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# THE ECONOMIC HISTORY OF BENGAL

From Plassey to the Permanent Settlement

VOLUME I

By

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**To My Wife**





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## PREFACE TO THE FIRST EDITION

THE origin of this work goes back to 1946. Circumstances beyond my control hampered me in the collection of materials for this Volume. But I hope to quicken the rate of working for Volume II in which I intend to describe the land-revenue history of Bengal and the economic conditions of rural Bengal in the second half of the eighteenth century. The order of the topics has been determined to a large extent by the nature of the documentary materials. It is not perhaps possible for an Indian historian to analyse the economic data of this period with clinical detachment. But I have tried my best to understand an alien age and not to criticise people. I could secure access to some new sources which supply the best evidence on India's economic history of this period. I have been unconstrained by doctrines and I have sought to form some idea of the human realities behind formalised written documents.

I should acknowledge the encouragement I have received from Prof. J. P. Niyogi. I have to express my thanks to Dr. S. C. Sengupta and to Dr. Satyendra Nath Sen for the help I have received from them. Dr. T. K. Raichaudhuri and Dr. A. Tripathi were good enough to send me some very valuable papers from abroad. Mr. T. K. Mukherjee and Mr. A. K. Dasgupta kindly read the proofs and prepared the index. I am grateful for the facilities given to me in the Calcutta High Court and in the West Bengal Government Record Office.

CALCUTTA,  
1 June, 1956

N. K. SINHA

## PREFACE TO THE SECOND EDITION

IN this edition I have made some additions. There is also some change in arrangement. For the index I am indebted to Mr. Sobhan Basu.

CALCUTTA,  
30 June, 1961

N. K. SINHA

## PREFACE TO THE THIRD EDITION

SOME additions and alternations have been made in three chapters. There is a new appendix.

CALCUTTA,  
17 December, 1965.

N. K. SINHA

## CHAPTER I

### INTRODUCTION

THE GREAT MUGHALS succeeded in giving political and administrative unity to nearly the whole of northern India and to most of the south. But under the later Mughals the provinces became practically independent and the scramble at Delhi and the quarrels at Lahore only helped the foreign invaders Nadir Shah and Ahmad Shah Abdali. The rival nobles who fought for the Subahdars in Gujarat hastened its conquest by the Marathas from the south. In Bengal Sarafraz was killed by Alivardi in 1740 and Alivardi's grandson was ousted by Mir Jafar in 1757, thus facilitating the rise of the British power. The Bengal revolutions do not thus stand in isolation and what took place in Bengal in 1757 was not in its origin very different from what was taking place in other parts of India. The army in Bengal, as elsewhere in India, was full of Persian, Central Asian and Afghan soldiers of fortune who were eager to place their swords at the service of the highest bidder. As attachment to the reigning house was undermined the soldiers began more and more to look to their immediate chiefs. They had no patriotism because India was not their *patria*. As the Timurids lost their efficiency, a free field was opened to the jealousies and rivalries of nobles, many of them upstarts, and court intrigues came to form the most important feature of political life. The conspiracy which led to the Battle of Plassey was regarded by those Indians who took part in it as only balancing one chieftain against another—"Siraj-ud-Daula, the grandson of a usurper, against Mir Jafar the most powerful noble of the province." The more far-reaching consequences of the conflict were not grasped by the short-sighted partisans and their followers.

Dupleix took advantage of the growing imbecility of the Mughals and began to intermeddle in the affairs of the viceregal governments of the Mughal empire. His victories raised the status of the European from that of a subordinate to one of rivalry with the local Indian chieftain. Clive did not command the course of events in Bengal as Dupleix did in the south. It was, however, left to Clive to make the Englishman the master of Bengal. As a consequence of the Battle of Plassey the English advanced from the position of traders admitted on sufferance to that of the ruling race.

Mughal civilization in the eighteenth century has been described as a spent bullet. The court was decadent and the aristocracy presented a picture of complete degeneration. But it would be a mistake to think of Bengal in the Mughal administrative setting in the first half of the eighteenth century. Mughal rule in Bengal maintained throughout the seventeenth century the character of a foreign conquest. Its resources were drained away to other parts of India. But a remarkable change took place in the beginning of the eighteenth century with the coming of Murshid Quli Khan to Bengal. He was appointed Diwan of Bengal in 1700, became also Naib Subahdar in 1707 and Subahdar in 1717, in which post he continued till his death in 1727. Bengal got the full benefit of his remarkable administrative ability. After him his son-in-law Shuja-ud-din continued to maintain the administrative traditions of his predecessor. After his death Alivardi seized the Bengal throne in 1740. Bengal continued to enjoy prosperity under him and if the Marathas carried on raids it was only the western part of the province that was affected. In other parts of Bengal peace was maintained, trade flourished and wealth accumulated. Under the Subahdar, the Fouzdar and Zamindar guarded the countryside and the creaking machinery of criminal administration functioned as well as it could with unwholesome laws. Murshid Quli Khan evolved an efficient system of civil administration. The amils, the qanungos and the zamindars co-operated under the eyes of an exacting

master, the Nawab, who besides being the Subahdar was also the Diwan. No wonder Mughal administration did not collapse in Bengal as it did in the rest of India for it had been cast into a new mould here. No doubt the powerful were oppressive and the weak fraudulent. But the zamindar as the subordinate instrument of a larger system was answerable for the peace and good order in the country and the soil was luxuriant and agriculture which was "not raised by new improvements was not also hurt by any blameable neglect or inattention." The qanungos preserved regular records uninterrupted, and every encouragement was given to weavers and spinners as the cloth business was regarded as one of the main sources of revenue. There was a new structure of foreign trade and full competition existed among the European nations who imported bullion and metals and exported the cloth the people could easily spare. The Bengali was skilful but technically ill-equipped, and the low price of labour stood in the way of the development of machinery. The plots and conspiracies, the civil war and bloodshed, the political, military and naval weakness, the spiritual torpor and national indifference—all these should not make us think that there was an administrative collapse in Bengal and that any deep economic malaise was responsible for the disintegration that overtook the province.

A series of treaties, concluded between the English Company and the successive Nawabs of Bengal gradually transferred powers and functions into the hands of the Company until in the days of Cornwallis British sovereignty in Bengal came fully into being. By 1790 the Nawab was *functus officio*. When in September 1793, Mubarak-ud-Daula's successor was nominated by the British, no Mughal *farman* and no treaty with the Company heralded the accession of the new Nawab for the Nawab was by now a mere pensioner. The period of British expedients dictated by "caprice, self-interest or integrity" ended with Cornwallis and a new system was established, guided, as the Court of Directors

put it, by a "productive principle of management". But it must not be forgotten that the new system was to a considerable extent based on the Murshid Quli system of administration. There was, however, some very vital difference in the economic sphere.

Under Murshid Quli we find sixteen very big zamindars in charge of the revenues of 615 *parganas* or fiscal units. About 1,045 more *parganas* were in the hands of smaller zamindars and talukdars or intermediate rent receivers. More than three-fourths of the zamindars, big and small, and most of the talukdars were Hindus. Dispossession was very rare. Murshid Quli Khan also introduced the custom of employing Bengali Hindus on a large scale in the Mughal state service. There are many Hindus with such surnames as Dastidar, Sarkar, Bakshi, Qanungo, Chakladar, Tarafdar, Laskar, Halidar, Khan, etc. whose ancestors must have been in the Mughal state service in the days of Murshid Quli, Shuja-ud-din or Alivardi. Thus Bengali Hindus as zamindars and talukdars and as holders of state offices (*ahal-i-kar* and *mutsaddi*) existed long before the advent of the British. It would be wrong to assert that this class was a creation of British rule. Under the British there were only ramifications of this class and the professions contributed very considerably to its growth. Historical errors are difficult to kill. Another oft-repeated statement is that the British in Bengal tried to create a caricature of British large scale landownership. But a little study of the traditional agrarian economy of Bengal will show how wrong the idea is. Murshid Quli Khan made a successful attempt to create big zamindaris. He entrusted the task of land revenue collection from a group of *parganas* to one person. These zamindars were the worst sufferers from the rigidity of the rules of the Permanent Settlement. One-third to one half of the zamindaris of Bengal were sold by the rigour of the Sale Law and they were mostly bought by rich parvenus, the banians from Calcutta, who had amassed their fortunes in their transactions with the English, the

French and the Dutch and by those who had made money by banking, contracts, inland trade and such other activities. Cornwallis wrote: "There is every ground to expect that the large capitals possessed by the natives which they have no means of employing when the public debt is discharged will be applied to the purchase of landed property as soon as the tenure is declared to be secured." He gradually closed all other avenues to this class of capitalists who naturally turned their attention to land. This was the "new productive principle" which he brought into operation. Another illustration will suffice. The Court of Directors, taking their cue from Cornwallis, argued that the financial principle of the Mughal empire had led to the debasement of the character of people of every rank. Nobody could perhaps deny that corruption had been very much in existence before Plassey. But it is also admitted that it reached its peak in the early years of British rule. Cornwallis succeeded in ensuring European integrity by the provision of much more than adequate salary. But he did nothing to eradicate the tradition of illicit gains which prevailed among Indians by placing "the natives in some degree beyond temptation by making their official allowances adequate to the support of their station in society. An attempt was only made to restrain corruption so far as to prevent any injury to the interests of Government." The vices of the strangers disappeared and a new ring of vested interests began to dominate the economy of Bengal.



## CHAPTER II

### EAST INDIA COMPANY'S "INVESTMENT" POLICY IN BENGAL

THE EAST INDIA COMPANY'S purchases in India acquired the name of "Investment". This may be described as the public trade of the Company. In Bengal this Investment was mainly provided by *dadni*<sup>1</sup> merchants. There was also a considerable amount of ready money Investment. The most important *dadni* merchants were the Seths and Basaks at Sutanati. They had preference over others in the *dadni* business because they had lived long in Calcutta and were under the protection of the English. They acted as brokers to the East India Company in their *dadni* business in the seventeenth as also in the first half of the eighteenth century. Omichund (Amir Ghand) was also a prominent *dadni* merchant of Calcutta in the forties of the eighteenth century. In his early days he had attached himself to one of the Seths. He made his fortune under the ægis of his patron Bostom Das Seth and became his partner in *dadni* business. He set himself up as an independent *dadni* merchant and gradually succeeded in ousting many competitors from the Company's *dadni* Investment business. In 1751-52 the notable *dadni* merchants in Calcutta were Gopinath Seth, Ramkrishna Seth, Lakshmi Kanta Seth, Sobharam Basak, Omichund and the Cotmahs.

In 1748 the Calcutta Council could persuade the merchants to contract for *dadni* and ready money goods for about 30 lakhs of rupees.<sup>2</sup> We get full details of East India Company's Investment in 1751-52 on the eve of the abandonment of the policy of Investment through *dadni* merchants—

<i>Dadni</i> Contracts	...	...	1,053,756
Ready money goods	...	...	352,054

Account Saltpetre	...	...	265,670
Subordinate Factories—			
Cossimbazar	...	...	568,400
Dacca	...	...	840,390
Jugdea	...	...	252,880
Bullamgery	...	...	32,900
TOTAL			3,366,050 <sup>a</sup>

Saltpetre, like piecegoods, was also provided for by contract and Omichund was the most important saltpetre contractor. Most of the ready money goods were also supplied by *dadni* merchants. They had their *dalals* or brokers in different centres. In the subordinate factories the Senior Merchants in charge of Investment also depended on local Indian *dadni* merchants for the provision of their share of Investment.

Why was this system of Investment by contract with *dadni* merchants abandoned? The Court of Directors having no local knowledge readily confirmed the decision of their servants in India on the following grounds—the bad circumstances of the generality of the merchants, their notorious non-compliance with their contracts, their obstinacy and insolence in their treaty for the Investment of 1753.<sup>4</sup>

From the internal evidence of British records it appears that the *dadni* merchants themselves were not very eager to do business for the English East India Company and considered that the provision of goods for the French and the Dutch was more lucrative and more convenient. Even in 1750-51 they had obstinately refused to accept British terms. No one would claim for the *dadni* merchants that they were an extraordinarily honest set of people but they practically refused to work for the English East India Company on the Company's terms. As the French and the Dutch did not encounter any difficulty in making provision for their Investment through *dadni* merchants those who did this business for the English were not perhaps entirely

to blame for this "obstinacy and insolence". There was some difficulty in realising the balances from these merchants after the *dadni* contract system had ended. Most of them in the end gave the cloth due to them as ready money goods.<sup>5</sup>

The Court of Directors expressed their appreciation of the new Investment system which followed. *Gomastas* or paid Indian agents of the Company now made their purchases under the direct supervision of the European servants of the Company. The Directors even enquired whether the Investments in the subordinate settlements particularly Cossimbazar could be made in the same manner as at Calcutta.<sup>6</sup> The success of the new method of providing Investment by *gomastas* continued to receive praise. But at the same time the Directors had their suspicions and they told the Calcutta Council that their servants' future conduct should be well looked after and scrutiny made into their past management.<sup>7</sup> We would not be wrong if we say that abuse of *dastak* (permit) increased very much under this system and Siraj-ud-Daula had to take cognisance of it. From the reply of Durga Charan Mitra, a banian, to the complaint of the Prussian Company trading to the East Indies, we get some idea of the trade in *dastaks* "to secure freedom from any Moors' duties in the passage."<sup>8</sup> It was not until 1758 that the Directors became aware of the fact "... that the *dustaks* have been scandalously prostituted . . . this perhaps may have been one of the fatal causes of your late calamities."<sup>9</sup> The Directors were not very wrong. The abuse of *dastaks* no doubt partly contributed to the growth of misunderstanding between Siraj-ud-Daula and the British and the provision of Investment by *gomastas* instead of *dadni* merchants must have very considerably increased this abuse. The East India Company's Investment did not suffer. The Court of Directors did not complain in 1756 or 1757 about quality, price and quantity and only expressed their hope that the same attention and care would be observed . . . . . as had been hitherto shown".

*The private trade of the Company's servants no doubt increased as a consequence of the abandonment of the *dadni* merchant system but as yet this increase was not at the expense of the Company. The chief sufferers were the "Moorish Government" and the rival Indian traders. It was said that Siraj-ud-Daula had a long *dastak* account to settle with the English. He declared that he would prove from vouchers in his possession that since the grant of the *farman* of Farrukhsiyar the English had defrauded the state to the amount of a crore and a half by covering the trade of the natives with the Company's *dastak*. This abuse of *dastaks* was a fair cause of complaint. The most favourable terms intended for the British were that they should admit a Fouzdar into Calcutta, relinquish all duties of consulage and be permitted to trade on paying the Armenian duties."*

In March 1757 the Directors wrote: "Great complaints have been made for some time past of the decay of trade in Bengal. You must give us your reply." In February 1758 the Calcutta Council wrote in reply that the complaint was not without foundation. They assigned the following reasons for this decline—the ruin of some of the principal marts abroad, the exactions of the late Subahdars of Bengal, the high duties collected at the ports the British traded to in other parts of India, increase of the number of purchasers in Bengal, Bihar and Orissa, the competition of the French settled at Chandernagore and the great quantities of sugar made by the Dutch at Batavia and carried to Surat and the Gulf of Persia.<sup>18</sup>

This was Calcutta Council's analysis of the causes of the decline of the Bengal trade. The mention of French competition indicates that the period before February 1757 was meant. Nowhere is there any reference to the decline of the Company's Investment. There was only constriction of private trade of the servants of the East India Company in some directions. At the same time the increase of the number of country purchasers of Bengal goods and increased French and Dutch competition are referred to. The

"obscure and unsung" British soldier of fortune engaged in the coasting trade of India was no doubt faced with a very difficult situation. The invoice value of raw silk, piece-goods and sugar imported to Surat from Bengal was ten lakhs in 1740. It dwindled to one lakh in 1750.<sup>11</sup> At the same time Bengal no longer imported raw cotton in such large quantities from Surat. Mirzapur now became a mart for the supply of raw cotton to Bengal from other parts of India. The British country traders, after some time, found a very profitable opening in the opium trade with China. But before this trade with China could develop the dwindled volume of coasting trade made them naturally very anxious and there was so much talk about the decay of trade in Bengal. But this talk of the economic decline of Bengal before Plassey is a myth. The increasing prosperity of overland trade and export trade with Europe more than compensated for the decline of coasting trade in Bengal. The growing abuse of *dastak*, the ousting of other rivals from the inland trade of Bengal, the attempt made by the top men in East India Company's service to induce Naib Nazim Muhammad Reza Khan to distribute Surat cotton among zamindars and an extraordinary duty levied on cotton in the borders of Bihar—all these things which happened after Plassey explain how British private traders attempted to dominate the economy of Bengal outside the sphere of the Company's Investment. It was their trade which had declined before Plassey.

The new system of procurement could not immediately be as effective as the old and investment declined during the years 1753-54. In 1756 they could not make any investment because of their war with Siraj-ud-Daula. Therefore investment which had not appreciably declined during the period of Bargi incursions showed a sharp decline during the years 1753-1756. But these figures give a misleading impression of Bengal's trade in the years before Plassey. Trade in Bengal made a rapid recovery from the shock of Bargi incursions. Between January 1756 and January 1757 the Dutch imported

silver valued at 31,68,681 guilders (1 guilder = 1 *sh.* 8 *d.*). Their total import of goods from Bengal to Europe and to Batavia from June 1756 to February 1757 was valued at 42,19,737 guilders (letters to Amsterdam from A. Bisdom). Ten ships with their cargo were sent from Bengal in nine months. Two French ships went in 1755 to Pondicherry. They were used in Inter-Asian trade. The Danes sent one ship with its cargo to Denmark in 1755. A Portuguese ship left for Europe with its cargo in 1755 and they intended to send two more ships in September 1756 (A. Bisdom's letter January 1756). Luke Serafton wrote in 1763, "Till of late years incredible numbers of merchants from all parts of Asia in general as well as from the rest of Hindustan in particular, sometimes in bodies of many thousands at a time were used annually to resort to Bengal with little else than ready money or bills to purchase the produce of these provinces".<sup>12</sup> Obviously the period before Plassey is referred to in this sentence.

But what were the consequences of Plassey on the Company's Investment policy? Though the East India Company did not ask Mir Jafar to grant any new trade privileges their servants began to exploit their special position and claimed exemption from duties on all articles in their private trade. The *gomastas* of the servants of the Company took the fullest advantage of this privileged position. This large-scale privileged invasion of inland trade of Bengal brought huge profits to the servants of the Company, and other European companies in Bengal found themselves in a position to use this sudden influx of wealth for their Investment purposes. So far as the English East India Company's Investment policy is concerned, the first noticeable change caused by the events of 1757 was that it was no longer necessary to import bullion for Investment. French rivalry in the field of Investment did not exist from 1757 to 1763, and the English Company's servants in India had no difficulty in absorbing this French Investment and increasing the quantity of the Company's Investment from thirty-three

to fifty-three lakhs. But payments were made by Mir Jafar to the Company on a generous scale. One crore was actually paid under the treaty of June 1757, 30 lakhs were paid under the treaty of July 1763. Mir Jafar's deposition in 1760 brought to the Company the revenues of Burdwan, Midnapore and Chittagong, yielding an income of 50 lakhs a year. They had also their zamindari income from the Twenty-four Parganas. Thus the East India Company's Investment no longer stood in need of the import of bullion. In the words of the Court of Directors the produce of their sales in England became the channel of their receipts in India.<sup>13</sup> When they got the Diwani in 1765 their surplus revenue was more than sufficient for Investment except, of course, in times of war.

In 1757, 1760 and 1763 three successive revolutions in Bengal brought to the big men in East India Company's service huge presents in cash and kind as also donations by private treaties. Even the juniormost writer engaged in private trade caught the contagion of this get-rich-quick feeling. It was no longer a "small private commerce to acquire moderate independency,"<sup>14</sup> as it had been in the days before Plassey. Mir Qasim wrote to Vansittart: "Near four or five hundred new factories have been established in my dominions. I suffer a yearly loss of near 25 lakhs of rupees."<sup>15</sup> Their banians and *gomastas* compelled merchants and shopkeepers to take goods at 30, 40 or 50 per cent above the market price. This ill-gotten wealth had to be remitted home. But the East India Company would not let them remit their fortunes through their channel. Nor would their servants think it prudent to do so because that would give their masters an idea of the extent of their rapidly acquired fortune. The foreign nations—the Dutch at Chinsura, the Danes at Serampore and the French at Chandernagore after the Treaty of Paris—took advantage of this state of things. As the English Company did not open their door for remittances by their servants the Dutch and the French found it unnecessary to import bullion any

more. Before Plassey the Dutch were importing bar silver valued at 36 to 37,00,000 rupees a year. Verelst wrote, "The extent of the Dutch and French credit exceeds all conception and their bills are even solicited as favours . . . . . I have the most certain information that their treasuries at Pondichery and Chandernagore are amply furnished with provision for both their investments and expenses for three years to come."<sup>16</sup> Verelst did not very much exaggerate. In a letter from Chinsura to Holland, dated 7 Nov. 1765, we get a list of names of those who put their money into Dutch treasury. Lord Clive easily heads the list. He bought Dutch bills of exchange valued at 4,36,153 guilders. Thus began a drain of wealth from Bengal totalling the combined Investments of the English, the Dutch and the French and the Danes as also the privileged trade of the officers of the East India Company's ships. It was very natural for Verelst to write that the decline of Bengal's economic condition "was neither sensibly felt by the country nor perceptible to us till after the Revolution in favour of Meer Jaffier."<sup>17</sup> For more than two centuries the Europeans had found that the trade with Bengal whether carried on by companies or by the individual free traders or by illicit means had always been so much in favour of Bengal that the balance had to be supplied in cash. Now after Plassey supplies were at last found in Bengal "by means independent of commerce." The former channels of opulence for the country began to stagnate. The trade of the country merchant was interrupted. Armenian, Mughal, Gujarati and Bengali merchants found their free trade daily fettered and loaded. Before Plassey every year there was an increase of specie almost equal to the amount of the export trade of the country. There was no doubt a drain in the form of tribute to the Mughal Emperor and the wealth carried from Bengal by the Mughal nobility. But Murshid Quli Khan had got rid of most of the Mughal noblemen enjoying sinecures in Bengal and the extensive banking business of the house of Jagat Seth with its branches in Patna, Delhi and other places



outside Bengal had partially stopped remittance of bullion from Bengal after 1728.<sup>18</sup> The surplus income of their branches outside Bengal was very soon quite sufficient for the payment of tribute to the Mughal Emperor by *hundis*. The custom house books at Murshidabad in Alivardi Khan's time showed an entry of 70 lakhs in raw silk "exclusive of the European Investment which was not registered in them as being either duty free or paying at Hooghly." The luxury and pomp of the Muslim princes encouraged a spirit of expense and large sums thus found their way into the hands of the artisans. Verelst, who knew the condition of Bengal before Plassey very well, wrote thus about the state of things in the days of Alivardi Khan—"The farmer was easy, the artisan encouraged, the merchant enriched and the prince satisfied."<sup>19</sup>

Import of bullion almost entirely ceased not long after the battle of Plassey and export of bullion for aiding other Presidencies and for helping China trade began almost systematically. The Directors wanted Bengal to supply 24 lakhs for China Investment in 1770 and the same amount in 1771. They wrote, "No excuse can avail our respective presidencies in withholding any assistance that can possibly be derived from our acquisitions and revenues."<sup>20</sup> In 1759 the Directors ordered that bills of exchange beyond £20,000 in one year shall at no time be granted from Bengal. But they were at last persuaded in 1769 to open their treasury and allow their servants to draw upon them for £200,000 and beyond that sum for the whole amount of specie that they might be able to send to China. The Directors' main inducement in opening their treasury was that they would have it in their power to export to China as much as the country would bear. They hoped that "the supply to China would be considerable notwithstanding the scarcity of silver in Bengal about which complaints were reaching their ears."<sup>21</sup> Their servants in Bengal insisted that some other mode of supply to China might be thought of.<sup>22</sup> The Calcutta Council was, during these years, grappling with

the problem of scarcity of silver, and they were forced to write to the Directors that a further remittance to China was entirely beyond their capacity. The stock of silver in Bengal in 1757 was not only not replenished but much of it was drained away in various ways. In their endeavour to solve this problem of scarcity of silver the Calcutta Council tried to introduce bimetallism but gold being over-valued the experiment ended in failure. All that the Directors would do to ease the situation was to permit their servants in India to "confine the drafts to some degree of proportion with Investment." They were permitted to increase remittance from Bengal by bills of exchange to the extent of half of the sum by which Investment sent to England exceeded 60 lakhs in piecegoods and raw silk at the rate of 2s. 3d. the current rupee. It was hoped that this arrangement would compel rival European companies to import some bullion to Bengal.

The bond debt of the Company in Bengal in 1769 was only £351,817. In 1773 it amounted to no less than £1,547,448. In the opinion of the Directors the advance of price paid for the Bengal Investment was the principal cause of the increase of this bond debt. The increase of price on the manufactures of Bengal began about 1769. This was due in the opinion of the Directors to the extraordinary measure of purchasing goods at Calcutta and granting bonds payable in twelve months bearing interest at 8 per cent. Some extraordinary expenses between 1769 and 1773 necessitated this purchasing of goods on credit. This increase of price did not, of course, reach the silk winders and cotton weavers. The weavers at Santipur complained against *gomastas* for the low price paid for the Company's Investment which was below the market rate. "The yarn costs him as much as even more than he gets for the cloth."<sup>23</sup> The number of spinners was greatly reduced by the famine of 1770, with the result that the yarn was 25 p.c. dearer than formerly. But the value of the cloths remained the same, for although the rates were rather

higher than before, when the *gomastas* came to appraise the cloths they threw them into the lower class. The enhanced price was thus intercepted by the middleman, the lion's share going naturally to those who were in charge of the Company's *aurungs* (manufacturing centres). The famine of 1770 could not interrupt this money-making at the expense of the Company and the weaver. As a consequence of the famine there was some diminution of revenues. But the Directors were justified in writing: "When we consider that bills were drawn on us about this time for one million sixty-three pounds sterling we cannot but be of opinion that so great an addition to our common resources must have been more than equivalent to such diminution of revenue."<sup>24</sup> The Court appeared to be so ignorant of the state of things in India that they believed they would be able to improve their Investment position in India by creating a Board of Trade and by preventing their servants from trading in any of the articles which composed their Investment directly or indirectly except on account of and for the East India Company until Investment was completed.<sup>25</sup>

The agency system was established in 1753. When the Court of Directors expressed their approval in 1755, they wanted that a supervising committee should be formed immediately. Until 1770, the *aurungs* were under a committee called Committee of the *Aurungs* and the President of the Committee was the Second in Council. But the Export Ware House Keeper had practically the sole management, the Committee only signing public letters and despatches of treasure. When the Court passed an order prohibiting members of the Council from holding posts at the Presidency, a Controlling Committee of Commerce was established, the Export Ware House Keeper still managing the Calcutta *aurungs*. Very soon, however, a Controller of the Investment was appointed who took up a considerable portion of supervision work. Subsequently, by the Court's order of 29th March, 1774 a Board of Trade was established

composed of eleven senior servants of the Company. Samuel Middleton was appointed President with seven other members resident at Calcutta and four Chiefs of subordinates or Residents at *aurungs*. The President was given a salary of £2,000 sterling per annum and the other members £1,500 a year. They were not to get any other emolument "except such advantages as may arise from carrying on a legal trade."<sup>36</sup> In 1776 the Court directed that "The Board shall entirely have under them the executive part of the business and only the amount of the Investment be subject to the control of the Supreme Council." The Directors expected that in this way it would be possible to obviate some of the grossest abuses but they were destined to be disillusioned.

The Directors became very much anxious to put an end to Bengal's gradual economic decline which had gone on for some years past. Even before the constitution of the Board of Trade they had given certain instructions to the Calcutta Council which they hoped would stem the rot and give a new turn to the state of affairs. They wanted to revive the mode of providing Investment by contract with *dadni* merchants. "Make your contracts as extensive as possible"—this was their injunction. If necessary, ready money purchases were to be made to supply the deficiencies of contracts. To secure general freedom of trade it was proclaimed that no servant of any rank or station was "to enjoy the exclusive privilege of *dustucks*—not only *dustucks* but *rowanahs*, *perwannahs*, orders, letters or favours which can in any way yield an influence or superiority."<sup>37</sup> It was the confirmed belief of the Directors that commerce languished because of the privileges of their servants.

The Court wanted to go back to the state of things before 1753—*dadni* merchants providing their Investment and in private trade fair field and no favour. They hoped that this policy would give encouragement to the "country" merchants which was very much needed. But the Court was unable to break down the entrenchments of the privileged

private trade of their servants in India. The Governor in Council wrote back to say that this policy, if given effect to, would create a monopoly upon extravagant terms and would involve not only immediate loss of the balances but also debasement of quality and deficiency in quantity. They therefore suspended the execution of the order. The helpless Court of Directors contented themselves with saying, "Although this design has proved unsuccessful we have the satisfaction to reflect that it must ever remain as a testimony of our intentional justice and humanity," adding in despair that "almost every attempt.....for the reforming of abuses have rather increased them and added to the miseries of the country."<sup>28</sup> Their next step was the creation of the Board of Trade already referred to. But that again only placed on more stable foundations the abuses which they had wanted to remove.

The amount of Investment steadily increased to about six million current rupees in 1767. It was ten millions in 1777. The price of Investment goods was fraudulently advanced by the Board of Trade during some years but with the exception of some war years the Investment figures normally averaged nine millions and even in 1793 Investment totalled Rs. 1,09,59,130. The two principal articles comprising Investment were raw silk and cotton piecegoods. In 1793 raw silk Investment was C. Rs. 25,86,847 and cotton piecegoods C. Rs. 67,68,408. Thus nine-tenths of the Investment consisted in piecegoods and raw silk. During war years the sum allotted to Investment had to be reduced but subscription Investment made up for this reduction. In 1793 cotton piecegoods numbering 8,39,905 pieces were exported, in 1795 8,67,040 pieces.<sup>29</sup>

Investment had thus become more or less a permanent system, one of the main links in the connection between Great Britain and India—"the investing this surplus and our other funds in India in goods marketable in Europe." The Directors felt at times that they were perhaps bringing too large an amount of the revenues in goods for which no

return was made. They were, however, told that mischief might arise from any considerable reduction of the sums which were annually distributed among manufacturers as the reward of their labour and ingenuity. Another line of argument was that goods must be exported from Bengal or the revenue in Britain must greatly suffer.<sup>30</sup>

Another aspect of the Investment policy deserves to be noticed. The Directors wrote in March 1768 that it was on the increase of raw silk that they chiefly depended for the bringing home their revenues, "the importation being a national benefit and the consumption more unlimited than that of manufactured goods." Again in March 1769 the Court of Directors wrote, "We would have you endeavour to induce the manufacturers of wrought silk to quit that branch and take to the winding of raw silk." Their directions were positive. "In the purchase of silk from the first hands we recommend you to give an increased price, if necessary, so as to take the trade out of the hands of other merchants of Cossimbazar to prevent the Sardars from winding off silk in their houses. Should this practice through inattention have been suffered to take place again it will be proper to put a stop to it which may now be more effectually done by an absolute prohibition under severe penalties by the authority of the Government."<sup>31</sup> In this connection we should consider the statement of Bolts that the winders of raw silk called *Nakads* had been treated with such injustice that instances were known of their cutting off their thumbs to prevent their being forced to wind silk.<sup>32</sup> It was already a well-known fact that the Directors wanted to increase their Investment of raw silk, and during the period of Clive's second Governorship in Bengal "It was a common thing for the Company's sepoy to be sent by force of arms to break open the houses of the Armenian merchants established at Sydabad (who have from time immemorial, been largely concerned in the silk trade) and forcibly take the *Nakads* from their work and carry them away to the English factory."<sup>33</sup> Raw silk was during

the years 1758-68 merely a profitable Investment item. But by 1769 the procuring of raw silk for the manufacture of Great Britain became "a great national object" in the words of the Court of Directors. To procure the greatest quantity of raw silk for the manufacture of Great Britain it was necessary to prepare it duly and properly for the British markets so that it could obtain a preference of the foreign and imported silk. The defects in Bengal wound silk—inequality and frequent breaks—were sought to be removed and attempts made to wind off at once from the cocoons into skeins of such quality and dimensions as would fit Bengal threads for the European market like Chinese and Italian raw silk. The East India Company's increasing Investment in raw silk opened an inlet to private trade. The *pykars* bought with the cash advanced for the provision of Investment large quantities of raw silk which was declared unfit for the Company's Investment and was afterwards sent to those in charge of Investment at Cossimbazar as private trade.<sup>34</sup>

The price of raw silk very much increased as a consequence of the famine of 1770 which swept off multitudes of those who bred silk worms. To the obstinate influence of the *pykars* (petty brokers) over the *chassars* (who bred silk worms) was also attributed the rise of the price of silk goods, but they acted mainly as the agents of private traders, who were mostly servants of the Company. Restriction of private trade in *putney*<sup>35</sup> which the Directors wanted was declared by their servants in Bengal as prejudicial to the revenue of the country because "... the produce of raw silk is in general to a much larger amount than the Company have funds to purchase allowing at the same time for supplies to the other branches of Investment and for the charges attending their civil, military and marine department."<sup>36</sup> The Directors, however, insisted that no private trader be permitted to purchase silk of any kind or quality whatever at any *aurung* from which the Company's Investment was supplied but that all such private traders must seek other *aurungs*.<sup>37</sup>

Another feature of Investment position in the sixties and seventies of the eighteenth century should be noticed. The Dutch and the French wanted to put an end to interminable wrangling with the British about piecegoods investment by demanding a partition of weavers. The proposal was rejected by the Calcutta Council on the following grounds—"This would be to throw off the mask and acknowledge ourselves the sovereigns of the country . . . . . the disproportion of hands necessary to form their investment and yours would appear so great that we could not accept the proposals without confessing all that policy requires should be concealed."<sup>38</sup> A proposal was later made by Chevalier of Chandernagore that the Investment of the two companies be provided at the Calcutta *aurungs* by the same merchants. As the French Company no longer existed and French trade was confined to French private traders, the Court commented on the absurdity of the proposal. They added: "It is our desire that you take care not to violate the faith of treaties and that you live in good terms with the French so far as it may be practicable but that it is no less our wish to supplant them as far as we may safely and prudently do it in their commerce."<sup>39</sup>

Before the constitution of the Board of Trade, Investment was provided by the servants of the East India Company in the *aurungs* with the help of the *gomastas*. In theory the servants of the Company did not get any commission or profit, the advantages which they derived from private trade being regarded as sufficient inducement for their exertion. As early as 1760, the Court of Directors had written: "It is a well-known fact that our Chiefs at subordinates gain full twenty per cent upon the goods they provide the private traders,"<sup>40</sup> and they added, "Even a writer trades for many thousands when at the same time he has often not real credit for a hundred rupees." They referred again in 1773 to the monopoly of commerce by the Chiefs and others at the subordinate agencies. When the Board of Trade became established in 1774 it gradually



became the practice to procure Investment by contract in which the "Company from time to time acquiesced on the recommendation of their commercial servants under an idea of its being the most advantageous to the Company."<sup>41</sup> These contracts were made by the Board of Trade principally with their Chiefs at the subordinate factories and other Europeans. Wherever Indians appeared as contractors they were other trustees for the Company's servants or made them certain payments out of the profits from contracts. Prices became extravagant and quality deteriorated. This was particularly so in the case of raw silk. The Directors wrote in April 1786: "The Company's goods produced but 1s. 10d. per current rupee (in the English market) whilst private goods after deducting 15 p.c. netted upon an average 2s. 6d. per current rupee although our Investment was procured under every advantage that influence could give it and goods for captains and officers by an unsupported individual."<sup>42</sup> The Directors became so exasperated that they filed suits in equity in England against some of their servants—Aldersey, Dacres, Chapman, Lucas—who had been contractors under the Board of Trade. The Board of Trade was reconstituted by Cornwallis and all their proceedings became subject to the superintendence and control of the Governor-General in Council. For the Investment of 1786-87 the proposals of the "natives" were mostly rejected.<sup>43</sup> On 22 January 1787 Lord Cornwallis wrote a minute in which he decided to reintroduce the Agency system and this later received the approval of the Directors.

After 1757 circumstances shaped in such a way that Agency or Contract did not matter much so far as the Indians were concerned. Contracts with the Company did almost always fall into the hands of the Europeans or of Indians acting for Europeans. The reasons assigned by the Board of Trade are significant—"The Europeans have little communication with natives who are not in some shape servants, public or private or dependants. Social communication

with them cannot exist while the use of the same common language, the advantage of ready perusal and comprehension of advertisements, which though translated are scarcely seen or known in the interior of the country, the familiar and social intercourse with each other of the respectable part of the European community, the connections of friendship and consanguinity added to the perhaps insensible but forcible natural attachment and regard as countrymen are in a manner decisive of the exclusion of the natives . . . . . the Board are sensible that though they have individually been each of them upwards of twenty years in India these causes operate upon themselves and they think it their duty to state them.”<sup>44</sup>

The servants of the East India Company were mainly responsible for Investment either directly or indirectly as agents or as contractors. Charles Grant gives an idea of his profits as a contractor of Malda and Buddaul Investment. He wrote, “In consequence of a general resolution I was called on to contract. I then stated real original prices of which the provision made by myself formed the basis and upon these I required for every kind of risk to which a contract exposed me 10 or 12 per cent. Money was at first advanced. This was the condition of the contract, afterwards order on the treasury payable as the state of it would admit was substituted and the realisation of these was tedious and uncertain but lastly paper only under the express regulation of a distinct period was given. Interest on private loan with the best security has risen to 12 p.c., and the discount on that paper given for the Investment has run up as high as 18 p.c. The discount on the paper that will be issued for the next Investment cannot be reckoned at less than 20 p.c. But I confess that I do not propose to provide the Company's Investment by discounting their paper. My hope is to raise the money necessary on my own credit. For this I shall have to pay the rate of interest now common 12 per cent per annum besides being obliged to transact my money affairs by agency which will

require 1 p.c. more in all 13 p.c. per annum. Between this percentage and the Company's rate of interest the difference is 5 p.c. I hope this difference may be deemed a reasonable necessary allowance on account of the far greater difference between the market and the denominated value of the Company's paper."<sup>48</sup>

For the Investment of 1787-88 the mode of provision was partly contract, partly agency. All the silk *aurungs* were put under the management of agents. The important cloth Investment centres at Dacca, Luckipore, Santipore and Patna were also placed under the agency system. Only in some of the smaller Investment centres where Investment was very small and "more within the reach of the natives" were Indian contractors allowed to continue. In some of the larger *aurungs* the contract system had to be continued because some contracts had yet to expire. By August 1789 the Board of Trade was in a position to report that the Agency system (except as to indigo for which the Company had no establishments) was now universal. The manufacturers were in general better paid, the cloths improved and the total cost including commission less than in the last period of contract. The net saving in money exchange of the discount on certificates was 12.9 per cent.<sup>49</sup> The Board of Trade permitted the Commercial Agents to trade on their own account because they considered it "inexpedient to attempt the abolition of a privilege so long established." But the extent and conduct of the private trade of the Commercial Agents were regulated on certain principles formed into regulations.

The abolition of *dalals* in the provision of cloth Investment was one of the principles of the new Agency system. As a consequence the *aurung* establishments had to be increased. The commission on Investment for piecegoods and raw silk in 1789 amounted to C. Rs. 3,16,289. Indian names disappear completely from the Investment list, even the small centres at Rangamati and Chittagong being placed under European Residents. By the allotment of 1790, commission on

piecergoods Investment amounted to Rs. 2,68,796 and on raw silk to Rs. 1,60,778.<sup>47</sup> The Board of Trade remarked in October 1790, "The advantages of the present system of agency are generally admitted, the abuses of native servants in trust checked, the habits of fair dealing, order and method daily gaining ground to the happiness of the country and the benefit of the Company."<sup>48</sup>

The Indian middlemen disappear entirely from Investment procurement. No regret was perhaps felt for them for most of them were either servants or dependants of members of the East India Company's service. *Dalals* and *pykars* were not very numerous in the days before Plassey and they were then registered in the Government books. In Dacca before Plassey only 9 *dalals* and 11 *pykars* were permitted in the cloth trade. Any other person calling himself a *dalal* or a *pykar* was liable to be punished by Nawab's Daroga of Mulmul Khas Kuthee. They paid 3,000 rupees for this privilege. In 1774, Barwell put an end to this restriction and in 1789 there were at least 100 such fellows in Dacca.<sup>49</sup> The state of things in Dacca before the battle of Plassey is best described in the words of Bebb, who was Resident at Dacca in 1789—"The manufacturer in treating for the sale of his material and labour could say 'you do not offer me the price sufficient therefore I will not sell this assortment to you' and the purchaser was in a position to say 'you demand too much therefore I will not buy of you unless you will be more reasonable.'" Bebb writes, "I find by a factory record of the year 1757 under the signature of two very respectable characters now in England, W. B. Summer and Cartier, that it was meant and even specially stipulated with the *dalals* in consequence of the weavers' complaints that the weavers shall receive the full amount advanced by the Company."<sup>50</sup> After Plassey the weavers were comparatively free only in those areas where the East India Company's Investment and the private trade of the Company's servants were exposed to the full force of foreign competition—Dacca, Cossimbazar, Malda and Santipur.

Coercion and monopoly gradually developed and led to further and further interception of the weavers' profit by middleman. Before Plassey there was no doubt some interception of the profits of the weavers. But when all is said, purchases were made on the whole not unfairly without any other influence than superior credit. The situation gradually deteriorated. This can be proved by statistics contained in the Proceedings of the Board of Trade.<sup>51</sup> Goodwin at Luckipore collected these statistics in 1775.

The *dalal* and the *pykar* intercepted a considerable portion of the earnings of the weavers. The Chief or Resident had also his share. The *dalal's* share did not increase during the period under review but the Chief or Resident began to share in this interception of the earnings of the weavers. He was therefore no longer a check upon the *dalal* and *pykar*.

The Court of Directors were made to believe, by their servants in India, that there were not at that time in Bengal any native merchants possessed of property adequate to such undertaking or of credit and responsibility sufficient to make it safe and prudent to trust them.<sup>52</sup> But it would have been more relevant to assert that in the existing circumstances "natives" possessed of property were not very willing to take part in the Investment business of the East India Company. Two very substantial "natives"—Huzuri Mal and Dayal Chand—were appointed managers of a bank brought into existence by Warren Hastings with a view to reforming currency and credit. The venture was financially successful. Its failure was due to the political rivalry between Hastings and Francis. Even in the eighteenth century "men of substance and character" were not wanting to become security for European contractors—Baranasi Ghose, Durpanarain Tagore, Madan Dutt, Jainarain Ghosal, Nursing Babu of Cossimbazar and others. In the case of Baranasi Ghose, who was security for Harris, a European Investment contractor of the Company, it was admitted by Cornwallis that "it was an act of goodwill to Mr. Harris without any adequate interest in the concern."<sup>53</sup> In the smaller *aurungs*—Chunderconah,

Chandernagore, Cuttora, Barnagore—we find Bengali contractors in the Investment lists under the Board of Trade until the days of Cornwallis. The Seths and Basaks were conspicuous *dadni* merchants before 1753. They were not prominent under the Board of Trade though a Seth or a Basak appears now and then in the list of persons submitting proposals for contracts for smaller *aurungs*. But the list of Bengali merchants making contract offers does not indicate that they were very substantial men. Respectable Indian contractors had almost disappeared from Investment business and the very small number of those who were there were squeezed out in the days of Cornwallis. The case of Akrur Dutt fully illustrates how this was brought about. He was a creditable *dadni* merchant in 1740. In the eighties he was the Company's sloop contractor carrying packages sent to Europe and imported from Europe between Calcutta and Diamond Creek.<sup>54</sup> He was "a creditable native, an owner of sloops with whose conduct the Board had much reason to be satisfied". Yet in 1791 the Board rejected his proposal but Eckroyd whose offer they accepted was found unequal to the task. Eckroyd wanted to be relieved from his engagement and the Board had again to make the best bargain it could with Akrur Dutt. The Board's minute makes interesting reading. They observed, "The present affords another instance to the many upon the Company's records of the ill effects of inviting proposals of contract in a society which like that of the Europeans in Bengal, contains a number of adventurers possessing little or no capital, eager for employment at any rate, hazarding as it were in a lottery in which they may, under fortunate circumstances, draw a prize and in which they risk comparatively nothing, having little or no property to lose and no credit to maintain. This is without remedy for so soon as an European acquires so much property as he may deem sufficient, to satisfy his desires, he removes himself to Britain and contributes to induce others endued with the spirit of adventure or hopes of subsistence to resort hither."<sup>55</sup>

The "native" merchants received no support unless circumstances left no alternative to the administrators of the East India Company's affairs in India. Monied men in Bengal did not come forward for the commercial business of the Company because the servants of the Company did not want them as competitors. In these circumstances, the work of Cornwallis consisted largely in checking the abuses for which the Company's own men and their "native" agents and servants were almost entirely responsible. Cornwallis did not very much exaggerate when he wrote to Dundas in 1787, "I have every reason to believe that at present all the Collectors are under the name of some relation or friend deeply engaged in commerce and by their influence as Collectors and Judges of Adwalut they became the most dangerous enemies to the Company's interest and the greatest oppressor of the manufacturers."<sup>56</sup> So he made provision for liberal allowances to be paid to Collectors and then issued revenue regulations and orders against their engaging in trade.

The impact of the Industrial Revolution in England upon the Investment policy of the East India Company is very well illustrated in the letters from the Court of Directors. In 1782 the calico printers put pressure upon the Directors to prohibit the importation of printed goods from Bengal. The Directors readily agreed to prohibit for four years in the first instance. In 1783 they sent muslins manufactured in Manchester to India with a view to giving their servants an idea of the altered state of things. They wrote that the price of these muslins was already "twenty per cent under our own."<sup>57</sup> In 1788 they wrote that they apprehended that the export of ordinary and middling assortments of piecegoods was already doomed. The Board of Trade, under instructions from the Court of Directors, wrote to the Residents at different *aurungs* that they wanted to improve the quality of the muslins, in other words, to improve the hands of the weavers employed upon the coarser fabrics. They therefore directed that the weavers should be furnished with new and finer reels, "which being an article of no great expense though essential to im-

provement we are willing to be at the expense of it in the Company's account."<sup>58</sup> John Bebb from Dacca naturally enquired "Whether the thread in England was spun by the new spinning wheel or by other machines, particularly by the ingenious machine invented by Mr. Arkright, if by that machine wherein consists the excellence of it, and whether you imagine such machine could be introduced and worked successfully in this country."<sup>59</sup> The Directors could only think of introducing new and fine reels because they were cheap enough but they could not possibly be permitted to introduce Arkright's Spinning Jenny or any other new machinery into India. The proportion of coarse to finer assortments can be illustrated by reference to Dacca Investment of 1789. Of the 30,504 pieces provided for Company's Investment at Dacca in 1789 the different qualities were thus composed—A, 3,669; B, 8,504; C, 13,355; D, 3,784; E, 1,172; F, 20.<sup>60</sup> It was not possible with only new and finer reels to improve the quality to such an extent that all 30,504 pieces would become A and B varieties. The Court of Directors knew that they must yield to British manufacturers. They could improve the production of raw silk in 1769 because that suited British economic interest. They now thought that the best method of subserving British economic interest would be to import raw cotton in the place of cotton fabrics. They decided to import 500,000 lbs. of weight of Broach or Surat cotton or cotton of the produce of Bengal of a similar quality. The manufacturers also suggested some substitute remittance in lieu of proposed reduction in piecegoods. The Court of Directors thought of raw cotton, raw silk, sugar, indigo, hemp and flax, even jute and tobacco as substitutes for piecegoods. In 1786 cotton yarn disappeared from Investment. The Directors were inclined to think that indigo might become "One of the best means of remittance to this country and one of the least prejudicial exports from Bengal."<sup>61</sup> In 1788 they wrote again that "Indigo by creating from the soil and labour of the natives an export commerce capable of being carried to a very large extent as well as ulti-



mately to benefit this country in supplying an article so necessary to its manufactures and for which large sums are annually paid to foreigners." The Investment of indigo was provided by remittance contract system.

Unfortunately for the Directors' new Investment policy they learnt from their servants in India that Bengal did not produce cotton equal to their demand for its consumption and that Bengal imported a large quantity of cotton amounting to 2,89,336 factory maunds. The Board of Trade reported that Bengal's needs ought to be supplied previous to compliance with requisition for exportation. "It would be an act of extreme hardship not to say injustice and cruelty to this country to throw its poor manufacturers out of employ by depriving them of the material on which their labour and subsistence depend."<sup>53</sup> The Board, however, envisaged the possibility of their being able to manufacture sufficient quantity of sugar for internal consumption as also for export to other parts of India, to Persia and to Arabia. They planned to have an additional cultivation of 1,015 square miles of good arable land in sugar for exportation and this would also enable them to make sugar a staple article of export to Great Britain. But even in 1795 they were conscious that sugar as an article of export was not yielding direct advantages in the way of profit.<sup>54</sup> "Their essay in the article of sugar" did not at this stage appear to be promising. At the same time silk trade had begun to decline in England on account of the rapid progress made by the cotton manufacturers and the price of silk was so reduced that it fell from 21s. 8d. to 16s. 4d. per lb. The Court of Directors thought that hemp and flax were capable of being worked up into a variety of manufactures at present supplied from Russia but they soon found that these articles would not serve for cordage or tent cloth but only for cart ropes and line for scales. The opinion about jute which they got from linen factories was that the whole of it would not bleach and therefore it was useless to them.<sup>55</sup> But even in July 1796 the Directors were flattering themselves that their sales particularly of piece-

goods had experienced less depression than could be well expected. "We deem this", said they, "to be in a great measure owing to the quality of the various assortments."

The Directors were deluding themselves and colonial economy was already taking shape, its characteristic features developing in the early years of the nineteenth century. Charles Taylor, one of the delegates from the English Calico and Muslim Manufacturers, who had attended the Lords of the Privy Council, made the remark that the Directors and British manufacturers "regarded each other with a jealousy which was prejudicial to the welfare of both countries and entirely destructive to the real interest of both parties." He wanted to render the connection between India and Great Britain mutually and truly serviceable and pleaded that 'some political attention would be necessary in India.'<sup>1</sup>

Thus we come to the threshold of the nineteenth century in which Bengal's economy became fully subservient to that of England. The process began in 1782. We admit the inevitability of the outcome. But the impression left on the Indian mind by the policy pursued during these years can be best expressed in those historic words—"Woe to the vanquished."

<sup>1</sup> *Dadni* means advance money. This was paid to the merchants to enable them to make advances to the Weavers.

<sup>2</sup> To Court 26 July, 1784.

<sup>3</sup> *Ibid.*, 20 August, 1751, para. 34.

<sup>4</sup> From Court, Serial No. 1, 1755-58, page 15, para. 46.

In 1751-52 when the *dadni* merchants attended the Board to begin their Investment for the current year they were asked on what terms "... they would contract for the year's Investment. They replied that they could not think of entering into new contracts until the accounts were adjusted and they gave us the same answer on the 1st, 15th, 18th and 22nd April and in this obstinate refusal they continued till the 27th May when with the utmost difficulty we prevailed on them to sign their accounts." The *dadni* merchants refused to agree to any deduction from the contract price as the French and the Dutch having made large contracts for them had enhanced their prices. The *dadni* contractors proposed "... contracting on the same terms as last year viz. one-third ready money and two-thirds *dadni* to be allowed interest on the former from the 1st June and interest on the 50% *dadni* to commence from the 15th June and on the remaining 35% from the 1st October. We told them that if it should happen we could not advance them the 35% in October we should give them notes at interest for the amount there was delay in contracting for. For raw silk the merchants were more or less the same as in the previous year for *dadni* and ready money goods. For saltpetre Omichund's offer of 5 Arcot rupees and 14 annas per factory maund had to be accepted though

the Calcutta Council wanted it at the rate of Arcot 5-4 per maund. They had to yield because they were apprehensive that the French or the Dutch would purchase this *petre* if there was delay in contracting for it. For raw silk the merchants were reported to have demanded 'extravagant prices' for the French, Dutch and Gujratis were buying up at a very high price. It was with great difficulty that Sobharam Basak, Ramkrishna Seth, the Cotmahs and other *dadni* merchants could be persuaded to agree to have the contract of raw silk. After this when the time came for the delivery of the cotton piece goods the merchants brought in their cloth very slow. They complained that on account of the strictness in sorting they lost on *gurrahs* and *soot rumals* 'from 20 to 25% for which they wrote to their dalals to whom they advanced *dadni* to deduct the like amount out of the cloth and have received for answer they will not send them any more of the kind of goods on those terms.' They added that the French and Dutch merchants, being well supplied with money early in the season, had raised the price of cloth at the *aurungs*. They had therefore forbidden their *gomastas* to buy in the hope that the cloth would be cheaper. But the Calcutta Council thought this delay was intentionally made in order that they might not have sufficient time for sorting and grading. The *dadni* merchants were told that all cloth brought in after the 21st January should be cut in the prizing. It should be stated that *dadni* merchants contracted under penalties to deliver the goods at stated times and prices and were amenable to the laws of the country when they were guilty of any irregular practices.

This was the conduct of the *dadni* merchants referred to by the Court of Directors.

[Letter to Court, 1751-52, vol. 3 paras. 46-54 *ibid.*, 20 Aug. 1751, pp. 41-43.]

<sup>3</sup> To Court, 1753-54, p. 57.

<sup>4</sup> From Court, 11 February, 1756, p. 61, 172, 173.

