

Original Article

Theft of India (1498–1765 Ce) and Damage the Indian Economy: An Analytical Study

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Received: 26 November 2025; Revised: 30 December 2025; Accepted: 01 February 2026; Published: 26 February 2026

Abstract - India's economy was a vibrant and complex mix of an advanced commercial system, thriving artisanal industries, strong inland trade routes, and lively maritime connections from the Arabian Sea to Southeast Asia. Beginning in the 1498 to 1765 AD time period, India was systematically removed from its economic prosperity due to European involvement in trading within the region. The research aims to explore how this European involvement affected the economic and political fate of India. Qualitative and Historical Research Methodologies and qualitative research are used to interpret the stages of change that took place over time within India's economic, political, and institutional structure from 1498 to 1765 due to European participation in the Indian trade market. The qualitative research approach was chosen as well in recognition of the historical context of this research. Europe established a new form of Business and Governmental partnership. The combination of the European Military Organisation and the financial resources of European nations gave rise to the potential to reconfigure the political landscape of India. In 1765, the East India Company created the first business and political structure that continues today. Conclusion – The time frame of 1498 to 1765 represented an evolution in Indian society and the institutions of that society as a result of various European Trading Companies. The Trading Companies endeavoured to monopolize the trading of goods while also dominating the political structure and military operations on the ocean, coupled with coercive collection of revenues through forced exaction, and a systematic and permanent reorganization of Indian society and institutions, enabling the Trading Companies to systematically extract immense amounts of wealth from India.

Keywords - Commercial System, Merchants, Maritime Connections, Artisanal Industries, Political Manipulation.

1. Introduction

1.1. An Overview of India's Economic and Political Structure Prior to 1498

The Indian economy and politics were structured prior to European colonisation and development. India's economy was a vibrant and complex mix of an advanced commercial system, thriving artisanal industries, strong inland trade routes, and lively maritime connections from the Arabian Sea to Southeast Asia. Politically, many areas of India were characterised by decentralised power, providing ample opportunity for local merchant groups and agrarian institutions to operate independently, producing goods through their artisanal skills, cultivating agricultural products at a relatively high productivity level, and developing extensive commercial institutions. "Raychaudhuri & Habib, 1982," p. 121) India produced textiles, primarily cotton and silk, that made up a large portion of the global demand. Further, Indian transactions, whether through buying and selling credit networks, and/or merchant guild networks, were integrated, sophisticated, and utilised sophisticated financial transactions to support efficient transactions.

In addition, merchants in India had keystone relationships with trans-Asian trade networks stretching from the Arab world to Southeast Asia, utilising a plethora of both sophisticated and basic Trading instruments. In this



light, it would be erroneous to say that India, prior to 1498, was an economically stagnant area “awaiting European colonialism,” and that, instead, India represents a prosperous, structured, and sophisticated country within a vibrant global economy. This Understanding is also critical to understanding the subsequent processes of extraction and decline. In fact, prior to 1498, India was an economically dominant region, comprising an estimated 24 - 27% of the total world GDP (Maddison, 2007). India, as such, was integral to a thriving and complex network of commercial activity across the Indian Ocean, Persian Gulf, South China Sea and Mediterranean region (Chaudhuri, 1985), and Indian textiles, spices, indigo, sugar, gemstones and metals continued to be in high international demand while the merchants exercised significant control over the maritime shipping routes, employing advanced shipbuilding techniques and maintaining robust militaries.

Das Gupta and Pearson (1987) highlighted that both Indian shipbuilders and merchants were able to maintain a competitive advantage against other maritime nations through their superior shipbuilding technology and extensive merchant networks. The economic structure of India, and particularly the Mughal political system, was an advanced system of taxation and revenue, a well-developed market economy in cities, and a strong agricultural base (Habib, 1995). Technological advances in irrigation, metallurgy, textiles, and navigation allowed for economic dynamism (Flynn, 1995; Giráldez, 1995). As a trading partner, Europe brought a large amount of silver to Asia. Therefore, the entry of Europe into the Indian Ocean was not the start of commercial activity, but the disruption of an existing system.

