Karatoya: NBU J. Hist. Vol. 6 :102-110 (2013) ISSN: 2229-4880

European Trade and Colonial Economy in the Growth of Modern Indian Cities

Sailen Debnath*

The origin of modern Indian cities lay in the expansion of European and colonial commerce, import and export transaction overland and overseas. The 16th century onward, the ups and downs and change of agriculture, commercial and industrial economy made and unmade the structures of the Indian cities and brought the cities to modern day sizes. Of all the objective factors that contributed to the sequential growth of settlements, townships and cities, European commerce being the determining and dynamic factor, the coastal zones of the *Coromandal* and the Malabar as the harbour places of the European companies, gave birth to big sea-port-towns. Consequently, when the British wrested the political power of the country, the growth of urban centres in places of their commercial transactions accelerated. The commercial settlements turned later in the course of colonial establishment to be centres of politics and administration. Though after the Industrial Revolution in England, Indian handicrafts passed through a phase of deindustrialization, but after the First World War, there ensued a resurgence of Indian indigenous industries. Along with this urban growth, the set up of railway communication network leading to the transformation of transport, the innovation of western education and the establishment of academic institutions brought the cities to the environment of modernity.

Commercial cities were not quite new in India. There are certain references to the existence of commercial cities in ancient and medieval India. The Harappan Civilization[1] of remote antiquity had seaports like Lothal; and according to the '*Periplus of the Erythrean Sea*[2], some other Indian ports on the western coast had overseas trade relations with the Near-Eastern and Middle-Eastern countries. Indian traders during the Kushana and Gupta period used to sail to the Gulf and the Red Sea from the sea port towns of the western cost of India. Cities like Pataliputra, Banaras, Kashi, Kachpuram, Megapattanam, Dimlipattanam and Madurai were important trade and industrial centres. In the ancient and early medieval Bengal, Tamralipta was a rich port-city. In the medieval period, Calicut appeared as a big sea port town and its importance continued up to the end of the 17th century when the Portuguese and the Dutch waved their business[3]. In the Mughal period, some north Indian cities served as fortresses and agro-based market places. In medieval India there were many industrial towns. Cotton textiles of Surat, Ahmedabad, Banaras, Patna and Malda; Silk[4] industry of Kashimbazar and Murshidabad, muslin manufactures of Dacca and paper[5] of Daulatabad were much known not only in India but also to the people of many other countries of the world. The coming of the Portuguese,

* Associate Professor, Department of History, Alipurduar College.

the Dutch, the French and the English companies brought a new tide of urbanization. The patterns of urban growth and modernization during the ensuing state and period up-to 1947 were distinct in three successive phases.

Urbanization in India before the industrializations of Britain:

The Portuguese businessmen, who came first to India, were followed successively in a long-struggle for establishment by the Dutch, the French and ultimately by the English In the sixteenth century the Portuguese established many business settlements of monopoly[6] in Goa, Cochin, Balasore, Dacca[7], Satgaon, Chittagong, Jessore, Hooghly, Hijli and Tamluk (Tamralipta) on the bank of the river Rupnarayan. The Dutch and the French in sequence occupied many trade settlements of which Surat, Pondicherry Mussalipattam and Chandannagar were important. The British had their key centres in Madras, Bombay, and Calcutta. In the conclusive battles of colonial rivalry for possessional assertions on trade centres and settlements, the Portuguese, the Dutch and the French were stripped of their holds nearly one after another. With commerce and superior sea-power[8], the British got the mastery of India. The Portuguese could only retain Goa and built two cities there - Panaje and Marmagao; though in the mainland of India, the fate of the Portuguese was sealed more by the punitive action taken against them by Emperor Jahangir for their piracy. The last French settlement Pondicherry also grew to be a beautiful city. Most of the coastal settlements and occupied business centres of the British fast developed as commercial cities.

