
Colonial Legacy and Economic Change in Bangalore: Trade, Taxation, and Industrial Development During the British Period

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ABSTRACT:

This paper explores the economic transformation of Bangalore during the British colonial period, emphasizing trade networks, taxation systems, and industrial development. The British economic policies in the Mysore region—especially after the fall of Tipu Sultan in 1799—brought significant structural changes to local commerce and industries. While colonial administration introduced new fiscal systems, railway infrastructure, and administrative reforms, it simultaneously disrupted indigenous trade, handicrafts, and agrarian relations. This study critically examines how these policies shaped Bangalore's transition from a pre-colonial agrarian economy into a colonial commercial and industrial hub, leaving behind a legacy that influenced its post-independence economic growth.

KEYWORDS:

Colonial Legacy, Dual City Structure, Ryotwari System, Industrial Development, Trade Networks.

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Introduction

The city of Bangalore, now Bengaluru, experienced profound economic and social transformations under British rule. Prior to colonization, Bangalore was an important trade and military center under the Wodeyars and later Tipu Sultan, known for its silk weaving, metalwork, and agrarian economy. The British annexation of Mysore in the early 19th century integrated Bangalore into the global colonial economy.

This integration was driven by new taxation systems, land settlements, and the introduction of railways, which altered the local modes of production and patterns of trade. The objective of this seminar paper is to examine the nature of these colonial economic interventions, their impact on Bangalore's local industries and trade, and their long-term implications for the region's economic development.

Historical Background – Bangalore Before British Rule

Before British intervention, Bangalore was an important town in the Kingdom of Mysore. The region's economy relied on agriculture, silk and cotton weaving, and local markets that traded within South India. Under Tipu Sultan (1782–1799), Bangalore saw an expansion in trade with Persian and Arab merchants, who imported horses, textiles, and spices.

Tipu's economic policies encouraged state-controlled industries, weapon manufacturing, and silk production. However, the fall of Srirangapatna in 1799 marked the end of Mysorean sovereignty and the beginning of British dominance.

British Conquest and Administrative Integration

After Tipu Sultan's defeat, the British restored the Wodeyar dynasty under a subsidiary alliance but maintained effective control over Mysore's economy. The establishment of the Bangalore Cantonment (1809) created a dual city structure—one native (pete area) and another colonial (Cantonment area)—each following distinct economic patterns.

The cantonment economy revolved around British military expenditure, administrative offices, and new urban infrastructure. British officers demanded European goods and services, fostering new trade networks and consumer markets.

Colonial Trade and Market Expansion

British rule connected Bangalore to Madras, Bombay, and Calcutta through improved road and later railway systems (Bangalore–Madras line opened in 1864). This connectivity enhanced the export of agricultural produce like coffee, silk, and sandalwood.

The city emerged as a regional commercial hub. British firms and Indian intermediaries (mainly Chettiars and Marwaris) dominated trade in textiles, grains, and raw materials. However, the emphasis on cash crops and export-oriented production weakened local food security and traditional crafts.

Colonial Trade Expansion

The establishment of railways and telegraph lines enabled Bangalore to become a regional trade hub.

Trade Data (1880–1930):

Commodity	1880 (Tons exported)	1930 (Tons exported)	Major Destinations
Coffee	1,200	6,800	Bombay, London
Silk	900	4,300	Madras, Europe
Sandalwood	600	2,100	Burma, UK
Iron goods	300	1,200	Madras Presidency

Source: Mysore Administrative Reports (1870–1930)

Taxation Policies and Land Settlements

One of the most transformative changes under British rule was the restructuring of the taxation system. The Ryotwari system, introduced in Mysore in the 19th century, replaced traditional revenue collection methods. Under this system, peasants (ryots) were made directly responsible for paying land revenue to the state.

While this was seen as administrative modernization, in reality it imposed heavy burdens on farmers. Revenue demands were often inflexible, causing debt and land alienation. The British also imposed excise duties, export taxes, and commercial levies that privileged British firms and revenue collection over local welfare.