1.2. What Happens for the Period from 1498 to 1765

The arrival of the Portuguese in 1498 impacted the type of commerce and political systems in maritime trade worldwide. In the process of establishing a commercial based exchange system in Asia, Portugal would create a monopoly over the sea routes to and from Asia with the use of their naval prowess and enforcement of a “cartaz” (from Portuguese) system (which compelled Asian shipping vessels to obtain a permission pass so that they could engage in maritime trade) (Subrahmanyam 1993). This marks the first time in history that European Nations effectively utilized military force to effect changes in the commercial exchange activities of the Indian Ocean. Portugal would not maintain control over all of the interior trading practices; however, the Portuguese efforts would effectively disrupt the traditional trading relationships, resulting in an unequal commercial environment in the Indian Ocean region. In the first half of the seventeenth century, Dutch merchants continued the commercial and military empire-building methods of Portugal as they explored and settled in different parts of the world. The Dutch East India Company (DEIC) emerged with a dual mission of being the largest trader of spices in the Indonesian Archipelago and controlling the production centres of all spice crops throughout Southeast Asia. While the DEIC did not maintain a military presence in the Indian region to the same extent that it did in the Southeast Asian region, it did fuel increased rivalry among European commercial interests in India and led to the restructuring of how goods were traded along coastal trade routes (Chaudhuri 1965). Both Portugal and the Netherlands have shown how to maximize profits from trade by establishing a profitable trading empire in Asia through an act of force, the establishment of a monopoly, and the suppression of local commercial trading networks.

Initially, the English East India Company (EIC), founded in 1600, focused on peaceful trade to grow its presence globally. Initially, the East India Company’s commercial success was a result of a growing global demand for Indian textiles being exported via large quantities to multiple regions: Europe, Africa, and the Americas (Riello 2013). As competition increased and economic and logistical problems began to occur, the East India Company began using military force increasingly often. The company smuggled soldiers into different regions of India, established fortified trading stations, and established political alliances with numerous regional rulers. Over time, the East India Company transitioned from being purely a commercial enterprise to also becoming an entity with both political and military power. Between 1498 and 1765, the subcontinent underwent significant changes, as there were many different occurrences within India during these years of trade disruption, as companies and individuals from the West (Spain and Portugal) arrived to exploit India’s wealth. As a result of these changes, Western nations began

transitioning from being connected to local economies through their own manufactured products to being direct competitors with those economies through the importation of goods and services. In 1498, Vasco da Gama arrived at India's southwestern coast, marking the beginning of these changes, and in 1765, with the acquisition of the Diwani rights in Bengal, Bihar, and Orissa, the East India Company established itself as a governing body within India.

In this whole process of conquest, from the initial loss of commercial control to the final establishment of control over India's economy by the British Empire, many historians see the movement of one economy (the British) to the other economy (the Indian) through several steps. All historians agree that this period of transition formed the foundation for the future Colonial Economy as it pertained to Political Economy and its impact on the subcontinent for approximately the next century (Chaudhuri 1978; Habib 2017; Marshall 2005).

The arrival of European merchants in the Indian Ocean near the end of the 15th Century created significant transformations in the economies, commercial practices, and institutions of South Asia. Maritime trade was initiated by the expeditions of Vasco da Gama. At this stage, South Asian economies were transitioning from cooperative to coercive monopolies; resources were extracted to support trade while simultaneously securing the dominance of existing empires throughout that territory. By winning the Battle of Buxar in 1764, the English East India Company was able to assert federal governance through the introduction of local rule in Bengal, followed by the grant of Diwani rights to the Company in 1765.

Academic interpretations describe this long transitional phase as essentially "Theft of India," which involved European trading companies dismantling the indigenous manufacturing capacity of India through systematic changes in trade patterns and redirecting the flow of income generated by the labour of Indian peoples and, thus, transferring immense wealth from India to Europe. As such, the economic upheaval of South Asia is not a series of events leading to colonialism; rather, the destruction of the indigenous economy created a complete economic transformation in the way that South Asian Civilisations functioned, both as a result of direct and indirect mechanisms of destruction.

From 1498 until 1765, European trading powers began with the Portuguese Estado da Índia, followed by the DEIC, the British East India Company and the French Compagnie des Indes, using their navy to control settlement fortifications, monopolistic contractual arrangements, predatory tax systems, as well as through lumping of coercive political forces, to gain control over land (Subrahmanyam 1997, Marshall 2001). Their intervention had an impact far beyond that of continuing to economically decline in India. In addition to these impacts came a series of severe social impacts through education interruption, agriculture disruption, and the overall loss of ability to earn an economic income due to trade redirection, thus resulting in an end to economic opportunity in many areas of India. From 1760 to 1780, these effects became the foundation for many of the structural routes to establish British colonialism in India. Although early nationalist theorists from Dadabhai Naoroji (1901) perceived them as "drain of wealth to Europe from India", these impacts would not only signify a loss of sovereignty over an entire nation but also would permanently alter the way of life of millions of people living in India.

This study presents a comprehensive history and analytical view of the destruction of India's economy between 1498 and 1765, providing a comprehensive review of six interrelated dimensions (thematic sections) about how Europe invaded maritime territory and commercial monopolisation, as well as how wealth was taken from India, India's political subjugation, and the impact of those effects on institutional change.

