Sovereignty (1757-1793)

Mughal imperium in Bengal received two rude shocks in quick succession when Clive re-captured Calcutta and won the battle of Plassey. But in Clive's treaty with Mir Jafar the theory of Mughal sovereignty was not formally impaired. Clive, however, made the confusion of de jure sovereignty and de facto imperium more confounded by accepting the Diwani in 1765 and handling over the administration to a Naib Diwan. The Court of Directors did not want formal sovereignty. That would precipitate state intervention in England. Clive also wanted to hoodwink the French and the Dutch in India. A vague indefinite situation was thus created which cannot be explained by the use of western terminology.

In the chapter on Sovereignty in *Cambridge History of India*, Vol. V, Dodwell analyses the Regulating Act of 1773 and the India Acts of 1784 and 1793 and comes to the conclusion that we do not find the claim to sovereignty fully asserted until 1813. "But at which moment that sovereignty came into being still remained a riddle". Instead of studying developments in England if we study developments in India we find that treaties concluded by the East India Company with successive Subahdars of Bengal mark some of the stages in the transfer of sovereignty. These treaties and the regulations giving effect to the transfer of functions enable us to trace the gradual concentration of powers and functions in the hands of the East India Company until in the days of Cornwallis British sovereignty in Bengal came fully into being. By 1790 the Nawab was *functus officio*. After 1793 only some vestiges of old Mughal sovereignty were left. Coinage continued in the name of the Mughal Emperor until 1835.

British hesitation to assume formal sovereignty was responsible for various developments that confused the issue in the seventies of the eighteenth century. In 1769 Verelst said in his farewell message, "We have reached that supreme line, which, to pass, would be an open avowal of sovereignty. .... there is a middle way where moderation must guide and continue us .... exteriors should be regarded as essentials". But in 1772 masterful Warren Hastings succeeded weak Cartier. Hastings received orders from the Court of Directors 'to stand forth as Diwan by which he understood that he was to 'assume openaly the management the Diwani without any foreign intervention'. The Court's letter of 28th August, 1771 which communicated this momentous decision was not accompanied by any instructions. Hastings was thus left free to interpret in his own way and he definitely aimed at introducing English
sovereignty. He refused to pay tribute to the Mughal Emperor, declined to receive any title from him and even talked with Shuja-ud-daula of Oudh about his coining money in Oudh in the name of the English monarch. He abolished the post of Naib Diwan. His revenue and judicial reforms and his transfer of all the offices to Calcutta entitled him to claim that 'the sovereign authority of the Company is firmly rooted in every branch of the state'. He assured the Court of Directors .... "the greatest care has been taken in selecting persons for these courts. Their appointment has been confirmed by Sanads from the Nabob for the sake of preserving the ancient and constitutional forms of the country government and their sentence in capital cases will be transmitted to him for a warrant for execution ..... Continuance of these forms might have been considered as too great a concession to the Nabob and a dangerous acknowledgement of his superiority. But the objections can have no weight at present as the Nabob is entirely under the control of government". Hastings preserved forms and transferred functions. He brought all the institutions under the control of the Governor and Council at Calcutta and made the Nabob a 'phantom'. The Sadar Nizamat Adalat was established at Calcutta before the close of the year 1773. Sadr-ul-Huq Khan, Daroga of the Sadar Nizamat Adalat, received a delegation of the Nazim's authority. But the Governor acted as the Superintendent of the administration of criminal justice, thus taking over the most important function of the Nazim. All this was as near as possible to an open avowal of sovereignty.

But at this stage the Regulating Act supervened. It made a distinction in hesitating language between British subjects and native inhabitants. The majority of the Council—Francis, Clavering and Monson—shared the view of the Court of Directors, of Clive and of Vercist. Hastings would preserve forms but take over functions; the majority would not only respect forms but also wanted the country government to function. Warren Hastings had outrun the intentions of his masters and had to face the refusal of the foreign companies to respect this assumption of new authority. In one of the letters to the Court of Directors there is a reference to the foreigners in Bengal and 'there obstinate perseverance on all occasions to exempt themselves from being affected by any of our regulations'. In October, 1775 the 'majority' again conferred the office of Naib Nazim on Muhammad Reza Khan. Thus the theory of Mughal sovereignty was once again revived, so far as it could be revived.

But the 'majority' had now to reckon with the Supreme Court. In the case of Rai Radha Charan, Robert Chambers, one of the puisne judges, expressed an opinion which exactly corresponded to the situation. He said, "I do not think myself obliged unnecessarily to decide that the King my master is not sovereign of these provinces and to decide that he is I would wish likewise to avoid because the Parliament seems cautiously to avoid it". But other judges were not so undecided. Hyde and Lemaistre were emphatic in their views that the Nawab did not possess the
attributes of sovereignty. Impey asserted that the Nawab had surrendered all power into the hands of the Company.

In his notes Justice Hyde exposes the inconsistencies of conduct and doctrine of the Chief Justice in the case of Kamal-ud-din vs. the Calcutta Committee of Revenue, in the case against Coja Gavorke Simon and in other causes. At first Impey was ready to control and overturn acts done under the Company's power. Then again if any mention would be made of the Provincial Chiefs and Councils of the Diwany Adalat he would say, "What are the Provincial Councils? Prove by what authority they act? What is the Diwany Adalat? I do not know. If they have any judicial authority prove from what it is derived". According to Hyde, Impey changed his views in his anxiety to overturn acts done under the Company's authority but when Hastings came to dominate, Impey was anxious to support Hastings. But the fight between the 'majority' and the judges of the Supreme Court headed by Impey had lasted long enough for Hastings to change his views on sovereignty to some extent. As Hyde puts it, "Though Hastings wished to support Kamal against Clavering yet he wished more to support the authority of the revenue Committee which was of his own establishment". The Supreme Court had taken advantage of the ambiguous language of the Regulating Act to extend its jurisdiction and its right and powers were such that against its act there could be no relief but by instituting a case in that Court and by an appeal to the King in Council. Hastings and Impey were very much in agreement on the question of sovereignty in 1775 but later, on this question, they very much disagreed with each other. This was perhaps so because 'the love of power is a natural passion strongly implanted in the hearts of all statesmen like Mr. Hastings'.

Referring to the attempt of the Supreme Court to extend its jurisdiction and encroach on Mughal sovereignty the Council wrote to the Court of Directors, "There was a rule, a declaration in form that a plea to the jurisdiction should not deprive the party who made it of his right of pleading to the action. But the obvious jealousy which all men feel for their own power and consequence served rather to intimidate than encourage the use of such pleas. There were persons who would venture to make this but to this hour it has never come to our knowledge that they were ever brought to trial. The sense of the Court has been expressed in loose and extra-judicial intimations but the right itself has never been brought to a decision". The Supreme Court created a very difficult situation by asserting that the allowed jurisdiction could not be effectual without a temporary jurisdiction over persons whom the law declared to be wholly exempt from it. But the climax was reached when civil process was issued against the Naib Nazim. In the case of Rai Radha Charan in 1775 Warren Hastings told the judges of the Supreme Court that the Nazim was a mere pageant. He was anxious to secure the conviction of the accused, a son-in-law of his personal enemy Maharaja Nandakumar. But when civil process was issued against the Naib Nazim the
Governor-General in Council—Hastings was at that time uncontrolled by opposition—wrote to the Court of Directors (27th January, 1780) that there was universal consternation caused by the 'vehement and unremitting effort' to establish the indiscriminate subjection of the people of the provinces to the authority of the Supreme Court. Hastings must have revised his ideas on sovereignty. The Court of Directors was told—"and here it is worth attention that in him upon whom from so unlooked for a source this complication of dishonour and distress has fallen resides the whole executive power of the country government, that he is also the Chief Magistrate of Criminal Jurisdiction throughout the provinces whose powers though the legislature was apprized of them statute has not abridged and which by being tolerated we apprehend was legalized, that representing as he does what remains of the Majesty of the Empire in these Subhas and the exercise of his authority being the only present menas of preserving peace and order throughout the country, it should, in common policy, till some substitute is provided. be permitted, we think, to remain in all possible vigour and respect."

The Act of Parliament passed in 1781 found a remedy for this state of things and made a clear distinction between the Supreme Court and the 'courts dependent on the country constitution'. It explained the phrase 'British subject' in such a way as to leave no room for ambiguity. Here we can conveniently recount the functions still left to the Nazim. Coinage was still in the name of Shah Alam II. The Nazim, through the Naib Nazim Muhammad Reza Khan, still exercised criminal justice, signed death warrants and conferred titles and honours. Other European settlements still recognised his authority, refused to recognise the jurisdiction of the courts of the Company and took advantage of the weakness of the country government to give shelter to criminals and debtors. The Governor-General and Council felt the disadvantage of this situation and had actually written thus to the Court of Directors in January, 1776—"The grievance is severely felt unless the country government shall be supported or unless the sovereignty of the country shall be clearly and avowedly placed in other hands we know not how this mischief can be removed unless by an exertion of that part of the executive power still left with the Subahdar for which this government according to some authorities might be deemed answerable". But by 1781 the opponents of Hastings on the Council had 'sickened, died and fled'. Hastings had also won over Impey by offering him 'the charge and superintendency of the office of Sudder Diwani Adalat'. He could therefore resume his 'plan to extrude the native sovereignty by exhausting its functions'. After 1781 Hastings made good progress in the realization of his plan and more than made up for the delay caused by the bickerings during the years 1774-1781.

England entered upon a struggle for empire in 1778. Her principal European enemy was France. Holland also declared war in 1782. Peace was not concluded until about the end of 1783. These foreign traders again came
to trade in Bengal in 1784-85. But the position which they had occupied in Bengal before the outbreak of the war was no longer theirs after the conclusion of the new treaties. They absolutely depended on the English East India Company for their investment, particularly their supply of saltpetre. In 1781 Hastings also brought the Faujdar Adalats again to a large extent under his control. The Sadar Nizamat Adalat had been sent back to Murshidabad and placed under Naib Nazim Muhammad Reza Khan. Under him the faujdari courts were exercising their magisterial functions and the zamindars were exercising police jurisdiction. In April, 1781 the Council decided that the system of faujdars and thanadars was not satisfactory and the newly created Diwani Judges in eighteen districts would act as magistrates, would apprehend criminals within their jurisdiction and send them to the nearest faujdari adalat but with a charge in writing. Under the Governor-General a separate department was re-established at the Presidency to receive from the magistrates as also from the Naib Nazim monthly returns of the proceedings of the faujdari courts. A covenanted servant was appointed who got the appellation of Remembrancer to the Criminal Courts. Thus the Governor-General became the supervisor of the supervisor of criminal justice, the Naib Nazim. All that was necessary for Cornwallis to do in 1790 was to ask the Naib Nazim to quit and to entrust the Courts of Circuit he created with the task of dealing with the criminals in the first instance.

In March, 1793 the Calcutta Council recommended to the Court of Directors that Calcutta town duties should be abolished and the Government customs duties of 2½ per cent should be re-established to remove an inducement for merchants to trade from or deposit their goods in the foreign settlements in preference to Calcutta. They admitted that this might appear objectionable to the French and the Dutch but they argued "as you have resolved not to allow your rights of sovereignty in this country to be disputed it is well worth your serious consideration". In connection with the Decennial Settlement they informed the Court of Directors (6th March, 1793) that in the engagements with the landholders it was expressly laid down that "you do not mean by fixing the public demand upon the lands to debar yourselves from the exercise of the right inherent in you as sovereign of the country of making such regulations as you think proper for the protection of the ryots or inferior landholders."

Whatever the Charter Acts might indicate the process of exhausting the functions was completed in India by 1790 and between 1790 and 1793 the foreign traders in Bengal as also the people of Bengal were made to feel that nothing was left to the Nabob but an empty title and the privilege of conferring empty titles that made him look all the more ridiculous.

When Mubarak-ud-daula died on September 6, 1793 no treaty was concluded with his successor Nasir-ul-Mulk and credentials were granted to him by the Governor-General in Council on the part of the Company and on
behalf of King Shah Alam. Lord Lake entered Delhi on September 16, 1803. Wellesley did not sign any treaty or engagement with Shah Alam II but he made permanent provision for the support of the emperor and his family. The Mughal emperor thus ceased to be the suzerian of the Company. Thus did Mughal sovereignty make its exit in 1803.

Administration 1757-1772.

