Chapter One

HOME GOVERNMENT AND INDIA POLICY
In the last quarter of the eighteenth century, Indian affairs attracted the attention of the British nation. Generally all shades of opinion were interested in the Indian problems. It included leading personalities such as Sheridan the rhetorian; Burke, the philosopher-teacher; Fox, Pitt and Dundas, the politicians, Wilberforce and Grant, the moralists as well as missionaries, humanitarians, utilitarians, liberals and all those who wished to make profit from the East. These heterogeneous elements combined for one purpose and produced an Indian Policy.

Indian Problem

The problem confronting the British nation was two-fold. Firstly, the complaint by the public against the East India Company in its failure to provide huge profits, in shape of higher dividends, as expected, from the Indian trade. This was attributed to the corruption and inefficiency in the Company's services. The profits from the Eastern trade did not balance the Company's books but were pocketed by individual Englishmen. Its financial policy which consisted of exports, to the value of imports from the East, known as Investments, with credit and bills drawn on London,

2. Ibid.
involved recurring financial crises. Though balance was secured through invisible export, in the form of services and other activities of British nationals in India, the corruption and inefficiency in the services were made a political issue in England by the contending parties. Second issue was of complications created through war and expansion in the administration of the territories acquired in India. It was alleged that the Company had gone beyond its original purpose of trade and commerce. To the financial difficulties were added, declining trade due to war and expansion. The Englishmen in India who had amassed huge fortunes, on coming back, bought estates and seats in the Parliament, and added to the numbers of the 'Indian interest'.

Later on, a third cause of complaint was added through ill-treatment of Indians, whereby their natural rights were outraged by the Englishmen in power. The growing humanitarian feeling in the public mind, strongly protested against these violations of human rights. All the three causes combined created so intricate a problem that all the political parties brought forward their solution.

1. Ibid., pp.158, 305-6.
2. Ibid., pp.305-6.
Unique Position of the East India Company

The East India Company enjoyed a statutory monopoly of trade between India and England since its first charter in 1600. It was not purely a trading concern. In India, it had assumed great administrative powers, outstripped all the European rivals and consolidated vast territories under its control by the year 1800. While, in London, its importance lay in being merely a great financial house of a banking agency, it was performing the functions of a financial middleman by taking up government loans, raising money in the financial market by issuing bonds and possessing high credit of a trading concern. As a dispenser of patronage it enjoyed great political and other privileges. The Directors of the Company were the privileged patrons of City circles. The members of Parliament, in opposition as well as with the Government, were eager for friendship with them. The Government endeavoured to influence London, through its contact with the Directors. In the formation of an Indian policy with regard to the Company's affairs, it had to be careful about the repercussions on the Parliamentary votes. Thus, it was a "two-way traffic of influence between the Company and the Ministry". During the elections

1. Ibid., p.157.
2. Ibid., p.167.
in England the East Indian interests played a prominent part, through expensively created public opinion by pamphlets, cartoons and newspapers. It is apparent that the Company enjoyed a unique position in England.

In the East India interests there were two subdivisions, i.e., London interest and the Company or City and Shipping interest. The Indian interest was further sub-divided into Arcot interest (creditors and agents of the Nawab of the Carnatic), and the Hastings interest (personal friends and supporters of Warren Hastings). The ascendancy of one or the other group in the Court of Directors had its repercussions in the Company's policy at the Madras Presidency, during the Governorship of Edward Clive and George Barlow.

Thus, the delicate problems of the East India policy, in the later half of the eighteenth century, were how to provide high dividends to stock-holders in London, to eradicate inefficiency and corruption in the Indian administration and later on to ameliorate the conditions of the British subjects in India.

2. See Chapters Two and Four for details.
Edmund Burke

First and foremost British politician to take cognizance of disorders in India was Edmund Burke. He presented a correct picture of India through long speeches on impeachment of Hastings, and through articles in Annual Register. In order to solve this intricate problem various Committees were set up by the House of Commons in 1772. Edmund Burke was a member of one of the Committees. His interest in India was first aroused through the misfortunes of his friends. He was convinced that the Company was managed by corrupt persons, who ignored honest men, oppressed Indians and did not give due share of the profits either to the government or the share-holder. He "sincerely burnt against the tribe of money grubbers" and attributed all the defects of the Company to the private fortunes of the 'Nabobs'. He put all the blame of financial ruin of his friends and defeat of his allies in politics on them.

