

Interferences of British Parliament in East India company's administration in India

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Abstract: This paper assesses to study the process of the making of constitutional structure in British India. The British parliament started its interferences in East India Company's administration in India and made administrative structure by different Acts. The coming of East India Company in India as a trading company and after the battle of Palasi, the company became the virtual master of Bengal and began spreading its influence in India.

Introduction: The administrative policy of the East India Company underwent frequent changes during its early establishment period in India to 1857. All its changes and moulding efforts, however, were concerned with the single object to increase the company's profits or to enhance the profitability of its Indian possession to Britain. In other words they (the English) gave priority to the steps of strengthening the British hold over India in place of the upliftment of the Indian subjects and time to time designed and developed their administrative machinery in order to exploit its resource.

The foundation of company was the culmination of a long process of mercantile enterprise. The East India Company, a mercantile wing of England framed out purely for commercial purposes, launched in India to trade. It was, actually the advent of renaissance and reformation in England during the 15th century which enriched its growth in amplitude and strength in various prospects and thus paved its way for expansion or even pursuit of its long cherished goals to interfere in the East. Further Vasco de Gama's discovery of the route of India provided a turning point in the history; which established relation between Asia and Europe, however, its immediate efforts worked also as the elimination of the Turkish power from the seas washing the stones of East Africa, Asia, land of Arabia, Persia and India. It is true to say that advancement of knowledge gave power over nature as with changes stagnation of life changed and dynamism took the new position.

Methodology: The present study is based on both primary and secondary data. The historical, analytical and scientific methods were adopted for objective conclusion. In selecting and discussing, importance the paper have taken into consideration. In the paper the techniques of

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historical writings have undergone radical changes. It necessitates reinterpretation in the light of new perspective. The Europeanization and angelic nature of the administrative and constitutional structure is examined.

Discussion:

The Regulating Act of 1773: The Regulating Act of 1773 constituted the first landmark in the transformation of the country's commercial council into a political apparatus of government. It laid the foundation of a central administration and instituted a system of parliamentary control. It marked the beginning of the company's transformation from a trading corporation to a corporation of a new kind, entirely administrative in its object and subordinate to parliament.¹ This was the statutory recognition of parliamentary right to regulate the civil and military affairs and revenues of the company's territories in India. A system of control was accordingly set up to bring the company's political function under parliamentary supervision. The Governor-General and council were directed to keep the court of Directors regularly informed of all matters of interest by sending dispatches to England. The Directors on the other hand, were required to place before the treasury within fourteen days after receipt copies of all advices relating to revenues and submit to a secretary of state all such other advices as related to the civil and military affairs of India.

The territorial acquisitions of the East India Company by the battles Plassey and Buxar and subsequently by obtaining the rights of Diwani by Mugal Empire produced a startling effect in England. The public in general clamoured for an immediate parliamentary intervention. Expensive wars launched and shamefully conducted to satisfy the lust of a few interested individuals, the colossal fortunes amassed by the company's servants who strutted about the streets of England like petty oriental Nawabs, the unruly behavior of the agents of the company towards the Indian masses, induced the parliamentaries of England to impose checks on the powers of the company. Hence, within two years of acquisition of Diwani, the British Government started interfering openly in the affairs of the company and secured a share in its spoils.

A critical analysis of the circumstances leading to the passage of the Regulating Act reveals the parliamentary intervention into the affairs of East India Company was an absolute necessity due to a number of factors.

Company's Territorial Sovereignty: The battles of Plassey 1757 and Buxar of 1764 enabled the company from a body of trader to an establish its de facto rule in Bengal, Bihar and Orissa. The English law on the other hand did not permit any subject to possess territory except in the name of the crown. Thus the company's position was quite anomalous. The crown could either take over the territories in possession of the company or leave them as they were. The former solution involved many risks and was contrary to the 18th century tradition of sacredness of property.² The latter solution was also in no way better. There was every apprehension that misgovernment in India apart from tarnishing the name of Great Britain as an Imperialist country might enable the Indian interest in England supported by huge revenues and corrupt parliamentary influences, to gain a preponderating and improper power in home affairs. Thus the British government was not only confronted with a peculiar constitutional anomaly but was also facing significant complications. Moreover, the East India Company, according to Burk, did not seem to be merely a company formed for the extension of the British commerce but in reality delegation of the whole power and sovereignty of this kingdom sent into the west-³ The Company's position as a territorial power and also as a delegate of the British Government was apt to result in parliamentary intervention into its affairs.