During Mir Jafar's first administration 1757-1760, his indolence and his lack of attention to business resulted in relaxation in the place of old vigilance which had made the Qanungo Dafter the sheet anchor of Mughal revenue administration. The old efficiency of the Khalsa or exchequer which had energized revenue administration in the days of Murshid Quli, Shujauddin and Alivardi very soon became a thing of the past. Mir Jafar has been described as talking of business rather 'with the incoherence and insensibility of a man loitering his time in a tappling shop'. He did not "bestow one single thought on the necessity of settling the country, regulating the finances, quieting the clamours of the army or easing the husbandman". His successor Mir Qasim was conspicuous for his exactitude and keenness, his ability to understand 'the intricacies of the affairs of government and especially the knotty mysteries of finance', but he was in a hurry to collect as much revenue as he could for his war with the British which became inevitable. It has been estimated that his impositions amounted to more than 76 lakhs of rupees per annum. But all these additional levies could not possibly be collected. The balance in public accounts, after three years of his administration, amounted to Rs. 79,94,065. He was not in a position to respect ancient usages. He could not pay heed to the qanun or old traditions which the qanungos interpreted and which restrained the government no less than its amils and zamindars. The old system with its respect for asul Junna or standard revenue was practically superseded because of the pressure which was brought to bear upon the amils for the maximization of revenue collection. The qanungo secretariat was completely neglected. "Their functions were totally abolished during the time of Cossim Ali Khan". He also tried as far as possible to intercept intermediate profits (towfir). In Mir Jafar's second administration the sadar qanungos and naib qanungos were asked to resume their traditional role. The central qanungo secretariat began to function in the old way but it was not so easy to regain the prestige or efficiency which they had once enjoyed as the most valued department of the government. The "symmetry, convenience and simplicity of the old structure of government" were thus already endangered when the era of Double Government began.

From 1765 to 1772 there was Double Government, the East India Company being in charge of the Diwani, the nominal Nawab assisted by
Md. Reza Khan, a nominee of the British as the Naib Nazim, being in charge of the Nizamat. The Nawab was not to maintain an army. He was to be paid the annual sum of sicca rupees 5,386,131 for the support of the Nizamat. Of this sum Rs. 36,07,277 was to be allotted for maintenance of troops for 'the support of my dignity only' and this expenditure was also controlled by the British. In 1760 Mir Qasim had already ceded to the Company the lands of Burdwan, Midnapur and Chittagong 'for all charges of the Company and of the army and provisions for the field'. Md. Reza Khan, as Naib Nazim, was to supervise the administration of criminal justice and police. But he was also appointed Naib Diwan. The Company was to accept the revenues of Bengal and control and collect customs. They were already established in the ceded districts—Burdwan, Midnapur and Chittagong of which they had been in the direct management of the revenues since 1760. Md. Reza Khan as Naib Diwan of the rest of Bengal was placed under the supervision of a very senior servant of the Company, the Resident at the Durbar. There had been Residents at the Durbar before the grant of the Diwani. But the post became 'practically a new one' from 1765. Francis Sykes, Resident at the Durbar, from 1765 to 1767—superintended the collection and disposal of revenues under the inspection and control of the Select Committee at Calcutta. He was to forward all correspondence with the natives to the President and Council at Calcutta to be transmitted to the Court of Directors. The Diwani business was kept separate from that of the former possessions. The Resident at the Durbar also inspected the Courts of Justice at Murshidabad. He was 'to interfere as there should be occasion'. Sykes was eager 'to make the Company appear as a principal in many measures or acts of government. Clive's idea of Double Government was that the East India Company should be the "spring which concealed under the shadow of the Nabob's name secretly gives motion to this vast machine of government without offering violence to the original constitution"11. But it is in the nature of power to be encroaching and aggressive and there was a train of consecutive aggressions. The country government was not checkmated with all its pieces on the broad.

Reza Khan's administration (1765-1772) was not strong enough to stand independent of the Company. The Naib Diwan felt that his continued existence depended on his ability to collect as much revenue as he could. The amils were called upon by him to pay a fixed sum and those among them who offered the highest were preferred. This new amildari system, a variant of sadar farming, practically superseded the old system of checks and balances. This has been described as 'a destructive plan'12. The chaudhuris disappeared from land revenue administration. The amils selected their agents—subordinate farmers of revenue for all practical purposes. A continued demand for more and more impoverished the zamindars. Becher, who succeeded Sykes as Resident at the Durbar insisted upon the Naib Diwan's sending such persons as would be selected
by him to act as subordinate collectors of revenue under the amils. He
hoped that his nominees as subordinate collectors would serve as checks
upon the amils who were nominees of Reza Khan. He strove in this way
to create a new system of checks. But the fundamental cause of all ills was
the continued demand for more. "All concerned were interested in gaining
credit by an increase of revenue during the time of their being in station
without attending to future consequences". The Jumma which was
collected was not the regular produce of the country.

Verelst, who succeeded Clive as Governor, decided to put an end to
amildari administration. Junior servants of the Company were appointed as
Supervisors of Revenue in 1769 in the principal districts of the Diwani
portion of Bengal—Dacca, Hughli, Birbhum, Tippera, Purnea, Dinajpur,
Jessore, Nadia, Rajmahala, Bhagalpur, Rajshahi and Raangpur. Recall of
amils was the next step. the Supervisors were to collect a summary history
of the districts entrusted to them. Each of them was to report on the
conditions and capacity of his district. Each of them was to make a study of
the existing revenue-roll and 'bring his investigation home to the zamindar'.
The Supervisors were to procure 'a list of the pattahs as distributed to every
ryot' and take cognisance of the demands made on the ryots. They were to
regulate commerce of the respective districts entrusted to their charge and to
enforce justice. "You will be his (Ryot's) refuge and the redeemer of his
wrongs"—this was one of the instructions of Verelst to the Supervisors. This
grandiloquent language, these noble ideals, appear to us as ridiculous when
we find that Verelst allowed the Supervisors to carry on private trade
unhampered by any regulations. He only expressed a pious hope that they
would avoid all interested views of commerce—"Aim at no undue influence
yourself and check it in all other". But they were not conspicuous for
'integrity, disinterestedness, assiduity and watchfulness', qualities which,
according to Verelst, were very necessary in these new administrators. The
Supervisors were placed under the Resident at the Durbar. They became so
much engrossed in monopolising the inland trade of the districts and they
were so much inclined to exploit their own privileged position that the
system of Supervisorship became completely discredited in 1770. Though
some high ideals were enunciated the Supervisors who superseded the amils
made the administrative setup perhaps worse than before. They were completely
under the influence of their hianians because they attached the greatest
importance to their privileged private trade. The Court of Directors wrote in
April, 1773 : "As the sending our junior servants into the provinces as
Supervisors has not been attended with the wished for success but has
enabled them to monopolize the whole trade of the country we therefore
direct they may be withdrawn as soon as possible".

New machinery of administration could not as yet advantageously
replace the old. Comptrolling Councils of Revenue were formed at Murshidabad
and Patna in July, 1770, the Resident to the Durbar becoming President of
the Comptrolling Councils of Revenue at Murshidabad. Besides the Resident there were three other members. In 1765 a single servant of the Company was entrusted with the superintendence of revenue. In 1769 the appointment of Supervisors thus throwing power suddenly into the hands of ignorant inexperienced men did not correct the evils. A Comptrolling Committee of Revenue was formed at Calcutta and it assembled in that capacity on 1st April, 1771. It replaced the Select Committee which was a general executive body. This new body served to control revenue matters only. But the Court of Director's decision to stand forth as Diwan was received in Calcutta on 14th April, 1772. The Company's servants were asked to take upon themselves 'the entire care and management of the revenues'. Under instructions from the Court of Directors Warren Hastings removed Naib Diwan Md. Reza Khan from Murshidabad and Shitab Roy from Patna. The Comptrolling Council of Revenue at Murshidabad disappeared. The Supervisors became known as Collectors. The Khalsa was removed to Calcutta. A Revenue Board consisting of the whole council was constituted at Calcutta in October, 1772. In November, 1773 the Collectors were removed and five Provincial Councils were set up in Bengal—at Calcutta, Murhsidabad, Burdwan, Dinajpur and Dacca. The Provincial Councils were composed of five members each, a chief and four senior servants of the Company, with a native Diwan to assist the Council. Native amils in the districts reappeared for a few years. But these amils under the Provincial Councils were merely gomastahs or agents. They were not like those officers who had functioned during the period 1765-1770 or those who had assisted Mughal administration before 1757. Provincial Councils were abolished in 1781. British collectors took over revenue administration of the districts. The amils and diwans of Provincial Councils disappeared. A committee of Revenue was formed in Calcutta with five senior servants of the Company. This body was transformed into a Board of Revenue in 1786. The Qanungo department had gradually withered away because of neglect and his office was abolished after the conclusion of the Permanent Settlement. The Sadar Qanungos, naib qanungos and their agents disappeared. The Roy Rayan, the Diwan of the Committee of Revenue, the Karkun in the Central Secretariat were all swept away. In civil administration the exclusion of Indians from top ranks in the Central Secretariat from important posts in district administration was completed by Cornwallis. The Indians lost all voice in revenue administration. Native disabilities became an established and accepted feature, a root principle of British Indian administration. The door was securely locked and barred—"No Indians need apply".

The hinge of the administration of Justice and Police in Bengal was the zamindar. Zamindars in their cutchery decided criminal cases not of a capital nature. In civil suits they took cognisance of all causes between party and party. They were entitled to a fourth or a fifth of what was decreed. They also decided disputes relating to rent. They could impose
petty fines. An appeal to the Nabob at Murshidabad was never precluded if the aggrieved party could purchase the governor's favour or protection. The prevailing practice in Bengal was to 'refer matters of controversy to arbitrators chosen by parties'\(^4\). As Elphinstone wrote about Baji Rao's administration in Maharashtra, 'the poor were left to do and they did justice to themselves'. The Diwan seldom exercised his appellate jurisdiction relating to real estates and landed property in person. The Daroga-i-Adalat Diwani or the Deputy of the Diwan decided all cases relating to landed property. There were no regular courts of justice in the interior. Government officers of revenue and zamindari officers decided petty civil suits as also criminal cases. The zamindar or an officer of the zamindar presided over the caste cutchery. Normally the caste cutchery took cognisance of "all causes with respect to caste such as persons having lost their caste or any disputes relating to marriage". The customary punishments were 'to give an entertainment to friends and to pay the expense of the persons who are placed over them and this is levied in proportion to their faults'\(^5\).

Non-Muslims were excluded from all share in the administration of criminal justice. At the advent of British rule in Bengal the penal law in force was Muhammadan law. Even after 1765 the administration of criminal justice continued as before, Qazis and Muftis being responsible for the *fatwa* or interpretation. The authoritative writings of Abu Hanifa and his disciples Abu Yusuf and Imam Muhammad governed these judicial decisions. When they did not find any precedent in these authorities they sought it in the decision of subsequent lawyers. Certain distinctions of this penal code should be noticed—*kessa* or retaliation (blood for blood), *devut* (price of blood), *hudud* (prescribed penalties), *tazeer*, *seasut*, *akoonbut* (discretionary correction and chastisement). How the theory worked can be explained by reference to judicial decisions: 'a sentence is properly established when it is founded on the will of the heirs of the murdered man'. "Kessa appertains to human rights in like manner as property"—so wrote some Qazis and muftis. The next of the kin of the murdered man enjoyed this privilege under Muhammadan law. Mutilation was also a feature of Muslim criminal justice. In inflicting punishment great importance was attached to the manner in which the crime was committed and the instrument used. Intention was not so much taken into consideration. The evidence of women and *zimmis* (non-Muslims) in cases of murder was considered invalid. For forgery punishment was 39 stripes and a short term of imprisonment. For theft and burglary 39 stripes and a short term imprisonment formed also the usual punishment. But qazis and muftis took a more serious view of dacoity and highway robbery and usually sentenced highway robbers to imprisonment for an indefinite period. Confessions played an important part in decisions. *Fatwas* declared that denial after confession was not proper. These confessions were pretty often extorted by *goindas* and *girdwars*. Even if confessions were not substantiated by a single witness undue importance was attached to confessions.
In the settled areas of Bengal there were fauzdari adalats at Murshidabad, Chitpore, Dacca, Sylhet, Burdwan, Hughli, Krishnagar, Bhagalpur, Rajmahal, Hijli and Purnea (after 1765). There were no regular appellate courts. Faujdaris under the Mughals were placed in disturbed frontier districts or in those areas where there were refractory zamindars. Their special care was to watch overgrown zamindars so that they might 'carry on their shoulders the trappings of submission'. Another business of Faujdaris was to 'give chase to banditti and highwaymen'. There were faujdari stations in Chittagong, Sylhet, Rangpur, Rangamati, Purnea, Rajmahal, Rajshahi, Midnapur, Hugli and Burdwan. Dacca had a Naib Nazim with a police staff of his own. The Maharaja of Burdwan succeeded in securing faujdari jurisdiction in his own zamindari. But generally speaking the principal zamindars were the hinges of all public business in their own lands. This system broke down completely during the period 1757-1770. It should, however, be mentioned that Darogas of Faujdar Adalats should not be confused with Faujdaris.

Zamindars became impoverished during the years 1760-1770. The famine of 1770 almost completed this exhaustion. Disorganization and dislocation became widespread in North Bengal and West Bengal. Lawlessness became rampant. Large tracts of Bengal returned to jungle. These extensive jungles became excellent retreats of Sannyasi raiders who carried on depredation in North Bengal districts. The Collector of Hughli reported in 1773 that dacoits bid defiance to the guards in the villages—the pykes and thanadars who enjoyed chakaran lands in the villages were now unequal to the task of guarding the countryside. The Supervisor of Rajshahi reported in 1771: "Numbers of ryots who have bourne the first of characters among their neighbours pursue this last resources to procure themselves a subsistence". The Sannyasi and Fakir raiders who came from Tirhut, Morung, Coochbehar were joined by many such sturdy peasants. In Dinajpur Sannyasi raids became habitual. In Purnea hardly a day passed without some barefaced robbery. The old systems was no longer operative. It was necessary to evolve a new system of policing the countryside. Hastings succeeded in checking these Sannyasi and Fakir raiders by sending detachments of troops to fight these armed bands of marauders. It took him several years. But the system proved to be a failure. "These strangers bearing of the Faujfdari office and how useful and salutary it was in former times set up the like officers", in the first instance at Hughli, Katwa, Mirzanager (Jessore) and Boosna. They were expected to suppress the banditti, high-waymen and thieves. But by exercising every art of oppression and injustice they rendered themselves odious and contemptible in every blind alley as also in every frequented market". This experiment was not a success. The evil of dacoity spread but this new police system was not extended.

