



Drain of Wealth and Deindustrialization

Complete Course on History Optional

1. What is Drain of Wealth? (40 Marks) [Paper - 2 Unit - A]

Ans:- The battle of Plassey was a very significant and decisive battle for the political benefit of the British race in India. This is the battle which introduced the British supremacy over India and this authority would later be finalised with the British victory in the **battle of Buxar (1764)**. However, the aftermath of the **battle of Plassey** was very bitter for India. After this battle, the rein of control was handed over to the British and so the fate of uncountable treasures of Bengal was to be transferred to England. Due to political and economic reasons, those treasures were sent to England like flooded water but in return, India was not given any significant benefit. Historians and scholars have identified this economic exploitation as **Economic Drain**. Professor **Brooks Adams** has claimed this incident as **Plassey Plunder**. Some contemporary British officials namely **Verelst, Philip Francis, Warren Hastings, John Shore, James Grant** and eminent British economist **Edmund Burke** also officially confessed the presence of **Plassey Plunder** or **drain of wealth**.

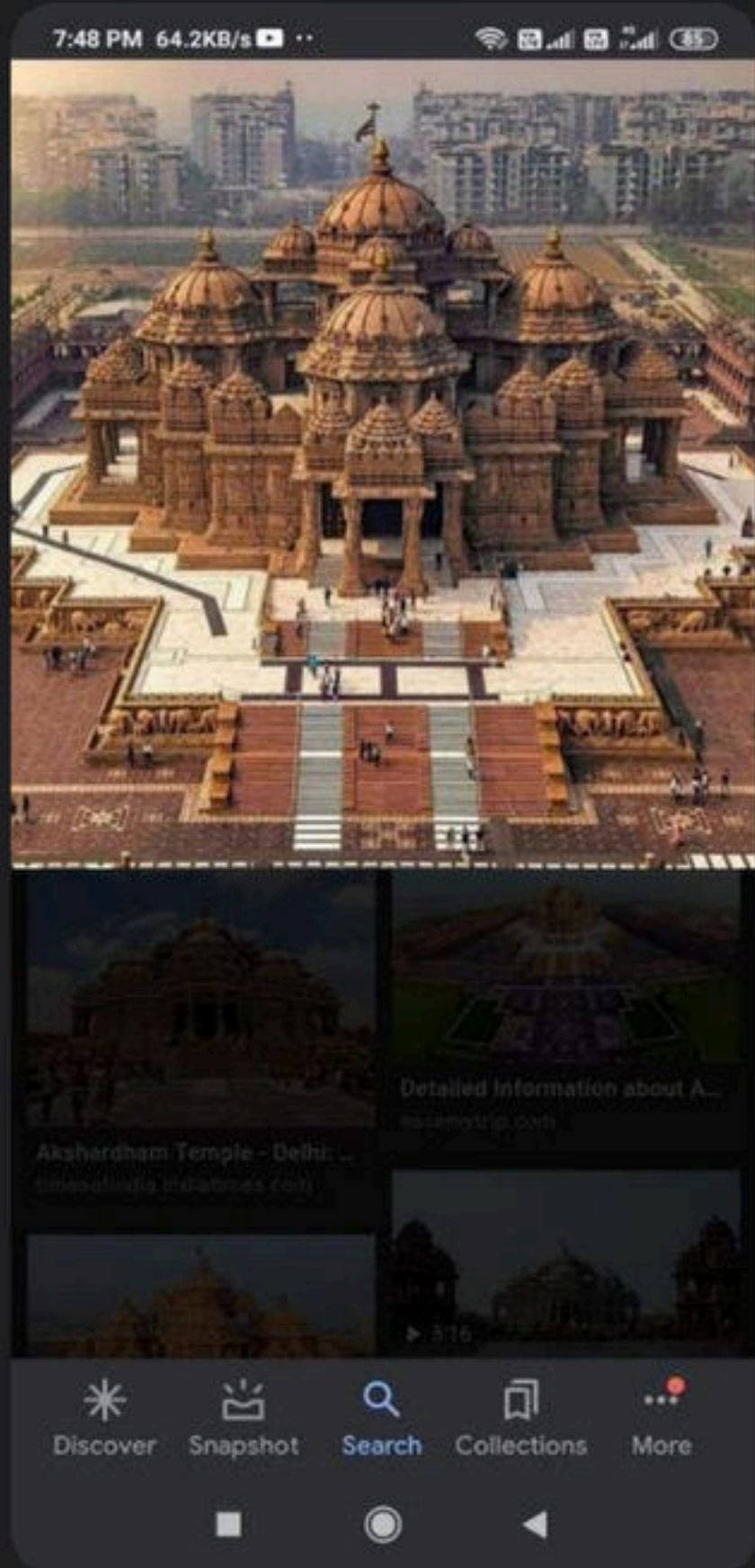
The process of this **drain of wealth** was completed through two specific streams - (1) Unofficially draining wealth from Bengal and sending to England through the employees of the company and the English trader and (2) draining of the wealth through Company's trade, economic and political policies.