Dyarchy and Administrative Confusion: The system of Double Government devised by Clive in Bengal in 1765 made the confusion worse confounded. Lyall portrays the faulty division of duties "the magistrary, the police the revenue officials, being diverse bodies working upon different systems with conflicting interests under no common head, vied with each other in misgovernment; there was no positive law, and there was little justice in the country".⁴ Corruption was its climax confusion and chaos prevailed cases of plunder and oppression were the order of the day. The unfortunate divorce of power from responsibility made the system suffer from all possible defects. The state of affairs in revenue collection was in a mass. There was no responsibility and no control. The strong preyed upon the weak and the weak had no where to look up for protection.⁵ This state of affairs is evident from correspondence from Muhammad Reza Khan, Sitab Roy and English feuds in the calendar of Persian correspondence Voll-II.⁶ From this correspondence it appears that cumile were embezzling money, various revenue officials had ceased payment, zamindars were in open revolt and had formed general association and were looting the parganas. Thus a state of rebellion had cropped up and due to this reason revenue was falling. It was not the situation

of one pargana but many parganas were passing through the same situation. The attacking Rajas and zamindars were plundering and lying waste wherever fell in their way. Thus the province had fallen a prey to aumils and zamindars. The zamindars were in a mood of sedition. Thus a critical stage had come in the matter of revenue collection. This is also evident from T. Rumbeld's letter dated March 18th 1767.⁷ In this letter he reported that nothing but force could ensure the collection of revenue in Bihar.⁸ Thus, the parliament could not remain a mere passive spectator of the company's affairs. Moreover, presidencies in India made wars and concluded treaties at their own discretion. They not only created more problems for the company but also brought disgrace and disaster. The British Government could not tolerate such hazardous ventures and chaotic affairs.

The servants of the company fixed their own prices for the goods they bought and sold. As Verelst pointed out "such a divided and complicated authority gave rise to oppressions and intrigues unknown in any other period."⁹ Richard said "It must give pain to Englishmen that since the accession of the company to the Diwani, the condition of the company to the Diwani, the condition of the people of the country had been worse than it was ever before."¹⁰ Sir Lewis said "No civilized government ever existed on the face of this earth, which was more corrupt, more perfidious and more rapacious than the Government of East India Company from 1765 to 1772".¹¹ Servants of the company took back with tremendous fortune and set back in England as Nawab. Hence, state intervention was thought to be a panacea of all these evils.

Unscrupulous Nababs: The Governors and their councils in the presidencies were assisted by a body of civil and military servants whose salaries were ridiculously small and promotion exceedingly slow. They were, however, skilful in the art of extracting money from the poor natives. Lecky said as quoted by G. N. Singh "Never before had the natives experienced a tyranny which was at once so skilful, so searching and so strong It was noticed that on the appearance of a party of English merchants, the villages were at once deserted and the shops shut and the roads thronged with panic stricken fugitives".¹² The sufferings of the people were further accentuated due to occurrence of severe famines in Bengal. The servants of the company however, were so cruelly and shamelessly greedy that they made capital but of poor people's afflictions and utilized famine conditions and utilized famine conditions for their private lucre.¹³ Norace Walpole writes "such scene of tyranny and plunder has been opened up, as makes one shudder we are spaniards in our lust for good, and Dutch in our

delicacy of obtaining it.¹⁴ The public mind was deeply touched by tales of unscrupulous methods adopted by Nababs (the nick name of the company's servants) to acquire huge fortunes. Moreover, these Nababs were pinpricks in the eyes of ruling classes because these voracious "Birds of passage" began to acquire seats in the parliament as representatives of rotten boroughs. Hence, state intervention was apt to be expedited. Kale commented that the enormous fortunes amassed by the company's officers, the suspicion in the popular mind that the wealth of these Nababs was ill-gotten, the parliamentary influence of the fortunes of the company's servants, exercised in England a doubt whether a trading corporation could have a right to acquire on its own account powers of territorial sovereignty these things compelled the nation's attention to the affairs of the East India Company.....¹⁵

Famine of Bengal: The position of the company deteriorated due to two great calamities. In 1769, the company suffered a crushing defeat at the hands of Haider Ali, the ruler of Mysore. This unfortunate episode dealt a death blow to the British prestige. In 1770, broke out a great famine in Bengal which took a heavy toll of lives. When the conditions became awfully worse, the British Government was apt to take some concrete action.