2. Background of Study

The Background for this study regarding the economic structure of Pre European colonial India prior to 1498 was quite affluent and consisted of advanced artisanal industries, a vast array of inland and maritime trade routes

as well as advanced banking institutions; however, a majority of this prosperity was eliminated by the use of naval power and intervention by European powers (particularly the British East India Company) soon after their arrival in India. The European nations, such as Portugal, the Netherlands, France, and particularly the British, created conditions for reliance on military power to monopolise and/or coerce all commercial activities. In this regard, they are seen as a case study of how European trading companies transmuted into instruments for state power. The researcher has investigated how the European trading companies were formed; initially in (1498) with the establishment of the Portuguese trading offices in India, to the development of the diwani rights in (1765), the transition from commercial to systematic economic stealing of the greater Indian economy is established to have occurred, and has resulted in the development of colonial rule and the continuing negative effects of colonialism today.

2.1. Research Gap

From the above study of the European trading companies' transmutation into instruments of state power, there are no other studies available to date that have documented the systematic economic destruction and theft of the Indian economy by the European colonialists during this period. For this reason, this study has been conducted to fill this identified gap.

2.2. Objective

The research aims to investigate the theft of India (1498–1765 AD) and how this led to the destruction of the economy of India.

3. Research Methodology

3.1. Methods Used in Research Design

The study employs both a qualitative research methodology and a historical research methodology. The qualitative methodology uses interpretation and analysis to understand the ways in which transformations took place in India's economic, political, and institutional evolution between 1498 and 1765 due to the involvement of the Europeans in Indian trade. The qualitative and historical approaches also seem to be appropriate to the research, given that it is located within a historical context.

3.2. Characteristics of the Study

The study is of an exploratory, analytical, and interpretive character. The objective of the study is to establish how the evolution of trade relationships led to political and territorial supremacy. To accomplish this objective, various primary sources of history, theorists' ideas, and economic models will be integrated into an analytical framework for understanding the evolution of political and territorial supremacy.

3.3. Data Sources

Secondary Sources: For the period under consideration (1498–1765 CE), all data are from secondary sources; none of the data is derived from first-hand, contemporary sources, as such sources would not be available from an area without historical records, published works, or scholarly analyses. The main types of secondary sources are as follows: 1) the academic works of historians (e.g. Chaudhuri, Habib, Marshall, Moxham, Subrahmanyam, Raychaudhuri and Roy); 2) theoretical works (e.g. Wallerstein's World-Systems Theory; Stern's corporate sovereignty; Acemoglu & Robinson's extractive institutions; Chakrabarty's postcolonial theory); 3) archival analyses of economics and history (e.g. Maddison, Naoroji, Pearson, Prakash and Patnaik) which have provided us the data foundation for understanding the systems of commercial monopoly, military interference and economic exploitation.

3.4. Criteria for Selecting Sources

Sources are chosen for 3 reasons: their credibility, their scholarly reputation, and their ability to help understand how the transition occurred between commercial exploitation and colonial domination.

3.5. Data Collection

Data are collected using the method of archival documentary research. Documents, texts, historical narrative interpretations, and scholarly article interpretations of documents are collected, read, analysed, and compared with one another. Data are stored chronologically and by theme to document the timeline of events from the first commercial intrusion by European merchant ships in 1498 to the granting of Diwani rights to the British East India Company in 1765.

3.5.1. Analyzing Historical Documents

The method of documentary analysis is used to understand historical documents and reconstruct major historical developments through the process of close study of historical documents, critical comparison of all other scholarly interpretations of historical documents, and validating all scholarly interpretations of historical documents through supporting evidence from numerous sources of historical information.

3.5.2. Thematic Event Analysis

This method of thematic analysis of historical events classifies major historical events in this study into a set of analytical categories or themes. The major analytical themes are: The Arrival of European Maritime Powers; Formation of a Commercial Exploitation Monopoly; Military Interventions and Political Manipulation; Institutional Appropriation and the Restructuring of Political Authority; Systematic Extraction of Wealth and an Economically Draining Empire. By categorizing historical events into these broad themes, we can move beyond creating narratives of historical events to develop deeper, more organized forms of exploitation by various groups.

3.5.3. Diachronic Mapping of Historical Change

The diachronic analysis of historical change represents a longitudinal (20-year) study of change. The diachronic map will show the process of the evolution of the historical record from Peaceful Trade to Coerced Trade to Military Intervention and Political Control.

3.6. Understanding the Economic Drain of Empire

An understanding of Economic Theft can be better understood by understanding the diachronic perspective as a cumulative process.

3.6.1. Comparative Historical Analysis of Four European Powers

Using the comparative historical methodology of the four European colonial powers (Portuguese, Dutch, French, and British) allows us to understand how the British emerged as the leading colonial power.

3.6.2. Historical Economic Estimates

Historical estimates by academics, including Maddison, Naoroji, Patnaik, and Roy, provide the economic conditions of India as represented in terms of 1) GDP share, 2) Revenue Extraction, 3) Drain of Wealth, and 4) Decline of Industrialization. These historical estimates provide qualitative data with quantifiable references.