Burke's superb imaginative abilities focussed on the Indian problems, were provoked by humanitarianism. In his speeches in the Parliament, he observed that charters obtained by the Company through the payment of money to the


national exchequer, had the sanction of the King and nation. The Company's servants had misused the authority vested in them which led to despotism, tyranny and corruption in India. He requested the Parliament "not to sell for money, the blood of millions of inhabitants". Burke with some of his friends 'formulated a Conservative theory of Indian society, culture and government'.

Burke was justified in his criticism of the Company's servants in Madras, where Pigot sent as Governor by the Rockingham ministry in 1775, to restore Tanjore to its legal ruler, was confronted with formidable opposition of the vested interests. The English money-lenders, led in the Madras Council by George Stratton and Robert Fletcher at first opposed and finally imprisoned him, where he died due to privations.

While Burke and the Select Committee introduced humanitarianism in Indian Policy, the Secret Committee headed by Henry Dundas influenced it through administrative reforms. Burke and Dundas were the predominant figures on the East Indian scene. Each of them was

supported by his Parliamentary Committee, and hindered by party complications, as they had to contend with the opposition of vested interests. Burke and his followers made sweeping reforms in Indian affairs inevitable, while Dundas with his friends laid down the nature of actual reforms.

Henry Dundas

Dundas, through his Secret Committee, formulated and expressed his views about the Company's administration and affairs in India and England. He utilized Indian question for his own political elevation. He formulated Indian policy in Pitt's government with his clear cut ideas. Pitt discussed and decided India policy outside his Cabinet in consultation with Dundas or his cousin Grenville. The East India Company averse to changes brought forward by Charles Fox in his India Bill, joined Pitt in formulating a scheme of ministerial control and gave him monetary help. Pitt had initiated an imperial policy, as "an object of greatest consideration to the Empire". With his constructive talent he brought to bear on Indian affairs, generous considerations and restored "order to our finances and

prosperity to our commerce*.

Their joint endeavours produced Acts of 1784 and 1793, through which ultimate responsibility of Indian administration was vested in the Board of Control. From 1784 to 1801 Dundas was at the helm of Indian affairs. For all practical purposes, the Board meant Dundas, or at the most, Pitt and Dundas. It was said that he had devised Pitt’s India Act to gain control of all patronage in India. He controlled patronage and appointments. In those he was guided by a sense of high responsibility in choosing men for the key positions in India. Though aware of corruption and other defects in the Indian administration, he was never led by “petty, unworthy and partisan considerations” in Indian appointments. He always kept this important factor in view that the “real security of India depends upon Britain’s choice of men who were to rule these possessions, not a thirtieth degree upon the wisdom of those regulations, which the King, Parliament and Company may lay down”. The Board of Control functioned


3. Ibid., pp.298, 30, 31, 34 and 57.
under him as a body for general supervision of Indian affairs. He believed in delegating power to administrators in India, the authority to rule the country in the best interests of the British nation and the Indian subjects. He desired India to be governed in accordance with local conditions and not to be imposed upon by Downing, or Leaden Hall Street.

He gave full authority to Lord Cornwallis, the first Parliamentary Governor-General, who carried out a policy of reforms in the administration. Marquis Wellesley was his own trusted friend, Dundas inspired his policy of expansion and annexation during the former's stay in India from 1798 to 1804. Wellesley considered Southern India as a theatre of war in the British contest with the French. Though, he was well aware of the financial difficulties of the Company, still he carried out the policy of war and expansion, spent the bullion, sent by the Court of Directors as investments, in wars with Indian powers, which further depleted the treasury. He had thus acted in his national interests. Dundas and Wellesley disregarded the intention of the Pitt's India Act. Their unprofessed object was the expansion of British dominions, opening up

the India trade to persons outside the Company, so that greater number of British subjects might benefit from the growing Indian Empire. Dundas encouraged Wellesley in his expansionist policy in India at the expense of Indian States of Mysore, Oudh and Carnatic.