Economic Crisis of Company: Report on constitutional Reforms, 1918, said "the company's peril of bankruptcy was the immediate cause of parliament's first intervention, but a more powerful motive was the growing feeling in England to which the opulence and arrogance of officials returning from India contributed, that the nation must assert the responsibility experiment of ruling of distant and alien race was properly conducted."¹⁶

In August 1772 company's officers approached Lord North for loan as it was short of £ 1293,000 for making next three months payments. Nothing but a loan from the state could save it from impending ruin. The Government thus could not connive at the situation. It led to parliamentary intervention. Moreover, from all evidence, it was clear that the company was mercilessly exploiting the natives and its administration was corrupt to the core intervention was considered necessary to save the fair name of England. Furthermore, intervention was justified because it came to be realized that a commercial corporation of a political body.

Because of the reasons mentioned above a select committee of 31 members was appointed to enquire into the affairs of the company. As a result of these enquiries two Acts were passed by parliament in 1773. The first extended to the company a loan of £ 1400,000 at four percent interest, suspended payment by the company of the annual sum of £ 400,000 into

the exchequer and prohibited it from declaring dividend above six percent, until the loan was discharged. The Act made it obligatory for the company to submit its accounts every half yearly to the treasury. The other Act passed on the basis of these reports was the famous Regulating Act which effected important changes in the constitution of the company in England, and the Government of its factories and possessions in India.

Provisions of the Regulating Act: Provisions affecting the constitution of the company: The Directors of the company were formerly elected by the court of proprietors. But only those proprietors who held £ 500 stock for at least six months possessed the right to vote. The Act raised the qualification for a vote from £ 500 to £ 1000. The right to vote was restricted to those who had held the qualification for at least twelve months. The term of the Directors was extended. Henceforth, they were to be elected for a period of four years, one-fourth retiring after every year. The longer tenure and partial renewal were intended to secure stability and continuity in the policy of the Directors. The incorporation of this provision in the Act considerably reduced the influence of the proprietors on the Directors who formerly spent the first half of their year of office in discharging the obligations by which they purchased their seats, and the other half in preparing for the new elections. The Directors were required to submit to the treasury the entire correspondence from India dealing with the revenues, and to place before one of the secretaries of state, those parts of it which dealt with the civil and military administration of the company in India. All Governments in India were to pay due obedience to the orders of the Directors and were to keep them constantly informed of all matters affecting the interests of the company.

Central Government in India: Until the passage of the Act, the three presidencies were separate and independent of one another. They had direct communications and relationship with the court of Directors. The act aimed at the unification of India. It appointed a Governor-General and four councilors for the presidency of Fort William in Bengal. The Governor-General and his councilors were vested with the whole civil and military government of the said presidency. The ordering management and government of all the territorial acquisitions and revenues in the Kingdom of Bengal, Bihar and Orissa also were entrusted to them. The first Governor-General and councilors were named in the Act itself. Warren Hastings was to be the Governor-General Bengal. General Clavering, Colonel, Monson, Richard Barwell and Phillip Francis were to act as councilors. The salary of the Governor-General was to be £

25000 per annum while each councilor was to get £ 10000 a year. They were to held office for five years and were removable by the king on the representation of the court of Directors. In all cases of differences of opinion the Governor-General and council were to be bound by the decision of the majority of those present. If on account of the death, removal or absence of any of the members, the Governor-General and the council were equally divided, the Governor-General or in his absence, the presiding member exercise a casting vote. The Governor-General and council were empowered to superintend and control the Government and management of the presidencies of Bombay and Madras in so far as these could not commence hostilities or conclude treaties with native power without obtaining the previous sanction of the Governor-General and council. In case of imminent necessity or on receipt of special orders from Home, the presidency Government could however, act without this previous sanction. The subordinate presidencies were required to obey the orders of the supreme Government and to transmit to them advice and intelligence of all transactions and matters whatsoever that shall come to their knowledge relating to the Government revenues or interests of the company. The offending Governors in council could be suspended by the Governor-General in council. The Governor-General in council were empowered to make an issue, rules, ordinances and regulations for the good order and civil management of the company's settlement at Fort William and other Factories and places subordinate to it. These enactments were however, not to be repugnant to the laws of the realm. They were not valid until duly registered and published in the Supreme Court with the consent and approbation of the said court. They could be set aside by the king in council on the application of any person or persons in India or England.¹⁷