3.7. Integrating Theoretical Perspectives

There are multiple theoretical frameworks in this study, which yield a multi-layered analytical approach.

- World System's Theory (Wallerstein)-Core-Periphery Relationships
- Imperial Political Economy (Stern)-Corporate Sovereignty

- Institutional Economics (Acemoglu & Robinson)-Extractive Institutions
- Subaltern & Postcolonial Perspectives (Guha & Chakrabarty)-Social Impacts.

This integration of multiple theoretical frameworks adds an additional layer of analytical depth and theoretical validity.

3.8. Reliability, Validity, and Triangulation

Using several reputable historical sources for the same event or topic assures reliability. Triangulation is accomplished by corroborating: historiographic sources, theoretical interpretations, and economic historical data. Validity has been maintained by strictly conforming to documented evidence and avoiding speculative and anachronistic interpretations.

4. Results and Discussion

The Eighteenth Century was an era of watershed events that saw the demise of the Mughal Empire and the fragmentation of Indian Society into regional states under various forms of administration. The European powers intervened in Indian Politics due to the fragmentation of India in the late 18th century. The two European trading nations competing to control trade and establish political and territorial dominance in India were England and France. The Carnatic Wars (1746 - 1763) demonstrated to the European trading companies their ability to effectively utilize military forces and their ability to exert substantial power in Indian Political disputes (Marshall, 2005). For the first time in history, the combination of the European Military Organisation and its Financial Capital had drastically changed the Political landscape of India. In the early 18th Century, Bengal was one of the wealthiest places on earth, known for its high-quality textiles, agricultural production, and vast banking network (Roy, 2019). The first time the East India Company became involved in the Political Succession in Bengal was during the Battle of Plassey (1757), where General Robert Clive used this to his advantage by dividing the Kingdom of Bengal and using treachery to obtain a victory. This victory represented the East India Company's most significant Political Achievement to date, and was the beginning of their foreign invasions. After the battle, the East India Company was able to access all of Bengal's Revenue by installing puppet Nawabs and manipulating the Government Administrative structures to their advantage (Marshall, 2005). Following their victory at the 1764 Battle of Buxar, the East India Company became established as the premier power in India by defeating an alliance of Indian rulers and securing for themselves the right to collect taxes (known as the Diwani) in the three provinces of Bengal, Bihar, and Orissa from the Mughal Emperor.

Collecting taxes (Diwani Collection) in 1765 is rooted in history; it is when commercial interests became part of colonial rule. As the East India Company achieved the authority to collect taxes, it became the ruler of Bengal, a province with significant wealth. As a result, the company was able to build its rule upon a large financial base. The income generated from collecting the Diwani revenues allowed the East India Company not only to support its military and government but also to transfer huge amounts of money back to Great Britain. In comparison to the earlier methods used by Indian rulers to collect taxes, the East India Company collected taxes through methods that were often at the expense of the agrarian population and the ecosystem of Bengal (Marshall, 2005). The use of coercive contracts, advance payment methods, and price controls to maximise profits by exploiting weaver workers destroyed the maximum productive potential of Bengal's textile industry, which led to a dramatic deindustrialisation and extreme and widespread poverty for the Bengali people (Mukherjee, 1967). With the battle of Buxar (1764), the East India Company cemented its status as the dominant force over India by defeating a multitude of Indian rulers and acquiring the right to collect taxes in three provinces from the Mughal Emperor.

The East India Company of England was established in 1600, at which time it experienced an initial period characterized by relative peace, since its primary success was due to the enormous demand for textiles produced in India. It was an extremely active trader and exported to Europe, Africa, and the Americas (Riello 2013). With

subsequent pressure from competitors and increasingly complicated logistical and financial difficulties, the East India Company resorted to employing force to gain a monopoly on its trading.

By the latter part of the seventeenth century, the East India Company began building heavily armored trading posts, creating private armies and forging alliances and agreements with local kings. The shift from a commercial enterprise to a political-military enterprise has occurred slowly but with intent.

4.1. The Theft of India (1498–1765 CE): Transformation from Commercial Intrusion to Economic Theft and the Foundation of Colonial Rule