In this policy he was opposed by Charles Grant, who favoured "honest administration and no expansion" in India, which he regarded the best course, legally, morally and financially. Wellesley encroached upon the privileges of the East India Company. He allowed India-built ships to carry cargo to England and encouraged Free Trade. These policy matters were to be decided by Home authorities. Shipping interest, which gained upper hand in the Court of Directors, was against him.

Wellesley was recalled from India but his conquests were not set aside. At the same time from 1793, a group of Directors of the Company representing shipping interests, had started attacking Dundas' management of Indian affairs. They were jealous of his ascendancy in the India House, which he was suspected to have acquired by being in league with some other Directors. Subsequently, they gained the control of direction in 1801. They reversed the policy of the Home Government in London.

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2. Sutherland, op.cit., p.414.
Dundas had done value work in the Indian affairs. He created a tradition for the working of Home government during his term of seventeen years. He is considered by modern historians as one amongst

"the small band of men in whose hands the state was slowly to build up again its administrative machinery and to incur ever-increasing administrative responsibilities". (1)

This system survived with slight modifications till 1858. Dundas did not find the management of Indian affairs smooth and easy. During his seventeen years' tenure at India Office, Dundas, at first had to contend against the Directors of the Company holding opposite views. He took upon himself to control the Indian Policy. There was a contention about appointments in India. Dundas succeeded in getting Ministry's nominee appointed. After 1793, he became very busy as War Minister, but favoured expansionist policy in India. His policy was implemented by Wellesley, but he lost hold over the Court. He brought order, out of the confusion and chaos of the last twenty five years, in the Company's affairs.

English Humanitarians and India Policy

Apart from political and financial considerations, many Englishmen felt the necessity of combining profitable

1. Ibid., p.369.
trade of the Company with happiness of the subject people. Burke had launched a crusade against corruption and despotism in the person of Hastings. The determination of Pitt and Fox to stamp out misrule through "centralized authority" awakened the sense of moral responsibility of the British nation for humane treatment of their subjects in India. This was not only consistent with the Christian spirit which was now in ascendance owing to the rise of Evangelicalism, but also expedient in the interest of profitable business. In the nineteenth century British imperialism having for its basis these two principles, made steady strides and continued to be cherished as the object of the East India Company's home policy.

Wilberforce and Charles Grant

About 1795, there was a revival of Missionary activity in England, which aroused public opinion, about the sense of responsibility with regard to happiness and welfare of the coloured subject races. Evangelicals advocated their conversion to Christianity. Missionary society and the Bible Society in India were formed by Wilberforce. Through awakening of the nation's conscience, a humanitarian tradition found place in the British politics. It became a tremendous force in social life and affected the course of India Policy.

2. Ibid., pp.212, 213 and 277.
In Indian affairs Evangelicals formulated a scheme of social reforms, based on philosophic radicalism on a spiritual basis. Charles Grant was converted among the Evangelical fathers. He was a fanatic and struggled for Evangelical revival. Grant had two objects in view in his Indian policy. As occupation of India was profitable to Britain it became essential to establish 'good government' for continuous profits. It was an appeal to 'self interest'. Another object was the Company's obligation 'as part of Christian community' to convert millions of their subjects to Christianity for their general welfare. These two objects of Charles Grant were in accordance with Evangelical principles.

He considered God's hand to be visible in the conquest of India by a handful of Englishmen. He made the plea for converting them to Christianity as their duty in the interests of the British nation. He was one of the most prominent Directors and exercised a strong influence over Indian Policy for nearly thirty years. He was regarded by some "as the real ruler of the rulers of the East, the Director of Directors". In administrative matters he

applied stern "Roman Virtue" at the time of White Mutiny at Madras, which had repercussions in the administration of the Madras Presidency. For a quarter of century they had agitated for opening of India to Missionaries and created a strong religious feeling.

