the stability of the home government. The India House became a synonym for corruption and faction. Contemporary statesmen anticipated the dangers of a great empire being created and ruled by Britons independent of the authority of the British cabinet. The almost complete failure of Lord North's Regulating Act of 1773, and the Reports of the Select and Secret Committees of 1781, necessitated the reconsideration and adoption by Parliament of a new system for both the home and Indian governments of the Company. Ministries meddled and the Company muddled, but it was not until the North-Fox coalition produced a large majority in the House of Commons that a determined effort was made to reorganize the Company's system of government. (Philips, page 23).

The Company would influence the workings of the Parliament, at least those aspects which affected the Company's operations, both at home and in India, by helping place their favourites in the Parliament by supporting them in their elections both monetarily and otherwise. What was going on was a form of what we have here in the US political system as lobbying. Corporations are growing their influence in the US government by investing millions and millions both in donations to potential candidates as well as using money in lobbying the sitting members in the Senate and the House. By one estimate, during the 1970's, only 3% of retiring politicians from the US Senate and House, would become lobbyists; recent estimates are that up to 50% of such people become lobbyists. A recent book<sup>28</sup> reveals all this and much more.

Ramsay McMullen in his 1990 book titled: *Corruption and the Decline of Rome*, had made the case that the real cause of the fall of the Roman Empire in the 5<sup>th</sup> century, was internal corruption, which he has termed as “venality”, rather than military weakness. (McMullen). If the American people do not take notice of their system soon and do something about it, the American system of government has all the potential to become ‘a government of the corporations for the corporations by the corporations’ instead of being ‘a government of the people by the people for the people.’

In 1786, Lord Cornwallis<sup>7</sup> was appointed to be Governor General and commander-in-chief in India. There he enacted numerous significant reforms within the East India Company and its territories, including the Cornwallis Code, part of which implemented important land taxation reforms known as the Permanent Settlement (*Istemrari Band-o-bast*). One consequence of the code was that it instituted a type of racism, placing the British as an elite class on top of the complex status hierarchy of caste and religion that existed in India at the time. Cornwallis held racist views, in a manner common at the time; of mixed European-Indians he wrote, "...as on account of their colour & extraction they are considered in this country as inferior to Europeans, I am of opinion that those of them who possess the best abilities could not command that authority and respect which is necessary in the due discharge of the duty of an officer." However, those laws and rules of management lasted to the end of the British Raj in India and some of those rules are still active.

In 1791, Cornwallis established a Sanskrit College for Hindus, that has now become the Government Sanskrit College at Varansi. From 1789-Letbovich, Mark; *This Town*, Blue Press,

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<sup>7</sup> In 1781, Lord Cornwallis had surrendered his sword to George Washington at Yorktown. That had completed the American Revolution to get rid of the Colonial rule.

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In 1783, the Company invited Sir William Jones to India as a junior judge at the Bengal Supreme Court. William Jones fell in love with the Indian cultures and languages. He learned Sanskrit and Hindustani and brought out his historic findings that Sanskrit, Farsi, Greek and Latin, and therefore most modern European languages were related by way of a “Super mother language.” We know that mother language today as Proto-Indo-European. That was the beginning of the science of Historical Linguistics. In conjunction with some other learned Englishmen, William Jones established the Asiatic Society of Bengal. William Jones published many academic works while staying in India.

William Jones produced a flood of works on India, launching the modern study of the subcontinent in virtually every social science. He also wrote on the local laws, music, literature, botany, and geography, and made the first English translations of several important works of Indian literature.

Sir William Jones,<sup>8</sup> who sometimes also went by the nom de plume Younus Uksfardi. This pen name can be seen on the inner front cover of his Persian Grammar published in 1771 (and in subsequent editions as well). The second half of the pen name, Uksfardi, Persian rendition of "from Oxford", shows the deep attachment William Jones had for the University of Oxford. The first name Younus is an Arabic/Farsi rendition of Jones.

A Scotsman named John Bothwick Gilchrist ended up in Bombay in the service of the East India Company as an assistant Surgeon, in 1783. During his service in India he learned the

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<sup>8</sup> William Jones died in Calcutta on 27 April 1794 at the age of 47 and is buried in South Park Street Cemetery.

Hindustani language. When the East India Company decided to set up a training institution for its recruits in Calcutta, Gilchrist was summoned to teach Urdu aka Hindustani language to Company servants.