<sup>5</sup> From Court, 31 January, 1755, p. 56.

<sup>6</sup> Calcutta Mayor's Court Records, 1758.

<sup>7</sup> From Court, 3 March, 1758, p. 147.

<sup>8</sup> Ms. Eur. D. 283.

<sup>9</sup> To Court, 27 February, 1758, p. 25.

<sup>10</sup> Furber—*John Company at Work*, p. 163.

<sup>11</sup> *Reflections on the Government of Indostan*.

<sup>12</sup> From Court, 3 December, 1760.

<sup>13</sup> To Court, 25 September, 1768, p. 20.

<sup>14</sup> Vansittart—*Narrative*, Vol. II, pp. 97-102.

<sup>15</sup> To Court, 25 September, 1768, p. 13.

<sup>16</sup> To Court, 5 April, 1769.

<sup>17</sup> House of Jagat Seth—*Bengal Past and Present*, 1921.

<sup>18</sup> To Court, 5 April, 1769, p. 6, 7.

<sup>19</sup> From Court, 10 November, 1769.

<sup>20</sup> From Court, 30 June, 1769.

<sup>21</sup> To Court, 28 March, 1768.

<sup>22</sup> The account of the *aumcen* and one of the weavers of Santipur, 12 April, 1775.

<sup>23</sup> From Court, 3 March, 1775, p. 21.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*, p. 27.

<sup>26</sup> From Court, 1771 Serial No. 13A, pp. 35-42.

<sup>27</sup> *Ibid.*, 7 April, 1773, p. 21.

<sup>28</sup> Progs. Board of Trade, 7 July, 1793.

<sup>29</sup> From Court, 29 August, 1781.

<sup>30</sup> From Court, . . . 17 March, 1769, p. 30-35.

<sup>31</sup> Bolts—*Considerations*, pp. 194-195.

<sup>32</sup> *Ibid.*

<sup>33</sup> From Court, 23 March, 1770.

<sup>34</sup> Putney—the act of ordering goods from a manufacturer as opposed to filature silk.

<sup>40</sup> Home Public General letter to Court, 1770-71.

<sup>41</sup> From Court, 23 March, 1770, p. 47.

<sup>42</sup> To Court, 14 September, 1767, p. 62.

<sup>43</sup> From Court, Serial No. 13, 1769-70, p. 50.

<sup>44</sup> From Court, 3 April, 1760, p. 102.

<sup>45</sup> From Court, April, 1786.

<sup>46</sup> *Ibid.*

<sup>47</sup> From Court, 22 December, 1786.

<sup>48</sup> Progs. Board of Trade, Vol. 103, Part II, 1-29 April, 1793.

<sup>49</sup> Progs. Board of Trade, 23 May, 1786.

<sup>50</sup> Progs. Board of Trade, 23 May, 1786.

<sup>51</sup> Progs. Board of Trade, Vol. 84.

<sup>52</sup> Progs. Board of Trade, October 1790, Vol. 88.

<sup>53</sup> Board of Trade, 6 March, 1789 from Resident at Dacca.

<sup>54</sup> *Ibid.*

<sup>55</sup> Progs. Board of Trade, 3 October, 1775, Vol. V, p. 58.

Rates paid by the Weavers when Verelst was Chief  
16 Gandas in the rupee or 5 p.c.

To the dalal ... ..	10 Gandas
For charges ... ..	1-2
For Mohoree ... ..	1
For Charity ... ..	1
Cottah banian ... ..	2-2
	<hr/>
	16 Gandas

In Rumbold's Chiefship 1 a. or 20 Gandas

Himself ... ..	5
Cottah banian ... ..	2-2
Dalal ... ..	10
His Mohoree ... ..	1
For Charity ... ..	1-2
	<hr/>
	20 Gandas

In Wilkins' Residency

Himself ... ..	5
Cottah banian ... ..	2-2
Under banian ... ..	1
Dalal ... ..	10
His Mohoree ... ..	1
Charity ... ..	1-2
	<hr/>
	1 a. 1 Ganda

In Barton's time—

Himself ... ..	7
Cottah banian ... ..	2-2
Under banian ... ..	2
Dalal ... ..	10
His Mohoree ... ..	1
Charity ... ..	2
	<hr/>
	1 a. 5 Gandas

Suppose a piece of cloth was priced at Rs. 10/-.

Deductions made—Dalali and dustory, pycarry, batta and Muthout  
would together amount to 2 rupees or 20%.

<sup>56</sup> From Court, 3 March, 1775, p. 70.

<sup>57</sup> Progs., Board of Trade, 14 July, 1788.

" Progs., 14 July, 1788—medium of packages sent to Europe for 3 years.

	Bales	Boxes	Chests	Pipes	Bags
	8798½	2004	299	18½	35685
Imported—572½		35	1802	217½	casks 100

" Progs., Board of Trade, Vol. 93, 15 July, 1791.

" Ross—Vol. 1, August 14, 1787.

" From Court, 1 March, 1783.

" Progs., Board of Trade, 18 September, 1787.

" *Ibid.*, 5 October, 1787.

" *Ibid.*, 7 July, 1789.

" From Court, 12 April, 1786.

" Progs., Board of Trade, 14 July, 1788.

" From Court, 20 February, 1795, p. 16. In 1795 provision was made for 4,500 tons of sugar in 'Investment'.

" From Court, 27 July, 1796, pp. 30, 31, 32.

From Court, 20 February, 1795.

"The plan we had in view of throwing some of raw silk into organzine—Some portion of the silk of that description at present furnished by the Italian States. We were and are entirely disposed to leave to the persons who are at present or who may hereafter be possessed of throwing mills or to any other persons who will engage themselves mediators or immediately in active and vigorous pursuit of the proposed plan every advantage to be obtained from the manufacturing operation, our only object being to effect an increased consumption for the protection of an article raised in British territories . . . we have no wish to benefit ourselves in a commercial point of view beyond the mere advantages that will accrue from our extended sale of raw material."

" From Court, 8 April, 1789.

## CHAPTER III

### FRENCH COMMERCE IN BENGAL

COLBERT was responsible for the decision to establish French trading posts on the mainland of India. In the pursuit of this policy Chandernagore was founded in 1688. There were also two subordinate French trade establishments at Balasore and Cossimbazar. In the beginning of the eighteenth century French trade in Bengal was not in a flourishing condition. In 1722, however, they succeeded in securing a *Mughal parwana* which placed them on the same footing with the Dutch. The duty was reduced from  $3\frac{1}{2}$  to  $2\frac{1}{2}$  per cent.<sup>1</sup>

With Dupleix's appointment as Governor of Chandernagore in 1732 French trade in Bengal got a new impetus. The British Council in Calcutta wrote to the Court of Directors on 16 January 1733 that the French were sending that year five ships directly for Europe.<sup>2</sup> In the list of goods put up for sale at Port L'Orient in France we find calico stuff 387,820 pieces, 71 handkerchiefs of Cossimbazar for samples and 39 painted handkerchiefs of Cossimbazar also for samples.<sup>3</sup> The steady increase of East India commerce at Port L'Orient created such a favourable situation that the course of exchange between France and other states of Europe, which had been to the disadvantage of France until 1725, was very much in favour of France in the thirties, forties and fifties of the eighteenth century.<sup>4</sup> Dupleix is also reported to have achieved phenomenal success in developing commercial possibilities of Bengal through private initiative in inter-Asian trade. He was a pioneer among Frenchmen in his exploitation of Bengal's trade with Mocha, Manila, Achin, Pegu, Canton and Persia.<sup>5</sup> Chandernagore, which had not a single ship in 1732, possessed fifteen or twenty vessels in daily use by the Company's

employees when he left in 1742. Till 1753 the French Company's Investment was provided in most places by the same *dadni* merchants who provided the Investment of the English East India Company.\* But the French, like the Dutch, gave more favourable terms and had thus less difficulty in procuring their Investment. The great increase of French private trade can also be explained in this way.

In 1756 war broke out between France and England. It naturally led to the complete suspension of the trade of the French East India Company and of the French private traders in Bengal. On the return of peace in 1763, French trade in Bengal was slow to revive. Immediately after the conclusion of a treaty in 1763 the Court of Directors wrote that from the information they could collect with respect to the French East India Company it appeared to them in a very low and languishing condition. They hoped that the French Company would be dissolved and that possibly some few ships would go to different parts of India "on condition of paying His Most Christian Majesty an indulgence." But it was not until 1769 that the King's Council of State in France passed the decree suspending the exclusive privilege of the French East India Company, declaring that French subjects might freely trade to the different ports of India. The French East India Company was to grant passports gratis to those who would fit out ships for India. But all the goods produced from the trade to India must be brought to the port of L'Orient and "White cotton cloths, muslins, handkerchiefs and dimities shall be continued to be marked with and stamped with the tickets and leads of the Company." Thus during the period from 1764 to 1769 both the French East India Company and French private traders traded in Bengal. But, after this decree was given effect to, only French private traders continued to operate in Bengal until 1778 when war again broke out between the French and the English.

The French private traders were in a very advantageous position during the period between 1764 and 1778. They

traded on the capital of the servants of the English East India Company who wanted to remit their fortune to England and keep their remittance concealed from their masters. There was no parliamentary provision at this stage against such transactions and the French private traders did brisk business in French bills of exchange. The Court of Directors in England naturally complained in 1772, "We cannot but enquire how the French without money or influence fill their ships with the prime and valuable manufactures of Bengal and from whom they draw such large and to us ruinous resources."<sup>9</sup>

After the American War of Independence, when peace treaties were concluded in 1783, the Board of Trade in Bengal feared rivalry and competition on the re-establishment of French and Dutch trade in Bengal. Therefore they asked for full information but in some cases as in Dacca they failed to collect information that could be regarded as adequate though every one in Bengal knew that the French had done brisk business in Dacca before the outbreak of the War. Still this account of French trade in Bengal during the years 1764-1778 is perhaps the best available from British records.<sup>10</sup>

*Bauleah*—The French East India Company never possessed any regular factory. But about 1775 they rented a small house where they provided a quantity of country wound silk under the inspection and management of a *gomasta*.

*Radanagore*—A French gentleman used to reside in the neighbourhood on the part of the French Company to provide for investment of raw silk and cotton piecegoods but chiefly cotton piecegoods of the finest assortments manufactured in that part of the country.

*Sonamookhy*—Before 1768 the French made their Investment through *gomasthas*. But in that year Monsr. Le Seigneur came into Beerbhoom and obtained a few bighas of land from a Gossain. He built a house, termed it a factory, hoisted a French flag, established guards and made



advances through *dalals* to the tune of 1,25,000 rupees annually. He exercised an authority equal to that of the agents of the English East India Company and placed peons on the weavers if they defaulted. About 1774 he left and no other Frenchman came in his place. From that time no advances were made under the sanction of the French name.

*Rangpur*—M. Chevalier was deputed in 1754 or 1755 from Chandernagore to carry on trade with Assam for the French East India Company. He settled at Goalpara and did good business. On the capture of Chandernagore this trade on the part of the French Company was discontinued but M. Chevalier remained at Goalpara in the employment of some English gentlemen as their agent for the salt trade with Assam. From the time of M. Chevalier's departure no Frenchman resided there until 1767 when M. Laval was appointed. He was the agent of the English private traders in partnership with M. Chevalier. The concern did not succeed and was closed. After that occasionally a few Frenchmen resided at Goalpara and traded on their private account till 1778.

*Midnapore*—According to the evidence of the records of the factory the French did no trade here but they had a factory at Balasore and their trade was limited to that place.

*Cossimbazar*—The French kept a large factory with some grounds. They had their own brokers to whom they made advances and these people were responsible to them and if any manufacturer beyond their factory was indebted to them they were obliged to apply by their vakils to the established country courts of justice. They were no more than any other merchants of the country excepting within the limits of their factory where they exercised every authority.

*Pattahaut*—In this *aurung* French business was very brisk. They had a factory and a Narsing of Sonargaon was their head *dalal* of *aurungs* and a dependent of his own acted as a *dalal* both to the French and English factory. The *dalal* purchased with ready money or made advances as he

thought proper. But the *dalal* later quarrelled with both the French and the English. For some time after this the French transacted their business at Jugdea by making advances themselves to the *pykars* until a French agent engaged one Sobharam of Aminabad as his *dalal*. So much reliance was placed on him that for five or six years no French agent was there and then a French agent, Monsr. Broclay, came up and brought one Sobharam Mullick as his *banian*. He was succeeded by a Monsr. De Grange who was in charge of the factory when the American War of Independence began. The families that had connection with French agents at Jugdea suffered very considerably in their private fortunes. The extensive connections which they had established at Jugdea were at an end and they had in 1784 to begin anew.

*Khirpai*—The French had a factory where their Resident lived and provided goods annually from 1766 to 1774 when he left the factory. After that date French business was in the hands of *gomastas* and other agents. They had also a *Cooty* at Conicolly and everywhere advanced either openly or secretly to the weavers.

*Harial*—The French East India Company's connections here could not be traced in records before 1766. In 1766 and 1767 purchases were made by *gomastas* of *dadni* merchants, employed by the French upon the footing of private traders to the extent of thirty to forty thousand rupees each year. In 1768, 1769 and 1770 purchases were made by *gomastas* immediately nominated by M. Chevalier, then Governor of Chandernagore. In 1768 M. Chevalier's *gomastas* imported in cash and merchandise to the amount of a lakh of rupees with which they carried on their business till end of 1770. In 1773 they left the *aurung*. Since then the French had no connection with the *aurung*.

*Santipore*—During the years 1775, 1776 and 1777 M. Bedam, a French gentleman, hired a small bungalow in Santipore and purchased some cloths in his own account.

No other European except the Company's agent appeared at Santipore after 1763.

*Malda*—From 1763 to 1765 no business was carried on here in the name of the French. A resident of a village in the Malda zamindari entered into a contract with M. Chevalier and purchased goods for him. In 1767 a man named Kanai Sarkar came to Malda to purchase cloths and trade in other articles on behalf of M. Chevalier, as a contractor receiving commission. He hoisted a French flag over his house just as the *gomastas* of Englishmen did. He provided goods by contracts with the merchants and dealers of Malda and also set up factories in the mofussil, one at Kaliganj and another at Mahanandpore. In both these places he engaged some looms. In 1770 Bathoe who was Resident for the English East India Company made Kanai Sarkar take down the flag telling him that he might carry on business but should not hoist a flag. He also induced the English *gomastas* to take down their flags. In 1774 Kanai Sarkar was recalled and after that the French did not send any *gomasta* or agent until 1784.

*Patna*—French trade in Bihar consisted of two articles—saltpetre and coarse calico cloths. The stipulated annual quota of saltpetre, allowed to the French by the English, was 18,000 mds. of 76 Sicca weight. But the French agents did not always apply for so much. In 1777 and 1778 they received each year only half that quantity. The price fixed for this was Ely Rs. 206/- per md. The French *dadni* coarse calico business was largely confined to Shahbad where six thousand pieces of *gurrah* cloth were made for them in a year. According to the English Company's Resident linen trade in Bihar was appropriated by custom, in many districts, the British claiming two-thirds of the weavers and the Dutch one-third. Shahbad's linen business was, however, exclusively French. The British did not interfere. In other Bihar districts the French perhaps made some ready money purchases.

*Dacca*—The information supplied by Juggernaut Ghose, who was Dewan of the French East India Company, to Law, British Resident at Dacca, was disappointing. The French were reported to have traded chiefly in coarse goods provided through *dalals*. There was no mention of any particular *aurungs*.<sup>11</sup>

After the conclusion of peace in 1783, Frenchmen who had as individuals taken part in trading ventures in the East between 1769 and 1778, now formed a new French East India Company. They wanted to enter into an agreement with the Court of Directors in England for three years "... for the provision each year of goods worth forty lakhs of rupees including 30,000 pounds of Bengal silk and 4000 tons of saltpetre." This attempt to form an "international cartel" was, however, foiled and this new French East India Company was left to make headway on its own account in Bengal and Madras. This new French Company was prepared to import silver into Bengal. It did not depend, as the old French East India Company and the French private traders had done, on the remittance made by Englishmen in Bengal through the French. The French East India Company's agents in India naturally wanted an authoritative interpretation of the peace treaty so far as it concerned its trade. A provisional convention was entered into between Viscount de Souillac, the French Governor-General at Mauritius, and Lt.-Colonel Cathcart on the part of the Governor-General in Council at Calcutta.<sup>12</sup> The French were to receive annually 18,000 mds. of saltpetre and two hundred chests of opium at the price fixed before the last war. Six articles related to the protection which could be given by the French flag, the extent of French jurisdiction, the right of receiving debts and balances due by the weavers and *dalals*. The customs relating to civil or criminal matters as they were practised before the last war were to continue. In the written discussions no mention was made of a partition of weavers. Lt.-Colonel Cathcart wrote, "I judged that this partition could not be

the subject of a general regulation, that the proportion must be less subject to vary and that it may be settled of itself according to our mutual wants provided that no vexatious or improper means be employed on either side."<sup>12</sup> This provisional convention did not, however, become operative and a very limited convention was concluded. French purchase of saltpetre and opium was ensured and the goods of the French East India Company were exempted from every duty but that of 2½ per cent.

This state of things naturally led to disputes in Bengal. The French Company's agents were no longer as dependent as they had been before on the capital of the servants of the English Company. They had silver of sufficient quantity to sustain their credit with the *dalals* and *pykars*. The agents of the French Company in Bengal met with opposition, from the very beginning, from the servants of the English Company, because it was their private trade which was affected by the competition of the new French Company. The Proceedings of the Board of Trade indicate that the tocsin was sounded in every *aurung* that the re-establishment of the French and Dutch companies would lead to a strong competition in the purchase of cloths in all the *aurungs*. The French took some time to extend their activities and by 1787 the Board of Trade was receiving reports of uncommon competition from the French who were offering extravagant prices and raising the prices of goods even of inferior assortments.<sup>14</sup> "This tended to lessen all the restraints laid on the weavers and to encourage them by the most powerful incentive, that of enormous present gain to carry on a clandestine traffic with the cloties." The Governor-General in Council admitted the extent of this evil of extravagant prices offered by the French agents for cloths and wanted to know what regulations could check this great inconvenience to the Company's Investment.<sup>15</sup>

The French Governor at Chandernagore wrote to the Governor-General in Council that "... all the different cavillings that your officers have used towards our gomastas

..... appear to multiply to a degree which makes us apprehend an inability to prepare the cargoes which the Company require." The French Governor added, "What degree of comparative rivalry can there exist between our commerce and yours? When the demands of your Company are once accomplished ought we still to have to struggle against individuals who under its name endeavour to counteract our operations ..... above all things prevent your officers from abusing the authority which you confide in them and taking advantage of the distance which they are from you to disturb our commerce and to expose our funds to risk under the dangerous and false pretext of an indiscreet and abusive zeal."<sup>16</sup> Thus the French categorically asserted that the officers of the English Company were thwarting them not in the interest of the Company's Investment but for their own private trade. It is relevant in this connection to mention that when negotiations for a treaty were going on between the new French East India Company and the Court of Directors, Vergennes, the French Minister, is reported to have remarked that "The treaty was a consequence of the system which the English Company had adopted for disturbing the private trade of their servants."<sup>17</sup> Of course nothing ultimately came out of it and the private trade of the servants of the English Company remained too strongly entrenched for the trade of the new French Company to become its successful rival.

The French private traders and the Dutch Company's men did not enter into competition with the English Company's servants in their private trade even during the period 1769-1778. The reason was that French private traders and the Dutch East India Company depended very much on the supply of mercantile capital by the servants of the English Company. They could not afford to displease the English Company's servants. The British Free Merchants were, however, exposed to the full competition of these European rivals. There were some *aurungs* in Bengal where the Company's servants were also exposed to the competition of the French

and the Dutch because those who brought French and Dutch bills of exchange were not perhaps trading there. When the American War of Independence broke out even this limited competition disappeared. During the period from 1778 to 1784, the servants of the English East India Company, who had a close understanding with the English Free Merchants, had practically a monopoly of control over raw silk and cotton piecegoods because they were also contractors for the English Company's Investment.

The sudden reappearance of the French and the Dutch—the French sufficiently supplied with bullion—caused a flutter. It was evident that the Court of Directors favoured the idea of the French Company bringing some silver into Bengal which Bengal badly needed. The Directors were inclined to encourage the plan of the French working within certain agreed limits as rivals to their servants whose private trade was encroaching even upon the Company's Investment. But French opposition to this scheme on political grounds brought about its failure.

The French began from the bottom. Their friction with British Residents, who were contractors, began at once in several of the cloth *aurungs* in Dacca, Malda, Khirpai, Santipore and Patna. At the very beginning there was a flag controversy. Dispute on this question came to a head in Malda. There was a rumour in Calcutta in 1786 that the French were about to send flags wherever they had stationed agents. Udny at Malda intimated to the French *gomasta* that if he had any design of hoisting the flag he would do well to wait until instructions were received from Calcutta. He wrote, "A flag imposes upon the natives and may convey the idea of some privilege, authority or respect. Used by the French where they were not allowed before, it might naturally be used as a concession of greater influence and be capable of misapplication."<sup>18</sup> A French flag was actually hoisted on the site of the old French factory, a plot of ground 30 cubits long and 240 cubits broad. At Santipore a man came from Chandernagore to hoist a French flag on the ground of the com-

pound of the house where the French dalal Chuckoo Khan resided. This controversy about the use of flag merely irritated nerves on both sides. The French themselves did not insist upon hoisting flags in the houses of their *gomastas*. This could not be a matter of public right. This was the prelude to an almost interminable wrangling. The regulations of 22 April 1782, incorporated with the regulations framed in 1786, definitely forbade clandestine purchase of cloths from the Company's weavers. It was now alleged that the French *gomastas* carried on trade of this kind, that their agents went into remote villages of the Company's weavers where there was a public market and purchased from them for ready money cloths woven with the advances made to them from the Company's factory.<sup>18</sup> The weavers became averse to work for the Company. "They are fruitful in their devices to elude the factory servants placed over them"—so wrote the Resident at Malda. This state of things was not peculiar to Malda. Higher prices offered by the French tempted weavers in other places to break their engagements. But the remedy was also there. The Resident Contractors could prosecute in the *adauluts* all those who failed in the due performance of their agreements. The country courts were subservient enough. But Udny and other Resident Contractors did not apparently consider that this was enough. In May 1787 Udny seized twenty pieces of cloth which the peons of the French *gomasta* were carrying to the French *gomasta* at Malda. At Chandercona, Haripal, Cannicola, Santipore and adjacent places, Wall, who was the British Chief, was reported to have made a proclamation, by sound of drum, to all weavers, prohibiting them from working for any person except for the contractors of the English Company. He was even opposed to the idea of the French *gomastas* staying in this area. He placed peons at the door of every weaver to prohibit their having communication with the people. The French complained that he was "exercising this new tyranny with indecent stubbornness."<sup>19</sup> At Patna M. Pannon, the French agent, complained that impediments were never made in writing but verbally



because that was convenient. The French asserted that Rumbold at Patna had given them permission to make cloths at places where the English *gomastas* did not make any advances. The French could not foresee what the case now was. So they remained content with the verbal assurance and had not put the agreement into writing. The French further argued that before the outbreak of the war M. Carvalho, French Chief at Patna, had succeeded in training the weavers at Ancona-Navada, Barnavada, and the Sarkar of Shahbad how to make *gurrahs* of good size. Before his coming there weavers had made only narrow cloths. To avoid disputes the English had also agreed that 435 weavers should be attached to the service of the French in Bihar, besides those they employed at Fulwari.

During the period from 1778 to 1783 the weavers, who had worked for the French, naturally worked for whoever paid them. After the peace the French Chief wanted to have cloths made in all those places where the weavers had previously worked for them. But the French complained that they experienced a total opposition not by written but by verbal orders which the *gomastas* executed with the greatest vigour. As a remedy for these troubles the French wanted that the affairs in Bihar should be either put on the old footing or a certain number of weavers should be fixed for French service—435 in Bihar. Ancona-Navada and the Sarkar of Shahbad should remain to the French. 450 weavers should be fixed at Fulwari and as for the Sarkars of Hajipur and Tirhut they might be permitted to extend the number to one thousand without any prejudice to the interests of the English Company. E. E. Pote, British Resident at Patna, complained, on the other hand, that M. Pannon put no check to his *gomasta* Udaynarain. Four of the English Company's weavers were secreted in the factory and M. Pannon refused to deliver them up.<sup>21</sup> Udny at Malda took a very alarmist view of what he described as an invasion of the Company's rights by the French. He regarded himself as the general of the Company in that sector of the Investment front and he opposed

this French invasion. As it was very difficult to know which *dalals* were employed by the French he restricted their movements as much as he could. He said that they would otherwise sap the foundations of the Company's trade. He reported that there was an illicit correspondence between some Armenians working for the French and the *gomastas* of the Company's factory at Juggernatpore. He commenced an action against them in the country courts. He added that the French were willing to pay very high price and the "Whole country was agog to supply them on these terms and cloths poured in from all quarters." The French, according to Udny, did not take *rowanahs* for all their goods though that would exempt them from a part of other duties. They paid even the duties claimed by the zamindars. This was done by them in order to hide their transactions."

The French argued that the cloths seized by Udny were "... fabricated and contracted for clandestinely no doubt but not fraudulently." The very favourable terms offered by the French induced the weavers to give them the surplus of their labour. They either denied themselves some hours of rest or procured others to do their domestic duties. This was, according to the French, the innocent means adopted by them for the procurement of goods for their Investment. The French claimed that the first establishment of trade in white cloths at Malda was due to them. Since 1778 the servants of the English Company enjoyed the labour of all the workmen in the district. It was clear that they had profited more than the English Company itself. Now that the French wanted to regain their ancient footing, the servants of the English Company tried in every way to obstruct them. Udny proposed that the Frenchmen should take uninitiated weavers, in other words the weaver's children, who were employed by the fathers in weaving coarse cloths. M. Dangereaux asked, "Is he to be permitted to abuse for his personal and private interest the pretended right of employing all the workmen of Malda in order to exercise there a species of indecent monopoly." The French claimed that either a

number of good weavers should be reassigned them at Malda or every Company should be left at liberty to contract with any weavers they chose, without distinction, obliging them to fulfil their engagements according to order of the dates of their contracts. The French Agent-General added that they had twelve hundred weavers at Malda before the War. He concluded his letter to the Governor-General with the remark that a Frenchman might be as reasonable as an Englishman.<sup>24</sup>

In his reply to the French arguments the British Resident at Malda reported that the number of the Company's looms in Malda was 4533 and not 7400 as the French enumerated. The looms were called *Cautbundy*, which means of long standing, receiving money from the Company. It was not always that a piece of contracted cloth was received for every loom per month, and of the finer assortments, a very inferior proportion of the Company's orders were received. To obtain this deficiency advances were made to those weavers who, having large families, could produce more pieces than they had engaged for. Thus a large sum of money was laid out and there was a great risk of balances.

Udny admitted that his own private trade and the Company's Investment were inextricably blended. After the Company's orders were attended to, he purchased such cloths as were considered below the Company's standard and which it did not suit them to take. He argued that in this way more weavers were employed, the Company had the greater choice, and the inferior pieces being taken off his hands, the weaver could get money to begin anew. This was precisely the argument of the French that in the interest of their private trade more weavers were employed than the Company's Investment required. In this situation Udny too had no difficulty in proving that the French were competitors with the Company. But the French argument that French competition was really with the English private traders was very true. The French pleaded independence of the "country" government and wanted that their servants and dependents

should be exempted from the jurisdiction of the Company courts.<sup>25</sup> No doubt English authority creating "country" courts was derived from grants subsequent to the treaty of 1763. But there was nothing in the *farmans* and *sanads* granted to the French to warrant this assumption of independence and the position was untenable. They could not claim enfranchisement of their servants from every species of "country" jurisdiction on the basis of their *farmans* and *sanads*. But the subservience of the "country" courts made them assert this untenable claim. The Board of Trade might argue that in the "country" courts there was but one judge, an Englishman of high rank in the Company's service, who was interdicted from trade and who was sworn, but this argument could not carry conviction and the "country" courts were not unnaturally regarded with suspicion as guardians of British interests. Unless this suspicion could be eradicated the sense of grievance could not be removed.

From an analysis of French claims two demands really emerged—a limitation of British private trade and a larger participation of workmen in their trade. The French said, "In all these matters your Company is a mere cypher. Your Residents only use its name to impose upon you."<sup>26</sup> The obstruction of which the French complained was very real. The Board of Trade did not deny this and assigned the following reasons for this obstruction—

(1) The productive ability of the same manufacturers cannot be increased by their being hired for different employers. If a manufacturer is capable of producing only one piece of cloth in six weeks the competition of two or three persons for this labour cannot increase that produce.

(2) The permanent number of manufacturers in a country cannot exceed the demand for their labour, for if they cannot get work they will turn their hands to husbandry or some other means of subsistence.

(3) At the return of the French to Bengal all the manufacturers must have been employed either for the English

*Company, the Danes, the Portuguese or individuals, European and native.*

(4) They must either take inexperienced manufacturers, or, by higher prices, turn the labour of the other manufacturers out of former channels into their own.

The idea of any general and permanent system of guiding the weavers to extraordinary labour was dismissed as incongruous. It was argued that they had come in for a share of the ordinary produce which would have otherwise gone into former channels. The commerce of the country was not properly extended. They contended for the labour of the same men. The Board wrote, "There is a competition about time and about quantity. One will not wait till another is secured. Hence each makes what trade he can. The French agents do so, the English agents must do the same."<sup>27</sup>

The Board of Trade could not altogether deny that the French competition with the private trade of the Company's servants was the hinge of the whole controversy. On this point the Board's opinion is thus recorded—"The Company have at all times conceded to her commercial servants the privilege of fair trade. This was the original and has continued the just inducement to enter into their commercial employ and so far the servants have made a proper use of it. The treaty of peace stipulates that all the subjects of France shall have that privilege of free trade and here is a serious proposal from the French agents that the first class of British subjects in this country, the Company's servants, shall scrupulously be excluded from it. Nothing is offered or can be offered which shall put the servants of the French Company or French subjects upon a like footing. Trade is the only pursuit in which the French representatives here of all descriptions can employ themselves. So it is with respect to other European nations. The field would be enlarged for them all and Chandernagore, Chinsura and Serampore instead of Calcutta might then become the marts of Bengal commodities to which even the officers of English

ships might be obliged to have recourse to for their home investments and the hopeful plan now adopted of absorbing in the surplus tonnage of the Company and drawing to their sales the private trade of this country, would not only be defeated but the profits of that trade here and in Europe go into foreign channels . . . . . the extended knowledge, connection and influence which this scheme would give foreigners in the country with other effects that might be produced need not be insisted on."<sup>1</sup>

In this chain of arguments we notice certain very weak links. The private trade of the servants of the English East India Company was not certainly *fair* trade nor was proper use made of it. The private trade of the French was not here rivalling the private trade of the Company's servants until the French National Assembly opened the trade in 1790. The French East India Company of Calonne did not leave an opening to the French private traders in India. The political argument that the European rivals must not have extended knowledge and influence carried great weight. The outbreak of the French Revolution and the subsequent hostilities between France and England put an end to all French activity in India. But for five years this new French East India Company had kept up its credit, shipped a large amount of silver to India and introduced an element of real competition in the external trade of Bengal. This was a mere interlude but this interlude proves the truth of the assertion that the British traders could make no headway unless there was political power to support them against their rivals. The British must assert supreme overlordship if their trade were to continue unimpeded.

<sup>1</sup> Martineau—*Letters et conventions*, p. 19.

The *parwana* runs thus—

"M. D'Ardan Court, Director of the Company has come to re-establish this commerce. As the Dutch obtained from the Emperor Farruk Siyar a farman reducing the duty to 2½ per cent M. D'Ardan Court has sent his Wakil to us praying that he may be granted a *parwana* in which the duty of 3½ per cent would be reduced to 2½ per cent on the same footing as the Dutch. For this he promises to pay 40,000 Rupees to the Emperor and Rs. 10,000 to the Nawab of Bengal. Having received the said Rs. 10,000 we have given him the present *parwana*. Let none demand more than 2½

per cent duty, nor stop their boats and merchandise." The conditions under which the English traded were no doubt more favourable. They paid a fixed sum as duty.

<sup>9</sup> *History of Bengal*, II, p. 429.

<sup>10</sup> Macpherson—*Annals of Commerce*, Vol. III, p. 204.

<sup>11</sup> *Ibid.*, pp. 305 and 306.

<sup>12</sup> Virginia Thompson—*Dupleix and his letters*, p. 91, quotes from Memoire, p. 13.

<sup>13</sup> Progs. Board of Trade, Vol. 61, p. 331.

<sup>14</sup> Letter from Court—9 March, 1763, p. 53.

<sup>15</sup> *Fort William—India House Correspondence*, Vol. V, pp. 247-253.

<sup>16</sup> Letter from Court—1772-73, Serial No. 16, p. 22.

The Letter Books of Richard Barwell—*The Indian Archives*, Vol. VIII, No. 1.

The house of Bourdieu and Chollet, London merchants, transacted much business with the French East India Company. Drafts to the amount of forty odd thousand pounds sterling were sent on account of Rumbold.

<sup>17</sup> Progs. Board of Trade, Vol. 43, 6 April, 1784 also Vol. 44, 25 June, 1784.

<sup>18</sup> M. Varlie, a Frenchman, an inhabitant of Chandernagore, having rendered the King of the Maldiva islands some essential services, secured a favourable contract from the King for 20,000 cottah of cowries annually. He paid for them in rice valued at a high rate and by this means the French ships from Pondicherry, Chandernagore and Mahe procured a quantity of cowries with which to ballast home their Europe ships. What more cowries were found in the islands were sold to the Dutch. Some few came in their small boats to Pipli and Balasore. Price, a British contractor, first sent a capital ship to the island in 1772 with considerable presents to the King. He began to supply cowrie to the English East India Company's government at Calcutta. The Board of Trade, however, replaced him in this contract business by Fergusson. The Anglo-French War beginning in 1778, this branch of trade passed fully into the hands of the English East India Company. Progs. Board of Trade, 18 June, 1779, pp. 379-382.

<sup>19</sup> Progs. Board of Trade, 25 July, 1786, p. 529.

<sup>20</sup> *Ibid.*, p. 532.

<sup>21</sup> *Ibid.*, p. 532.

<sup>22</sup> Progs. Sec. and Foreign, 11 May, 1787.

<sup>23</sup> Progs. Board of Trade, 15 June, 1787.

<sup>24</sup> Furber—*John Company at Work*, p. 36.

<sup>25</sup> Progs. Board of Trade, 22 Aug., 1786.

<sup>26</sup> *Ibid.*, 17 October, 1786.

<sup>27</sup> *Ibid.*, 15 June, 1787.

<sup>28</sup> Progs. Board of Trade, 10 July, 1787.

<sup>29</sup> Progs. Board of Trade, 24 July, 1787.

<sup>30</sup> *Ibid.*, September 22, 1787.

<sup>31</sup> Progs. Board of Trade, 22 September, 1787.

<sup>32</sup> *Ibid.*, 19 October, 1787.

<sup>33</sup> *Ibid.*, 22 September, 1787.

<sup>34</sup> Progs. Board of Trade, 19 October, 1787.

<sup>35</sup> Progs. Board of Trade, 19 October, 1787.

## CHAPTER IV

### DUTCH COMMERCE IN BENGAL

THE DUTCH came first to Pipli in Orissa in 1627. Thence they advanced to Balasore. In 1655 they were trading both at Hughli and Balasore. They established themselves at Chinsura, a suburb of Hughli, between 1687 and 1702, and in 1681 bought Baranagore, a village to the north of Sutanati. They went to Patna for the first time in 1632, and by 1712 they were doing brisk business in Patna, Daulatganj, Chapra, Singhia and Hajipur. At Cossimbazar, near Murshidabad, their trade in silk became so well-established that they erected a magnificent building in 1739 which cost them 1,53,000 rupees. They did not feel very secure in their trade in Dacca, left that place in 1690 but in 1753 they again established themselves there.<sup>1</sup>

In 1733 the Dutch East India Company paid in Holland a dividend of 25 per cent. They did not divide their entire profits but reserved a "nest egg for accidents." In 1734 twenty ships from India carried their enormous cargoes which included spiceries and sugar, saltpetre, raw silk, silk goods and calicoes.<sup>2</sup> They did not, of course, take spiceries and sugar from Bengal but the other goods taken to Europe must have been largely from Bengal—saltpetre, raw silk, silk goods and calicoes. Dutch commerce in Bengal goods was quite flourishing in the thirties of the eighteenth century.

But inspite of this apparent prosperity the Dutch were already losing their ground in their trade in the east. The English had come in their wake in Bengal "pursuing them like gadflies" to all their trading posts. But the English outstripped them in point of privilege and freedom in their trade in Bengal by securing a more favourable *farman* from Emperor Farrukhsiyar in 1717. In the 18th



century Dutch enterprise was no longer what it was in the seventeenth. Adam Smith wrote in 1776: "Such a rich country as Holland would probably have sent many more ships to the East Indies than it actually does . . . . the limited stock of the Dutch East India Company repels from that trade many great mercantile capitals which would otherwise go to it . . . . the capital of Holland necessarily flows towards the most distant employments. The trade to the East Indies if it were altogether free would probably absorb the greater part of this redundant capital." The Dutch Directors were told by Coen, who was twice the Governor of the Indies (1618-23 ; 1627-29), "I swear that no enemies do more harm to our cause than the ignorance and stupidity existing among you, gentlemen."<sup>4</sup> This charge, if it was true in the seventeenth century, was certainly more true in the eighteenth. Their lack of imagination, their inability to adapt themselves to changing circumstances might have been due to their intricate home finance and their very complex organisation. Their six *kamers*, with Amsterdam dominating, have been likened to "six heirs having differing fractional interests in an undivided estate."<sup>5</sup> But the Dutch were so much intent on gaining ground in Indonesia, in Cochin, Travancore, Malabar and Ceylon that they were unable to push with vigour in the pursuit of their interests in Bengal. It may be noted that, between 1760 and 1765, they became reconciled to their position of dependence upon the British in Bengal, but if we look further south we find that by 1764 they forced the Raja of Ceylon (or the Emperor of Candy) by their monopoly of the supply of salt to yield and he was reduced to the condition of a prisoner of a large prison. Their preoccupations elsewhere in the east explain why the Dutch could never command respect in Bengal as a military or naval power.

The Dutch Directors in Bengal mishandled every crisis. Alivardi was not very sympathetic to the Dutch because they helped the partisans of Nawab Sarfaraz Khan whom he had defeated and killed. The Dutch helped Rustam Jang, Naib

Subahdar of Cuttack, brother-in-law of Sarfaraz, in his rebellion against Alivardi, the new Nawab. They also admitted that they leaned over to the Marathas when they made their incursions into Bengal. A Dutch Director at Chinsura later admitted that "... this would not perhaps have happened if we had not regarded him as a usurper and considered that nothing good would come out of him. It is bad to get mixed up in these internal quarrels. But there are situations in which you cannot remain neutral without getting both parties against you."<sup>6</sup> They remained neutral at the time of the capture of Calcutta by Siraj-ud-Daula in June 1756, but they also offended the Nawab who forced on them all the looted merchandise from Calcutta and also made them pay Rs. 500,000.<sup>7</sup> They could not, however, earn the gratitude of the British. As the crisis grew in 1757, and another battle between Siraj-ud-Daula and the English seemed almost inevitable, the Dutch with an army of only 78 men, one-third of it in hospital, could only assume the role of indifferent spectators.<sup>8</sup> There could not be, in these circumstances, any respect for Dutch power in Bengal. They did not recognise Mir Jafar and pay him the usual *nazrana* for a long time. They even demanded repayment of the money extorted from them by Siraj-ud-Daula in 1756. When Shahzada, later known as Shah Alam II, was hovering on the borders of Bengal in 1759 and 1760, the Dutch received two letters from the Mughal camp and wrote in reply offering their submission in the hope that if he succeeded even these formal letters would be of some value.<sup>9</sup> This brought on them the wrath of Mir Jafar and the English. The successive Dutch Directors at Chinsura—Lichterman, Kersseboom, Tallefert, Bisdom and Vernet—almost consistently misread the Indian situation and thus contributed to the weakening of the Dutch position in Bengal. The Dutch succeeded in securing imperial *farmans* granting them trade privileges in 1632, 1654, 1662, 1709. The *farman* of Jahandar Shah in 1712 confirmed these privileges. They paid a duty of 2½ per cent and were exempt from capita tax. But they were beaten in the race for privi-

leges in 1717 by the British. Between 1676 and 1760 the Dutch paid to the "country" government in *nazrana*, *peshcush*, in goods or in money, a sum of five million one hundred and thirty-two thousand rupees besides the usual customs duties.<sup>10</sup> In spite of their readiness to conciliate they could not get as much support from the "country" government as they thought they could expect. The Dutch Directors at Chinsura were very bad diplomats.

The Dutch East India Company's trade activities in Bengal differed in various respects from those of the British. The Dutch were more intent on securing saltpetre and opium than cotton and silk piecegoods. In the language of a British private trader, "Opium and saltpetre were their leading articles, cloth and silk a bagatelle." Another commodity on their export list was borax. A very important centre of their activity was Patna. Cossimbazar, a centre of silk production, was also considered important. But the Dutch were not conspicuous for their trade activities in Dacca. The Dutch lost their ascendancy in the saltpetre market in Bihar not long after the Battle of Plassey. It is relevant to notice that before Plassey they were in a position to make better terms with the Indian merchants than ever after. In 1746 the Dutch brought to Chinsura 36,000 mds. of saltpetre but, for want of boats, the English could not send even the 27,000 mds. which they had collected in Patna.<sup>11</sup> In some years the Dutch could even procure 60,000 mds. or nearly half the annual produce. In subsequent years we also find that the Dutch were in a much better position than the English in the saltpetre market. At one stage the English withdrew from saltpetre procurement altogether and even procured saltpetre through the Dutch. The position improved for the English when Deepchand, who was related to Omichand, took in rent most of the saltpetre districts in Bihar. But Khojah Wazid succeeded in displacing him and in securing a monopoly from the Darbar during the years 1752-54. At one stage the Dutch even thought of getting the monopoly transferred to them by paying a heavy *nazrana* of about Rs. 32,000. They

made a plan to manage the business in the name of Mir Afzal of Patna but it was not carried out. As they apprehended that they might have to pay a heavy *nazrana* every year, they decided to continue their policy of buying for ready money. A Dutch Director wrote: As the river flows you have to adjust the light. You have to adapt trade according to circumstances."<sup>12</sup> In 1755 they had the satisfaction to report that they had collected 17,966 bags of saltpetre of 2 mds. each and 9,130 more bags of saltpetre had been bought by some of their servants.<sup>13</sup>

From the beginning the Dutch took the lead in the opium export trade from Hughli, and though in the first half of the eighteenth century the British succeeded in establishing a predominance over them in the trade in cotton piecegoods and in silk goods and raw silk, the Dutch succeeded in retaining their lead in this item. They exported opium to Ceylon, the Malacca straits and the Malaya Archipelago.<sup>14</sup> It has been suggested—with what truth we do not know—that the smoking of opium, the most noxious way of taking the drug, was first introduced into China by the Dutch from Java. Before Plassey the French and the English together did not export even half the quantity of opium which the Dutch exported.<sup>15</sup>

The Dutch trade in cotton piecegoods was not very thriving before Plassey. The English and even the French had succeeded in taking the lead over them in this item, the Dutch paying more attention to opium and saltpetre. In 1750 the Dutch exported from Bengal only 37,000 pieces, in 1753—79,000 pieces, in 1756—51,000. The number fell to 45,000 in 1758 and rose to 47,000 in 1764.<sup>16</sup> When the British succeeded in getting the better of the Dutch in the saltpetre and opium market the Dutch turned more and more to trade in cotton piecegoods.

In 1755 the Dutch procured 175 bales of raw silk including tanna, florette, moga and white silk varieties. In the fifties they normally exported about 2,48,000 lbs. of silk each year.<sup>17</sup> Some silk piecegoods were sent to Japan, some to Malacca

but Europe was the chief market for silk piecegoods, some of the varieties yielding an enormous profit in the Netherlands. In 1753 the value of Dutch exports of silk piecegoods amounted to about 2 lakhs of rupees.

Among other items of Dutch export mention has been made of borax from Patna which came from Nepal. Another interesting item of export was butter from Bengal to Java. In 1755 a consignment of 554 lbs. of butter sent to Batavia was found to be considerably less in weight. In the fifties there were frequent complaints about the increase of the price of borax.

The Dutch import list before Plassey makes interesting reading. Silver bullion was the chief Dutch import. After the arrival of silver ships the Dutch first made provision for saltpetre and opium investment. If the supply fell short they borrowed money, the usual rate of interest being 9 per cent. Other items of import were nails, nuts, pepper, velvet, tin, lead, Japanese copper etc. The market for spices in Bengal became very dull because of unrest in Upper India. In 1755-56 40,000 lbs. of pepper were sold by the Dutch.<sup>18</sup> The chief Dutch import was, however, silver. Between January 1756 and January 1757 the Dutch imported silver valued at 31,68,681 guilders.<sup>19</sup> Their total export to Europe and Batavia amounted in these months to 42,19,737 guilders.<sup>20</sup> The Dutch import of silver was usually three-fourths of their export of saltpetre, opium, borax, cotton piecegoods, raw silk and silk piecegoods.

The Dutch lost their pre-eminent position in saltpetre export trade not long after the Battle of Plassey. Saltpetre was very much valued as the main ingredient of gunpowder. Sometime before the Battle of Plassey Siraj-ud-Daula ordered the stoppage of the sale of even a tola of saltpetre to the British. If he had some time to mature his plans he could have created a very difficult situation for them. Clive knew this and one of his first acts after the victory of Plassey was to secure a grant from the new Nawab

of the monopoly of saltpetre production in Bihar, the negotiations being carried through Nandkumar.<sup>21</sup> Nawab Mir Jafar issued a *parwana* granting "the saltpetre lands of the whole province of Bihar to the British Company from the beginning of the Bengali year 1165 in the room of Coja Muhammed Wazid." You are hereby directed, said the *parwana*, "to establish the authority of their gomastas in all the saltpetre lands of the aforesaid province, to give strict orders to the saltpetre picars not to sell an ounce of saltpetre to any other persons."<sup>22</sup> A writer in the London Magazine for February 1762 made the following characteristic comment—"His granting us an exclusive privilege in the saltpetre trade and a preference as to the purchase of all the manufactures of the country was but gratitude in him and it would have been ridiculous in us to have refused the favour. If we had made it an article in our treaty with him no European nation could have complained of it and the Dutch less than any other for they assume a general exclusive privilege of trade in all the Indian islands."<sup>23</sup>

Opium trade of the Dutch suffered greatly on account of troubles in Bihar, the whole land being crowded with soldiers in 1759 and 1760. The English Company's servants in Patna could easily see for themselves how profitable this trade in opium could be, and in 1761 the English Chief in Patna secured a *parwana* from Nawab Mir Qasim in which he was given facilities for the procurement of the entire amount wanted by him. But even before the Dutch could complain, the Governor and Council in Calcutta intervened and stopped what would amount to an exclusive trade in opium, because this would create international complications in Europe. Gradually, however, this trade came to be dominated by the English Company's servants in Patna. The British mode of operations was now different. They did not any longer try to appropriate by force but took away very quietly and gradually without any overt step which might create complications in Europe. They would listen to complaints but would not give any relief.

They would try to create an impression that it was the doing of the "country" government and its agents.<sup>24</sup>

Another cause of the decline of Dutch opium traffic should also be noticed. The Dutch had a growing market for opium in Indonesia. But the Indonesian princes opposed this policy of drugging their people and the people followed their chiefs—a refreshing contrast to what happened in China. A Dutch official wrote in 1756: "You know how much money is spent in these parts on opium. Now sales begin to diminish mostly because the princes object to it and the people follow their chiefs."<sup>25</sup>

The Dutch decided to fight for their position in Bengal. In the language of Mill they possibly "... aimed at no more than a share of the same advantages or to balance before its irresistible ascendancy the increasing power of their rivals."<sup>26</sup> A letter written by Bisdom to Clive on 28 December 1758 can be thus summarised. An assurance was given to the Dutch from Calcutta in January 1757 that if they remained neutral they would not be hindered in their privileges and possessions. But one of the consequences of the British victory was that the collection of saltpetre by the Dutch was completely stopped and that of opium, silk and cotton piecegoods was made ten times more difficult. An attempt was made to put the blame on the shoulders of the Moorish Government, but it was impossible to deny that the Government of Bengal was established with the consent of the British. Bisdom, Dutch Director at Chinsura, and Vernet, Dutch representative at the Darbar, decided to secure reinforcements from Batavia. They argued that the British under cover of the Moor had tried to traverse their trade as much as possible—obstructing their weavers, maltreating their *gomastas*, seizing by force men from Dutch ships and even Dutch people of high rank. This was Bisdom's version. "They would no longer," said they, "be sheep towards the Moors to be swallowed up by the wolves (the British)."<sup>27</sup> Bisdom, therefore, decided to strengthen himself by securing reinforcements, and Clive

decided upon settling the dispute by the sword. The Battle of Biderra was short but decisive (25 November 1759) and it gave a heavy blow to the Dutch. They concluded an agreement on 5 December 1759, which registered their complete submission to English demands. The Dutch had to agree to the political domination and the consequent economic domination of the English in Bengal. In the letter already quoted from, Bisdorn referred to the "... unfaithfulness of the Moors . . . . . while we were fighting they were watching. If the British had shown the slightest sign of wavering they would have come over."<sup>3</sup>

Though the treaty of 5 December 1759 made peace between the Dutch and the Government of Bengal, the contact established by the Dutch with Shah Alam II again roused suspicion and they were forced to raze the outworks of their fort to the ground and pay 50,000 guilders. According to the Dutch, Mir Jafar's want of money was responsible for these attempts to compel the Dutch to make payments. Mir Jafar, on the other hand, appears to have been convinced that the Dutch intrigued with his enemies. Holwell, who was Governor at Calcutta from February to July 1760, helped to create further misunderstanding by his "shrewd intrigues". The arrival of Vansittart from Madras and his installation as Governor eased the situation and a convention was finally concluded on 23 August 1760 between the Dutch and the Government of Bengal. The Dutch made an *arzi* (petition) to the Nawab and the English acted as mediators. The Dutch regarded this as a hopeless convention, but they felt so helpless because "the English were so much mightier in weapons." The Dutch were allowed to keep not more than 125 armed men. They were not to bring more than one ship at a time higher up than Kalpi, Falta, or Mayapore unless they had a special permit from the "country" government for this purpose. They were, however, allowed to trade freely in everything except salt-petre. In their letter to Amsterdam the Dutch referred again and again to the goodness of Vansittart which saved



them a lot of trouble. But, at the same time, they informed their home government that the English Council was "divided between two parties and that Vansittart's party was in a minority. Even if Vansittart agreed with the Dutch Director, he was not able to persuade the majority. But the friendliness of the two heads did something to diminish the frequent hold-backs in the customs check posts as a result of which boats carrying cotton piecegoods for the Dutch took a month to cover a distance which the English could do in ten days."

From Vansittart to Warren Hastings, the Dutch trade pattern in Bengal was the same. Clive said in his own defence in the House of Commons, "The Dutch were encouraged by the Nawab to enter the country with seven ships and a vast army. I did not hesitate a moment to give them battle. At this time the Dutch had most of my money and in this instance I think I showed a zeal for the honour and interest of the Company superior to every other object even of my own concern."<sup>30</sup> Clive was not alone among the servants of the English Company in putting his money in the hands of the Dutch. Almost all those who had money to send home preferred to buy Dutch bills of exchange. So the Dutch were not in want of money and they had not to import bullion or to borrow money of Indian bankers. But they no longer dominated the saltpetre and opium market. In his second governorship Clive gave them a definite assurance that they would get one-third of the total collection of saltpetre from Bihar. Their share was estimated at 28,579 mds.<sup>31</sup> By an agreement made with them in 1767, the Dutch received annually, at a fixed price, 23,000 mds. of saltpetre as their share of the produce in lieu of all their claims to manufacture in Bihar. The Dutch wrote in 1762 that it was not possible for anybody to imagine what the English were doing in their private trade in opium under Ellis, their Chief at Patna. He and his men treated the country people and the opium agents very harshly. Repeated complaints brought no redress. Ellis

and his men did all they could to prevent the Dutch from getting any opium. The Dutch godowns in Bihar were large and high and open on all sides with spacious windows, very much better than the godowns of the English. When these godowns were built, the Dutch had the manufacturing of opium in view and had constructed accordingly,<sup>22</sup> and later these godowns could only serve as models for the British. Instructions were sent from Batavia to buy opium from the English with the result that the Dutch trade in Bihar dwindled to a very considerable extent. The Dutch in Patna found that the best policy was to come to an agreement with the English private traders there. After Biderra there was no other alternative.