Supreme Court of Judicature: The Act empowered the crown to establish by Charter, a Supreme Court of Judicature at Fort William in Bengal. It was to consist of a chief justice and three other judges who were to be barristers of not less than five years standing. The court was equipped will civil, criminal and admiralty and ecclesiastical jurisdiction. It was to be at all times a court of record and a court Oyer and Terminer and goal delivery in and for the said town of Calcutta and factory of Fort William in Bengal and other factories subordinate to it. Its Jurisdiction was to extend to all British subjects who shall reside in the kingdoms or provinces of Bengal, Bihar and Orissa and also to all persons who were employed directly or indirectly in the service of the company or any of his majesty's subjects. Its criminal jurisdiction did not extend to the Governor-General or any member of his council except in

cases of treason or felony. It was empowered to have jurisdiction in suits or actions brought by any of his Majesty's subjects against any native inhabitant of India on a contract in writing if the subject matter in dispute exceeded Rs. 500 in value and if the inhabitant concerned had agreed in the contract to submit to its jurisdiction. The chief justice and his councilors were to hold office at the pleasure of the crown. The chief justice and other judges were to draw £ 8000 and £ 6000 a year respectively. The Governor-General members of the council and the judges of the Supreme Court were immune from arrest or imprisonment in any action, suit or proceedings in the Supreme Court. The immunity was, however, limited to civil cases only. The Governor-General, members of his council and the judges of the Supreme Court were authorized and required to act as justices of peace for the settlement of Fort William and factories subordinate there to, and to hold Quarter-session four times a year. The Supreme Court was to try all cases by a jury of British subjects residing in Calcutta.

Provisions Regarding Reform of Abuses: The Act of 1773 besides introducing the above modification in the constitution of the Government of India, tried to put down bribery and other abuses which were rampant among the servants of the company. The Governor-General, members of the council and the judges of the Supreme Court were prohibited from accepting directly or indirectly any presents, gratuities or pecuniary rewards. They were not allowed to engage themselves in or concern themselves with any transactions. Persons holding or exercising any civil or military office under the crown of the company were prohibited from accepting receiving or taking directly or indirectly any present, gift, donation, gratuity or reward pecuniary or otherwise. Offenders were required to forfeit double the amount and even were removable to England. A collector, supervisor or any other British subjects, empowered to collect revenue or administer justice in Bengal, Bihar or Orissa could not concern himself with trade, traffic or commerce except on the company's account. No British subject was to lend money at a higher rate of interest than 12 percent. Servants of the company convicted for breach of public trust or embezzlement of public money or stores or for defrauding the company could be fined, imprisoned and sent to England. Any Governor-General, Governor, member of council, judge of the Supreme Court or any servant of the company who committed any offence against the act of was guilty of any crime, misdemeanour or offence against any British subjects or inhabitant of India could be tried and punished by the court of the King's Bench Division in England. In order to eradicate temptation of procuring money, the Governor-General, the members of his council

and the judges were provided with handsome salaries. The salaries of the Governor-General, chief justice, the councilor and a judge were fixed at £ 25000, £ 8000, £10000 and £ 6000 respectively.

Since 1657 a member holding stock worth £ 500 could vote for electing the Directors. The Regulating Act gave this right of voting only to those share holders who possessed shares worth £ 1000. This made the Directors still more oligarchical in character.

The Supreme or Central Government of the East India Company was first constituted at Fort William in Bengal under the Regulating Act of 1773. It was presided by a system in which each of the three presidencies of Fort William, Fort St. George and Bombay was governed by a president or Governor and Council who enjoyed equal rank and authority. They were appointed by the company under powers delegated to it by the early character of the British crown and parliament. All power was lodged in the president and council jointly and nothing could be transacted except by a majority of vote.¹⁸