The nature of urbanization in the eighteenth century under the company's administration was determined by the British commercial transaction in the form of importing bullions to India and exporting finished goods to Britain. The costal ports of Bombay, Madras and Calcutta began to undergo rapid development. Since, the British had to purchase finished goods from India, in this period, the pre-colonial cities like Surat, Ahmedabad, Dacca and Murshidabad did not show still then any sign to decline which later on due to deindustrialization specifically of textile industries became an inevitable course of event. On the other, the British were yet to be able to bring the whole country under their sway. As for instance, Ahmedabad came under the company's rule not before 1817[9]. But the pre-colonial cities certainly came to a stage of stagnation because of British monopoly. The attainment of Dewani (1765), the introduction of Permanent Settlement in Bengal (1793) and the Rayotwari Settlement in Bombay and Madras presidencies offered the British the colonial treasure of bagging taxes from the Indians and running business duty-free. Other European competition of the Dutch and of the French being over, they now monopolized trade, pressurized the cotton weavers and silk-winders by advance investment out of the treasure collected from the country and stopped bringing bullions from Britain. The Indian artisans were bound to serve what the company wanted. These free-tolled monopoly business and colonial economy fomented the growth of the urban settlement of the British in the coastal region. Here underlay also the causative and contributory factors of the drain of wealth from India to Britain in the 18th century[10].

The permanent settlement and the Rayotwari Settlement (in accordance of which tax had to be paid at the rate of one half of the gross produce)[11] made the peasants subject to economic exploitation and severe famines. This new land revenue systems hastened

pauperism leading to disintegration of rural economy and mobilized the peasants to the cities. They went by hundreds to test their luck for employment. Till then as there was no easy communication between the sea-ports and countryside market places, Indian labourers were used as low-waged vehicles for transport of commodities and for loading and unloading ships. The growth of the cities in this period was, of course, steady but urban amenities were yet to come.

Urbanization in India in Post Industrialisation Period of Britain

The second phase of urbanization in British India was conditioned by the outward movement of raw-materials from India to Britain and the inward movement of machine-made manufactures from the British industries in Manchester and Lancashire to India. The industrial revolution being full-effective in the second decade of the 19th century, gave rise to big industrial cities in Britain. The British merchants now had to make new markets in the colonies. As a matter of facts, India became the close market of British manufactures and treasure of British raw-materials. Thus the Indian commercial cities turned to be subservient to the industrial economy of the United Kingdom[12]. The import of finished goods to India began in 1820s and the export of raw-material stated earlier[13], though since the issuance of the Berlin Decree in 1806 by Napoleon and the resultant impact of the Continental System, the flow of British merchandise to India had begun nearly in full swing; albeit, that the Act of 1813 legalised it only in the midway. In the inception, cotton manufactures, woollen goods, copper, lead, glass manufacturers and earthen-ware were imported. Subsequently, were added silk goods, machineries and metal manufactures. As a colonial gain, by the abolition of export duties on Indian raw-material in 1860 and import duties on British manufactures, and by passing the Navigation Acts prohibiting the export of Indian manufactures, the British deep-rooted their colonial exploitation of India. These trading policies and the inundation of British manufactures in Indian markets set in deindustrialization in India, and that was followed by de-urbanization of the old Indian industrial cities. This process began from the year 1813, according to Marx[14], and took a concrete shape in1830. Populations in the pre-colonial industrial cities quickly decreased. As for instance, the population of Dacca; by this time[15] (from 1820 to 1850), came down from 150,000 to 20,000. Surat declined badly in domestic commerce[16]; importance went over to the sea-port town Bombay. The British Commercial towns developed in both horizontal periphery and inner physical structure, whereas, the old Indian cities declined phenomenally.