Mir Jafar put the British in possession of the 24-Parganas in July 1757. For 16 months they collected the revenue themselves. But then on the advice of Holwell it was decided by the Calcutta Council to farm the land revenue—
'public auction in single parganas'. The idea was that this would lead to knowledge of the real value of the lands. The old zamindars and subordinate farmers under them were thus dispossessed. They protested and said that this was contrary to the customs of Hindustan. Holwell became a farmer of two of the best parganas. There were twelve Calcutta banians among the fourteen farmers of revenue. This farming experiment failed. Most of the farmers rackrented, absconded or became fraudulently bankrupt. With the old zamindars and old subordinate farmers dispossessed the 'black servants' in office, the clerks and accountants of the revenue department, found full scope for their manipulations during the period of direct administration and farming experiment. The zamindars' of the 24-Parganas were however, restored in 1772.

When Mir Qasim ceded Burdwan, Midnapur and Chittagong to the British he insisted on a provision—'they shall continue the zamindars and renters in their places'. But his administration ended in 1763 and even during the period 1760-1763 this injunction was not obeyed. Verelst, who was placed in charge of administration at Chittagong, did not employ amils. Clive and his select committee wanted to introduce farming in Midnapur. But in the peculiar circumstances of the district, with its large number of zamindars and talukdars, this was not found feasible. But in Burdwan though the Maharaja was not removed John Johnstone, an English official, styled "Resident", was in charge of the management of revenues. He introduced revenue farming by public auction. This has been described as 'the outcry' system. But in two years 1762-1763 there was an accumulated balance of Rs. 16,54,134. Many of the old subordinate farmers under the zamindar were ruined. The most profitable farms were held by the clerks and accountants of the revenue establishment and by the banians of the firm of Johnstone, Hay and Bolts. John Johnstone, the Resident, himself held farms at an underrate. But the old established subordinate farmers of revenue of the Burdwan district were ruined in their attempt to outbid new comers. The farms in the Burdwan district became the hunting ground of mutsuddis and banians. Yet the arrears in the third year amounted to more than 15 lakhs. Verelst who succeeded Johnstone as "Resident" abolished the 'outcry' system and decided to give lands in lots to 'men of substance and character'. Most of them were Calcutta banians. One of these new farmers was his own banian Gokul Ghosal. But even this substantial Calcutta banian defaulted after some time because the revenue demand was pitched very high. Thus during these years new groups of people became connected with land who had so far nothing to do with landholding. The old governing principle—a standard revenue (asal Jumma)—disappeared in Burdwan and Chittagong. An exaggerated Jumma, consequential rackrent, impoverished zamindars, ruined old subordinate revenue farmers and a fraudulent group of new farmers of revenue appered in these areas. The old indigenous system of land
revenue administration was thus subverted. The state of things in Diwani portion of Bengal between 1765-1772 has already been described. The one fixed point in Diwani administration was the asal Jumma. Everything else was variable and negotiable. The asal Jumma and the patta or the nirik or customary rent where their was no patta, were the twin pillars of the Mughal revenue system in its good old days. But the revenue demand being pitched very high the patta, wherever it existed, lost its importance. This process of decline, once begun, was hastened during subsequent years. The Famine of 1770 made its unreality more patent.

The Famine in 1770 was caused by an uncommon drought. There was a partial failure of December crop of 1768 and September crop of 1769. From the middle of August 1769 there was no rain till the beginning of January 1770 and then it lasted a few hours and came too late to be of general benefit. There was therefore a complete failure of the December crop of 1769. Thus came the great Famine which raged in all severity throughout 1770. Pestilence came in the wake of famine. The districts most affected by famine and pestilence were—Purnea, Nadia, Rajshahi, Birbhum, Pachet, northern and western parts of Burdwan, Bhagalpur, Rajmahala, Hughli, Jessore, Malda, and the Twenty-four Parganas. The western parts of Dinajpur, parts of Dacca, Midnapur and Rangpur were also affected. Bakargunge, Chittagong, Sylhet, Coochbehari and southern parts of the Dacca districts were not affected by the Famine. About ten millions of people must have perished in Bengal and Bihar. But the collection of revenue was not permitted to be affected. Assessment was made on the surviving ryots to make up for the loss by death or desertion. "Not even 5 per cent of the land revenue was remitted and ten per cent was added to it next year. The relief measures were inhumanly inadequate".

The administration was accused to dealing in grain for private advantage. The gomastahs of some of the Supervisors in surplus districts were accused to trying to corner the grain market. Even the Court of Directors thought that the monopolizing Europeans must be no other than persons of some rank in the service who were strong enough to prevent an enquiry into their proceedings. There were three years of extraordinary abundance after 1770. Lands therefore began to fall out of tillage even after the Famine. One third of the population was swept away. One third of the land returned to jungle. Hastings wrote in 1774, "My everlasting theme of the Famine I must continue to insist on as an event the effect of which must still be felt for many years and which renders it impossible that the collections should be equal to what they were formerly". Yet at the head of the Committee of Circuit, which he appointed in 1772 on the assumption of Diwani, he embarked on Five-Year farming on the basis of accumulating increase (russad). This must have been in the words of Hastings himself due to 'want of a principle of government adequate to the substance of responsibility'.

Becher, Resident at the Durbar, suggested in 1769 that lands might be
let out to farm for at least three years with an assurance that the farmers would be allowed to continue further if they behaved well. The Court of Directors had also suggested in 1768 that Burdwan should be farmed out on long leases. In 1769 a proposal was made that Nadia should be let out in farm for three years. Farming was very much discussed by top men. It was already established in some areas. Warren Hastings said about this decision regarding quinquennial farming: "All without exception enjoined it. I made it general and I lengthened the period of the lease which was before annual to five years". This was one of the principal recommendations of the Committee of Circuit over which he presided. Subordinate farming had been prevalent in many parts of Bengal. But these subordinate farmers under the zamindars were all local people. But the government giving out a district in farm to the highest bidder was not a Mughal tradition. This was the 'outcry' system which had failed so completely under John Johnstone as also in the Twenty-four Parganas under Holwell. This public auction was made on the basis of an accumulating increase—technically called ruhsud. Zamindari system was superseded but in many places zamindars who succeeded in outbidding others were made farmers. All this led to over-assessment. But a prospect of gain induced many bidders to bid much higher than prudence would dictate. In Nadia, a district decimated by the Famine, the normal annual land revenue demand was about 8 lakhs. Five-year farming in 1772 was for Rs. 10,64,530 with an annual increase in the total demand. The bidders—most of them unknown people from Calcutta—defaulted in the payment of the first instalment. In 1773 the Raja of Nadia agreed to take the district on the terms of the sale. But it was too much to expect that this stricken district would yield so much. Rani Bhowani of Rajshahi succeeded in outbidding others but she defaulted and the district was given in farm to Dulal Roy and Amrit Singh. In Purba, two very substantial Calcutta banians, Hazari Mal and Madan Dutta, became farmers of revenue. They agreed to a settlement for five years on the basis of accumulating increase. For the first year they promised to pay almost the same amount which had been realized before the Famine though half the population had died in 1770. But the farmers' agents failed and they had to relinquish the farm. Over-assessment was the most noticeable feature of the Five-Year Settlement, and at the end of five years remissions and balances amounted to two crores and twenty lakhs. The most profitable farms were, however, held by the Indian underlings of the Company's servants. But in many cases the beneficiaries were their European masters. Barwell derived very considerable profit from the salt farm of Dakhin Shahbazpur as also from the salt farm of Hijli. Thackeray, Collector of Sylhet, was the farmer of Sylhet. He later confessed that 'the persons named in the Committee of Circuit's settlement never existed'. Lawrell, one of the members of the Committee of Circuit, was connected with him in this business. Nathaniel Bateman, Collector of Monghyr, was the farmer of the
parganas of Kharakpur and Monghyr in the name of his banian Monhar Mukherjee. In most cases the remissions were made to these banians of Europeans in the Company’s service. But in many areas opulent farmers were reduced to ruin. Many of them had to make handsome presents to members of the Committee of Circuit. Raja Ramkrishna of Rajshahi, adopted son of Rani Bhowani, reported in 1775 that he had to pay Rs. 40,432 to Kantu Babu (Warren Hastings’ banian), Rs. 47,000 to Santiram Sinha (Middleton’s Diwan) and Rs. 34,000 to Bhowani Ram (Graham’s Diwan): Middleton and Graham were members of the Committee of Circuit. It was very natural therefore that strong declarations were made in the House of Commons that the Five-Year settlement was sold by the servants of the Company. A corrupt motive was at work but there was also a desire to find out how much the country could yield without taking the trouble of detailed investigation. The farming system was adopted as the act of a proprietor with a profit view of determining the value of the estate. The Court of Directors wrote in 1773, “It is with the utmost satisfaction we observe that the farming system will be generally adopted” and they should take a share of the blame that attached to this adventure in land revenue administration.

Many of the zamindars became farmers of revenue or under-renters under the farmers. The farmers were empowered to issue new pattas to the ryots. The zamindars were dispossessed and those zamindars who were transformed into farmers of revenue were granted mushaira or maintenance allowance,—zamindar of Nadia 2 lakhs, zamindar of Rajshahi 2½ lakhs, Dinajpur 2½ lakhs. The total sum paid to the dispossessed zamindars amounted to Rs. 21,28,666. New pattas were to be granted to the ryot by the farmers and in a new form. But pattas could not be given. Most of the farmers did not last long enough any new system to become operative. Even if a farmer lasted for some time he could only meet his revenue obligations by rackrenting and there was no inclination to undertake the investigation necessary for granting new pattas. There could not be any register of pattas in these circumstances and new abuses crept into the system of collection of rent. The zamindars sank into sloth and became overwhelmed with debts. Many of the farmers falsified the records of the villages. When they found they could not continue any longer they gave to those of the ryots who were prepared to buy them written receipts for a lower rent than they paid. The farmers who succeeded, unless they were old local zamindars, were misled by the seeming authenticity of those documents. The idea of an original rent disappeared or in the words of Hastings became an object of mere historical curiosity. The ryots endeavoured by fraudulent means to extend the limits of their farm or to lessen the amount of rent. The more opulent ryots purchased an exemption from assessment by aiding the farmer and transferring the burden to the poorer ryots.
This principle of an original rent was not perhaps very much operative but the tradition was there. Even the tradition now completely disappeared. The farmers of revenue could not be made responsible for law and order. They could not possibly maintain a band of thanadars and pykes and pay compensation for robberies and at the same time meet their revenue obligations to government. Local responsibility for law and order could not be enforced in the changed circumstances. But the small faujdari establishment of Warren Hastings could not maintain peace and he was financially not in a position to cover Bengal and Bihar with faujdari establishments. His plan was only to cover the areas between Calcutta and Murshidabad.

The old system of civil justice was very simple. Muslim civil law relating to succession, inheritance, etc., was not extended to Hindus. Zamindars decided all petty cases in their cutchery and panchayats, 'a historically effective if somewhat shadowy' local organisation adjudicated civil disputes and even condemned offenders to reparations and fine'. In the rural areas of Bengal there was therefore justice at the door. Zamindari justice was very imperfect in its nature but it was speedy. There were no regular graded appellate courts. The Amils, we presume, also exercised indeterminate appellate civil jurisdiction. But during the troubled years 1757-72 the regular course of justice was everywhere suspended and every man exercised it, who had the power of compelling others to submit to his decisions.19 A new system of revenue therefore led logically to the creation of a new system of justice. But Hastings exercised his authority to reorganize criminal justice also in the name of the Nawab. The Committee of Circuit drew up a plan. There were to be two courts in each district—one civil and the other criminal. In the district civil court the collector was to preside, assisted by his 'native' dewan, and cases were to be determined in open court. The farmers of revenue were allowed to exercise jurisdiction in petty cases not exceeding Rs. 10/- in cases exceeding Rs. 500/- in value there could be an appeal to the Sadar Dewani Adalat in Calcutta. This Adalat consisted of the President (Governor) and members of the Council assisted by the native officers. In the district criminal courts the Kazi and the Mufti of the district sat with two Maulavis to expound the Mahammedan law. But the collector was to see to it that the proceedings were fair and the decision impartial. Appeals from these district nizamat adalats could be made to the Sadar Nizamat Adalat over which an officer appointed by the Nazim was to preside, assisted by the head Qazi and Mufti and three eminent moulavis. They were to revise the proceedings of the district courts and in capital cases to prepare the sentence for the warrant of the Nazim. The Governor and Council was to see to it that justice was done in the Sadar Nizamat Adalat in the same manner as the Collector did in the district nizamat adalat. The King's Dewan must be satisfied that justice so 'essential to the welfare and safety of the country was not perverted by partiality or tainted by corruption'.20 It has been suggested that the Muslim system of criminal justice was so
ineffective and venal and so much opposed to the sense of natural justice that Warren Hastings felt justified in taking criminal justice under British supervision and thus give justice a footing by hook or by crook in Bengal.