This form of Government had in fact been designed primarily to endow the company, whose main purpose was commerce, with powers to maintain law and order within the bounds of its trading stations. The exercise of a territorial function had never formed a part of its original intention. Later, in Bengal as elsewhere, the company, however, came to acquire territories. The zamindari of Calcutta was for instance, purchased in 1698. The victory of its arms at Plassey brought in 1757 the district of twenty four paraganas. The districts of Burdwan, Chittagong and Midnapur were ceded in 1760 by Mir Qasim, the Nawab of Bengal as part of conditions for his accession to the throne of Murshidabad, its capital. Finally, the Mughal grant of Diwani in 1765 invested the company with the virtual sovereignty of the three provinces of Bengal, Bihar and Orissa.¹⁹ Warren Hastings wrote a letter on 1773 “the blame is not so much imputable to them as to the want of a principle of government adequate to its substance and a coercive power to enforce it.”²⁰ Though equal in extent and resources to most states in Europe, he added, Bengal wanted “both an established form and powers of government” which instead of “deriving support from the unremitted labour and personal exertion of individuals in power might depend on the vital influence which flows through the channels of a regular constitution.”²¹

Importance: The Regulating Act of 1773 marked the first constitutional advance over the earlier system of government. It constituted for the first time a supreme Government with an executive head. This Act constituted the first land mark in the transformation of the

company's commercial council into a political apparatus of government. It laid the foundation of a central administration and instituted a system of parliamentary control. It marked the beginning of the company's transformation from a trading corporation to a corporation of a new kind, entirely administrative in its object and subordinate to parliament. The Act made it crystal clear that East India Company was a political organization whose functions also were political in nature. This Act legalized the illegal acquisition of Bengal by the company.

It was the first of a series of parliament enactments which subjected to some extent, the control of Indian affairs in the hands of the parliament. The Directors were expected submit copies of all correspondence received from India to the ministers in the parliaments. Letters and advice concerning the revenues, for instance, were to be submitted to the Treasury while those dealing with civil and military government to one of the secretaries of the words of Lyall "The Act gave a definite and recognizable form, to the vague and arbitrary powers of sovereignty that had developed upon the company."²²

It considerably curtailed the patronage of the company by making appointments of the first Governor-General and his councilors, the chief justice and other judges. In future also, such nominations were subject to the ratification of the crown.

It was the first measure of its kind which enabled a European government to assume the responsibility for governing territories outside Europe. Such an attempt was not made by any other European nation. It took the first step for the unification of India. The Governor-General in council was henceforth supposed to superintend direct and control the presidencies in the matters of foreign policy.

The Act put an end to scandalous misrule and corruption which was prevent amongst the servants of the company. No persons in the Indian service were henceforth to fill his coffer with alluring presents of the natives or amass huge fortunes. Even the Governor-General, his council or the judges of the Supreme Court were prevented from succumbing to such temptation.

It was by the Act of 1773 for the first time, the British nation as a nation, assumed the actual responsibility of the government of the territories own by the servants of the trading corporation. There was a gradual growth of feeling that the Britishers through their parliament rather than through a trading concern should be responsible for British rule in India.

Shortcomings: The Regulating Act of 1773, however suffered from certain fundamental defects which frequently run counter to the design of its provisions. These were- (i) the continuance of the majority rule, (ii) the vagueness of control over subordinate presidencies, (iii) the ambiguity of jurisdiction between the supreme council and the Supreme Court.

In respect of the majority rule, the Act provided that in all cases of difference of opinion the Governor-General and council shall be bound and concluded by the opinion and decision of the major part of those present. In case of their votes being equally divided, “the said Governor-General or in his absence, the eldest councilor shall have a casting vote and his opinion shall be decisive and conclusive.”²³ This mode of proceeding acted as a clog on the machinery of Government and usually obstructed the flow of its business. Clavering, Monson, and Francis formed the majority, frequently combined against the Governor-General, so much so that Warren Hastings was forced in 1776 to tender his conditional resignation which the Directors were pleased to accept. Clavering’s death in November of that year however gave him a majority in council by his casting vote. He therefore, asked his agent in England to withdraw his resignation, which was accordingly done.

The powers of the Supreme Government over subordinate presidencies were not only limited to war and peace but vaguely worked and loosely defined. The subordinate government, who were left considerable latitude and initiative made use of their emergency powers and rendered the control of the supreme government for the most part inoperative.

