

# Colonialization of Economy in North-East India

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The pre-colonial monarchies, territories and other political formations in North East India were administratively integrated in the British colonial state in India in several installments and phases in the nineteenth century. This region was the last to be politically incorporated into the British colonial state, the rest of the subcontinent having been already subjugated by the East India Company, which had landed in India in the seventeenth century for the purpose of trade and commerce. The fact that the economic interest was the primary motive behind the transformation of the East India Company from a trading concern to a territorial authority in India has been convincingly established by several studies.<sup>1</sup> Among the first Indian scholars to highlight the British policy of revenue maximization and enhancing the wealth of Britain at the cost of India was R.C. Dutt, who said: "They considered India as a vast estate or plantation, the profits of which were to be withdrawn from India and deposited in England. They reserved all the high appointments in India for their own nominees seeking a lucrative career in the East. They brought their merchandise out of the revenue of India, and sold it in Europe for their own profit. They vigorously exacted from India a high interest on their stock-in-trade. In one shape or another all that could be raised in India by an excessive taxation flowed to Europe, after paying a starved administration."<sup>2</sup> The nature of exaction was manifest in the growing pauperization of

India, its dwindling markets and recurring famines. Dadabhai Naoroji constructed the 'Drain theory' on the basis of the British official documents on Britain-India economic relationship and described the British rule in India as 'un-British' in character.<sup>3</sup> N.K. Sinha focused on the 'de-industrialization' phenomena in Bengal, which till 1874 included the region now called North East India.<sup>4</sup>

Nevertheless, the process of colonialization of the Indian economy under British rule has justifiably remained to be a theme of overriding importance for all scholars of modern Indian history since the writings of Karl Marx on India. Marx, who studied the destructive as well as the regenerative effects of British rule upon the Indian economy, called attention of the scholars to the role of India as a source of primary accumulation of capital and as a market for the industries of Britain.<sup>5</sup> Although his characterization of the pre-colonial Indian economy as unchanging (Asiatic Mode of Production or AMP) has not been accepted by most of the historians,<sup>6</sup> Marx's method of historical analysis on the basis of class is used by almost all those historians who believe in scientific history writings. While Dadabhai Naoroji's *Poverty and Un-British Rule in India*<sup>7</sup> exposed the cruel effects of British rule on Indian economy, R.C. Dutt's *Economic History of India* (2 vols.)<sup>8</sup> brought out authenticated new sets of data for the later historians than the official reports which Karl Marx had mostly largely relied upon. A galaxy of historians, R.P. Dutt<sup>9</sup> to S. Bhattacharya<sup>10</sup> and Bipan Chandra<sup>11</sup> have significantly contributed to the development of the theme.

Irfan Habib, in a seminal paper in 1975, entitled "Colonialization of Indian Economy 1757-1900"<sup>12</sup>, had made a strong plea that the different stages in the process of colonialization of the Indian economy from the Plassey plunder to about the end of the nineteenth century should be reconstructed, and he argued that an acceptable framework for studying the economic processes in that period was urgently called for to avoid the danger of the major strands being overshadowed by the minutiae of the detailed monographs on various regions and on individual aspects of economy and administration. Habib suggested two starting points for studying the processes of colonialization: (i) "The first is the mode of production, especially the system of extraction of surplus (or, to use the more convenient term,

exploitation) existing in India on the eve of the British conquests." and (ii) "The other is the nature of British imperialism, which was itself subject to change as British economy was transformed under the impact of the Industrial Revolution."<sup>13</sup>

A review of the existing scholarly studies in the subject, some of which have been cited above, would make it clear that the control over the land and resources by means of regulations and financial investments, extractions in the forms of revenue and taxations of innumerable sorts, control over trade, destruction of indigenous industries and aggressive marketing of English goods, opening up of the countryside through improvised means of communication culminating in the construction of railways, and the boosting of an urban network over the ruins of the earlier trade and industrial centres, were crucial among the means and methods of colonialization of economy in all regions in India. Therefore, it may be interesting to study whether these methods, all of them or at least some of them, were operative in Northeast India. The period of study, appropriate for this purpose, may approximately correspond to 1826 to 1900. In other words, from the British annexation of the Ahom state to the end of the nineteenth century, although the colonial penetration in the regional economy through trade had already begun ever since the East India Company had politically entrenched itself in neighbouring Bengal in the eighteenth century.<sup>14</sup> This paper is indeed an attempt to draw the attention of the regional historians of North East India to this important theme of the modern history of the region and to propose that the scholars in line of those take up this theme for an analytical study discussed above.