In November 1773 the collectors were recalled and five Provincial Councils were set up for the collection of revenue. A Provincial Council was normally composed of five servants of the Company. Each had a chief and four senior servants of the Company assisted by a 'native' Dewan. At Calcutta there was to be Committee of Revenue consisting of two members of the Board and three senior servants assisted by the Roy Royan as Dewan. This Committee was to hold jurisdiction over the Calcutta parganas and adjacent districts and over lands of persons of credit normally resident in Calcutta. The Provincial Councils were to correspond with the Governor and Council in the Revenue department and the Dewans were to correspond with the Roy Royan. The headquarters of the Provincial Council were at Murshidabad, Burdwan, Dinajpur, Dacca and Patna. The provincial Councils appointed Naibs or deputies to hold courts of Diwani Adalat in remote districts. A civil court was annexed to each of the provincial Councils and one of the members of the Council superintended in monthly rotation. In the case of Nadira Begam vs. Bahadur Beg it was asserted in the Supreme Court, on behalf of the Provincial Council of Revenue at Patna, that Provincial Courts of Revenue were acknowledged courts of judicature and they could refer cases under Muhammedan law to the Qazis and Muftis. The Superintendent could hear appeals from the Naib's courts and take direct cognisance of cases arising in the seat of the Provincial Council but the whole council could also try as case if it was thought to be necessary. But the Chief Justice of the Supreme Court declared that a delegated authority could not be re-delegated, that law officers of the Provincial Councils of Revenue were subject to the jurisdiction of the Supreme Court for actions taken as public officials. This conflict between executive and judicial authorities made it necessary for the Governor-General in Council to issue new regulations for the administration of justice. In 1780 the jurisdiction of the Provincial Councils of Revenue in all cases which had an immediate relation to public revenue was confirmed. But Courts of Civil judicature were established in Calcutta, Murshidabad, Burdwan, Dacca, Purnea and Patna and over each Court a servant of the Company was appointed as Superintendent of the Diwani Adalat. Their jurisdiction was separated from and made independent of the Provincial Councils. These Superintendents of the Diwani Adalat were all junior servants of the Company. About one of them Impey wrote that he was "of the meanest natural parts. I doubt whether he is of age".

The Sadar Diwani Adalat was discontinued shortly after the appointment of the Governor-General and Council and the Sadar Nizamat Adalat was transferred to Murshidabad where it began to function under the supervision of Md. Reza Khan who was re-appointed Naib Nazim in December, 1775 by the majority of the Council. He was also placed in
charge of faujdari thanas or police stations. He increased the number of thanas to twenty-six and chokies for subordinate stations to twenty-four. But the establishments remained very inadequate and the Provincial Councils were asked to supply sepoys to faujdars in emergency.

In September 1780 Hastings formulated a scheme for the revival of the Sadar Diwani Adalat. He wrote, "The Suddar Diwani Adalat has been commonly but erroneously understood to be simply a court of appeal. Its province is and necessarily must be more extensive. It is not only to receive appeals from the decrees of the inferior courts in all causes exceeding a certain amount but to receive and revise all the proceedings of the inferior courts, to attend to their conduct, to remedy their defects and generally to form such new regulations and checks as experience shall prove to be necessary". The Chief Justice of the Supreme Court was 'requested to accept of the charge and superintendence of Suddar Diwani Adalat'. The subordinate Diwani Courts would act 'under the sanction and patronage of the first member of the Supreme Court'. This was calculated to facilitate and give vigour to the course of justice. Impey accepted the offer. Hastings recommended that a salary of Rs. 5,000/- per month be attached to the post. Hastings expected by this measure to remove the abuses that prevailed in the country courts. But the whole arrangement could be viewed from a different angle. It could be regarded as inconsistent with the independence of Impey's position as Chief Justice. Even those who wrote in his defence were constrained to observe that this was 'wrong though not actually corrupt'. Impey was recalled by an order of the House of Commons in May, 1782 to answer a charge of accepting this office under the East India Company 'an office not agreeable to the true intent and meaning of Act 13, George III'. He was sought to be impeached for the part he played in the trial of Nandakumar and his acceptance of his Diwani Adalat appointment. Impey's impeachment was moved in 1787 but the majority of the members of the House of Commons did not vote in favour of it. This policy of Hastings of bringing about the amalgamation of the Supreme Court and the Sadar Adalat was justified eighty years after when the High Court Act in 1861 united the original and appellate jurisdictions.

The Five-year farming system, after it had involved the mofussil collections in laboured ambiguity, impoverished many speculating farmers, zamindar-farmers as also ryots in the settled areas of Bengal, was scrapped in 1777. Zamindari system was restored. Annual Settlements were made from 1777 to 1789. It was provided that 'revenue falling in balance he is to cause an adequate portion of his lands to be sold and the produce thereof to be paid to government.' In the case of a farmer "revenue falling in balance he is to make good the same by selling the substance and household effects together with those of his children and those of his relations who compose with him an undivided family". It was generally held that the revenue of every district was to be settled with the zamindars and they were to have the preference even if other persons were
prepared to pay considerably more. The medium of the net revenues received into the treasury in three preceding years became the standard for the Jumna of most of the zamindaris of Bengal. But it exceeded the ability of the zamindars in many parts. Thus the farming system perpetuated the tendency of government towards over-assessment. This policy of maximisation of land-revenue may be regarded as one of the many forms of extraction of wealth. As it was said "the private fortunes of moneyed men have been sunk in keeping up strained settlements and making good deficiencies till at length the sources of wealth are all dried up". Remission of rent was at this stage not less necessary than in the years 1771 and 1772 after the Famine. This would have ensured better zamindar-tenant relationship by checking the progressive rise of rent, a consequence of overassessment.

The Provincial Councils of Revenue were abolished in 1781 and the collectors returned to the districts. A Committee of Revenue was set up in Calcutta. It consisted of five experienced servants of the Company. It worked under the supervision of the Governor-General in Council. The principles of land revenue settlement continued to be the same. Though the zamindari system was restored landholding was henceforth governed not so much by usage as by contract. But on account of over-assessment a sale of all the lands of a zamindar was inadequate to discharge a balance of even half of the annual Jumma. But though the settlement was annual the zamindars were in most cases assured that if they conducted themselves to the satisfaction of the government they would be allowed to continue. Even where the hereditary landholder was disqualified by his pecuniary embarrassment by minority or by incapacity he was preserved the nominal distinction of lessee, the actual management being placed in other hands. The zamindars were generally in charge of the collection of rent and they tried to meet their revenue commitments as best as they could. This was the state of things in 1786 when Cornwallis arrived.

The Diwani judicial system was sought to be improved in 1781 by the creation of new mofussil courts. The Governor-General in Council increased the number of courts to eighteen—Midnapur, Patna, Darbhanga, Tajpur (instead of Dinajpur), Natore (Rajshahi), Dacca, Bakargunge, Murli (Jessore), Calcutta, Burdwan, Murshidabad, Azmerigang (Sylhet), Bhagalpur, Chitra (Ramgarh), Chittagong, Lauriya (Champaran), Raghunathpur (Birbhum) and Rangpur. In Bhagalpur, Chitra, Islamabad and Rangpur the collector was to act also as judge, because there were some administrative and judicial problems peculiar to these frontier districts. Elsewhere covenanted servants who were designated as judges and not as superintendents decided civil cases. Judicial proceedings form these district courts were submitted to the Sadar Diwani Adalat. Impey, as superintendent of Sadar Diwani Adalat, framed some regulations for the conduct of judicial business in the Diwani judicial courts.

When the Supreme Court began to function in Calcutta there were disputes between the British judiciary and the executive. The Regulating Act
vested in the Governor General and Council "the whole civil and military Government of the Presidency and the ordering and management of the territorial acquisitions and revenues of the kingdoms of Bengal, Bihar and Orissa". The Supreme Court was also vested with 'Full power and authority to hear and determine all complaints against any of His Majesty's subjects for any crimes or misdemeanours or oppressions committed or to be committed" and to hear and determine any suit or action against any of His Majesty's subjects ..... and any suit or cause of action or complaint against any person employed by or directly or indirectly in the service of the Company or any of His Majesty's subjects".

It was known to everybody that the collection of revenue led to acts of oppression. Therefore the 'management' of territorial revenues vested in the council brought the officers of government under the jurisdiction of the Supreme Court. The Act did not make it clear whether they were exempt. Two important cases—the Patna case and the Kasijura case brought the dispute to the culminating point. In Patna Shahbaz Beg, an Afghan adventurer, died leaving a considerable fortune. His nephew Bahadur Beg claiming to be the adopted son disputed the succession with his widow Nadira Begam. Bahadur Beg took the dispute to the Provincial Council of Patna who referred the matter to their Qazi and Muftis. They reported that one-fourth of the property should go to Nadira Begam and three-fourths to Bahadur Beg. The Provincial Council accepted the Report. The widow declined to accept her share. She is said to have refused to yield up the property which she had carried with her. She was placed under restraint. She brought a suit against Bahadur Beg, the Qazi and the Muftis in the Supreme Court. The Supreme Court held the Qazi and Muftis, law officers of the Provincial Council, liable to a charge of assault and false imprisonment along with Bahadur Beg for their actions as public officials. They further declared that the Provincial Council had no right to delegate its authority to the Qazi and Muftis. Bahadur Beg and the Muftis were thrown into prison in Calcutta, the Qazi dying on the way. Bahadur Beg was declared subject to the jurisdiction of the Supreme Court as a farmer of revenues. In the Kasijura case, Kasinath Babu of Calcutta, who had lent money to the zamindar of Kasijura filed a case against him in the Supreme Court on the plea that the Raja was employed by the Company in the collection of revenues. The Governor-General in Council asked him not to submit to the jurisdiction of the Supreme Court. The zamindar drove away the Sheriff who had come with the Supreme Court's writ. The Supreme Court then sent about sixty or seventy persons with the Sheriff to seize the zamindar of Kasijura. They got hold of him but on their way back to Calcutta they were met by troops from Midnapur who were asked by the Governor-General and Council to release the captive and they surrounded the Sheriff and his men and released the zamindar of Kasijura. Kasinath Babu then brought an action for trespass
against members of the Supreme Council individually. The Supreme Courts' interpretation of its task of dealing with oppression in the executive government thus produced a harvest of evils in the opinion of the executive. The points at issue were finally settled by an Act of Parliament passed in 1781. The Supreme Court was to have no jurisdiction in matters concerning the revenue or acts according to the practice of the country and no person employed by the Company or any of its servants was to be considered subject to the jurisdiction of the court in matters of succession, inheritance or contract. Persons exercising judicial authority in the Adalats and persons acting under them were not to be amenable to the jurisdiction of the Supreme Court for their official acts. Even in Calcutta where everybody was subject to the jurisdiction of the Supreme Court, in matters of succession, inheritance and contract the Hindus were to be governed by the laws and usages of the Hindus, the Muslims by the laws and usages of the Muslims and in cases between Hindus and Muslims by the laws and usages of the defendants. The country courts were recognised and the Governor-General and Council was empowered to frame regulations for the courts. Though Mughal sovereignty disappeared completely by 1790 the distinction between the Supreme Court and Adalats was to continue till 1861.

For the Diwani Civil courts a code of Hindu law was compiled and translated into English and a translation of the Hedaya or code of Muslim law was also made ready for use. The necessity of administering civil justice according to the law of the land was duly recognised. After the recall of Impey in 1782 the Governor-General and Council began to function as the Court of Sadar Diwani Adalat. In 1786 the Court of Directors wrote that it would tend more 'to simplicity, energy, justice and economy to reinvest the collectors with the superintendence of the courts of diwany Adalat'. In accordance with this order the office of Judge and Magistrate was combined with the Collector, the city courts of Dacca, Murshidabad and Patna being excepted. The decrees of Mufassil Diwani Adalats were to be final in cases upto Rs. 1,000/- ..... but an appeal could be made to Sadar Diwani Adalat in cases exceeding that amount in value. For a case above Rs. 50,000 an appeal could be made to the King in Council in England. Though revenue and judicial functions were united, revenue and civil suits remained separate and the Board of Revenue constituted in 1786 heard appeals in revenue cases from the decisions of Collectors.