The ambiguity of jurisdiction between the supreme council and the Supreme Court was yet another serious drawback in Act of 1773. It left in obscurity the nature and extent of their respective authority. By virtue of its Mughal grant, the Company’s Government was, for instance, vested with administration of revenue as well as justice throughout the diwani provinces of Bengal, Bihar and Orissa. It was on this basis that Warren Hastings had instituted his revenue and judicial regulations in 1772. The Regulating Act confirmed these circumstances and entrusted the whole civil and military administration of the diwani provinces to the Governor-General in council but the Supreme Court of judicature was also authorized to take cognizance of cases not only against British subjects residing in those provinces but also against the natives who were employed directly and indirectly in the service of the company. In the exercise of this concurrent and co-terminous jurisdiction the Supreme Court was empowered to bring to punishment all such persons as committed acts of oppression either in the exercise of civil jurisdiction or in the collection of revenue. But whose authority would be final in case a conflict arose between the council and the court?

The Act made no provision for it. Nor did it specify the extent of the latter's interference. It likewise omitted to define the company's servants who were made subject to the process of the court.

These limitations, however, arose from the difficulties of parliament in deciding on the nature and extent of the company's sovereignty. The grant of diwani, which formed the basis of its authority, signified in law an office, not property. How then could parliament annex to its sovereignty a property which, if the proprietors wished, might be declared as held in benefice? The interest of the company demanded the continuation of the state of obscurity as to the nature of its political authority.²⁴ It was considered as a point of policy to leave the character of company thus undefined in order that the English might treat the princes in whose name they governed as realities or nonentities, just as might be more convenient.²⁵ Evidently the company, which had come to be the virtual sovereign of the diwani provinces, was not declared so by parliament. Such a declaration would have undermined the very foundation of the Mughal authority which it was considered expedient to maintain in form.

In the undefined state of the company's political status, therefore, the legislation designed to regulate its territorial affairs was bound to be obscure and indeterminate. As the company's authority in the diwani provinces constituted the only source of parliamentary right to legislate for them, a precise definition of that authority alone could have imparted definition of that authority alone could have imparted definiteness to its legislation. That was not done.

But none the less, parliament proceeded to regulate the territories held by the company in virtual ownership. On a motion of General Burgoyne on 10 May 1773 they were declared as of right belonging to the state. The Regulating Act was grounded on this concept of property. It asserted the right of parliament to intervene without interfering with the existing form of sovereignty. In their anxiety to provide against reported acts of oppression and rapacity, the legislators subjected to the jurisdiction of the Supreme Court such natives as were employed in the company's service. But as Mughal sovereignty was left unaffected in form, such natives might as well be regarded as the servants of the Mughal emperor whose diwan the company was in law recognized. In that case the regulations of the Governor-General and council alone would have been deemed valid. The extension of the court's process to the company's native servants however, implied sovereignty being already annexed to the diwan himself and through the diwan to the British parliament. Both the premises were thus maintained, but neither of them avowed. The council and the court had

both reasons to justify their measures and ground them, if necessary, on their respective sources of authority. This led to a series of conflicts which obstructed the regular flow of business and decisions of government.²⁶

The intention of the parliament was no doubt good, but the steps taken were in part defective. It was wrong in principle to set up a collegiate executive. The position of Governor-General was extremely awkward. Bouten Rose has said “The object of the Act was good but the system that it established was imperfect.”²⁷ According to Punniah “The inconsistencies dictated by tyranny, yet bearing throughout each line the mark of ignorance Regulating Act was the first of its kind dealing with Indian affairs and some of its defects were therefore due to the inexperience of its authors”.²⁸ Dodwell deemed it as a medley of. G. N. Singh opines “The main cause of the imperfections was the novel nature of the problem with which the parliament had to deal. It was fortunate for the British that the defects, many and serious as they were, did not prove fatal.”²⁹ Constitutional Reform of 1918 portrayed Regulating Act “It created a Governor-General who was powerless before his own council and an Executive that was powerless a supreme court, itself immune from all responsibility for peace and welfare of the country- a system that was made workable by the genius and fortitude of one great man”.³⁰ The ambiguity of jurisdictions of Supreme Court created an anarchic situation in Bengal. In the words of S. N. Singh, “The opposition between the Governor-General in council and the supreme court crystallized itself round four times”.³¹

The raising of franchise qualification of the General court resulted in disenfranchise of 1246 small holders of stock and also transformation of the court of Directors into more or less permanent oligarchy.³² Robert also opined that the clause failed to attain its object.³³ The Ninth Report of the Select Committee of 1781 stated that the whole of the regulations concerning the court of proprietors relied upon two principles which have often proved fallacious, namely that small numbers were a security against faction and disorder and that integrity of conduct would follow the greater property.