By the mid 19th century, besides Calcutta, Bombay and Madras, the British occupied almost all the areas where cities for commercial and administrative purposes developed. The Marathas and the Sikhs were no longer in power. The great Revolt of 1857 being quelled, the entire tracts of the country fell in the hands of the British. Some of the areas had old townships. The major areas[17] that went into their possession during this time, were Cochin (1791), Trivandrum (1799), Hyderabad (1803), Kanpur (1801), Ahmedabad (1817), Gauhati (1826), Lacknow (1856), Simla (1815), Darjeeling (1835), Karachi (1843), and Delhi (1857). Of these the birth of Cochin lay with the Portuguese; and Karachi was quite unknown before the 18th century. Hyderabad, Locknow and Ahmedabad, were old cities. The opening of Suez Canal in 1869 and the shortening of the sea-route from India to England by more than 3000 miles facilitated shipping and over -

seas trade. As a result, the sea- port towns of India, particularly ports like Karachi developed rapidly. The mineral resource-based centres also gradually appeared as urban centres. The gold mine of Mysore and the oil field of Digboy soon expanded. With the extraction of oil since 1890 and the setting up of the oil-refinery in 1901, Digboy developed as a big town[18].

For more economic gain, the British started extractive plantation, and for the production of more raw-materials Indian agriculture was commercialized. Tea plantation in Assam and North Bengal and the production of Cinchona in Darjeeling were underway from 1864. With extractive plantation, there grew extractive industries. The British took special interest to found the bed-rock of cities in the areas of extractive plantation and in the places of hilly sanitation. Thus Gauhati, Shilong, Darjeeling, Karseong, Kalimpong and Simla developed with townships and these places became resorts and summer asylums. Kalimpong had a special importance as a trade-route to Tibet. Commercialization of agriculture brought about the evil of depeasantisation. For livelihood, the penniless peasants migrated to the cities. Thus, population in the cities increased. In 1831, the total population of Calcutta was 1, 87,081; only within 6 years[19] in 1837, it rose up to 2, 29,714, and in 1850 to 3, 61,619. Since 1870, nearly 70% of the total population of Bombay appears to have been born outside the city [20].

The set-up of railways gave a boom to British commerce and brought a massive change of communication between the Indian cities. Nearly all through the second half of the 19th century[21] the Great Indian Peninsula Railway Company'[22] set up railway lines. In British India, the spread of locomotives was made in four steps[23] viz. (i) The Old Guarantee System (1848- 1969); (ii) State Construction and Ownership (1869-1924); (iii) The Modified Guarantee System (1882-1924); and (iv) Nationalization (1924-1944). Railways had a bearing to realize a better system of communication than the use of navigable rivers. It modified the landscape of towns and cities; and brought things to present-day sizes. The commercial places, the mine sectors and the hinterlands now were connected with the sea-port towns of Bombay, Madras, Cochin, Trivandrum, Karachi and Calcutta. It permitted unthinkable flexibility in the movement of British manufactures from the port to countryside, and raw-materials from the inland areas to the coastal ports on the way to Britain. In the later years the use of automobiles too changed the entire scene of the Indian cities.

The horizontal expansion and the mounting of physical structure of the Indian cities hastened because of other factors as well. British commerce in India was followed simultaneously by their political power. After 1857 India became a full-fledged British empire and nucleus of their Asiatic strength to dominate the South East and the Middle-East, to maintain business with China, and meet the threat from Russia on the north-western frontier. India got a vital importance in British colonial administration and imperial strategy. Some of the commercial cities now took the shape of metropolitan cities. Madras, Bombay and Calcutta and also the north Indian cities like Lucknow, Delhi and Lahore became key administrative centres. In 1912 the capital was shifted from Calcutta to Delhi. From 1778, Kanpur was getting momentum of importance as a military centre for training and camping. During this period, not only the Indians, Englishmen too by hundreds migrated from England to the Indian cities to take part in business and

administrative services, and thus the Anglo-Indian community came into being.

Along the commercial gain and political domination, the British followed 'cultural imperilism'[24] at the level of education and religion in the Indian cities. The ecclesiastical department of the Government helped financially the Christian missionaries[25]. Introduction of European education, science, philosophy and literature increased a cultural mobility in the cities. The Indian Renaissance in the nineteenth and the first half of the twentieth century built a bridge of understanding between India and Europe, the past and the present. This socio-cultural movement in the cities gave birth to the urban elites or the learned middle-class. The Renaissance actually was a struggle for adjustment between rurality and urbanism, tradition and modernism. As a result, India under-went a change to urbanism and modernism. The urban elites now began to cherish interest in the administrative and educational services, and in legal practice in the courts. All these factors again contributed to the growth of population in the cities. The rural youth rushed to the urban areas to be educated and to be in services for better and secured livelihood. Thus the cities became the corpus of new urban economy and cultural trends.