Contemporary Political Thinkers

The Evangelicals advocated a policy of assimilation of the English civilization through which, "Britain was to stamp her image upon India". This object was to be achieved by transplanting English education and laws in India. The English liberalism supported this attitude, as represented by Macaulay. The character of legislation and administration in India was to some extent influenced by Utilitarian thinkers. Jeremy Bentham and James Mill evolved radicalism in thought and to some extent shaped contemporary thought and institutions. As an assistant Examiner at India House, Mill was at the very centre of power. He was in a sound position to put into practice his principles of Utilitarianism. Thus, Utilitarians were intimately connected with Indian affairs. James Mill from his position of distinction was able to propagate his views in the revenue despatches

in an authoritative way. He had acquired a great influence and authority with the Court of Directors.

The economic factors were allied with various other considerations. During Napoleonic wars, 1793-1815, commerce and politics became interlocked in England. His Majesty's ministers frequently encountered obstruction and embarrassment from the Directors of the East India Company. The Act of 1793 formally recognised the supremacy of Crown over the Company. Even after that there has been a lot of friction between the Court and the Board, as is evident from their correspondence.

India Policy

The keynote of India Policy is to be found in the economic and imperial developments in England. After 1800, public opinion in Great Britain regarded the Company's power in India

"as no more than an accessory, an instrument for ensuring necessary conditions of law and order by which potential markets could be conquered for British industry". 3

The East India Company developed from a predominantly commercial to predominantly territorial power between 1757-1784. The Indian policy is a comprehensive term in which

1. Foster, op.cit., p.208.
all the motives of British nation towards Indian affairs can be included. From a purely commercial policy emanated an imperial policy. The motives were neither purely political, economical or humanitarian. The first was, of course, well recognised economical factor which required good government in India, which since the Company failed to provide so the British government had taken responsibility upon itself.

The Regulating Act of 1773 recognised the political and administrative functions of the Company. It brought about Parliamentary control over the dominions. This Act did not work well, but only intensified the trouble and weakened administration through divided authority. The Act of 1784 in a way tried to remedy those defects. It placed the political conduct of the Company in due subordination to the policy of national government. Thus, the commercial affairs of the Company were sacrificed. After 1784 the imperial policy set forth by Pitt and Dundas was responsible for expansion in India. In India it was

carried out at first by Cornwallis and afterwards by Wellesley. They had full support of the ministry. The conquest of Mysore and annexation of Carnatic was with the approval of Home Government. Pitt divided Indian affairs in two mutually exclusive spheres, one dealing with political and revenue administration, and other the commerce. The Board had no power to interfere with the commercial policy, while imperialist policy was initiated by it.

Imperialist Policy

Pitt's British imperialism comprised the dual system for stamping out misrule and aggression by centralized authority. This policy was carried out till Wellesley's Governorship in India and at London supported at first by Dundas as President of the India Board and later on by Dartmouth and Castlereagh.

The imperialist policy suffered a setback when the Directors belonging to Shipping Interest acquired ascendancy in the Home Government. After 1801 the Court of Directors was united and gained victories over the Government. They exercised a strong influence in the politics of the country. In the words of Prof. C.H. Phillips:

"They had driven Dartmouth from office, given Castlereagh a lesson in diplomacy, forced Wellesley home, put Grenville in dilemma, flouted Fox and successfully defended their trading monopoly and vindicated their right to have a say in the appointments of superior post in India". 1

Between 1801-1806 the Directors triumphed over the Ministry in the conduct of India policy. The bulk of City and Shipping interest was united in its hostility towards the ministry. The effect of their policy is clearly seen in the administration of the Madras Presidency, in their hostile attitude towards Edward Clive the Governor of Madras.

The imperial policy of the Home Government during 1806-12 was dull and inactive. Tierney as President of the Board did not give any leadership but left the matters in the hands of the Company's Secret Committee. George Barlow as Governor-General was instructed to reduce expenditure, provide for large investments to fill up the treasury at London. Minto, his successor, who was personally opposed to imperialist policy was further instructed by the Home Government not to increase liabilities. His conduct during White Mutiny at Madras was criticized by Dundas, when he had supported George Barlow's conduct. He did not enjoy the

2. See Chapter Three for details.
3. See Chapter Four for details.
confidence of Home Government, and his support of Barlow evoked further criticism and condemnation.

The position of the Company was fairly weakened due to faulty financial policy, and the Chairman of the Court of Directors often requested the Board and Parliament for financial aid.

