

MEMOIR

ON

THE AFFAIRS

OF THE

EAST-INDIA COMPANY.

LONDON:

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1830.

A SELECT COMMITTEE has been appointed by each of the Houses of Parliament, "to enquire into the " present State of the Affairs of the *East-India Com-* " *pany*, and into the Trade between Great-Britain, " the East-Indies, and China, and to report their " Observations thereon to the House."

It is matter more for regret than of surprise, that so little should be generally known regarding the *East-India Company*, and the character in which they stand with relation to the vast interests committed (under certain restrictions) to their management and control.

The means of acquiring information are more ample, and more readily to be obtained than upon almost any other public question, whether such information be sought for in the records of Parliament, in those of the Company which have been from time to time printed for and laid before the Proprietors of East-India Stock, or in the standard histories of the day.

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When the mercantile interests of the country are suffering through the alleged want of wider fields for commercial enterprise, the abolition of the Company's remaining exclusive privileges of trade is declared to be the panacea.

When the case of an individual seeking redress at the hands of the Court of Directors for some alleged grievance inflicted by the Governments abroad has been rejected, and an appeal made, either to Parliament or to the Public, the occasion is seized upon to condemn the system under which the government of India is carried on, and to denounce it as pregnant with the most serious evils.

In the absence of either of these causes for public discussion, little is comparatively heard of the East-India Company. The Proprietors receive their dividend, the State its revenue, and the best proof of the adaptation of the parts to the whole is, that the vast machine works quietly, but effectually, the purpose for which it has been framed and established.

It must not, however, be supposed, that the existing India system is the production of a day, or (as has been stated by an authority entitled to much respect) that "our Indian legislation has advanced by springs and jerks," and that in each renewal of the charter "consideration and enquiry were out of the question." The system has grown out of the trade commenced by the Company at the close of the sixteenth century, and prosecuted amidst the most extraordinary difficulties and political vicissitudes, to the present day, comprizing an unbroken period of two hundred and thirty years, during which the British empire in India has been established.

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The laws under which the system is administered have been passed from time to time, as circumstances have called for their enactment. Whenever evils have been found to exist, remedies have been applied; and it cannot fail to be remembered, that the most important parliamentary measure, a measure which may be considered as the foundation of the present system, was brought forward, and ultimately passed into a law, not more for the purpose of securing the rights and interests of the Company, than for the preservation of the constitution of this country.*

It is proposed, in the present paper, to notice the leading facts connected with the Home Administration of the East-India Company, and the *financial results* of the system. This paper is divided into two parts.

PART I. Treats of the *Home Administration*, embracing the commercial and political privileges, with the territorial possessions which have been conferred upon the Company, from time to time, since its union in 1708.

PART II. Contains *Facts and Observations*; explanatory of the accounts laid before Parliament respecting the *East-India and China Trade*, and of the *Financial Affairs of the East-India Company*.

It may probably be said, with reference to the first part, that a more limited retrospect would have sufficed. Had that been the case, much time and labour would have been saved; but then it would have been impossible to have arrived at the ground-work of the present system, or to have given that connected view which is essential to a correct understanding of it.

* The Act of 24 Geo. III. cap. 25.

The government of the British territories in India is confided to the East-India Company and to the Board of Commissioners for the Affairs of India, subject to the control of Parliament.

The affairs abroad are administered by the Supreme Government of *Fort William in Bengal*, and by the two subordinate governments of *Fort St. George* and *Bombay*, under orders and instructions received from the authorities in England.

The East-India Company,

The Supreme Government in Bengal,

The Board of Commissioners for the Affairs of India,

The Supreme Courts of Judicature, and

The Governments of Fort St. George and Bombay,

were established by distinct legislative enactments, which will be noticed as the events which gave rise to them occurred.

The East-India Company, under the title of the “LONDON COMPANY,” was incorporated by charter granted by Queen Elizabeth on the 30th December 1600. In 1693, that Company having failed in the payment of a duty of five per cent. on their capital stock, imposed by the 4th and 5th of William and Mary, doubts arose whether, in strictness of law, the charters which had been granted them were not rendered void. A new one, however, was granted, on condition that it should be determinable on three years’ notice.

In 1698 the necessities of the state led to a loan from the Public of £2,000,000 at eight per cent., and the subscribers were incorporated by charter into a society, called the “ENGLISH COMPANY,” with the exclusive right of trade to all countries and places beyond the Cape of Good Hope to the Straits of Magellan.

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The Act reserved a power to determine the exclusive trade September 1711, on three years' notice and repayment of the loan.

In 1708 the London and English Companies were united, since which their title has been "THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES."