But Dutch export in cotton piecegoods and in raw silk and silk piecegoods increased very considerably. The Dutch wrote in 1765: "Although we have so many controversies in the trade in cotton piecegoods it is slowly increasing and we have cargo for more than we can put in two ships."<sup>23</sup> The Dutch seemed now to be very much aware of the fact that they could not afford to have serious quarrels with British agents. It would be contrary to their Company's interest too. Money from the East India Company's servants was pouring into the Dutch Company's coffer. The Dutch in India seemed to be very pleased with the improvement in their Investment in cotton piecegoods and silk. This state of things continued until Holland was involved in the Anglo-American war. The friendship between Ross, Dutch Director at Chinsura, and Warren Hastings facilitated the Dutch Company's Investment as also the private trade of the Dutch Director, although there were minor disputes and petty squabbles. On the whole, the Dutch Company succeeded in procuring an Investment of about forty lakhs without importing bullion. The Dutch bills were solicited by Englishmen as favours in the sixties and seventies, whereas the credit of the bills of the French private traders was not very high in the mid-seventies of the eighteenth century. The Dutch, like the French, wanted a division

of the weavers at the *aurungs*. Though a written memorial was submitted by Vernet to Verelst, the latter did not come to any decision in this matter, but merely gave an assurance that nothing would be left undone to bring all disputes to an amicable issue. But the proposal was never seriously considered and a meeting held to settle the dispute proved abortive. "A participation of the weavers" was to throw off the mask and acknowledge themselves sovereign of the country. It was also argued that this would be ruinous to all "black merchants".<sup>34</sup> In March 1768 the Governor and Council informed the Court that the Dutch planned an Investment of forty lakhs.<sup>35</sup> The large sums, paid by Englishmen into the treasuries of the Dutch, enabled them to make early and large advances for their Investments. This was the chief support of their trade. Though the English Company was persuaded to receive sums for remittance through their cash, the Dutch continued to do brisk business in their bills of exchange among Englishmen until the outbreak of the war. This source of their supply dried up after the war and for various reasons the Dutch could not, like the Fench Company of Calonne, import bullion. The distress of Titsingh, new Dutch Director at Chinsura, deserves to be noticed. The English Company and the English private traders were now very strongly entrenched. The appeal to Mughal *farmans* was of no use. Titsingh met with the greatest obstruction in collecting an Investment of piece-goods. A letter written to the puppet Nawab showed that the Dutch as usual misread the political situation. The reply was a snub from Governor-General Macpherson. The Dutch got their usual allotment of saltpetre and opium and they could only expect like the Danes to be carriers for British private traders. Titsingh's letter, dated 1 December 1787, reveals his distress. "It would have afforded him the highest satisfaction to have placed the amount of the spices towards paying the debt due to the English Company but he required the money towards paying the natives near Patna for piece-goods."<sup>36</sup> They had no advantageous import sales, neither

could they take up money or bring out bullion. Their private trade was never very considerable. In 1788 the Board of Trade at Calcutta reported: "The Dutch seem to have no Investment this year."<sup>17</sup>

The Dutch wanted in 1788 one thousand chests of opium instead of 500. W. Wright auditor, E. I. House, reported that the profit per chest at the late sales amounted to Rs. 300/-. He reported that the Dutch wanted this opium at prime cost. This would involve a loss of 300,000 on 1,000 chests.

The Dutch wanted 36,000 mds. of saltpetre. They expected to have it at the same price as the French by the convention viz.  $3\frac{1}{2}$  Rs. per md. Wright reported that some loss would arise but he could not say how much. The Dutch had an allotment of 23,000 mds. annually.

The Dutch thus depended entirely on British favour for these two articles of export. They did not count any more in Bengal's external commerce.<sup>18</sup>

<sup>1</sup> Letter from Fort Gustavus—27 October, 1755 f. 152-160.

<sup>2</sup> D. Macpherson—*Annals of Commerce* III, p. 204.

The Calicoes must have been largely exported from South India because they did not export altogether more than about 7,500 pieces from Bengal in 1733.

<sup>3</sup> Adam Smith—*The Wealth of Nations* Ed. by Cannan, Vol. II.

<sup>4</sup> Vlekke—*The Story of the Dutch East Indies*.

<sup>5</sup> Furber—*John Company at Work*—pp. 84-85.

<sup>6</sup> Letter from Fort Gustavus—27 October, 1755, f. 168-169.

<sup>7</sup> Adrian Bisdom's letter—January 1757, f. 14.

<sup>8</sup> *Ibid.*, f. 23.

Their army establishment in Chinsura in normal times consisted of 156 men. The Dutch later refused the request of the British Governor for a barrel of ammunition and 12 guns and also declined the British request made through the Jagat Seths for storing some merchandise they took from the French in 1757.

<sup>9</sup> Letter from Hughli—1 April, 1760 (Dutch Archive No. 2869).

<sup>10</sup> Taillefer's Memorandum, 17 November, 1763.

<sup>11</sup> Letter to Court, 30 November, 1746.

<sup>12</sup> Letter from Fort Gustavus—27 Oct., 1755, f. 199-200.

<sup>13</sup> A. Bisdom's letter, January 1756.

<sup>14</sup> *Report of Royal Commission on Opium*, 1795.

<sup>15</sup> Letter from Fort Gustavus—27 Oct., 1755.

<sup>16</sup> Letter to Amsterdam—Archive No. 2963.

<sup>17</sup> A. Bisdom's letter, January, 1756.

<sup>18</sup> Letter from Chinsura—dated March, 1756.

<sup>19</sup> A. Bisdom's letter, January 1757.

<sup>20</sup> *Ibid.*, February 1757.

<sup>21</sup> Letter from Chinsura—dated 5 August, 1757.

- <sup>22</sup> Aitchison—Vol. I.
- <sup>23</sup> *Bengal Past and Present*, Vol. 4.
- <sup>24</sup> Taillefert's Memorandum, 17 Nov., 1763.
- <sup>25</sup> Vlekke—*The Story of the Dutch East Indies*.
- <sup>26</sup> Mill—History, Vol. III, p. 204.
- <sup>27</sup> Letter from Chinsura—30 June, 1762.
- <sup>28</sup> A. Bisdorn's letter, 18 October, 1760.
- <sup>29</sup> Taillefert's Memorandum—8 Jan., 1763.
- <sup>30</sup> Commons Debates.
- <sup>31</sup> Letter to Amsterdam—7 Nov., 1765.
- <sup>32</sup> *Ibid.*, 17 Dec., 1762.
- <sup>33</sup> *Ibid.*, 7 Nov., 1765.
- <sup>34</sup> Letter to Govt., 14 Sept., 1767, pp. 60, 61, 62.
- <sup>35</sup> *Ibid.*, 28 March, 1768, p. 30.
- <sup>36</sup> Progs. Board of Trade, 5 Dec., 1787.
- <sup>37</sup> *Ibid.*, 2 Sept., 1788.
- <sup>38</sup> Br. Mus. Auckland Papers, 34467.

## CHAPTER V

### THE ARMENIAN TRADERS IN BENGAL

THE ARMENIANS lost their political position as a nation in the days of the Safavi rulers of Persia. In 1604 Shah Abbas of Persia forcibly transplanted about 40,000 of the Armenians from Armenia into Persia. They settled there principally in Ispahan and New Julfa. A very considerable number became scattered throughout the world like the Jews. As a commercial community they now played quite an important part in inter-Asiatic trade. In the economic history of Bengal they had a significant role in the seventeenth and eighteenth centuries. Most of the Armenians in Bengal came from New Julfa.

They were very early settlers in Calcutta. An Armenian Khojah Phanoos Kalandar entered into an agreement with the East India Company in London in June 1688 for trade to be carried on in English shipping by himself and other members of his community. His nephew Khoja Israel Sarhad helped the English to secure the zamindari of Calcutta, Sutanati and Govindpur from Azim-us-Shan. As a member of the Surman Embassy he was also largely instrumental in securing from Farrukhsiyar, the Mughal Emperor, the grand *farman* of trade privileges for the English East India Company. The Armenians had also a settlement in Saidabad, a suburb of Murshidabad, as early as 1665. They traded principally in cotton piecegoods and raw silk on which they paid a duty of  $3\frac{1}{2}$  per cent to the Mughal Government. It is relevant to note that the Armenian Church at Chinsura was built in 1695, the Church in Saidabad in 1758. An Armenian Church was built in Calcutta in 1724, and another at Dacca in 1781. But the oldest inscription on a tomb in ancient Armenian in Dacca is dated 1714.

Nawab Alivardi Khan was a great friend of the Armenians. Khojah Petrus Nicholas, a very respected Armenian merchant of Saidabad, was a great friend of the Nawab. Another great favourite of Alivardi as also of Siraj-ud-daula was Khojah Wajid, to whom Alivardi granted various trade privileges particularly in saltpetre. Wajid was exceedingly wealthy. He inherited from his father an extensive export-import business. In 1748 Commodore Griffin captured some trading vessels of the Armenian merchants who were residents of Hughli. Thereupon they appealed to the Nawab for redress. The plea of the English East India Company's men that the goods were seized by the King's ships and that they had no control over them, was of no avail. The Nawab charged them with piracy and threatened them with chastisement if they did not deliver up the goods of the merchants. The Nawab's *parwana* to the Governor of Calcutta, dated 9 July, 1749 contained a very significant sentence: "These merchants are the Kingdom's benefactors, their imports and exports are an advantage to all men."<sup>1</sup> The Armenians were in those days able to create a great noise at Murshidabad and the British had to give them satisfaction. Wajid was considered to be so important in commercial circles in those days that his good offices were used by Siraj-ud-Daula in February 1757 for peace parleys with the English after their recapture of Calcutta.

There are some bundles of old Mayor's Court records of the period from 1749 to 1756. A few cases instituted at a later period also refer to events of the period between 1740 and 1756. From these records we learn that the Armenians from Julfa were still coming to Bengal in search of fortune during this period. But for their export and import trade they depended very much upon the Europeans. As Orme puts it, the people in the East were "unskilful practitioners and worse theorists. It was common to find a Moor Ship waiting three years on a voyage which might easily be performed in one. Hence the Europeans are the general

carriers of the East.”<sup>2</sup> The Armenians traded mainly in raw silk and cotton piecegoods. In the list of their imports and exports we also find rose water, emeralds, dry fruits, salt, ginger etc. but the goods were carried in Danish, French, Dutch or English ships. Their destination was not always Surat or Bussorah. A voyage to Cochin in 1750 was mentioned in a case (*Phannus D’ Mathews Vs. Petrus Arrathoon*). Their trade between Surat and Hughli had no doubt very much dwindled in these years. The Armenians were also inland traders.

An Armenian, named Khojah Petrus Arathoon, played a very important though by no means a very noble part, in the events of the period from 1757 to 1775. In 1757 “Armenian Petrus”, as Clive called him, assisted Watts in his intrigues and beguiled Omichund. In 1760 he intrigued with Englishmen in power for the deposition of Mir Jafar and the installation of Mir Qasim in his place. He used to reside in Calcutta and was a great friend of Vansittart and Hastings. He was possibly recommended by Vansittart for the grant of a zamindari. Mir Qasim wrote in reply, “Coja Petruse is a man of business and is continually with one or the other and is much favoured by us but it is contrary to all custom to give a zamindari to an Armenian.”<sup>3</sup> His two younger brothers—Khojah Gregory and Agha Barsick—were also engaged in trade. Khojah Gregory, better known as Gurgin Khan, became Mir Qasim’s Commander-in-Chief. It has been said that a letter written by “Armenian Petrus” to Gurgin Khan inciting him to desertion and treachery against Mir Qasim was directly responsible for the murder of Gurgin Khan after the Battle of Udhuanala. In European circles in Calcutta Khojah Petrus was a very familiar figure. He played a very important part in the case against Nandkumar, his evidence against Nandkumar being referred to with some emphasis by Impey in his charge to the jury. Khojah Petrus, naturally a great favourite of Hastings, did not find trade any longer so very lucrative and became a farmer of



revenues. We need refer in this connection to a letter from the President of the Calcutta Committee, of Revenue<sup>4</sup>:—

"In consequence of the Committee's resolution of the 26th February last, I issued a parwana to Coja Aratoon, Coja Petruse's son, accompanied by six persons for apprehending several Malangis detained by him, and not given up on a former order, accompanied but by one man, at the requisition of Bulram Mitter, the salt contractor. I am sorry to acquaint the Committee the 2nd parwana has been as ineffectual as the first though attended with a greater disgrace to them, which will appear by accompanying paper (No. 1), The Zamanbandy of the peons. On this representation to me I sent for the Vaqueel of Aratoon or rather Petruse (Aratoon being a minor) and reproached him for his master's behaviour ordering to give up the Malangis. This happened on Sunday. On Monday to my great surprise he came and treated me in his master's name with a degree of insolence I never experienced in this country, not only advancing a falsehood but threatening to make me accountable for words I never uttered. He has tasked me with calling his master rogue etc. What I recollect was that I told him I supposed his master wanted to play over the same game with the Committee that had some time since played at Nuddea which the Committee must or may be acquainted with by reference to our Ameen's report under date the 29th of August when Coja Petruse or his agents appear to have set all laws at defiance and trampled them under foot . . . . It is sufficient to show the Committee that their authority is fallen into the lowest contempt when vagrant Armenians dare treat any officer employed under the Government they live with the degree of insolence I have been treated."

Khojah Petruse's men could be insolent because they were conscious of the services of their master to the Governor-General but the Armenians as a body must have felt that their position had very much deteriorated since the

days of Alivardi Khan. When the exclusive Trade Society was established by Clive Armenian Petrus's youngest brother Agah Barsick (Parseek Arratoon of British records) had 20,000 mds. of salt lying in his warehouses on the borders of Rangpur and Dinagepore. The warehouses were broken open and a sum of money was forced upon his *gomasta*. The aggrieved Armenian brought a case against the agents of Verelst and Sykes for Rs. 60,432. When the case was being heard in the Mayor's Court on a fixed day in August 1768 and the judgment was about to be pronounced the Mayor received a letter from the Governor that he was expecting to settle the matter by a private compromise. The proceedings were stopped in spite of the protest of the attorney of the plaintiff who was left without any satisfaction.<sup>6</sup>

Some Armenians found it profitable to abandon this traditional business to enter into collusive contracts—*benami* transactions—with the servants of the English East India Company. The most notable case was that of Khojah Kaworke and Khojah Michael, who held the salt farm of Sandeep. Barwell was then the Chief of Dacca. They had to pay him 22,000 rupees in the first year and agreed to pay him 60,000 rupees in the next three years.<sup>7</sup>

It is difficult to ascertain the exact number of Armenians in Bengal in the second half of the 18th century. According to Thomas Khoja Mal, the Armenian historian who wrote in 1768, the Armenians who took shelter in the fort at Calcutta at the time of its capture by Siraj-ud-Daula in 1756 numbered one hundred and fifty.<sup>8</sup> The compensation paid by Mir Jafar for the effects plundered "from the Armenian inhabitants of Calcutta" was seven lakhs of rupees, the "gentoos," Mussalmans and others getting 50 lakhs. This would give us an idea of their proportionate wealth in Calcutta in 1757. There were flourishing Armenian colonies at Chinsura, Saidabad, Chandernagore and Dacca. An Armenian colony grew up at Monghyr in the days of Mir Qasim.<sup>9</sup> The total number of Armenians in Bengal did

not perhaps exceed three to four thousand in those days. With the exception of Khojah Petrusse and his immediate adherents other members of this community of merchants gradually found that the increasing Investment of the English East India Company and the growing private trade of its servants steadily encroached upon their sphere of trade operations. A purely commercial community engaged largely in export-import trade, was in the changed circumstance, the first to decline. Bolts has given a vivid picture of British high-handedness against the Armenians. The Company's sepoys are reported to have broken open the houses of the Armenian merchants at Saidabad and forcibly taken the silk winders to the English factories. The goods of the Armenian merchants in Calcutta were also taken by force to the Freight Warehouses and shipped in vessels according to the convenience not of the merchants but of the Freight Warehouse Keeper.<sup>10</sup> Though perhaps overdrawn, this picture does not seem to be altogether untrue. The silk exports of these Armenian merchants dwindled and so did their export of cotton goods. No wonder that they would often have recourse to "low methods".<sup>11</sup> Complaints were made against them by the Company's agents at Dacca. But the Board of Trade knew the strength of its position. It assured its agents that there are evils which in time cure themselves by the losses and discredit they occasion. Dinoysius Manasse, an Armenian priest, submitted an application in 1773 for the exclusive privilege of vending arrack by retail in the town of Calcutta. But the grant had already been made to some other person and the refusal carried with it the comment: "Trade in spirituous liquors appears highly inconsistent with the ecclesiastical function".<sup>12</sup> The chuckle is noticeable but the growing poverty of the community was also unmistakable. One after another the avenues of their livelihood were being closed to them. In July 1787 one Sarkis Munassakar submitted a petition to the Board of Trade about his own grievances, but these were indicative of the plight of the whole community. He first came to Calcutta in 1755. He

made a trip to Malda in 1762. After that he made several sea voyages. Returning in 1771 he became the agent of some of the Armenian merchants for the purchase of different assortments of cloth at Malda to the amount of 30 to 40,000 rupees a year upon a commission of 5 per cent. His petition was to the effect that Udny, Company's Resident at Malda, was responsible for molesting, disgracing and injuring his *dalal*. He might have been responsible for the adoption of "low methods". But his growing misery was also very real. He wrote that as a consequence of the new regulations and their enforcement by Udny he had lost his livelihood and he was not brought upto any other trade or occupation."<sup>13</sup> The same year a petition was submitted to the Board of Trade by eight Armenian merchants of Dacca along with four Greeks and Mughals against the new commercial regulations and their enforcement by local officials.<sup>14</sup> Towards the close of 1789 the shroffs and merchants—some of them notable Armenians—protested in vain against the remittance of the revenues of the district in specie by the collectors. They wrote, "It was formerly the usage at this city to remit the revenues of the district through our means to the Residency . . . . we cannot procure ready money in Calcutta to carry on our business here."<sup>15</sup>

The Armenian community was rapidly impoverished. Servility was now their main resource. Agah Catchick Arrakiel celebrated George III's recovery from insanity in 1789 by releasing all the debtors confined by the Calcutta Court of Requests on payment of three thousand rupees. The Court of Directors was "so sensibly affected with this signal mark of attachment to the British nation" that they presented "this worthy Armenian with His Majesty's picture." But mere servility was not enough. The wandering Armenian had not the adaptability and mental receptiveness of the Wandering Jew.<sup>16</sup> The days of the Armenian merchant princes were over. The Sarhads, the Nazars, the Arathoons, the Arrakiels, the Pogoses, the Michael and the Stephens—peaceful and submissive traders

—rapidly gave place to British adventurers. The Armenians have left behind two marks of the days of their old prosperity in the past. There is the Armenian ghat of the port of Calcutta and there is Armanitola, a quarter in the heart of the present city of Dacca. The majestic Armenian Church in Saidabad crumbling into ruins is the symbol of the part played by the Armenians in Bengal's economic life in the eighteenth century.

<sup>1</sup> Long's *Selections*—1749.

<sup>2</sup> Dutch Council Resolutions—January-April, 1757. In 1760 Khojah Wajid was arrested by the British on account of his pro-Dutch activities—Dutch Letter to Amsterdam 30 June, 1762.

<sup>3</sup> Orme—*Fragments*, p. 417.

<sup>4</sup> Calcutta Mayor's Court Records—1758-61.

<sup>5</sup> Long's—*Selections*—No. 517.

<sup>6</sup> Governor-General in Council—Revenue Department—Progs. 5-28 June, 1776.

<sup>7</sup> Bolts—*Considerations*, p. 91. According to Verelst—*View*—The plaintiff was paid £7,000 more than the sum for which the salt was resold (p. 22).

<sup>8</sup> To Court—3 August, 1775.

<sup>9</sup> Mesrov J. Seth—*Armenians in India*.

<sup>10</sup> *Ibid.*

<sup>11</sup> Bolts—*Considerations*, pp. 195-197.

<sup>12</sup> Progs. Board of Trade, 13 March, 1787. 31 December, 1787.

<sup>13</sup> Letter to Court Rev.—10 November, 1778.

<sup>14</sup> Progs. Board of Trade, 24 July, 1787.

<sup>15</sup> *Ibid.*, 14 March, 1787.

<sup>16</sup> *Ibid.*, 24-31 December, 1787.

The Armenians who were signatories of this petition—Khojah Michael, Khojah Wanis Arrafrit, Akoof Padra, Khojah Gregory, Khojah Mannan, Khojah Marcot Arrapit, Khojah Manis Koortam, Padre Stephen, Khojah Boodoos, Khojah Elyus, Ostady Shy.

<sup>17</sup> In 1783 the census gave as resident in Canton outside the official staff only one English and one Danish merchant and about 30 Armenians (Morse—*Chronicles*). The Armenians there must have been humble trades people.

## CHAPTER VI

### PRIVATE TRADE

#### THE COMPANY'S SERVANTS AND FREE MERCHANTS

THE EAST INDIA Company paid ridiculously low salaries<sup>1</sup> to their servants in India. But the salary was a mere retainer and the servants' right of private trade was recognised. Private trade was therefore the great inducement. The Company's servants could not, of course, infringe the Company's monopoly and could send to Europe only articles like precious stones. The "country" trade in its different branches was the chief concern of the servants of the Company—inland trade, costing trade, and trade between Indian ports and other Asiatic ports. The Directors did not trench upon this privilege and allowed their servants "in a fair way to improve their fortunes."

In 1717 the Surman Embassy succeeded in securing from Emperor Farrukhsiyar a *farman* granting the English East India Company's merchandise exemption from customs duties in return for the payment of a lump sum of Rs. 3,000/- per year. With a *dastak* or pass from the President, the Company's goods could pass without inspection in the *chokies* or toll stations. The servants of the Company quietly extended this privilege to their own private trade. But in the beginning, the volume of such trade, public or private, was inconsiderable. The officers of the Mughal Government could not at first clearly grasp the distinction between the Company's goods and the goods of their servants. But Murshid Quli Khan was a very astute administrator and he insisted on his officers examining whether the goods were really imported by sea or intended to be exported by sea. Therefore the alertness of the Mughal Viceroy prevented the extension of this privilege

to the inland private trade of the Company's servants. But it could easily be extended by them to their "country" trade in its maritime branch. The increase of Calcutta's shipping, to some extent as a consequence of this exemption, did not escape the notice of Murshid Quli's successor Shuja-ud-din. The British had to conciliate the Nawab by occasional payments of large sums of money. His successor Alivardi regarded the Europeans as a hive of bees and he would not wantonly disturb them.<sup>3</sup> But the abuse of *dastak* was on the increase and extended surreptitiously even to private inland trade of the Company's servants. Alivardi's troubles were very real and he sought to adjust his account in his own way. This was not exactly "cupidity" but the crude Mughal way of making people concerned feel that an abuse of a privilege existed and the Government, which was sinned against, was capable spasmodically of making good its claims. Orme wrote in 1752, "The pay of a very numerous standing army has obliged him to be more rapacious than any of his predecessors were; the merchants therefore were obliged to buy their trade at dearer exactions than they were ever known to suffer. But the prince has not yet exceeded so much as to leave the commerce of the province destitute of a profit sufficient to excite adventurers"—*Historical Fragments* (p. 416).

In the interest of the private trade of the Company's servants, the *dadni* merchants were offered terms which were not acceptable to them with the consequence that the *dadni* system was abandoned and gave place to the agency system. Thus in 1753 the Company's Investment and their servants' private trade became inextricably blended. Investment did not suffer at this stage but after the disappearance of the *dadni* merchants the invasion of inland trade by the servants of the Company became certainly easier. We notice the extension of the abuse of private trade without payment of duties to the "country" Government, which was defrauded of much of its revenue. The Indian merchants also began to take shelter behind this immunity of the English East India

Company and its servants. Trafficking in *dastaks* was already in full swing even before the Battle of Plassey. In the case of Durga Charan Mitra versus the agents for and on behalf of the Prussian Company trading to the East Indies, we find that John Young, an Englishman, who was entrusted with the management of the affairs of this Company, sold *dastaks* to one Kalicharan Sarkar to carry goods to an inland mart at Radanagore "free from any Moor's duties in the passage thereto."<sup>3</sup> The Court of Directors later referred to the consequences of this abuse in very strong terms—"The Government, annually defrauded of immense duties and even their subjects' property covered by the Company's name, must look upon us as a vile and faithless people, strangers to honour (and we must now add) gratitude. Such are the consequences resulting from the abuse of the privilege obtained at a very heavy expense for a particular advantage."<sup>4</sup> But after Plassey, in the new context, such words as honour and gratitude had a very unfamiliar ring.

Another feature of the private trade of the servants of the Company before Plassey deserves to be noticed. Political rivalry apart, nationality stopped east of the Cape. Englishmen and Frenchmen were drawn together in a common desire for individual gain. They were engaged together in many commercial transactions. In the beginning of 1757, a fateful year in the history of Bengal, some of the servants of the French East India Company had a brisk correspondence on matters concerning their private trade. On 15 January 1757 Jean Law from Cossimbazar wrote to William Batson in Calcutta asking for help in selling his goods at Chandernagore. He wrote, "Pray, dear Sir, do the best you can and pay yourself first." William Batson was possibly connected with Stanlake Batson, then Assistant Military Storekeeper and Sheriff of Calcutta. Again, on 22 January 1757, Law wrote in a frantic letter to William Batson, "Sir, if you can get some of the goods that are in Chandernagore sold, you take the amount of the bill." On the same day he wrote again to Batson and Sykes, giving details of



different sorts of goods he had at Chandernagore. This correspondence went on until the middle of February. The Commissary for the French Company wrote to Batson and Sykes from Chandernagore, "Mr. Sinfray being indebted to Mr. Sumner (at that time possibly Export Warehouse Keeper) in the sum of 3,000 rupees, I shall be obliged to you for delivering the same to him in cash or in goods."<sup>4</sup> It is relevant to note that Chandernagore was taken by Clive in March, and on 23 June at Plassey Sinfray with 50 Europeans fought for Siraj-ud-daula against the English with great spirit. But private trade relations between some persons who belonged to rival nations were very close.

After Plassey untrammelled scramble for wealth began behind the screen of the Company. Inland trade, already invaded before Plassey, became a part of the prize of Plassey. Vansittart wrote, "No new privileges were asked of Mir Jafar, none indeed were wanted by the Company."<sup>5</sup> But after Plassey the servants of the Company broke their bonds and began immediately to trade in salt, betelnut and tobacco which were hitherto prohibited to all Europeans.<sup>6</sup> There was also large-scale trafficking in *dastaks* and in the most "unwarrantable and licentious" manner. European Free Merchants as also "native" merchants bought this privilege of the Company's *dastak* from the servants of the Company at a very high price. The *gomastas* of the servants of the Company took the fullest advantage of this situation. The Directors wrote in anger, "Dastaks have been scandalously prostituted." They therefore ordered that the Customs Master should keep a register of *dastaks* and *dastaks* should be granted on oath and must not cover the property of any native of Bengal, or of any European Free Merchant and not also of any other person. This was a mere reiteration of their orders of 17 June, 1748. But the Director's writ did not run in Bengal during these years. In 1760 the Directors wrote in despair, "the Registers of *dastaks* have not been transmitted us since the year 1755."<sup>7</sup> In the opinion of Mill during the first administration of

Clive the abuses of private trade privileges were clandestine and not avowed and open as in the days of Mir Qasim.<sup>9</sup> This statement appears to be inaccurate. Immediately after his elevation Mir Jafar issued orders to the following effect—"Whatever goods the Company's gomastas may bring or carry to or from their factories, the aurungs or other places, by land or water with a dustuck from any of the Chiefs of other factories, you shall neither ask nor receive any sum, however trifling for the same. . . . . You are not to require or stop the boats whether they be the Company's own boats or boats hired by their gomastas."<sup>10</sup> The "boats hired by their gomastas" must have carried goods of the Company's servants, duty free in accordance with this order. The abuses grew with the consciousness of newly acquired power. In the language of Orme, "It is the nature of man to err with great changes of fortune." These privileged private traders took some time to spread their tentacles far and wide but by February 1760 when Clive sailed from Calcutta many of the abuses which prevailed during the years of Mir Qasim's rule must have been already there. These abuses become enormities during the years 1760-1763. In 1763 in course of discussions on duty-free private inland trade with Mir Qasim Vansittart asserted that, though a usurpation, this was enjoyed by the servants of the Company in a greater or less degree for five or six years.<sup>11</sup>

The enormity of this usurpation must be seen in all its aspects. The British Free Merchants secured the use of *dastak* for valuable consideration. Some of the "black merchants" similarly secured this privilege perhaps for a higher price. The gomastas of the British private traders began their operations on an extensive scale. Mir Qasim wrote, "In every pargana, every village and every factory they buy and sell salt, betelnut, ghee, rice, straw, bamboos, fish, gunnies, ginger, sugar, tobacco, opium and many other things. They forcibly take away the goods and commodities of the ryots and merchants for a fourth part of their value . . . . . they oblige the ryots to give five rupees

for goods which are worth but one rupee . . . . . near four five hundred new factories have been established . . . . . they expose my government to scorn and are the greatest detriment to me." The Nawab wanted to come to an understanding with the Governor and Council and agreed to give his government's *dastak* for articles in private trade at 9 per cent prime cost where the goods would be procured. The *gomastas* were to carry on their trade freely as merchants. It should be noted that the native merchant, independent of stoppages, paid at least 25 per cent. But the Calcutta Council decided in March 1763 that they had "a right to trade duty free and with the Company's *dustak* equally with foreign trade." Thus private mercantile interest armed with unlimited power interpreted for itself. They were only prepared to pay a duty of  $2\frac{1}{2}$  per cent on salt as an "indulgence" to the Nawab. In his hour of triumph the Englishman was not prepared to listen to counsels of moderation even from his own compatriots. The Nawab, in disgust, declared inland trade of Bengal open to all and free of all duties for two years. Mill comments: "The conduct of the Company's servants upon this occasion furnishes one of the most remarkable instances on record of the power of interest to extinguish all sense of justice and even of shame."<sup>12</sup> After the rupture with Mir Qasim, Mir Jafar was restored and he promptly revoked the *parwana* of Mir Qasim establishing inland free trade. Privileged private trade with all its abuses and all its ramifications was thus given a new lease of life. Later on he did make some representations against some of the ruinous obstructions caused by the *gomastas*. But this was all that the "insulted" prince could do." In his first administration, he had murmured in protest. In his second administration, he submitted representations against some of the excesses of the *gomastas*. More than this he could not dare. On the death of Mir Jafar a new treaty was concluded with his successor Najm-ud-daula, in which this privilege of private trade of the Company's servants, free from duties

and by means of their own *dustaks*, was very carefully safeguarded. The Nawab declared, "I do ratify and confirm to the English the privilege granted to them of carrying on the trade by means of their own *dustaks* free from all duties, taxes or impositions in all parts of the country."<sup>13</sup> The Directors, conscious of the growing evil, made a half-hearted suggestion in 1760—"Perhaps the Nawab may find it his interest to settle, for a certain annual sum upon the general trade, on his own subjects included, which will be farming the commercial duties dependent upon Calcutta. *Dustaks* will be abolished. The merchant will gladly employ and cheerfully allow our servants a reasonable commission and interest for the provision of his goods and the Company will be reimbursed the annual sum they may pay for the farming the general duties by an additional import of two or more per cent on the goods brought down by Europeans and a larger duty on what may be imported by the Indians. If the amount should exceed the annual sum stipulated with the Nabob, we are willing to add the surplus to our President's small emoluments."<sup>14</sup> But this solution of the impasse with the Nawab was not attempted by their servants in India. In December 1762, the Directors positively ordered that none of the writers should have the benefit or liberty of *dastaks* until the time of their respective writer-ships had expired and they commenced factors.<sup>15</sup> Thus they hoped to put an end to one of the grossest abuses consequent upon these youngsters engaging too soon in private trade. Such tinkering was no solution. The misuse of *dastaks* continued on such a big scale that the Directors became exasperated and sent the following positive instructions in February 1764—

"Our Phirmaund privileges of being duty free are confined to the Company's export and import trade only. You are to keep within the liberty therein stipulated."

"By the connivance of the Bengal Government and constant usage the Company's covenanted servants have had the same benefit as the Company with respect to their

export and import duties. We are willing they should enjoy the same and that dustaks be granted accordingly."

"No writer is to have the benefit of a dustak until he has served out his full time of five years."

"Free merchants and others are not entitled to or to have the benefit of the Company's duties but are to pay the usual duty."

"No agents or gomastas are to reside on account of private trade at any of the inland posts of the country."

Duty-free private inland trade of the Company's covenanted servants was the crux of the problem in the 1760's. The Court of Proprietors wanted this to be regulated, and the Court of Directors, in accordance with the instructions of the Proprietors, asked the Governor in Council in June 1764 to "form a proper and equitable plan for carrying on the inland trade". Lord Clive and his Select Committee decided in August 1765 to establish a private trade society, with a monopoly of the trade in salt, betelnut and tobacco, to be carried on exclusively for the benefit of the superior servants of the Company. The Company's revenue was to be derived from a duty. There were three classes of proprietors. The capital stock was divided into 56½ shares, the Governor having five shares, the second in Council three, the General three shares, ten gentlemen of the Council each two shares, two colonels each two shares. The second class was to consist of 18 persons. They were to have in all twelve shares. The third class consisted of twenty eight persons. They were to have altogether nine one-third shares.<sup>14</sup> All salt, betelnut and tobacco, "the grand articles of the interior trade of Bengal," produced in or imported into Bengal, was to be purchased by this Company, and others were to be prohibited to deal in these articles. The Nawab was asked to issue prohibitions to all his officers and subjects of the districts, where any quantity of these articles was manufactured or produced. Salt was to be produced by contract. The contractors were to deliver at certain fixed places. The country merchants were to purchase from these places, and

transport their goods wherever they thought they had the greatest prospect of profit. Thus it was argued that the oppression of the inhabitants by the Europeans would be stopped. The Nawab was so obliging that 106 *parwanas* were issued for "authorizing and facilitating" this trade.<sup>17</sup> The Directors' order for limiting inland private trade of their servants was thus carried into execution by their servants in India in their own way. In the second year of the monopoly, the duty on salt was increased to 50 per cent, so that the Directors would be satisfied to learn that the Company derived an additional duty of 12 to 13 lakhs per annum. At the same time it was laid down that the retail price of salt should not exceed two rupees per maund or Rs. 200/- for 100 mds. With the exception of this exclusive trade confined to 60 persons, the prohibition of free inland trade was made effective and it was declared that the trade carried on during the last few years was a usurpation.<sup>18</sup> This grand monopoly lasted two years and the profits during this period amounted to "six hundred and seventy-three thousand one hundred and seventeen pounds sterling."<sup>19</sup>

On receipt of the Select Committee's plan the Directors pronounced the inland trade society to be a violation of their repeated orders. They added that "a monopoly of the necessaries of life, in any hands whatever, more especially in the hands of the English, who are possessed of such an overruling influence, is liable to the greatest abuses."<sup>20</sup> They ordered the entire abolition of this Exclusive Society. In view of the peremptory nature of the order, the Select Committee had to abolish the Society of Trade and relinquish inland trade on and from 1 September 1767. But the Exclusive Society's malversations continued. On the pretence of selling off their old stock, they continued to interfere in the business of the traders. "In six years from its constitution in 1765 it smuggled salt to such an extent as to defraud the Government of duty to an aggregate amount estimated by the Committee of Secrecy in 1773 at

upwards of 40 lakhs of rupees."<sup>21</sup> The Court of Directors were very emphatic in their order that their servants and Free Merchants, residing under their protection, should be confined within the ancient limits of export and import trade and they solemnly asserted, "We esteem it as much our duty to maintain the barrier between the two commercial rights as to defend the provinces from foreign invasions."<sup>22</sup> The continuance of the abuses of private trade at last induced the Directors to remark that ". . . all dustaks be immediately withdrawn—not only dustaks but rawanahs, parwanas, orders, letters or any power or favours which may be conferred and which can in any way yield an influence or superiority and this without any distinction to nation or complexion."<sup>23</sup>

Thus, at long last, the privileged inland trade of the servants of the East India Company ceased. It lasted in its varied enormity from 1757 to 1767 and lingered on till 1771. The Court of Directors was from the beginning opposed to it. But the wave of "unbounded lust of unmerited wealth" swept away the weak barriers that existed in this country. Those "black gomastas" who walked in rags in the streets of Calcutta lorded it over the countryside. They were the engines of rapacity and they shared very considerably in this loot. The servants of the Company in India were exposed to great temptations and their topmen, including Lord Clive, the most distinguished among them, set the example. When in accordance with the social custom of those days, Clive was called upon for a sentiment after dinner he used to give, "Alas, and a lac a day!"<sup>24</sup> The "black gomastas" have been made a convenient scapegoat. Such persons multiply with rapidity in a society where morals have become putrid. The Directors, separated by such distance, could not grapple with the situation and they were ill-served by their men in India. The problem was that of rewarding their servants in India. Clive argued that ". . . the increasing investment of the Company made it impossible for individuals who performed their duty to acquire anything con-

siderable by private trade."<sup>25</sup> Clive was never able to walk along a straight path. He argued, "If you grant a commission upon the revenues the sum will not only be large but known to the world . . . a commission upon your investment is liable to the same objections." He, therefore, recommended the assumption of this monopoly of trade in salt, betelnut and tobacco, because the profits would remain unknown except to the few who took the trouble to investigate the matter. The Court, however, decided that the trade of their servants was to remain confined to the articles of import and export only, but they also resolved to distribute a commission of  $2\frac{1}{2}$  per cent on the net revenues among the servants of the Company in graduated scales, the Governor being allotted 31 shares out of 100. This generosity was also to extend to the Company's military servants.<sup>26</sup>

In a remarkable letter to his masters Verelst explained that ". . . the salt has and ever will be a monopoly in the possession of a few who may have influence or interest enough from their situation to engross it. All attempts to make it general by any restrictions must ever prove insufficient while it is easy in this country to substitute the names of dependants for those of real proprietors."<sup>27</sup> Verelst knew his men better than the Court of Directors. In 1773 we find Lushington, Barwell, Lawrell and Graham, four of the seniormost servants of the East India Company, deep in the salt contract business through the agency of the "black merchants". One of these "native" agents was Kamaluddin, who was destined to figure as the principal witness in the case against Nandkumar. He was Barwell's "black merchant".

After 1768 the Company's servants tried to create new openings for themselves in their legal private trade. The Mayor's Court and Supreme Court records in Calcutta throw much new light on some of these activities of the Company's servants. The banians became very conspicuous in these judicial records as *benami* transactions were very numerous. Impey's words were very characteristic—



"... they all do the act and say to the black man you are responsible." A banian best described the situation in the course of his evidence in the Mayor's Court: "Master was to manage in Calcutta and I was to manage at the aurung." Purnea *saul* timber trade was now dominated by those British traders—the Company's servants and some Free Merchants. The profits appear to have been very considerable. The Mayor of Calcutta made some profit in the business of chunam-making in the Sunderbund area. Dr. Alexander Hamilton traded in paddy. Sending of *Mooga dhuties* to Negapatam and engaging in trade in diamonds too were conspicuous private trade transactions during this period. Some light is also thrown on the 'sea-borne private trade of the servants of the Company by the prolonged litigation between Anthony Polier of the Company's military service, one of the owners of the ship Middleton (the other two being Motte and Laccam) and J. B. Chevalier, Governor of Chandernagore. Certain details are interesting.<sup>28</sup> In 1772 the ship Middleton was taking cocoanut from the Nicobar Islands to Pegu and returning with timber. There was a letter of credit for one lakh given to Polier. The ship was then trying to procure a loading of rice at Pegu. All this was no doubt very legitimate trade activity but not so remunerative. The servants of the Company traded in the two main items in which the Company also traded—cotton piecegoods and raw silk. They supplied goods to the French and the Dutch. They bought the "privilege" of the officers and of the men of the ships. The captain and the ship's men readily sold their "privilege" to these private traders. Their homeward "privilege" was metamorphosed into respondentia of 'the topmen in the Company's service'<sup>29</sup> and some individual Free Merchants. Duty-free inland trade was no doubt more profitable than any other venture, and so long as it lasted, the servants of the Company concentrated on it. But, with all special privileges withdrawn, inland trade was no longer so attractive. Private trade of the servants of the Company could

now easily encroach on the Company's Investment and on the trade of the rival European companies, because the Company's servants were themselves agents for Investment since 1753.

The Directors thought that the French and Dutch ships carried more valuable cargoes from Bengal than their own, and wrote that they had reasons to believe that some of the Company's servants and Free Merchants provided their rivals with their cargoes, thus prejudicing the interest of their masters. This suspicion was reflected in their letters of the period from 1767 to 1769. But we have evidence to point out that, during the period of Hastings' administration in Bengal, the private trade transactions of Chevalier, French Governor at Chandernagore, and Ross, Dutch Director at Chinsura, were linked up with the private trade of some of the most prominent men in the East India Company's service.<sup>30</sup> Chevalier traded in cotton, *chunam*, tobacco, gold thread, *Mooga dhuties*, coral, ivory etc. Hastings had many commercial transactions with Ross and bought many Dutch bills of exchange. Ross had widespread business with the English Company's servants at the *aurungs*. One of these persons, involved in Ross's private transactions, was Charles Grant. This was hushed up. Ross became a prisoner after the declaration of the Anglo-Dutch War. Hastings allowed him to escape on a Portuguese ship in 1782. But Henry Halsey, a contractor at Birbhum, gave great publicity to the collusive transactions of Ross with the servants of the English East India Company. A case was started against him in the Supreme Court in 1782 because he refused to honour his contracts after the outbreak of the Anglo-Dutch War. From the deposition of Colonel Henry Watson in the case we learn that, a few days after the declaration of war in India, Halsey informed him that he had entered into a considerable engagement with Ross, for the provision of cloth, to the tune of near two lakhs of rupees. Ross had received very satisfactory accounts of the sale of Bengal goods which he had sent to Lisbon on his private account. Maharaja

Nobkissen, a great friend of Warren Hastings, gave his evidence in this case. He deposed that, on 24 January 1781, he received from Capt. C. Thornhill, Attorney to the Agent for supplies to the Presidency and later Harbour Master, for and on account of Ross, the sum of 100,000 sicca rupees, and granted a bill of exchange for the sum to Ross, on his brother, Ramsunder at Burdwan, payable in six days. We would not be very wrong if we trace the hand of Warren Hastings in this transaction. Wherever private trade interests were not thus linked up, there was conflict and the Company's servants tried to restrict the trade, private and public, of their European rivals. But the French private traders and the Dutch East India Company formed the most important channels of remittance for the wealth of the servants of the Company until 1778. Wherever, in the scattered *aurungs*, private trade interests between the servants of rival companies were not linked together, the French had to complain particularly against the "cavilings" of the English Company's servants. The Company's servants first acted as agents for the Company's Investment, then as contractors under the Board of Trade. Cornwallis introduced the agency system again, granting commission upon the Investment and permitting the Company's commercial agents to trade on their own account. About private trade, the Governor-General in Council was of the opinion that, from the nature of the thing, no prohibition enacted against it could be effectively enforced.<sup>21</sup> But certain precautions were taken against the misuse of this privilege. Nine regulations were passed for the conduct of the commercial agents in carrying on trade for themselves—

1. The commercial agent shall supply or ensure the Company's demand for goods as far as the ability of his *aurung* will go, before he provide any for himself.

2. He shall carefully and avowedly distinguish to the manufacturers between the Company's provision and his own.

3. He shall give them the price for which they choose to

deal with him, without making the Company's prices a standard for his own trade.

4. He shall not make use of any influence he may possess, as the Company's representative, to induce the manufacturers to work for him in preference to other dealers.

5. He shall be subject to the same regulations in case of disputes with manufacturers that the private traders are subject to.

6. He shall not take any commission for agents or others, but deal merely on his own stock as a merchant.

7. He shall not carry on any trade in his *aurung* directly or indirectly in the name of any other person.

8. Whatever goods he provided of the produce of the *aurung*, where he is stationed, shall not be sold there, nor sent to any foreign settlement, but consigned to some other place, and if brought to Calcutta, or sent by Manjee to the Upper Provinces, shall be entered in his name in the custom house books.

9. He shall state to the Board of Trade, by the 15th of December in every year, the gross amount of the money invested or to be invested by him on his own account, as nearly as he can judge of the same, from the 1st May preceding to the 30th April following, and the Board of Trade shall hereupon communicate to the Governor-General in Council any remarks that may to them appear proper.<sup>32</sup>

The conduct of the Company's commercial agents and the extent of their private trade were never before sought to be regulated in this thorough-going manner. Each of these nine regulations was a pointer to an abuse which had been in existence.

To what extent private trade of the Company's servants was injurious to the Company's Investment in the 1770's and 1780's is best illustrated by trade in raw silk. The Company's servants in Cossimbazar and Rampur Boalia protested that obstructions to private trade in silk must prove detrimental to the Company's revenue. The practice was that in every district the *ferrit* and three-lettered *putney* usually

rejected by the Company's appraisers were purchased by private traders, who were mostly Company's servants.\* This practice was ordered to be discontinued. They went to the length of insisting upon the private traders seeking other *aurungs* not in any degree appropriated to the Company's service.<sup>33</sup> This was not perhaps possible. These *ferrit* and three-lettered *putney*, not being fit for the Company's assortments were sent to the members of the Council at Cossimbazar as private trade though purchased by the Company's cash advanced to the *pykars*. This necessitated further advances to them. The *ferrit* and three-lettered *putney* business was justly regarded as an evil, and the Directors insisted that the three experts in the winding of raw silk sent out by them should superintend the manufacturing of raw silk and they would be able to wind off in a manner that would make it suitable for the European market.<sup>34</sup> The trade in raw silk proved to be disadvantageous to the Company because of the encroachments of private trade. Before the Diwani, raw silk was a very valuable part of the Company's Investment producing a nett profit of 9s. per pound of 24 ounces. But soon after the obtaining of the Diwani the profit began to diminish and, from 1771 to 1786, it was a losing business. Raw silk in private trade, however, was quite profitable. In 1774 the Company introduced the Italian method and erected filatures. Silk exported was part Bengal wound, part filature.

The exigencies of the War of American Independence compelled the Company to adopt a more generous attitude to private trade in raw silk. As they had no surplus but depended largely upon loan for Investment, the Directors wanted to grant a general permission, to all persons in the service of the Company in India or enjoying their protection, to export from Bengal to England any quantity of raw silk upon their private account. They intended, however, to resume their exclusive right in the trade of raw silk as soon as the state of their funds admitted of this. Their servants in Bengal adopted a mean between relinquishing the trade wholly for the Company and giving it wholly to

individuals, by resolving to invest 15 lakhs in that article in the Company's account and permitting individuals to participate to the like amount. The Directors, however, emphasised their intention of resuming in proper time the Company's exclusive right of bringing raw silk from Bengal to England.<sup>33</sup> The Governor-General in Council, while informing the Board of Trade that the Directors wanted to lay the trade open, told the Directors that private trade in raw silk should be considered as a channel of remitting individual fortunes to England, without exporting bullion or supplying the means of traffic to rival nations.<sup>34</sup> The Company very soon resumed the trade. With the adoption of the agency system of Investment under Cornwallis, there was a revival of the Company's prospects in silk trade.

In the 1780's the English Free Merchants and the Company's servants were at loggerheads in some of the most important cotton-weaving centres. It is relevant to note that in the papers of the Board of Trade we do not notice such conflicts in the 1770's and in the 1790's. It seems that the Company's servants as also Free Merchants were as much unaware of the economic revolution which had begun as the native merchants. The sale of Bengal's piece-goods, particularly of the finer assortments, showed such an increase in Europe as to encourage all the Free Merchants as also the Company's servants to enter into eager competition in private trade. It would be convenient to concentrate our attention on Dacca to illustrate this phase of competition between the Company's servants and British Free Merchants. The British Free Merchants paid a price which was much higher than that of the Company. In the opinion of John Bebb, the high duties paid by the Company in England and the delay in the period of their sales counterbalanced the higher price paid by the private traders. The facility with which goods were disposed of in Europe and exemption or near exemption from duties in those parts placed the private trader, whether it was the Company's servant or the Free Merchant, at a great advantage. This

valued servant of the Company was inclined to lay stress on the utility and elegance of Dacca manufactures and the cheapness of the middling and lower assortments. He was not aware of the impending revolutionary changes in the economic relations between England and India. He therefore wrote, "... this commerce no restriction, no laws, however severe, can prevent. The law of Spain which, it is well-known, renders death to carry bullion clandestinely out of that kingdom does not prevent large sums of money being continually secretly paid to other nations." The Board of Trade in their minutes on private trade, considered under the idea of foreign commerce, ascribed the avidity of private purchasers to speculation—"With respect to foreigners in general unless they have advantageous import sales and can take up money or bring out bullion it does not appear how they can persevere in this trade."<sup>36</sup> The Board of Trade were right in their belief that this species of trade was not likely to last. The fortunes acquired by the British subjects in India were still in operation in a considerable degree. They were first employed merely for the sake of remittance. This was later combined with the object of mercantile profit. The large body of adventurers between Bengal and Europe under foreign colours originated from this source. It gradually dried up. It was no longer possible to amass fortune as in the 1760's and 1770's. The Company gave remittance on fair terms. They occasionally exported private goods on their ships and the adventures of single vessels from foreign parts turned out extremely ill. Therefore, competition, late in the 1780's, proceeded from temporary causes due largely to the speculations of the British Free Merchants in Bengal, mostly those settled at Dacca. The offer of an advantageous exchange led them to raise money for investing in consignments. This allowed competition did not give the Board of Trade at Calcutta as much headache as it gave to Bebb at Dacca. The Board argued: "The avidity with which the Company's permission last year to handle goods on their ships was

embraced to the neglect of foreign bottoms may serve to corroborate the ideas thrown out on this head and chiefly show that comparative advantage of carrying goods to foreign markets is not the hinge on which competition turns."<sup>37</sup> But even this competition, artificial and temporary though it was, compelled the Board to yield to the rate and current of the market, but they hoped that it would be practicable to reduce the rates later.<sup>38</sup>

Eight British Free Merchants of Dacca—B. MacCullum, J. Ayton, R. Sandys, J. Fergusson, T. Davidson, J. Jackson, J. Gregory and J. C. Gardner—submitted a complaint against John Bebb, East India Company's Resident at Dacca.<sup>39</sup> They argued that public Investment did not require above  $\frac{1}{3}$  of the produce of Dacca. Very rigid construction of the regulations in the interest of the Resident's own private trade placed the "fair trader"—their own expression—in great difficulty. It would establish a most oppressive monopoly. They referred particularly to Art. 2 in which it was laid down that "Weavers who have not fulfilled their engagements to the Company shall not work for newer engagements or bazar sales until these engagements are completed." They concluded, "If we are to judge of Mr. Bebb's construction of the regulations from his conduct should it be permitted to operate the whole body of the manufacturers of the province must naturally become slaves to the Hon'ble Company's Resident for the time being and all free trade annihilated."<sup>40</sup>

The Resident at Dacca in his reply gave the background of the British Free Merchants' relations with the Company's servants. He wrote that, very soon after his arrival in Dacca in 1787, it was suggested, on behalf of these Free Merchants, that they would pay the money intended for their investments into his hands and he would provide the goods of the same quality and of the same assortment as the Company's goods. Then they made a direct offer. Their plea was that this would prevent debasement of manufacture and keep down the prices. He was, of course,



assured a premium. He declined these overtures. The suggested arrangement would establish an evil monopoly to the exclusion of the "native" merchant. After this, two of these Free Merchants, MacCullum and Gardner, made particular overtures that he would provide some finer assortments for them. He declined these overtures. MacCullum is even said to have proposed that the Company might make advances and get them back after the season of private trade was over, i.e. in November, December, January and February. Bebb remarked, "I could not esteem it was right that Leghorn, French, Ostend and Danish ships should go away loaded with the earliest produce of the country while British ships were waiting for cargoes." Bebb's opinion on the role of the British Free Merchants in Bengal's economy deserves to be quoted in full—"From a country subject as this is to a far distant nation there is a continual unavoidable drain to its prejudice. This drain is increased by these men. None of them ever make or propose an establishment in Bengal. Their fortune, as soon as they acquire any, are removed to Europe and in so much increases the drain to this country. Whatever they gain is gained from its bowels. No assistance, no relief do they yield in return. Did the Bengali or Armenian merchant possess the large property the foremost subscriber is said to have acquired he or his sons would increase the establishment and the wealth would circulate in the country to its benefit."<sup>41</sup> He became the champion of the Bengal and Armenian merchants in Dacca as against the European Free Merchants.

The British Free Merchants supplied to some extent the privileged trade on British ships, but most of the goods provided by them found their way to Europe in foreign ships. From July 1785 to July 1786, 900,000 pieces of Indian goods were sold at Copenhagen, the greatest part of it from Bengal. Ostend was fast becoming another great mart. Leghorn had also its share. It was notorious that more foreign ships had come to Bengal during the last few years than formerly. These Free Merchants raised the

question of regulated private trade vs. full freedom of trade as they interpreted it. The Governor-General in Council very naturally decided that the Free Merchants could not carry on their commercial concerns without rules or regulations, in accordance with their own conception of a free trade.