The urban elites[26], as picked up the knowledge of modern political system, were able to identify the nature of colonial administration in India and her captivity under the British. They set up the Indian National Congress in 1885; and the cities afterwards became the hubs of national resurgence and movements. Since the cultural trend of the city moulds its values[27] and judgement, likewise the elitist cultural disposition of the modern Indian cities naturally began to give shape to the emerging values of modern Indian urban life; and that to a large extent contributed to the elite involvement in politics and urban domination of Indian national consciousness.

Post-First World War Urban Growth:

The third phase of urban growth in British India mainly consisted in economic nationalism, national politics, world war, British economic crisis and the regeneration of indigenous industry. Long before the First World War, municipalities were set up in the major Indian cities. The big cities of Calcutta and Bombay had corporations. Among the old cities, Ahmedabad deserves the credit of having the first municipal administration in 1833. With the pace of the nationalist movement, the Indian National Congress participated in municipal elections later on; urban politics and national politics merged together[28]. Urban politics in municipal administration had much bearing in shaping the physical structures and cultural set up of the cities.

Before the First World War, the British Government did not want the opening of industry in India. Only some British private enterprises and Indian initiatives established some cotton-textile, jute mills, woollen mills, match and cement factories in the years from 1872 to 1904[29]. Most of these mills and factories[30] were in Calcutta, Lucknow, Poona and Ahmedabad. Few years before the First World War, the Parsees and the Marwaries, who, later on monopolized Indian Industry, began to explore industrial possibilities. The family of Jamshetjee Tata opened the 'Tata Iron and Steel Co.' at Sakchi (Jamshedpur) in1907-11)[31] To meet the demand of the railways and the urgent need during the First World War, the British Government had to receive a supply of 300,000 tons of steel from the Tata company. But, after all, no pervasive large-scale

industry could be opened owing to British Challenge and the Government's prohibition before the World war. Jeopardy of the British in bringing merchandise from England during the wars-years gave a stimulus to indigenous enterprise. The post-war British economic crises, chronic depression of trade and industry especially in coal, textile, iron and steel[32] facilitated the growth of Indian industries. The competition of Japanese cotton piece-goods in the Indian market[33] neutralized the weakening competition of the British. The Indian industrialists moreover utilized quietly the national mass-boycott. In the Civil-Disobedience [34] and the quit- India movement were of course, the peak periods; the intermediary periods also exercised boycott. In the post-war period, the British controlled firms in India had to starve the scarce of capital from London; consequently, by 1922, majority of the jute mills in Bengal passed into Indian hands. Cotton textile fast developed in Bombay, Ahmedabad, and Surat. Many other cities also went on developing with industries. The Indian Capitalists like the Birlas, Tatas, Narangs and Dalmias etc. often used Ghandhian hand-spun *khadi*, but with the support of the Rightwing nationalists, inlayed heavy industries[35]. The Congress Ministry (1937-39) smoothened further the passage of the Indian industries and chambers of commerce to argument the pyramid of capitalism[36]. The Second World War carried on another heaven-borne opportunity to the Indian capitalist. Later on, from 1945 to1947, indigenous industries became nearly unchallenged by the British.