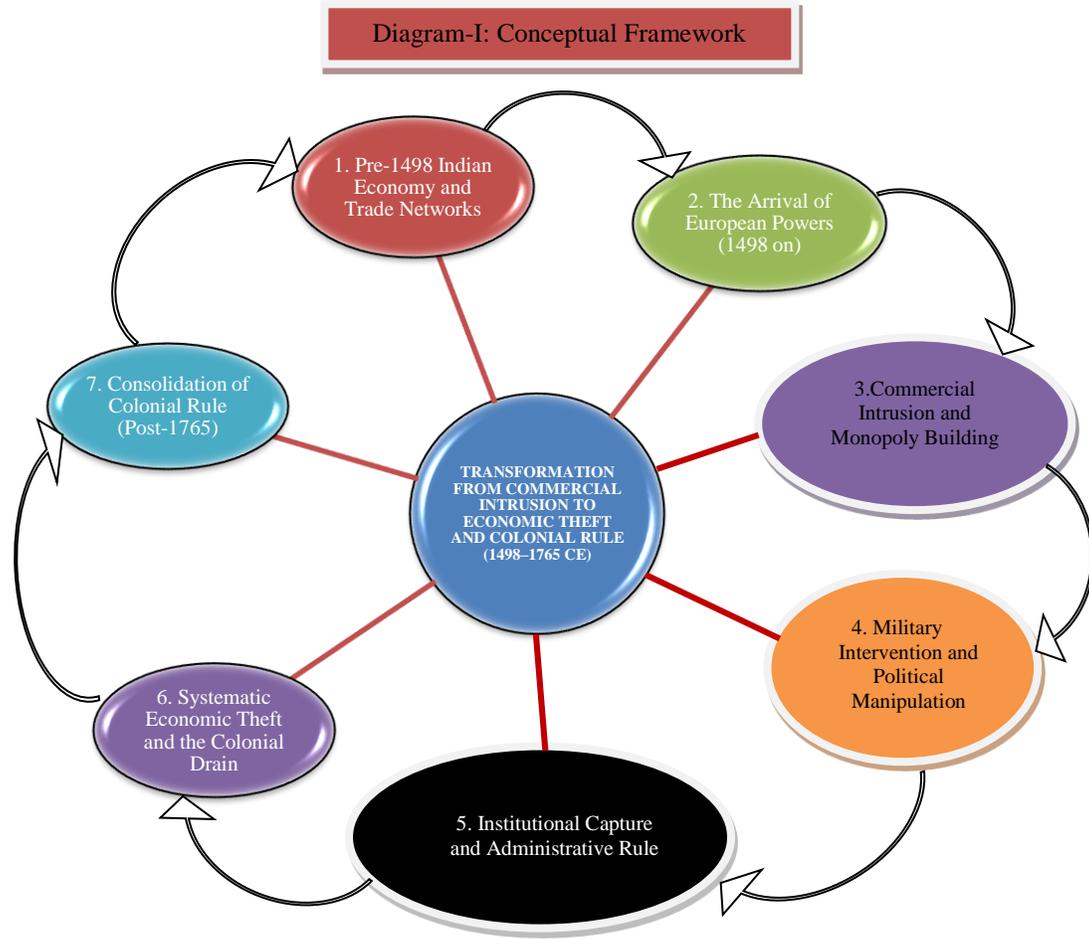


Fig.1 Interpretation of diagram I

4.1.1. Interpretation of Diagram I

The European traders made a vicious circle shown in Diagram I, from which the Indians could not get rid of it. How to shift from the traders to rulers was in the country. It was very nasty. There were survival competitions among the European traders. The British became rulers through cunning policies among the European traders. Gradually, India was entering a stronger and stronger vicious circle. The Indian had nothing to do. The local kings, who protested against the British Company, were defeated cunningly or killed viciously. The factors of each sub-circle of the above vicious circle are shown in Diagram II.

4.1.2. Interpretation of Diagram-II

From the Diagram II, it is observed how the British turned over from the trader to the cruel ruler of our country. It was very pathetic and inhuman how they extract wealth from India and carry it to the United Kingdom, giving pain to Indians starting from Bengal.