What was the amount of private trade in Dacca compared with the Company's Investment? It was estimated that private trade for exportation from the Dacca *aurungs*, including Luckipore and Harial, amounted to 13,98,361 current rupees in 1791 and 16,43,804 current rupees in 1791. This was the Custom Master's report. The Dacca Resident's report in 1792 was that the amount of private trade in Dacca cloths for export was 12,94,779 in current rupees, whereas his predecessor had reported that it had amounted in 1790 to Rs. 49,50,600. The Board of Trade took notice of this wide discrepancy; for they knew that, in consequence of the losses which the exporters of Dacca cloths to Britain had sustained, during the last three years, the demand must have been affected but certainly not to the extent pointed out. The new Resident, therefore, reported that 20 instead of 49 lakhs would be much nearer the real state of the provision. Including Luckipore and Harial, private trade could not have amounted to more than 25,00,000 current rupees. The Company's Investment in 1789 in the Dacca area amounted to about 7 lakhs. An analysis of the Custom Master's report for 1791 yields the following significant figures. Dacca goods, exported by way of Manjee, chiefly for the use of the Wazir and his courtiers at Lucknow, amounted to 15,000 rupees. Dacca goods, also of finer assortments, sent to Murshidabad, were valued at 20 to 25,000 rupees. To foreign settlements, at Chinsura, Chandernagore and Serampore, were sent Dacca goods worth about a lakh of rupees. To Calcutta were brought Dacca goods valued at 12 lakhs. Thus the total amount of exports of Dacca goods in private trade was estimated at 14 lakhs. Of this about a lakh must have been the produce

of former years, leaving a balance of 13 lakhs. It is relevant to note that in 1788 the private trade of British merchants was estimated at 14,00,000 current rupees, that of the French at 62,000 current rupees and that of the Bengali and Armenian merchants at 8,00,000 current rupees. The year 1788 was remarkable for the competition which prevailed in Dacca. The figures of 1789 showed that the private trade of the British Free Merchants had dwindled to Rs. 5,32,150.<sup>42</sup> All these figures concern legal private trade. We cannot expect to collect reliable data concerning clandestine trade. Ole Bie, Danish Governor at Serampore, played a very conspicuous part in these British trading ventures under the Danish flag. As Bebb pointed out, illicit Indian trade—a considerable portion of which was piece-goods from Bengal—centred in Europe in Copenhagen, Ostend and Lisbon. This was “for the most part British in all but name.”<sup>43</sup> Bebb complained in 1788, “The greater quantity of goods provided by individuals do by some mode or other find their way to Europe in foreign bottoms and the aggregate of the provision far exceeds the amount of the Company’s and has been for years past realized much earlier in the season.”<sup>44</sup> The East India Company became gradually conscious that it was good policy to admit of private persons, sending through the Company’s tonnage piecegoods or raw silk at all times, because it in some degree tended to check the foreign and crush the illicit trader, and independently of the benefits which the Company derived from the duty they levied, it caused foreign merchants of Europe to look to the Company’s sales in London instead of looking to other places.<sup>45</sup> The Court tenaciously clung to the idea that European merchants must come to London to purchase Indian goods at the East India Company’s sales. Not long after the conclusion of peace with France the Directors made an attempt to come to an understanding with the new French Company of Calonne. That failed. In 1790 they sought to come to an understanding with the Philippine Company but such was their jealousy that the

agreement proved to be ineffective. It is relevant to note that by the Charter of 1793 the Company afforded 3,000 tons of shipping in which private traders outside the Company's circle might traffic with India but they were not to import piecegoods. They were to lodge their imports in the Company's warehouse and dispose of their goods at the Company's sales. By his regulations, Cornwallis succeeded in keeping the private trade of the Company's servants confined to those in the commercial line; his regulations placed many restrictions on them and made it impossible for them to do business on commission which they had been accustomed to do. The British Free Merchants in India found more profitable openings in the indigo and opium trade. The breach was, however, made not at this but at the other end. The plan to oust all rivals seemed about to succeed in India. But in England the Company had to face the problem of making "the trade interesting to the nation at large." The Company was fighting on two fronts. Its success on the Indian front against its rivals was partly due to favourable circumstances and partly to conscious effort. But this was of no use, because, on its home front the breach made in 1793 widened so far as to bring about capitulation in 1813.

Indigo plantation began in Bengal in 1779. The indigo plant grew naturally in every part of India. While it was fresh, Indians would, with little trouble, make from it the colour they wanted. But this was not fit for exportation. It had to undergo a process which could give it sufficient solidity and then only could it be exported abroad. On the report of Henry Guinand, Export Warehouse Keeper, the Board of Trade decided to accept the offer of J. Prinsep to produce indigo for export to England. His first proposals were referred to the Court of Directors and samples were sent for examination. He was, however, asked to prosecute his plan and he was assured that in future he would be given preference in the purchase. The musters of his indigo were henceforth forwarded from time to time to

England, without waiting for the orders of the Court of Directors. John Prinsep received encouragement from the Governor-General in Council and the Board of Trade in extending his plantations and manufacturing indigo. The price of indigo was fixed at Rs. 5/8/- per factory seer. He first supplied 100 mds. of indigo. He was asked to supply 1,000 mds. between May 1780 and January 1781 and a further quantity of 1,000 mds. between May 1781 and May 1782 at the rate of Rs. 5-0-0 per factory seer. He was given an advance in May 1780 of Rs. 1,20,000 and in August 1780 of Rs. 50,000. Thus the Governor-General in Council and the Board of Trade combined to encourage this individual and this new article of trade "in consideration of the very promising nature of the undertaking."<sup>44</sup> The Directors, however, regarded it as a mean of remittance. They wrote that the article failed considerably on account of the high prices at which it had been purchased. It had been expressly said that the price should lessen in proportion to the quantity demanded. The Court therefore expressed their displeasure that in 1782 they had made a further contract for 1,600 mds. at a reduction of price for only eight annas per seer. They were even more surprised to find that a further contract was made with J. Prinsep, to the amount of 3 lakhs lbs., at the same price as a compensation for his having given up a point of dispute respecting his building at Fulta. The Court bitterly complained that "... such a transaction does not partake of that mercantile fairness we wish should take place in all our commercial proceedings."<sup>45</sup> In 1787 the Directors wrote that the produce at the sales of several parcels, purchased of Mr. Prinsep prior to 1786, yielded a remittance of 1s.-7d.-67 dec. in the current rupee, which reckoning the rupee at 2s., meant a loss in the first instance of upwards of 17 per cent independent of freight and charges which might be reckoned at full 10 per cent and thus it meant a total loss of 27 per cent.

"Of the quantity contracted for in 1786 with Messrs. Prinsep, Douglas, Fergusson and Barretto, J. P. Scott and Henry Scott.....there is no reason to suppose that the

latter contracts will turn out more favourable than the former ones." They, therefore, declined all further concern in indigo for three years. They added that they hoped that competition would not fail to operate in bringing the article to its greater possible state of perfection as well as in ascertaining the highest rate at which it was possible to be manufactured.<sup>48</sup>

The East India Company did not profit very much by this remittance contract system. But, by now, private traders had grasped the importance of this commodity and it quickly became one of the most important articles for export to England. We find from judicial records that Claude Martin and G. F. Grand were engaged in indigo manufacture on a large scale. Grand had extensive indigo works in Tirhut. His manufactories produced 542 mds. and 6 seers in 1786. Martin's indigo works in Pilwa, Bergawa and Catwa spread over an area of 6,466 bighas of land. There was also indigo manufacture under British auspices in Midnapore, Nadia and Murshidabad.<sup>49</sup> The reputation of Bengal indigo began to increase. It gradually surpassed American and Spanish. The parcels of Gilchrist and Charters were declared superior to Spanish, the 21 chests belonging to G. Robinson were considered to be of a quality nearly equal. The parcels of Perrean and Stephens and Osby Hunter were also very well spoken of. The consumption of French indigo in England was in a manner entirely supplanted by that from Bengal.<sup>50</sup>

2,955,862 lbs. of indigo were imported into England from India. Out of this, the quantity produced with the Company's advance was 542,841 lbs., the consignments of individuals under the sanction of the Parliamentary Act of 1793 amounted to 1,508,187 lbs., and the quantity laden on the privilege of the officers of the freighted ships 904,834 lbs.<sup>51</sup> Indigo was thus established as the staple export for private traders, and soon became one of the pillars of their prosperity. Indigo became "the principal article for the investment of British capital as the medium of remittance to

*England.*" In 1800, 40,000 mds. of indigo were imported from Calcutta to England.

British "country" trade in its two aspects, coastal and far eastern—in the language of Milburn "to and from British Asia, to and from Foreign Asia"—gradually developed in the 1770's and 1780's. The British private traders became the licensees of the Company for the sale of opium in China. The proceeds of the opium sales could pay for the Company's tea investment in China. A permanent and convenient outlet was found for opium in the extensive empire of China, in the language of diplomacy "in the dispersed and circuitous traffic of the eastern seas."<sup>53</sup> The growth of "country" trade also led to the growth of shipping in the Hughly. In 1781 the *Non-such* of about 500 tons burthen was launched. One of the first things, that the owner of this ship was asked to do, was to ship opium on the Company's account—1601 chests invoiced at C. Rs. 8,25,023. This mercantile operation under the Company's auspices was highly irregular and it was not repeated. It has been suggested that the pressing demand for tonnage, on account of Haidar Ali's invasion of the Carnatic in 1780, raised the price of freight so high that some of the British people in Calcutta made a rush for the construction of ships in Bengal. Once begun this activity naturally continued. Between 1781-1803, 56 ships and 93 snows were constructed in Bengal totalling 39,080 tons. But the purpose for which the first ship was used is significant. It should also be noted that in 1789 there were in Canton altogether 86 foreign ships, of which the English East India Company owned 21, British subjects residing in India 40, European and American ships 25.<sup>54</sup> Opium was regularly imported into China in these English country ships. With this development of shipping we should also consult the growth of trade "to and from British Asia". Salt was imported into Bengal from Vizagapatam, Rajamundry, Nellore, Covelong and Tanjore. Though this threatened the existence of the salt industry in Bengal and the revenue derived by the Government of Fort St. George from salt imported into Bengal was

inconsiderable, the trade was of material assistance to the shipowners and every attempt was made to develop it in their interest.

The East India agency houses numbered 29 in 1803. As Greenberg writes, "The characteristic unit of private British trade with the East, both China and India, was the agency house. This type of firm, though primarily a trading house, also acted as banker, bill brokers, shipowner, insurance agent, purveyor etc."<sup>54</sup> Indigo, opium and coasting trade opened new avenues to private traders. The agency houses formed the mechanism through which these trade operations were now carried on.<sup>55</sup> The Company's servants had ceased to take part in private trade. But their capital was invested in the agency houses. As the Company's servants faded out, the British Free Merchants began to dominate private trade. They acquired such an ascendancy that the establishment of the British settlement at Penang or Prince of Wales Island was a natural consequence of Bengal's "country" trade with China.<sup>56</sup>

So long as the agency houses did not develop, the banians acted as agents and middlemen for the East India Company's servants and British Free Merchants. During the period of almost untrammelled scramble for wealth, the Bengali banians played a very important role in British private trade transactions. At present a banian is a mere guarantee broker. He has nothing to do with finance. The 18th century Bengali banian was "interpreter, head book-keeper, head secretary, head broker, the supplier of cash and cash-keeper,..... serving to further such acts and proceedings as his master durst not avow." "They knew all the ways, all the little frauds, all the defensive armour, all the artifices and contrivances by which abject slavery secures itself against the violence of power."<sup>57</sup> The young writer landed in Bengal without money but eager to acquire a fortune as quickly as possible. The banian took possession of him, got from him the ticket of an Englishman's name, the power which it conferred and in return supplied him the money he needed. In the



case of Radhakisore Roy vs. Executors of John Grose deceased, supervisor at Rangpur in 1772, we find that the banian had made an advance upwards of 50,000 rupees for which there was no bond. One of the interrogatories addressed to Uday Ram Singh, one of the witnesses, may be here reproduced—"Did or did not the complainant as head banian to the said John Grose deceased make all advances for the expenses of said deceased as well as sundry advances for private trade and also for a joint trade between Messrs. David Mackenzie, George Robinson and the said deceased or under his management." In the case of Rampersad Roy vs. Peter Hansen, the agreement was to the following effect—"Peter Hansen do bargain and agree with Paramananda Ghose and Ramsankar Sarkar to keep them in my service and allow them both 25 Arcot rupees by the month while they serve me and cannot dismiss them before the money which they lend me is paid" (May 1772). It is a relief when we turn from such case records to the will of William Lambert, who was in succession Military Paymaster, Chief of Dacca English Factory and Chief of Dinajpur Provincial Council of Revenue (1774)—"I give and bequeth unto my faithful banian Bulluram Mazumdar, so faithful that words are insufficient to describe it, and to whom I am indebted for every rupee I have hitherto gained."

It would be a mistake to suppose that the banian always occupied the position of vantage. He took great risk when he advanced money to the young writer who was likely to die a premature death, leaving no assets. If he did not succumb to the climate and to fast living, it was very likely that he would try in various other ways to evade his financial obligation. Reference may be made in this connection to the case of Ramdullol Missir vs. John Miller, administrator of William Dumbleton deceased (1798). According to this complaint, William Dumbleton was, in or about August 1768, a writer in the Bengal establishment, on a monthly salary of 96 rupees his only means of subsistence. But this young writer was very extravagant. He borrowed from several "gentlemen" and "natives" in Calcutta, kept a number of

dogs, horses, carriages etc. and spent about three to five thousand rupees a month. He persuaded the complainant to become his banian and he was at that time banian to several other British gentlemen in Calcutta. He continued in the service of William Dumbleton until September 1770. By then William Dumbleton in debt to his banian to the extent of 28,365 Arcot rupees. About December 1770, Cottrell, then Import Warehouse Keeper, wrote to Purling, then Zemindar of Calcutta, and Ram Missir was taken up and imprisoned for a period of about six weeks. He was discharged without any formal charges being made against him. This, according to the complainant, was a very common thing with the Company's servants in Calcutta to do to the natives. During this confinement he was informed that Mr. Cottrell intended seizing his property in the *aurungs*. He was alarmed and caused applications to be made to William Dumbleton, who had been before appointed assistant to Middleton, Resident at the Darbar. Dumbleton agreed to afford assistance but wanted a large sum of money and a mortgage in his property so that he might protect them by appearing to have an interest in them. This was a typical case. The difficulties of Ramdullol Missir and Radakisore Roy were the risks of the banian's profession before the establishment of the Supreme Court. The Supreme Court, to some extent, improved the banian's position as a supplier of capital to the servants of the Company, but by then privileged inland trade had also disappeared. In normal commercial transactions the banian's *dustoree* or commission was 3 per cent of the prime cost.<sup>83</sup>

Before Plassey the banians were mostly of the *vaisya* caste. It has not been possible to make an estimate of the proportion of high caste Hindus who flocked to Calcutta as banians before the rise of British political power. The Mayor's Court records from 1757 to 1774 indicate that after Plassey the high caste Hindus must have found this occupation very profitable. As private trade expanded, high caste Hindu banians became more and more numerous in judicial records. The

high caste Hindus threw themselves into this servitude so that they might rise by their degradation. In one of the earliest judicial records (September 1749) two banians are mentioned—Ramkisore Ghose and Lakhim possibly Lakshman. Durga Charan Mitra was banian to the Prussian Company in 1755-56. Diaram Dutt appears as a banian in a case in 1760 and Kebabram Ghose in 1762. These are some of the earliest names. Muslims do not appear as banians in judicial records. One of the very rare Muslim names is that of Sk. Jawdy who talked with his employer in Portuguese and one Gokul Mukherjee interpreted the orders to him (Daniel Hoissard vs. Gokul Ghosal, 1773). A banian, Ramprosod Mitra, was very well acquainted with and could read and write in the English language. But even among banians he was an exception. According to the evidence given by Major Rennell, on the occasion of the impeachment of Impey, not more than a thousand "natives" in the provincial cities understood English. It does not appear that the banians acquired any proficiency in the English language beyond a smattering of substantives, adverbs and interjections.

It would be proper to refer to the activities of some of the most famous banians of the second half of the eighteenth century—Gokul Ghosal, Baranasi Ghosh, Hydaram Banerjee, Akrur Dutt, Monhur Mukherjee. Their names occur frequently in the judicial records of the period. Maharaja Nobkissen (Nabakrishna), Gangagobind Singh, Krishna Kanta Nandi and such other persons were also sometimes described as banians but they were almost exclusively concerned in political and revenue matters. They do not therefore illustrate the characteristic role of the banians in the economic life of the age. Gokul Ghosal was the banian of Governor Verelst. He was therefore as much in the forefront as Maharaja Nobkissen. But Gokul Ghosal, unlike Nobkissen, was very much concerned in extensive inland and foreign trade transactions. Some of the case records in which he was either plaintiff or defendant best illustrate how widespread his commercial activity was.

In the East India Company's public department records Daniel Hoissard is mentioned as a Church Warden in 1769. In the Mayor's Court papers we find that there was a joint trade concern in which he had the Governor as his partner. But the central figure in this business was Gokul Ghosal. On his recommendation Hoissard appointed the head banian for this joint concern. Even the appointment of a *gomasta* could be made only on the recommendation of Gokul Ghosal. Purchases of cotton goods of different varieties and *Purnea saul* timber were made at different places in 1768. The piecegoods of the joint concern were sold by Hoissard to Capt. Thompson, Commander of the Calcutta Indiaman, and Pearse, Paymaster of the said ship, part in ready money and part in barter, for Europe velvet and broad cloth. Exhibit No. 15 in this case shows the final *aurung* invoices of *gomastas* for goods received by the agents and servants of Gokul Ghosal from different parts of Bengal—sugar, jaggery dry ginger, turmeric, wax, opium, muslin, doorea, mulmul, neck cloth, nainsooks etc. We also find in an exhibit in the case of Charles Child that he bought the whole share of the purchase, made by Madan Dutt in partnership with Gokul Ghosal, of the opium exported in 1769 from Patna. Charles Child was possibly a Free Merchant. James Archdekin, who was Commissary to the Third Brigade, commenced a partnership with Gokul Ghosal in 1769. He could borrow of Gokul Ghosal for trade up the country to the extent of 30,000 rupees. Gokul Ghosal was to have  $\frac{1}{4}$  of the net profits and also to share  $\frac{1}{4}$  of all losses. Monhur Mukherjee, a relation of Gokul Ghosal, accompanied James Archdekin to Monghyr where they began to trade in cloth, rice, opium, wax, tobacco and other articles as also in *saul* timber. Gokul Ghosal's established reputation for business integrity, fair dealing and his status as head banian to the Governor were helpful factors in setting up Monhur's business. In 1769 Thomas Rumbold purchased a ship with a view to trading in opium in the East. Rumbold was in succession Chief at Patna, Member

of the Board of Revenue and Member of the Committee of Works during the period of Verelst's Governorship. His partner Walter Wilkins was Chief of the Chittagong factory and later Member of the Board. They felt the necessity of taking other partners and admitted Harry Verelst, Gokul Ghosal and Madan Dutt as partners. Gokul Ghosal, who was so prominent a figure in Calcutta commercial circles, was also a farmer of revenues. He died in 1779. His successor Jainarain Ghosal could speak and write English very well. Like Maharaja Nobkissen, who could also speak English very fluently, Jainarain Ghosal moved very much in English circles in Calcutta. But in judicial records he appears mainly as a security for British contractors and as a farmer of revenues. His descendants were known only as landowners. Jainarain's was only one amongst the many families who started as banians and then settled down as landowners.

Akrur Dutt, another notable banian, was also a very prominent figure in inland trade and was connected with the business activities of more than one Englishman. Head banian to Robert Burgh, Paymaster to the Second Brigade, he became very well-known in Calcutta as a sloop contractor. Another famous banian of those days was Baranasi Ghosh of Sutanati, who appears very frequently as an administrator of the estates of deceased persons. He was also concerned in inland trade in *saul* timber. Yet another prominent banian of Calcutta of those days was Hriday Ram Banerjee, who appears as Hydaram Banerjee in judicial records. He was banian to the Sheriff of Calcutta. All these persons were prominent inland traders in the 1760's and 1770's in partnership with Englishmen. The agency houses gradually took over much of the work of the factotum the banian and by the end of the eighteenth century the banian became confined to a more restricted role.<sup>54</sup>

<sup>1</sup> The salary of a Councillor—£250 per year; of a Factor—£140 a year; of a Writer (as then lately increased) £130—Mill., III, 12 footnote.

<sup>2</sup> *History of Bengal*—Vol. II.

<sup>1</sup> Calcutta Mayor's Court Records—January 1756. In his evidence Kali-charan Sarkar also deposed that a *rowana* from the Foudzar of Hooghly for a ship carrying rice to the Coromandel Coast 525 Arcot rupees had to be paid.

<sup>2</sup> Letter from Court—23 March, 1759, p. 102.

<sup>3</sup> Calcutta Mayor's Court Records. John Knox *vs.* Stanlake Batson and Francis Sykes, 1 July, 1759.

<sup>4</sup> Vansittart—*Narrative* I, p. 24. *Br. Mus. Add.* 29070. "The treaty concluded with him was productive of large advantages to the nation as well as to individuals, and seemed to ensure to the Company benefits of commerce in a much wider extent than they had heretofore enjoyed."—Clive.

<sup>5</sup> In the days of Alivardi and his predecessors the Europeans were not permitted to trade in *panga* salt. They could trade in *Kurkutch* salt of which the importation was very inconsiderable—*Rev. Dept., G.-G. in Council Progs.*—Vol. 14 June, 1776.

<sup>6</sup> From Court—3 March, 1758.

<sup>7</sup> Letter from Court—3 April, 1760, p. 103.

<sup>8</sup> Acc. to Verelst the servants of the Company engaged at first sparingly in the inland traffic of salt. Some even claimed an exemption from duties; but as these pretensions were discountenanced by Colonel Clive during his government, such claims were at that time relinquished—*View*, p. 195. This is a case of economy of truth.

<sup>9</sup> Aitchison—I, p. 17.

<sup>10</sup> Vansittart—*Narrative*, pp. 90-102.

<sup>11</sup> Mill—II, p. 237.

<sup>12</sup> Aitchison—I, p. 51.

<sup>13</sup> From Court—3 April, 1760, p. 103.

<sup>14</sup> *Ibid.*, 17 Dec., 1762, pp. 37-38.

<sup>15</sup> Bolts—*Considerations*, pp. 171-172 (in the second year the capital stock was divided into 60 shares).

<sup>16</sup> *Ibid.*, p. 169.

<sup>17</sup> *Ibid.*, p. 183.

<sup>18</sup> Bolts—*Considerations*, p. 188.

<sup>19</sup> Letter from Court—17 May, 1768, pp. 31 and 36.

<sup>20</sup> Report of the Pari. Commission on Salt in British India, 1856.

<sup>21</sup> From Court—20 Nov., 1767, p. 90.

<sup>22</sup> *Ibid.*, 10 April, 1771, pp. 25-26.

<sup>23</sup> G. M. Trevelyan—*Life and Letters of Macaulay*, Vol. II.

<sup>24</sup> Separate letter from Lord Clive, para. 16.

<sup>25</sup> From Court—20 November, 1767, p. 105.

<sup>26</sup> To Court, 25 September, 1768.

<sup>27</sup> Major G. Stibbert *vs.* Nittanund (1st December, 1767).

Charles Child *vs.* Anandiram De (May, 1767).

Luckicant Dutt *vs.* Robert Sanderson (1772).

<sup>28</sup> Furber—*John Company*, p. 281.

<sup>29</sup> The will of Zachariah Coja Mull Caldor (Khalladar) filed in March, 1776. The United Company *vs.* Henry Halsey, 1782.

Nobkissen's deposition—10 July, 1783.

<sup>30</sup> Governor-General in Council—30 October, 1789.

<sup>31</sup> Colebrooke—*Digest*—Supplement.

<sup>32</sup> From Court, 1769-70, Serial No. 13, pp. 43-47.

<sup>33</sup> *Ibid.*, 1770, pp. 40-41.

<sup>34</sup> From Court—25 January, 1782.

<sup>35</sup> *Ibid.*, 11 April, 1783.

<sup>36</sup> Progs.—Board of Trade, 2 September, 1785.

<sup>37</sup> *Ibid.*

<sup>38</sup> *Ibid.*

<sup>39</sup> *Ibid.*, 3 December, 1788.

<sup>40</sup> *Ibid.*

<sup>41</sup> *Ibid.*

- <sup>42</sup> Board of Trade, 25 May—13 June, 1793.
- <sup>43</sup> Furber—*John Company*, p. 110.
- <sup>44</sup> Progs.—Board of Trade—23 May—13 June, 1793.
- <sup>45</sup> Progs.—Board of Trade—1 May, 1792.
- <sup>46</sup> Board of Trade—14 December, 1779.
- <sup>47</sup> From Court—11 April, 1785—27 March, 1787.
- <sup>48</sup> *Ibid.*, 27 March, 1787, pp. 39, 40, 42, 43.
- <sup>49</sup> Thomas Baillie (deceased) *vs.* G. F. Grand, 1788.
- Thomas Maseyk *vs.* Claude Martin, 1788.
- Alexander Colvin *vs.* Ralph Uvedale Christopher Dexter, and
- Robert Wallace *vs.* Robert Stewart, September, 1798.
- <sup>50</sup> From Court—30 May, 1792, pp. 121-123.
- <sup>51</sup> *Ibid.*, 27 July, 1796.
- <sup>52</sup> Morse. *Chronicle*, 1788.
- <sup>53</sup> *Ibid.*, 1789.
- <sup>54</sup> Greenberg, *British Trade and the opening of China*.
- <sup>55</sup> Rex *vs.* Cuthbert Fenwick, 15 June, 1791.
- "The mercantile houses of credit taking the trade to China with  
15 per cent."
- <sup>56</sup> Furber—*John Company*, p. 176.
- <sup>57</sup> Speeches of the Managers and Council in the Trial of Warren Hastings,  
Vol. I, Ed. E. A. Bond.
- <sup>58</sup> John Bristow *vs.* James Gourlade and Henry Guinand.

## CHAPTER VII

### THE INDIAN MARKET

THE wealth of Bengal about a century before British conquest has been vividly described by Bernier. According to him Bengal produced rice in such abundance that it not only furnished its neighbours but many remote places. Bengal's surplus rice was transported by sea to Masulipatam and to the ports on the Coromandel coast, Ceylon and the Maldives. Its sugar was exported to Golkonda, Arabia, Mesopotamia and Persia. Of commodities of value, cotton cloths and silk stuff Bengal was the grand magazine, not only for the empire of the Great Mughals as far as Lahore and Kabul, but also for all the neighbouring kingdoms and for Europe.<sup>1</sup> The prosperity of Bengal before Plassey was ascribed by Verelst to the "cheapness and quality and the prodigious traffic of her manufactures. Besides the large investments of the different European nations, the Bengal raw silk, cloths etc. to a vast amount were dispersed to the West and North inland as far as Guzrat, Lahore and even Ispahan."<sup>2</sup> The disorder and anarchy in the Asiatic countries, the break up of the Mughal Empire, the flow of cheaper Chinese silk and Dutch sugar to the ports on the western coast of India, no doubt, led to considerable reduction of this prodigious traffic. The Bargi incursions into Bengal created some temporary dislocation on her western frontier. But the effects of these disturbances must not be magnified. The Mughal Empire broke up during the years 1739-1759. But the Mughal tradition lingered. The Mughal noblemen, who succeeded in carving out independent principalities for themselves, felt that they would command respect if only they could make their courts miniature replicas of the Mughal darbar. During all these years from 1739 to 1759 there were the Mughal Emperor



at Delhi, the Nawab Wazir of Oudh, the petty Ruhela chieftains in the north and the Nizam in the south. In spite of occasional disturbances the cotton cloth and silk stuff of Bengal must have sold almost as before in different parts of India and the neighbouring regions. The House of Jagat Seth was at the height of its prosperity in the beginning of 1757. The following description of Bolts, though he does not assign the date, was true of Bengal at the time of the death of Alivardi Khan—"A variety of merchants of different nations and religions, such as Cashmeerians, Multanys, Patans, Sheiks, Sunniasys, Poggayahs, Betteeas and many others used to resort to Bengal in Caffeelahs or large parties of many thousands together with troops of oxen for the transport of goods from different parts of Hindostan."<sup>3</sup> But during the period from 1757 to 1772 the servants of the English East India Company with their retinue of agents and *gomastas* were responsible for such proceedings as deterred all these merchants from different parts of India from coming to Bengal. The dominance of the privileged British private traders completely changed the state of the Indian market and in the 1760's and 1770's it was very different from what it was in the 1750's. The "prodigious traffic" of her manufactures in India became very soon a thing of the past. In the eighties the British made an attempt to create an Indian market for Bengal goods as also European imports. They looked around and found that internal commerce had for many years been gradually declining.<sup>4</sup> The entire economy of Bengal was dominated by the needs of the European market in the 1760's, 1770's and 1780's. In the rest of India the Mughal tradition was gradually replaced by the Maratha. "The Mughals magnificent and ostentatious required every article of luxury. Towns and cities grew out of this spirit. The Marathas were averse from those costly modes of expense. Towns and cities were mouldering fast into ruin. In this cause may be traced . . . . the drooping commercial state of the provinces of Hindostan."<sup>5</sup> British domination in Bengal

and Maratha ascendancy in many other parts of India combined to bring about the steady decline of the flourishing Indian market for Bengal goods. This decline had been much less evident even in the period of Bargi incursions, and Maratha-Afghan contest in Northern India.

It would be convenient to concentrate on two articles of internal commerce—raw silk and cotton piecegoods. In 1789 the Resident at Commercolly examined one Sadanand Bandopadhyaya, a *gomasta* of Girdhar Das, a Gujarati merchant at Cossimbazar.\* Sadanand Bandopadhyaya was for thirty years, a broker in silk trade business. His evidence was apparently regarded as reliable and was transmitted to the Board of Trade. He gives us very full information on Indian private trade in raw silk. According to him in 1787-88, 1,000 mds. of raw silk were conveyed from Cossimbazar to Calcutta to be sent in different ships to Surat. In 1788-89 on account of the dearness of silk the quantity wanted could not be procured and only about 500 mds. were consigned to Surat. Silk for Surat market was procured from Sherpore, Goraghat, Bauleah, Commercolly and Radanagore. The Gujarati merchants preferred Radanagore silk and tanna silk from Cossimbazar. If they could procure a sufficient quantity of these two assortments no other variety was taken. There were seven Gujarati merchants at Cossimbazar—Neelmoni Doss, Girdhar Doss, Govind Doss, Nuggin Doss, Golapchand, Tulsi Doss, Jogjiban Doss. Besides dealing in silk they carried on a great deal of business in exchange between Bombay, Surat and Bengal. They sent also two hundred to three hundred mds. of silk to Mirzapore and Benares. The silk that was sent up the country went either directly to Nagpore, where it was made up into piecegoods, or to Mirzapore, whence it went to Nagpore, Chutterpore in Central India and Poona to be manufactured into kinkabs, brocades etc. To Mirzapore raw silk was sent for sale, not for manufacture. From Mirzapore it was also sent to Multan and Lahore besides the places mentioned above. Of all the silk exported by

Indians from Cossimbazar, the central raw silk market, 7/16 went by sea to Surat, 4/16 to Nagpur, 4/16 to Mirzapore and 1/16 to Benares. There were some Armenian merchants—Aga Seat, Coja Cancheek, Aga Gregory—at Sydabad in Cossimbazar. They sent about 100 mds. of silk by sea to Surat. There were other merchants who exported about 1,000 mds. to Mirzapore, Nagpore, Chutterpore, Benares and other places. But the difficulties referred to reduced their export to about 500 mds. a year. Two very important figures in raw silk trade were Manik Kundu of Harinarainpore and Bostom Chand Babu, a nephew of Kāntu Babu. They provided silk by agency or contract to the merchants from Gujarat. None of the Indian traders, however, sent filature silk by sea. The merchants at Surat and at Gujarat preferred China silk to filature silk. But even in 1791 we find that private filatures in *Baulea aurungs* were 51 in number and produced at least 1,000 mds. Most of this silk was sent to Mirzapore, Nagpore, Lahore and Multan.<sup>7</sup>

According to Bandopadhyaya silk trade in Bengal was greatly on the decline. The quality had deteriorated. The high price and the difficulty of procuring it caused the providers of raw silk to mix a great proportion of the coarse assortments with the fine. About the quantity his report was that before the famine of 1770 there were about ten merchants at Murshidabad and each of them used to send by sea to Bombay and Surat at least 60 bales, each containing 25 mds., the whole annual export varying from thirteen to twenty thousand mds.

This evidence throws light on market conditions in the 1780's and 1790's and gives an outline account of this private trade of the Indian merchants in raw silk in the 1760's and 1770's. The raw silk market is seen generally from the point of view of the East India Company's Investment and European private trade. It is therefore necessary to point out how an Indian not concerned with the European Investment or the Europeans' private trade, described the

raw silk market. Some of his figures may not be exact, but they are not misleading.

Bengal did not produce sufficient cotton for her manufactures. Gujarat cotton was therefore imported by sea from Surat and Bombay. In the 1750's the demand for Surat cotton in Bengal was gradually falling. Up-country cotton was steadily replacing it. The members of the Council at Calcutta who were speculating in Bombay and Surat cotton pushed up the price. The country cotton crop together with the imports down the Jumna and the Ganges prejudiced their sale at heightened prices. The speculators in Calcutta devised two means of meeting the competition. They induced Md. Reza Khan to take and distribute Surat cotton among the zamindars and it was alleged that a heavy duty was imposed on imported cotton on the borders of Bihar. But the Court of Directors, who were very much interested in the price of cotton, took cognisance of these allegations. The Calcutta Council could not very well meet the allegation that the services of Md. Reza Khan were utilised by them for their private trade in Surat cotton, but they stoutly denied that a duty was imposed on the import of up-country cotton. The Governor and Council added, in an aggrieved tone, that "... if they had acted on principles that deserve such an attack they would not have been so very considerable sufferers in their private fortunes as they now are."

Mirzapore, from its central situation, developed into a grand mart for cotton for import into Bengal. The prices were influenced by the selling rates at Bhagwangola near Murshidabad. To Bhagwangola traders from Dacca, Calcutta and other places resorted for the purchase of cotton. At Mirzapore in the 1780's there grew an English quarter—*Mahalla Angrese*. Cotton prices at Mirzapore were regulated by the quantity imported and that expected to arrive. Casual circumstances and daily reports from different parts of the Company's provinces also affected rates. Two illustrations will suffice. In February and in March

1789 letters arrived at Mirzapore from Calcutta that several English gentlemen intended to buy cotton in order to export it to China. Prices went up. Another report, circulated in July and August that one or two ships had arrived at Calcutta laden with Surat cotton, made prices go down. But on the whole the demand of Mirzapore cotton was on the increase. In that market cotton of the best qualities came from the Deccan or further south. Another very good variety of cotton—Jalwan—came from near Farrukabad, imported through the Nawab Wazir's dominions. Nagpore cotton was held in the highest estimation and was regarded as nearly equal to that of Surat and was sold at a higher price than the Jalwan and Amraoti varieties.

In almost all the districts of Bengal cotton was produced locally. This was utilised for weaving coarse cloth for local use. We are in a position to indicate, district by district, how much cotton was produced locally and how much was imported for the use of the manufacturers.\*

In Malda and in the *aurungs* attached to it three sorts of cotton were produced—*barrabunga*, *biretta*, *nurma*. The *barrabunga* cotton's quality was soft and excellent. The quantity produced was small, not more than 2,500 mds. The *biretta* was many degrees inferior to the *nurma*. The produce of these two sorts of cotton amounted together to 40,000 mds. of which about 10,000 mds. were exported. The imported cotton from Mirzapore amounted to 6,000 to 8,000 mds. A little Surat cotton was now and then imported from Calcutta. Even in the 1770's Malda *aurungs* imported only Surat cotton, but in the 1780's cotton from Mirzapore alone was imported. Of the Mirzapore sorts, the Amraoti variety was regarded as the best. The Nagpoory was regarded as of inferior quality. The price of Mirzapore cotton normally varied between 12 and 15 rupees per md. In 1788-89 it ranged from 22 to 24 rupees per md. The area of the Malda agency of the Company extended up to the foot of the Bhootan hills. In the Malduar *aurung*, at the foot of the Bhootan hills, at a place called Raniganj, the hill people

annually brought about 1,500 mds. of *kapas*. It was superior to *biretta* and *nurma* though inferior to *barrabunga*. The price was *sonaut* Rs. 7-8 or Rs. 8 per md. of 92 *sicca* weight.

*Rangpur*—The finest cloths were not made here. The local cotton—*Chinteah*—was totally unfit for fine cloths. The import of hill cotton from Bhootan, Assam, Rangamatty amounted to about 18,000 mds. Bhootan cloth was used in the Company's *baftas*. The quality of it was superior and would have yielded fine yarn if put into the hands of the right sort of spinners. The local produce of cotton was not more than 5,000 mds. Cotton was imported from Bhagwangola, the great cotton mart of Bengal.

*Birbhum*—The local produce of cotton was about 80,000 mds. About 17,000 mds. were imported by way of Murshidabad and Patna. Birbhum did not export cotton. The *aurungs* in the district absorbed about 100,000 mds.

*Burdwan*—Three sorts of cotton were grown in the district—the *nurma*, the *muhree* and the *bogga*. The *nurma* was of the finest quality and was made use of in the manufacture of *nainsooks*, *mulmuls*, *sherbutty* and *dooreas*. The *muhree* was used for *guzzees* and *gurrahs*, the *bogga* for *gurrah* assortments. The imported cotton included the Nagpoory and Amraoti from the west and Bombay cotton from Calcutta. The Bombay cotton was used only for the finer pieces of *mulmul*, *nainsooks* etc. The gross quantity of the import exceeded the actual produce of the district by at least 50,000 mds.

*Sonamooky*—The area extended over a large part of Burdwan, Birbhum, Bishnupur and parts of Rajshahi and Murshidabad. No cotton was exported and there was hardly any import. The quantity brought from Mirzapore did not exceed 2,500 mds.

*Radanagore*—The cotton produced in the area covered by this chiefship was of three sorts—the *kaur*, the *muhree* and the *bhoge*. The staple of the first was much the best as it united strength with softness and all the fine cloths were made of this cotton. The *muhree* was used both for the

*gurrahs* and the coarser muslins. The finest thread was made of the *kaur* cotton at least a year old. The total quantity of cotton produced in the district was estimated at 15,000 to 17,500 mds. The quantity imported from Calcutta was generally about 3,000 mds.

*Midnapore*—Depended very much on imported cotton for its provision of the European companies' Investment. The cotton called *Bombai* was imported from Calcutta, Serampore and Chandernagore. A part of it was spun into thread for coarse cloths—*guzzee* and *gurrah*. From the Maratha country and via Burdwan were imported the *kurrora* and the *muhree*. The *kurrora* was of a soft and fine texture and was spun into thread for fine cloth, such as *nainsooks*, *serbutti* and other sorts of muslin. The *muhree* cotton, coarser than the *kurrora*, was spun into thread for the manufacture of *Dimitys* and other cloths.

*Harial*—The area of this chiefship extended from the banks of the Brahmaputra in the north to the Chalan Jheel in the South. No cotton was produced in this area as the country was too low for the growth of cotton. *Dessy copass* was imported from Jaffargunge whence it was brought to Cogmaria and the neighbouring *hauts*, *biretta* cotton from the districts west of the Karatoya, from Silberris as also from Mymensigh, *bhoga* cotton from Chilamary, Dewangunge and Sherpore, to which places it was brought from the Currybarry hills north of the Brahmaputra. The import of Mirzapore cotton began in this district for the first time in 1783. A quantity of Surat cotton used to be imported before that year. In 1782-83 the entire provision of the Company's Investment was manufactured with thread made from *Dessy* and *Biretta copass*. But in 1786/87 and the two succeeding years almost about one-half of the Investment of the Company's cloth was supposed to have been made with Mirzapore cotton.

Taylor, who was Resident at Harial, thus describes the quality of different kinds of cotton in use in his *aurungs*—*copass*—three varieties—*Dessy*, *Byratty*, *Bhoga*. The *Dessy*

was contained in a small pod, the threads or fibres which formed the cotton being long, fine and strong. This cotton could be spun into thread of any degree of fineness. Such thread improved with washing, shrank in water and became firmer after washing. The *Biretta*, contained in a longer pod, yielded thread which was shorter, coarser and less strong than the *Dessy*. The thread made of *biretta* cotton was also less fine. It swelled on being washed. The *Bhoga* cotton contained in a still larger pod was shorter, coarser, less strong and swelled in first washing—Mirzapore cotton was slightly superior to *biretta*. The thread made from it was a little longer, stronger, finer. Surat cotton was better than the Mirzapore variety and almost equal to *dessy*. The threads from Surat cotton could be as long and as strong as those of the *dessy* but the Surat cotton could not be spun into thread so superfine as that of the *dessy*. The finest fibres of the *copass* adhered so firmly to the pod that they could be separated only by a machine. The expert spinners first removed with a fine comb all the looser and coarser fibres. The finer part of the *copass* rendered perfectly clear could be spun into thread of any degree of fineness. Herein lay the superiority of *dessy copass* over Surat cotton. As the fibres of the Surat cotton were all mixed, it could not be spun into such fine thread as the *dessy*. The *dessy* cotton could also be spun into the coarsest thread but in that case it differed from coarse thread from inferior *copass* because it would be more soft and strong. In Harial *dessy copass* was used for fine and middling *cossaes*, fine and superfine *humums* and fine middling *addaties*. When *dessy* cotton could not be procured, Mirzapore cotton was used in making thread for every assortment of cloth for the Company's Investment. But the superfine *humums*, made from such thread, were of an inferior kind and could not be made to pass higher than the third letter.

*Santipore*—The cotton which was produced in this *aurung* was of a superior quality to the cotton brought from the Mirzapore market for the purpose of spinning fine thread.



This thread was of a more even texture. The quantity grown amounted to 3,500 mds., one-fourth of the weight at which it was sold in the gross. Another variety of cotton was also produced here but it was of a coarser kind. The imports included *beech kapas* and *bhoga kapas* from Burdwan and some cotton from Mirzapore and Surat.

*Dacca*—J. Bebb, Resident at Dacca, gave a very detailed description of the quality of the various varieties of cotton in use in Dacca. The *photee* or cotton of the district was gathered twice a year in April and September. That which was produced in April was the better variety and had a higher price. Both these varieties had to be kept for a season before being used because raw cotton had a watery softness and the thread swelled more than in the case of old cotton. All the thin cloths such as *mulmu's*, *allabalies*, *dooreas*, *terrindams*, *tanjibs*, *serbetties*, *nyansooks* were made from the *photee* except the stripes of the *dooreas*, which had to be made of the Seronji or Hindusthan cotton. As the Hindusthan cotton was of a coarser quality, the stripes could be made more distinct from the ground. The *Boggah* or cotton produced in the eastern hills was used for making coarser cloth such as *baftas* and *guzzies* as also for the stripes of the *dooreas*. Hindusthan cotton was unfit for muslins. When *photee* was dear, it was often mixed therewith and was then used in *serbetties* and other low priced muslins, but it hurt the fabric and the Resident had to check the practice by ferretting such cloths. The Surat cotton was also considered unfit for the making of fine muslin. Bebb's expert opinion on the superiority of the *photee* over the Surat cotton deserves to be quoted in full—"The English manufacturers seem to esteem Surat cotton more than other cotton carried to England but they are perfectly ignorant how much the quality is against their attempts to make muslins—the Court of Directors appear to have the same idea of the Surat cotton as the English manufacturers and probably from the same source. They have heard of the cotton trade by sea in the Company's

records and in the publications of Price and other writers. They, many of them, must have heard conversations in England on the subject from persons who have been engaged in the sea trade in India; from these various documents they as well as the British manufacturers have been led to suppose that it is the best cotton while the cotton of Bengal and of this particular part of Bengal which is finer than any in the whole world and produces cloth of astonishing fineness and beauty is not known to them; from not falling within the scope of those channels which have hitherto been open to their information or observation respecting the Indian cotton." The import of Sironj cotton into Dacca was about 500 mds. in 1788. Three or four years ago, it was much greater but a large mart had grown in Bhagwangola for up-country cotton, and it was carried direct to the *hauts* in various parts of the district. So it was difficult to ascertain with exactness what amount was imported into the Dacca district. But the proportion compared to local produce was trivial.

The *photee*, in the language of Bebb, was the finest cotton in all the world. Its quality varied in different areas even of the Dacca district. The distinction which the spinners and weavers made was whether the thread made from it swelled or not in the bleaching. That which was produced in the eastern neighbourhood of Dacca in the area between Sonargang, Teetabaddy, Bajitpur and Junglebarry, did not swell if it was not used in the season in which it was gathered.<sup>19</sup> The thread made of the cotton produced in the area south-east of the city swelled in the bleaching but less than the thread made of Mirzapore cotton. The cotton which was produced in the region west and north-west of Dacca swelled much in the bleaching especially if it had to be hard twisted. The finest cotton of Bengal was produced within a very restricted area. It was difficult to ascertain with certainty whether this was due to the soil, to the quality of the air or to any particular art of cultivation. This area was under water for three months in the year but so was the area

to the north-west.<sup>11</sup> But the cotton from the north-west of Dacca swelled in the bleaching. The experiment later made of growing this variety of Dacca cotton in other parts of Bengal does not appear to have been successful.

*Mymensingh*—In this district also two species of cotton were grown. The first variety was of a fine delicate quality. Nagpoory cotton was imported in small quantities for quilt, bedding etc. Surat cotton was imported only in the case of failure of crop.

*Luckipore*—The *aurungs* under this Residency produced about 2,50,000 pieces of cloths of different varieties. One variety of cotton produced in the district was very superior in quality, almost equal to the cotton which was produced in the Dacca district for the manufacture of the finest cloths, but the cloths of the Residency being of coarse qualities, fine thread was not to be had in the *aurungs*. Large quantities of hill cotton were imported from Chittagong, Tippera, Mymensingh to produce cloths for local use. In times of scarcity the manufacturers used mixed cotton to produce Investment goods.

The annihilation of the Mughal Empire, to the elegance and refinement of which the white silk of Bengal and the delicate perfection of her cotton fabrics had contributed largely, led to the stagnation of her internal trade. But this was a slow process, as the Mughal Empire took a long time in dying and the princes and princelings who took its place were not impoverished all at once. They were crushed gradually between the Marathas advancing from the south and the British from the east. Traffic in exportable luxury goods, in which Bengal specialised, steadily declined in the Indian market. To the Britishers in Bengal, her maritime commerce—public and private—was all important. They could not certainly expect to compete with the Indian merchants at Benares in the trade with Upper India. There was a great flutter in European private trade circles when the Treaty of Salbai was concluded by Hastings with the Marathas. They apprehended that there would be increased

Indian competition and prices would go up. The power of the State, employed in the unscrupulous individual pursuit of wealth in Bengal, and Maratha rapacity in the rest of India combined to bring about the decline of the enormous overland trade referred to above.

The shrinking of the overland market in the 1760's, 1770's and 1780's was a feature of the economic history of the period. Some illustrations will suffice. Bengal raw silk had a ready sale in the Nizam's dominions. It was brought from Bengal by sea as also by land to be manufactured into wearing apparel. The silk manufacturers in the Nizam's dominions could make a profit of 50 to 60 per cent. But the Company's demand for it increased the price which was enhanced from Rs. 3-6 to Rs. 8/- per seer. The merchants found it much cheaper to buy China silk and bring it by way of Bombay. Most probably as a reaction the *Biddry* ware, which was formerly exported from the Nizam's dominions to Bengal, was in very little request here and it was after some time made equally well and at a cheaper rate in Purnea.<sup>12</sup> Several families of Guzarat farmers, distressed by the oppression of the Maratha farmers of revenue, fled from their homes and settled at Benares. From different parts of Hindusthan, Gujarat and the Deccan, the oppressed and discontented made their way to Benares, which became the grand channel of migration, and as it was a great religious centre, it held forth its arms as an asylum. In the eighties and nineties the trade of Bengal did not extend very much beyond Benares and the dominions of the Nawab Wazir. At Delhi Mahadji Sindhia and his successor had no large and far-sighted policy calculated to obtain future advantage at the sacrifice of immediate gain.<sup>13</sup> Maratha military occupation in northern India (1784-1803) led to further contraction of the Indian market for Bengal goods.

The British sought to extend their Investment into the dominions of the Nawab Wazir. All those features of the Investment policy, which were developed in Bengal, were sought to be introduced into Oudh. This resulted in the

"ruination" of the commerce and industry of the territory under the Nawab Wazir. Barlow's report may be here reproduced—"In the Company's provinces their cloths have become the established manufactures of the country. In the Vizier's dominions there are great demands for other assortments which are of earlier fabrication and afford the weavers a greater profit for their labour. If the Company's influence is withdrawn a considerable part of the weavers will resume those manufactures.

The Oudh manufactures were formerly held in great estimation at the markets of Delhi and Agra. Since the decline of those cities the demand for them has diminished in proportion. The introduction of the cloths for the Europe-markets would have been a fortunate event if his subjects had been allowed to collect the profit of the sale of them. Upon the present footing, however, the advantages are dubious . . . . specie may be imported into a country for such purposes as may be destructive of its commercial interests.

If the Company as an independent state receive a sum of money from the Nabob and then advance it to his manufacturers to make cloths they not only carry away the original sum received but also the value of the labour of his subjects into the bargain . . . . a monopoly has been introduced for the benefit of a foreign trade. The custom for the Subah of Oudh has fallen from five lakhs to one lakh and fifty thousand."<sup>14</sup>

The Directors, as also the Governor-General in Council, tried to open new markets for their goods. But an attempt to foster trade with Assam, by an exclusive privilege granted to an individual, was annulled by the Court of Directors, as such a monopoly appeared to them to be repugnant to the general principles of commerce.<sup>15</sup> The Court also expressed its dislike of the idea that Mr. Killican's farm, according to the arrangement of the Governor-General in Council, was to be supported by a military force to be stationed under the Company's Resident who was at the same time to be his agent. The idea of taking the whole trade with Assam into

the hands of Government, under the management of a Resident upon the spot and appointing him for a term of five years, was also turned down. The argument assigned by the Governor-General in Council, that this trade had been a monopoly for many years in the hands of a few unauthorised individuals, appeared to the Directors as a contradiction in terms. The Court formulated their principle in the following words: "It is not our wish in general to assume to ourselves any articles of the internal trade of our provinces which can be conducted by private merchants paying a suitable duty to Government. Whatever restriction it may be necessary to impose upon the trade in salt, we would have the trade in every other article completely free and open."<sup>16</sup> It may be mentioned that Bengal salt sold in Assam did not amount to more than 85,000 mds.

The Directors very much wanted that trade should be opened with India's neighbours. From a perusal of the reports of Logan, Bogle and Turner, who had been deputed at various times to Tibet, they came to the conclusion that trade in both European and Indian commodities might be opened on very favourable terms with the Tibetans. Samples of carmenia, a produce of Tibet, were to be sent to find whether this could form a part of Investment. They also turned their attention to Nepal from where borax was imported to India. Captain Kirkpatrick, on his return from Nepal, brought with him the skins of wild animals of different varieties numbering forty-five. It was thought worth while to send these hides to England for trial. The annual import of borax from Nepal was estimated from 800 to 1,200 mds. The Debraja of Bhutan was approached with a view to securing greater supply of hill cotton. He replied that his predecessor had made a monopoly of the cotton trade which disgusted the people of Bhutan. So he was determined to leave the cotton ryots entirely to themselves in the future. It was expected that the cultivation of cotton in the hills would be considerably increased. Assam, Bhutan, Nepal could not, however, be expected to add very much to traffic

in Bengal's characteristic products and, as events proved, the sale of British goods could not also be pushed very far in these regions. Inland commerce in India developed on altogether different lines in the 19th century as new factors emerged.

The market for Bengal salt extended to Assam and Nepal, and in the west as far as the Caramnassa in Bihar. Through Bihar, Bengal salt was sent to Nepal, but it is not possible to ascertain the exact quantity of salt sold in Nepal. Grant's estimate that altogether 8 lakhs of mds. of Bengal salt were sold in Bihar and Assam possibly included the quantity sent to Nepal. An attempt was made to ascertain whether Bengal salt could be sent to Oudh. But as there was a prejudice against Bengal salt in Oudh, it was suggested that the prejudice would soon be removed if drawbacks on the Patna and Benares duties were allowed on Bengal salt exported beyond the Caramnassa. This suggestion was not, however, acted upon.<sup>17</sup>

European domination began in the coasting trade of India long before the period. But in the 18th century India's coasting trade was mainly in British hands. The servants of the English East India Company and British Free Merchants made very considerable profit out of it. About the middle of the eighteenth century, they were hard hit by the decreasing demand for Bengal's raw silk and sugar in the Malabar as also the Coromandel coast of India and the fall in the import of cotton from the west coast to Bengal. But even so late as 1756 the annual export of sugar was about 50,000 mds. to Madras, Malabar, Bombay, Surat, Sind, Muscat, Persia, Mocha, Jedda. This yielded a profit of about 50 per cent and the returns were generally in specie. Between 1756 and 1776 the price of Bengal sugar went on increasing until it rose to about 50 per cent more than what it was before 1756, with the result that export became casual and diminished to trifling proportions. No wonder that the cultivation of the sugarcane, too, rapidly declined.<sup>18</sup> The import of cheap Dutch cane sugar from Java into the western market was

largely responsible for the train of consequences leading to these developments.

According to the Chief of the English factory at Surat, Bengal raw silk and piecegoods imported in 1765 numbered 195 bales valued at Rs. 2,57,650. In 1789 this import of Bengal goods was valued at Rs. 3,120, the number of bales being only five.<sup>18</sup> Before 1756 the merchants, who used to import raw silk to Bombay and Surat, acquired such a profit that they easily took the Company's bills in Bengal at the exchange rate of 116 Bombay or Surat rupees for 100 mixed *siccas*. But as the Investment in raw silk and piecegoods increased, the prices of these articles rose so high that the import to Bombay, Surat and other western ports gradually decreased. The exchange on Bengal bills gradually rose against the Company. The shroffs at Surat used to deal in raw silk and piecegoods.<sup>19</sup> Even a small ship could bring those articles valued at two or three lakhs of rupees and carried back raw cotton valued at a few thousand rupees. These merchants had therefore to remit the overplus in bills of exchange. They took to the profession of shroffs which became inseparably connected with silk trade. The decline of the traffic in Bengal raw silk and piecegoods with the ports on the west coast had important economic consequences resulting in almost revolutionary changes in the course of trade. The attention of British merchants in Calcutta was gradually concentrated on trade with the Far East.