The East-India Company consists of the Proprietors of the capital stock, who, when assembled under the charter of King William, which is the basis of their present privileges, are designated "A General Court."

All Proprietors of £500 stock, whether possessing such stock in their own right or otherwise, or having held it only for an hour, were entitled to vote, and to take part in the discussions and proceedings in the General Court. They likewise elected twenty-four proprietors annually, each possessing £2,000 stock, to be Directors of the Company. These provisions were subsequently altered by the Acts passed in 1767, and the Regulating Act of 1773.

A Court of Directors, the designation prescribed by the charter, must consist of not less than thirteen members. They form the executive body, and carry on the concerns of the Company, their duties being partly of a political, and partly of a commercial character.

The personal interests of the Proprietors consist in the security of their capital stock, of the quick and dead stock at home and abroad, and of those immunities which they have from time to time acquired, as a corporate body, in England and in
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India. These several interests are confided to the care and protection of the Court of Directors, who, as the executive body, must be considered responsible to the Proprietors for their preservation.

PART I.

HOME ADMINISTRATION.

This review is divided into five separate periods, each of which comprizes events that designate it as a distinct epoch in the affairs of the Company.

FIRST PERIOD,

From the Union of the two Companies in 1708 to the Year 1744;—During which the Acts were passed conferring upon the Company the exclusive trade until 1780, and declaring also their right to a perpetuity in the trade, notwithstanding the exclusive privileges might be done away;—the Acts to suppress clandestine trade;—and the rejection by Parliament of a petition from sundry merchants to advance £3,200,000, to redeem the debt due to the Company, on condition of being incorporated and vested, in lieu of the Company, with the whole trade to India.

The first extension of the period for which the United Company were to enjoy the exclusive privileges of trade took place in 1708. It was for fifteen years, *viz.* until 1723, in consideration of which the Company advanced to the public £1,200,000, by way of loan, without interest, the same being added to the two millions lent at eight per cent., under the 9th and 10th William III, making a total of £3,200,000 due to the Company.

In May 1712 the Company presented a petition to Parliament, representing that they had acquired several forts and settlements, and privileges in India, which were absolutely necessary for the carrying on their trade, and were a great security to the British interests in that quarter, and cost the Company very great sums

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of money: that in order to compete with the Dutch and to secure the interests of the Company, the period then remaining, *viz.* eleven years, was too short to incur a further outlay, and they therefore prayed for an additional term.

The Act of the 10th Anne, cap. 28, was accordingly passed; and in order “ that the United Company might be the better encouraged to proceed in their trade, and to make such lasting settlements for the support and maintenance thereof for the benefit of the British nation,” the exclusive trade was continued to them until three years’ notice after the 25th March 1733.

The Company, at this early period of their union, had to contend with a clandestine trade which had been carried on by British merchants under foreign colours. In order to check its continuance, the Court of Directors presented two petitions to His Majesty, King George the First, at Kensington, in December 1718, when His Majesty was pleased to give the following answer: “ You may depend upon the continuance of my protection wherever it may be necessary.”

An Act was accordingly passed, prohibiting, under severe penalties, the prosecution of such clandestine trade.

In the year 1729 various attacks were made upon the Company. On the 26th February a petition was presented to the House of Commons by several merchants and traders of Great Britain, offering to advance £3,200,000, to redeem the fund and trade of the East-India Company, at five several payments, on or before the 25th March 1733, at an interest of four per cent. from the times of payment until the 25th March 1735, and two per cent. afterwards; provided the lenders might be incorporated and vested
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with the whole trade to the East-Indies and elsewhere, in the same extensive degree as was granted to the East-India Company, yet so as not to trade with their joint stock in a corporate capacity, but the trade to be open to all His Majesty's subjects, upon license from such proposed new company to be granted to all His Majesty's subjects desiring the same, on proper terms and conditions; and provided the trade be exercised to and from the port of London only, and be subject to redemption at any time, upon three years' notice, after thirty-one years and the repayment of the principal.

The petition was rejected by 223 to 138.

The Ministers at that time were convinced that the trade could be most beneficially carried on through the Company, the opposition to the Company was therefore ineffectual: but the business was again brought forward, the time intervening between the rejection of the first petition and the presentation of a second, being employed in the publication of anonymous letters, essays, periodical papers, and pamphlets against exclusive companies in general; and all the arguments which had been ever advanced against monopolies were retailed on the occasion, and then, as now, all the benefits which were supposed to result from a free trade magnified with great art and ability. On the 9th April 1730, a petition from the merchants, traders, and others, against confining the East-India trade to the East-India Company only, and for obliging the Company to grant licenses on proper terms and conditions, was offered to be presented to the House; and on the question for its being brought, the same was negatived by 177 to 77. The same course was followed, but without