Towards Permanent Settlement

In 1775 after three years of quinquennial farming Hastings and Barwell put forward proposals for the land revenue settlement of Bengal—farming out on leases for life or for two joint lives to 'such reasonable people as shall offer the most advantageous terms allowing a preference for zamindars'. They wrote, "the principal argument in favour of the zamindars is the
security arising from the power of selling their lands when landed property is put upon such a footing as to become desirable". In 1776 Philip Francis put forward his rival plan. He argued that "the whole demand should be founded on an estimatie of the permanent services with a reasonable reserve for contingencies". He wanted the estimate to be liberal and he wanted that on this basis the contributions of the districts should be fixed for ever. According to him this distribution should be called *Tumar Jumma* in the style of Todar Mal. This would carry the idea of security. This fixed settlement should be made with the zamindars who were regarded by him as 'proprietors of the soil'. In regard to the ryots Francis argued that government could not descend to the ryots. He argued that if the zamindars and ryots were left to themselves they would come to an agreement, in which each party would find his advantage. He was inclined to attach great importance to the *patta* which he regarded as a voluntary agreement between land-lord and tenant. Hastings was in favour of a long term settlement with the zamindars. He was in favour of a moderate assessment. He wrote to North in 177722, "A body of merchants had interests to provide for besides which belonged to them in their assumed character as sovereign. Profit being the object of a trading company became the sole object of government when the two characters were united." Pitt's India Act expressed a resolve to establish 'permanent rules for the settlement and collection of the revenue and for the administration of justice'. In 1786 Cornwallis who proceeded to India as Governor-General was furnished with very significant instructions. Settlement should be made in all practicable instances with the zamindar, the average of former year's collection was to be the guide. The amount, when determined and approved by them, was to be considered the permanent and unalterable revenue of Bengal. For special reason they desired that the settlement might be made for ten years certain with a notification that if approved by the court of Directors it would become permanent and no further alteration take place at the expiration of ten years. In the Governor-General's Council Shore moved that the second part of the resolution be omitted. But Cornwallis insisted upon it and it was carried.

Shore was of opinion that so far as the amount of zamindari assessment was concerned it was sufficiently ascertained. He did not agree with James Grant that Bengal was under-assessed. But he was very emphatic on one point that it was necessary to introduce the new principle by degrees because there was so much confusion in matters of land-revenue. According to James Grant the original gross produce of Bengal amounted to twenty crores of rupees23. Shore argued that he assumed as a fact that the ryots of Bengal paid one half of the gross produce of their lands. If the government collected two crores of rupees and if the charges of zamindari collection be estimated at 15 p.c. and the intermediate profits 35 p.c. the rent would amount to three crores. If this was one half of the gross produce the total would be six crores. Even if the rents of alienated lands
were taken into consideration upon an exaggerated estimate the total would not very much exceed eight crores. In Midnapur where resumption proceedings were held the Jumna reannexed to the public assessment amounted to Rs. 1,00,474 and charity lands could not be resumed. If the sovereign's proprietary share in the words of Grant amounted to one fourth of the gross produce the government should not collect more than two crores of rupees. The Decennial Settlements' assessment figures amounted to two crores seventeen lakhs.

But Shore was very much conscious that great abuses prevailed in the detail of the collections in Bengal and so far as waste lands were concerned he was sure the zamindars would not be deterred by a ten years' assessment from attempting to bring waste lands into cultivation. In view of the prevailing confusion if the existing state of things became suddenly unalterable, this confusion would never be put in order. A system consistent in all its parts would take some time to grow. He wrote, "Nor am I ashamed to distrust my own knowledge since I have frequent proofs that new enquiries lead to new information". The revenue proper could not be prodigiously increased. He even thought that the amount would sustain some diminution but the basis of this revenue demand was gross calculation and averages. It should be regulated by a real knowledge of the sources. It was further necessary to simplify the complicated rentals of the ryots, to define and establish the rights of the ryots and talukdars with precision together with the expediency of procuring clear data for the transfer by sale of public and private property. He argued, 'under all these circumstances is it not better to introduce a new principle by degrees than establish it at once beyond the power of revocation' (Shore's Minute 21st December, 1789).

Cornwallis counter-argued that the plan only gave some advantages to the zamindars and security to the Company against balances. He emphasised that the word permanence attached to the Jumna only and he hoped that Calcutta baniars with their business like habits would display the old type landlords. He was confident that new regulations would ensure the security of the ryots and mazkuri talukdars but at a later period. The landlords would be granting pattas to the ryots and at a later stage the government would intervene to adjust the relations between the landlords and tenants. But in order to simplify the demands of the landlords upon the ryots the government should fix the demand of the government upto the zamindar. The perpetuation of zamindari assessment would diffuse a spirit of improvement which would provide a remedy for many ills. He argued that this was not blind precipitation because twenty years were employed in collecting information and the government would never be better qualified at any given period to make an equitable settlement of the land revenue of their provinces. He concluded his argument by saying "until the assessment on the lands is fixed the constitution of the internal government in this country will never take the form which alone can lead
to the establishment of good laws and ensure a due administration of them."25

The Board of Control under Dundas was guided by considerations of expediency. Dundas wrote, "However amusing many of the researches may be as information for an antiquarian they are not entirely applicable to a sound determination of the controversy. It is not a matter of great moment what the precise form or principle of collecting the revenues was under the Mughal government. It is of more moment to ascertain what is the best mode of arranging the landholdings of distant provinces."26 Mill appears to be justified in his opinion of Henry Dunda, "I know not of any advice which he ever gave for the government of India that was not either very obvious or wrong"27. The Court of Directors was also of the same opinion as the Governor-General and the Board of Control. They also felt that it would be vain to attempt to place things upon the same footing in which they stood at a distant period. The assessment was sufficient for the usual exigencies of government with the reserve proper for extraordinary services. They turned down Shore's proposal of making gradual advance to perpetual settlement and they stuck to the original idea of giving a fixed constitution to the finance and land tenure of the country. They wrote, 'Lord Cornwallis's argument, a permanent assessment upon the scale of the present ability of the country, must contain in its nature a productive principle; the possession of property and the sure enjoyment of its benefits will awaken and stimulate industry, promote agriculture and extend improvement, establish credit and augment the general wealth and property'. They were emphatic in their view that "in order to simplify and regulate the demands of the landholders upon the tenants the first step is to fix the demand of government itself... alternative sitting down passive under the supposed existing difficulties.... We therefore direct you to declare wherever it has been made with or on behalf of landholders perpetual but leave no ambiguity as to our right to interfere from time to time as may be necessary for the protection of the ryot and subordinate land-holders."28.

The Cornwallis System:

Cornwallis had some very definite views. He argued that the due enforcement of the regulations for obliging the zamindars to grant pattas to their ryots would remove the most important objection to a Permanent Settlement. The Pattas would be the rules by which the rents would be collected from the ryots. As agriculture was the principal source of the riches of Bengal it was necessary to make the assessment upon the lands as little burdensome as possible. Therefore assessment was to be fixed. Zamindari chokis on the banks of the rivers were to be abolished with adequate deduction granted to the zamindars. The collection of internal dues on commerce was to be reserved for future government use. The government would thereby be able to appropriate to itself a share of the growing wealth
of its subjects. In this way the weight of the state demand would be more equally distributed. The constitution of the internal government of the country would thus have a fixed character and the attention of the government would be devoted to the establishment of good laws and their due administration. This was to be the Cornwallis system. It was to mark the transition from 'unregulated imperialism' to 'regulated imperialism'.

Cornwallis argued that England was fortunate enough to establish dominion over one of the richest regions of the earth. The inhabitants were mild and industrious. England now depended upon it for a large annual investment, for supply of bullion to the treasury at Canton and for supporting the other two Presidencies of Madras and Bombay. The remittance of private fortune added considerably to this drain and helped to bring about further impoverishment. There was a general languor thrown upon the cultivation and commerce of the country. It was therefore necessary to have a material alteration in the principles of British system of administration. This country should be restored to prosperity if it was to be a source of solid support to British interests and power. The advantageous tenure would induce the zamindars to make exertions. "The landed property would fall into the hands of the most thrifty class of people.... It was immaterial to government what individual possesses the land provided he cultivates, it protects the ryot and pays the public revenue". The permanent settlement was announced by proclamation on 22nd March, 1793 and zamindars were notified. Within six short weeks, a series of regulations were passed the whole constituting a comprehensive code for the fiscal and judicial administration of Bengal.

The Government deamed of land-revenue was 9/10 of the rent. In the year 1793 the amount demanded could not be regarded as a moderate jumma. The country was rated fully as high as it could bear. Remote little known districts were not assessed as much as they could yield. But in the settled areas the demand was as high as it could be. The zamindar of Rajshahi and the zamindar of Burdwan were very unwilling to agree to accept this severe assessment. But they had no other alternative. Urgency and rigidity were new features and they changed the character of agrarian relations. Zamindars or their agents were sent to prison in large numbers for defaulting in the payment of land-revenue. After 1794 there was no coercion but land could be brought to sale at any time in the course of the year if the zamindar failed to pay an instalment. The zamindars naturally demanded that they should have some such authority for the realization of their rent as was used by the government for the realization of revenue. The ryots were habitually irregular in their payment. It was therefore suggested that the zamindars should be given the right to distrain and sell the personal chattels of the tenants for the recovery of arrears of rent. Overassessment and demand for punctual payment necessitated such measures. Increase of population, disappearance of domestic manufactures, increasing pressure on land brought to landholders in the
nineteenth century very considerable unearned increment. But in the closing years of the eighteenth century things were very difficult for the landholders. So the government stepped in. Regulation XVII (Sec. II) of 1793 authorized zamindars and talukdars "to distress for arrears without sending any notice to a court of justice the tenants' crops of every description, the grain, cattle and all the personal property". Sec. IV "the ploughs and implements of husbandry, the cattle immediately trained to the plough and the seed grain shall not be distrained for arrears". Sec. XVI "The distraint shall not be excessive". Persons who might deem themselves injured by the distraint were to seek redress in the Diwani Adalat. But the real contest for some time was between the zamindar and the underfarmers who could take advantage of this provision and protract the realization of dues. So the provision by which distrainers were to withdraw the attachment in case the person gave security to have the fairness of the demand tried in a court of law was annulled. Reg. VII of 1799 gave wide powers of distraint against the ryots though the defaulters were mostly underfarmers. It gave a blank cheque to the zamindar. The ryots were adjudged defaulters if the arrears were not paid on the kist day. There was to be no notice of 15 days. Property could be brought to sale within six days after attachment. Palliatives were sought to be provided by Reg. V of 1812. It modified the working of the system of distraint but it did not change for the better the circumstances which led to the distraint. There could not be any equality between the zamindar and tenant before the court of law. The wolf and the lamb were left to fight out the quarrel. As it was pointed out by a district judge and magistrate in 1814 "the laws which protect the ryot appear likely to prevent oppression on the part of the landlord. yet not a day passes without every one of the rules being broken. If the tenant institutes a suit it is referred to the native head commissioner. He decides according to law and the landholder appeals to the judge. The cause lies over for three years and when it is eventually decided against him he files a special appeals to the Provincial Court. A rule for staying judgement is issued and the suit remains undecided perhaps two or three years more. The unfortunate ryot is in the meantime ruined .... Summum juris Summa injuria". All existing customary rights of the ryots were annulled. It was as if the past was over and done with so far as landlord-tenant relationship was concerned. The situation was best summed up by Ram Mohan Ray when he was asked this question—"In the event of the tenants falling into arrears with their rent what means do the proprietors adopt for realising it ? A—they distress their movable property with some exceptions by the assistance of police officers and get it sold by means of judicial authorities". No one denies the good intentions of the government, the boon of independent courts, but the procedure was so costly, so intricate and so dialatory that it defeated the ends of justice. Moreover the Permanent Settlement, as originally interpreted, imposed a laissez faire style of administration upon Bengal.
The problem of landlord-tenant relationship was the adjustment of rents on definite terms. Cornwallis was under the impression that "the landholders will without difficulty be made to grant pattas to the ryots". The authors of the Permanent Settlement appear to have been conscious of the 'necessity of securing to the tenants the same certainty as to the amount of their rents and the same undisputed enjoyment of the fruits of their industry which we mean to give to the zamindars themselves'. Hunter writes that this could not be done because of 'the flood of new business, land litigation, land sales, conflicting rights and claims, a new system of civil and criminal courts, a new system of magisterial jurisdiction and police'. He takes care to distinguish between imperfections in form and fundamental errors that vitiated the settlement. The areas of zamindars' estates were not known. The areas of nukkar lands, chakuran lands, and lakhiraj lands were not clearly demarcated. The limits of the villages were not determined as also the limits of waste lands and pasture lands. There was endless confusion which led to endless litigation. The qanungo record of rights had suffered because of three decades of neglect and after the Permanent Settlement when the qanungos were no longer in employ their records disappeared. In the midst of all this the pious wish of granting pattas to the ryots could not very naturally be given effect to. It was notified in November 1791 that landholders and renters in Bengal would be allowed till the end of 1792 to prepare and deliver pattas to the ryots. But the collectors from different districts reported about July 1792 that there was no inclination on the part of the ryots to receive pattas because of various reasons. The regulations concerning the granting of pattas were almost universally disregarded. As Field points out in his Introduction to Bengal Regulations there was a general dislike of written law in Bengal. The zamindar disliked it because it would create a new asal and lead to other cesses. The tenant felt generally everywhere that a patta for a term would diminish the force of his prescriptive rights. They could never feel that the government would give them protection. They were more inclined to rely upon the rates prevalent in their respective villages.