Buckinghamshire became President of India Board in 1812. As Lord Hobart, he had been Governor of Madras from 1794-98. He was an energetic, headstrong and quarrelsome person. He was vindictive towards the Directors, who had strongly criticised him during his Governorship and supported Sir John Shore. They had recalled him from Madras and against raised objections to his pension. His attitude towards the Company was hostile. The conflict between Buckinghamshire and the Directors affected the smooth running of the Home Government. His conduct of the Company's affairs was "stupid and inconsistent". Still he made headway in administrative policy.

Canning from 1816-22 established harmony in the Home Government. The discussion of introduction of *ruotwari* system of land revenue settlement throughout India between the Directors and the Board was amicably settled. The imperial policy of Hastings was not supported by both the

Home authorities. Canning's India policy was to some extent similar to that of Castlereagh. Both had tried to temporize the imperialists and energetic Governor-Generals in India. Their main interests lay in the Western horizon, so they failed to realise the importance of imperial policy in India. They were capable men who had done valuable work on Indian problem. The Board played a great part in expounding sensible and practical principles for the Indian administration. In the land revenue settlement and judiciary it advocated a just and equitable policy. The imperialist statesmen in the beginning justly opposed Christian missionary activities in India, but the religious tide in Great Britain which flowed towards India could not be stemmed.

Religious Policy

As previously noticed, towards the end of the eighteenth century Wesleyan, Methodist, Baptists, Calvinist Methodist and the Evangelical clergy and Laity agitated for the "universal dissemination of Christianity in India". In the Clapham sect Wilberforce, Grant, Thorton and Parry were the main protagonists. The Humanitarian movement which greatly affected Indian administration was

1. Ibid., pp.235, 245.
on the one hand influenced by liberal ideals of American and French revolutions, and on the other, Evangelical revival of Christianity. Grant and his friends strived for the establishment of Christian Missions in India with the active help and support of the Government. They sent Cladius Buchanan, an ardent Evangelical clergyman to India, who published a pamphlet urging the Government for an ecclesiastical establishment in British India, for the propagation of Christianity. He emphasised that "a wise policy seems to demand that we should use every means of coercing the contemptuous spirit of our native subjects".

The religious policy was in contradiction to the Company's avowed secular one. The British authorities had always shown scrupulous respect to Indian caste and creed, and had avoided meddling with their religious affairs. The Evangelicals considered this policy to be "almost impiously faint hearted". Thomas Twining, a judicious proprietor, criticised this new trend of interference with the social and religious customs of Indian people. He strongly deprecated the fanatic religious policy of Grant and Parry which tended to reverse the previous policy. There was a great controversy in the General Court on this account.

2. Ibid., pp.189, 160.
3. Ibid., p.25.
Meanwhile the news of Sepoy Mutiny in Vellore, at the Madras Presidency, further confirmed the fears of Baring, Toone and Twining, who already apprehended the religious policy of propagation of Christianity. The majority of the Directors admitted the reason of Sepoy Mutiny in

"opposition to the innovation in the customs and religious institutions of the sepoys, fanned to heat by general rumours of their forced conversion to Christianity and by the family and adherents of Tipu Sultan at Vellore." 1

Governor William Bentinck and Commander-in-Chief John Craddock were recalled in the public interest by Dundas and the majority of Directors. Now, Grant and Parry sidetracked the religious issue and proposed administrative reforms. In the Court of Directors Toone had a sharp encounter with Grant on Missionary activities. He was of an irresolute temper, so he did not pursue it further. Thomas Twining did not give up so easily, he published a pamphlet criticizing Missionary activity in India. This caused a controversy, which was pacified by Lord Teignmouth (Sir John Shore) who advocated a judicious and just policy. Still, Twining took up the question of Missionary activity in the General Court. Now, Grant and Parry foresaw a

difficult situation, they persuaded Twining to withdraw his motion and promised immediate decision on this point.

Minto, aware of religious fanaticism of the Missionaries, placed certain restrictions on the preachings of Serampore Missionaries, who had attacked Hindu religion. Robert Dundas in 1808 instructed Minto regarding the Company’s policy towards religion in the Indian dominion, by recognising the religious practices prevailing in the country but collecting taxes on religious festivals.