We do have a number of scholarly studies on aspects of economic history of Northeast India in the colonial phase, particularly in trade, land revenue administration, tea, oil, forest, railways, etc.<sup>15</sup> While undoubtedly path breaking in nature and significant towards reconstruction of history, the need at this point of time is to integrate these area and aspect specific studies into an economic history of the region. A work of that nature has perhaps to begin with the system of production in the region on the eve of British conquests and the process of change under imperial interventions. The problem that such an effort is bound to reckon with is the paucity of data that would be otherwise

unavoidably important for historical reconstructions. One would hardly come across recorded non-official or indigenous economic data as alternative or complementary to the archival sources, while the archival records themselves do fall far short of required extensiveness of information. Apart from the fact that the archival materials suffer the inherent limitations as official version of the processes, the statistics or figures quoted by the historians like R.P. Dutt, S. Bhattacharya or Irfan Habib are relevant to the British Indian colony as a whole. The regional data, particularly for a region like the Northeast, are not computed anywhere. A researcher in this theme of the history of the Northeast has, therefore, to gather the micro level information and compute them oneself for projecting the regional scenario. Nevertheless, it goes without saying that the study of the economic processes in the nineteenth century, particularly of the colonialization phase, requires empirical information about the changes and inductions that occurred in that period. The studies conducted by the historians so far have brought out important facts that are useful to begin with the reconstructions and formulations of tentative nature. The historians of North East India have already brought out that the early British contacts with North East India started through trade.<sup>16</sup> The objective was not only the internal trade, i.e., promotion of English and Indian goods and extraction of commodities and raw-materials of the region which were in demand elsewhere but also to establish control over the traditional trade routes across the region (to Tibet, China and Burma).<sup>17</sup> The early policy towards the Garos (ever since the rise of the East India Company to the Diwani of Bengal) was influenced by the speculation that the Garo Hills could be an additional source of supply of raw-cotton to Manchester.<sup>18</sup> Similarly, the control of the local rulers in internal trade was vehemently objected to by the colonial authority (conflict with the Raja of Cachar<sup>19</sup> is an example) and the erstwhile transit stations were considered as trade barriers (the way the Raja of Jaintia was forced to discontinue the collection of tolls in Surma<sup>20</sup> was indeed ruthless). The East India Company insisted on free trade and encouraged the individual European traders and private European companies (e.g., Inglis & Co.'s flourishing lime trade in the Khasi Hills<sup>21</sup>), besides East India Company's official trade and the private trade of its officials

(Robert Lindsay,<sup>22</sup> Collector of Sylhet, is a good example). In fact, the control over the trade was already accomplished to a large extent before the annexation of Assam in 1826. However, the extension of the British authority to the heartland of the region (namely, the Brahmaputra Valley)<sup>23</sup> enabled the British to pursue the policy more systematically.