The chief exports from Calcutta to the ports on the Coromandel coast were grain, pulse, sugar, saltpetre, molasses, ginger, long-pepper, clarified butter, oil, silk wrought and unwrought, muslins, turmeric, borax etc.<sup>21</sup> In order to estimate properly the advantages of this commerce we should take into consideration the value of the goods when sold. The freight of grain being nearly equal to the cost, European shipping employed in coasting trade must have gained very considerably out of it. It has been estimated that in 1793 the gain to European shipping of India was nearly 27 lakhs of current rupees a year.<sup>22</sup> With a view to encouraging this



shipping, Lord Cornwallis permitted considerable import of coast salt to Bengal from Vizagapatam, Rajahmundry, Nellore, Covelong and Tanjore. Though this import threatened the existence of the salt industry of Bengal, it was encouraged because the trade was of material assistance to the British shipowners. The tonnage of vessels belonging to and navigated by "natives", which came to Bengal from all quarters has been estimated at ten thousand. Their exports from Bengal were mainly grain and pulse and some silk and cotton piecegoods.<sup>23</sup>

Bengal's trade with the west coast ports was reckoned at 28,100 tons consisting of grain, pulse, sugar, raw silk, silk and cotton piecegoods, saltpetre, ginger, long pepper, bagging, hempen rope etc. The whole export was estimated at 14 lakhs of current rupees. Bengal's trade with the Gulf of Persia and Red Sea had very much declined. It had dwindled from an annual value of 30 lakhs to about 8 lakhs of current rupees. The eastern trade of Calcutta consisted mainly of opium valued at about 30 lakhs. Besides opium the British traders in Calcutta carried eastward saltpetre, resin, cotton, silk and cotton piecegoods—cotton piecegoods amounting to ten lakhs and other articles to five. The British traders employed in the Coromandel trade 24,000 tons on a capital of 34 lakhs and the outlay was returned in eight or ten weeks. The eastern trade required a capital of fifty-five lakhs and an outlay of twelve months employing 7,000 tons of shipping.<sup>24</sup>

Lord Cornwallis abolished duties on all Bengal goods at Madras and Bombay. Coasting trade, almost exclusively in the hands of the British, rapidly expanded, the shorter voyages facilitating a more rapid turnover of capital. The return cargo was much less in value than the outward and the Government of Bengal could meet the expenses in other Presidencies without transporting specie from Bengal.<sup>25</sup> All these developments were regarded as praiseworthy achievements and Lord Cornwallis had every reason to be satisfied with his performance.

Bengal's overland trade figures are available for the period from May 1795 to 30 April 1796. Total value of the merchandise together with coins and bullion exported via Mangee was Rs. 98,42,359. Total value of merchandise coming to Bengal via Mangee was valued at Rs. 1,12,93,453, leaving a balance in favour of imports of Rs. 14,51,094.<sup>24</sup>

<sup>1</sup> Bernier's *Voyages to the East Indies* (re-printed for the Society for the Resuscitation of Indian literature).

<sup>2</sup> To Court, 5 April, 1769, para. 6.

<sup>3</sup> *Considerations*—p. 200.

Acc. to Scraton—"Till of late years inconceivable numbers of merchants from all parts of Asia in general, as well as from the rest of Hindostan in particular, sometimes in bodies of many thousands at a time, were used annually to resort to Bengal with little else than ready money or bills to purchase the produce of these provinces." (p. 20).

<sup>4</sup> Ross—*Cornwallis Correspondence*, Vol. I, p. 554.

<sup>5</sup> Progs. Board of Trade, 3 May, 1791.

<sup>6</sup> *Ibid.*, 13 March, 1789.

<sup>7</sup> Progs. Board of Trade, 25 June, 1791.

"In the thirties and forties at the head of the Gujarati merchants in Bengal stood Molla Muhammad Ali of Surat. He had at one time a very extensive trade in the Ganges river valley but he got into trouble in his own home province and his firm's activities in Bengal practically ended. He had a dock on the east side of the Ganges not far from Calcutta which was capable of repairing quite a large number of bigger and small ships but it was in ruins in the fifties. His descendants are living in poverty"—Dutch letter to Amsterdam—27 October, 1755.

<sup>8</sup> Letter to Court—11 November, 1768.

Letter to court, 25 September, 1769.

<sup>9</sup> Progs. Board of Trade—Vol. 87, August, 1790.

<sup>10</sup> Acc. to the report of the Commercial Resident at Dacca in 1799. The area was 40 miles in length and as far as three in breadth.

<sup>11</sup> Acc. to the Commercial Resident at Dacca in 1800—the superiority of cotton raised here was due to the vicinity of the sea, the water of which "mixing as the tide rolls it on with the water of the Meghna which overflows that part of the country during three months in the year, deposits as it subsides sand and saline particles which very considerably improve and fertilize the soil which consist of light sand and brown earth."

<sup>12</sup> Progs. Board of Trade—3 May, 1791.

<sup>13</sup> *Fall of the Mughal Empire*—Vol. IV, p. 113.

<sup>14</sup> Progs. Board of Trade—12 June, 1787.

<sup>15</sup> From Court—14 March, 1786, p. 27.

Mr. Killican wanted an exclusive privilege for 4 years on his paying the sum of Rs. 50,000 per annum.

<sup>16</sup> *Ibid.*, p. 34. It was suggested by Baillie that the interior parts of Bhutan, Assam and other countries might be exposed for commercial purposes. Woollens and metals might be sold in return for lac, mugga silk, black pepper and specie.

<sup>17</sup> Progs. Board of Trade—12 June, 1787.

<sup>18</sup> Eur. Ms. D. 281.

<sup>19</sup> Eur. Ms. D. 281.

Bales		Value Rs.	Bales		Value Rs.
1765—195	...	2,57,650	1776—86	...	62,245
1766—6	...	76,640	1777—53	...	55,368
1767—70	...	1,24,712	1778—20	...	27,761
1768—156	...	1,66,237	1779—9	...	5,245
1769—204	...	2,10,177	1780—26	...	31,000
1770—176	...	2,53,700	1781—9	...	9,537
1771—28	...	42,755	1782—26 & 28	...	35,586 & 37,295
1772—105 (?)	...	63,161	1783—77	...	92,806
1773—27	...	34,160	1784—24	...	32,770
1774—29	...	16,799	1786—21 & 27	...	14,466 & 20,575
1775—50	...	27,492	1787—5 & 1	...	3,698 & 2,233

<sup>20</sup> See Chap. 2.

<sup>21</sup> Eur. Ms. D. 281 and Calcutta High Court Records.

<sup>22</sup> *Ibid.*

<sup>23</sup> Eur. Ms. D. 281.

<sup>24</sup> *Ibid.*

<sup>25</sup> Furber—*John Company at Work*, p. 184.

<sup>26</sup> Progs. Board of Trade—3 Oct., 1796.

## CHAPTER VIII

### CURRENCY AND INDIGENOUS BANKING

UNDER the Great Mughals all rupees coined under the reigning King were considered as *siccas* and passed at their original value during his life. When a new king ascended the throne the rupees of the former reign became subject to a *batta* (discount) and were not received into the royal treasury. *Sicca rupees* were the only coins received in official payments. But there were mints at Dacca, Patna and Murshidabad. Individuals could procure the new *siccas* with facility, by sending their bullion or old coin to the mint or even disposing of them to shroffs in exchange for new *siccas* at current *batta*, which was seldom more than what was sufficient to indemnify the shroff for charges of the mint and to compensate him for his trouble.<sup>1</sup> The composition of the rupee did not vary. It contained about 175 grains of silver. The older coins were subject to discounts of a varying standard. "Mean mercenary wretches" were there even in the spacious days of the great Mughal emperors. They would clip the coins. Such worn coins were naturally subject to a discount which varied according to the bullion content. But the Government assay-masters did their work with "utmost accuracy, care and fairness."<sup>2</sup> There was under the Great Mughals no welter of currency to help the shroffs to carry on a brisk traffic.

The system of farming out the mints was adopted in northern India on an extensive scale by Ratan Chand, who was Dewan to Farrukhsiyar. This farming of the mint introduced in some of the mint towns the custom of changing the value of the rupee every year. The farmers in many places made use of every expedient to draw the old coins into the mint in order to debase them. In Bengal we find that at the end of three years the *sicca* rupees were termed *sonauts* and the "the denomination, sank gradually in three years in the

proportion of 116 to 111".<sup>3</sup> Triennial recoinage became a feature of the currency history of Bengal. It must be said to the credit of the Nawabs of Bengal that they did not debase the coin as was done elsewhere for temporary gain. But the practice of lowering the *siccas* until they became *sonauts* placed great power in the hands of the Jagat Seths who managed the currency in Bengal from the later years of Murshid Quli's administration. The undervaluation of all *siccas* of an earlier date than the current year became established and the revenues to be paid being in *siccas* of the current year, the practice became in the hands of the Jagat Seths an indirect tax.

But the *sicca* and the *sonaut* rupees did not form the only circulating media in Bengal. Bengal's favourable balance of trade with other parts of India brought to her, from the mints in Arcot, Benares, Coochbehar, Lucknow, Madras, Surat and other parts of India, rupees of different varieties, many of them debased. The Arcot rupees were originally struck by the Nawab of Arcot but the English, the French and the Dutch also secured the privilege of coining in Madras, Pondicherry and Negapatam and English, French and Dutch Arcots also poured into Bengal. Under the Great Mughals, though there were so many provinces and so many mint towns, coins of one subah were equally current in another. But the state of things was very different now. The coins of one Subah were not current in another for more than the intrinsic value of the specie. Mandeville, who was in Bengal in 1750, gives a list of coins he found in trading circles in Calcutta in 1750—*Sicca* rupees, coined in Murshidabad, Surat rupees, Madras rupees, Arcot rupees and Ely (Patna) rupees. "All these rupees do (or ought to) weigh ten massa weight but then they differ in fineness or touch. The Bengal *Sicca* rupee is best of all . . . . . the Arcot rupee is commonly bad and light and the Ely rupee still worse."<sup>4</sup> Mandeville also mentions *sonauts*. "Because of the fluctuating value of the different species of money that passed in payment in Bengal, the English felt the necessity of fixing

an imaginary coin to ascertain the value of all the rest by it and therefore the English at Calcutta have long since kept their books in an imaginary coin calling it current rupee . . . which is 10 per cent less than a dusmassa rupee."<sup>3</sup> The knowledge of the current rupee did not extend beyond the town of Calcutta. This was the picture of currency confusion as it appeared to a foreigner in Calcutta. But it would be wrong if we confine our attention to Calcutta. In the interior of Bengal, in the *aurungs* and in the villages, the confusion was perhaps even greater.

*Amani abadani, ijara ujara*—"Direct management brings prosperity, farming out ruin."<sup>4</sup> This saying current in northern India in the eighteenth century is very well illustrated in currency history. "Multiplicity of coins in different stages of debasement" characterised the currency of Bengal from the days of Farrukhsiyar (1713) until about the close of the eighteenth century. Farrukhsiyar granted the British a *hasb-ul-hukum* or imperial rescript, conferring upon them the use of the Mughal mints at Murshidabad. But Murshid Quli Khan was aware of the consequences of the grant of this privilege and he was prepared to disobey the King's command.<sup>5</sup> It was not till 1756 that the servants of the East India Company secured this privilege of coining money for themselves from Siraj-ud-Daula by their Treaty and Agreement with him after the re-capture of Calcutta. It was provided in that treaty that "Siccas be coined at Aleenagar (Calcutta) in the same manner as at Murshidabad and that the money struck in Calcutta be of equal weight and fineness with that of Murshidabad. There shall be no demand for a deduction or batta."<sup>6</sup> It was agreed that bullion imported by the Company would be coined as *siccas*. In the treaty with Mir Jafar, concluded in 1763, Art. 9 was as follows: "I will cause the rupees coined in Calcutta to pass in every respect equal to the Siccas of Moorshedabad without any deduction or batta and whoever shall demand batta shall be punished." The Calcutta Mint was, however, of very little use to the British, even after Plassey,

because no bullion was sent out of Europe, and the prestige of the Seths managing the Nawab's currency at Murshidabad was responsible for the fact that the Calcutta coins remained depreciated in value even after the establishment of British ascendancy in Bengal. Thus was added one more official issue to the many different varieties already in existence in Bengal. In the treaty with Najm-ud-Daula, concluded in February 1765, there was the following provision—"the annual loss on coinage, by the fall of batta on the issuing of new Siccas, is a very heavy grievance to the country and after mature consideration, I will, in concert with the Governor and Council, pursue whatever may appear the best method for remedying it." Thus in 1765 was proclaimed the British plan of currency reform. The plan was not one of recoinage all the different varieties in circulation but of merely putting an end to the *sicca-sonaut* confusion and of having as standard coin the *sicca* which would not depreciate. The problem was not so simple as the British administrators thought it to be.

In this connection it should be noted that the currency policy of Bengal was controlled by the Jagat Seths from 1718 to 1760. Raghunandan, Murshid Quli Khan's Daroga of the Mint, died in 1718 and Seth Fateh Chand's domination in the currency history of the province began. From that year until 1760, when Mir Qasim was placed on the *masnad* of Murshidabad, the Seths could do whatever they considered to be expedient, subject, of course, to the approval of the Nawab. Mir Qasim determined policy for himself. After the fall of Mir Qasim the currency policy was determined in Calcutta and as British interest dominated more and more, the Jagat Seths counted less and less.

On 11 November 1768 the Court of Directors issued the following order—"The abolition of the batta on Sonauts must be carried into execution." But their servants in India felt that the scarcity of silver was the more pressing problem. It was necessary to relieve it by introducing gold coinage. There was some drain of bullion from Bengal to

China for investment, to Madras and Bombay to meet recurring deficits and to other parts of India for the purchase of diamonds for the servants of the Company. The tribute paid to the Mughal Emperor after 1765 also caused some drain of bullion. The Directors refused to face this problem. Their servants faced it in their own way but failed. They overvalued gold when they issued gold coins in 1766 as also in 1769. This arbitrary valuation of gold by their servants in Bengal was regarded as *mala fide* and the Court of Directors wrote in connection with the issuing of gold coins in 1766 that "great advantages were made by individuals on the sudden rise in the price of gold."<sup>10</sup> The Directors repeated their order again, on April 10, 1771, for abolishing the *batta* on *sonauts* and the President and Council decided to stabilise the *sicca* by issuing a regulation that "the coinage of 12 *sun Sicca* would not cause the 11 *sun Sicca* to fall in value and in future years *Siccas* up to 11 *sun* would not be reduced to the state of *Sonauts*."<sup>11</sup> This might have been a step in the right direction if provision had been made for the recoinage of clipped or worn out coins. Even, as it was, the Court of Directors apprehended loss of revenue and the regulation was disapproved.

Hastings faced this problem and bungled in his attempts to solve it. There were mints at Patna, Dacca, Murshidabad and Calcutta. The standard and purity of the coinage could not, in the existing circumstances, be maintained in these dispersed mint towns. Hastings therefore wanted to have a single mint for Bengal. The Dacca and Patna mints were closed in October 1773 and the Murshidabad mint was abolished in April 1777.<sup>12</sup> Hastings thought that he had succeeded in securing uniformity in *sicca* coinage in the place of four different varieties then in circulation. He succeeded only in adding to the controlling influence of the shroffs. In 1778, in the 19th year of the reign of Shah Alam, Hastings definitely introduced the practice of putting an unvarying date on the coins. The stamp 19th *Sun* was to be continued upon all rupees which might be coined in



subsequent years, so that the value of the rupee might remain the same irrespective of bullion content. But the insertion of the correct Hijra year completely defeated the purpose for which the same regnal year was put on coins of all subsequent years. The shroffs were not to be denied their *batta*. This arrangement—one mint, one regnal year—added to confusions in the currency. While three other mints were open, the farmers and landholders who had to pay their revenue in *sicca*, could always procure *sicca* rupees with facility, but the shroffs now bought up the *sicca* rupees and at the time of collection sold them at a very high price. The landholders and farmers in the interior could not afford to send their money to be coined as *siccas* in the Calcutta mint. *Sicca* rupees at Dacca had now a *batta* of  $17\frac{1}{2}$  per cent, whereas it had varied before from 4 to 8 per cent. In very distant parts of Bengal *sonauts* had obtained a partial currency. When these three mints were withdrawn the farmers and landholders had to pay the most exorbitant *batta* charges. As very frequent complaints were made, the Government fixed a table of rates of *batta* between the various species of coins in circulation and *sicca* rupees. The officers in charge of collection were directed to receive different sorts of rupees and reduce them to *siccas* in accordance with this table of rates. Thus was legalised the currency of old and light rupees and very naturally some particular specie or species became the settled measure and standard in commercial transactions in particular districts. The zamindars collected them from their ryots when they received rent and paid them into the treasury at the *batta* fixed by the Government or gave them to the shroffs to be converted into *siccas*. The shroffs and merchants again sent them to the districts. Thus a particular variety of rupees became the standard measure of value in a district and other kinds of rupees were considered as bullion. Every district having a district currency, the shroffs would buy up rupees where they were not current and send them to the districts where they fetched a higher *batta*. This explains

why Arcots in Dacca came to pass at the same value as the *siccas*, although intrinsically Arcots were worth seven per cent less than *siccas*. Arcot rupees, which were not coined in the mint, could be procured only from the shroffs.<sup>13</sup>

In 1788, after more than twenty years of currency experiments, Bengal still presented a picture of utmost confusion. This can be best illustrated from reports submitted by the Collectors of different districts<sup>14</sup>:—

From Dacca came the report that it was a matter of speculation as to when the different kinds of rupees were first introduced. No doubt in course of time their influx increased. When it became necessary to fix upon some assortment by which other varieties could be regulated, the English Arcots and *dasmassas* were fixed for the purpose and other varieties were valued by this standard. The adjustment was done with great accuracy by assay-masters from Delhi. But the shroffs began to alter the *batta* unperceived by others and custom gradually "confirmed them in a kind of sanction to pursue it" and they at length assumed the power of regulating the *batta* to suit their interest and fluctuation of the *batta* was developed into an art in the hands of the shroffs. It is necessary to mention that the *dasmassa* was a rupee of no particular specie but a name for all sorts that, being worn or clipped, circulated by weight as indicated by the name. The Collector of Dacca submitted a report on the quantity in circulation of different varieties of coins in the area under his charge. He put thirty-six varieties into eleven classes—(1) Jehazee Arcot—brought from the coast in vessels to distinguish them from those<sup>15</sup> coined in Calcutta and Murshidabad. The silver was not very much inferior to the *sicca* standard but the *batta* daily fluctuated. No deduction on account of *Cummy* (deficiency) was made from them. Originally the *batta* seldom differed from more than 6 to 8 per cent. The total quantity of this coin in the Dacca district was about 14,00,000. (2) Goteputrah Arcot—full weight Arcot rupees. Coined first in Calcutta, then in Dacca (Murshidabad?), the

variety was current all over Bengal. This coinage was stopped in Bengal in 1774. The greater part was called in and those that still remained became concentrated in Dacca. The total quantity in the district was estimated at 7,00,000. (3) *Jeherdar*—originally coined at some of the mints at Arcot. Only half an *anna batta* was deducted on each rupee. The quantity circulating in Dacca was supposed to amount to 10,00,000. (4) French Arcot—of the 'same value as No. 3. The quantity circulating did not amount to more than a lakh or 50,000. (5) Madras Arcots—nearly equal to the *sicca* standard. Their total quantity in circulation could not have been more than 30,000. (6) *Surtee*—these came originally from Surat and were included among the Arcots. The silver in this variety was indifferent. Their total quantity did not exceed 10,000 throughout the district. (7) *Beez Sun* Arcots—a very old specie of a rupee. The silver was bad. Total quantity was not more than 15,000. (8) *Baar Tuzal*—coined by individuals—silver bad—total quantity not more than 15,000. (9) *Ousellie*—coined by individuals. Their common bazar value was about 19 per cent. Total quantity did not exceed 92,000. (10) *Dhunsook*—the worst specie of *Ousellie*—total quantity not exceeding 92,000. (11) *Cummee* rupees—different species of Arcots clipped, mutilated—silver good—passing by weight. The quantity was nearly half of the total amount in the whole province. The amount in circulation was estimated at 28 lakhs.

A few Bombay rupees were in circulation. The circulation of *sicca* rupees was confined only to the city of Dacca. The total quantity was estimated at ten lakhs.

The Bhagalpur Collector's report was that the rupees chiefly circulating were the Patna and Murshidabad *sonauts*, some Patna and Murshidabad *siccas*, Dacca, Benares and Arcot rupees. The *sonauts* comprised nine-tenths of the total circulation of the district. In the Rangpur district French Arcots were current even before the Company got the Diwani. About two lakhs of this specie were in con-

stant circulation in, Rangpur, many of them clipped. In the dry season when the merchants came to purchase grain and tobacco, the amount in circulation was nearly doubled. The Narainy rupees were also in circulation in Rangpur. The French Arcot rupees remained in circulation for 19 years at their original value after which they became *Zerby* and the *batta* upon this was proportioned to the time during which the coins were in circulation. There were some other debased coins of different varieties.

The currency of the Dinajpore district consisted mainly of two varieties—*sicca* and Murshidabad *sonaut* (*Fooley*). The other varieties were the Azeemabaddee or Patnai and French Arcot. The annual revenue received from the zamindars was usually composed of the following varieties of coins  $\frac{3}{4}$  *sonaut*,  $\frac{3}{16}$  French Arcot,  $\frac{1}{32}$  Pathai and  $\frac{1}{32}$  *sicca*. The rate of *batta* upon each specie was perpetually fluctuating. Rating the *siccas* as the standard, the average difference upon the five species varied between 14 and 15 gondas in the rupee. In commercial transactions grain, silk, cotton etc. were purchased with *sonauts* and French Arcots. Revenue, as has been mentioned before, could be paid in four different species.

In the district of Rajshahi the confusion was complete. In Bhettooreeah pargana grain was purchased in *sicca* rupees and all other merchandise in *sonauts*. In Pookooreah and Patladah parganas, French Arcots were most current in trade. In Boosna commercial transactions were all in Arcot rupees. In Rajshahi pargana grain was purchased in *siccas*, all other merchandise in *sonauts*. It was not, however, so much the variety of the coins as their debasement and diminution of weight that affected the ryots. The *batta* was fixed but the loss of weight was variable. The debased coins were kept as much as possible in the mofussil.

In the district of Nadia all commercial transactions were carried on in Arcot rupees. Arcot coins were also received by the zamindars from the talukdars and ryots. The coining of Arcot rupees having been stopped for many years, Arcot

rupees had scarcity value added to them. This was a temptation for private coinage. The zamindars were liable to arbitrary valuation of their gross collections, when these were brought up to be exchanged for *siccas* for revenue payment. The shroffs juggled with the *batta* ratio between *sicca* and Arcot in different seasons. The amount in general circulation throughout the year amounted to 60 to 70 lakhs of rupees. The currency of the *sicca* rupees was confined to the town and the amount did not exceed five lakhs. The balance was in Arcot currency.

In the district of Burdwan the relative proportions of the various species of rupees in circulation were thus tabulated—

12 *Sun sicca* rupees and of the 11, 15 and 19 *sun* rupees—12/16.

*Fooley sonaut and bazy sonaut* rupees—3/16.

Various other species of rupees of different denomination 1/16.

The first step taken by Cornwallis was to reopen the three mints at Patna, Dacca and Murshidabad. This was done in 1789-90. Then he appointed a Mint Committee to enquire into the general state of coinage in Bengal, Bihar and Orissa in May 1792. On 4 August 1792, the Mint Committee submitted 13 propositions "Calculated to draw the various species of old and light coins into the mints and to establish the general currency of the *Sicca* rupees."

(1) "That after the 10th April 1794 only the 19 *sun* *Sicca* rupee be received at the public treasuries or issued therefrom on any account whatsoever."

(2) "That public notice be given that Government with a view to enable individuals, to get their old coin or bullion converted into *Sicca* rupees without delay have established mints at Patna, Murshidabad and Dacca in addition to the mint at Calcutta."

(3) "That for all bullion or old coin of *Sicca* standard delivered into the mint an equal weight of *Sicca* rupees be returned to the proprietor without any charge whatsoever."

(4) "That all bullion or old coin under *Sicca* standard

delivered into the mint be refined to the Sicca standard and that the number of Sicca rupees equal to the weight of the bullion so refined be returned after deducting 12 annas per cent for the charge of refining."

(5) "That the rupees coined at Dacca, Patna and Murshidabad be made precisely of the same shape, weight and standard and that they bear the same impression as the 19 sun Sicca rupees coined at Calcutta, in order that the rupees struck at the several mints may not be distinguishable from each other, and they may be received and paid indiscriminately in all public and private transactions."

(6) "That to guard as far as possible against the counterfeiting, clipping, drilling, filing or defacing the coin, the dies with which the rupees are to be struck be made in future of the same size as the coin so that the whole of the inscription may appear on the surface of it, and that the edges of the coin be milled."

(7) "That persons detected in counterfeiting, clipping, filing drilling or defacing the coin be committed to the Criminal Court to be punished as the law directs."

(8) "That all the officers, gomastas and others employed in the collection of the revenue, the provision of the Investment and manufacture of salt and all shroffs, poddars, zamindars, talookdars, farmers and all persons whosoever be prohibited affixing any mark whatsoever to the coin, and that all rupees so marked be declared not to be legal tenders of payments in any public or private transactions and that the officers of Government be directed to reject any rupee of this description that may be tendered at the public treasuries."

(9) "That as there may not be a sufficient number of Sicca rupees in circulation in some districts to enable the landlords to pay their revenues to Government in Sicca rupees, as stipulated in their engagements for the decennial settlement that the various species of rupees current in the several districts be received at the public treasuries from the landholders and farmers in payment of their revenues until 10 April, 1794 at fixed rates of batta, to be calculated according to the

difference of intrinsic value which the various species of coins in circulation bears to the Sicca rupee as ascertained by assay in the Calcutta Mint."

(10) "That all rupees excepting Siccas which may be received at the public treasuries agreeably to the 9th article be not on any account issued therefrom but that they may be sent to the mints and coined into Siccas of the 19 Sun."

(11) "That after the 10th April, 1794 no person be permitted to return in the Dewanny or Maul Adawlut established in the provinces of Bengal, Bihar and Orissa any sum of money under a bond or other writing or any document written or verbal, entered into after the above-mentioned date by us, any species of rupees excepting the Sicca rupee of the 19 Sun as stipulated to be paid."

(12) "That persons who shall have entered into bonds or writing or other agreements written or verbal, prior to the 10 April, 1794 whereby a sum of money is to be paid in the same before that date, be at liberty to liquidate such engagement either in the rupees specified therein or in the 19 Sun Sicca rupee at the batta which may be specified in the table mentioned in the 9th article."

(13) "That all engagements hereafter entered into on the part of Government for the provision of the Investment or manufacture of salt or opium be made in the Sicca rupee and that all landholders and farmers of land be expressly prohibited from concluding any engagements with their under renters ryots or dependent talookdars after the 10th April 1794 excepting for Sicca rupees under the penalty of not being permitted to recover any arrears that may become due to them under such engagements as prescribed in the eleventh article."

Thus was eliminated the influence acquired by the shroffs over the currency. No loophole was left. Whenever rents are paid in money, Government must be interested in maintaining the coin to its full weight and standard. But the Company did not lose directly during all these years because the land revenue settlements were in terms of *sicca* rupees.

But the ryot, the talukdar and the zamindar suffered very considerable hardship. Trade was handicapped. The Company also suffered some loss in making provision for its Investment. Even during the administration of Hastings, the Government was fully aware of the advantages of *sicca* as the only legal tender, but it was not prepared to undertake the expense of remonetisation. But when the Government decided to make a permanent settlement of land, in order to raise the value of landed property and to encourage capital investment in land, the necessity of keeping up the coin to its proper standard appeared to the Government in a much stronger light. The Government was now prepared to incur the expense of remonetisation of all the different varieties of coins as also to improve the quality of its coinage. The current rupee ceased to be the money of account with the establishment of *sicca* rupee with effect from 1 May, 1794.

*Gold Coinage*—The problem of scarcity of silver was sought to be solved by attempting to bring gold coins into circulation in 1766 and 1769. This failed as has been said already. The difficulty of maintaining a fixed ratio between the gold mohur and the *sicca* rupee was very real. Hastings suspended gold coinage in 1777, but reopened the mint again in 1780 with a view to relieving the stringency of rupees. Gold mohurs did not circulate beyond Calcutta and the *batta* on mohurs began to increase on account of its greater accumulation and the stringency of silver. Cornwallis had to stop the coinage of gold mohurs in 1788. But in 1792 he fixed the exchange value of 16 *siccas* for one gold mohur of the Calcutta Mint. He had earlier taken coercive measures against the shroffs but had the good sense to abandon them and left the exchange rate between the mohur and the rupee to be determined in the same manner as the price of every other commodity. This was wise and statesmanlike. There was a radical defect in the principle of giving a fixed value to metals in coins. Even the nicest proportion would have occasioned *batta*, which was the great subject of complaint of the commercial community in Calcutta in the days of Cornwallis



and Shore.<sup>15</sup> But in 1792 Cornwallis extended gold currency to the interior parts of the country and even half and quarter mohurs were coined with a view to extending the circulation of gold. Ever since its currency, partial or general, there was a loss under *batta* extending from  $2\frac{1}{2}$  to 6 to 7 per cent. This was a tax upon the Company, upon individuals, upon the industry and commerce of the country. No measures could effectually abolish this *batta*. It was found that even the smallest possible gold coin was unfit for general circulation in Bengal. The only effectual remedy was to call in gold coins and to establish the *sicca* monometallism. But in that case at least two crores of gold mohurs would have been thrown upon the treasury—mohurs in circulation being valued at 2 crores and 45 lakhs of rupees.<sup>16</sup> The practice of forcing the gold coin into circulation to relieve the want of silver currency was responsible for reducing the value of the gold coin by its abundance. It was argued that gold coin was necessary to supply the place of silver coin which disappeared as soon as issued. There was a deficiency in the circulating medium. There was also the prevailing habit of the people of hoarding silver coins. In these circumstances, in a land of low prices, to attempt to force a gold coin where silver was the common medium was bound to fail. The bimetallism of Lord Cornwallis was not a correct currency policy though it did some moneywork while the wholesale recoinage of rupees was going on. The Court of Directors took a long time to learn what the Mughals knew very well that gold coins would be useful in Bengal but they should be received by convention only.<sup>17</sup>

*Copper coins*—Hastings introduced copper coins as subsidiary currency. He hoped that the copper coins would displace *cowries* in retail trade transactions.<sup>18</sup> The Government entered into a contract with J. Prinsep for the supply of copper coins. When the 19 *Sun sicca* rupee was made the standard coin, copper coins were declared legal tender to the fractional parts of one rupee. But they could not at this stage displace *cowries*. It has been pointed out that

Ross at Chinsura was overstocked with copper in 1781-82. Ross's good friend Hastings therefore ordered the minting of copper pieces. J. Prinsep, another friend of Hastings bought Ross's copper for resale to the Bengal Government. Thus copper coinage was introduced in the interest of these three friends.<sup>14</sup> But the Directors soon after began to export copper coins from England to India. Thus began the process which ultimately ousted *cowrie* as the small change coin.

Though there were no copper coins in use in Bengal before 1781-82, there were copper coins in use on the borders. In the district of Benares, copper coins were minted at Gorakhpur in Oude from a species of copper called singeree brought from the northern hills. The first coinage of *pice* at Benares was in the 23rd year of Muhammad Shah. Then there was a long interval during which copper coins were not minted. In the 5th year of Shah Alam the farmer of the mint purchased some copper from Europe from a follower of Mir Qasim and stamped them with the die of Gorakhpur. After that the coinage of *pice* was discontinued until, in the 17th year of Shah Alam, Durga Charn Mitra obtained the permission of Chait Singh to establish the coinage of *pice*. A large quantity of copper was brought from Calcutta next year and the coinage of *pice* was farmed. The coinage of copper was soon after declared free in Benares and those who bought copper received *pice* in return after payment of duty. But on the Allahabad Mint reducing the weight of *pice*—a *md.* of copper yielded 3,650 pieces at Allahabad and 3,250 at Benares—the Benares mint was at a standstill and the Allahabad *pice* became current in Benares. But in 1781 copper coinage was again begun in Benares, the size and weight being the same as those of the Allahabad mint. The price of *pice* continued to fall causing great hardship to labourers. In 1786 the Resident at Benares took steps to improve the weight of *pice* and a sufficiency of new *pice* was coined for circulation.<sup>15</sup>

In 1792 the Collector of Tirhut in Behar reported that in his district the Gorakhpur pice was current in the southern parganas. The quantity in circulation amounted to 20 to 25,000 rupees. The Nepal pice, coined by the Raja of Nepal and inscribed Sita Ram, was current in the northern parganas. In Rohilkhand, Bareilly several sorts of copper coins had currency—"the Muddoo Sahee", "the Nudjeeb-khanee," "the Kuttaur Shahees." In Bengal alone copper was not in use as small coin. After the collusive experiment at copper coinage, perhaps suggested by the currency of copper coins in some parts of Bihar and in Benares, and the beginning of the import of copper coins from England, the *cowrie* steadily retreated. These two improvements, copper coinage and new silver coinage, mutually aided each other.

*The Shroffs*—The Shroffs and Poddars, money-changers and bill brokers, were very conspicuous in Bengal's economic life during all these years of currency confusion. They acquired very considerable influence over the circulation of the country on account of the fluctuations of value of the different varieties of coins. Under the later Mughals, triennial recoinage in the mints at Dacca, Murshidabad and Patna prevented currency confusion consolidating to the extent it did between 1772 and 1792. Warren Hastings' policy of one mint and one regnal year unwittingly put more power into the hands of the shroffs and gave them much greater scope for their arts. The shroffs held in their hands the bulk of the specie of the country. They had a network of houses in almost every part of the country. As they followed this trade from generation to generation, they were very subtle from long and early habit. Theirs was a close caste and their connections were very widespread. They became the entire masters of the exchange during the period from 1772 to 1792. But they were more than mere money jobbers.

A curious custom developed in the early years of British rule. With the introduction of the farming of revenues

the custom gradually grew up of paying revenue in *pauts* or bills of shroffs to be presented after 15 or 20 days. When these *pauts* fell due, sealed bags were deposited by the shroffs in the treasury. They were said to contain varieties of coins that were not always *siccas* or good *sonauts* or good Arcots. These bags were taken back after some time and revenue was paid in the currency which the treasury demanded. The shroffs were averse to the opening of the bags and always asserted that this was against the custom of the country. Thus the payment of revenue in *sicca*, as provided in revenue engagements, was actually done by the shroffs. This arrangement was very convenient both to the zamindars and the government. The zamindars got some relief in punctual payment and could extend it to the ryots. As the shroffs possessed much greater financial resources than the zamindars, this arrangement proved to be very convenient and it facilitated the remittance of government revenues. But the shroffs thereby controlled the specie circulating in the district. The demand upon the zamindars was transferred to the shroffs. The zamindars were not dissatisfied with this arrangement. John Bebb from Dacca wrote that the zamindars were in the main so poor that they could not punctually pay their revenue without the assistance of the shroffs. According to their agreements they were to pay in *sicca* rupees but they could not usually realise rent from the ryots in *siccas*. Without the assistance of the shroffs they were not therefore in a position to pay their land revenue. Even when the old and light rupees were legalized, the table of rates made payment such a tangled affair that the zamindars still continued to be subject to the shroffs in the payment of land revenue.<sup>20</sup> The profits allowed to the shroffs were of three sorts; interest, *kissaraut* and *salamy*. The interest varied according to the ability of the zamindars to pay off their loans. If the zamindar failed to pay in time some other shroffs delivered a *paut* payable in 8 days which was accepted by the shroff, who charged *kissaraut*, a premium for the

*credit of 8 days of 1 to 2 per cent. Salamy was a douceour given to the shroff by the zamindar upon their first dealing together.*

In 1789 thirty-three Dacca shroffs—13 Armenians, 7 Moslems, 13 Up-country Hindus—submitted a representation against the despatch, by the Collectors to the Presidency, of any balance that might remain at the end of each particular month. This protest did not refer to the despatch of foreign, illegal and light coins but good *sicca* rupees. The shroffs wrote, "It was formerly the usage at this city to remit the revenues of this district through our means to the Presidency but the Collectors have this year sent specie. In consequence of this measure we are considerable sufferers and the trade of this place is on the point of being at a stand. As we cannot procure ready money in Calcutta to carry on our business here, we hope an order may be given to the Collectors to remit the revenues of Government through our means as heretofore."<sup>10</sup> But the Government would not agree. The shroffs had a significant part during the period of currency confusion particularly after the decline of the banking house of Jagat Seth. Their useful role can be best illustrated if we refer to a curious circumstance in the city of Calcutta in 1789—"The Sicca rupee is rated at 100 rupees for 113-6 Arcot haul chelan (base currency) but no man will give Arcot rupees in cash at more than about 107-8 for 113-6 rupees. The Shroff gives only a running credit which when drawn for he satisfies by transfer in his books or by drafts upon some other Shroffs—but no specie is ultimately paid in Arcot other than at about 107-8-0."<sup>11</sup>

But we would be very wrong if we confine our attention to the useful activities of the shroffs. The shroffs were past masters in the arts of dodging and sophistry and in those days of confusion in currency they often played their game too well. They took the fullest advantage of the intricacy, obscurity and fluctuations of the currency to serve their very selfish ends at the expense of the community. They

could exercise their great influence over the circulation of currency because of certain adventitious circumstances. In almost every pargana a particular species of rupee became current in which revenues were collected from the ryots. These rupees, being in constant demand for the circulation of these districts, always sold there for more than their intrinsic value. This value was in fact put upon them by the shroffs who through their agents—the inferior revenue officers being in league with them—bought up these rupees in different parts of the country and sent them to the districts where they were current. The ryot paid his rent in the particular specie current in his pargana but the shroff would value it as he pleased. If the farmer of revenues engaged to pay his revenue to Government in *siccas*, the shroff charged him the difference between the *sicca* and the coin he collected, and if in *sonaut*, the shroff would take the same *batta* from the Collector for bills on Calcutta in *siccas*. In every case the rupees were again sent back to the pargana from whence they came. The trading in coin was carried so far that if a rupee was bought from a banker and sent to him for sale immediately after, he would not receive it back without demanding a profit between sale and purchase. There were two prices for rupees—the price of sale and the price of purchase. In view of the fact that they made such large profits on the buying and selling of rupees, it was too much to expect that they would carry them to the mint. The old *siccas* and *sonauts* had obtained partial currency in some of the districts because of their distance from mint. When 3 out of 4 mints were closed and the landholders were unable to have *siccas* the shroffs' grip could be further tightened. With the government's next move legalizing the variety of old and light coins, Bengal became a shroffs' paradise. In every district there was a district currency of which they were the stockists, and neither government nor individuals could send coins current in one part to another without being subject to the inconvenience and loss which attended the making of remittance

to foreign countries. It was this state of things which made John Bebb at Dacca write "I do not think that the talents of Sir Isaac Newton and Mr. Locke [see History of England 1695] would be able to establish one uniform silver coinage unless just and wise regulations are enacted and the executive officers of government do seriously and vigorously give effect thereto."<sup>22</sup>

The ascendancy which the shroffs acquired, during the period of transition, was largely due to official bungling and the Company's unwillingness to face a problem in fear of the immediate loss which this would involve. But it would be a mistake to think that the shroffs were as dominant before Plassey as they were during the period from 1773 to 1792. This naturally brings us to a consideration of the part played by the House of the Jagat Seths, not only in the currency history but in the economic life of Bengal for more than four decades, from 1718 to 1760.<sup>23</sup>

Hiranand Saho came from Nagar in Marwar to Patna to do banking business. His eldest son Manikchand came to Dacca to establish a banking house there. Azim-us-Shan, then Subahdar of Bengal, had his headquarters there. From Dacca Manikchand came to Murshidabad in the train of Dewan Murshid Quli Khan. For the English East India Company's Investment and the private trade of the Company's servants, the services of this banking house were frequently made use of. But the Company's servants sometimes defaulted in payment which created occasional tension between this banking house and the President and Council at Calcutta. The Company's servants could not afford to acknowledge any distinction between their public and private trade and the bankers could not, therefore, recognise this distinction. Manikchand, on whom the Mughal Emperor had conferred the title of Seth, died in 1714. The Seth House was at that time doing extensive banking business with branches at Calcutta, Dacca, Patna, Benares, Hughli and other places. Under Manikchand's successor Fateh Chand, this banking house began to play a part in the

economic life of Bengal which was so paramount that Burke could compare it with that of the Bank of England. The title Jagat Seth was conferred by the Mughal Emperor on Fateh Chand in 1722. The house became the centre of commercial credit. The Europeans—the Dutch, the French and the English—no doubt brought bullion from Europe but because of the distance the supply was always uncertain. The presence of so many rivals, European and Asiatic, made timely supply of credit so necessary to investment that they had to depend very much on the Seths. In the Bengal Consultations of the 1730's and 1740's there are very frequent references, to the English East India Company's loans, repayment of loans, sale and purchase of bullion and other transactions with the Seths' House. Even in the year of Plassey the Dutch borrowed 4 lakhs at 9 per cent and the French debt before the capture of Chander-nagore was a million and a half.<sup>33</sup> Inland traders must have also thronged to their *Kuthis* for the supply of credit for their terms were lenient. This banking house became conspicuous for its wealth, integrity and avowed favour of the governing power. The house enjoyed great prosperity under Fateh Chand who died in 1744. His successors Jagat Seth Mahtab Chand and Maharaja Swarup Chand maintained the same position.

This house was the receiver and treasurer of government revenues. The Jagat Seths gradually became security for most of the renters. Ghulam Husain tells us that the defaulting zamindars received injunctions to transmit their revenue to Jagat Seth. They received all the revenues and other payments made to the Nawab. To the zamindars Jagat Seth was prepared to advance money, if necessary. The Jagat Seths also obtained the shroffing of all the revenue i.e. the examining, sorting and weighing of various kinds of revenues to reduce them to their *sicca* value. The *batta* on the gross import, the *Kutcha Amdani*, was one of the sources of their income.<sup>34</sup> Yusuf Ali tells us that at the beginning of the financial year (*punya*) "the arrears of last year's



collection amounting to six or seven lakhs of rupees are brought in bags and placed before the Nawab . . . . . if anything remained outstanding from the amils and zamindars Jagat Seth gave his written undertaking to pay the amount to the government of the Nazim." A *paut* was given to the Nawab for the amount and Jagat Seth received from the zamindar ten per cent *patwan* or commission. The Jagat Seth family lost this business after the grant of the Dewani. The English Company decided to have a public treasury under three locks. This was regarded as an affront to the House which had been entrusted with all receipts. The Company stood forth as the Dewan in 1772 and the treasury was removed by Hastings from Murshidabad to Calcutta.

Another source of income to the Seths was trade in rupees. The Jagat Seths were responsible for the development of the custom according to which a new coined *sicca* rupee circulated at full *batta* for twelve months, then fell three per cent and had the denomination of *hirsans* or *siccas* of various years. At the end of the second year they fell again by two per cent under the denomination of *sonaut*. At this stage they remained until they were recoined into *siccas*. Even the *sicca* rupees coined in different mints at Dacca, Patna and later at Calcutta would not pass without a discount. Thus the trade in rupees became a fund of great wealth to this banking house. The *batta* on various foreign coins was also a source of great profit. It should also be noted that the attempt of the English to coin their rupees in the mint at Murshidabad in accordance with the *farman* of Farrukhsiyar was foiled by them at the Darbar on several occasions. "Even when the English got the grant of the right of coining in Calcutta from Siraj-ud-Daula, and after him from Mir Jafar and Mir Qasim, the grant was not of much use because, as Batson pointed out, "It interfered so much with the interest of the Seths."<sup>24</sup>

This banking house tried not unsuccessfully to become the receptacle of the metallic hoard of the country, so far

as it was possible in a country where hoarding was a distinct mode of accumulating riches. Manikchand Seth was placed in control of the Nawab's mint after the death of Raghubandan in 1818. He and his successors would very much discourage the sale of bullion by foreign companies to other persons. They are said to have obtained an order from the Nawab which forbade all persons besides themselves from purchasing any silver or taking any Arcot rupees.<sup>36</sup> In their hey day all the bankers in Bengal were either their factors or relations. Roger Drake, President of the Calcutta Council, was told in 1753 that the Jagat Seth House was the sole purchaser of all the bullion that was imported into Bengal and therefore very much resented any other rival trying to set up a mint.<sup>37</sup>

This banking house had its establishments in the most important towns of northern India between Dacca and Delhi. Their *hundis* were so much in demand that it was unnecessary for them to despatch treasure chests from one place to another. As has been said already this house was the receiver and treasurer of government revenues. The tribute of one crore to be sent to the Delhi Emperor could be paid by Fateh Chand Jagat Seth by one single *hundi*. When Ahmad Shah Abdali entered Delhi in 1757 A.D., he found it to his interest to recognise the pre-eminence of this banking house. Its representative at Delhi was always very much honoured in his darbar because he alone could ensure the payment of the mulct he was determined to extort from the peers of the Mughal Empire. As the Ganges pours its waters into the sea by a hundred mouths so wealth poured into the treasury of the Seths.<sup>38</sup> According to the Dutch the Jagat Seths even took the retail trade business of the four main kinds of spices to them outside the European establishment. Ghulam Husain does not mention the exact amount of the capital of the Seths but he gives us a very good idea in an indirect way. When the Marathas, guided by Mir Habib, led a lightning raid into Murshidabad in 1742, they succeeded in plundering their

*kothee* and carried away two krores (three lakhs according to Karam Ali) of Arcot rupees. But this did not affect them more than if it had been two trusses of straw. Even after this they continued to give the government bills payable at sight—*darshanis*—of one crore at a time.

The wealth of the Jagat Seths was not entirely an accumulation of usurer's capital, one of the most conspicuous forms of capital accumulation before the age of industrial capitalism. They did some real banking business. They developed credit and helped international trade. Their method of accumulation was far from idyllic. Their trade in rupees shows them at their worst, as greedy of gain as any hard-hearted capitalist of modern times, only a little above the level of the multitude of shroffs who divided this business among themselves on the decline of this house. Two things that strike us are the magnitude of their wealth and the extensive scale on which their operations were conducted. The house enjoyed great prosperity under Fateh Chand who died in 1744. His successors Jagat Seth Mahtab Chand and Maharaja Swarup Chand maintained this position of ascendancy in the economic life of Bengal. They were put to death by Mir Qasim. The decline of the house which had commenced after June 1757 now became very rapid. Plassey marked the end of their period of prosperity though they had a hand in bringing about this revolution. Foreign trade as also the inland trade of Bengal no longer required the aid of their credit. The fortunes of Englishmen sprang up like mushrooms in a day. Even the rival European companies drew upon this new fund. Clive could not possibly forget the services of the family to the English and more particularly to himself. But those who came after him had not that feeling of indebtedness. Holwell threatened them when they did not express themselves ready to give a loan of 15 lakhs to the Company. When Mir Jafar died and Najm-ud-Daula was put in his place, Johnstone and others, who made the necessary arrangements, demanded of Jagat Seth Khushal Chand and Maharaja Udwat Chand, heads of this banking house, a

present of 1,25,000 rupees, "50,000 immediately if they wished to have the business go freely on." Jagat Seth Khushal Chand could only protest and say "our father never did give Lord Clive a single dam." Khushal Chand felt this humiliation very much and when Lord Clive later made an enquiry about these presents on the complaint of the Nawab he asked Jagat Seth Khushal Chand to speak the truth. Jagat Seth's reply was that he had put his seal to the narrative and "that would go for a crore of rupees."<sup>28</sup> But this spirited outburst was now all that he was capable of. After the grant of the Diwani this banking house ceased to be the channel of revenue payment. No longer did the zamindars or their agent throng the central office of the banking house for money to be advanced for the *punya*.<sup>29</sup> No doubt the Jagat Seths regulated the affairs of revenue along with Md. Reza Khan and Maharaja Durlabh Ram. The treasury had three different locks with three different keys. One of the keys was in possession of the Seths. But this was only symbolical. Jagat Seth Khushal Chand was still the Company's banker. His was still a great house. But it could not revive fully from the shock given to it by Mir Qasim for its pro-English doings. The banker had lent more than 50 lakhs to Mir Jafar of which the British agreed to repay only 21 lakhs. He had even to sell some of the jewels to release some of the younger members of the family who had been carried as prisoners to Delhi in the train of Mir Qasim. But even at this stage their fortune, according to Bolts, amounted to 7 crores of current rupees "as his countrymen calculate."<sup>30</sup> When the treasury was transferred to Calcutta the Jagat Seths practically ceased to act as bankers to the Company. Their sources of wealth dried up. Ghulum Husain writes, "Now that these two heads of the family are both dead these many years their sons in consequence of the superiority acquired by the English in all branches of trade over Bengal fall rather short of the wealth of their fathers." Their trade in rupees passed into the hands of the smaller shroffs in league with each other. It is significant to note that, when the state con-

trolled General Bank was set up with a view to stabilising inland exchange and remittance of revenues, its managers were Hazari Mal and Dayal Chand," new men from the Calcutta commercial circle. The Jagat Seths had still preferential rates for coinage at the mint.<sup>1</sup> Their sources of wealth dried up but their profusion was still unchecked. Harruk Chand Jagat Seth, successor of Khushal Chand tore a bond of three lakhs which Md. Reza Khan owed to him. As early as November 1763, the retiring Dutch Governor, Louis Taillefert, advised his successor to take notice of the fact that the Jagat Seth House had very much declined. The British records convey some idea of their rapidly declining prosperity in the eighties. Mir Qasim's attempt to set up the firm of Bolaki Das as a rival had failed but we find in 1791 a new firm—that of Monohar Das Dwaraka Das—doing brisk business at Murshidabad which one might expect should have been done by the house of Jagat Seth.<sup>2</sup>

Indigenous banking had still a very important part to play. If the Jagat Seths had been able to adjust their position to changed circumstances they might have exhibited a remarkable example of the endurance of their wealth.

<sup>1</sup> Mint Committee Proceedings—26 June, 1792.

<sup>2</sup> Progs. Board of Trade—July, 1789. Letter of Collector of Dacca, 23 June.

<sup>3</sup> Verelst—*View*, p. 93.

<sup>4</sup> Robert Stevens, *The New and Complete guide to East India Trade*—p. 96.

<sup>5</sup> *Ibid.*

<sup>6</sup> Irvine—*Later Mughals*, Vol. I, p. 335.

<sup>7</sup> Wilson—*Early Annals II*, Part I, p. 273.

<sup>8</sup> Aitchison—*Treaties*, Vol. I, p. 12.

<sup>9</sup> *Ibid.*, p. 51.

<sup>10</sup> From Court—16 March, 1768, p. 60.

<sup>11</sup> Reg. of 1771 see Colebrooke—*Digest*.

<sup>12</sup> Sinha—*Annals*, p. 123 footnote—quoting Sir William Foster.

<sup>13</sup> Mint Committee Proceedings—26 June, 1792, pp. 93-103.

<sup>14</sup> *Ibid.*, pp. 389-514.

<sup>15</sup> Mint Committee Proceedings—Letter 1806-7.

<sup>16</sup> *Ibid.*, 25 May, 1789.

<sup>17</sup> Letter from Court—dated 25 April, 1806.

Mint Committee Proceedings—1800-1817, p. 112.

<sup>18</sup> The Board of Trade also used to give contracts for cowries for 60 tons a year at 20 Arcots per md. This was sent to England by the Company's ships.

<sup>14</sup> Furber—*John Company at work*, p. 287.

<sup>15</sup> Mint Committee Proceedings—1800—1917.

<sup>16</sup> Rangpur District Records—Glazier—Introduction. Letter from C. Purling, dated 21 October, 1777.

<sup>17</sup> Progs. Board of Trade—1790—Vol. 54, p. 9.

<sup>18</sup> Progs. Board of Trade—15 November, 1789.

<sup>19</sup> *Ibid.*

"As for shroffage it is only necessary in India in order to correct the inconveniences which attend an ill-regulated currency. As soon as your currency should be well regulated shroffage must be annihilated of course.

Coin of gold consisted as to its value in weight and fineness. What perplexes and confuses it now is denomination. The only principle invented since the introduction of denomination is this. Denominations ought to be given to coins proportionate to the weight and fineness—the only ruling principle relating to modern coined money." MS. Eur. E. 14. (James Sicuart)

<sup>20</sup> Madame Antonova writes

"Is it a coincidence that just when a Marwari, Jagat Seth, rose to prominence in commercial and financial life of Bengal, another Marwari Bura acquired a commercial and financial importance in the far-away Russia?" She points out that in the late forties of the eighteenth century Indian trade in Russia rapidly decreased but Indian usurers' activities, on the contrary, grew.

XXVI International Congress of Orientalists—papers presented by the U.S.S.R. delegation, 1963.

<sup>21</sup> The House of Jagat Seth—B.P.P. 1921.

<sup>22</sup> *Seir II*, p. 277. Bolts—pp. 158-159.