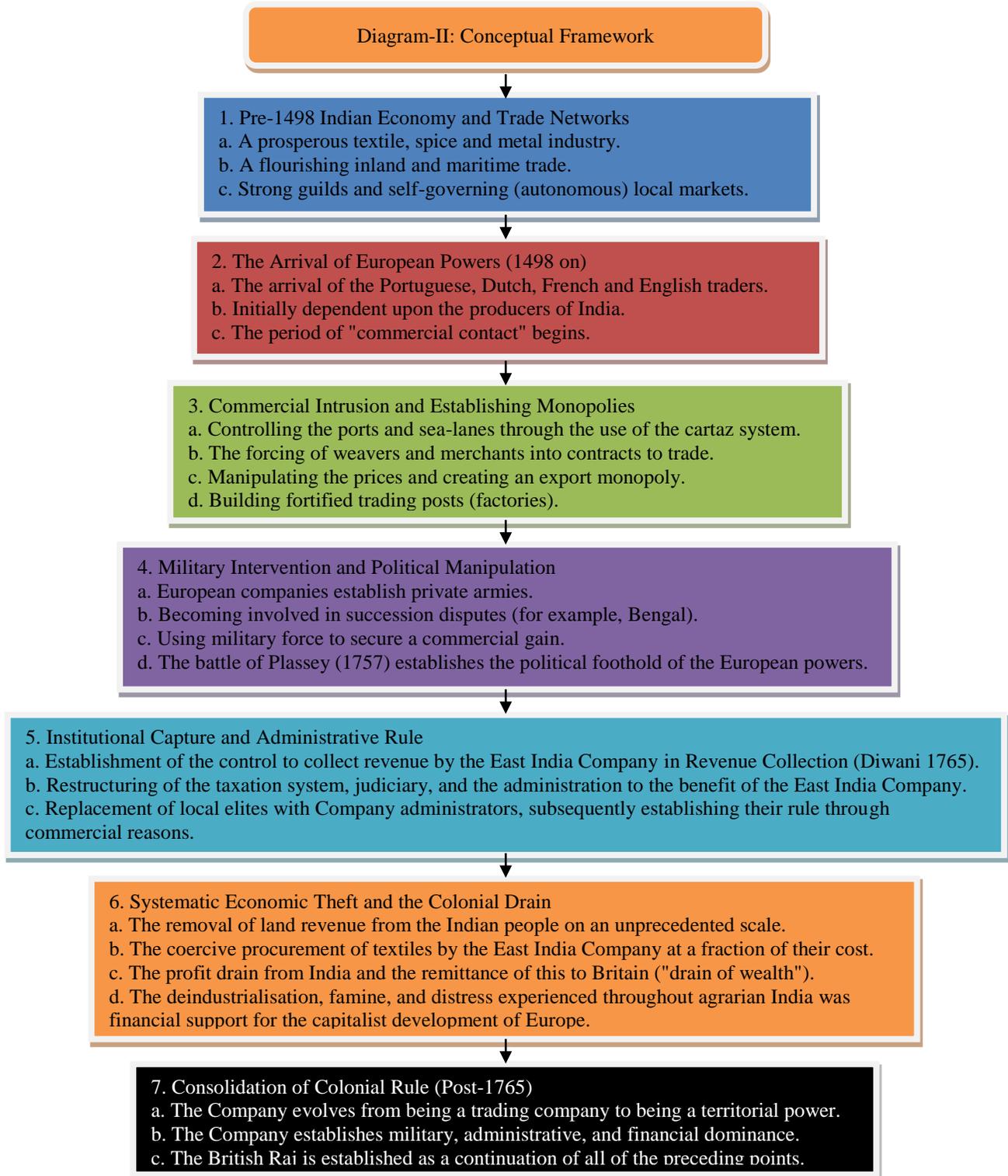


Fig. 2 Interpretation of diagram II

4.2. Theoretical and Analytical Framework

4.2.1. World Systems Theory and Peripheralisation of India

Using Wallerstein's World-System Theory to explain India's transition into the peripheral zone of world-systems. This model highlights a hierarchical relationship between 'the core' (countries with European colonial empires) and 'the periphery' (areas dominated and colonized by these empires). In Wallerstein's (1974) view, Europe created this hierarchical structure through the capitalist exploitation of many different regions around the world. Traditionally, India had been viewed as a semi-core country within the Eurasian global economy, due to its sophisticated textile, shipbuilding, and artisanal production methods (Maddison, 2007). The creation of the peripheral zone was made possible by the actions of European trading companies, which decimated and (ultimately) monopolized the maritime and land trade of large segments of India's indigenous manufacturing industries. The process of creating and maintaining India as a peripheral zone was not simply an historical accident, but occurred due to the combination of (1) deliberate acts of violence against India's indigenous production and manufacturing sector, (2) naval military power, (3) military conquest and annexation, (4) forced signing of treaties which denied India any meaningful independence or autonomy from the predatory practices of these companies, and (5) various illegal taxation practices.

4.2.2. Political and Corporate-State Power

The corporations and commercial interests that were established in India are classified as hybrid companies, or combinations of private corporations and public government interests, due to the powers that were granted to them by the use of these charters. (Stern 2011) The East India Company was granted the right to wage war, issue currency, maintain military forts, and interpret laws. To better understand the evolution and development of corporate/mercantile interference that would eventually lead to corporate/direct examples of political power and direct invasion/conquest in India, we need to begin by examining the nature of the orders granted to these corporations via their charters. One example of this evolution is provided by examining how the East India Company became the de facto authority that was allowed to grant permission to Indians to sail upon and use the navigational routes along the Indian subcontinent (via the issue of dastaks) and how the company was granted the authority to establish and maintain military units and levy taxes. Through this progression, the East India Company was essentially functioning as a form of 'proto-state' before ultimately taking control of Indian territory and ruling over it.

4.2.3. Economic Extractive Frameworks

Acemoglu & Robinson (2012) present a method of explaining the transitions made by extraction to developing new governance systems and institutions. In India, societies were governed by means of decentralized forms of revenue collection and through a market-based production system prior to European colonization; however, through the imposition of monopolistic practices on production by European Companies, the forms of governance that developed were dominated by Europe through means of taxation, monopoly, and military control. Where previously forms of governance that were open to all were developed in India (inclusiveness), these were replaced by forms of governance that were exclusive to a small, wealthy elite (extractive governance). This transition occurred primarily through the establishment of new structures, systems, and methods of governance, and resulted in both substantial permanent economic losses to India as well as continuing permanent separation from European economies.

