



Income and Expenditure during the British Period (1680 – 1732)

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Introduction :

The aim of this paper is to highlight the Income and Expenditure during the British Period from 1680 to 1732 A.D. In the mid sixteenth century the Counter Reformation was in full swing in Europe. England, as a protestant country, had to bear the opposition of Spain. Philip II of Spain fitted out the Armada to destroy England but it was defeated in 1588. The death of Philip II in 1598 made peace possible between England and Spain. In 1599 some London merchants presented a petition to the privy council asking for permission to trade with the East Indies. Hence, Queen Elizabeth granted a charter on 31.12.1600. The company was formed and incorporated by the name of 'the Governor and Company of merchants of London trading into the East Indies'.

The foundation of the English East India Company was a landmark in the history of the British Empire. The position of the English was better than that of other Companies. The Portuguese and the Dutch Companies received the support of their governments but the English Company depended upon the mercantile classes and their own resources. This enabled the London merchants to follow an almost a free yet more adventurous course of action. James Iascaster reached Achin in Sumatra and established a factory at Bantam. A second expedition under Mildenhall reached Lahore in 1603. He learnt Persian in a short time and he had audience with the Emperor Akbar without an interpreter. Akbar granted the privileges that he asked for the beginning of trade. The English Company planned another expedition. It was led by William Hawkins who reached Surat in 1608. He went to Jehangir's court at Agra and became a favourite. He stayed in India till 1612. However, his mission failed as he did not succeed in getting any firman. Since then James I agreed to send Thomas Roe as the official agent of the British nation to make a permanent treaty with the Mughal Emperor and to seek his permission to open factories on the coast. He was given full powers to treat with the Mughal Emperor.

Hence, in 1639 Francis Day was deputed to travel southwards to find out some place suitable for trade and settlement. He reached Santhome, where the Portuguese had arrived in 1503. The locality on the Coovum, Day thought, would

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serve his purpose, for as he could possess a factory very near to the real centres of weaving and dyeing industries of the country. The Portuguese welcomed him. The narrow strip of sandy land on the northern side of the Coovum river appeared attractive for it had water on three sides, natural facilities for trade and access to the internal markets as well as the Portuguese settlement at Santhome. After making himself a friend of the Nayak, the local chief, Francis Day succeeded in securing the grant of a tract of land to the north of Santhome; measuring five miles in length along the station might be styled Chennappa patnam, after his father Chennappa, though the royal grant enjoined the use of the name “Sri Ranga Raya Patnam”. Day also obtained permission from Sri Ranga Rayulu, the Rajah of Chandragiri, to build a fort for protection against the danger of attack from the local powers. He commenced forthwith the construction of a fort without securing the sanction of the Company and named it Fort St. George, as its foundation was commenced on St. George’s Day. The fort was erected on 1st March 1640, between the river Coovum and the sea. The native merchants, weavers, painters and others were encouraged to settle in the neighborhood of the fort. He stationed a small garrison to look after the Company’s property and a small colony of merchants, factors and writers in the Company’s service.

The fort built by Francis Day was very different from what it was in the nineteenth century. Its shape was rectangular, measuring about a hundred yards from north to south and eighty from east to west. At its four corners were erected bastions defended by brass cannons. None but the European was permitted to reside within the fort, but outside the northern wall allotments were taken up by the local people. A town arose, which the Portuguese called as Madras, but known to the native’s as chenanapapatnam. In 1642 official communications in the form of General Letters were sent for the first time by the Agency at Fort St. George to the Court of Directors. Fort St. George was completed in 1643 with an expenditure of 2,300 pounds and it was computed that a further expenditure of 2,000 pounds and a garrison of hundred soldiers would render the place impregnable.

About this time the Sultan of Golconda occupied Chandragiri. The Agent and Council of Fort St. George sent a deputation with Governor. The factories of Coromandel Coast and the Bay were placed under its jurisdiction, when Madras became once more the beat of Government for all the factories on that side of India. In 1666king Charles II issued a charter, granting the Governor of Fort St. George judicial powers. From this onwards the form of Government under the Agent Governor or President Governor and Council took on a considerable degree of regularity. In 1670 Sir William Langhorne was appointed Governor of Madras. The Sultan of Golconda granted a coul in 1671. Accordingly it was agreed that 1,200 pagodas would be paid yearly by the company as rent to the sultan of Golconda for

the town and Fort St George which were to be from any other imposition forever, and to pay 11,000 pagodas in full of all demands for the time past. These transactions placed the company on a secure footing in the Tamil Country.¹

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The English improved their resources through the collection of taxes, duties and customs rather than profits by trade. They had the example of the Dutch who considered the increase of revenue as “good Revenue constantly coming is being the only foundation of power”.² The Directors anticipated from all the Englishmen in Madras having any love for their country to raise the income of the company. Without revenue, “it is impossible to make ye English nation’s stations sure and firm in India, upon a sound political basis and without which we shall always continue in the State of more merchants subject to be turned out at the pleasure of the Dutch and the discretion of the Natives”.³ Elihu Yale and his council (1687-1692) were expected to establish such a polity of civil and military power in Madras as it would be “the foundation of a large well grounded sure English dominion in India for all time to come”.⁴ Undoubtedly the English loved their country and knew that the way to make the English Nation powerful in India was to levy duty with less vigour than the Dutch did. Accordingly they adopted rules and laws to collect revenue from customs in Fort St. George. One reason among others for sending to Fort St. George a large supply of soldiers was to coerce the payment of all arrears of the ground rents and all forfeitures incurred by default.⁵