During his stint, Gilchrist published a number of books, namely, *The Stranger's East India Guide to the Hindoostanee or Grand Popular Language of India*, *The Hindustani Manual or Casket of India*, *Nastaliq-e Hindoe*, *The Hindu Roman Orthoepical Ultimatum*, and *The Oriental Fabulist*. He spent 12 years living at various places in Northern India, mainly in Uttar Pradesh. The places where he visited and listened to the native speakers to learn the various dialects were Patna, Faizabad, Lucknow, Delhi, and Ghazipur (Schimmel).. He brought together writers from all over India who were able to produce a comparatively simple Urdu style, and intelligible to East India Company servants and merchants who only needed to learn Urdu prose.



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Meanwhile in 1786 his first advertisement had announced *A Dictionary of English and Hindoostanee, To which Is Prefixed a Grammar of the Hindoostanee Language--By John Gilchrist-- Calcutta: Printed by Stuart and Cooper. M.DCC.LXXXVI. The Hindoostanee Grammar and Dictionary* was published in 1786. Works on those lines, by Gilchrist, eventually led to the British replacing Persian in all administrative work into Urdu in all Indian territories. In 1796, after over ten years of effort, he finally published his grammar of Urdu<sup>34</sup>.

Although, at the Battle of Buxar the Company's forces had dealt a serious blow to the forces of Shuja-ud-Daulah, the third Nawab of Awadh, they had not begun any serious advance towards that part of India, mainly for fear of the Marathas. The Company began to expand its armed encroachment westwards through the Kingdom of Awadh (Oudh) in the last part of the 18<sup>th</sup> century. The fourth Nawab Asaf-ud-Daulah who ruled from 1775 to 1797, had kept the Company at bay. He had moved his capital from Faizabad to Lucknow. During his reign, he

initiated many grand building projects in Lucknow and created memorable architectural masterpieces, such as the Bara Imambara, Roomi Gate and the Chhota Imambara. In fact, many of these buildings were built during a famine. When people were unemployed and they were starving, the Nawab initiated these projects to provide employment to the starving public. So, instead of giving them charity he provided employment to protect their pride. After Asaf-ud-Daulah his son Vazir Ali became the Nawab, But the Company forced him to abdicate in favour of his uncle Sa'adat Ali Khan who became a puppet ruler for the Company and had to cede nearly half of his kingdom and also had to disband his army and accept a very expensive English force in his kingdom. In later records the English offices tried their best to humiliate Asaf-ud-Daulah and actually did his character assassination. (Basu).

The Company moved up to Delhi at the beginning of the 19<sup>th</sup> century. In 1803, General Lake defeated the marauding Marathas at the Battle of Aligarh and then took over Delhi completely after defeating the Marathas.



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Fort William College had already been established to train English civil servants in the Hindustani language. The British administrators and language experts at the college began promoting the use of Nast'aleeq and Devnagari for the writing of the same language simultaneously – thus began the implementation of the divide-and-rule policy based on language<sup>9</sup>

In 1810, a famous Urdu poet of the 18<sup>th</sup> century, Mir Taqi Mir, died in Lucknow. In the early 1800s, the Company's finances were in trouble. The main causes were ambitious expansion in India and also political wrangling back home in London. Some details are presented here from Philips.

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<sup>9</sup> Details of that policy and an extensive analysis of that phenomenon are detailed brilliantly in a recent book authored by Dr. Abdul Jamil Khan titled: *Hindi/Urdu: An Artificial Divide*, published by Algora Publishing, New York, 2006.

Tierney spent most of his time as President in investigating the Company's finances, a subject which was causing the Chairmen the gravest concern. In the past, he had unsparingly criticized Dundas's and Castlereagh's Indian budget speeches. He had ridiculed their too frequent and over-optimistic prophecies of large surpluses in the Indian revenues --- "Our Indian prosperity is always in the future tense", he claimed --- and on several occasions he had demonstrated that their estimates bore a favourable aspect only because they had deliberately exaggerated the value of the Company's dead stock. In July 1806, soon after the assumption of office by Fox and Grenville, Lord Morpeth presented on behalf of the Board of Control what was described as "first fair statement of the finances of India for twenty years." Morpeth estimated the Company's deficit on the financial year 1805-06 at £3,000,000, and the total Indian debt at £27,000,000. He bluntly told the Commons that the only remedies the Board could suggest were "peace and an acute economy." Tierney, however, was convinced that it would be possible for the Company to establish a sinking fund of £800,000 in England, which could be used to reduce the Indian debt. (Philips, page 152-53).