The ancient privileges of the ryots, their claim to continuity on the basis of a reasonable and established payment guarded by custom, had disappeared. If written agreements were to be given for the annual possession of the lands the assessments they were to specify were to be formed on calculations the most intricate and such as no arithmetic could explain. The situation which was created is best explained in the words of Colebrooke—"Measurements long omitted, without a rule by record substituted in their place and former surveys forgotten or their rates become obsolete, leaves no certain rule for adjusting the rents. It is endeavour to obtain from the tenant an undertaking for the current year but having to dispute arbitrary imposts he seldom consents. The landlord estimate the amount of his wants, distributes it at pleasure on his tenants and endeavours to levy this assessment. In the confusion of disputed
demands no documents pass". No progress could be made in the adjustment of rents on definite terms. The _patta_ regulation became a dead letter.

It has been said that the rights of the Bengal ryots passed away subsilentio and they became to all intents and purposes tenants-at-will. But the tenacity of old impressions kept alive the idea of a right in the mind of the ryots that he could hold this land at a rent fixed by custom. The landlords themselves were not altogether exempt from this traditionary feeling. The evil of additional levies made by the zamindars was wellknown. The ryots' rent was composed of _asal, abwab, mathot_ or occasional imports and _kharcha_ or contributions for expenses on various accounts. There might even be an additional item—_undazee beshee_ or estimated increase in some places described as 'ogayarah' etcetera. All these were fluctuating demands. But this is only one side of the picture. In many parts of Bengal the ryots had more land than was included in their agreements. They thus held land at an underrated value. The intricacy and confusion of accounts appeared to be insoluble and the government gave up all attempts to solve this problem. There were some privileged tenants—the _mandals—who were in many parts of Bengal in league with the local zamindari _amlta_ or officer. The zamindari officers were not liked by the lower ryots and this _amlta-ryot_ relationship became one of the worst features of rural life.

Enhancement finds no mention in the Cornwallis Code of 1793. The proprietors were to pay the same fixed land revenue to the government. The tenants were to pay the same rates of rent for ever to the proprietors so far as this could be inferred from the spirit of the provisions. But rapid increase of population, rapid disappearance of domestic industries, the relentless economic law of demand and supply, the growing _laissez faire_ attitude of the government, made the settlement permanent only to the middle men 'fluctuating beyond even Irish fluctuation to the cultivator'. Competitive rent had practically no existence before 1793. Land was not a means of investing capital. There was no such pressure of population as might prove an incentive to cultivate the waste land. This state of things changed very rapidly about this time and all tillage rights whether of property or of occupancy disappeared. The Permanent Settlement got stuck halfway. The old patriarchal system was sought to be replaced by a cold regulation system. Cornwallis felt reassured that the injured would fly to the courts of justice. The rigour of the sale law brought about a social revolution. Before 1794 the zamindar could be arrested and his goods and estates might be attached and he might be put in confinement. A _Sezawal_ or _Wadadar_ might be deputed to collect the rent. But the ryots were always in favour of old zamindars. A _Sezawal_ or _Wadadar_ would not be able to carry on for a long time. The zamindar would return to his estate sooner or later. A prolonged imprisonment was regarded as a scandal. Direct management invariably failed. But it was now declared "the Governor-General in Council considered their property
alone a sufficient security for the public dues". This was apparently a mild, humane procedure. But its consequences were disastrous. Many of the zamindars were unable to adjust themselves to this change. With their easy going happy-go-lucky character they could not overnight become punctual tax gatherers. Westland has shown in his history of Jessore that of all the principal zamindaris of Jessore only two could withstand the ordeal of the first few years. The break up of the Nator zamindari gives a very good idea of the effects of this legislation on the zamindars. Within twenty-two years from 1/4 to 1/2 of the whole landed property of Bengal was actually sold on this account".

The Raja of Burdwan divided his zamindari into lots called patnis of a greater or lesser value and sold them with his rights as a zamindar to anybody who would buy on condition that the land-revenue of this portion would be paid to him. If he failed the lot could be resold to any other purchaser. These Patnidars could also alienate their right to the whole or part of the lots to another who would be answerable in the same manner. This process went on. There were patnidars, dur patnidars, dur-dur-patnidars and so on. The Patni system with its ramification thus multiplied undertenures. Intricacy of accounts, fraudulent concealments became very widespread. The Permanent Settlement had prohibited the zamindars from giving any lease longer than twelve years. The twelve years restriction was abolished in 1812. Subinfeudation could now be carried to the furthest extreme. The older zamindars became in many cases mere annuitants. The old spirit of mutual dependence between landlords and tenants began to disappear but not immediately. The new system of administration proving to be inadequate the zamindars or their representatives still continued to exercise judicial functions—petty justice—in their own way. In many areas the new comers, variously described as loidars or nilamdars, became anxious to establish their aristocracy by means of family ties with the old aristocracy, now impoverished. Many of these new landlords—bigger, middle ranking as also smaller—zamindars as also talukdars, patnidars and durpatnidars—were not without some of the old active kindness. But we notice one uniform departure from old practice. The zamindars were accustomed according to Mughal tradition to grant takavi loans to their tenants. But the pressure of new revenue demand made it almost impossible for them to grant takavi loans. The rural money lenders' (Mahajan) gradual appearance in the country side strikes an observer in the early years of the nineteenth century. The Mahajan entrenched himself in rural economy which came to be dominated by him. By the middle of the nineteenth century he became almost as important as the landlord. The agrarian set up in 1793 is best described in the words of Ibert—"A revenue payer we found the zamindar, a rent receiver we made him—not a landlord in the English sense whose rent represents interest on capital which has been expended on farm buildings, drainage and the like...... the legislation of 1793 left the ryot's right outstanding and undefined and by
so leaving them it tended to obscure them, to efface them and in many cases to destroy them".36

EXPORT TRADE : FROM COMPETITION TO MONOPOLY (1757-1793).

The English East India Company’s trade with Europe—officially described as ‘Investment’—amounted on an average to about 33 lakhs a year. Private trade of the Company’s servants cannot be accurately estimated. This was coasting and inter-Asian trade. The Company’s servants were not Company’s rivals before Plassey. But they fraudulently carried on their trade ‘free from any Moor’s duties in the passage’. The Dutch, the French and the Danes were also doing brisk business before Plassey. Dutch trade from Bengal with Europe and other parts of Asia was so thriving that they found it necessary to construct a magnificent building at Cossimbazar in 1739 which cost them Rs. 1,53,000. They had left Dacca in 1690 but in 1753 they again established themselves there. The Dutch did not earn any respect in Bengal as a military power. Opium and saltpetre were their leading articles of trade but they were gradually taking to trade in silk and cotton. In 1755 they collected about 27,000 bags of saltpetre, 2 mds. each. There was British predominance in trade in cotton piece goods, silk goods and raw silk. The Dutch could keep their lead in the export of opium to Ceylon, the Malacca straits and the Malaya archipelago. The French and the English together did not export half the quantity of opium which the Dutch exported. In 1756 the Dutch could export 57,000 pieces of cotton piece goods. Their exports of silk piece goods in 1753 amounted to a lakh of rupees. There was a dwindling volume of British coastal trade with the west coast but there was an increase in overland trade and an increasing number of country purchasers. Mirzapore became the centre for the supply of cotton for Bengal’s looms from central India and upper India. There was competition in the best sense of the term between the European companies because the Nawab’s government knew very well how to keep them under control in their competition for Bengal’s goods. British abuse of their trade privileges was, however, a great irritant.

With Plassey began a large-scale British invasion of Bengal’s inland trade. The servants of the Company began immediately to trade in salt, betelnut and tobacco, three articles of inland trade which were so long prohibited to all Europeans. They also began a brisk traffic in dastaks. The abuses grew with the consciousness of untrammelled power. They grew from year to year and by the time Mir Qasim came to power in 1760 this privileged private trade in the three most important articles of inland trade and in many others of lesser importance became a menace to the economic set up of the province and the trade of the country traders. The gomastaks of the Company’s servants invaded every market and village and carried on
trade in oil, fish, straw, bamboo, rice, paddy, betelnut, etc. British Free Merchants, who were settled in some parts of the province secured the use of dastaks from the servants of the Company who were eager to sell them to anybody who was willing to purchase this privilege. Some country merchants, who were prepared to pay the price, also bought the privilege. As Mir Qasim wrote, "They expose my government to scorn and are of the greatest detriment to me. Every man with a Company's dastak in his hand regards himself as not less than the Company". But he tried to come to an understanding with the Governor and Council and declared himself ready to give his government's dastak to the English Company's servants for their private trade on payment of 9 p.c. of prime cost where the goods could be procured. The native merchants paid 25 p.c. independent of stoppages. The Calcutta Council would not agree and only as a concession to the Nawab agreed to pay him 2½ p.c. on salt as an indulgence. The Nawab in disgust declared inland trade of Bengal duty free for two years. But the Calcutta Council was not prepared to forego "this right to that plentiful source of gain in which they had hitherto participated only by usurption". They regarded it as 'a breach of peace towards the English nation'. There was rupture with the Nawab. Mir Qasim was dethroned. The situation is best explained in the words of a document on Taxes on English Commerce in Bengal. "The servants of the Company usurped the more destructive and more profitable right of regulating trade of Bengal. The extension of privileges and exemptions usurped by the servants of the English virtually constituted sovereignty. They violated the sources of revenue and other rights of the sovereign at will. The servants' banians and gomastaks varied the internal taxes and superseded the civil and criminal jurisdiction of the country. An exemption from duties thus threw the whole trade into the hands of the English. In June 1764 the Court of Directors instructed the Governor and his Council 'after consulting the Nawab to form a proper and equitable plan for carrying on the inland trade'. But the new course of inland trade remained undisturbed until August 1765 though Clive arrived in Calcutta in May 1765. The Directors' disapproval of the state of things was conveyed in their letter dated 26th April, 1765: "We do not think that such a construction was ever heard of until our own servants first invested and afterwards supported it by violence. . . . . . The specious arguments used by those who pretended to set up a right to it convince us they did not want judgement but virtue to withstand the temptation of suddenly amassing a great fortune, altogether incompatible with the peace of the country and their duty to the Company". The plan of a regulated inland trade for the servants of the Company was now formulated by the Select Committee on 10th August, 1765. In the meantime the royal grant of Diwani was secured also in August, 1765. The Company now became 'the Lords of the Country' and the revenues flowed into their treasury. It is relevant to note that the duties arising from the Pachotrah office at Murshidabad only a few years before amounted to Rs. 3,84,000 and
it was almost nominal now. Taking all these things into consideration Clive and the Select Committee decided to establish a private trade society. A monopoly was formed of the trade in salt, betelnut and tobacco to be carried on exclusively for the benefit of superior servants of the Company numbering about sixty. Purchases were to be made by contract. Goods were to be conveyed by the agents of the Society to certain places where they were sold to native merchants and retailers at established prices. In the second year of this monopoly trade it was provided that salt should be sold at Calcutta and other places of importance. The Company was to be paid a duty of 35 p.c. upon salt, 10 p.c. on betelnut and 25 p.c. on tobacco. "A duty amounting to one hundred and twenty thousand pounds was established for the Company which was increased the following year to one hundred sixty thousand pounds." The black merchants were given the sole right of vending it throughout the country. But the Court of Directors declared in their letter of 17th May, 1766 that the inland trade society was a violation of their repeated orders. This trade must be abandoned. It was 'disgraceful' to allow of such a monopoly. As it was a peremptory order their servants had to comply with it. But it was argued that contracts had been formed and advances made. The Society was not therefore abolished finally till 14th September, 1768. As a compensation the Court ordered distribution of 2½ per cent on the revenues among the servants of the East India Company. But, as Verelst pointed out, "orders of distant masters were but a feeble barrier against the united interest of every man in the settlement." The Directors wrote "you take the most effective methods to prevent those great necessities of life from being monopolised by the rich and great among themselves (the natives)". But the Europeans now engaged in trade in salt under the names of their 'black agents' and the profits of this commerce were added to this commission from land revenue collection.

The Company's servants acted as agents for the Company's investment which amounted to about six million current rupees in 1767. It was ten million in 1777, the two principal articles being cotton piecegoods and raw silk. These two commodities formed nine tenths of the investment. In 1774 the Court of Directors established a Board of Trade with eleven senior servants of Company. They were each given a handsome salary—the President £2,000 and members £1,500 a year. But they were also permitted to carry on legal private trade. The Board was entirely to have under them the executive part of the business. The agency system disappeared and the Company's servants now became contractors for investment under the Board of Trade. The price of investment goods was fraudulently advanced. Prices increased and quality deteriorated. This was particularly true of raw silk. The practice in the mofussil was to reject raw silk as unfit for the Company's assortments and then purchase them in private trade. The Company was therefore compelled to send experts to superintendent the manufacturing of raw silk and develop the filature system and thus eliminate collusive contracts and
encroachment of private trade as also improve the quality of raw silk. Raw silk in private trade paid the Company's servants very good dividend. Silk exported was part Bengal wound and part filature. During the War of American Independence the Company was not in a position to invest more than 15 lakhs in raw silk. So this trade on private account thrived. The Company very soon resumed this trade with the revival of prospects of raw silk investment. Cornwallis' policy of putting bounds to seductions of private interest proved to be effective. He established paid agency system for investment as a compensation.