From the **battle of Plassey(1757)** to the **battle of Buxar (1764)** - the duration of these 8 years was really a boon to the British. From the **battle of Plassey** in 1757 to the **Grant of Diwani** in 1764, the authority and the employees of the **British East India Company** earned a lot from various sources such as prize, bribe, gift etc and sent the money to their country. The exact amount of that money was almost nearing the figure of **50 crores**. The guide and pole star of this plunder was none but **Robert Clive** himself. As soon as **Mir Jafar** was enthroned to the throne of Bengal, he was forced to give a lumpsum amount of money which was, according to the sources, was nearly 1.5 crore. The death of **Mir Jafar** in 1765 led the East India Company to declare **Mir Jafar's** incompetent son **Nazam-ud-Daulah** as the next ruler of Bengal and in return, some high-ranking officers of the British company earned **62 Lakh 50 thousand** money from **Nazam-Ud-Daulah**. To get the lucrative post **Nayeb Najim**, **Reja Khan** gave **4 Lakh 76 thousand** rupees to the higher officials of the company. In clear words, plunder was openly performed in Bengal then. Historian **Percival Spear** has proclaimed that the era of the battle of Plassey as the **era of overt and shameless plunder**.

Through personal illegal business, the employees of the **British East India Company** earned a lot of money in the long duration between 1757 and 1771 and sent the money to England. **Dr. Narendrakrishna Sinha** claims that the income of the employees of the Company from personal business was more than the amount of bribe or gift. The

▲ 1 • Asked by Pritam

Please help me with this doubt



British officers such as **Clive, Johnson** etc came to India like a beggar but returned to their motherland with lakh of rupees. Earning a lot of money through illegal path, these employees lived like a king in England and loved to entitle themselves as **Indian Nawab**.

Through many secret and illegal treaties, these employees were earning a lot of money. In this context, Governor General **Warren Hastings** was incomparable. He took many contracts both openly and anonymously. The favourite officers of **Hastings** such as **Charles Grant, Charles Craft, John Sullivan, John Belly** etc were no way backdated from **Hastings**. They took the contracts of many administrative works namely construction of bridge and barrage, supplying meat and dress of soldiers etc and earned an uncountable money. The members of **Board of Trade** also earned money by the help of various corrupted activities. At the time of purchasing raw materials, they forcibly collected commission from poor farmers, weaver and country traders.

They sent their illegal income to their motherland through various modes. Clive, Hastings and the high-ranking officers of the company bought diamond, precious stones and sent them to England. Those precious gems were converted into cash money after being sold. Besides, the employees of the Company sent money to their motherland through **Bill of Exchange**. Other European companies headed by **Dutch, France** etc bought many essential goods from India for business and the money was invested by the **British East India Company**. So, they did not need to bring gold, silver from their country to buy those goods. In this context, the trade was harmed in two ways- **on the one hand**, the treasure of country was gradually being transported to the wealthy European countries and **on the other hand**, earlier foreign traders brought gold, silver in India for trade but it was stopped now. After **1780**, the British East India Company formed Agency houses or trade organisations which took the responsibility of sending money of the traders to their own country.

So, in this way, it is actually impossible to calculate how much money was sent from India to British. This is a subject of dispute and many scholars have expressed different opinions in this regard. **Jogesh Chandra Singh** has claimed that a total **£¹ 38 crore 4 Lakh** was transferred to England from India between **1857** and **1880**. According to **Sir P.J.Grifith**, the amount of this economic drain between **1780** and **1813** was **£ 30 crores**. Professor **Marshal** says the amount was an annual total of **£ 5 Lakh**. In the year **1840**, **Lord Ellenborough**, the then President of **Select Committee**, said that **20 to 30 lakh pounds** were transferred every year from India to England but in return, India was not given anything special except some military equipment. **John Sullivan**, secretary of **Madras Revenue Board**, said, "Our ruling system is like a sponge. This sponged rule absorbs everything from the country situated on the bank of the Ganges and

¹ Symbol of Pound

squeezes them in the country situated on the bank of Thames.” These statements authenticate that a huge sum of money was drained from the then India though the real amount of the money has not been identified till now. Furthermore, the writings of **Ramesh Chandra Majumder** and **Dadabhai Naoroji** have also told such type of economic exploitation in the then Bengal.

British historians have raised the question whether the treasure of Bengal had really been drained. This has been a historical debate nowadays. According to **Sir John Strachey**, British took the money to England as the price of inducting peace and discipline in India. By the help of this money, many things were bought for India in England and loan with low interest was taken from London market for the sake of India. **Theodore Morison** says in his *Economic Transition in India* that Bengal suffered no loss during the export of goods from Bengal because if export is happened more than import, it always brings profit. Due to the increase in the export rate of Bengal, industries such as silk, weaving and sugar were extended, freight in ship was increased and the consequence of such positive economic developments was that the rate of employment was also increased in the country. But on the other hand, Marshal says if the drain of wealth was really happened in Bengal, it was not unilateral or one-sided. In return of this drain of wealth, Bengal was also developed in various ways. Marshal and Grant jointly opine that the word **drain** is not apt and sound because the Subadars and Dewans of Bengal sent a lot of money to Delhi during the reign of Mughal empire. But Indian scholars have not accepted this theory. According to them, Delhi is the part of India and Mughals are Indian so sending the tax to Delhi does not symbolise the meaning of the **drain of wealth**. Mughal empire took money and used them for the sake of India. Meanwhile, they did not send money to somewhere outside India but British officers took the money to England.

According to National historians, the drain of wealth is a real incident and this economic drain has been a big reason for the poverty in India. **Ramesh Chandra Dutta** says that such nasty, fulsome wealth draining incident is not seen in any country of the world except India. According to him, if England will send the half of their total wealth to any country, the country will be attacked by terrible famine. **Sir John Shore** says, “the peaceful days of India have been ended. A large portion of Indian wealth has gone outside the country. Through the maladministration, all powers of India have been deliberately disabled.”

The End

▲ 1 • Asked by Aikya

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