In the winter of 1806 new parliamentary elections were held. The political scene in London changed and that scheme could not be implemented.

In 1813, the Parliament passed another act. The expense of various wars for territorial control in India had strained the Company's finances. The Company was forced to petition Parliament for assistance. This was the background to the Charter Act of 1813 which, among other things, asserted the sovereignty of the British Crown over the Indian territories held by the Company; renewed the charter of the company for a further twenty years, but deprived the company of its Indian trade monopoly except for trade in tea and the trade with China.

In 1824, Sanskrit College started functioning at a rented house in Bowbazar Street of Calcutta on January 1, despite the opposition from Raja Ram Mohan Roy, who wanted the institution to be more diverse offering courses in liberal and physical sciences.

Although all business transactions by the E.I. Co. were stopped in India, it appeared that the Company still had major control over the social affairs of India.

In November 1826, Mirza Ghalib, another Urdu poet born and died in the 19<sup>th</sup> century, left for Calcutta with his petition (to the Company) for the revival of his pension. It took Ghalib nearly 18 months to get to Calcutta from Delhi. He stayed in a house close to Gol Taalab and Shimla Bazaar. That house has been rediscovered by scholars of Ghalib. Shimla Bazaar has disappeared. The Gol Talaab is still there. Ghalib was absolutely fascinated by the sight of the steam engine, the electric light bulb and the use of telegraph. He mentions all those three things in his *taqreez* written in Farsi verse<sup>10</sup>, to Sir Syed Ahmad Khan's .

In 1833, the Parliament passed another act. The background to the Government of India Act of 1833 was actually the Industrial Revolution, which had necessitated search for new markets. This act put an end to the monopoly which the Company had enjoyed so far in the Indian trade. The charter of the Company was renewed for another twenty years, but only for administering the Indian territories on behalf of the Crown. The Crown would assert more power through the position of the Governor General and the newly formed Council of India.

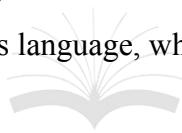
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<sup>10</sup> An English translation of this Farsi masterpiece by Ghalib can be found at the following website, the translation has been done by S.R. Faruqi:

[http://www.columbia.edu/itc/mealac/pritchett/00fwp/srf/txt\\_ghalib\\_sirsayyid.html](http://www.columbia.edu/itc/mealac/pritchett/00fwp/srf/txt_ghalib_sirsayyid.html)

In 1835, the English Education Act was passed. The purpose of this act was to reallocate funds from the East India Company to spend on education and literature in India. The background to this act was a paper written by Thomas Babington Macaulay on Indian Education which was scathing on the inferiority of native (particularly Hindu) culture and learning. Macaulay was a member of the Council of India.

By way of the English education Act of 1835, the Company was to support a system in which teaching a Western curriculum with English<sup>11</sup> as the language of instruction would be implemented. The act also promoted other measures to establish English as the language of administration and of the higher law courts, thus replacing Persian. That brought the English language into the mainstream Indian educated class as a medium of communication as well as a business language, which is lasting to date.



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In 1857, a general revolt broke out against the Company's rule in India. The revolt, known in the British documents as the Great Mutiny, and in the Indian journals and history as the First Struggle of Independence, had begun in Awadh. Awadh forces put up a great fight against the English contingent at Lucknow and gave great losses to them, but eventually were routed. The Nawab Wajid Ali Shah was deposed, arrested and sent to a prison at Matia-Burj in Calcutta, where he died in 1879.

The company was nationalized by the Crown in 1858 after a rebellion by its Bengali Army. India became a country ruled by the British Crown. The position of Governor-General of

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<sup>11</sup> The 1833 Act, which had renewed the Charter of the Company for another 20 years, had also stipulated that the Company would spend an annual sum of 100,000 Rupees promoting the traditional Hindu and Muslim ways of education in India.



India, that used to be decided in consultation with the directors of the Company, was replaced by the position of Viceroy. Lord Canning was the first Viceroy appointed at Delhi in 1858. The Crown ruled India for the next 90 years. The last British Viceroy was Lord Mountbatten who presided over the process of division of the subcontinent into India and Pakistan during May-August 1947.