There were 'shoals of British Free Merchants' in the words of Verelst—at least eight of them in Dacca. These Free Merchants were allowed by the Company to carry on trade in Bengal 'in the way of merchant in India', more or less on the footing of the Armenians. Fifty tons were allowed as privilege to the commanders and officers of each of the Company's ships of 755 tons and upwards. This was private trade of the Company's servants or of the British Free Merchants. There was competition between them and the servants of the Company for the provision of this 'privilege' trade on British ships and for the provision of goods for foreign ships in the cotton weaving centres. In some cases the Free Merchants took the help of the Company's servants in procuring their cotton piecegoods in return for a premium. In this manner they sought to exclude Bengali and Armenian merchants from this field of business. Danish trade from Serampore—Danish private traders and the Danish Company—depended very much upon these Free Merchants. "In the 1770's and 1780's Copenhagen, Ostend and Lisbon became the centres of an India trade which was for the most part British in all but name." Ole Bie, Danish Chief at Serampore, was the central figure in this 'clandestine' trade—'private British trading ventures under the Danish flag'.

The illicit trader was no doubt a nuisance but the Court of Directors was very much worried by the competition of the Dutch East India Company, the French East India Company and French private traders. Dutch and French transfer mechanism formed the most important channel of remittance for the receipts of the servants of the Company until 1778. The Directors wrote in 1767 and in 1769 that their servants must have been providing foreign ships with their cargoes thus prejudicing the interest of their masters. During the period from 1772 to 1778 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 including Warren Hastings and Charles Grant. Pitt's India Act (Section 44 and 45) laid down that the East India Company's servants in India might be proceeded against in England for acts done and present or gifts received in India. In his speech on India Bill in the House of Commons Pitt said that "the government should be armed with the power of examining the parties charged as delinquents by interrogatories as to the value of their
effects......it should also be armed with the power of examining the amount of any man's property on his arrival in England from India". The creation of the Board of Control gave rise to a great reluctance among Anglo-Indian officials to by foreign bills of exchange. Arrangements were also made for the payment of the Company's servants' savings in London through the Company's securities. The servants of the Company employed in the revenue and judicial branches were now forbidden to carry on private trade. In the commercial branch Cornwallis re-introduced the agency system but granted commissions upon the investment and strictly regulated the private trade of the servants of the Company. They were to deal only on their own stock as merchants and not to take any commission from other as agents. They were to distinguish between the Company's provision and their own. They were not to make company's prices a standard for their own trade, not to trade directly or indirectly in the name of any other person, not to sell goods in their own auring or send them to any foreign settlement. Every servant in the commercial branch, engaged in private trade, was to make a full statement of the gross amount of money invested by him. Adequate compensation was made for the loss of private trade to all the servants of the Company in different branches by making provision for more than adequate salary. A servant of the Company, under this system, was no longer able to make a fortune in a small space of time—'a million or half a million in two or three years' but he was able to acquire a 'handsome independency'. The emoluments of the collectors would on an average amount to Rs. 3,000/- a month. A member of the Board of Trade could earn 58,000 current rupees a year. British Free Merchants also found very profitable openings in the indigo and opium trade. Thus these two rivals of the Company in the field of European investment were eliminated. Cornwallis thus succeeded in creating a new tradition of honesty. He knew that rich men do into pilfer.

The Dutch lost their pre-eminence in saltpetre trade after the battle of Plassey. Mir Jafar issued a parwana giving the British the sole right to the manufacture of saltpetre. The authority of their gomustahs was established in all the saltpetre lands. Opium trade in Bihar passed into the hands of the English chief in Patna and his Council. After their defeat at Biderra the Dutch made complete submission. They were allowed to trade freely in everything except saltpetre. By an agreement in 1767 they received 23,000 mounds of saltpetre annually at a fixed price. The Dutch were, however, in a very convenient position in one respect. Every servant of the Company wanted Dutch bills of exchange for the remittance of his fortune. The Dutch were therefore not in want of money for investment and they had not to import bullion. The Dutch export of cotton piece goods and raw silk increased. There was very considerable improvement in their investment. Kelsall from Dacca wrote to Verelst in September 18, 1767, "the Dutch at Dacca have commissioned and Armenian to the amount of near seven lakhs of rupees. So enormous a
sum might be thought even beyond the capacity of an Armenian to presume to invest...... they must necessarily purchase at an advanced price"." The Dutch were very much aware of the fact that they could not afford to have serious quarrels with British agents. But the outbreak of Anglo-American war eliminated this Dutch competition. Dutch investment was to the extent of about forty lakhs in the sixties and seventies. When they again took up this export trade business in 1784 they found the British East India Company and British private traders more securely entrenched than ever. The Company's servants were no longer interested in making remittance through the Dutch. The Dutch could not also become carriers for British private traders like the Danes. They had no imports, they could not bring out bullion and they could not get money here for their investment. The Dutch therefore disappeared from competition.

The French East India Company and French private traders did brisk business from 1764 to 1769. After 1769 there was no French East India Company but French private traders could trade on the capital of the servants of the English East India Company who wanted to buy French bills of exchange, if they could not buy Dutch bills. The state of things changed completely after 1778. A new French Company began to operate in Bengal after 1784. It was prepared to import bullion. The French claimed that they were entitled to the same right and privileges as the Dutch, the same rights and privileges which the English enjoyed before 1765". There was friction. The French complained particularly against British private traders who were servants of the British East India Company. The French introduced some amount of competition again in the external trade of Bengal. But after the outbreak of the French Revolution and subsequent hostilities between England and France all French trade activity in India ceased. The East India Company's investment was not unimpeded by competition of British private traders or French or Dutch East India Company's agents. The Danes were not in a position to take advantage of this situation. In the words of Vicomte de Souillac: "The Commerce of Bengal and the Coasts of Orissa and Coromandal became as exclusively her own (Britain's) as the rights of sovereignty and territorial revenues".

It has been argued that "there is not a shred of evidence to prove that goods for export to Europe during the decade 1783-1793 were ever really brought by the Company with a true surplus of revenue over expenditure". We would do well to quote an extract from a report signed by Edward Parry and Charles Grant on 26th January, 1808 which was submitted to Robert Dundas—"It has not been unusual to ascribe the increase of the debt in a considerable degree to the Company'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 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 on any account whatsoever into the Indian treasury since the year 1793-94 up to the latest period which statement we have no doubt would 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 1798-99 which is 15¼ millions of the total debt 28½ millions the accompanying account will show that the Investment is chargeable with no part of it"7.

CURRENCY 1757-1833.

The currency was ill-regulated from 1757 to 1793. Under the Mughal system, as it obtained in Bengal in 1757, the sicca coin which weighed about 175 grains of silver sank gradually in three years in the proportion of 116 to 111 until they became sonauts. The undervaluation of all siccas of an earlier date than the current year became established. But there was triennial re-coinage and the Nawabs of Bengal did not debase coins for temporary gain. But land-revenue had to be paid in siccas of the current year. Besides these sicca and sonaut rupees there were other varieties of coins brought into circulation on account of Bengal's favourable balance of trade with other parts of India. Many of these rupees from other parts of India—Arcot, Benares, Coochbehar, Lucknow, Madras, Surat—were debased. Because of the fluctuating value of the different species of money that passed in payment in Bengal the English felt that it might be necessary to fix an imaginary coin called current rupee. It was current only in commercial circles in Calcutta. This current rupee was valued at or 100/110 parts of the sicca rupee. Arcots were valued at 108, sonauts at 111, siccas of the second year at 113, siccas of the first year at 116. The term batta was used sometimes to signify a proportional denomination, at other time an arbitrary and disproportional denomination. Shroffage was necessary in order to correct the inconveniences which attended an ill-regulated currency. Coins were valued in old days in weight and fineness. "What perplexed and confused it now was denomination"48. The problem was to give denominations to coins in proportion to their weight and fineness.

The Court of Directors wanted the abolition of batta on sonauts (11th November, 1768—from Court). Their servants in Bengal felt acutely the problem of scarcity of silver. Experiments at bimetallism were made in 1766 as also in 1769. The experiments failed because of the arbitrary valuation of gold. Gresham's law operated. The Directors repeated their order again on 10th April, 1771 for regulating the batta on sonauts. The currency policy of Hastings was one mint and one regnal year. The Dacca, Patna and Murshidabad mints were closed and sicca coins were issued only
from the Calcutta mint. The unvarying date on coins was the 19th year of the reign of Shah Alam. Hastings thought he had succeeded in securing uniformity in sicca coinage. He only added to the existing confusion in the currency system and the controlling influence of the shroffs. The stamp 19th year of Shah Alam, an unvarying date, did not help. The insertion of the correct Hijra year defeated the purpose for which the same 19th sun was put on all the coins of the subsequent years. With the other three mints closed, the zamindars and farmers of revenue paying land-revenue in terms of their agreement in sicca rupees had to buy them from the shroffs at a high price. It was not possible for landlords to send coins of various denominations which they collected from their tenants to far off Calcutta to be recoined as sicca coins. In distant parts of Bengal sonants obtained currency, in some areas arcots. Scarcity of supply from one mint where old and light rupees of different denominations could not be sent for recoinage very naturally made some specie or species the settled measure and standard in particular districts. In those areas other coins came to be considered as bullion. In different districts different coins became current. Confusion thus became consolidated. The government was compelled to fix a table of rates of batta between various coins in circulation and sicca coins for the use of officers in charge of collection, thus legalizing this confusion. The Collector of Dacca put thirty-six varieties into eleven classes. Wholesale remonetization was the remedy but the Court of Directors was not prepared to incur the expenditure involved. In 1789-90 Cornwallis reopened the mints at Patna, Dacca and Murshidabad and appointed a Mint Committee. The Committee recommended that the various species of old and light coins should be drawn into the mints with a view to establishing the general currency of the sicca rupees. Public notice was given to this appeal. Counterfeiting, clipping, drilling or defacing the coins were made punishable offence. Coins were to have the whole inscription on the surface and the edges of the coins were milled. In all government transactions sicca rupees were to be come the only legal tender of payments, and no private transactions was to be recognised in law courts after 10th April 1794 in any other specie of rupees excepting 19 Sun Sicca. As no loophole was left, the ascendency acquired by the shroffs came to an end. During all these years the ryot, the talukdar and the zamindar had suffered very considerable hardship. The Company also perhaps suffered some loss in making provision for investment in certain areas. But as land-revenue settlements were made in sicca rupees there was no direct loss in land-revenue collection. This currency reform, however, became very urgent when the government made a permanent settlement of land-revenue with a view to raising the value of landed property and encouraging capital investment in land. The coin must be kept to its proper standard. The old current rupee, the money of account, disappeared with effect from 1st May, 1794.

The problem of scarcity of silver which was sought to be solved in 1766 and 1769 by issuing gold coins failed because gold was overvalued. In any
case it was not possible to maintain a fixed ratio between the gold mohur and the sicca rupee. Gold coinage was suspended in 1777 but the mint was reopened again for gold coinage in 1780. Cornwallis tried to have bimetallism in 1792. He extended gold currency to the mofussil areas even of half and quarter mohurs. He fixed the exchange value of 16 sicca rupees for one gold mohur. But he very soon found that even the smallest possible gold coin would not circulate in Bengal. But during the period of wholesale recoinage these gold coins did some money work. Gold mohurs continued in Bengal but they were received by convention only. In 1810 minting of gold coins was restricted. In 1818 coinage of pagodas or small gold coins for use in Southern India was stopped. There was scarcely any gold coin in circulation in India though the right to pay gold coins in treasuries was not withdrawn till January 1, 1853. In the remote districts of Bengal the currency consisted entirely of silver and cowries. Hastings introduced copper coins as subsidiary currency. They gradually displaced cowries as the small change coins. In 1835 by the coining of 50 million pieces in one year the old sicca currency was entirely replaced—weight and fineness 11/12 or 165 grains of pure silver and 1/12 or 15 grains of alloy.

INDIAN INDUSTRIES 1757-1793.

Cotton piecegoods formed the linchpin of Bengal's economy during the eighteenth century. In the days of Alivardi there was readiness of sales, full competition among the English, the Dutch and the French, the Armenian and Indian traders. In the words of Orme this manufacture was less liable to outrages than any other trade. Bolts writes, "There is a gentleman now in England who in the time of the Nabob has purchased in the Dacca province in one morning eight hundred pieces of muslin at his own door as brought to him by weavers of their own accord". The harassment by gomasithas or British agents in charge of investment increased after Plasscy. But in Dacca, Santipore and other places where the Company's investment was exposed to the full competition of European and Asiatic rivals and private traders the condition of weavers was not bad on the whole up to 1778. Monopoly conditions gradually developed. For some time, during the years 1771-1773, there was some talk of giving full freedom to all weavers and manufacturers. But the state of things remained practically unchanged. Advances to weavers really meant pre-emption. The Company's servants, who were engaged in private trade, utilised their position as investment agents. The weavers were not given the wages of their labour. It was generally argued that it was not possible to outbid interlopers. So some discretionary authority should be vested in the Company's agents with a view to enabling them to provide the investment of requisite quality in time. There was a crop of regulations in 1782, 1786, 1787 and 1789. It was provided that "a list or register of the
weavers employed by the Company in every pargana with their places of abode shall be stuck up by the Commercial Agents there, in the cutchery of their pargana." Upon the weavers failing to deliver cloth according to the stated period the Company's agent was to place peons upon them. Aggrieved weavers might complain to the Commercial Resident or to the Collector but groundless complaints would be duly punished. If a weaver was deficient in the stipulated delivery he would be prosecuted in the Diwani Adalats, if adjudged guilty he would forfeit all the produce of the cloths and he must also complete his engagements. The subservience of the country courts in disputes where the Company was the complainant was very well known.