<sup>23</sup> Long—*Selections from Unpublished Records*.

<sup>24</sup> The House of Jagat Seth—B.P.P. 1921.

<sup>25</sup> Bengal Consultations—11 June, 1749-53.

<sup>26</sup> The House of Jagat Seth—B.P.P. 1921.

<sup>27</sup> *Ibid.*

<sup>28</sup> The day on which the ensuing year's rent was settled.

<sup>29</sup> Bolts—*Considerations*, p. 158.

<sup>30</sup> The formation of 'general bank' by Warren Hastings was necessary to solve the difficulties of currency and credit. According to the plan of Hastings the bank was to become the *Khazanchy* or Treasurer in the districts and it was to stabilise inland exchange. All the remittance of the revenues was to be made from the districts through this bank which was to have a house in each Collectorship. The Collectors were not to exchange the rupees they received in collection but were to pay them to the *gomastas* of the houses in the same specie taking their bills on their head office payable in *sicca* rupees at the fixed and ancient *batta* of the *khazana amiera* or royal treasury. A table of commission of exchange or *hoondian* was fixed according to the distance, risk and charge of transportation. All merchants and others who had dealings in the country could make remittances to the *aurungs* through the bank. Thus he sought to tackle the problem of seasonal finance and stabilise inland exchange and minimise the transportation of specie. The bank had two chief offices, one at Calcutta and another at Murshidabad. There were 14 branches but none at Dacca. Some sub-agencies were also established. The bank was to make all disbursements on behalf of the government. But the Collectors were opposed to this arrangement as they lost a part of their income. As the set off 'covering' did not take place in every area some transference of rupees took place. The statement of accounts, however, showed considerable profit between June 1773 and June 1775 of which the Government took half share. The bank was closed down not so much on economic grounds. The Directors could not grasp the full utility of the scheme. Francis and his associates who formed the majority were very much opposed to the scheme and they decided to dissolve the bank. Thus ended

an attempt to reform currency and credit through a bank supported and patronised by the government.

"A list of charges on coining money in the mint of Moorshidabad by private merchants and by Juggat Seat—G. G. in Council Progs.—Vol. I. (Revenue).

	Private Merchant's coining money in the mint—charges on Rs. 100	Juggat Seat's coining money in the mint—charges on Rs. 100	Govt. coining money in the mint—charges on Rs. 100
	Rs. as. g. k.	Rs. as. g. k.	Rs. as. g. k.
Fooley Sonauts, Moorshidabad, Patna, Dacca ...	1 11 2 1	1 8 13 3	0 11 3 3
Silver coining into rupees Without Fooley Moorshidabad, Patna and Dacca ...	6 12 19 2	.....	1 0 7 0
Dookey Paunchmala, Moorshidabad, Patna and Dacca ...	4 4 19 2	2 4 7 0	1 0 7 0
Dookey Arcot English and French ...	4 4 19 2	2 4 7 0	1 0 7 0

"A copy of the document with the seal of Ramgobind Mitter, Committee Dewan issued to Monhar Das Dwaraka Das—"Do you establish a Kothec at Moidapore in the Zilla of Murshidabad and carry on concerns with the zamindars in *paats* (notes of hand) and *manuts* (obligatory notes) for the revenue—on the articles imported by the zamindars and others you will take a *batta* of 4 annas per cent over and above the bazar rate and you will take 8 annas as *paatwan* (commission). You have no concern with anything exclusive of these."

## CHAPTER IX

### THE PRODUCERS

#### THE COTTON WEAVERS

IN the eighteenth century the weavers of cotton piecegoods occupied the most important position in Bengal's economy. During the period under review we do not come across those *karkhanas* or big workshops of which we hear so much in the days of the Great Mughals. Nor do we find weavers concentrated in European settlements, though the Europeans were the chief buyers of the cloths woven by them. The Court of Directors, as also its servants in Bengal, tried to encourage weavers to reside under their protection within the bounds of Calcutta.<sup>1</sup> The Directors hoped that this would give their servants an opportunity of having many if not most of the goods under their immediate inspection. But the response was very inadequate. Even before this, at the time of Bargi incursions into western parts of Bengal, when most of the wealthy people in the affected parts of Bengal thronged to the security of the British settlement in Calcutta, the weavers from western Bengal fled mainly to established centres of their industry in north Bengal. But inspite of this localisation, cotton weaving was, in the main, a rural domestic industry throughout this period.

The *dadni* merchants disappeared from Investment business in 1753. The Directors expressed their approval of the abandonment of *dadni* Investment and wrote, "The merchants have employed these useful people and have run away with the advantages which we might with equal case have obtained."<sup>2</sup> But, after fifteen years of Investment by agents, the Directors were constrained to admit that the letters to Court contained sufficient evidence of the oppression which it caused. There was no liberty of buying and selling which the weavers had previously enjoyed. The other Euro-



pean companies gave 20 to 30 per cent more than the English East India Company's men would give, and even the "ferrit" and damaged goods sold by public auction at 10 to 100 per cent advance, "a clear proof of the injustice done to weavers."<sup>3</sup> The weavers were naturally reluctant to work for the Company and the Company's *gomastas* had to resort to violence with the result that many of the weavers quitted their looms. Bolts was prone to exaggeration, but his picture of the oppressed weavers of the 1760's was not perhaps very much overdrawn because the internal evidence of the Court letters bears him out. Bolts wrote, "The Company goods are in all places 15 per cent and in some even 40 per cent less than the goods so manufactured would sell in the open bazar."<sup>4</sup> The English Company's own men admitted that their European rivals were prepared to pay 20 to 30 per cent more, and these worthy servants of the Company were even ready to join hands with these rivals and provide Investment for the foreign companies. They expected in this way to eliminate competition which redounded so much to the advantage of the weavers. This proposal to make the weavers "slaves to the English and to the lowest of their servants" was turned down by the Court of Directors, mainly on the ground that it was the "height of folly to expect good faith between two rival nations."<sup>5</sup> The Directors had also a feeling that the *dadni* merchants had managed Investment in a way in which the weavers had been encouraged and their number had increased. They wrote that "merchant and manufacturer was a natural union but a manufacturer dreaded the hand of power which handles him too roughly", adding at the same time that they did not mean this as 'an order for reviving *dadni* merchants, because they saw the good that it might produce by exempting the weavers from oppression but not the evil. These contradictory orders of the Court could not serve any effective purpose. It was the presence of some competition which alone saved the weavers from complete enslavement.

The condition of weavers in the days of Alivardi Khan

was very different. In the Nawabi period the weavers of cotton piecegoods formed the hinge of Bengal's economy. Almost every distinct kind of cloth was the product of a particular district and the proficiency was thus transmitted almost for centuries from father to son. As the greatest part of the province was employed in this manufacture improvements were made in it. "The richest man in the empire affects no other advantage in his dress but that of linen extremely fine". This was a great encouragement. "To the weavers' trade six or seven hands contribute. To get a piece of cotton made by compulsion a man with one or two wives, and five or six children must be taken up and instead of being confined in a narrow room must be placed in a spacious orchard. All this would be very inconvenient. If guards were placed upon a village, which is the only method of compulsion that can be used, the alarm would be taken and half the country by the retreat of these people would be depopulated in a day's time (Orme—*Fragments* pp. 410-413)."

The weavers used to manufacture their goods freely and without oppression, restrictions, limitations and prohibitions. There was no attempt to restrict their goods to the one market of the English East India Company. In the words of Bolts—"It was then a common practice for respectable families of tantee or weaver caste to employ their own capitals in manufacturing goods which they sold freely on their own accounts. There is a gentleman now in England who in the time of the Nabob has purchased in the Dacca province in one morning 800 pieces of muslin at his own door as brought to him by weavers of their own accord." Bolts did not very much exaggerate because Verelst, his sworn enemy, corroborates him and refers in an official despatch to the "diffusion of commerce" "general opulence", "readiness of sales" and to the encouragement of the artisans before the revolution of 1757.<sup>7</sup> This manufacture was "less liable to outrages" in the words of Orme "than any other trade."

The harassment by the *gomastas* commenced in 1753, when the *dadni* merchants were displaced, but the *gomastas* had

not yet the backing of political power. It was after the revolution of 1757 that they were unrestrained. Their unwarrantable exactions reduced the weavers to misery. Industrial efficiency depends on industrial reward. Pride of the profession is not enough. The decline of the manufacture was inevitable because the weavers were obliged to work "against their will at whatever prices are arbitrarily imposed upon them."\* This statement of Bolts gives a partial view of the position of the weavers. Those who worked for the Company, no doubt, formed a very considerable portion of the community of weavers. But in Dacca, Santipore and other places, where the Company's Investment was exposed to the full force of competition from other European and Asiatic rivals, the weavers were coerced but they could not be enslaved. Clandestine sales of cloths to others could not be altogether prevented. It was because of this that an attempt was made to come to an understanding with other rivals in Dacca. From Santipore the French and the Dutch sent their complaints to Verelst and his Council at Calcutta against the Company's *gomastas* Kishori Sandel and it was resolved by the Governor and Council that "those weavers who were enrolled in the English Company's factory books should be solely employed for the Company."\* In these circumstances the English Company's business was bound to stagnate and the balances began to accumulate. Things came to such a pass that the Chief and Council at Dacca submitted a representation to the effect that they found it difficult to procure the Company's Investment. This could only be done by putting restrictions. The Governor and Council at Calcutta enquired about the assortments that they found difficult to procure and wrote to the Court, "we may prohibit the Company's servants and others under the Company's protection from interfering and the President will recommend to the Nawab to put the same restriction in force with respect to the people in his districts."<sup>10</sup>

The famine of 1770 gave a great blow to the cotton weaving industry of Bengal. The spinners, the weavers,

and the cotton growers died in large numbers. The price of cotton threads in Malda was Rs. 4-6 as. per seer fine and Rs. 2-4 as. per seer coarse. It rose steadily to Rs. 6-4 as. per seer fine and Rs. 3-2-9 per seer coarse.<sup>11</sup> But demand for Bengal cotton goods was steadily rising. From Dacca the Resident reported in 1776: "The Dacca fabric for these six or seven years past has been upon the decline as to quality, great part whereof may be attributed to the ravages of the famine in 1770 carrying away great numbers of the best spinners and ryots who cultivated the cotton plant. The loss is not yet recovered nor will it for many years to come."<sup>12</sup> In a Santipore petition of 1773 it is recorded that "the price of yarn has been gradually rising for many years past. The number of spinners being greatly reduced by the famine it is now 25 per cent dearer than formerly. Yet the value of the cloths remains the same." The decline of the manufacture became so noticeable that the Court of Directors felt that it was necessary to take some steps without any further delay. It may be added that other European companies were not so conscious of the decline of the quality of cotton manufacture because they appeared to have paid a higher price. In April 1771 the Court declared their intention to establish full freedom of trade. Under the inspiration of Hastings it was resolved in 1773 to give full liberty to all weavers and manufacturers.<sup>13</sup>

The weavers were henceforth supposed to be free. In reality they were still very much in the power of the Britishers. Privileged inland trade in salt, betelnut and tobacco had ended in 1768, and the Company's servants had taken to private trade in cotton piece-goods and raw silk. The Directors did not take a very long time to learn that their servants left "the refuse goods of their own private trade for the Company's Investment."<sup>14</sup> The Regulations dated May 1775, 12 June 1775, 31 August 1775<sup>15</sup> explain very fully the position of the weavers before the Board of Trade decided to make Investment by contract. The Dutch complained that their *gomastas* received great impedi-

ments and vexations. Warren Hastings was very much anxious to oblige the Dutch Chief at Chinsura. As the weavers were supposed to enjoy a perfect and entire liberty to deal with any person, this Dutch complaint indicated that the order was perhaps ineffective. All persons offending against this order were therefore threatened with exemplary punishment. As many weavers sought to relinquish the Company's employment, notwithstanding the advances they had received, the Provincial Councils of Revenue were asked to co-operate with the Agents of the Board of Trade in preventing such desertion. But this was very soon found to be insufficient. It was next provided by regulations that weavers receiving advances should not be allowed to default and the Company's agents would be at liberty to place peons upon them and keep them under restraint. But there is every reason to believe that in many cases advances were forced on the weavers. Thus the state of things remained practically unchanged.

The Board of Trade re-introduced the contract system for Investment. In the list of contractors we find some Indian names. But most of them were trustees for the Company's servants. In 1788 Cornwallis re-established the agency system. During the intervening period between 1775 and 1788 when Investment was provided by contract the name of the Company was improperly used in Investment business. If the state of things were normal we might expect that the minutiae of purchasing from the weavers would belong to the contractors, who were in theory expected to calculate the market price, its probable rise and fall, give in their proposal and, in case of failure, suffer the usual consequences. The Dewani Adalats would give protection to the weavers who were entitled to sell to the best bidders. Free weavers would apply for redress, if necessary, against free traders and *vice versa*. The number of weavers would increase and the price of goods would lower as the proportion of sellers multiplied upon that of the purchasers. If the weavers failed in their engagements the Adalat would

decree costs and a few examples would suffice in each *aurung*. But the state of things was very much different from what it should have been. The East India Company's name was freely used in Investment business. The contractors regarded themselves as the Company's representatives and the Company also let them use freely the power of coercion in the Company's name. Advances to the weavers in reality meant pre-emption.

When the contract system of providing for the Company's Investment was prevalent, Blaquire, contractor at Santipore, gave a recital of facts, observations, etc. relative to the Santipore *aurung*. His arguments should be reproduced: "It is almost impossible to detect who are the clandestine purchasers. The weavers artfully conceal their transactions by weaving their cloth in other houses and giving them to be sold by persons who have not taken the Company's advances. They are induced to carry on this practice by the enormous rate of interest which they pay for money whereas they pay none on the Company's advances to them. They therefore keep them as long as they can. The weavers have been so audacious as to deliver 6, 7, 8 pieces of cloth that have been ferretted. Many weavers who are in easy circumstances are unwilling to take advances from the Company's agents. Private gomastas or merchants hold out superior advantages. To keep outbidding the interlopers would be raising the prices of cloths to an enormous extent. Weavers must therefore be under control to maintain the standard qualities of cloths, their breadths, lengths and quality of threads."<sup>14</sup> It was necessary therefore that discretionary authority should be vested in the Company's agent so as to enable him to provide the Investment committed to his charge in due time and of requisite quality, and he pleaded for a legal power of exerting the discretionary authority. These arguments underlay some of the regulations passed in 1786 and 1787. They all thought that without the moderate exercise of coercive measures the Company's Investment would fall in balance and be depre-

ciated in quality. In this connection, it would not be irrelevant if we mention the causes to which John Bebb attributed the refractoriness of the Santipore weavers. He said, "Nothing can be done with the weavers without they are paid a price more equal to their labour than they receive at present."<sup>1</sup> That the weavers were not given their wages of labour could not be denied. From this followed the train of consequences already mentioned.

The various regulations concerning the weavers should be studied in this context. The regulations for weavers, recorded in the proceedings of the Public Department on the 22nd April 1782, were really aimed against the interloping of other traders, "the purchasers of the said cloths, apparently knowing them to be the property of the Company, by the secret and clandestine manner which they take to procure them, or by the notoriety of the weavers being in the Company's employ, who offer to dispose of them, on proof of the fact, shall be liable to punishment by the Adaulut." On the 19th July 1786 a consolidated list of twenty-one regulations was passed—"It is hereby directed that every weaver be furnished with a ticket specifying the name, place of abode and cootey under which he works, and containing an account of the dates and period of advances made, the value of the cloths or goods he shall from time to time deliver in return."

*Reg. XI*—"Upon any weaver failing to deliver cloth according to the stated period agreed upon, the Company's Agent shall be at liberty to place peons upon them and keep them under restraint."

*Reg. XII*—"If any weaver in the Company's service shall be convicted of selling cloth either by himself, any of his family, journeyman or by any agent, to any other merchants or dealers whatever, whilst he is deficient in his deliveries according to the stated periods of his agreement with the Company, such offender shall be punished in a regular process on conviction in the judicial court."

*Reg. XIV*—"Whereas it has been alleged that the Com-

pany's weavers cannot be distinguished from others it is hereby ordered that a list or register of the weavers employed by the Company in every pergannah be stuck up by the Commercial Agent there in the Cutchery of that pergannah."

*Reg. XVII*—"Weavers with whom compulsion is used to enter into agreements or who are not paid for their cloths according to the agreements voluntarily made between them and the Company's servants may complain to the Commercial Resident or contractor or if—he gives no redress complaint may then be made to the Collector . . . but in order that encouragement may not hence be taken for false or frivolous complaints in the view of eluding the performance of fair engagements, complaints which are found to be really groundless will be duly punished."

Another set of regulations was issued on the 23rd July 1787:—

I. "The weavers shall give at least a fortnight's notice when they intend not to take further advances.

II. "If they have not fulfilled their engagements by the period agreed on they shall not work for newer engagements, nor for bazar sales, until those engagements are completed."

III. "When any weaver fails to deliver at the stipulated periods the cloths he has engaged for, the Company's agent or representative shall be at liberty to place peons upon him, in order to quicken his deliveries."

IV. "If, notwithstanding, any weaver shall by himself or any other persons, sell cloths to private merchants, Europeans or natives, dealers or agents of whatever kind, whilst he is deficient in his stipulated deliveries to the Company such offender may be prosecuted in the Dewannee Adalat and upon conviction shall be adjudged to forfeit to the Company all the produce of the cloths so sold with costs of suit besides, and moreover be still obliged to complete his engagements."

V. "Persons procuring from weavers in the Company's service by the offer of ready money, or on pretence of previous engagements, which are not avowed, cloths really wrought for the Company and with advances, knowing such cloths to



be the right of the Company, either by the mark upon them or the transactions between the weavers from whom they procure them and the Company or having reasons for such knowledge from the notoriety of those weavers being in the Company's employ, shall on the proof of the fact in the Adaluts, be subjected to such punishment as the nature of the offence may appear to deserve."

VI. "A list or register of the weavers employed by the Company in every pergannah with their places of abode, shall be stuck up by the Commercial Agents there, in the cutchery of that pergannah."

*Additional Supplement to the Regulations for weavers,  
30th September, 1789.*

XV. "Weavers possessed of more than one loom and entertaining one or more workmen, shall be subject to the following penalties on failing to deliver cloth at the stipulated period expressed in a written agreement.

To the Company for every piece of cloth not delivered according to the agreement, 35 per cent on the stipulated price of such cloth, besides the repayment of money advanced for the same."

To individuals, in the like cases and circumstances, twenty per cent besides the repayment of the advance.

XVI. "The penalties incurred either to the Company or to individuals shall be sued for and recoverable in the Dewannee Adalut. But decision in favour of private merchants or other individuals against weavers—shall be made with a saving to the Company of their claims on such weavers."

The weavers who were the subject of these regulations from 1775 to 1789 became what was described in the language of the law courts as *khatbandi*, i.e. bound by indenture. The form of engagement entered into by the weavers employed under the Dacca factory for the provision of the Investment of 1791 may be reproduced—<sup>18</sup>

"We—weavers of the aurung—fully understanding the contents of the regulations of the 23rd July 1787 and 30 October 1789 engage to manufacture on account of the Company the several qualities of cloths—the thread of the warf and woof shall be properly twisted and sorted, the 32 folds shall be made well and even throughout and the cloths shall be all of the established dimensions in length and breadth.

We will deliver our cloths monthly so that the whole of our deliveries shall be completed by the end of October.

The cloths shall be sent to the Dacca factory and being there compared with the musters and prized we will receive credit for the same.

Our deliveries shall consist of three letters A, B and C. Should any of them being compared with the musters be judged inferior to C they shall be ferretted and held in deposit in the cooty and we will in the course of the next kist replace them with cloths equal to the musters. The cloths will then be returned. Should we fail to replace them with proper cloths within the appointed period they shall be sold at public auction and credit be given to us for the sales after deducting 15 per cent as compensation for interest risk and charges.

In cases where any of us possessing more than one loom with journeymen fail in our stipulated deliveries . . . . we will pay according to the Regulations of the 30th October 1789 a penalty of 35 per cent on the amount together with repayment of the advance received."

All these regulations prove that the Company's trade could not be conducted in Bengal without exerting the authority of Government. Why was this so? Were the weavers unwilling to work for the Company because of the oppression of the contractors and their *gomastas*? Did the contractors pay for the various assortments much below the market price or were the weavers a very dishonest set of people, so prone to deceit that without special regulations Investment could not be procured? Was the restraint imposed no more than what was necessary?

We would do well to take two aggrieved groups of *tantees* or weavers of very different temperaments from widely separated areas. *Tanjees* were made at Teetabaddy in Dacca district. This was a very profitable article for Investment. There were 900 houses of *tantees* or weavers in this *aurung* in 1774, but the number fell to 500 in 1788. The main reason for the decayed condition of Teetabaddy was that these weavers were not paid a reasonable price. They were very industrious, quiet and inoffensive. Bebb wrote, "I am astonished at their passiveness." No heed was paid to their repeated remonstrance that the price which was paid to them was unjust. Barwell was responsible for new musters in 1774. This was much too hard. The added harshness of the contractors made many of them quit the profession and devote themselves entirely to tillage. Between 1776 and 1778 Hurst, who was the Chief at Dacca, tried to give some relief by indulgent prizing. The price paid was actually less than what was paid 20 or 30 years ago. It has been said that Barwell's intention was to increase the price but his banian Ramruttan Tagore was responsible for harshness of musters in the case of *tanjees*, particularly of *tanjees* superfine. In 1757, when Cartier was the Chief of Dacca, 3·3 per cent was openly deducted as *batta* and *dalali*. Cartier specially stipulated with the *dalals*, because of the complaints of the weavers, that they should be paid the full amount due to them without any deduction. Between 1757 and 1774 things had deteriorated to such an extent that repeated complaints could not rectify an obvious injustice. Bebb comments, "The prices of the necessities of life, the rents of lands and the average price of cotton are now generally higher than they were 20 or 30 years ago. There is also a greater consumption of Bengal goods in Europe. Consequently the first cost ought to be above the first cost of former days." How then could these people survive under the circumstances? This was only possible because most of them had a little land which they cultivated themselves. They were protected from rack-renting by the Company. They also helped themselves by weav-

ing coarser assortments with the help of the members of the family to be sold in the bazar. The Teetabaddy weavers were at last given some relief by John Bebb who increased the rate by one rupee per piece on each of the superfine, fine and broad *tanjeeb* and by eight annas per piece on the ordinary *tanjeebs*.<sup>19</sup> The increase of price given by John Bebb in 1788 and his easy prizings kept the weavers from perishing during the scarcity of 1788.

The weavers of Santipore were a remarkable contrast to the weavers of Teetabaddy. They were said to be of a refractory disposition. John Bebb, who had been at Santipore before he came to Dacca, had reported that the competition in that *aurung* was greater than elsewhere because its goods were in demand for the Europe market. As the weavers could earn more by working for others than for the Company's Investment, they made cloths for private traders and fell into arrears in their deliveries. Beauland, who was the contractor, tried to check this and there was violent discontent. The price of different assortments was the same for several years, but the price of thread having increased, the weavers could not earn as before by their labour. They assembled daily by sound of horn and discussed their grievances among themselves. The discontent spread even to distant *aurungs* where the weavers stopped working for the Company. The Santipore weavers were so different from others because the near presence of other European traders increased over much the demand for Santipore cloths. The contractors, who for successive years found it difficult to manage this *aurung*, suggested that the machination of the foreigners could be stopped only by placing peons upon the weavers and "by putting under restraint the seditious leaders."<sup>20</sup> Nine Santipore weavers, who were looked upon as ringleaders, were put under restraint. Six of them were released on giving securities for their good behaviour for 12 months. The other three were prosecuted as men of exceeding bad character and were lodged in the Kidderpore Jail. The spirit of combination among the weavers of Santipore was so great that they

submitted a petition to the Governor-General in which they wrote—"Mr. Bebb contractor has made a false complaint against us before Mr. Gladstone, Judge of the Calcutta Adalat, who confined three men of us by an intrigue or false demand. Bejoyram, who attended before your Lordship for redress, Mr. Bebb forcibly carried away and confined him at Santipore factory who is a great sick by the severe confinement."<sup>21</sup> The Santipore weavers appeared to have an unusually remarkable solidarity which, in more favourable circumstances, might have become more effective. At it was, circumstances became rapidly less and less favourable and the spirit of collective bargaining could easily be smothered. Under the authority of Government the agent could easily muzzle them and very soon there was no other foreigner to create a competitive demand for the goods.

Why was there such a plentiful crop of regulations for the weavers in the late 1780's? War with France was over and the last spurt of French trade activity in Bengal had begun. British Indian war with the Marathas was over. Indian merchants who had taken refuge in Benares began a brisk trade in Bengal in the hope of reviving their trade with north and north-western India. The demand for Bengal goods in Europe was at its height. The European private traders were also offering much better prices. The weavers in Bengal were in a much stronger position during the years 1785-89 than at any other time after Plassey. It was indeed a period of boom for them. The theory of steady but continuous decline of Bengal's weaving industry in the second half of the 18th century is not certainly true of this quinquennium. There was a sudden expanding market and the weaver had not yet lost his traditional skill. The Board of Trade did not make a vain boast when it wrote to the Governor-General in Council, "The goods from this valuable aurung (Dacca) have been much improving in quality . . . . the goods received in the course of the shipping season of 1789-90 when considered collectively in regard to extent of amount, C. Rs. 9,51,348-1-2, lowness of

price in the finer assortments, introduction of new articles, and in the points of variety and elegance would probably, could the matter be brought to a test, be found superior to any the Company have ever received in any one year's provision from the station."<sup>33</sup> Indian traders, British private traders and the French also did very brisk business during this period. But the weaver figures in the proceedings of the Board of Trade as an untrustworthy employee of the Company or its contractors. How far was this attitude justified? Did he get a fair price? Most of the weavers were indigent, improvident and indebted but, as was said by John Rintoul in his memorial against the registration of weavers—"The sober and industrious part of them amidst all the exertions of power supported a degree of credit among the merchants by paying proper attention to prior engagements. The merchant who made the advance had his cloth and the circulation was brisk."<sup>34</sup> Why was registration necessary then? The inevitable conclusion is that either the Company's price was not attractive enough or the interception by the middlemen working for the Company was too much. It must be admitted on the other hand that the Company's service had certain attractions. The Company's employment was considered creditable and a man derived some confidence in the hope of protection from the exactions of the zamindar or his agent. The real cause of the unwillingness was the low price paid and the amount intercepted by the middlemen. In 1775 the weavers of Sonargong made the following complaint. They were promised 20 per cent more than the price of last year. They made piece-goods of better quality and when Mr. Day from Dacca came to Sonargong he took these as being of the three first qualities A, B and C. He returned to Dacca with these cloths but there he rated the quality of the cloths at D, E and F. and insisted that the price should be paid accordingly. The weavers naturally grumbled but the sepoys were ordered to beat them and drive them away. This was perhaps an extreme case. But it appears that

extortion was not infrequent. It was ascertained by evidence that Cottrell extorted Rs. 69,830 from the Dacca weavers in 1781 and 1782. His method was simple. He appraised the cloths one letter under the true value. When the goods were sorted for despatch he raised their value to the Company. The *aurungs* were charged a proportionate issue of cash which never reached the hands of the weavers. His Dewan Diachand's share in this fraudulent transaction amounted to Rs. 9,571-6-0.<sup>24</sup> The *gurrah* weavers of Sonamooky *aurungs* submitted a petition in 1789 in which they enumerated their grievances. One of their grievances was that the "gomastas and tagadgeers (collectors of cloths) at the different stations have collected much money both from those who manufacture for the Company and also from those who provide private individuals' cloths. Let it be ordered that we receive back this money and they may be prohibited from taking money in future."<sup>25</sup> The agent's observation on the complaint was that there existed somewhere unauthorised emoluments which were responsible for the rejection of the cloths when brought to the outstations and for forwarding them afterwards to the head factory. He admitted that the allowance of the *tagadgeers* was inadequate. With dishonest top men, intent on illegal emoluments, the underlings, the *gomastas*, the *jassandars* (appraisers) and *tagadgeers* could not be expected to be honest. It was a chain of iniquity and the poor weavers were the sufferers. The *tagadgeers* were almost all Brahmins. The Agent was asked why Brahmins alone were selected. He replied that they served him at a rate for which he could not get peons. He thought that it was better to continue them rather than propose to the Board of Trade an increase of establishment charges which must increase the price of the goods. Thus this system of low paid Indian agents was kept intact.

The Government of Cornwallis ensured honesty in the East India Company's civil service even in its commercial branch by ensuring generous rewards. He also sought to

protect the weavers by framing new rules for the guidance of the cloth agents. "The settlement with the weavers shall be early, reasonable, for the whole year by the Resident himself upon fixed, sealed, marked musters whereof of one duplicate set shall be kept at the factory and another sent to the Export Ware House at the Presidency. The sums charged in the Company's accounts as advanced to the weavers or as the value of the cloths delivered by them shall be fully paid them without any drawback or deduction for *batta*, fees or *dustoree* (*commission*) of any kind or to any person directly or indirectly and they are to be allowed the prices agreed on. The cloths are to be fairly priced by the sealed musters and the prizings of the subordinate *aurungs* are to be examined at the factory. The prior right of the Company in their former engagements or balance to the labour of the weavers is to be preserved but exercised with discretion. They are not to be taxed above their ability. They will not then have their just inducements to work."<sup>26</sup> But Cornwallis did not take into consideration the needs of the middlemen or Indian agents. His idea perhaps was that the Indian was dishonest, he would remain dishonest and he should remain dishonest provided he did not defraud the Company and carry things too far. These Indian agents and middlemen now stole by petty thefts and not in the open manner as they had done before, and the weavers were naturally still their victims. So long as the Company's Investment lasted, this state of things continued. Were the weavers very much maltreated? The weavers at Dacca, Sonamooky, Harial submitted a petition in 1787 in which they said, "The Mr. Glover by given less price and taken cloths as custom of the Mr. Barwell and Companys and others be always cheated to the your petitions and hath arrested others advanced."<sup>27</sup> Although the grammar and syntax of the above sentence is imperfect two words stand out—"cheated and arrested". It was not very difficult to cheat the weavers. The general usage of the country for ages was to make a difference of one anna per rupee in each letter. This was



a clear and simple rule and the weavers became habituated to it. But it was perhaps first broken through by Barwell in 1774 by giving a greater price to A and B class. He wanted to get a larger quantity of cloths of A and B grade. He increased 20 per cent on A, 14 on B and 10 on C." This idea was specious and plausible. But in practice the harshness of musters made the increase of price ineffective. In 1780 at Sonargong the contractor had six or seven different degrees of quality in one letter each decreasing six pice in the price. The sixth or seventh became a new letter and was thus made in value 3 annas less than the former. In this way the gradation was half an anna but it was not in the rupee, it was in the price and the price was not another B but a second A and according to the arrangement 24 gradations led to a variation of 12 annas or 3 annas for each of the four letters. This usage once established continued and it provided the appraisers with so many openings to defraud the weavers. The Company's price was certainly much lower than what was offered by the private traders, and to add to this, there was fraudulent mustering and "ferretting" of different assortments. The Resident at Dacca tried in March 1789 to ascertain correctly what sum the weaver really got from the private trader and how far it was higher than what he got from the Company for the same kind of cloth. Although he could not get satisfactory information, no one ever doubted that the Company paid at a much lower rate. The weaver was under virtual compulsion to stick to his job, but as the industrial reward was not adequate, he was less inclined to work for the Company than for private merchants. All this created a very difficult situation. The necessity of the Company to obtain an annual Investment led to abuses of power which again created genuine reluctance. In 1789 George Udny at Malda made a protest to the Collector at Dinagapore against the measurement of the household lands of the weavers. George Hurst, who was Collector, wrote back, "It is really too ludicrous a protest to be treated seriously as if the

measurement of the ground in the outer part of their houses by an officer on the part of the Collector or Zamindar was more disgraceful than a *muckeem* or peon of the Commercial Resident or his agent stalking into the houses at all hours to look after the looms or cloths."<sup>29</sup> The *gurrah* weavers of Sonargong put these grievances very forcibly—"We labour and manufacture cloths for Government and over us tagadgeers are established to hasten our deliveries who accordingly do press us for the cloths, but besides the muhussil peons are placed over us who are an expense to us and beat us so that we poor people cannot remain at our houses."<sup>30</sup>

The weavers very much resented the increasing restraint which the Company's service put upon them. Their first reaction after the passing of the new regulations was a refusal to take the tickets. The Company always asserted its right of pre-emption but registration was something new. Udny from Malda reported that the weavers were very much opposed to the additional regulations, dated 30 Oct. 1789, and showed the greatest aversion to comply with the articles relating to penalties. They showed a determined resolution not to take advances because of the penalty clauses which might cause great hardship because so many things might prevent their strictly performing their agreements—sickness, inability to get proper thread in proper time, interruption due to disputes with zamindars and other such matters. The weavers felt that they were being enslaved, but they had been led step by step to such a situation and circumstances had been made to shape in such a way that they very much depended for their existence on the work which the Company would give. They could not count upon the temporary boom in their business continuing for a long period. In fact they could notice a slump in 1790. They protested against these new regulations but they had to agree and their subjection became complete.

In 1790 a weaver in Dacca with the East India Company's ticket in his hands, if he was forty years old, must have,

in spite of his natural submissiveness, felt very poignantly how changed the prospects were since as a mere boy he had learnt the first lessons of his craft from his father. The weavers had then breathed the air of freedom. He must have heard from his father about the competitive bidding among the "hatmen" or their agents for the produce of his loom. An up-country Indian merchant's agent or an occasional Armenian would turn up, praise the cloth that was being fabricated upon the loom, secure it by paying a higher price to his father than any European would pay. There was then no *muckeem* or peon, no seizing and beating, no disgrace to the family as during the last few years. He would now have to provide cloth surreptitiously to the European private trader or the Indian merchant to meet the expenses of the funeral obsequies of his father. He had failed to furnish cloths to the Company's *gomasta* according to schedule. The Company's peon would very soon be placed in his house. During the last quinquennium he and his family had worked very hard and had found many new purchasers but all the money had been spent in paying off old debts. Those new faces were seen no longer and he would not be allowed to work for anybody else.

How much did the weavers earn? According to the estimate of John Bebb, the earnings of the weavers at Golagore, who made middling *soot rumals* which being the main article regulated all others, could be thus tabulated.<sup>21</sup>

An indifferent workman could gain per piece			
for his labour	...	...	1 rupee
a middling one	...	...	1-4 "
a good one	...	...	1-8 "
An indifferent workman could make per month			
a middling workman	...	...	4 "
a good workman	...	...	5 "

The interception of profit by middlemen was considerable. The fine looms could furnish a piece of cloth in two months, where the weaver was quite alone in three months. Of some

assortments only nine pieces could be produced in a year and only certain coarser varieties could be produced, one each month. On the complaint of the weavers of Santipore, an enquiry was made in the presence of the *gomastas* of the factory and the public. Middling *mulmul* of  $2\frac{1}{4}$  cubits appeared at a medium to weigh 48 *tollas* and the price was Rs. 6-15 for the thread and the weavers complained that they were not paid for their labour at the rate of three rupees.<sup>33</sup> On an average one rupee per month was necessary for the upkeep of an adult in those days.<sup>34</sup> The *gurrah* weavers of Sonamooky, in their application already referred to, made an appeal for an increase of price for their goods—"If out of compassion something exceeding the price be given us by way of donation we shall have sufficient to feed us well." The Resident commented, "I observe in general that my washed cloths turn out better than the known prizings in the proportion of 3 in 5 . . . a concession to the weavers might possibly be made."<sup>34</sup> The Board of Trade ordered that they should be paid the market price of thread with the established rate of 12 annas for weaving a piece of *gurrah*  $36 \times 2\frac{1}{4}$ . It is relevant to note that the Company's estimate of market price was computed on the basis of the lowest bazar rate and the weaver had very often to buy when the price was much higher. According to the agreement between the Commercial Resident and the Company's weavers at Sonamooky, A class *gurrah* was priced at Rs. 3-9 per piece. At the London sales it fetched 45s. 6d. At the rate of 2s. per current rupee the price was Rs. 22-12 as. The free competitive market price of a piece of *gurrah* could easily have been Rs. 7-2 as. per piece, if not more.

The weavers of Bengal produced many different varieties of cloths—*mulmul* (thin plain muslin), *tanjib* (ornament of the body), *abroan* (thin texture, its translucency was compared to that of limpid running water), *alabalee* (very fine, a muslin of close texture), *nyansook* (thick muslin described as *tunsook* in the *Ain-i-Akhbari*), *buddun khas* (fine muslin, its weft not so close as that of *nyansook*), *sarbati* (semi-trans-

parent ; like *sherbat*), *terindam* (clinging to the body), *sarkar ali* (manufactured for the use of the Nawab's Court), *jam-danee* (flowered muslin—in the time of Muhammad Reza Khan in 1776, some were woven at Rs. 450 per piece), *hum-mum* (a cloth of thick stout texture), *seerbund* (muslin worn as turban), *doorea* (striped muslin). Among the calicoes mention may be made of *khasa*, (fine) *baftas*, *sannoos* and *gurrahs*. There were other varieties of cloths such a *amritis* (emmertis of British records) and *chintz* (chit—coarse printed cloth). Taylor mentions two varieties of muslins—*jhuna* (gauze or net like) worn by native dancers or singers and *rang*, which resembled the *jhuna* in its transparent gauze. But no mention of it is made in British records. The *khasa* variety was calico, not muslin. But one of the best varieties of muslin was called *jungle khasa*. Perhaps the pellucid muslin was described as "evening dew". When spread over grass it could not be distinguished from the dew on it. Some of these varieties were not, however, ordinarily included in Investment. The finest muslins of Dacca were always made to order.

The following centres in Bengal with their *aurungs* or outstations produced cotton piecegoods exported by the Company. The Investment list of 1793 gives an idea of the quantity of cotton goods in these stations and their subordinate *aurungs*. The price would indicate the quality.<sup>24</sup>

Dacca	...	40,500	pieces	...	C. Rs.	8,29,224
Malda and Buddaul	...	65,700	"	...	"	5,83,303
Luckipore	...	1,56,900	"	...	"	8,39,273
Keerpoy	...	26,000	"	...	"	5,29,601
Midnapore	...	14,450	"	...	"	1,14,104
Santipore and						
Burron	...	53,700	"	...	"	4,05,152
Patna	...	96,850	"	...	"	4,14,287
Benares	...	63,100	"	...	"	4,48,866
Hurriaul	...	29,400	"	...	"	2,71,887
Haripal and						
Cutturah	...	52,950	"	...	"	4,70,631
Sonamooky	...	59,800	"	...	"	3,23,454

Mundalghat	...	31,800	"	...	"	2,02,407
Chittagong	...	45,500	"	...	"	1,55,384
Rangpore	...	38,000	"	...	"	1,08,260
Commercolly	...	3,500	"	...	"	37,307
Cossimbazar	...	29,340	"	...	"	2,91,022
Golagore and Baranagore	...	71,700	"	...	"	5,29,601

The weavers were very soon to learn that the days of their handicrafts were over. But in 1790 they were still in blissful ignorance of new developments and their masters were taking pride in the quality of their manufactures. The Board of Trade wrote in 1790, "The Court of Directors are requested to call for a piece of fine, superfine *allabally*, superfine *nyan-sook jungle*, 2,700 threads, superfine *seerhandconnai jungle*, fine, superfine *terrindams*, *abroan* and *buddan coss* and judge if ever any of them saw themselves or were authentically informed of any cotton manufactures in any other part of the world being equal in fineness and beauty to these articles. Not a fibre of Ahmad or any cotton other than Bengal enters into the fabric of these cloths."<sup>37</sup> The spinners of Bazitpore and Junglebarry in the Dacca district were universally acknowledged to be the best spinners of Bengal. The two assortments *sircar aly* and *jungle cossas* were peculiar to Junglebarry-Bazitpore *aurung* of Dacca. During the prosperity of the Mughal Government for each piece, made for the service of the Emperor, the sum of Rs. 200/- was paid but the Nawab's people intercepted about a quarter of the price so that the weaver got Rs. 150/- per piece. Such beautiful productions were, of course, dying for want of encouragement.

The British private traders in Bengal, buying cotton piece-goods for export, were Company's servants and Free Merchants. The dispute of these British Free Merchants with John Bebb, the Resident at Dacca, proved conclusively that before the coming of John Bebb to Dacca, they were hand and glove with his predecessors. But the Free Merchants, in their anxiety to exploit these weavers, perhaps went a step

further than those who were responsible for the public trade of the Company. The dispute with John Bebb fully exposed their malpractices. The illegal and arbitrary practice of confining and punishing the weavers was carried so far as to cause death in some cases. Even the Board of Trade and the Court of Directors were constrained to take cognisance of the death of Bostom Das when he was confined by McCullum in the latter's *kothee*. The law court was no doubt open to the aggrieved. But under the existing arrangements, though a Britisher could prosecute the weavers in the *adalut*, they could not prosecute him. It was a long journey to Calcutta for a poor man to undertake for the redress of his particular grievance. He was ignorant of the laws and forms and he did not know whom to apply to. The expenses of a legal process in the Supreme Court were sufficient to deter him even if he knew the forms and procedure. The uncouthness of his appearance, the rusticity of his language for business in a British court of law also stood in the way of his seeking a remedy. It might be argued that the leaders of the weavers were those who might be described in the language of modern times as agitators. Duneeram Paul submitted a petition on behalf of Bostom Das deceased and the other Teetabady men confined in McCullum's premises. Nyan Nandy was a leader of the weavers at Haripal, Bijoyram at Santipore. The weavers at Kumarkhali (Commercolly) submitted a petition in 1792 in which we find at the top such names as Bully, Bickary, Dunny, Fakirchand. These leaders, as the names indicate, must have been very humble weavers themselves. The Santipore weavers were led by Lochan Dalal, Ramhari Dalal, Krishnachandra Boral, Ramram Das and others. They marched to Calcutta to deliver an *arzee* or petition to the Council setting forth that they were dissatisfied with the Company's contractor.<sup>88</sup> All this might create an impression that there was some capacity for combined resistance and the Santipore weavers no doubt did show such capacity for some time. But it would be wrong to think that all weavers could combine

and resist at all times. The inoffensive Teetabady weavers were more typical of their kind.

The Bengali weavers were indigent, industrious and skilful and before Plassey they were comparatively free. We cannot say that there was then no oppression. But there was no monopoly, not even a quasi monopoly, and until the days of Siraj-ud-Daula there was the Nawab's administration, however corrupt, to appeal to. Its forms and procedure were very familiar. The market was expanding, trade was brisk, skill paid, and, in spite of their improvidence the weavers had a more care-free existence. But in 1793 though the Indian handloom weavers were cursing their lot, they could never think that the process of their wholesale extinction had begun." As has been said, the mother country of cotton was destined to be inundated with cotton. Domestic industry was to be destroyed within half a century. England has been described as the unconscious tool of history in bringing about a social revolution. We need not take into consideration here the broader social aspect of the question. The direct economic consequences are more relevant. The Bengali artisan was endowed with a fine sensibility of touch, a nice perception of weight, he had also a singular command of muscular action. It was this which enabled him to produce what has been described as "woven air". According to Orme, "The rigid clumsy fingers of a European would scarcely be able to make a piece of canvas with the instruments which are all that an Indian employs in making a piece of Cambric." The inherited skill, which gave to the Bengali artisan his spider-like proficiency, was to disappear for ever. The prosperity of Bengal was due not so much to her agriculture as to her domestic handicrafts. There was henceforth much greater pressure on land. The disappearance of domestic handicrafts followed closely on the wake of the Permanent Settlement. The weaver-cum-agriculturist had now to depend entirely on agriculture, and this further weakened the position of the tenant *vis a vis* the landlord.



<sup>1</sup> From Court—31 January, 1755. 11 February, 1756.

<sup>2</sup> *Ibid.* 31 January, 1755.

<sup>3</sup> *Ibid.* 11 November, 1768, p. 38.

<sup>4</sup> Bolts—*Considerations*, p. 193.

<sup>5</sup> From Court, 30 June, 1769, p. 40.

<sup>6</sup> Bolts—*Considerations*, pp. 193-94.

<sup>7</sup> To Court—1769; Orme—*Fragments*, p. 411.

<sup>8</sup> Bolts—*Considerations*.

<sup>9</sup> Progs. Board of Trade, 18 July, 1786.

<sup>10</sup> To Court—22 February, 1768, p. 19.

<sup>11</sup> Progs. Board of Trade, 2 January, 1776.

<sup>12</sup> *Ibid.* 10 May, 1776.

<sup>13</sup> Resolutions, 12 April, 1773.

1st—That all weavers and manufacturers shall, in future, have full liberty to work for whom they please and shall, on no pretence whatever, be obliged to receive advances against their inclination either from the Company or from private merchants. It is intended, however, that they shall complete any engagements which they may have already made for this year.

4th—Whoever shall attempt directly or indirectly, to force advance upon the weavers or make them enter into engagements against their will or in any way exercise an undue influence on them, shall immediately be suspended from the Company's service.

<sup>14</sup> From Court, March 3, 1775. Salt monopoly ended, only formally in September, 1767.

<sup>15</sup> Colebrook—*Digest*—Supplement—Commercial Regs.

<sup>16</sup> Progs. Board of Trade—15 July, 1783.

<sup>17</sup> *Ibid.*, 25 July, 1786.

<sup>18</sup> *Ibid.*, 12 June, 1787.

<sup>19</sup> *Ibid.*, March 13, 1790.

<sup>20</sup> *Ibid.*, 25 July, 1786.

<sup>21</sup> *Ibid.*

<sup>22</sup> Progs. Board of Trade, 3 Sept., 1790.

<sup>23</sup> *Ibid.*, 14 July, 1789—the Memorial of John Rintoul.

<sup>24</sup> Progs. Board of Trade, 1 Oct., 1790.

<sup>25</sup> *Ibid.*, December, 1789.

<sup>26</sup> *Ibid.*, 27 February, 1787.

<sup>27</sup> *Ibid.*, 14 March, 1787.

<sup>28</sup> *Ibid.*, 28 November, 1788.

<sup>29</sup> Progs. Board of Trade, 7 May, 1789.

<sup>30</sup> *Ibid.*, Dec., 1789.

<sup>31</sup> *Ibid.*, 24 Feb., 1787.

<sup>32</sup> *Ibid.*, 19 Oct., 1787.

<sup>33</sup> *Ibid.*, 14 March, 1787.

<sup>34</sup> *Ibid.*, Dec. 1789.

<sup>35</sup> Letter from Court, June 3, 1793.

<sup>36</sup> Prog. Board of Trade, 29 Nov., 1792.

<sup>37</sup> *Ibid.*, 3 Sept.—29 Oct., 1790.

<sup>38</sup> *Ibid.*, 11 May, 1789, 15 Dec., 1792, 19 Aug., 1782.

<sup>39</sup> Abstract of Bengal Investment 1794.

## SPINNERS

SPINNING was not exactly a professed trade but was practised entirely by women. Thread was spun by women of all castes both in town and country. They spun when they were free from their domestic care. Those who almost constantly followed spinning and derived their subsistence from it were widows of higher castes, who might be left in indigence or reduced by misfortunes. The finer kinds of thread were made by women of higher classes, particularly poorer Brahmin widows and the coarser assortments were made by women of the common ryots who could not spin fine threads because their fingers were rendered stiff by hard labour. Thread was produced both from the spindle and the wheel, the finest kinds being made by the spindle and the coarser kinds by the wheel. The occupation of spinning thread especially in the fine sort did not admit of being applied to during the whole day. It affected the sight and fatigued the fingers so that little could be spun at times, the thread would become brittle, and broke repeatedly in the heat of the day. The work of spinning had therefore to be entirely suspended for a considerable time. The domestic occupations of the women as also the weather did not leave them above five hours in the day. Fineness and quality depended on the skill, attention and age of the spinner. To make superfine thread a quickness of sight as well as great pliancy of the fingers was necessary. At an advanced age, women were not therefore so capable of spinning well as in their youth. The thread used for muslins of all kinds except the stripes of *dooreas* was to be spun with the hand spindle that required peculiar expertness and flexibility of the finger. It was turned with the thumb and forefinger, the lower end resting in a bit of shell. With this hand spindle the spinners produced the finest thread in the world. Thread for coarse *baftas*,

*gurrahs*, *guzzies* and such cloths was spun with a spinning wheel.

As thread was spun in the intervals of domestic avocation, it was produced cheaper than any other commodity in the world which required manual skill, because the time employed in spinning would otherwise be lost. The thread of the very fine cloths such as the fine, superfine *allaballies*, the superfine *seerhaund connaes*, the 1800 thread *mulmuls* superfine, of the Company's Investment, and of a very few cloths finer than any the Company purchased, were spun by women who applied themselves wholly thereto and had their domestic business done by servants. A highly skilled, industrious woman could thereby earn about 3 rupees per month.<sup>1</sup> It was not necessary for her to send her thread to the *haut* (market). She could spin about 2 or  $2\frac{1}{2}$  *sicca* weight per month. These women received advances from the weavers. Of the very finest thread such as those made for the sovereigns of the country a woman could not spin more than 1 *sicca* weight per month, which was worth about 3 rupees or 250 rupees per seer. But the women who spun the thread used in the middling and fine muslins did not earn more than 2 rupees per month. The spinners of the low priced cloths could earn only 12 to 14 annas per month.

Bebb, Resident at Dacca, collected the following data on the earnings of a spinner in Dacca—"A seer of *phootee* (local cotton) bought with the seeds will yield about two *sicca* weight of fine, superfine *allabally* thread, about  $3\frac{1}{2}$  *sicca* weight of *mulmuls*, 1,600 threads superfine about 8 *sicca* weight of 1,500 *dooreas* thread and about 5 *sicca* weight of 2,000 threads fine *dooreas*. A woman can clean and spin a seer of cotton into this latter thread in about 40 or 42 days. It now sells for 3 tola the rupee, consequently she gets only about Rs. 2-10 as. in that time, deducting the prime cost of the cotton, 12 annas and allowing something for the value of her simple instruments."

"They can clean and spin, into thread of middling and

superfine assortments about a seer of *phootee* in 30 or 40 days according to the thread: it will require 60 days to clean and spin a seer of *phootee* into fine, superfine *allabally* thread. . . . the first cleaning is wholly thrown away and is said to be fit for nothing . . . what next comes off is spun by the spinning wheel into coarse thread and made into cloth for the poorer people. The seeds are sold to the shopkeeper who combine the different trades of druggist, apothecary, colourman and grocer. The seeds used in the city contribute to form the illuminations at weddings and in the villages to feed cattle in the cold weather."

Bebb also wrote that the prevalent mode of selling the thread should not be disturbed. "Interfere not with the women. They are beyond the power of Government. You may confuse and harass them but you cannot improve their skill or excite their industry by regulations or by any other means than just and fair dealing in the purchase of the manufactures for which they furnish the material."

Weavers sometimes mixed different threads in the same piece partly no doubt from a desire for larger profits but mainly for want of capital to have a stock of thread sufficient to sort into a considerable number of pieces. The excellence of Dacca thread consisted largely in its softness and in its adherence. Dacca muslins could be worn for near double the time of any other variety of cloth. Every time they were washed they appeared superior.

Wroughton, Collector of Mymensingh, succeeded in gathering the following information about the preparation of the finest thread—"Before the spinners are set to this work they are presented a particular diet such will keep their body cool and temperate and such medicines are daily administered as are supposed to assist and clear the sight. When the spinning commences a large pan of clear water is placed before them which by magnifying the thread prevents that detriment to the sight which must naturally have resulted from eyes being continually fixed upon so very small an object. A situation is chosen where no wind what-

ever can come to them and where a strong even light is reflected equally on the water. Two hours in the morning and two in the evening is the time limited, but which varies agreeable to the ability of the spinners; during the time of this work they occasionally use some soft refined chunam which is rubbed between the finger and thumb of the right hand and so careful are they of these useful spinners that till the quantity wanted is completed they are not suffered to do any part of the drudgery of the family."

Fletcher, Resident at Santipore, submitted to the Board of Trade the following account of the spinners' monthly work and gain—suppose a seer of cotton is taken after the seeds have been taken out which is equal to four seers in the gross it will yield of the different kinds of threads as follows—

Superfine	...	...	6 Chittah
Fine	...	...	6 "
Middling	...	...	8 "
Ordinary	...	...	12 "

*Spinner's monthly work, net gain*

	Quantity in a month sa weight	Selling price per rupee sa weight	Amount of a spinner monthly work	Price of cotton used As. p.	Net monthly profit
Superfine thread ...	4"- 8	@ 3"	1-8-0	0-1-8	1-6-4
Fine ...	5"-10	@ 4"	1-6-0	0-2-0	1-4-0
Middling ...	7"	@ 6"	1-2-3	0-2-0	1-0-3
Ordinary ...	12"	@ 10"	1-3-3	0-2-8	1-0-4

The defect in the cloth manufacture of the country was the uneven, unequal quality of the thread used. This was largely due to fact that the weavers themselves furnished the thread of which the cloth was made. This remark could not, of course, apply to the best assortments from Dacca or Santipore. But this defect must be generally admitted. It was therefore suggested in 1790—the Directors as also their servants in India were unaware of the ground giving way beneath their feet—that instead of the weavers furnishing

the thread of which the cloth was made the Company should do it and deliver it out to the weavers and in future payments should be made to them at *bhany* or fixed rates for their time and labour only. The benefits to be derived were thus enumerated: The cloth would be of an even, equal quality throughout. This would prevent all altercations with the weavers in adjusting the value on prizing the goods. Those who wanted this *bhany* system argued that there would be a considerable reduction of price. The objections that were urged against this method were the following: There was uncertainty of procuring a sufficient quantity of thread of an even, equal, quality for giving effect to the plan. In the calculation of expenses to prove a deduction of price certain items of expense were omitted e.g. the charge of collecting and sorting the thread, the loss of substance by friction, the condition of the thread when purchased tied up coarsely in skeins, and the waste in winding this off from the skeins with mixture of quality in them. According to the estimate of the weavers the expense of making the thread fit for the loom could be computed at 25 per cent.