The Company was finally dissolved in 1873 after paying dividends to the stockholders.

The work on language began by Sir William Jones and then by Gilchrist and others continued. A number of contemporary scholars have studied the work done by British scholars of India on language and have discovered interesting facts. One such work was done by Richard Steadman-Jones, which resulted in a Ph.D. thesis and later published as a book under the title: *Colonialism and Grammatical Representation: John Gilchrist and Analysis of Hindustani Language in the Late eighteenth and early Nineteenth Centuries*. Perhaps just one passage will give an insight to the reader about what is contained in this book.

Bernard S. Cohn<sup>12</sup> characterizes colonial language learning as political in a number of different senses. An important part of his argument is that British work on Indian languages was motivated to a large extent by the needs of the emergent empire, and fulfilled a practical function in the needs of the colonial state. But, on top of this relatively uncontroversial claim, Cohn develops the more obviously Foucauldian argument that, by reshaping fields of knowledge that had previously been the sole property of Indians, the British also restructured the networks of relations through which power was executed within the colony. As Cohn (1996:53) puts it himself: ‘They had not only invaded and conquered a territory but, through their scholarship, had invaded an epistemological space as well.’ Indian scholars were absorbed into colonial institution

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<sup>12</sup> Steadman-Jones is quoting from the book: *Colonialism and its Forms of Knowledge, The British in India*, Princeton University Press, 1996.

in subordinate roles as informants, assistants and teachers under the supervision of British scholars; the demarcation and classifications of Indian languages resulted in the ‘creation and reification of social groups.’ Each with its own ‘varied interest’; and the languages themselves, both written and spoken, were ‘transformed’ by their assimilation into the framework of western linguistic scholarship. (Steadman-Jones, page 38)

Steadman-Jones has referred to Foucault’s theory of language in the passage quoted above. Paul-Michel Foucault was a French philosopher, sociologist and psychiatrist (d.1984). He has observed how language is used to assert power by a people in authority over those enslaved or subdued by other means. And that is how he has formulated his theory.

The British, by appropriating or misappropriating the management of, and teaching in schools and colleges and documenting the semantics and grammar of the language, used that very method to establish and implement the master-slave relationship between the ruling White man and the ruled Brown Indian. That influence is still lasting in both India and Pakistan today. I have noticed in my own experience for example, in a long line of customers waiting at any business set up to be served by the customer service, if suddenly a white skinned person shows up, the customer service person (Brown) immediately leaves the people waiting in the line and attends to the White skinned person first.

We can see that phenomenon in our own times with modern English language journalism which is controlled by western powers. There are two sets of words that are worth emphasizing here. The first is words such as ‘Islamism’ and ‘Islamists’, the second consists of words such as ‘terrorism’ and ‘terrorist’. There is no proper definition of the terms ‘terrorist’ and ‘terrorism.’

Powerful media decides who is a terrorist and what constitutes terrorism<sup>13</sup>. Anyone killed by the drone strikes in Pakistan and Afghanistan was a terrorist. It is not that we first identify someone as a terrorist and then search for him to hit him. Very similar to that, any conservative Muslim, who takes his religious duties seriously, is an Islamist<sup>14</sup> whether or not he had indulged in any political activity.

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<sup>13</sup> According to Barry Ritholtz: The Department of Homeland Security and police forces label anyone who they disagree with – or who disagrees with government policies – as “terrorists”. For more see his blog at: <http://www.ritholtz.com/blog/2012/02/who-is-a-terrorist/>

<sup>14</sup> The term 'Islamist,' used by many media outlets to describe those who support a form of government in accordance with Islam, has recently come under scrutiny in the US. Ibrahim Hooper, who serves as the National Communications Director for the Council on American-Islamic Relations (CAIR), recently published an op-ed calling for members of the press to stop using the word. An excerpt from the OP-ED: “Unfortunately, the term 'Islamist' has become shorthand for 'Muslims we don't like.' It is currently used in an almost exclusively pejorative context and is often coupled with the term 'extremist,' giving it an even more negative slant.” One of the world's most influential news wires, the Associated Press, recently removed the word 'Islamophobia' from its style book. It also added a definition for 'Islamist'. This note taken from: <http://stream.aljazeera.com/story/201301080145-0022464>

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