On account of all these factors, in the year 1936, Indian produce of cotton goods, sugar, steel, paper, cement and tinplate respectively rose to 85.3%, 74.1%, 96.0%, 78.0%, 95.4% and 71.4% in import substitution[37]. In the period between 1937 and 1946, cement industry's capacity rose from 1.5 to 2.5 million tons, paper produce doubled to 106.000 tons and sugar from 1 million tons in 1938 to 1.2 million tons in 1943. Steel produce rose to 1.072,000 tons in 1939. From 1939 to 1946 the number of Indian joint stock companies increased from 11,114 to 17,343; and their paid-up capital from Rs.290 crores to Rs.424 crores. The British controlled 43% of gross assets in 1914 came down to 10% in 1935 and that again fell down to "3.6% in 1948"[38]. The above study makes it clear that the First World War onward the British gradually lost economic hold in the cities; and industries came under the Indian capitalists. Cities like Bombay, Calcutta, Madras, Bangalore, Mysore, Baroda, Poona, Ahmedabed, Kanpur, Madurai, Coimbatore, Sholapur etc. now, became more or less industrialized[39]. Population in the cities had a boom in this period. The following table testifies the increase of population in the major Indian cities.

TABLE NO. -1

Name of the city	Population in lakhs in decadal sequence		
	1931	1941	1951
CALCUTTA	12.21	21.67	26.98
GREATER BOMBAY	12.69	16.38	29.66
DELHI	4.47	6.96	14.37
MADRAS	7.13	8.56	14.10
HYDRABAD	4.61	7.39	11.29
AHMEDABAD	3.14	5.95	8.77
BANGALORE	3.10	4.11	7.86

KANPUR	2.43	4.87	7.05
POONA	2.50	3.24	6.00

(Source: Misra, R.P. Milton Cities in India, New Delhi. 1978, P. 280)

Thus the cities, though retained commercial character, turned to be industrialized and populated by millions of people. Urban amenities and urbanism now emerged in culture and the way of city life in India. But the condition of the labour did not improve at all. For them there came up unhealthy slum areas in the cities. They had to live in the slums. The total number of factory workers in the end of the British period was nearly two millions[40]. 400,000 workers in the mines; 700,000 in railways, 300,000 in Calcutta jute mills, 150,000 in Bombay cotton mills and 100,000 in Ahmedabad cotton mills, were the main heads in the account. Other cities as well as Jamshedpur and Calcutta-Asansol steel industries had also thousands of labourers. Though population up to 1947 was not too dense, the poor labour had to live in insanitary conditions in the slums such as, the 'Bustee' of Calcutta, 'the Jhopad Patti' of Bombay, the 'Cheri' of Madras and the 'Jhuggi Jhonpri' of Delhi. The low-wagged labour of the Indian industries had the fate of the Negroes in American cities[41]. In the course of the nationalist movement, the central platform being occupied by the higher middle-class and the capitalists, hardly any scope was made for the labour. The 1930s and 1940s though witnessed communist and socialist upheavals, no economic good and certainty could be achieved for the destitute labour-class. After 1947, the condition of the Indian cities has still remained utterly hopeless. Urbanization here is a phenomenon of unequal economic distribution. In the ensuing period, India has emerged as a country whose rules are determined by the tycoon capitalists, most of whom have already become multinationals. The gap of pauperization and capitalization is now a difference of the two poles. The poor do not have the amenities and cheers of urban life.

References:

1. Wheeler, Sir Mortimer, *The Indus Civilization,* Cambridge University Press, 1962, pp.24, 63-67
2. Schoff. H. Wilfred, *The Periplus of the Erythrean Sea*, Indian Reprint, New Delhi, 1974, pp. 22-49.
3. Dasgupta, Ashin, Malabar in Asian Trade 1740-1800, Cambridge University Press, 1967, pp. 1-12
4. Singha, N.K., *The Economic History of Bengal,* Vol.1, Calcutta, 1961, pp. 18, 19-20, 223.
5. Chokesy, R.D., *Economic Life in Bombay Gujrat,* Bambay, 1968, p.218.
6. Ballard, G.A., *Rulers of the Indian Ocean*, Reprint, Delhi, 1984, pp.88-98,124-130.
7. Campos, J.J.A., *History of the Portuguese in Bengal,* Patna, 1979, pp21-22, 44-46, 88-99
8. Mahan, Alfred, Thayer, *The Influence of Sea-Power upon History - 1660-1783*, London, University paperbacks, 1965, pp.97, 254-278,420-451.