Collection of customs and taxes on goods imported into a land was the function of a political government. It is obvious that the English had entered into political activities in Madras when Fort St. George collected customs for the first time in 1680. The land custom was introduced at Madras from 6th September, 1680 and it was charged at the rate of two and a half per cent.⁶ The tobacco merchants paid the sea customs as well as land customs. By 1681 they paid only sea customs at the rate of twenty pagodas per candy,⁷ as it led to the ruin of the whole trade in Madras. Again it was reduced to ten pagodas per candy to encourage the traders.⁸ Sea and land customs were paid together upon the importation of goods but in 1684 it was ordered that they should be paid separately for the encouragement of trade in Madras. All goods imported by sea were to pay no more than three per cent upon the value of the goods with the usual duty to the Peddanayak, which was for all Christians 3/32 per cent and for Hindus and Muslims 5/32 percent and the same held good for exportation by sea. Likewise the land or choultry customs were three percent in or out of town with the order usual small duties there on to the peddanayak, that was half a panam per pagoda for Christians and three quarters of others.⁹

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During this period taxation was introduced in Madras. The houses were taxed for the first time in 1678. The levy amounted to one panam for a house and the total revenue realized by such assessment was 110¼ panams in 1681. The levy was made in Fort St. George, otherwise called Christian town first and extended to the Black town later.¹⁰ The owners of the houses in the Black town were assessed a quit rent and the scavenger's tax.¹¹ The people resisted the imposition of a house tax as well as ground rent.¹² Thereupon Streynsham Master, Governor of Madras, did not revive the house tax but imposed a duty on arrack and paddy. The people remonstrated but paid it.¹³

In 1694 the inhabitants of Madras complained to the Directors that the duties imposed on them were high and they were suppressed by violent means by the Fort St. George administration. In 1711 Fort St. George proposed a levy upon toddy, tamarind and salt but upon enquiry from the inhabitants it was put off, as it would fall very heavy upon the poor people.¹⁴ After two years, a small duty was collected on toddy and other items.¹⁵ The town kanakapillai's duty was collected from all local merchants, who imported goods. However, there had been a most notorious abuse in the collection and payment of this money.¹⁶ The weighing and measuring duties commonly called the 'corn meters duty' were let out for three years. This duty proved oppressive to the poor when the local people were entrusted with the collection work of it. It was rather designed by the company as a check upon the kanakapillai than as a measure for increasing the revenue.¹⁷ All the heads of castes, except the toddy drawers, delivered the lists of their lands, tenements and stock and they were ordered to collect their part of the tax. The Chettis requested the president that they might be exempted from bringing in such a list as the rest were obliged to do and offered to pay fifteen hundred pagodas as their proportion, being one third of the whole tax and promised to present him above five hundred pagodas for that favour. The request of the chetties was granted but it was concealed from all the other castes.

The Rent roll was to be settled at the beginning or at least before the end of the year in which the rent was due as it was the practice in England.¹⁸ The consultation dated 23rd January, 1729 indicates that the removal of doors from the houses of the poor people when they were not able to pay the duties and taxes existed even in the days of the company. But a new rule was introduced by the Government of Madras that the duties were collected from the owner instead of the tenant.¹⁹ The revenue of Madras by 1732 amounted to nearly 65,000 pagodas or 30,000 per annum.²⁰

The English had a glamour for the development of cities which attracted the foreigners.²¹ Hence rural life began to change to urban life and the urban growth challenged the rural environment. The first attempt at conservancy was made in

1678 when the Governor and council resolved to create a department of conservancy to keep the city clean and healthy.²² In 1715 customs duty was collected from all local merchants. The revenue had been spent on the improvement of Madras, increase of Madras garrison and the establishment of the English dominion in India.²³

End Note :

1. Nanda.S.P. History of Modern India, 1757-1947, New Delhi-2000, pp 33-36.
2. Despatches to England, 1727-1733, Madras, 1929, pp.52-104.
3. Despatches from England, 1686-1692, Madras, 1929, pp.53-55.
4. Ibid, p. 10.
5. Ibid, pp.110-115.
6. Diary and consultations of Fort St. George, 1696, Madras, 1919, pp.57-59.
7. Candy is a weight use in the southern India. One Madras candy is 4.37 cwt.
8. Diary and consultations of Fort St. George, 1681, Madras, 1911, Con. Dt. 11 August, 1681.
9. Diary and consultations of Fort St. George, 1684, Madras, 1895, p. 95.
10. Krishna swami Naidu, W.S, Old Madras, Madras, 1965, p.61.
11. Ibid, p.14.
12. Frank Penny, Mrs., Fort St. George, Madras, London, 1900, p.111.
13. Ibid, p. 83.
14. Despatches to England, 1711-1714, Madras, 1929, p.140.
15. Despatches from England, 1713-1714, Madras, 1927, p. 22.
16. Diary and consultations of Fort St. George, 1715, Madras, 1929, p. 82.
17. Diary and consultations of Fort St. David, 1725, Madras, 1933, p. 3.
18. Despatches from England, 1713-1714, Madras, 1927, p. 22.
19. Despatches from England, 1728-1729, Madras, 1929, p.69.
20. It seems the seed for the owner-tenant problem could be seen from here.
21. Tallboys wheeler, Madras in the olden Times, p.517.
22. Rajayyan, k, South Indian Rebellion, Mysore, 1971, p.10.
23. Krishna swami Naidu, W.S, op.cit, p.61.
24. Despatches to England, 1727-1733, Madras, 1929, p. 81.