The situation in India House regarding Missionary activity had calmed down. Grant and Parry at first absolved Bentinck of any guilt of Vellore Mutiny, carried out a resolution in the Court of Directors which fixed the responsibility on the conspiracy of Tipu Sultan’s sons and to the change of dress.

Wilberforce, Grant, Henry Thornton, Stephan and Babington, again took up the question of Missionary propaganda in India. The Dissenters suspected this move, but Wilberforce assuaged their fears. The Ministry was not inclined for any change in regulations regarding Missionary activities.

Buckinghamshire informed the Directors and Castlereagh repeated this policy in the House of Commons. Now, Zachary

1. Phillips, op.cit., p.188.
Macaulay joined forces with Wilberforce and organised a campaign for opening of India to the Christian missionaries. Petitions were sent to Parliament, which had the desired effect on the Ministry. Buckinghamshire and Liverpool agreed to the establishment of Bishopric in India.

During the discussion on Charter Act of 1813, Wilberforce and his party of twenty Evangelicals insisted upon the moral obligations of the British to look after the spiritual welfare of the subjects. He tried to prove that "our Christian religion is sublime, pure and beneficent. The Indian religious system is mean, licentious and cruel". During the discussions, Charles Marsh, a retired civilian of Madras, exposed defects in Wilberforce's proposals, which were ultimately carried on by 54 votes to 32. Clause 33 of the Act declared the Government's duty "to promote the interest of the native inhabitants of India," and another clause sanctioned the establishment of a Bishop and Archdeacons in British India.

The Missionaries did not succeed in their chief aim of converting Indians to Christianity even after Charter Act of 1813. Their criticism of certain evils in the Hindu society such as Sati and infanticide and plausible effect. They helped the cause of education in India.

1. Ibid., p.191.
As early as 1800 the Home authorities had sanctioned Colleges of oriental learning in Calcutta, Madras and Bombay. Till 1820 education was ignored at Madras. Thomas Munro on becoming Governor paid attention to this aspect. The Home Government quickly discerned the necessity of English medium in higher studies. The weak financial position did not allow further expenditure in this direction. The controversial character of British policy changed with regard to administrative policy.

Administrative Policy

The administration of the Madras Presidency highly benefited from the foresight and wisdom of the Home authorities, as the Governors-General were adamant in imposing Bengal system. The Directors reluctantly agreed to Dundas' policy of giving Wellesley initiative to act in revenue and judicial matters of the Madras Presidency. Wellesley had entrusted Edward Clive to introduce Bengal system of administration at the time of consolidation of the Madras Presidency. This system of artificially created Zamindaris was a total failure in many places. William Bentinck as Governor of Madras strongly opposed this unsuitable administrative system. After his removal

1. Ibid., p.249.
2. For details see Chapter Five.
from Madras, Barlow, with encouragement from Minto, further carried on Permanent settlement. During this time the defects and unsuitability of this system became more apparent. The Sepoy Mutiny at Vellore and high administrative expenditure impressed on the Directors the necessity of reform at Madras. They protested to the Board against the total exclusion of Indians from responsible posts in the government.

Buckinghamshire, the new President of the Board, was generally opposed to the Directors in imperial and financial policy in India. He as Governor of Madras had acquired a first hand knowledge of revenue systems. He had sanctioned ryotwari settlement in Barahmahal, which was advocated and developed by Col. Read and later on by Thomas Munro. He was well disposed towards expansion of this system.

In the Board's office, James Cummings became the head of Revenue and Judicial departments. He was a very capable and diligent officer. When Munro went to England on leave, he impressed upon Cummings the necessity of reform. Another person was John Sullivan, who exercised influence for reforms at Madras. He was son-in-law and a friend of Buckinghamshire. He had served as a civilian in Madras. He was a friend of Munro and interested in Madras affairs. He had carried on research in revenue and judicial affairs at the Board's office. Buckinghamshire highly appreciated his views.
In the administrative reforms at Madras Presidency, Buckinghamshire, James Cumming, John Sullivan and Thomas Munro, agreed on a policy. The Directors had long been clamouring for that. They had set up a special committee to revise administrative system at Madras. Preliminary orders were sent to Madras for introduction of ryotwari settlement. Thomas Munro was sent, as the head of a special mission, to carry out the orders of Home authorities. A Special Committee of the Directors drafted of proposals on the revised revenue and judicial policy at Madras.