The control of the resources began with the recognition of the colonial authority over land, which is the primary factor of production and the most important source of surplus extraction in the Indian and the Asian context. The annexation of Assam was followed by the surveys and resettlements, and restructuring of administration for effective land management and revenue collection, with geographical space as the basis of the administrative units, besides maintenance of the law and order as a necessary condition for trade and commerce. The process was repeated in Cachar and the Jaintia plains after annexations. The *Ryotwari*, *Talukdari* and various other minor systems were introduced in different areas. The *Mauzadari* system was unique to Brahmaputra Valley and the *Mirasdari* in Cachar. Two permanently settled districts (namely, Sylhet and Goalpara) were transferred to Assam when it was constituted into a Chief Commissioner's province in 1874. Whether permanent settlement system should be extended to Cachar was debated seriously in 1830s (when Cachar, along with Sylhet, was within the Dacca Division) but was decided against because the loss of revenue under that system was already understood in the meantime. The Assam Land and Revenue Regulation, 1884, legalized the arrangements. The fallow, marshy and forested lands were declared waste, and the Wasteland Rules were introduced for the reclamation of such lands. The peasants in Eastern Bengal were encouraged to immigrate and settle in wastelands. The forest and char lands were also opened up for settlement of the immigrants. The revenue income was an important consideration of the colonial administration and the early efforts of consolidation aimed at maximization of revenue. In fact, land was the most important source of revenue in the plains areas of the region. In the hill areas, house tax was the substitute for the land revenue. Large tracts of wastelands in the plains were distributed as tea grants, initially to the European planters, and later on, to Europeans and some Indians (only a small number

of locals was among the planters). Tea industry was indeed a colonial induction, in which capital, organization and labour came from outside and only land was local. Some lands were retained by the government as 'khas' for official use, if required, and for future allotment to private parties. The government identified the economically profitable areas as 'reserved forests', or 'elephant mahal', 'rubber mahal', etc. The government's rights over special plants and timber (agar, poppy, rubber, for example) were recognized by regulations. The minerals belonged to the government; if the deposits of classified minerals were found in private lands such areas would escheat to the government. The indigenous people in many places were deprived of their traditional rights to forests. On the other hand, the reserved forests were also sometimes opened up at the will of the administration for the settlement of the immigrants. The communities lost the right to use land in the areas where minerals were discovered and exploited.<sup>24</sup>

Land was undoubtedly the most important object of taxation. However, there were also various other taxes and duties which covered almost all resources and every aspect of human economic activity, which the people came know for the first time, e.g., on fisheries and ferries, ponds, specialized cultivations, agricultural income tax, income tax, registration and stamp duty, sales tax, excise, grazing tax, etc.<sup>25</sup> The taxation was also a recognition of the authority and rights of the government over the resources and the people. On the other hand, the destructive nature of the colonial rule was reflected on the ruination of the traditional industries and plantations. Over-trapping eliminated the indigenous rubber plants in Assam and the adjoining areas<sup>26</sup>, while the iron-culture of the Khasis<sup>27</sup> became a subject of history. These destructions also facilitated the colonial penetration in the regional economy.

The encouragement to immigration and settlement of agricultural communities or indentured labour in plantations, which aimed at reclamation of land and revenue maximization, ultimately created permanent pressure on the land and resources of the region, as the settlers and even the ex-tea garden labourers and the professionals became part of the local population. The roads and railways were intended for the consolidation of administration and transportation of commercial goods (to serve

the basic purposes of colonialism). The roads and railways, civil and military stations, and markets cut into the size of the arable lands and destroyed the forests in many areas. The export of timber, crude and other raw materials started in the colonial period but continued beyond it. The monetization of economy, which gradually replaced the erstwhile barter system, immediately after the British annexations, accelerated the process of colonialization of the economy. The British Indian currency became the standard medium of exchange. The local economy became integrated in world capitalism, along with the rest of India, in a subordinate capacity though. On the other hand, segregating laws created isolated zones and pockets within the region (e.g., inner line, frontier regulations) and became responsible for social and economic imbalance.<sup>28</sup>

Finally, it may not be out of place to emphasize that an understanding of the economic processes in North East India in the colonial period requires an appropriate framework involving the basics of colonialism and the economic changes in India in general and the North East in particular. The historical connectivity of the region with the geographically contiguous areas also cannot be ignored in developing that framework. In any case, the exploration of the empirical data should precede a systematic analysis of the historical processes of colonialization. Although a lot of the required information has already been explored by the various micro-level studies, there are some spectacular gap areas, which should be targeted for better understanding of the society and economy in the region in the colonial phase.

#### END NOTES

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