9. Misra, R.P., *Mllion Cities of India,* New Delhi, 1978, p.215.

10. Dutt, R.C., *The Economic History of India, Vol. 1*, Publication Division, Government of India, Reprint, New Delhi, 1963, pp.276-292

11. Gupta, Sulesh Chandra, *Agrarian Relations and Early British Rule in India,* Bombay, 1963, pp.144-152

12. Daniel a nd Thorner, Alice,-*Land and Labour in India,* Bombay, 1962 p. 57.

13. Dutt, R. C. op.cit., pp. 202-207.

14. Marx, Karl, *The British Rule in India, New York Daily Tribun.* 25 June, 1853, Also vide – Madan, G.R. *Western Sociologists on India Society*, Bombay 1979, pp. 10-11.

15. Ibid, p . 11.

16. Cho ksey, R.d. op. cit., pp. 198-202.

17. *Imperial Gazetter of India,* Vol. II, XII, X, XX, XXIV, Oxford, 1908, The imperial Gazetter of India, Provincial Series: Eastern Bengal and Assam, Calcutta, 1909.

18. Pratt, W.E & Good, Dorothy ed. *World Geography of Petroleum*, New York, 1950, Batori, Vol. XII, No. 11.

19. Palit, Chittabrata, *Calcutta- the Primate City: A study in Urbanization*, In Sen, S.P Ed. *Modern Bengal, A Socio-Economic Survey,* Institute of Historical Studies, Calcutta, 1973. p. 15.

20. A nderson, N. Ed. *Urbanism and Urbanization*, Leiden, Netherland, 1964, p. 43.

21. In India, the first 21 mile railway line was opened on Saturday, April 16, 1823 from Bombay to Thana. In fact, serious performance in the field began with the beginning of the second half of that century, vide- Rao, M.A. *Indian Railway,* New Delhi, 1975, p. 18.

22. *Supplement to the History of Indian Railway,* Ministry of Railways, Govt of India, undated, pp. 1-2.

23. Rao. M.A. op. cit.,

24. Knor, Klaus E., *British Colonial Theories,* University of Toronto Press, Reprinted, 1964, pp.387-388.

25. Cha udhury, V.C.P., *Imperial Policy of British in India*, Calcutta, 1968, p. 357.

26. Lal, S heo Kumar, *The Urban Elite*, Delhi, 1974, pp.49-53

27. Robson, B.T. , *Urban Analysis,* Cambridge University Press, 1971, pp.35-38

28. For exhaustive study, vide, Ray, Rajat Kanta, *Urban Roots of Indian Nationalism*,, New Delhi, 1979

29. Gadgil, P.G. & Gadgil, P.L., *Industrial Economy of India,* New Delhi, 1985, p.285.

30. Cha ndra, Bipan, *The Rise and Growth of Economic Nationalism in India*, New Delhi, Reprint,, 1969, pp.109-124.

31. Sin gh, V.B., *Economic History of India: 1857-1956*, Bombay, 1965. p.202.

32. Einzi g, Paul, *The World Economic Crisis*, London, 1932, pp.129-130.

33. Bagchi, Amiya Kumar, *Private Investment in India – 1900-1939*, Cambridge University Press,

1972, p.244.

34. Gordon, A.D.D. *Business and Politics*, New Delhi, 1978, pp.200-206

35. Ra y. Rajat, *Industrialization in India,* Oxford University Press. Delhi, 1979, pp. 293-295.

36. Ibid, p p.329-331.

37. Tomilson, B.R. *The Political Economy of the Raj (1914- 1947),* London, 1979, p.32.

38. Gadgil, P.G & Gadgil P.L. op. cit., pp. 289-290.

39. Ibid. p . 147.

40. Daniel a nd Thorner, Alice, op. cit., p. 23

41. Netzer, Dick, *Economics and Urban Problems,* New York, 1970. pp. 13-15.