As principally women were employed in spinning, the Board of Trade felt that it would be difficult if not impossible to maintain a control over the manufacture of thread. Any man who was not bred a weaver found it difficult to prevent imposture in the purchase. Different sorts were mixed; thread of cotton from outside was mixed up with thread made from local cotton. Old and new cotton were mixed up. All such debasements could only be detected by those who were accustomed to purchase cotton from their infancy. If the Board took upon itself the task of purchasing thread, they would employ persons whose pay would necessarily be small, whose temptation to imposture would be great and the means easy. The weavers, on the other hand, sorted their thread and arranged the details of their business with the assistance of their children and other members of the family as did the husbandmen in cultivating their field.

It was argued that the pay of persons employed for those services would be heavy and the produce would be much dearer than what the same persons worked for in their own houses. Should thread be delivered to the weavers at their own houses there was no possibility of preventing them changing it.

Thus there appeared so many difficulties in the project that the Board conceived it could never solve them. Apart from imposture the expense of cloths made in this mode would with all the many charges of servants and buildings cost much more than that cloth, as good, might be procured for from a weaver. The Board of Trade failed to devise a means of establishing their control over the spinners in the same manner in which they had succeeded in establishing their hold over the weavers.

Progs. Board of Trade—2 July to 31 Aug., 1790.

*Ibid.*, 5 Sept. to 29 Oct., 1790.

Taylor—*The Cotton Manufacture of Dacca*, London, 1851.

## SILK-WINDERS AND COCOON GROWERS NACAUDS AND CHASSARS

RAW SILK became an article of the Company's Investment next in importance to cotton piecegoods. The Court of Directors could not think of extending the Investment of raw silk by measures oppressive to the natives. They recommended that the winding of raw silk should be encouraged not by an increase of wages but by moderate bounties.<sup>1</sup> But their servants in India were perhaps of opinion that compulsion was a better method of increasing the Company's Investment of raw silk as also their private trade in that commodity.

One of the points to be noted in connection with the production of raw silk was the tendency towards localisation. The workmen fled to distant parts on account of the Maratha incursions into Bengal during the period from 1742 to 1751. The Directors also asked their servants to encourage mulberry plantations, cocoon growing and silk winding in places of security and tranquillity. They wrote, "He recommend that the country to the Eastward of the Poddah is best adopted to our purpose for in case Bengal should ever be invaded by the Marathas or any other country power the enemy could not cross the great river to destroy the mulberry plantations or disperse the winders of raw silk."<sup>2</sup> The silk trade centres in Bengal during the last three decades of the eighteenth century were Cossimbazar, Bauleah, Jangipur, Kumarkhali, Malda, Radanagore, Rangpur and Rangamati. In the areas affected by Maratha inroads in the forties, Gonatea in Birbhum became, during the period under survey, a centre of some importance.

The traders and manufacturers of silk in England were of opinion that raw silk production in Bengal could be so improved and extended as to answer all the purposes of



Italian or Spanish sorts if reeled in the same manner so as to make it easier to wind and to work with less waste. Bengal silk, if properly manufactured, was expected to replace Spanish and Calabria silk in the English market. Any quantity of improved Bengal silk, according to traders in that article, could find in England a ready market for sale.<sup>3</sup>

Weiss, a very capable silk manufacturer, was engaged in England for the improvement of raw silk Investment in Bengal. He was to be stationed at Kumarkhali. Four Italians were engaged to serve under him. Private traders were to be permitted to purchase silk of any quantity or kind at any *aurung* where the Company's Investment was supplied.<sup>4</sup>

The famine of 1770 swept off multitudes of those whose profession was to breed the silk-worms. But Weiss, assisted by Robinson, succeeded in establishing the new method of winding. Its superiority consisted in the fact that "at one operation from the pod it is capable of producing silk of any letter at the same time that its length and colour are preserved and it is free from the foulness which is peculiar of the country silk".<sup>5</sup> The Bengali silk winders very soon became experts in acquiring the European manner of reeling. For about a month the Italians were employed in spinning in the presence of young people in order to instruct them. Afterwards, one of the Italians acted as overseer over the new spinners. Another was entrusted with the making of reels and with teaching the inhabitants how to make them. A third Italian was employed in reeling off worms and in instructing the inhabitants in so doing and a fourth acted as overseer over the buildings and over the cocooneries showing how to preserve them.<sup>6</sup> Thus the filature system developed and the inhabitants of Bengal became very efficient in all these branches. They learnt all the little niceties required to make good silk. Weiss was in a position to report in 1783 that Italian spinners were no longer wanted in Bengal. By 1788, the grossest abuses characteris-

ing silk Investment—collusive contracts and encroachment of private trade—were removed and the orders of the Court of Directors were complied with both as to quality and quantity. According to the standing order of 11 April 1785, 5,40,000 small pounds were fully equal to the demand of the British market. The orders of the Company directed annually a provision of 4,800 mds. filature and 2,400 mds. Bengal-wound which would be in the gross estimated according to the current price of silk at 25 lakhs. The standing order for 7,200 mds. of silk was sometimes exceeded. The trade suffered a depression in Europe on account of the war which began in 1793 and on account of the rapid progress made by cotton manufacture in England. Still the average price in the late 1780's and early 1790's may be estimated at 23s per small pound. We have no reliable figures which would enable us to give an idea as to how much was exported in private trade. If we estimate the average prime cost of filature and Bengal-wound silk at Rs. 8/- per seer, the sale price of 23s per pound—Rs. 23 per seer—should have yielded considerable profit after payment of freight and duties. We know the amount of commission which was paid to silk agents after the agency system was introduced and silk Investment placed on a regulated basis. On the Investment of 1790, the commission accruing to the Residents was thus distributed: Rajshahi Rs. 15,491, Radanagore Rs. 17,082, Rangpur Rs. 11,104, Commercolly Rs. 20,016, Jangipur Rs. 18,262. The Agent at Gonatea got Rs. 11,191. In some agencies the commission on raw silk and piecegoods was shown together. It is therefore difficult to know what accrued on each item. But the figures quoted above give a good idea of what the Agents or Residents earned in addition to what they got from private trade and official salaries.

We can form an estimate of the earnings of the *nacauds* or silk winders from the reports of the agents. At Rajshahi the charge was 35 rupees for winding 1 md. of silk (*putney*). It was the invariable standard since the establishment of

the Company's business there. This charge was incurred under the following heads—

	Rs	A.	P.
To <i>Nacauds</i> for winding 1 md. of silk ...	24	4	0
To <i>Moraundars</i> for making up skeips ...	2	4	0
To <i>Tabekdars</i> ... ..	4	8	0
To <i>Sardars</i> ... ..	4	0	0
	<hr/>		
	Rs.	35	0 0

The *nacauds* seldom earned more than one anna three pies per day, their daily working being estimated at 2 chittaks of Bengal-wound silk. In the case of filatures we can form an estimate of what was received by the *nacauds*. For winding one maund of silk at the factory payment was made at the rate of Rs. 0-6-4½ per seer, which was divided as follows—to a *nacaud* per seer Rs. 0-14-1, to a *tabekdar* Rs. 0-1-4½, to a *sardar* Rs. 0-0-11. On an average a *nacaud* would wind off one seer of *channa* in 10 days. Then in one month he would earn about 12 annas 3 pies. A *tabekdar* being able to wind more silk could earn about the same amount. A *sardar*, supposing each *sardar* to have 15 *nacauds* under him, would earn in a month Rs. 2-9-3 which, in view of the responsibility of his position, was not certainly adequate. The *nacauds* naturally took to petty pilfering to be compensated for their low wages or would work in the most slovenly manner. The Agent, therefore, proposed that a *nacaud* should be paid per seer Rs. 0-5-6, *tabekdar* Rs. 0-1-10, a *sardar* Rs. 0-1-4. At this rate of payment a *nacaud* and a *tabekdar* would earn Rs. 1-0-6 per month and a *sardar* would get about Rs. 3-12 as. per month. These rates, according to the Resident at Rangpur, would make an addition of only about 2 annas and 3½ pieces to the expense of a seer of silk.\*

In Bengal labour was infinitely cheaper than in Italy. Yet in England the price of Bengal raw silk exceeded that of raw silk from Italy. This was largely due to collusive

and fraudulent contracts in the 1770's and early 1780's. For this the servants of the East India Company were largely responsible. There was gradually considerable reduction of price as the state of things improved and the contract system was replaced by agency.

In connection with the production of silk we should take into consideration the role of the *chassars* who were responsible for the rearing of cocoons. The normal standard for regulating the price of silk was the cocoon. As they varied in quality or price so more or less was the cost of silk affected. Cocoons varied according to the different seasons in which they were produced. Those produced in March and November were the best for strength and beauty and yield, those of January and April were next in quality. The produce of June and August belonged to the third grade. Quality also depended to some extent on the situation. Those of Rangpur were the best. Radanagore, Cossimbazar, Bauleah, Jangipore and Commercolly followed in the order in which they are mentioned.<sup>10</sup>

The cocoons were reared by *chassars* who rented mulberry lands for this purpose. They were purchased from these people by the *pykars* or wholesale dealers. These *pykars* very often compelled the *chassars* to sell cocoons to them at their own prices. They added a handsome profit to these prices and then sold the cocoons to those who were engaged in silk filatures. The role of the *pykars* was perhaps not so important in the production of Bengal wound silk. But the supply price of cocoons for Bengal wound silk could not but be affected by the supply price of cocoons for filature silk. The price of cocoons was also affected by accidental causes, but it did not undergo any very essential alteration in the 1780's and 1790's. The mode of purchase was either by weight or by tale but in either case the price turned out nearly the same, from 10 to 12 *sicca* rupees per md., though in some places they could be had at as low a price as Rs. 9/- per md. A maund of cocoon yielded 2½ seers of silk, which at the rate of 12 *sicca* rupees per md., cost per seer Rs. 5-5-4.

It was further estimated that the charges of spinning and reeling amounted to Rs. 0-8-4, firewood for each bason and cooly hire and incidental charges mounted to Rs. 0-6-0, price per seer of silk to Rs. 6-3-4.

The cultivation of mulberry suffered very much as a consequence of the famine of 1770. The Committee of Circuit recommended that certain measures should be adopted. It was declared that all new or waste lands, laid out and improved for the cultivation of mulberry, could be held rent free for two years and afterwards laid out at half the price of the ancient mulberry grounds of the same *pargana* for the third year, and in all succeeding years payment was to be made at full rates, but they were to keep in cultivation the lands which they actually held at the time by their original pottas.<sup>12</sup> As a consequence of the adoption of this policy, mulberry plantations increased till 1779/80 when the provision of filature silk was very much reduced on account of considerable reduction in the Company's silk Investment and the *chassars* converted their land to more beneficial purposes. During the war years 1780-83 the country merchants' demand also fell. Thus competition decreased and prices were kept down. The scarcity of grain in 1784 induced many *chassars* to uproot mulberry plants and sow paddy there. The decrease of mulberry plantations was, therefore, continuous. But the growing volume of private and public demand and the consequent increase of price again led to an increase of mulberry cultivation. It was further urged that the regulations of the Committee of Circuit should again be adopted, and, to add to these regulations by way of further enactment, "... a *permanent* assessment be settled for the mulberry lands and that assessment be limited to a moderate standard .... assessment on lands yielding grain, which most *chassars* possess as well as mulberry, should be fixed and established by *permanent* pottas at one rupee, including all taxes per measured *bigha* and on mulberry lands at 2 rupees."<sup>13</sup> The *chassars* argued that they could support the assessment only

by their fraudulent resources. So a lower rate of assessment, it was argued, would be counter balanced by the additional revenue which a just measurement would produce. The cultivators of mulberry trees and the *chassars* who were responsible for rearing silk worms, pretty often formed different classes but in some areas the same people managed both the processes. It was estimated that in the first year of plantation a bigha of mulberry land, taking the concealed half bigha into account, would not yield any profit. There was every possibility of a loss if we take into account all the charges of ploughing, planting and weeding as also the rent payable to the landlord. But if in the first year the loss might amount to about Rs. 4-2-0, in the second year there would be a profit of about Rs. 7-2-0. This profit would continue to the 3rd year, and, if the soil was good, to several succeeding years. In the 6th or the 7th year the land became impoverished. It was left fallow for two or three years to recover itself.<sup>14</sup>

The agency system for the provision of filature silk suffered from the one principal evil. It required at the workman's hands double the quantity that ought to have been demanded of him for a day's work. The aim of securing some uniformity in the quality of silk supplied from different *aurungs* was more or less achieved. But the price of silk fell so low during the years from 1783 to 1787 and the consequent fall in the value of the leaf hit the cultivators of mulberry trees so hard that many threw up mulberry cultivation altogether. So there was some difficulty even after the increase of the demand in finding a ready gravitation to what might be the central price. In the attempts to develop the culture of raw silk in Bengal the East India Company, as also its servants in India, had a higher national aim in view. This is best expressed in the crude but forceful language of Frushard, Silk Agent at Gonatea—"What more simple and easy for them who are the lords of the whole? What more easy than to order this country to yield them any given quantity of silk? The silk of this country

will be levelled to the natural price which I estimate 5 rupees the cocoon cost at the utmost. Let it be and England will quickly be found to do without either China or Italy whither such huge sums are annually sent in hard money and of course where the balance of trade is entirely against us. Let it be and the Company's sale room will at once become the general mart for raw silk to all Europe."<sup>15</sup>

The price did not very much abate. The primary producer did not get the benefit as competition redounded to the advantage of the intermediaries. There was considerable demand for raw silk in Hindusthan and the Deccan. Reports from the Manglee Custom House indicated that in 1789 the export of raw silk upcountry amounted to Rs. 19,95,524 and in 1790 to Rs. 16,81,076. We are entitled to expect that in such a valuable article the customs were often defrauded. A good deal of silk was carried into the Deccan by way of the sea, some also went to the coasts of Coromandel and Malabar. These exports were regarded as beneficial because they afforded the shroffs the opportunity of granting considerable bills upon account to meet the heavy remittances made from Bengal for the expenses of Bombay and Madras. Of considerable interest in this connection must be the details connected with private filatures situated in the Bauleah *aurungs* and the adjacent districts. Private filatures in this region contained 1,810 basons. The annual produce was estimated at 1,000 mds. medium cost Sa Rs. 8-14 per seer. The major part of the silk was sent to Mirzapore, Nagpore, Lahore, Multan and a small quantity was sold to the Armenians and some merchants at Murshidabad. There were only three Europeans among the owners of these filatures.<sup>16</sup>

Silk trade began to revive in Bengal in the nineties but it suffered a depression on account of the outbreak of war in Europe. After 1813 there was again a remarkable increase of raw silk export from Bengal. It has been suggested that the revived silk industry benefited a section of the Bengal

weavers in the early years of the nineteenth century when they were thrown out of employment on a mass scale. But considering the scale and rapidity of displacement in cotton spinning and weaving, this relief could not have been large though in certain areas like Murshidabad where the two industries had existed side by side it was noticeable. The cotton spinners and weavers very rapidly lost the foreign market as well as the home market. In Dacca, the home of Bengal's celebrated cotton piecegoods, the weavers could not get relief from the increased production of raw silk because it did not become an important silk station and the weavers who had their land to look after could not migrate to thriving silk centres.

If labour be the true measure of value something was wrong with the production of silk in Bengal. It has been suggested that flaws in the cultivation of mulberry made sericulture defective. Labour of course was always cheap here, but the most noticeable characteristic of the ryot was his timidity. He was so little prompt to change. There was no sensible increase in mulberry cultivation during this period even when the demand for silk increased, because the ryot was not enterprising enough. He preferred enjoying his quantum and was not very anxious for quick gain. His dominant instinct was the instinct of self preservation. Frushard, at Gonatea, so conscious of the preponderating interest of Britain wrote, "This herd of slaves by nature—they are nevertheless the riches of the land or the tools rather by which the mine is wrought." But this was a hasty generalisation which is easy to explain when we remember that his experience was very limited. E. Close, from Rangamati, gave the best explanation of the ryot's lack of enterprise: "When you have the common plant of the country and the common earth to deal with the natives themselves are by far the best judges what to do with them and whenever they do fall short of the success of an European, you may rely it is not the want of art but absolute indigence."<sup>17</sup>



<sup>1</sup> Letter from Court—16 March, 1768, 17 March, 1769.

<sup>2</sup> *Ibid.*, 7 April, 1775.

<sup>3</sup> *Ibid.*, 31 January, 1770.

<sup>4</sup> *Ibid.*, 23 March, 1770.

<sup>5</sup> Letter to Court—27 March, 1772.

<sup>6</sup> *Ibid.*, 22 September, 1783.

<sup>7</sup> The prices paid by the Company for raw silk from 1765 to 1771 (To Court—11 April, 1785).

	1765	1766	1767
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Tanna, factory wound, per seer			
Paddapur (Rajshahi) ...	6 13 9	7 0 9	6 11 6
Commercolly ...	5 11 9	6 7 7	5 12 7
Rungpur ...	5 13 6	8 12 2	5 2 0
Jangipur ...	...	...	10 6 0
1768	1769	1770	1771

	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Tanna, factory wound per seer ...	7 7 9	9 3 7½	0 10 0	0 10 0
Paddapur (Rajshahi) ...	7 5 7	7 9 0	9 14 3	0 10 0
Commercolly ...	5 12 3	6 4 7	9 9 3	9 12 0
Rungpur ...	7 8 0	7 15 6	9 8 0	9 9 10
Jangipur ...	10 4 6	10 13 1	9 14 0	10 0 10

The prices paid by the Company for raw silk per seer from 1774 to 1784—principally provided by fraudulent collusive contracts (Sec. Committee April 1786).

Bengal Silk				Filature Silk			
1774	Rs.	0 10	per seer ...	1774	Rs.	14	0 per seer
1775	Rs.	8 0	to Rs. 10 15	1775	Rs.	12	0 to Rs. 13 8 0
							per seer
1776	Rs.	8	0 to Rs. 10 10	1776			
1777	Rs.	8	0 to Rs. 10 8	1777	Rs.	10	8 0 to Rs. 13 8 0
1778	Rs.	8	0 to Rs. 10 8	1778	Rs.	11	6 0 to Rs. 12 0 0
							yellow, Rs. 13 white
1779	Rs.	8 0 0	...	1779	Rs.	11 10	0 to Rs. 12 0 0
1780	Rs.	8 6 0	to Rs. 11 2 0	1780	Rs.	11 10	0 to Rs. 12 0 0
1781	Rs.	8 12 6	to Rs. 11 2 0	1781	Rs.	11 10	0 to Rs. 12 0 0
1782				1782			
1783	Rs.	7 12 0	...	1783	Rs.	8 12 0	
1784				1784			

In 1788 Filature Silk—average price ... Rs. 8 2 0  
Bengal Wound Silk—average price ... Rs. 6 15 7

<sup>8</sup> Progs. Board of Trade—14 October, 1788.

<sup>9</sup> Letter from Rungpur—10 March, 1791.

<sup>10</sup> Progs. Board of Trade—21 July, 1786.

<sup>11</sup> *Ibid.*

<sup>12</sup> Progs. of the Committee of Circuit—Cossimbazar—25 August, 1772.

<sup>13</sup> Progs. Board of Trade—13 January, 1789.

<sup>14</sup> Progs. Board of Trade—29 May, 1789. The produce of a bigha of mulberry land.

March band	... 6 boogies or loads—6	as. each	... Rs. 2 4 0
April band	... 5 boogies or loads—3	as. each	... Rs. 0 15 0
July band	... 10 boogies or loads—1½	as. each	... Rs. 0 15 0
September band	... 4 boogies or loads—1½	as. each	... Rs. 0 6 0
October band	... 8 boogies or loads—4	as. each	... Rs. 2 0 0
<hr/>			
	33 boogies		Rs. 6 8 0
Add for concealed			
½ bigha	16½ boogies		3 4 0
			<hr/>
			Rs. 9 12 0
Disbursement and expense	... ..		7 4 0
[Ploughing the ground, making rows for plants, cutting plants			
for planting, weeding etc.] for concealed ½ bigha			3 10 0
			<hr/>
			Rs. 10 14 0
Rent	... ..		3 0 0
			<hr/>
			Rs. 13 14 0
Loss	... ..		4 2 0

<sup>14</sup> Progs. Board of Trade—January-February, 1791—Frushard's report.

<sup>15</sup> *Ibid.*, 1st March—27 April, 1791.

<sup>17</sup> *Ibid.*, 26 June, 1789.

## CHAPTER X

### OPIUM PRODUCTION AND OPIUM PRODUCERS

DURING the Mughal period no attempt was made to encourage or restrict the cultivation of opium. But it appears that a monopoly of the purchase of opium from the ryots was imposed in the 17th century in Patna and the surrounding regions. The dealers who supplied opium to the European traders in Chinsura, Chandernagore and Calcutta, amassed large fortunes. This must have attracted the notice of the Mughal administrators. They wanted to make revenue out of this trade and granted sole control of the market to an individual or individuals in return for a *peshcush* or annual payment in advance. This legalized local monopoly of purchase must have died out during the period of confusion between 1739 and 1757. But the tradition and usage were there and when they came into power the British found that there was a ring of rich opium dealers in Patna who were enjoying a practical monopoly. Even in the later days of the Mughal Empire the Europeans were not in a position to deal directly with the cultivators of poppy in face of the opposition of a ring of rich, influential local merchants. The Dutch had the lead in opium export trade though they had been outdistanced by the English in other respects. The Dutch carried opium to Ceylon, to Malacca straits and to the Malaya Archipelago.<sup>1</sup>

The English Company's servants in Patna, intent on money-making, found this ready-made monopoly in the hands of a group of rich Indian merchants. After 1757 they found no difficulty in quickly appropriating this monopoly to themselves. The Indian merchants considered it prudent to submit to their new masters. But the Dutch and French agents resisted, a compromise was effected and they were

admitted to subordinate share. The Indian traders whose names are mentioned in connection with the opium monopoly ring are Meer Ashrof and Meer Muneer. The Dutch continued to complain of the "scandalous monopoly" of the Patna Council.<sup>2</sup> The Court of Directors did not know the exact state of affairs and seemed rather puzzled. The Patna Council was the sole purchaser from the ryots through the "native" agents. They sold at much higher prices to the merchants in Calcutta and made a huge profit. The monopoly was not, however, complete and the European interlopers also did brisk business. This led to troubles. In 1772 the Governor and Council also demanded 500 chests of opium for the settlement at Balambangan. George Vansittart, Joseph Price and Barwell, who had their shares in this local monopoly of the Patna Council were very much perturbed by this increase of government demand because it led to a great decrease of their share of opium<sup>3</sup>. Barwell had his finger in every pie.

In 1773 Warren Hastings deprived the Patna Council of this privilege of private trade and decided to farm it out on behalf of government.<sup>4</sup> Arrangements were, however, made for payment of compensation to those who were deprived of this privilege of private trade. Exclusive privilege was given to Meer Muneer and Ramchand Pandit for providing Bihar opium and the opium collected was sold by auction for the benefit of the Company. Management was entrusted to Meer Muneer because he had for some years been employed by the members of the Patna Council in this business. Ramchand Pandit had also been in this business along with him. Warren Hastings later took great credit for this measure. Those who argued that free trade in the article would increase production were told that this would be undesirable and would increase internal consumption. The ryot would be injured rather than benefited by free trade in this article. The Directors were not very much in favour of this monopoly and authorised the Governor-General and Council to give up opium as an article of commerce,

only fixing and reserving a reasonable duty to the Company which in their opinion was not to exceed 30 rupees per md.<sup>5</sup> The Directors argued later that the opium cultivators were deprived of the full value of their produce but their idea of an open trade subject to a customs duty was not adopted. One of the impeachment charges against Warren Hastings was that the monopoly was a despotic interference with the liberty of the ryot and that he should have acted according to the suggestion of the Directors. This was the XIIth charge against Warren Hastings. In reply Hastings said, "When I succeeded to the Government of Bengal, opium was a monopoly for individuals and the Company acquired no revenue from this article. It has produced to the Company during my administration £534,000 and is an improving branch of revenue." Warren Hastings might have added very truthfully that according to his arrangements the monopoly also very considerably enriched some of his friends. Meer Muneer and Ramchand Pandit did not continue long. Provision of opium, it was decided, would be made by contract and none but persons of undoubted credit and character would be permitted to hold these contracts and nothing but their personal security was required. In 1775 Griffith was selected as the contractor for Bihar opium and Wilton for Bengal opium. In 1776 Griffith and Wilton were replaced by Mackenzie. In 1781 Stephen Sullivan was given contract for the provision of the opium produced in Bengal and Bihar for four years. Marx comments not inappropriately that the Governor-General's favourites received contracts under conditions "whereby they cleverer than alchemists made gold out of nothing." In 1785, after the departure of Hastings, the Government decided to put the contract to public auction and we find that the terms offered by William Young and Patrick Healy were accepted for four years. They were to supply 3,200 chests of Bihar opium (6,490 mds.). Their commission on sales in Calcutta was to be 2½ per cent. Of Bengal opium they were to supply 790 chests. Cornwallis continued this system of contract

supply by advertisement. In 1789 the lowest terms of contract for Bihar opium were presented by James Lindsay Ross, for Bengal opium by Collins and Saunders, and for Benares opium by John Williams. Their terms were accepted. It is relevant to note that in 1797 direct state agency monopoly was established.

What was the condition of the growers of poppy—the opium ryots—during these years? In 1773 Meer Muneer and Ramchand Pandit were required to deliver Bihar opium at 320 rupees per chest. In the notification it was said that purchases were to be made to the satisfaction of the cultivators and no oppression was to be committed. But there was no machinery to supervise their conduct. "Persons of undoubted credit and character" could not be trusted to do justice to the cultivators. They were not disinclined to use compulsion to oblige the ryots to cultivate the poppy in preference to any other article. It was reported on good authority that in the Gaya district they destroyed corn which would be harvested in a month's time in order to till the ground for the cultivation of poppy in the proper season. "Some English gentlemen were on the spot, who were witnesses of the fact and heard the universal complaints of the ryots." During the years 1775 to 1785 contracts were conferred by special favour and there was no provision for the protection of the cultivator. In 1784 the Supreme Court pronounced a judgment in a case, instituted by a man whose opium was seized, that the action was not justified by the regulations of the Board and that it was an article of commerce and not of revenue. In September 1785, it was declared that it was "the duty of the Collectors to hear all complaints of the ryots against the contractors and their officers as may be requisite." Cornwallis required many conditions of the contractors for the protection of the cultivators. The contractors were not to levy the cesses in Bihar known as *beshy*, *beshy mamooly*, *russoom* etc. They were to make engagements for the specific number of bighas to be cultivated and not for the specific quantity of opium to be produced in the

bighas. The contractors were not to confine, beat or dis-train the property or levy fines or salami from the ryots. The weights and scales in the warehouses for weighing opium were to be sealed with the seal of the Collector. In weighing the opium the scales were not to be held up in the hands of the weighmen but were to be poised on a wooden stand fixed in the earth. All these new rules point to the existence of abuses in the period before Cornwallis.<sup>4</sup>

As in the case of the Mughal monopoly of opium the British Government monopoly of opium was also a revenue measure and almost all the opium was for export only. Cultivation was in theory free but the growers of opium poppy could only sell to the state contractors. The contractors would "... screw down the prices they gave to the cultivators and cheat them in payments. The cultivators would respond by adulterating, by selling to smugglers and by abandoning the cultivation. The amount of opium grew less and less and constant friction and disputes occurred." Direct state agency was expected to solve this difficulty. The cultivation of opium in Bengal was abandoned. It was gradually confined to a few Bihar districts and was closely supervised by the opium agents. In 1770 the annual average export was 800 chests of two mds. each. The export increased to 4,000 chests per annum towards the end of our period. There was almost continuous increase of annual export until in 1847-48 the export of Bengal opium was more than 30,000 chests.

In 1793-94 the Government's profit on opium was 19 lakhs. This dwindled in subsequent years because the market was perhaps overstocked. In 1797-98 the estimated profit was about 8 lakhs. After that opium revenues progressively increased and the Directors could assure themselves from the favourable state of the opium sales and the rapidity of its progress that "supplies to a very considerable amount might be annually secured to our Canton Treasury."<sup>5</sup> The Company confined itself to the production of opium in India and its distribution in China was left to "private

traders. It became, as was said, "the safest and most gentleman like speculation."<sup>9</sup>

<sup>1</sup> *Royal Commission On Opium 1893*—App. A.

<sup>2</sup> Letter from Court—16 March, 1768, p. 44.

<sup>3</sup> From George Vansittart to Joseph Price—13 September, 1772.

<sup>4</sup> To Court—31 December, 1773.

<sup>5</sup> From Court—24 December, 1776.

<sup>6</sup> Colebrooks—*Digest*—Supplement.

<sup>7</sup> *Royal Commission On Opium 1893*—App. A.

<sup>8</sup> From Court—15 May, 1799.

*Ibid.*—11 January, 1700.

<sup>9</sup> Greenberg—*British Trade and the Opening of China*—Chap. V.



## INDIGO PLANTERS AND INDIGO PRODUCERS

IT HAS BEEN claimed on behalf of a Frenchman Louis Bonnard who came to Bengal in 1777 that he was the first indigo planter in India. Carel Blume, however, asserted that he was the first person to introduce into Bengal this new source of wealth to the Company. He wrote in his memorandum to the Governor-General in Council that he tried "so long ago as 1778 to render its cultivation an important object of improvement in agriculture and a new article of commerce."<sup>1</sup> With a view to encouraging this new article of trade the Board of Trade entered into an engagement with J. T. Prinsep that 100 mds. of indigo would be received from him at the rate of Sa Rs. 5/8/- per seer that a further quantity of 1,000 mds. would be received from him between 1 May 1780 to the end of January 1781 and that a further quantity of 1,000 mds. between 1 May 1781 and 1 May 1782. The price of indigo was fixed at Rs. 5/8/- per factory seer. John Henry Guinand, the Export Warehouse Keeper, became the security for Prinsep for the money advanced to him on different dates amounting to a total sum of Rs. 1,70,000. The principle was accepted that the industrious planter was to be encouraged.

Indigo grew naturally in almost every part of India. While it was fresh Indians made from it the colour which they wanted with very little trouble but it was not fit for export because it never underwent the process which alone could give it sufficient solidity. The Export Warehouse Keeper who was security for Prinsep reported that "It would bid fair to rival in a few years even the Spanish indigo esteemed the best in the world . . . proper encouragement given to the foremost by grants of waste land for the cultivation of the weed or means of sale of their industry will soon kindle an industrious flame to the great emolument of these provinces and of the returns to England."

But as a means of remittance the experiment was a failure. The Court of Directors reviewed their concern in the article of indigo from their contract with Prinsep in 1779-80 till 1787. Other contractors besides Prinsep—Douglas, Fergusson, Barretto, J. P. Scott and Henry Scott—had also supplied indigo for despatch to England between 1784-87, Prinsep being the sole contractor during the period from 1779 to 1784. The loss incurred by the Company was estimated to amount to 27 per cent. The later contracts had not turned out more favourable than the former ones. In its letter dated 28 March 1788 the Court declined to invest any further sums therein for a term of three years but they wrote, "We permit of its being sent home on the account of our servants and all others under our protection upon payment of a freight, duties and charges as in the case of raw silk".<sup>2</sup> During these years the quality of indigo had no doubt improved. In 1789 England imported about 1,700,000 lbs. of indigo, the quantity of East Indies indigo import being approximately 600,000 lbs. About 1,000,000 lbs. was consumed in England the remainder exported in which the import from the East Indies bore more than its due proportion.<sup>3</sup>

Some adventurous Free Merchants like Carel Blume and some servants of the Company like Claude Martin and G. F. Grand had also begun to invest in indigo business. Most of the Company's indigo contractors who got contracts at 200 rupees per md. fulfilled their engagements by purchasing indigo near Agra and Delhi at 50 to 100 rupees per md. with money advanced by the Company. Even Prinsep the original and for a time the sole contractor, who erected two indigo works, did not and could not supply one-eighth part of the quantity he had engaged for from his works. But he remained the sole contractor from 1779 to 1784. When the advantages derived by him lured other contractors, contracts were then distributed and new works were erected. But all this required time. The ryots had to be persuaded and engaged in this new cultivation. These contractors, ful-

filled their engagements with upcountry indigo.<sup>4</sup> Cārel Blume, however, commenced his work by erecting buildings in Hughly for manufacturing indigo and between 1778 and 1787 spent more than one lakh of rupees, disbursed advances for the indigo plant and on the manufactory about 3 lakhs more, making in all an expenditure of 4 lakhs of *sicca* rupees. He supplied his indigo first in the "privilege" of the officers of the Company's ships and afterwards in the Company's freight. Presumably G. F. Grand from Bihar and Claude Martin from Lucknow and others in the line also did the same. But when all is said British capital investment in indigo manufacture was not very noticeable until 1788. Although the contractors relied largely on the advances made by the East India Company, about the end of the eighties it was evident to the designing merchant adventurer " . . . that the establishment and extension of the indigo manufacture presents a most important source of improvement because the industry of the people and the fertility of the soil may be rendered productive to unknown degrees."<sup>5</sup> A growing number of adventurers were taking part in the manufacture of indigo. We come across many new names. The Board of Trade was conscious of the fact that there was undoubted success with regard to quality because of the fostering care of the Company but in regard to profit to the adventurers they were very dubious. "The Board do not see or hear of anyone of the concerned becoming wealthy and scarce one appearing content . . . . . some want to sell their works and find it difficult to procure purchasers. Others appear ruined. Some who have had the advantage of capital and been engaged for years in the business acknowledge that in the long run they have never cleared the interest of their money and that had they not had some years ago profitable contracts with the Company they would not even have been in the present condition."<sup>6</sup> But the nursing of these years had done much good. The Company abated its duties. The freight was reduced. England's supply of indigo from the Island of St. Domingo

failed. Between 1790 and 1793 the Board made provision for the supply of indigo upon a remittance plan. Speculation in Agra indigo was discouraged. By 1793 indigo was a staple export. We find a very large number of new names in indigo business.

But a new problem was created by the extension of indigo cultivation—European adventurers avid for wealth in direct contact with the peasantry in Bengal and Bihar. As early as 1796 we get some idea of the shape of things to come. On 19 February 1796, Vakil Rahamatulla submitted the following petition to the Sadar Dewani Adalat on behalf of Mussamat Durga Beiwa: "Mr. Hunter, indigo manufacturer, six months ago, took forcible possession of 20 bighas of land situated in village Ragoonatpore Bursun, pargana Seerisha, Zilla Tirhut. To this your petitioner, a poor widow, can never consent. The indigo gentleman, a short time ago, sent two peadahs to apprehend your petitioner and your petitioner for the security of her reputation fled and stayed some time at the house of a ryot but afterwards seeing no mode of extricating herself from the oppression than by quitting her house and as the whole of the ryots who cultivated her land had declared that if any violence was exercised on account of the indigo they would not stay to cultivate it your petitioner without remedy travelled 200 coss and is come to the huzur to complain, hopeful that an order may be sent to Mr. Arbuthnot, the present Judge, who is now in Calcutta directing him to guard your petitioner's land against the violence of the indigo gentleman in the same manner as his predecessors had been wont to protect your petitioner."

Vakil Rahamatulla had also presented another such petition on the 26th January 1796 on behalf of Syed Rahim Ally and Syed Ramzan Ally—"Mr. Coats, indigo manufacturer forcibly ploughed up a crop halfgrown in the village Bawaleepore Baurah pergunnah Bherwarrah and in the place of it sowed indigo. Your petitioners, therefore, after paying the revenue assessed at the Decennial settlement, are at a consi-

derable loss. The aforesaid gentleman has likewise by force carried off in carts the bamboos, toddy trees, together with the straw made use of in roofing and as fodder for the bullocks. When any person opposes him he gets beaten. On land also which yields five rupees per begah he sows indigo and fixes three different rates, three rupees, two rupees and one rupee and has for two years allowed no grain to be sowed on the indigo ground. The ryots, therefore, have been obliged to pay government revenue from their own purses. Further, when the crop of indigo comes to be measured the gentleman aforesaid on pretence of drought or inundation exacts deductions and only allows for each begah ten biswas; many of the ryots are in consequence fled to the hills, the rest absconding. He, moreover, confines the malguzary ryots and by beating them extorts a written agreement for each plough to cultivate four bighas and sending hircarrahs to ryots' houses at midnight compels them to cultivate the indigo, never releasing them till the indigo is in the cart. Such ill usage and oppression your petitioner never before experienced under the English Government but if your petitioners complain to the Judge or Collector they refuse to hear them for the sake of the indigo gentleman."

For more than half a century oppression and lawlessness remained associated with indigo plantations. The local courts were unable to control the Europeans. The Sadar Dewani Adalat was too far off. The Prussian discovery that led to a slump in the price of indigo was to come long afterwards. It has been suggested that it was only after that discovery when indigo could not yield sufficient profit unless grown at a very low cost that the indigo planters became conspicuous for their oppression. The offensive features of the system were already discernible quite early while indigo cultivation was perhaps most paying. This oppression was inevitable in the circumstances. It was wrong to expect moderation and clemency from those who were intent only upon making money and who had no traditional restraints or enlarged views.

<sup>1</sup> Progs. Board of Trade—November-December, 1790.

<sup>2</sup> *Ibid.*—28 March, 1788, Paragraphs—38, 39, 40, 41, 42, 43.

<sup>3</sup> *Ibid.*—6 May, 1791.

<sup>4</sup> The memorandum submitted by Carel Blume.

<sup>5</sup> Progs. Board of Trade—12 September, 1787.

<sup>6</sup> *Ibid.*—4 November—30 December, 1791.

<sup>7</sup> The name of William Hunter is to be found in the papers of the Board of Trade.

Sadar Dewani Adalat Records—1796.

## SALTPETRE MANUFACTURE AND SALTPETRE WORKERS

BIHAR was the principal centre of the saltpetre industry. Saltpetre, being an ingredient of gunpowder, the European Companies were quite early attracted to this trade. But Clive secured from Mir Jafar the sole right of the British to the manufacture of saltpetre. The *parwana* runs thus: "at this time, through the means of Colonel Clive the saltpetre lands of the whole province of Bihar have been granted to the English Company from the beginning of the Bēngal year 1165, in the room of Coja Muhamed Wazeed ; you are therefore hereby directed to establish the authority of their gomastas in all the saltpetre lands of the aforesaid province, to give strict orders to the saltpetre picars not to sell an ounce of saltpetre to any other person and to receive from the Company the stipulated nuzzerana and money for the aforesaid lands."<sup>1</sup> The British came not long after to an understanding with the French, the Dutch and the Danes. In times of peace the Dutch were to get 23,000 maunds, the French 18,000 mds. and the Danes 16,000. In 1784 Bombay was supplied 15,000 mds., Madras 14,400, Fort Marlborough 1,250 and the powder works in Bengal required about 600 mds. a month.<sup>2</sup> This demand no doubt fluctuated according as conditions of peace or war prevailed in the different Presidencies. By agreement with the shipowners the British engaged to load 3,000 bags on each ship. Saltpetre was necessary as ballast. The consumption of Bēngal saltpetre in England during the years from 1768 to 1788 averaged 26,280 bags per annum and even a very considerable reduction of price from 88s. to 42s. per cwt. did not increase the average demand of the Company's saltpetre by more than 3,000 bags.<sup>3</sup> In the 1780's saltpetre appears to have been a losing article of trade for the Company. This war material again became

a very important state concern with England's declaration of war against France in 1793.

Saltpetre was manufactured throughout Bihar but principally in the districts of Hajipore, Tirhut and Sarkar Saran. Purnea was the only considerable place of manufacture in Bengal. The manufacture of saltpetre in Rangpur was discontinued in 1773. Saltpetre manufactured in Purnea was described as Nizamut saltpetre and out of the manufacture a portion was given to the Nawab for the preparation of gunpowder for use on ceremonial occasions. The preparation of saltpetre in Purnea was discontinued in 1788.

The East India Company had five factories which could normally manufacture from 130,000 to 150,000 mds.: Singhia 54,000, Chupra 37,000, Hajipur 3,000, Futwah 8,000. The saltpetre earth was collected and prepared by the *nooneahs* (manufacturers) and by them delivered to the *assamees* (the intermediate agent between the *nooneah* and the Company's agent) and by them delivered to the Company's agents at the several factories. The Company first made its purchases by contract and then by agency. The advances were made through the agent at each factory to the *assamees* and by them to the *nooneahs*.

In October, immediately after the rains, the *nooneahs* scraped old walls and places in which cattle were kept. The earth which was collected was called *noony-matty* (saltish earth). It was put into well water and kept there for two or three days after which it was boiled. The water was drawn off and what was left was described as *cutcha* petre. The next boiling produced *culmy* petre. There were various modes of producing this petre earth. But this was the simplest method and the one commonly adopted in Bihar. They also collected a quantity of good earth and threw saltpetre water in it. But this was done only when saltpetre earth could not be produced.

The *assamees* normally brought *cutcha* petre to the factory and it was then boiled and manufactured into *culmy*. They could also deliver *culmy*. But the Company found it ad-



vantageous to receive *cutch* petre under the contract system. The *culmy* was priced at Rs. 2-4 as. per md. and the *cutch* petre was commonly delivered at Rs. 1-4 as. The *assamees* normally got an advance of about one fourth. They gave to *nooneahs* about 12 to 14 or 15 annas per maund. The factory charges upon an estimate of 1,50,000 mds. amounted to about 35,000 rupees per annum. This was supposed to be liquidated by the produce of what was described as cootee saltpetre for local consumption and an annual quantity of salt (*khari* variety) which was produced from saltpetre. The charges of importing saltpetre through the Cossimbazar river amounted to 3½ annas per md. but when the Cossimbazar river was dry and boats went through the Sunderbunds the cost of carriage amounted to about 6 annas per md.

The Company's servants in Bihar were of opinion that two lakhs of mds. or two and a half lakhs of mds. could be collected in Bihar with great ease. Saltpetre was a branch of commerce supposed to be exercised exclusively by the Company. But in the 1780's some individuals exported it to Calcutta as the produce of the outer provinces. But it was suspected that the *nooneahs* and *assamees* of Bihar must have sold a considerable portion of this to the merchants in a clandestine manner even though they must have received the Company's advances. The Company was actually giving only Rs. 1-12 as. per md. to the *assamees* but any purchaser would very willingly give them Rs. 2-8 as. to Rs. 3 per md. The clandestine sales naturally increased. It was admitted by some of the servants of the Company that the *assamees* and the *nooneahs* had not justice done to them.

About one lakh of mds. of saltpetre could be made in the country of the Wazir and after paying all the duties this salt could be landed in Calcutta for about Rs. 2-13 as. per md. Besides about 20,000 mds. were produced in Benares. So there was considerable inland trade in saltpetre inspite of the Company's monopoly of saltpetre in Bihar.

Saltpetre was furnished to the foreign companies generally at the rate of Ely Rupees 3-8 per md. In 1787-88 under the

agency system the Company gave only Rs. 1-12 as. per md. to the *assamees* and the total cost of production was current rupees 2-1-11 at the factory. In 1775/76 ; 1776/77 ; 1777/78 when the contract system had prevailed saltpetre's average price at the factory was Rs. 2-11-0.

<sup>1</sup> Aitchison—Treaties, Vol. I, p. 19.

<sup>2</sup> Progs. Board of Trade—6 July, 1784.

<sup>3</sup> From Court—8 April, 1789.

<sup>4</sup> Progs. Board of Trade—12 September, 1787.

13 December, 1787.

28 January, 1788.

## SALT INDUSTRY AND SALT WORKERS

SALT was manufactured in Bengal along the coastal belt between Balasore and Chittagong, in Hijli, Tamluk, the Twenty-four Parganas, Dacca (Noakhali) and Chittagong. Bengal produced 30,28,342 mds. of salt in 1795 and 26,99,286 mds. in 1796.<sup>1</sup> On an average Bengal produced about 28 lakhs of mds. of salt every year, Hijli and Tamluk in Midnapore together contributing more than half of the total. The price of salt in the days of Alivardi was forty, fifty or sixty rupees per hundred maunds.<sup>2</sup> In the worst days of Bargi incursions the price might have been as high as 150 rupees per 100 maunds.

The Nawabs of Bengal used to regulate the trade in salt as "a matter of favour or as a source of revenue." They would assign it as a monopoly to a favourite or favourites or sold it to the highest bidder. But the monopolist in the Mughal times had neither the ability nor the organisation to make the monopoly exacting. The constant operations of the smugglers were there to reckon with. After British victory at Plassey the servants of the East India Company claimed the privilege of trading in salt duty free or on payment of a very nominal duty. This inland trade privilege was claimed by them as an emolument of office and it was on this issue that the war with Mir Qasim was fought. After that Clive formed an Exclusive Society for trade in salt, betelnut and tobacco confined to the senior servants of the Company, which established not only a complete monopoly of trade but also a complete control of manufacture. This was something new. It forbade all persons to deal directly or indirectly, unless as contractors for purchase and sale thereof with the Exclusive Society.<sup>3</sup> Prices soared at once. In 1765 before the formation of the Exclusive Society the price was Rs. 125 per hundred maunds. In 1766 it rose to Rs. 247 per hundred maunds. In 1767 it was Rs. 231 per hundred maunds. The

Exclusive Society was abolished in 1768 and the price fell at once to Rs. 148. . On the abolition of the Exclusive Society the old "native" merchants were permitted to make contracts and engagements as before, the Government of the Company imposing a duty of 30 per cent. "The open and free" system continued till 1772, but on pretence of selling off their old stock, members of the Exclusive Society interfered with the business of the traders.

In 1772 the Government assumed full control over the salt trade. A complicated set of new regulations was introduced. The salt works were leased to farmers for a term of five years. The salt merchants had to agree to a system of advances to be given to manufacturers and to take a certain quantity of salt at certain *khalaris* or salt works. Revenue realised under this system increased for some time but in 1775-76 there was a loss. Corruption among local officers was rampant, for they reserved salt farms for themselves. Some of the seniormost servants of the Company were also deep in the salt contract business through the agency of "Black Merchants." The most notorious of these black merchants being Kamaluddin, who was Barwell's "native" agent.<sup>5</sup> The simple farming system was next adopted and the system of advances was given up. But salt revenue began to dwindle, the medium price of salt in Calcutta which was about 117 rupees per hundred maunds fell to about 87 rupees. Salt was imported from the Coromandel coast and Orissa in considerable quantities and if Clavering is to be believed, even the French were carrying on a lucrative trade in salt in support of their shipping in India.<sup>6</sup> The market was glutted. Hastings sought a remedy. This indiscriminate import of coast salt was checked. Hastings also established a new system of a civil officer of rank in each agency or provincial division under the supervision of the Comptroller at Calcutta. The *malangis* or salt workers were placed under the agents from whom they received advances. They could not sell salt to any other person. The agents stored salt and sold it to wholesale dealers at a price to be fixed by Government every year. The difference between

the price which was fixed in the case of the *malangis* and the wholesale price paid by the salt merchants was the duty taken upon the salt. The Government thus assumed a strict monopoly over the manufacture as well as the sale of salt. In 1784-85 Government's income from salt amounted to Rs. 62,57,470 but it declined in subsequent years to about Rs. 46,76,870. The Office of Comptroller was abolished on 15 March, 1793 and the powers and duties of the Salt Department were transferred to the Board of Trade. In 1790 the price of salt varied between Rs. 234 and Rs. 314. In 1796-97 the average price of Bengal salt was Rs. 308 per 100 maunds.<sup>7</sup>

The import of coast salt was a problem. This salt was of the *kurkut* (salt produced by solar evaporation) variety which was very much cheaper than the *pungah* (boiled salt) variety manufactured in Bengal. The average quantity of salt annually imported from the coast since 1785 was 4,20,000 mds. In 1789 there was an advertisement for proposals of contract for the delivery of six lakhs of maunds of coast salt. The Court of Directors perhaps thought on the lines of a minute of Sir John Shore that as the manufacture of salt in Bengal was not capable of considerable extension, the import of coast salt was to be encouraged rather than discouraged in view of the growing population of Bengal. But the real reason for the growing import of coast salt from Vizagapatam, Rajahmundry, Nellore, Covelong and Tanjore was that the trade was of material assistance to the British ship-owners engaged in coasting trade. It is difficult to deny that salt industry on the Coromandel coast was developed to a large extent in the interest of the shipowners,<sup>8</sup> although this threatened the existence of the salt industry in Bengal.

In Grant's *Analysis* we get two different estimates of the total number of *malangis* or salt-workers in Bengal. The *malangis* were of two categories—*ajoorah* and *thika*. The total number of 60,000 possibly refers to the two categories taken together, *thika malangis* numbering about one-third of the total. The *ajoorah malangis* were tied to the soil and "there was no recession from it." The houses and lands of

the *ajoorah malangis* were close to the *khalari* (salt works) lands. The manufacture of salt was in their case a family concern. There were certain offensive features about the *ajoorah* system which had developed in course of time. The quantity of salt allotted to many of them was more than they could actually manufacture. This was responsible for the accumulation of balances. No doubt the price of *ajoorah* salt was gradually increased from Rs. 14 per hundred maunds to Rs. 26-10-12 in Hijli and Rs. 27-2-9 in Tamluk. Even then the price was very low and in unfavourable seasons production fell and arrears accumulated, the augmentation of *ajoorah* salt price in the last few years before the system was abolished was very much necessary "because of the greater exactness natural to Europeans in the dealings where the looseness of the native rulers as well as the British system which in a less perfect state left it easy for the *malangis* by theft and smuggling amply to compensate themselves for any deficiency in the Government payments." The *ajoorah* system was finally abolished in September, 1794 and it was directed that engagements be made with the *malangis*, who worked under the *ajoorah* stipulation, in the same manner as with the *malangis* who provided salt by *thika* or contract. In Hijli the lowest rate of payment to *thika malangis* was 40 Arcot rupees per 100 maunds and the highest rate was 60 Arcot rupees per 100 maunds in one of the *parganas*. They entered into engagements voluntarily. Their daily wages amounted to 1 anna 2 gandas and 3 cowries. The common labourer got 13 gandas per day.<sup>1</sup>

<sup>1</sup> Letter to Court—30 December, 1798. The name of Noakhali was not then current. The salt of Bulluah, Sandwip and other such places was under the Dacca Agent.

<sup>2</sup> Bolts—*Considerations*, p. 174.

<sup>3</sup> Hyde notes—In *Equity*—Amaram Datta and Ramkanta Dutt.

<sup>4</sup> Revenue Department G-G. in Council—Progs. 2-3, December, 1776, Clavering's minute.

<sup>5</sup> Hyde notes

<sup>6</sup> Clavering's minute—A very unusual situation developed about this time because of this import of Madras and Orissa salt. The account accompanying General Clavering's minute supplies some very interesting figures.

Madras and Orissa salt imported as seen by reference to the books of the Custom House:—

	Mds.		Mds.	
1785 ...	30,532	1770 ...	3,84,069	The statement made by me in <i>Midnapore Salt Papers</i> , p. 7—'There is no reason to think that any considerable import of coast salt took place in the seventies' is presumably wrong. But 1774 and 1775 were unusual years.
1766 ...	5,300	1771 ...	2,90,909	
1767 ...	2,28,001	1772 ...	3,97,255	
1768 ...	2,77,600	1773 ...	5,23,751	
1769 ...	2,19,455	1774 ...	9,81,905	
		1775 ...	11,33,686	

\* SALT MADE AND SOLD IN BENGAL:

	Mds.		Mds.
1785—86 ...	33,39,525 (made)	33,44,494 (sold)	
1786—87 ...	33,17,097	34,18,488	
1787—88 ...	26,00,779	27,53,172	
1788—89 ...	24,10,747	24,10,747	
1789—90 ...	26,77,044	27,03,824	
besides this sold—			
Coast salt	Balasore salt	French salt	Mds.
1785—86 ...	211	—	211
1786—87 ...	16,204	—	16,204
1787—88 ...	1,54,610	73,131	2,27,741
1788—89 ...	1,84,577	35,895	2,20,472
1789—90 ...	5,55,000	29,000	7,20,000

By the convention of 31 Aug. 1787 the French were not to import annually into Bengal more than 200,000 mds. of salt. The excess was confiscated and sold for the benefit of the company.

*Auckland Papers*  
Add. Ms. 34,467

\* *Midnapore Salt Papers*—Introduction.

\* *Ibid.* See p. 224.

## CHAPTER XI

### DRAIN OF WEALTH FROM BENGAL IN THE SECOND HALF OF THE EIGHTEENTH CENTURY

THE drain of wealth from India to England in the second half of the eighteenth century has been very differently computed by different writers. But no estimate can be conclusive because of the very fragmentary character of the data. Attention has been naturally concentrated on Bengal because in Bengal one can study the process of extraction in its classic form. Any attempt to bring the other two Presidencies within the scope of our investigation creates much unnecessary confusion, necessitates extended guesswork and overcrowds the canvas,<sup>1</sup> although for estimating the total amount of drain it is necessary to think of Madras and Bombay in addition to Bengal. It would be convenient to confine our attention to the period from 1757 to 1793, from the beginning of what is described as "Plassey plunder" to the first official recognition of the pressure of expanding British economy on India.

