

UPSC Civil Services Examination

UPSC Notes [GS-I]

Topic: Regulating Act 1773 - Background, Provisions & Drawbacks **[NCERT Notes: Modern Indian History for UPSC]**

What is the Regulating Act of 1773?

The regulating Act of 1773 was passed by the British Parliament to control the territories of the East India Company majorly in Bengal. This act was passed due to the misgovernment by the British East India government that introduced a situation of bankruptcy and the government had to interfere with the affairs of the Company.

This is an important part of NCERT notes for the UPSC [Civil Services Exam](#). These notes will also be useful for other competitive exams like banking PO, SSC, state civil services exams and so on. This article talks about The Regulating Act of 1773.

The Regulating Act was passed in the British Parliament in June 1773. It was the first parliamentary ratification and authorization defining the powers and authority of the East India Company with respect to its Indian possessions.

Background/Reasons for passing the Act

- The East India Company was in severe financial crisis and had asked a loan of 1 million pounds from the British government in 1772.
- Allegations of corruption and nepotism were rampant against company officials.
- There was a terrible famine in Bengal where a huge population perished.
- The Dual form of administration instituted by [Robert Clive](#) was complex and drawing a lot of complaints. According to this system, the company had Diwani rights (obtained after the [Battle of Buxar](#)) in Bengal and the Nawab had Nizamat rights (judicial and policing rights) as secured from the Mughal Emperor. In reality, both powers were vested with the company. The farmers and the general population suffered as their improvement was neglected and the company was only concerned with maximising revenue.
- Lawlessness increased in Bengal.
- The defeat of the company against Mysore's Hyder Ali in 1769.

Provisions of the Regulating Act

- This act permitted the company to retain its territorial possessions in India but sought to regulate the activities and functioning of the company. It did not take over power completely, hence called 'regulating'.
- The act provided for the appointment of a Governor-General along with four Councillors in the Presidency of Fort William (Calcutta), jointly called the Governor-General in Council.

- As per this, Warren Hastings was appointed as the Governor-General of the Presidency of Fort William.
- The Governors in Councils at Madras and Bombay were brought under the control of Bengal, especially in matters of foreign policy. Now, they could not wage war against Indian states without Bengal's approval.
- The company directors were elected for a period of five years and one-fourth of them were to retire every year. Also, they could not be re-elected.
- The company directors were directed to make public all correspondence on revenue, civil and military matters with Indian authorities before the British authorities.
- A Supreme Court of Judicature was established at Calcutta with Sir Elijah Impey as the first Chief Justice. Judges were to come from England. It had civil and criminal jurisdiction over the British subjects and not Indian natives.

Defects of Regulating Act 1773

The major drawbacks of The Regulating Act of 1773 are stated below:

- The Governor-General had no veto power.
- It did not address the concerns of the Indian population who were paying revenue to the company.
- It did not stop corruption among the company officials.
- The Supreme Court's powers were not well-defined.
- The parliamentary control that was sought in the activities of the company proved to be ineffective as there was no mechanism to study the reports sent by the Governor-General in Council.