The Home Government had shown great perceptibility in prohibiting introduction of Bengal system of administration in the Company's other territories. This administrative system which was evolved in Madras became a model in the Indian administration. Sullivan and James Cumming influenced Buckinghamshire to act in concord with the Directors of the Company in "controlling the Company's policy for the administration of British India".

The Home authorities were united on the administrative policy of reforms at Madras. The Supreme Government at Calcutta still considered Bengal system alone to be sound and proper. It was very keen to introduce the same in

1. For details see Chapter Four.
other provinces of India as well. So, it was the firmness and perceptibility of the Home Government which established better administration at Madras. Buckinghamshire took initiative in drafting and despatching the reforms, while the Directors contemplated inviting suggestions from Indian Governments before taking any definite actions. While administrative policy was quite successful the financial policy was hazardous.

Financial Policy

The financial condition of the Company deteriorated on its assumption of administration of the Indian territories. Though apparently flourishing, it was on the brink of bankruptcy in 1772. From time to time the Company was forced to apply for loan from the Parliament. It is beyond the scope of this work to discuss the financial policy of the Home Government. The prominent feature of this was the constant pressure of the Court of Directors upon the Indian Governments to make drastic reductions in the cost of administration. This policy had produced disastrous results in the shape of White Mutiny at Madras, when George Barlow carried out reduction in tent equipage. The

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1. Watson, op.cit., pp.157, 158.
welfare schemes and education of the people could not be developed due to paucity of funds. It led to administrative reforms in 1816, when Munro suggested use of Indian personnel in the administration, which was decidedly cheaper than the British. In spite of all these measures of economy the Company finally had to abandon its trade.

**Indian Administration**

The Indian administration of the East India Company passed through many graduated phases. Till 1773, it was mainly commercial in character. The Regulating Act of 1773 recognised political status of the Company and supremacy of the Parliament over the Indian dominion. The defects of this system were soon evident. The divided authority of the ever changing Council was highly detrimental to the efficiency of the administration. The authority of the Supreme Government over the subordinate Presidencies was ill-defined. Apart from these constitutional defects, the mental outlook of the Company's employees in India remained unchanged. They were interested in their own personal gains through private trade or money-lending or by

supplying various commodities as contractors. These vested interests were a great menace to the efficient administration of which Carnatic Debts is a notorious example. Moreover, they enjoyed the patronage of Directors at home. Even Pitt's India Act of 1784 could not remove this defect. Though, it gave centralised authority to the Governor-General-in-Council, made Bombay and Madras as subordinate Presidencies. By the Act of 1784 and 1786 amending Act, character of administration was instituted. "Then only despotic rule in the East combined with Parliamentary check at home" was established. The Act of 1784 and 1793 established dyarchy in the 'Home' administration of India, which remained intact till 1858.

By the appointment of Parliamentary Governors-General and Governors the character of Indian administration gradually improved. They were persons of outstanding rank, ability and nobility, not interested in paltry monetary gains. By these people of outstanding ability a tradition in the administration was created. Cornwallis

made sweeping administrative reforms, but faction and favouritism was still rampant in the administration, as is evident from prevalent disaffection in the Civil and Military personnel of the Madras Presidency. It was the Charter Act of 1813 which brought about a real change in the character of Indian administration, through liberal and humanitarian ideas which broadened the outlook of the administrators. Thus, after 1813, a period of administrative reforms in the Madras Presidency was started.

The constitution of the Indian Government created delicate problems. Dyarchy in the Home government gave power to both the components, i.e., the Court of Directors and the Board of Control, to 'make the position of the Governor-General intolerable'. In the government machinery merit and outstanding ability could not be justly rewarded by promotion, as all appointments were made in order of seniority. At the same time a great degree of discretion was usually employed by the Indian Government.

The governments in different Presidencies had their own specific local problems. In Madras Presidency conditions were far from satisfactory on account of money-lenders of Carnatic and revenue and judicial policy of the London authorities. The impact of policies of the Home Government on the various aspects is described in the ensuing chapters.