It had neither given the state a definite control over the company, nor the directors a definite control over their servants, nor the Governor-General a definite control over their servants, nor the Governor-General a definite control over his council nor the Calcutta presidency a definite control over Madras and Bombay”.³⁴ The provisions of the Act were so vague and indefinite in their wording and were couched in positive rather than negative terms that they obscured the intentions of the authors and sent themselves to more than one interpretation.³⁵

There are many defects in theory and in practice. It could not solve the problems of East India Company in India nor could save English politics from its mal-impact. Hence, this act was amended. The decade after the Regulating Act saw the spectacle of a Governor of Madras imprisoned by his colleagues and dying in prison and of two commanders in chief being dismissed. In Bombay it demonstrated the fact that no reliance could be placed on the company's word. In Bengal, the Indian princes were remained, time after time that the company would never observe a treaty if it found it convenient to do so.

The war against the Marathas brought the company within an inch of annihilation, peace was made in 1782 on terms which Marathas had offered five years earlier. There was no demonstrable improvement in the condition of the masses, the annual auction to formers of the right to collect revenue did not contribute towards the betterment of their condition. The administration of justice through the company's courts subordinate to the Governor-General in council seldom granted impartial justice to litigants. Hastings spent Indian revenue recklessly in providing for the worthless relatives of English public men and of the holders of the East India stock. Parliament now decided to take a firm stand. The British Government undertook to guarantee good Government in India. All the political parties agreed in condemning his Indian administration and strove to provide that in future no Governor-General should be able to save himself in this fashion. Anarchy and confusion still prevailed in India and called for some adequate remedy. Hence, Pitt's India Act in 1784 was passed for India.

The Regulating Act made a bold attempt at securing good government in India without the Crown's directly assuming the responsibility for the same. It was the first measure by which a European government assumed the responsibility for governing territories acquired by it outside Europe and inhabited by a civilized people. It introduced the thin end of the wedge of direct administration by the crown by insisting on securing timely information from the company about its affairs in India.

The Act altered the constitution of the company at home, changed the structure of the company in India, subjected in some degree the whole of territories to some supreme control in India and provided in a very efficient manner for the supervision of the company by the ministry.

The Act of 1773 is of great constitutional importance because it definitely recognized the political functions of the company, because it asserted for the first time the right of the parliament to dictate the form of government what was considered till then the private

possessions of the company and because it is the first of a long series of parliamentary statutes that altered the form of government in India. It was the first attempt on the part of British Government to centralize the administrative machinery in India, which was a step in the right direction-co-ordination and unification of the policies of the three presidencies were essential for efficient administration. A central control was also necessary for consolidating the vast territories recently acquired by the company. The act set up a written regulation for the British possession in India, in place of more or less an arbitrary rule of the company.

The Regulating Act thus constituted the first land mark in the transformation of the company's commercial council into a political apparatus of government. It laid the foundation of a central administration and instituted a system of parliamentary control. It marked the beginning of the company's transformation from trading corporation of a new kind, entirely administrative in its object and subordinate to parliament. The Regulating Act of 1773 legalised the illegal company's occupation of Bengal and made it a political administrative apparatus.

Conclusion: The territorial acquisitions of the East India Company produced a startling effect in England. The public in general clamoured for an immediate parliamentary intervention. Expensive wars launched and shamefully conducted to satisfy the lust of a few interested individuals, the colossal fortunes amassed by the company's servants who strutted about the streets of England like petty oriental Nawabs, the unruly behavior of the agents of the company towards the Indian masses, induced the parliamentarians of England to impose checks on the powers of the company. Hence the House of Commons in England appointed a committee to report on the company's state of affairs in Nov. 1766 and in future so many times. Thus within two years of the acquisition of Diwani the British Government started interfering openly in the affairs of the company and secured a share in its spoils. The British parliament started its goal from Regulating Act of 1773 and snatched the administration power from the company by the Act of 1858. The parliament not only interfered in company's affairs of India but also it shaped the nature, character and system of company's administration in India.

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