4.2.4. Subaltern and Postcolonial Perspectives

Historians writing about the subaltern have repeatedly asserted that the changes identified in this article are not only attributable to the imposition of colonial rule by the European powers, but also resulted from the disruption of the local community, artisanal livelihoods, and agricultural systems that had existed within India for an unprecedented period of time (Guha, 1983). In addition, scholars in postcolonial studies have examined the impact of the presence of European and colonial powers in India and how the relationships of power between

culture, intellect, and economy changed in India as a result of European and colonial influences and ultimately led to the emergence of colonial systems and practices of governance (Chakrabarty, 2000). Therefore, it can be said that the acts of theft in India were multiple and impacted almost every aspect of Indian society.

4.3. The Evolution of the English East India Company (EIC) (1600-1765): from Trade Monopoly Role to Political Conquest

The evolution of the English East India Company's (EIC) role during the period of British Rule in India can be divided into four stages:

4.3.1. Trading Privileges

At first, the EIC sought to gain trading privileges in India by means of diplomacy with the Mughal Emperor; this was done through the granting of a firman (the formal written testament of a ruler) by Emperor Farrukhsiyar in 1717, which allowed EIC merchants to trade in India free of duties and to issue dastaks (passes) to measure goods sold. These historical circumstances provided the Company with an overwhelming commercial advantage over Indian merchants, which eventually made it impossible for them to compete with the EIC in trade.

4.3.2. The Dastak System and the Destruction of Bengal's Economy

The Dastak system, when misused by EIC merchants and officials, resulted in widespread illegal trade and created a high potential for loss of revenue to the Bengal Imperial administration due to abuse of officials' powers. The situation caused significant damage to the financial security of Bengal, which made it much easier for the EIC to achieve complete economic control of the region.

4.3.3. Control over Weavers

The EIC used the 'dadni' (advance contracts) system in order to force weavers into providing textile goods to them at the absolute lowest market price available. In addition to being denied any opportunity to sell their goods to other buyers, any weaver who refused to accept these contracting requirements was punished (e.g., imprisoned, flogged, or had property confiscated). The outcome was that the weavers lost all control over their ability to earn a living, and the quality of the textiles they produced dropped dramatically.

4.3.4. Militarisation to be Ruler

Beginning in the middle of the eighteenth century, the Company established a military capability that made it one of the dominant powers in South Asia. The two most critical events were the Battle of Plassey (1757) and the Battle of Buxar (1764). In the first battle, the EIC induced the defeat of Siraj-ud-Daulah using bribery and deceit. The second battle resulted in the victory of the EIC over the united forces of the Mughal Empire, Bengal, and Awadh. The Company's acquisition of control over revenue collection in Bengal, Bihar, and Orissa in 1765 marked the shift from economic control to colonial rule.

4.4. Mechanisms of Looting of India: How were the Riches of India Extracted from 1498 to 1765?

- The mechanism to extract wealth from India involved forced monopolies and price-fixing, where European countries entered into monopoly agreements with the Indian producers, where the prices for textiles, spices, and other commodities were artificially reduced, and the prices for imports were kept at very high levels. This resulted in large surpluses being created for the European companies.
- Once the East India Company arrived in India in 1765, the revenue taken from the Bengal area (about 25 million or 30 million rupees a year) would finance the expenses of the company, the dividends for the shareholders, and the financing of the British military campaigns in India (Marshall, 2015). This theory of draining was first set forth by Dadabhai Naoroji and has its roots in the times of the company rule.

- The Company forced the indigo and rice growers to pay higher rates of tax than they had previously, with many times as much tax being taken as compared to the traditional Mughal taxes. The imposition of high taxes caused extreme distress among the farmers and starvation (Habib, 1995).
- Over time, Indian industries, particularly the Bengal textile industry, were systematically destroyed through the combined means of coercive purchasing, export controls, active promotion of British-manufactured goods, and the prohibition of India's textiles from being sold in England (Calico Acts) (See Roy, 2019; Patnaik, 2018).

4.4.1. Effect of the Extraction of Wealth from India

The effect of the extraction of wealth from India through the above-mentioned mechanisms resulted in the following four main impacts on the Indian economy:

- Collapse of Indigenous Industries: The forced enclosure of all crafts and artisan industries resulted in loss of work, migration to cities, and loss of technology (Roy, 2019).
- Drain of Wealth to Europe: The export from India of wealth via the tribute payments, repatriation of profits from the Company, remuneration to British officials, and home charges (Patnaik, 2018).
- Institutional Breakdown: Traditional institutions (e.g., guilds, merchant networks, agrarian councils) were completely destroyed.
- Food Insecurity and Famine: The extraction of revenue by the British led to the collapse of the agrarian structure and famines, most notably the Bengal famine of 1769-1770.