It has been said that after Plassey the world was let loose upon the English Company's servants in India and they were let loose upon the world with all the powers that despotism could give. Clive set the ball rolling. He substituted easy wealth for the slow return of commerce. "Money! Money! and no time to be lost."<sup>2</sup> The evil example set by him was only too faithfully followed. "When generals must have their thousands subalterns will scuffle for hundreds."<sup>3</sup> Such sums as were proved or acknowledged to be distributed by the princes and people of Bengal from 1757 to 1766 to individual Englishmen has been estimated at 50 millions of current rupees<sup>4</sup> (1 C.R. = 2s.). We are not in a position to compute what was not acknowledged. The whole amount must have been sent home in 'diamond bulses or through foreign com-



panies. The Court of Directors ordered the execution of new covenants against the receipt of presents. The covenants arrived on 24 January, 1765, but they remained unexecuted for several months in order to enable the East India Company's servants to take advantage of the situation caused by the death of Mir Jafar. Hastings was later accused of receiving gifts or presents notwithstanding his covenants and Clavering, Monson and Francis charged him with amassing in about two and a half years a fortune of some four millions of current rupees, although this was obviously an exaggeration. The peak period of gifts and presents to Englishmen in power extends from 1757 to 1766 but clandestine receipt of presents was very considerable even after 1766. The curve falls precipitately after October, 1774, with the arrival of Clavering, Monson and Francis. But the spirit of the East India Company's Civil Service did not change. Every one of the 252 Covenanted servants—this was the number given in the letter to Court 25 November, 1780—was aspiring to the rapid acquisition of lakhs. Barwell, who was reported to have amassed a colossal fortune amounting to 80 lakhs,<sup>5</sup> confessed in the course of a debate in the Governor-General's Council that the wish to add to his fortune had warped his judgment.

Private trade of the Company's servants was a much more important source of wealth than even the receipt of presents. The *gomastas* or Indian agents no doubt intercepted much of this illgotten wealth. In the words of Burke, "A whole train of subordinate villainy must follow when you place iniquity in the chief seat of government." Duty-free inland trade was more injurious than the receipt of presents. It amounted almost to plunder, for the Indian merchant was ruined and overland trade almost ceased. The Englishman's unfair supremacy deterred traders from other parts of India and the neighbouring countries from coming to Bengal. Privileged private inland trade of the servants of the Company lasted in its varied enormity from 1757 to 1768 and lingered on till 1771. It is impossible to ascertain how much wealth was extracted. We only get glimpses of certain figures here

and there and we would not be wrong if we think that the study of invoices and bills of exchange would yield very incomplete data. Sykes, Resident at the Murshidabad Durbar for two years, amassed 12 to 13 lakhs of rupees in *salamees* and farms. He asserted an exclusive right to trade in saltpetre, wood and silk in Murshidabad and other districts. Barwell wrote to his father in 1767: "the saltpetre gives him 50,000 and for which he does not advance one rupee; the wood in the same manner; but the silk he does advance on. The two former he deals in through the influence of the Government, the last through his influence as Chief of the Cossimbazar Factory. The whole of the three articles may be computed at 2,50,000 rupees certain yearly income, so that with his trade I make no doubt of his having cleared in these two last years 12 lakhs of rupees each year."<sup>6</sup> Barwell had no reason to regret in later years about his lack of opportunities. But, during the decade following Plassey, Sykes was perhaps more fortunate than many other servants of the Company. The methods of Sykes were, however, characteristic of a group—the top men in the service of the Company.

Lucrative, collusive contracts also formed one of the most important sources from which the fortune of the servants of the East India Company was derived in the days of Hastings. In the Impeachment of Warren Hastings there were three charges against him of giving contracts glaringly extravagant and wantonly profuse. Undue facilities were no doubt given to individuals to enrich themselves by profitable contracts, and he did purchase friends and reward supporters in this way. The three charges related to an opium contract to Stephen Sullivan, bullock contracts to Charles Croftes and Sir Charles Blunt and a contract for the supply of stores and provisions for the garrison of Fort William to John Belli. From the repair of embankments in the different Bengal districts to the supply of horses for the ruler of Oudh, contracts to favourites ranged over a vast field. It is this phase of British activity under Hastings to which Marx draws pointed attention. "His favourites received contracts under

conditions whereby they cleverer than alchemists made gold out of nothing. Great fortunes sprang up like mushrooms in a day; primitive accumulation went on without the advance of a shilling.....Sullivan sold his contract for £40,000 to Binn, Binn sold it the same day for £60,000 and the ultimate purchaser also made enormous gain."\*\* In the Board of Trade collusive contracts' enabled the servants of the Company to amass their fortunes at the expense of the Company and the primary producer, a very considerable portion being intercepted by the *gomasta*. Francis Sykes, who was for some time Resident at Murshidabad, wrote to Hastings later, "Towards the Company I have ever been attentive nor would one six pence I enjoy ever come into the Company's treasury; it was this whether it would go into a blackman's pocket or into my own."\* This might have been generally true of the period before Hastings but during the period from 1772 to 1785 and especially after the constitution of the Board of Trade in Calcutta in 1774 the Company was also defrauded by its servants in charge of Investment. The Directors became so exasperated that they filed suits in Chancery against some of their servants who came back to England for their fraudulent contracts as members of the Board of Trade. So far as Indians were concerned it was immaterial whether the wealth was extracted by the East India Company or its servants, but from the British point of view there was some difference because extraction by the servants of the Company very considerably helped the accumulation of private fortunes in Britain. The primary producer of cotton piecegoods in Bengal was very much affected by the eagerness of the British Chiefs or Residents in charge of Investment to secure their perquisites. We have some very interesting figures in the papers of the Board of Trade concerning Luckipore in Dacca. When Verelst was the Chief at Dacca he did not insist on perquisites for himself from the weaver but the weaver had to pay to Indian middlemen about 16 gandas in a rupee. (20 gandas=1 anna; 16 annas=1 Rupee). During Rumbold's Chiefship, he demanded 5

gandas for himself and Wilkins as Resident later realised at the same rate. Wilkins' successor Barton demanded 7 gandas and by then the Chief and the Indian middlemen together took about  $1\frac{1}{4}$  annas from the weaver from each rupee paid to him.<sup>10</sup> As the Chief or Resident had also, his share, he was no longer a check on his Indian agents. It has been estimated that the Company paid the weaver 20 to 30 per cent less than the market price for his cloth. To this must be added the perquisites of these people. In this period the Company's service was really "a service of confederacy, a service of connivance, a service of various systems of guilt" and the chief sufferer was always the primary producer. There were certain centres in which the schedule of perquisites was not fixed but the practice was to take advantage of the opportunity provided by prizing to lower the value and to appropriate the balance. William Rooke, a member of the Board of Trade against whom suits were instituted in England, argued that "perquisites were distributed from the first institution of the Board." His official salary was 14,400 current rupees and Cornwallis later raised the salary attached to the office to 58,000 current rupees.<sup>11</sup> What had to be gathered as perquisites under the old system became now a part of official emolument. The service of the Company was certainly more lucrative before Cornwallis. Great fortunes were no longer to be made but as was shown by William Rooke the calculations of Cornwallis were on a generous scale and they could now honestly "admire the goodness of God."

Some people from Britain were permitted by the Court of Directors "to use and exercise trade and commerce in the way of a merchant in India." They were described as Free Merchants and they were subject to all those restrictions to which the servants of the Company were subject in their private trade. They enjoyed the Company's protection within the limits of the Charter. It may be interesting to note John Bebb's opinion on the role of these Free Merchants—most of them British—in Bengal's economy: "From a country subject as this is to a far distant nation there is a continual

unavoidable drain to its prejudice. This drain is increased by these men. None of them ever make or propose an establishment in Bengal. Their fortunes, as soon as they acquire any, are removed to Europe and in so much increased the drain to this country. Whatever they gain is gained from its bowels. No assistance, no relief do they yield in return. Did the Bengal or Armenian merchant acquire the large property the foremost subscriber is said to have acquired he or his sons would increase the establishment and the wealth would circulate in the country to its benefit."<sup>12</sup>

The Company's covenants recognised their servants' right of private trade provided they did not infringe the Company's monopoly. They could trade with Europe only in such articles as precious stones. But, as has been said already, the "country" trade was open to them in all its branches. Clive had argued that the Company's servants could not devote so much attention to their private trade because of the increase of the Company's business, administrative and commercial. The Directors therefore agreed to give their servants as a compensation  $2\frac{1}{2}$  per cent commission on land revenue and in the commercial line they supplemented their normal income by defrauding the Company and gathering their perquisites. They also tried new openings for themselves in their legal trade and their transactions in the name of their Indian agents became more numerous. The homeward voyage "privilege" of the commanders and officers of the Company's ships became respondentia, the East India Company's servants taking advantage of this to send their piece-goods and raw silk to Europe. 50 tons were allowed to the commanders and officers of each of the Company's ships of 755 tons and upwards. The whole "privilege" trade amounted to 750 tons at 3,000 current rupees a ton. \*All this was private trade either of the Company's servants or of the British Free Merchants. The export of diamonds was permitted by the Company to its servants as also the Free Merchants under the impression that as diamonds did not form any part of the circulating medium of the country this would cause no

embarrassment. But a necessary consequence of this was that presents which might otherwise have been made in coins were made in jewels. As there were no diamond mines in Bengal coins were sent out of Bengal for the purchase of diamonds from Oudh, Golconda and other places. Clive, Warren Hastings and many other servants of the Company remitted a considerable portion of their fortunes in diamonds. It is very difficult to ascertain the total value of diamond remittances from Bengal. The data that can be collected cannot be regarded as satisfactory. Barwell wrote in 1769: "The diamond trade here is confined and as the gentlemen in station engross the whole for the remittance of their own fortunes, no purchases but to a trifling amount can be made by any of the merchants."<sup>13</sup>

The British private trader in piecegoods and raw silk, the Company's servant or Free Merchant became gradually aware of the dwindling importance of his trade. The great age of the private trade of the Company's servant—so far as it was legal—was from 1768 to 1785. Cornwallis was prepared to keep the privilege of the private trade of the Company's servants confined only to those in the commercial line and his regulations which placed many restrictions made it very difficult for them to do business on commission to which they had been accustomed. The British Free Merchants in India and the ex-servants of the Company who took to private trade found more profitable opening in exporting indigo for Europe and opium for Malaya and China.

In 1800, 40,000 maunds of indigo were exported and "it became the principal article for the investment of British capital as the medium of remittance to England." But it should be noted that in the 1780's British capital investment in indigo plantations<sup>8</sup> was almost negligible. Most of the Company's indigo contractors, who got contracts at 200 rupees per maund fulfilled their engagements by purchasing indigo near Agra and Delhi outside the Company's territorial limits at 50 or 100 rupees per maund with money advanced by the Company.<sup>14</sup> The Company's fostering care during the years

1779-1788, subsequent abatement of duties and reduction of freight, encouraged the extension of cultivation under the auspices of British private traders in the 1790's.

The problem which the extension of indigo cultivation was bound to raise was foreseen by the Board of Trade. These British adventurers came into contact with husbandmen in making advances, in appraising the plant delivered, in adjusting accounts and recording balances. A knowledge of the soil was also necessary. Very few Englishmen could ever attain such familiarity of intercourse. It was not difficult to attain a mere knowledge of the manufacture. When the question of free trade in opium had been raised in 1770's it had been objected to on the ground that direct dealings between Europeans and natives would have led to great disorder and create great trouble to the administration. The system by which European indigo manufacturers gave advances to the ryots for the cultivation of indigo was bound to lead to fraud and oppression. The Board of Trade recorded the following opinion:—"The present grand desideratum for establishing indigo as a considerable staple in Bengal is that the natives should understand manufacture of it so as to make it of a quality fit for the Europe market. Were this effected there can be no doubt but that the simplicity and cheapness of operations and the moderation of the profit would enable them to sell it at such a rate as would afford a good profit to the merchant exporter whether the Company or the individual."<sup>15</sup> The Board even proposed that the Company might undertake the manufacture in some degree upon their own account through the agency of their own immediate servants. But the rush had already begun. The Indian cultivator was no doubt very conservative. It was difficult to persuade him to adopt a new crop. The petty talukdar, the substantial businessman and "natives of the middling class" could not be induced to adventure even on a small scale but in matters within the scope of their practice they were very industrious and if they were confident that they could sell indigo to an exporter they would certainly

turn their attention to producing it. The experiment was not tried. The era of avid speculation of British traders was soon to begin—40,000 maunds in 1800 ; 120,000 maunds in 1815.<sup>16</sup> No doubt large areas of waste and forest lands were reclaimed by the British adventurers but indigo slavery became very soon a feature of rural life in certain areas of Bengal and Bihar.

The beginnings of British capital investment in India could be traced only in indigo in the last decade of the 18th century. There was no other business or project in which the Englishman could invest his money here. But an exception is noticeable in shipping. The *Non-such* of 500 tons was launched in Calcutta in 1781. Between 1781 and 1803, 56 ships and 93 snows were constructed in Bengal totalling 30,080 tons. These ships were used in coasting trade and in trade with "Foreign Asia." It is relevant to note that in 1789 there were in Canton 40 ships belonging to British subjects residing in India.<sup>17</sup> With the development of shipping certain features of the growth of coasting trade, "trade to and from British Asia" should be noted. What was known as coast salt from Coromandel began to be imported into Bengal in considerable quantities in the 1780's and 1790's. A vested interest grew up. Voices were raised in vain protest. Bengal produced sufficient salt for her consumption and for that of the neighbouring areas. The import of cheap coast salt was the first threat to the existence of Bengal's salt industry. The revenue derived by the Government of Fort St. George from this salt that was imported into Bengal was inconsiderable but the Board of Revenue in Madras wrote, "the trade being of material assistance to the ship-owners the Board of Revenue on the latter account only regret its extinction."<sup>18</sup> Salt manufacture on the Coromandel coast was developed in the interest of the British ship-owners though this threatened the existence of the salt industry in Bengal.

After the passing of Pitt's India Act and the reforming measures of Cornwallis the Company's servants disappeared from trade in the Eastern seas. The East India Agency houses



which were partly financed by the Company's servants became the characteristic British unit of private trade in the East. Untrammelled scramble for wealth gave place to regulated commercial ventures in which the Free Merchants became conspicuous and indigo, opium, coasting trade opened new avenues. From small beginnings these British Free Merchants gradually developed "a composite trading financial and shipping business."

The East India Company's purchases in India acquired the name of Investment, this being the public trade of the Company. Before 1757 this Investment amounted to about 33,00,000 current rupees.<sup>19</sup> The Company used to import bullion for Investment. But after Plassey this was no longer necessary. The foreign nations trading in Bengal—the Dutch at Chinsura, the Danes at Serampore and the French at Chandernagore took advantage of the readiness of the Company's servants to remit their fortunes to Europe through non-British channels and their bills were solicited as favours. In 1768, the Governor of Fort William reported that the treasuries of the Dutch and the French were furnished with provision for the Investment and expenses for three years to come.<sup>20</sup> Barwell wrote in 1767: "The amount of the sums which have been remitted to Europe through the channel of the Dutch and French Companies from the time of your refusing bills in 1765 to this time, you must not estimate at less than £1,200,000. The sum, though very great, is yet I really believe short of what has been paid into the cash of the Dutch and French Companies. The present terms in which the French grant bills is 2/2 per rupee and a sight of 365 days and for the last nine months an interest at the rate of 4 per cent per annum is allowed. Even at this rate of exchange bills are only granted for half the amount you pay into their cash. The other half remains there twelve months at the interest of 6 per cent and at the expiration of that term bills at 365 days and exchange at 2/2 is to be granted. Such are the advantages your rivals enjoy in conducting the trade."<sup>20a</sup> Thus began a drain of wealth from Bengal totalling

the combined Investments of the English, the Dutch, the French and the Danes as also the "privilege" trade of the officers of the East India Company's ships. The amount of the English Company's Investment was six millions in 1767, ten millions in 1777. With the exception of some war years the Investment averaged nine millions. In 1793 it totalled Rs. 1,09,59,130.<sup>21</sup> The other European nations, private and "privilege" trade, accounted for an additional export of about six millions per year. In the 1760's the British Company's Investment had certainly been much less but the French and Dutch had exported much more than what they did in the 1780's. The estimate of average Dutch export was 4 millions a year.<sup>22</sup> In proportion as French and Dutch exports fell off the English Company's servants and Free Merchants must have increased their share of exports. The drain of goods to Europe amounted to about sixteen millions a year according to this computation. The import trade did not on an average exceed about Rs. 900,000 a year.<sup>23</sup> It has been argued that "there is not a shred of evidence to prove that goods for export to Europe during the decade 1783-93 were ever really bought by the Company with a true surplus of revenue over expenditure".<sup>24</sup> A statement of the annual revenue of the East India Company in Bengal, under the signature of William Wright, Auditor of India Accounts, shows that in 1785-86 the surplus amounted to Rs. 92,35,442, in 1786-87 Rs. 1,47,63,276 and in 1787-88 Rs. 2,06,55,817.<sup>25</sup> If the total amount of deficits in Madras, Bombay, Fort Marlborough and St. Helena be taken into consideration the surplus no doubt dwindles and becomes inconsiderable. But should we try to explain away the drain of wealth from Bengal by adopting this mode of calculation? Even if we adopt this method of calculation we find that in 1790 there was a surplus of Rs. 1,09,28,726, in 1792-93 a surplus of Rs. 1,85,80,000, in 1793-94 a surplus of Rs. 11,190,000 and in 1794-95 the surplus amounted to Rs. 11,820,000. It was observed that the annual surplus was sufficient to liquidate the bond debt in little more than three years.<sup>26</sup> The bond debt amounted to an investment out of

future revenues and the extraordinary charges incurred in wars should not be taken into consideration because new territorial acquisitions as a result of wars in the long run made up for the extraordinary expenditure incurred. It should also be noted that a part of the money sent to Madras was for the Company's China Investment and money sent to Madras and Bombay was not merely for meeting civil or other charges of the Presidencies but also for the management of trade and commerce i.e. Investment.

James Grant, writing in 1786, sought a justification in history for the annual drain of about ten millions a year for Investment. The Mughal Emperor used to draw a revenue of at least ten millions of rupees from Bengal. The East India Company as the successor to the Great Mughal gave up the claim of pecuniary tribute because they themselves had been responsible for the influx of specie and they imported specie no longer. They therefore received the regal dues in manufactured production of the people's labour. In the four decades after Plassey the East India Company took tribute from Bengal, it traded with China. But this theory of the old Mughal tribute taking the form of Investment to Europe and despatch of treasure to China and the other Presidencies has certain flaws. Grant himself says that between 1740 and 1765 no remittance in cash or otherwise was made to Delhi.<sup>27</sup> Alivardi must have taken advantage of Maratha incursions to withhold payment. Orme also wrote in his *Historical Fragments*—"Allavardy Khan has never paid the Court any tribute." According to Grant, there was an accumulation of at least two hundred and fifty millions of rupees from revenues in Bengal during all these years. Out of this sum Nawab Mir Qasim took with him about 45 millions when he left Bengal and about fifty to fifty-five millions must have been paid to Englishmen as gifts or presents. It appears from English records that after 1728 the banking house of Jagat Seth gradually introduced the practice of sending Bengal tribute on behalf of the Nawab to Delhi by *hundis* or bills. Their income

from their branches at Patna, Benares, Delhi and other places perhaps enabled them to do this. There was thus a very considerable accumulation of specie in their own coffers, in the treasury of the Nawab and in the hands of the shroffs, big merchants and manufacturing dealers. According to Grant's estimate, the money in circulation in Bengal after 1757 amounted to about 2,02,00,000<sup>21</sup> and dormant capital liable to occasional drains might be put at about the same figure. But even in the sixties there was scarcity of specie and recurring complaints about scarcity were heard also in the eighties and nineties. The banking house of Jagat Seth showed evident signs of rapid decline in the seventies and it was clear that their hoard was fast diminishing. This monetary distress cannot therefore be explained away by a convenient theory of the tendency of the East to hoard.

The practice of sending silver from Bengal to China commenced as early as 1757 (Verelst, *View*, p. 85). So long as clandestine opium trade with China could not be fully organised bullion poured into China from Bengal in the sixties at the rate of about twenty four lakhs a year, in the early seventies about twenty lakhs a year.<sup>22</sup> In the 1790's it became perhaps unnecessary to send bullion for the purchase of tea in China. Tribute paid to Shah Alam from 1765 to 1772 led to a total drain of twenty millions of rupees from Bengal during the period. For the purchase of diamonds by the top men in the East India Company's service a very considerable quantity of bullion had to be sent to Oudh and Hyderabad. On account of the increased demand for piecegoods in Europe a considerable quantity of cotton had to be imported into Bengal by the land route *via* Mirzapore. Indigo was also imported from Agra and the surrounding regions after 1779. We have no reliable figures of export and import trade *via* Mangee (the custom house for import or export up-country). About the end of the 18th century we notice that the annual total value of coins and bullion and merchandise exported from Bengal

amounted to *sicca* rupees 98,42,359. The value of merchandise coming to Bengal was rupees 1,12,93,953 and so there was a balance of rupees 14,51,094 in favour of imports.\* Bengal was the resort of merchants from all over Asia in the days before Plassey and because of her favourable balance she was inundated with coins of all varieties in payment of her goods. But as a consequence of all that happened after Plassey and the drain to Europe her land trade was showing a deficit.

How did the servants of the English Company send their wealth to Europe in the sixties and seventies of the eighteenth century? Barwell who is reported to have amassed 80 lakhs of rupees should be regarded as the typical extractor of wealth. His remittances through various channels should be carefully studied with a view to forming an idea of the transfer mechanism. Extracts from some of his letters are given below<sup>1</sup>:—

"I have commissioned Frank Scott to procure bills or to lend respondentia to the Europe Captains that sail from Bombay or to lend upon diamonds. . . . I have in this manner commissioned Garden at Bussorah and Donston and Coles at Bencoolin" (28 February 1768). "Having received advices from my correspondent at Aleppo that he will remit my money to the best advantage I shall send what I have of Grady's and yours to him as soon as I can procure bills on Aleppo" (Letter from Bussorah, dated 13 August 1768 addressed by Garden at Bussorah). "The first bill of exchange on John Bardett for £4,054. The second bill I now enclose with a bill of exchange on the French for £5,000." (27 December 1769). "In case the French bills are not made good I have negotiated another private remittance for £10,000 through Captain Mercer a trader to this port" (25 February 1775). "I have paid into the treasury of the Dutch Company at Chinsura a sum equal to £30,000 on condition of having bills on the Dutch Company payable in London granted to me in November next" (17 May 1775). "My distresses on the disappointment of Middleton and

Gibb's bills to have been such that under apprehension a sufficient sum would not have been thrown into my sister's hand I sent a lac of rupees in bullion" (5 August 1775). "I shall consign to Mr. Harrison a remittance if I can effect it and I think I can of 4 lakhs to China." (23 November 1775). "I will take care to advise you in time to make insurance for the sums that may be lent on respondentia to China." "On calculating the exchange of the China remittance I find it so low. This has determined me to stint my negotiations for conveying money there to one lac of rupees. Yet low as the exchange is had I wanted to have sent more I should have been diffculted (?) to have done it so great is the anxiety of people to get money to England at any rate" (27 March 1776). "The certain remittances by this season's shipping are the Dutch bills for current rupees 2,98,120 and the bills on the English Company advised by Mr. Carton for £2,400. . . . The Dutch bills will turn out to you £30,000 or very little short of it." (27 March 1776). "I enclose Mr. Joseph Price's respondentia bond of this date for C. Rs. 24,733-2-6 to Messrs. Scott Pringle & Co., merchants of the Island of Medeira. As agent for those gentlemen I authorise you to receive the amount due on it at Canton and if possible lend the same or as much of it as you can upon respondentia on some Danish Ship or Ships bound from China to Europe" (20 March 1776). "I have engaged to send Mr. Charles Lloyd 46,000 Arcot rupees to run at respondentia upon the Ship True Boston Barken . . . bound to the Malabar Coast, Mocha, Suez . . . you will insure from this place to Grand Cairo at the rate of 2 shillings and three pence per current rupee as Mr. Lloyd is to allow the respondentia premium till the money is paid to my agent at Grand Cairo . . . this money I lent to Mr. Lloyd with a view to remit the amount to Mary Barwell of Grand Ormond Street, . London" (30 November 1777). Thus Canton, Bencoolen, Calcutta, Bombay, Jedda, Mocha, Aleppo, Basra, Cairo and even Madeira—every British trade outpost—

helped Barwell and many others in sending their wealth amassed in Bengal to England. The French, the Dutch and the Danes were also helpful. The bills of the Governor-General in Council formed a mere fraction of the total.

In his *Analysis of the Finances of Bengal* James Grant gives the following estimate of the drain of wealth from Bengal in 1786:

Prime cost of piecegoods exported by the			
English East India Company	...	Rs.	1,00,00,000
Yearly supply for China trade	...	Rs.	20,00,000
Other European Companies & mercantile			
adventurers	...	Rs.	60,00,000
			Rs. 1,80,00,000

This estimate does not include the drain of wealth to other Presidencies, which according to the Court letters amounted to about twenty lakhs a year.

Mr. Holden Furber, who has studied invoices and bills of exchange in English, French, Dutch and Danish languages for the period from 1783 to 1792, admits that we need but we can never possess full and accurate statistics of exports and imports for the entire subcontinent. Yet, on the basis of India as a whole, Mr. Furber comes to the same conclusion as James Grant that the drain amounted to £18,00,000 annually during the period from 1783 to 1793. Nowhere in his work does Mr. Furber mention James Grant but from very different data he comes to exactly the same conclusion. The drain must have been considerably more during the preceding two decades in which presents, private trade and perquisites had brought so much money to the servants of the English East India Company in Bengal. Barwell's letters indicate the variegated pattern of remittance.

The goods thus taken from India were sold at a very considerable profit in Europe. But the Company received less in dividend since the acquisition of territory than they

did from commerce alone. The Government received as excess in duties during thirty-six years after Plassey only 8 millions sterling and the Company had to compromise with the Crown for about 2 millions.<sup>32</sup> The statement of Marx that "the treasures floated back to the mother country and were thus formed into capital" appears to be substantially correct.

In 1787 a very important report was submitted on the effect of British Investment policy in the country of the Nawab Wazir of Oudh. "Previous to the introduction of the Company's Investment the trade of the province of Oude was conducted by the native merchants without any interference on the part of the Government. The markets were open to purchasers of every denomination and the merchant and manufacturer met upon terms of perfect equality. The price of the goods was decided upon the true mercantile principle of one finding it his interest to buy and the other to sell. Advances were seldom given but for the provision of some rare commodities. The introduction of the Company's Investment caused a revolution in the trade of the country which has operated greatly to its detriment by the establishment of a system highly unfavourable to the manufacturer and secondly the exclusion of the native merchants."<sup>33</sup> This picture of the effect of the Company's Investment policy in Oudh in 1787 is true of Bengal after Plassey.

In Bengal the Company and its men practically established a monopoly in the manufacture of cotton for export and raw silk. Many of the objectionable features of such a system developed—compulsory labour and restriction of trade in other directions. Bengal, which was the resort of merchants from all nations for the purchase of its manufactures, was unprotected and unprepared for the economic impact which was soon to begin. Faced with the alternative between turning the corner and extinction, the people of Bengal, with their sapped vitality, were not in a position to turn the corner.



It was not in the Company's interest to keep Bengal chronically impoverished. The letters from the Court of Directors indicate that the Company was not altogether unaware of its negative role. But in the period from Plassey to the Permanent Settlement it is necessary to attach as much importance to the role of the Company's servants as to that of the Company in draining the wealth of India. The purpose of the Company's servants, in the words of Philip Francis, was "to make their fortune as quickly as possible and carry it out of the country. This could only be effected by a temporary strain of the estate which they left behind languishing and exhausted."<sup>4</sup>

In a minute written in 1790 on the economic condition of Bengal, Cornwallis wrote that England was fortunate in establishing her dominion over one of the most fertile countries on the face of the globe. The population, according to his description, was mild and industrious. The real value of the possessions depended upon the ability to furnish a large annual Investment to Europe to give considerable assistance to the treasury at Canton, and to supply the wants of other Presidencies. As a consequence of the heavy drain of wealth from these causes with the addition of that which was occasioned by the remittance of private fortunes there was great diminution of the current specie, and a langour had spread over the cultivation and general commerce of the country. He, therefore, thought that a material alteration in the general principles of management was necessary so that the inhabitants might be roused and their industry increased.<sup>5</sup> His panacea was the Permanent Settlement of the land revenue of Bengal. The diagnosis was not wrong though the remedy prescribed could not effect the cure.

<sup>4</sup> European money-lending at usurious interest was very much prevalent in Madras. In Bengal this was not done even in the name of *gomastas* and *banians*. The Nawab of Arcot's debts have no parallel in the history of Bengal. "Primitive capital accumulations" had made so much progress in Bengal and indigenous banking here was so well developed that this experiment at money-making could not be tried.

<sup>5</sup> Parks and Merivale—*Memoirs of Sir Philip Francis*, Vol. II.

\* A letter to Edmond Burke—1782.

\* *Fifth Report* II—p. 270.

\* Sterndale—*History of the Calcutta Collectorate*, p. 20.

\* Barwell's letter—CXI.

\* Marx—*Capital*, Vol. I, p. 777 (Dona Torr).

\* The Directors wrote on 22 December, 1786—"The Export Ware House Keeper introduced a new set upon the scale of 72 Siccas only. Reckoning the seer at 72 siccas—11 as.—7 p. the difference was 67 deels of a pound or 1 lb in every cwt. . . . It appears hat in the valuable articles of raw silk and indigo and possibly in every other article of weighable goods we have been annually losing 1 lb weight in every 112 lb. at an expense of one to two thousand pounds sterling per annum for the last seven years without any person in our service having zeal, honesty and discernment enough of it. . . . It was the practice formerly of all commercial transactions respecting weighable goods that if the deliveries were made by the bazar maund the price was rated in Arcot rupees, or if by the factory maund in Current rupees . . . by your contracts for silk, indigo etc. we observe that you stipulate to receive the factory seer and even at an obridged weight and to pay in Sicca rupees by which there is a gain in the difference of batta and weight of near 17 per cent to the contractor. We desire to know at what period this new mode respecting the Company crept into practice."

\* Sutherland—*The East India Company in Eighteenth Century Politics*, p. 297.

\* Progs. Board of Trade—3 October, Vol. V, p. 58.

\* See p. 33.

\* Furber—*John Company at Work*. Appendix A.

\* Progs. Board of Trade—3 December, 1788

\* *Bengal Past and Present*, Vol. X, Pt. II Letter No. CXXXVI.

\* Progs. Board of Trade—6 May, 1791. Memorandum submitted by Carel Blume.

\* *Ibid* — 30 December, 1791

\* Greenberg—*British Trade and the opening of China*.

\* Morse—*The Chronicles of the East India Company trading to China*.

\* Progs. Board of Trade—23 December, 1817

\* Letter to Court—20 August, 1751, p. 34.

\* *Fort William—India House Correspondence*, Vol. 5.

\* *Bengal Past and Present*, Vol. X, Pt. I

\* Progs. Board of Trade—7 July, 1793.

\* Eur. Ms. D. 281.

\* Letter from Court—28 April, 1790

\* Furber—*John Company at Work*, p. 226

\* Letter from Court—Report of Wm. Wriought—22 June, 1789.

\* Mill—*British India*, Vol. VI, pp. 2-3.

\* Home Miscellaneous Melville Papers 818.

26th January, 1808 Secret—signed by Edward Parry and Charles Grant.

To

The Rt. Honble Robert Dundas.

It has not been unusual to ascribe the increase of the debt in a considerable degree to the Co.'s Indian Investment for the provision of which it has been alleged that they had not a sufficient capital of their own and that when a surplus failed to be received from the Indian revenue, there was no way of procuring investment but by borrowing money in India. This misconception has been repeatedly corrected and there is a statement now preparing to show what has been done with all the moneys received in any account whatsoever into the Indian treasuries since the year 1793/4 up to the latest period, which statement we have no doubt will irrefragably prove that very little of any even of the earlier Indian debt is to be charged to the Investment and with respect to the debt contracted since the year 1798/9 which is 15½ millions of the total debt of

28½ millions the accompanying account no. 3 will show not only that the Investment is chargeable with no part of it, but that India has become in the period that has since elapsed largely indebted to England.\*

\* *Fifth Report*, Vol. II.

Dutch letter from Chinsura—27 October, 1755 f. 150.

The Dutch wrote in one of their letters that in 1749 repeated demands were made for the payment of the annual tribute. Sardar Khan Mewati, a Jamadar, was actually sent from Delhi at the head of five hundred horse-men to bring this tribute. Alivardi handed over to him the entire amount in coins. He put them in boxes and started for Delhi. When he and his men reached the frontiers of Bihar, a band of highwaymen suddenly attacked the escort near Sassaram and overpowered them. Sardar Khan Mewati could save only Rs. 2,00,000 by timely flight to Poona. The so-called highwaymen took another route and brought almost the entire amount back to Murshidabad. The incident became very well-known in India. But the Delhi Court could not officially take any cognisance of the incident. It was too much of an insult. Perhaps the King's advisers at Delhi still cherished the fond hope that payments might be made in future. Actually all that Alivardi did was to send occasional presents and *nazaranas*.

\* See Chapter VIII—This is an understatement. *Fifth Report* II p. 277

\* *Fort William—Indian House Correspondence*, Vol. V.

\* Progs. Board of Trade—3 October, 1796.

\* *Bengal Past and Present*, Vol. VII, Pt I—Vol. XVII.

\* *Eur. Ms. D.* 281.

\* Progs. Board of Trade—12 June, 1787.

\* Progs. Governor-General in Council—Land Revenue, 1775. Claud Martin in Lucknow even opened a pawnbroker's shop as a usurer—*Valentia's Travels*—Vol. I, p. 163

\* *Bengal Revenue Consultations*—3 Feb., 1790.

Nearly every servant of the Company held valuable property in Calcutta under patta. Three such pattas deserve to be specially noticed

1761—Peter Amyatt, Collector of Calcutta. A patta in his name for 285 bighas and 6 cottas of land—rent Rs. 259-3-0 (part of the land described as *patit* or waste).

1768—George Vansittart granted a lease to be held by him so long as the Company had no occasion for it.—631 bighas 11 cottas, rent Rs. 789.

1776—Patta granted to Thomas Lyons for the purpose of erecting a range of buildings—10 bighas 13 cottas, rent Rs. 32 0-5. This was for the accommodation of the servants of the Company. The record of transfer from Thomas Lyons to Richard Barwell cannot be found. The transaction was a *benami* one in the first instance.

Sterndale—*History of the Calcutta Collectorate*, pp. 435, 445.

Belvedere property of Warren Hastings 592-16 cottas.

Old English correspondence Misc., Vol. 11, District Collectorate, 24 Parganas.

## APPENDIX A

### SOME INFORMATION ABOUT OMICHAND FROM OLD CALCUTTA HIGH COURT RECORDS

OMICHAND (Amirchand) is a very notable figure of British Indian history. He leaps from obscurity into the pages of history when his greatest financial gamble failed miserably. The fraud perpetrated by Clive made Omichand a notorious figure of Indian history. But we do not really know much about him.

An exploitation of the unprinted records of the High Court of Calcutta unexpectedly revealed the existence of a considerable number of papers concerning Omichand among the records of the Mayor's Court and the Supreme Court. The notes of Hyde, one of the Puisne Judges of the Supreme Court of Calcutta, also contain some information about him. This accumulated miscellany is helpful in reconstructing the career of this Sikh merchant, though it throws no light on the part he played in the conspiracy against Siraj-ud-Daula.

Omichand's name was really Amirchand. Huzuri Mal (Hazari Mal), his brother-in-law, who was for a long time his close associate and later the principal executor of his will, refers to him as Amirchand in several documents. In one of the Bengali documents he describes himself—"Amirchandrajir daulater moktar" which was then turned (by slurring over r) into English as "manager of the estate of the late Babu Ameerschand", which was spelt also as Umichand or Omichand.

The Seths of Sutanati worked as brokers to the East India Company in their *dadni* business in the seventeenth century and in the early years of the eighteenth. In his early days Amirchand attached himself to one of the Seths. In 1795, in a case before the Supreme Court—Bulaki Singh *vs.*

Gopinath Seth—Jogmohan Sen, an old servant of the Seths, who was more than seventy years old at the time, deposed to the effect that Bostom Das Seth was the maker of Amirchand's fortune. Bostom Das and Amirchand were for some time partners. Jogmohan Sen repeated with emphasis: "Who was Omichand? His fortune, character and all were made under the Seat. By Seat I mean Bostom Das Seat." Bostom Das was very miserable in his later years and died in 1752. He summoned Amirchand and told his old partner in business that he could not hope to live long, that he was indebted to many people and that he had many children. How were they to be taken care of and what would Amirchand advise him to do? Amirchand advised him to make a fictitious mortgage of all his property in Amirchand's name and leave the document with his son Nemai Chand Seth. In case any creditor laid claim to any of Bostom Das's house property in Calcutta Amirchand would make a counter-claim as mortgagee. Amirchand assured his old partner, "I will pay off all your debts and save your house from your creditors." It is relevant to note that the Calcutta estate of Bostom Das included "Tollah Garden, Chowringhee Garden which is now included in the Esplanade and Jourabagan Garden." The sons of Bostom Das were alarmed at this prospect of a mortgage. But Amirchand allayed their fears and said that the mortgage would bear no interest and Pitambar Seth, owner of half share must not sign it, the paper should be antedated and no one was to witness it. His plan was to scare away the creditors of Bostom Das, not to sell the property under duress but to make a gradual sale and pay off the debts. Bostom Das died shortly after this fictitious mortgage was made. This episode reveals Amirchand in a characteristic role.

We have the first glimpse of Amirchand in the records of the Mayor's Court at Calcutta in July, 1749. This is one of the earliest records preserved in the High Court. An application was made for the administration of the

effects of one Williamson deceased. His nearest of kin as also a large creditor Thomas Smith was appointed to administer them along with another creditor James Irwin. Amirchand, one of the creditors, moved that he might be joined in the administration of the effects of the deceased. The Court declined.

Amirchand again comes into prominence in the judicial records of 1755 in the proceedings of the Quarter Sessions. The Grand Jury, an institution now obsolete, made the following presentment:

The Jurors for our sovereign Lord the King present that Omichand of this place inhabitant, having been frequently presented to the Court by several Grand Jury for neglecting to repair his houses so great in number in this town which he is possessed of, several of which are quite untenable . . . . . remain still in a ruinous and untenable condition . . . . . the Jurors therefore do say that the accused's neglect is a great nuisance to the town in general and to the inhabitants thereof . . . . . the said nuisance still remain to the hazard of the lives of many inhabitants who are obliged to rent the said houses for want of others as likewise passengers passing by and endangering neighbouring houses by their fall."

The Court acquainted the Grand Jury that the purport of their presentment should be immediately redressed. We learn from Orme that most of the best houses in Calcutta belong to Amirchand. His garden house three miles from the Fort of Calcutta is famous in history as the place where Siraj-ud-Daula encamped when he attacked Calcutta in 1756. That Amirchand was also one of the worst landlords is perhaps not known to all.

In my search for facts relating to Amirchand's life during the fateful years 1756 and 1757, I could only come across the evidence of George Williamson who was Sub-Secretary to the Council during the year 1757 to 1761 and who deposed thus in a case relating to Amirchand's estate in 1793:—

"I have seen\* Omichand and Dialchand (Diachand)

together during Omichand's life. The first time I ever saw them was at Mr. Drake's, the Governor. I did not then know who either of them were but Omichand was leading Diachand by the hand into the council room which must have been just after the capture of Calcutta, by his going up and embracing each member of the Council among whom Colonel Clive was sitting as Commander-in-Chief of the army. Omichand introduced Dialchand to each of them as his *palak betta* (adopted son)."

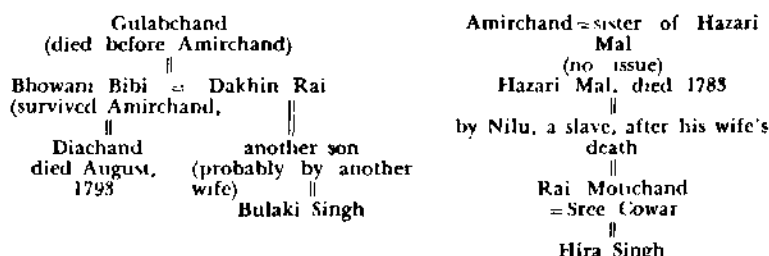
It was most probably after this large-scale embracing that Amirchand accompanied Watts as his adviser to Murshidabad, and thus was set in motion the whole series of events which culminated in that famous trick of Clive.

Amirchand died in the month of Agrahāyan B.S. 1165, early in December, 1758. For some time before his death he was not in Calcutta and was staying possibly at Malda. His absence from Calcutta is proved by a Sheriff's return of August 15, 1758 in the case of Edward Handles *vs.* Omichand. The return contained the following entry. "The within-mentioned is not to be found within my district." The case was a claim for Rs. 5,812-9-6, the amount of a bill of parcels for 3 pairs of emerald drops and a trinket. It was withdrawn by the plaintiff.

The story of Amirchand's becoming insane is a pure figment of imagination. In the prolonged litigation over his estate no mention was ever made at any time that he had ever lost his reason. No doubt he was very much annoyed with himself for his failure to get what he thought was within his grasp, especially when he looked around and found his European friends suddenly enriched beyond their wildest dreams. The feeling of a cheat when he is overreached by another can be easily guessed. But his business dealings with the East India Company continued uninterrupted till his last days. One new development is, however, clearly discernible. As a reaction from this money-making which was so long the be-all and the end-all of his existence, he developed a religious turn of mind. Some time before his death he talked of going to

Amritsar as a pilgrim and in his Will, after distributing about Rs. 1,60,000 among the different members of his family, he left the entire residue as *Debottur* to Sree Gobind Nanakji. This estate was later valued at 42 lakhs after payment of Rs. 37,500 to the Magdalen and Foundling Charities in England. For the management of this *Debottur* property there was prolonged litigation between Hira Singh (heir of Hazari Mal) and Bulaki Singh (nephew of Diachand, Amirchand's *palak betta*).

The will of Amirchand has been published in the Report of the Regional Survey Committee for Bengal and Assam, (1946-47), appointed by the Indian Historical Records Commission. History is not concerned with the long-drawn story of the litigation between Bulaki Singh and Hira Singh. But a genealogical table drawn up by Justice Hyde of the Supreme Court to help his memory may be reproduced here because that would correct some of the current mistakes.



The property that Amirchand left to Sree Govind Nanakji by his will was estimated by one of the litigants later as worth 42 lakhs. Some of the witnesses used indiscriminately the term Govind Nanak and Nanak Govind. The impersonal character of Sikh Guruship was well-known. The peculiar Sikh conception was that the Gurus were one and the same. The quarrel between Diachand and Huzuri Mal and between Bulaki Singh and Hira Singh helped to ruin this very valuable trust property of Amirchand.

I have seen Amirchand's name in intimate family corres-



pondence, in official documents drawn up by him and his associates and nowhere is he described as a Singh. It is, therefore, natural to conclude that he was a Nanakpanthi Sikh. His niece Bhowani Bibi was married to Dakhin Rai. If name is an indication neither he nor Huzuri Mal was a Khalsa Sikh. As has been said, "A Khatri, when a Sikh is ordinarily a Sikh of Nanak rather than a devotee of Guru Govind", because he is not thereby under the necessity of completely giving up his caste principle. The fact that Diachand's heir was a Sikh of Guru Govind Singh and Huzuri Mal's heir was also a follower of the tenth Guru does not militate against this theory.

Some facts connected with Amirchand's affair after his demise deserve notice. At the request of the executors, Messrs. Fränkland and Holwell acted in conjunction with them in collecting all his concerns at the *aurungs* with Mr. Scrafton as their assistant. Huzuri Mal, the principal executor, was anxious to please Englishmen of rank to an extent altogether improper for a person who was in charge of the management of a trust property. Clive took advantage of Huzuri Mal's anxiety to please him to do a favour to Raja Tilakchand of Burdwan, who was indebted to Amirchand's estate to the extent of 15 lakhs. A settlement of account was made at Lord Clive's house in 1765. Huzuri Mal was prepared to give Tilakchand credit for Rs. 2,90,000. But Lord Clive made him give up all except nine lakhs, thus making the executor forego a sum of 3,10,000 rupees.

The servility of Huzuri Mal to Englishmen is best illustrated by his payment to the Magdalen and Foundling charities in 1762. In the case—John Doe on the demise of Hira Singh Vs. Bulaki Singh—Williamson, who has been quoted before, gave the following evidence:

"Huzuri Mal, the latter end of April in the year 1762 came to Mr. Vansittart when I was with him and told him that Omichand by his will had left a certain sum of money for two charities in England and begged to know what two charities he Mr. Vansittart would particularly recommend.

Mr. Vansittart recommended the Magdalen and Foundling hospitals and he Huzuri Mal acquiesced in that and the next day gave into my hands as Secretary a letter to that effect in consequence of which an order to that effect was made out."

There is a slight inaccuracy in the evidence of Williamson but it is not surprising because he was giving his evidence in 1793 more than thirty years after the incident. The verbal offer of Huzuri Mal must have been made on the 31st March, 1762 because the letter was dated 1st April, 1762. He expressed his intention to pay from Amirchand's estate 37,500 current rupees into the Company's cash, half to the Foundling and half to the Magdalen hospital. I have read the Will of Amirchand as thoroughly as possible and nowhere do I find any provision for the two charities in England. Huzuri Mal made this unauthorized payment of a very considerable sum of money out of Amirchand's estate only to please the Governor and his friends.

## APPENDIX B

### A NOTE ON DANISH COMMERCE IN BENGAL

(Auckland Papers Add. 34468)

THE King of Denmark threw open the East India trade in 1781 to all his subjects. Danish trade in Bengal was reviewed by the British in Bengal about that time. The Governor of Fredericksnagar (Serampore) was not in a position to say whether the Danes were trading in Bengal by a *farman* from the Mughal or a *parwana* from the Nawab. Alivardi permitted them to settle in Serampore in 1755. The Danes claimed the right to carry on their commerce on the same footing as the French and the Dutch—on payment of 2½ p.c. duty at the buxbunder. The Danish Governor would not permit any visit to their ships and protested against any demand of manifesto of ship's cargoes.

There was some difficulty in 1781 when the Danish Company was dissolved and the King of Denmark threw open the East India trade to all his subjects. This created a problem. Private foreign traders paid 44 p.c. The same problem had arisen in 1769. The French Company was dissolved. The French Governor of Chandernagar, who was a private trader on a large scale, contested this question with the Bengal Government and ultimately prevailed. The dispute dragged on from 1769 to 1777 until at last wearied out with the dispute the point was given up by the British Indian administration with a reservation of the right to charge more when it should be considered expedient. The Danish Governor O'Bye now made a similar claim with Chevalier and maintained it on the same principle.

## APPENDIX C

### THE FARMAN OF FARRUKHSIYAR

The Farrukhsiyar *Farman* which governed the attitude of the government of the Nawabs to the English East India Company deserves to be studied very thoroughly. According to this *farman* trade of the English East India was to continue to be subject to the yearly payment of only Rs. 3,000/- at Hughli. The Company was confirmed in their rentings of Calcutta, Sutanati and Govindpur. They were further permitted to purchase 38 villages around these townships from their respective owners with the permission of the Dewan of the Suba. Madras Arcot coins, if they were as good as those coined at Surat, were to pass in Bengal without discount. Imperial commands or *hasb-ul-hukms*, noted at the back of the *farman*, granted two more privileges. A *dastak* or permit, given by the chief of the factory, would exempt the goods from examination by the Nawab's officers. The Subahdar would permit the coining of the Company's bullion in the mint at Murshidabad when other merchants' money would be coined, if this was not against the interest of the government. The discretion which was left to the delegated authority of the government of Bengal by the *hasb-ul-hukm* was exercised by Murshid Quli Khan. No government of these days was in a position to control discount rates on a variety of coins. That depended upon money changers and bankers. Under the circumstances there could not be any imperial mandate. Murshid Quli Khan's dislike of the sale of zamindaris to the English East India Company was so well known that no zamindar dared sell his zamindari to the Company. There was no Bengal government order prohibiting this sale. Indirect discouragement was perhaps enough. But the Calcutta Council used a subterfuge. They purchased some neighbouring villages in the names of their

native servants. The Nawab's government was not unaware of these transactions. According to the farman approval was to be given only after the purchase transaction was completed, (*az malikan kherid nemayend Dewanyan Suba wagozarend*). There was really no defiance of the order of the central government.

If we study the language of the farmans and sanads of the Mughal period 1717-1724 we find that in those cases where compliance was demanded without fail the word fixed (*mukarrar*) invariably occurred. In the grants of Chauth, Sardesmukhi and Swarajya to the Marathas in 1719 this word occurs in all the documents. But in the case of this Farruksiyar *farman* and *hasb-ul-hukm* sufficient authority was vested in the Subahdar for the exercise of discretion in the interest of the government. The privileges which they were already enjoying by a *nishan* or sealed permit of prince Shuja granted in 1651—duty free trade on payment of 3,000 rupees, and the rights over Calcutta whether zamindari or talukdari—were confirmed. Beyond this scope was left for the exercise of discretion by the government of Bengal. It has been said that the battle of Plassey was fought to regain the rights granted by the farman and *hasb-ul-hukm* which were denied by the nawabs of Bengal. The theory of Nawabi intransigence is based on a misinterpretation of the language of the farman and of the administrative practices of the day.

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I have collected my data almost entirely from primary sources. It is not therefore necessary to give a list of the secondary works consulted by me. The notes at the end of each chapter indicate the amount of information I have culled from various sources.

### *Letters from Court : Letters to Court—1749-1800*

These records have been fully utilised. I read the *Letters from Court* upto 1772 in the National Archives of India—Home Department Public General Letters from Court 1755-1772. The *Letters to Court* from 1748-49 to 1772 were also examined by me in the National Archives of India. I found duplicates of letters to and from Court from 1772 to 1800 in the West Bengal Secretariat Record Office. The Court of Directors no doubt framed policy but the influence of men on the spot even on the framing of policy is very much noticeable, especially in the early years. There can be no doubt about the greater importance of the series of letters to Court in supplying significant details of economic history.

### *Proceedings of the Bengal Board of Trade.* (1774-1800)

These volumes—usually twelve per year—form the most important source of information concerning European commerce in Bengal and the economic condition of Bengal in the second half of the eighteenth century. Though these proceedings begin from 1774 we find in them sufficient material concerning the state of things between 1757 and 1774. A student of history can always count upon the British administrators delving deep.

*Old Records in the Calcutta High Court (1749-1800).*

It is very difficult to give an idea of the quantity of records as they were not properly arranged or listed when I examined them. I concentrated on the exhibits, not on the bills of complaint. The records of the Mayor's Court, Court of Quarter-sessions, and the Supreme Court have been fully utilised. The Sadar Dewani and Sadar Nizamat Adalat records throw light on the economic conditions of rural Bengal. The notes of Justice Hyde—53 volumes—supply some interesting as also useful information.

*Old District Records.*

I got every facility to examine district records scattered throughout West Bengal. An almost continuous series of Old English Correspondence volumes could be found only in the district of Midnapore. These records throw some light on urban economy but they form an indispensable source for the economic annals of rural Bengal.

*Dutch Records in Algemeen Rijksharchief.*

I could secure microfilms of Dutch records from the Hague with the help of Dr. T. K. Raichaudhuri. He was in Holland in connection with his research studies. I communicated to him my ideas about selection from the mass of papers. He ticked off altogether 7,576 pages for me and 3,788 exposures covered the period from 1750 to 1765. The Dutch Consul in Calcutta very kindly helped me to make necessary arrangements for reading these microfilms of old Dutch records. For the period from 1765 to 1780 I collected my data from the papers of the Board of Trade and other British records. The Dutch were very much dependent upon the British during this period. In the eighties Dutch trade was of little significance in Bengal's economic history.

*Mint Committee Proceedings.*

In the National Archives of India—Proceedings 1792 (Vols. I & II), Proceedings 1804-1805—Letters received 1806-1807 ; Proceedings 1813. Revenue Department—Mint 1799-1802. For the currency history of the period the district records and the Board of Trade papers are also very useful.

*Proceedings of the Revenue Board consisting of the whole council ; Proceedings of the Governor-General in Council—Revenue.*

These records are of inestimable value in supplying materials for Vol. II. But we get some useful information about trade and industry even in these records.

Special mention should also be made of Colebrook's *Digest*, Barwell's letters in *Bengal Past and Present* and in *India Archives*, Vol. VII, No. 2 ; Vol. VIII, No. 1 ; *Bengal Nawabs*, containing translation of Karam Ali's *Muzaffar-namah* and Yusuf Ali's *Ahwal-i-Muhabat Jang* by Jadunath Sarkar—Sir William Jones bicentenary series—Asiatic Society, Calcutta and Eur. manuscript D. 281 (a transcript of which was sent from England by Dr. Amallesh Tripathi). Orme—*Fragments*, Bolts—*Considerations*, Verelst—*View*, Grant *Analysis* (in the *Fifth Report*) supply very useful data.

Private Papers in the British Museum, Auckland Papers and Clive Letters—Francis Mss. and Melville Papers in the Commonwealth Relations Office Library.



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