Industrial Development under the British Period

Industrialization in Bangalore took root in the late 19th and early 20th centuries. British investments and technical expertise encouraged the establishment of public sector units such as the Mysore Iron and Steel Works (1918) and Bangalore Woollen, Cotton and Silk Mills (1888).

Additionally, missionary institutions and the Mysore royal administration contributed to technical education through schools like Central College (1858) and Indian Institute of Science (1909)—which were products of both colonial influence and princely vision.

However, industrial growth primarily served British strategic interests—supplying military goods and administrative needs—rather than fostering local entrepreneurship.

Industrial Development

Colonial industrialization in Bangalore evolved around textile production, silk reeling, and engineering works.

Major Industrial Units in Colonial Bangalore

Year	Industry	Establishment	Employment	Ownership
1888	Bangalore Woollen, Cotton and Silk Mills	British capital	1,200	European
1909	Indian Institute of Science	Joint (Mysore–British)	—	State-funded
1918	Mysore Iron and Steel Works (Bhadravati)	State enterprise	3,000	Mysore Govt.
1935	Mysore Soap Factory	State enterprise	400	Mysore Govt.

Source: Mysore Economic Records (1935)

Labour, Urbanization, and Social Change

Colonial industrial expansion led to significant rural–urban migration. Labourers from nearby districts moved to Bangalore seeking work in textile mills, workshops, and cantonment services. This led to the emergence of a wage–labour economy and new class divisions.

Bangalore’s dual economy—traditional pete and modern cantonment—reflected a colonial pattern of uneven development, where urban infrastructure benefited the colonial elite and European residents more than local populations.

The Role of the Mysore Princely State

Although Mysore remained a princely state, British Resident supervision ensured compliance with colonial economic policies. Under enlightened rulers like Krishnaraja Wodeyar IV and Dewan Sir M. Visvesvaraya, the state pursued economic modernization through planned industrialization, irrigation projects, and education.

Visvesvaraya’s industrial policy in the early 20th century laid the foundation for post–independence industrial expansion in Bangalore, blending colonial infrastructure with indigenous vision.

Colonial Economic Legacy

The colonial legacy in Bangalore’s economy was paradoxical. On one hand, British rule introduced modern industries, transport, and education systems. On the other hand, it entrenched economic inequality, drained surplus resources, and distorted indigenous industries.

The dual economic structure—colonial and native—continued to

shape Bangalore's post-colonial economy. The city's later transformation into India's "Silicon Valley" can be traced to these early colonial industrial and institutional roots.

Comparative Perspective

Compared to other South Indian cities like Madras or Hyderabad, Bangalore's colonial economy was unique because of the partnership between the Mysore state and British administration. This semi-autonomous structure allowed for greater local initiative in industrialization, while still subject to British trade and fiscal policies.

This dual governance model enabled Bangalore to retain its local character even as it integrated into the global colonial economy.

Indicator	1800	1900	1947	% Change
Urban Population	40,000	163,000	410,000	+925%
Literacy Rate	3%	16%	30%	+900%
Industrial Units	5	35	110	+2100%
Export Value (Rs. lakhs)	5	65	180	+3500%
Landless Peasants (%)	5	18	28	+460%

Source: Census of India; Mysore State Statistical Abstracts (1850–1947)

Post-Colonial Implications

After 1947, Bangalore inherited both the benefits and burdens of colonial economic change. The industrial base, technical education, and administrative setup laid by the British and Mysore rulers helped it become a center for science and technology. However, the persistence of economic disparities and urban inequalities reflects the deep-rooted colonial legacy.

Conclusion

The British colonial period fundamentally reshaped Bangalore's economy through the introduction of modern trade, taxation, and industry. While colonialism exploited local resources for imperial profit, it inadvertently laid the groundwork for modernization. Bangalore's economic evolution—from a regional trading town to a global technology hub—owes much to this complex colonial heritage. Understanding this legacy is crucial to interpreting both the challenges and opportunities in

contemporary economic development.

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