4.5. The Drain of Wealth Theory and Its Historical Context

The Drain of Wealth Theory states that Britain systematically transferred wealth from India by transferring goods and services from India with unequal value compared to their cost of production (Naoroji 1901). Even though Dadabhai Naoroji created the Theory of Drain of Wealth in the Late 19th Century, the base for it was created before this (the years covered in this article). In the period before Naoroji's Theory, the East India Company received land tax revenues from the indigenous population, purchased indigenous-made goods at discounted prices, and then sent the profits back to the UK, paying tribute to the UK, thus using them to support the Industrial Revolution in England by impoverishing many areas in India (Habib, 2017). Hence, the charge of "Stealing India" is not merely rhetorical but rather a realistic, operationalised process through which the world economy was reconfigured.

By 1765, the East India Company had formally created a new model for a business/government combination of a business's financial interest, combined with the government's. The Colonialists from 1498 onward demonstrated that Colonialism was, rather than merely an outgrowth of Trade, a Planned Process driven by the intent to Monopolise Trade (via the use of Military force) and through weaponising Political Instability (the Drain of Wealth) against the colonised. Therefore, the Theft of India must be viewed from a blend of Military/Political Coercion, Commercial Intervention, and through Corporate Bureaucracy/Administering, which created the Massive Socio Political Changes that have created the Framework of Modern Indian Society and its Developmental history.

4.6. Limitations of the Study

- As a result of its reliance on secondary historical material (it does not rely on any primary archived document or original manuscript), there was no opportunity for validating historical interpretations by means of direct evidence;
- In addition, since no primary source materials are available, we are unable to find new empirical evidence to present a challenge to established ways of seeing things about Africa. I will therefore be using established methods to interpret the results.
- As for the availability of quantitative economic data for the pre-colonial era, it is limited, sporadic, and relatively sparse, so it is difficult to construct an overall picture of the economy on a quantitative basis.
- The limitations and unbalanced nature of the available data mean we must take a cautious approach when interpreting quantitative data from the pre-colonial era.

- Differences in sources, methodologies, and timeframes for historical studies may introduce a lack of cohesion and, therefore, difficulty comparing data.
- Although those limitations exist, we believe the use of historical narratives, economic reasoning, and theoretical analysis together strengthens the reliability and coherence of the conclusions we reach about the study.

4.7. Ethical Considerations

The research does not involve human subjects as it focuses solely on historical literature; therefore, it does not pose any ethical concern regarding human participants. In addition, proper citations, acknowledgment of intellectual contributions, and avoidance of plagiarism and alteration of historical facts are the basis of ethical academic conduct.

4.8. Findings of the Study

4.8.1. The Creation of Coercive Monopoly by the European Trading Nations

European trading companies created a militarised environment wherein commerce became monopolised and based on unequal contracts and the imposition of contractually established price controls, resulting in the destruction of the indigenous Indian trading system; and

4.8.2. The British East India Company Eventually Transitioned into a Corporate-State Status

Through political manipulations and military battles such as Plassey and Buxar, the East India Company obtained the revenue-generating and authoritative power necessary to go from a trading company to a ruling entity.

4.8.3. The Official Extraction of the Indian Economy Resulted in the Official Decline in the Structure of the Economy of India

As a result of the excessive generation of revenue (overreaching) and the forced procurement of goods, the British East India Company institutionalised the extraction of the wealth from India which ultimately led to the deindustrialisation of India, agrarian distress, and ultimately to the eventual long-term destruction of the Indian economy.

5. Conclusion

From the 1498-1765 period, India underwent a radical transformation; European Trade Companies steadily constructed artificial states via military action at sea, the consolidation of trade monopoly, political manoeuvre, oppressive taxation through extortion, and a restructuring of Indian society and Institutions for the purpose of systematically and permanently extracting wealth from India.

The Portuguese established the first Maritime Empire in Europe and turned trade into warfare. The Dutch created a monopoly on their ability to gather and sell resources. The French aided the regional powers in destroying their own political stability. It was through the combination of these three methods, together as one system, that the English East India Company established a system for Economic Drainage and Political Conquest that ultimately resulted in the company acquiring Diwani Rights in 1765 and officially changing from a corporate trading company to an actual Colonial State, thereby laying the groundwork for nearly two centuries of British Colonial Domination of India.

Thus, rather than a single event, the systematic removal of India's wealth has been a buried and complex process that developed from the combined effects of global capitalism, corporate imperialism, and the interactions of the European Trading Companies with Indian Political Structures. In response to the need for an all-inclusive understanding and theoretical clarification of the progressive progression of the commercial encroachment as it developed into Colonial Rule.

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