The weavers felt that they were being enslaved but they had been led step by step to this situation and circumstances had shaped in such a way that they depended very much upon the work which the Company would give. The Company's investment in cotton piecegoods amounted to about 67 lakhs on an average in the eighties and nineties of the eighteenth century. The Board of Trade at Calcutta boasted in 1790 "The Court of Directors are requested to call for a piece of fine, superfine allabally, superfine nyansook jungle, fine superfine terrindums, abroan, and buddan coss and judge if ever anyone of them saw themselves or were authentically informed of any cotton cloth manufacture in any other part of the world being equal in fineness and beauty to these articles". Dacca muslins could be worn for double the time of any variety of cloth. Every time they were washed they appeared superior. This industrious, skilful group of workers, who were denied under monopoly condition the price of their labour, did not know that the process of their wholesale extinction had begun.

Spinning was practised entirely by women. The spun when they were free from domestic care. The finest kinds of thread were made by the spindle and the coarser kind by the wheel. As thread was spun in the interval of domestic work it was produced cheaper than any other commodity which required manual skill.

Raw silk was an article of investment, next in importance to cotton piecegoods. Wrought silk had disappeared quite early from investment. Weiss, a capable silk manufacturer from England, was sent to Bengal to bring about improvements in the production of raw silk. He was served by four Italian experts. They were stationed at Kumarkhali and established silk filatures in different parts of Bengal. East India Company's silk investment was of two varieties—filature silk and old traditional Bengal wound silk. In the nineties of the eighteenth century raw silk investment gave occupation to a larger number of silk winders and cocoon growers. The investment amounted on an average to twenty-five lakhs a year. Bengal raw and wrought silk which had a ready market in the Nizam's dominions lost it. The Company's demand increasing the price, the wrought
silk manufacturers in the Nizam's dominions found it cheaper to buy China silk.

Saltpetre was another item of export. In Bihar the Company had five factories which could manufacture from 130,000 to 150,000 maunds. The Company first made purchases by contract with its own servants and they by the agency of their servants. Purchases were made from the Assamees who bought from the nooneahs, the average price at the factory being about Rs. 1-12 as per maund. Any purchaser would have willingly paid Rs. 2-8 to Rs. 5/- per maund. Clandestine inland sales could not therefore be prevented altogether. The British supplied saltpetre to the French and the Dutch at the rate of Rs. 3-8 as. per maund.

Salt was manufactured in Bengal along the whole coastal belt from Balasore to Chittagong, in Tamluk, Hijli, 24-Parganas, Noakhali. Sandip, Chittagong. Bengal produced on an average about 28 lakhs of maunds. The Bengal salt market belt included Bihar, Assam, Nepal, Bhutan, Sikkim and possibly Tibet. The government had a monopoly over salt manufacture throughout Bengal. The Malangis or salt producers worked their salt pans under British agency supervision. In 1796-97 the average price of Bengal salt was Rs. 308 per 100 mds. The Bengal variety was boiled salt. Salt was being imported in considerable quantities—about 6 lakhs of maunds from Vizagapatnam, Rajahmundry, Nellore, Covelong and Tanjore. This salt was of a cheaper variety—karkutch, which was made by solar evaporation. This salt import threatened the Bengal salt monopoly of the Company but it was tolerated because it was of considerable assistance to British ship-owners engaged in coasting trade.

The impact of the industrial Revolution in England upon the investment policy of the East India Company began in the eighties of the eighteenth century. In 1782 the calico printers put pressure upon the Directors to prohibit the importation of printed goods from Bengal. The Directors agreed to do so in the first instance for four years. In 1783 muslin was manufactured in Manchester and, as the Directors, wrote, it was 'twenty percent under our own'. The Court felt that the export of middling and coarse assortments was doomed. In 1786 cotton yarn disappeared from investment. The Court of Directors thought of substitutes—raw cotton, raw silk, sugar, indigo, tobacco, hemp, flax and jute as substitutes but none of these goods promised substantial investment. Indigo cultivation was fostered by the Company but in the nineties it was in the hands of Free Merchants and it was a growing branch of trade, a staple export in private trade to Europe. Opium, produced in Bihar, was the Company's monopoly but the sale of it in China was in the hands of private traders. About the end of the eighteenth century the annual sale of 'Bengal' opium was about 4000 chests of two maunds each. But in the nineteenth century the growers of poppy in Bihar became as anxious to avoid growing poppy as were the growers of indigo in Bengal. A close governmental monopoly of the produce of opium and unrestricted competition among
growers of indigo led curiously enough to the same effects—coercion of the ryot and unremunerative return to the cultivator.

DECLINE OF INDIAN INDUSTRIES 1793-1833.

"It was not the policy of the East India Company to foster Indian industries". The Directors could not afford to ignore organized pressure groups in England. As early as 1769 it was decided to encourage raw silk production and discourage wrought silk production in Bengal. In 1813 at the time of the renewal of the Company's charter it was clear that the parliament wanted that British industries should be promoted at the expense of Indian industries though there was expression of solicitude for the general welfare of the Indian people. Warren Hastings, Thomas Munro and Sir John Malcolm were asked questions about the possible extent of demand for British commodities in India. Wellesley tried during his regime to create a market for British goods by exhibiting them in fairs at Rohilkhand and Hardwar. Prohibitive tariffs shut out Indian manufacturers from England. The duty on calicos for home consumption was £78.6s.8d. per cent, on muslin £31.6s.8d. per cent. This was protective duty to encourage manufactures in England. Charles Grant, who was spokesman for the Company in the Charter debates in Enland in 1813 and gave evidence before the Select Committee on Trade in 1821, told the Committee that the British cotton industry had grown up under laws that protected it from Indian competition and he admitted that if they were under an Indian prince Indians would impose protective duties upon British cotton piecegoods in their own markets as they had done in theirs. But the mills of Paisley and Manchester were not stopped in their outset. Cotton and silk goods which could be sold for a profit in the British market at a price from fifty to sixty per cent lower than those that were fabricated in England were kept out of the English market and when they could weave by means of machinery and power much cheaper than the Indians they said to them 'leave off weaving, supply us with the raw materials. We will weave for you'. The subjects' economy must now take a new shape. Charles Grant had written in 1807—"A dependent territory must fall under that system of regulation which the paramount state in a combined view to its general interests sees best on the whole."51

Muslin was first affected. In 1801 cloth investment in Dacca was reduced to about 3 lakhs. In 1814-15 investment in Bengal muslin was totally discontinued and Company's investment in Dacca and Santipore stopped altogether. Export of Calicos continued for some time but gradually came to an end. In his Report upon the Inland Customs and Town duties of the Bengal Presidency (1835) Trevelyan gives the following figures of displacement first in the foreign market and then in the home market.
<table>
<thead>
<tr>
<th>Years</th>
<th>Cotton goods (exported) Rs.</th>
<th>Cotton goods (imported) (Napoleonic war checked re-export to Europe)</th>
<th>Twist (imported)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1813/14</td>
<td>52,91,458</td>
<td>9,070</td>
<td>—</td>
</tr>
<tr>
<td>1814/15</td>
<td>84,90,760</td>
<td>45,000</td>
<td>—</td>
</tr>
<tr>
<td>1815/16</td>
<td>1,31,51,427</td>
<td>2,63,800</td>
<td>—</td>
</tr>
<tr>
<td>1816/17</td>
<td>1,65,94,380</td>
<td>3,17,602</td>
<td>—</td>
</tr>
<tr>
<td>1817/18</td>
<td>1,32,72,854</td>
<td>11,22,372</td>
<td>—</td>
</tr>
<tr>
<td>1818/19</td>
<td>1,15,27,385</td>
<td>26,58,940</td>
<td>—</td>
</tr>
<tr>
<td>1819/20</td>
<td>90,30,796</td>
<td>15,82,353</td>
<td>—</td>
</tr>
<tr>
<td>1820/21</td>
<td>85,40,763</td>
<td>25,59,642</td>
<td>—</td>
</tr>
<tr>
<td>1821/22</td>
<td>76,64,820</td>
<td>46,78,650</td>
<td>—</td>
</tr>
<tr>
<td>1822/23</td>
<td>80,09,732</td>
<td>65,82,351</td>
<td>—</td>
</tr>
<tr>
<td>1823/24</td>
<td>58,70,533</td>
<td>37,20,540 1st year of importation</td>
<td>—</td>
</tr>
<tr>
<td>1824/25</td>
<td>60,17,559</td>
<td>52,96,816 1,23,145</td>
<td>—</td>
</tr>
<tr>
<td>1825/26</td>
<td>58,34,638</td>
<td>41,24,159 75,276</td>
<td>—</td>
</tr>
<tr>
<td>1826/27</td>
<td>39,48,422</td>
<td>43,46,054 8,82,743</td>
<td>—</td>
</tr>
<tr>
<td>1827/28</td>
<td>28,76,313</td>
<td>52,52,793 19,11,205</td>
<td>—</td>
</tr>
<tr>
<td>1828/29</td>
<td>22,23,163</td>
<td>79,96,383 35,22,640</td>
<td>—</td>
</tr>
<tr>
<td>1829/30</td>
<td>13,26,423</td>
<td>52,16,226 15,55,321</td>
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</tr>
<tr>
<td>1830/31</td>
<td>8,57,280</td>
<td>60,12,729 31,12,138</td>
<td>—</td>
</tr>
<tr>
<td>1831/32</td>
<td>8,49,887</td>
<td>45,64,047 42,85,517</td>
<td>—</td>
</tr>
<tr>
<td>1832/33</td>
<td>8,22,891</td>
<td>42,64,707 23,87,807</td>
<td>—</td>
</tr>
</tbody>
</table>

Trevelyan commented: the trifling quantity of piece goods which Bengal still exported is for the most part made from English twist.

The loss of Indian market was explained by Trevelyan in the following words: "In Mughal times transit duties were tolls rather than duties, collected according to the distance travelled, in small instalments." This new regulation (Sec. 30 Reg. IX. 1810) aggregated all the instalments on goods travelling the greatest distance. It was a frightful augmentation. There was an endless multiplication of chokey or customs outposts. Inland trade was thus rendered intricate, dangerous and disreputable during the years 1810-33. By the Charter Act of 1813 British imported goods paid 2½ p.c. but no corresponding reduction was made in internal duties. Cotton piece goods in the Bengal Presidency still paid 17½ p.c.—5 p.c. on the raw material, 7½ p.c. on the yarn, 2½ p.c. on the plain and 2½ p.c. on the dyed cloth. This was in effect an encouragement of English at the expense of local Indian manufacturer. It is no wonder that Indian piecegoods lost their home market so very rapidly in this unequal struggle. The anomaly of foreign goods enjoying a preference in the home market undoubtedly helped to bring this about. The total displacement of Bengal piecegoods in the Indian market and the foreign market has been estimated
by Trevelyan at a crore and eighty lakhs. This happened between 1813 and 1833. Was nature only the true commercial legislator? Was not political supremacy utilised to bring about this commercial ascendency? The sword of Brennus was thrown into the scale, not with the words "woe to the vanquished", but perhaps with a smile "This is for your benefit".

Two officers of the customs department in their note on Trevelyan Report which was submitted for the consideration of the Governor-General made this very clear. They were not prepared to agree with Trevelyan's views on the paralysing influence of existing customs regulations on national prosperity because they could show by means of statistical tables that the official returns of the value of inland commerce had increased since the date of the existing customs regulation in 1809-10 from Rs. 23,456,021 in 1809-10 to Rs. 52,333,470 in 1831. They were perhaps not prepared to agree that goods which escaped the net before could not now do so. They could not deny that the great inequalities between the inland duties and the import duties on British goods were 'real and crying evils', bad and injurious to the country, but their main argument was that inland customs brought the government an income of Rs. 36,87,580 which the government could not afford to forego. They further argued: "We think it rather a hasty assumption to ascribe the low state of manufacturing industry to the restrictions of our customs system. We think the probabilities are that as in all semi-barbarous countries the manufacturing industries of India will decline in proportion as its intercourse with a civilized manufacturing country increases, and that the attention of the people will rather be turned to the improvement of raw produce exchangeable for the manufactured goods of England." From the remarks of these two officers we learn for the first time that South America ceased to be a market for Indian produce because the coarse cotton piecegoods "which formed so vast a proportion of our consignments to South America could not long continue to make head against the manufacturers of Glasgow and Manchester; there is no raw produce that we can expect to export from India to South America, when therefore the exportation of piecegoods failed all exportation failed to that quarter".

Britain 'inundated the very mother country of cotton with cotton's. Thus took place an economic revolution—a displacement in which weavers, spinners, dyers, bleachers, cotton producers, needle-workers became all affected—their sufferings were without any parallel in the history of commerce. In the Samachar Durpan, 5th July 1828 we have the petition of a distressed widow who used to support a family of six from her income from her spinning wheel but now found herself in a desperate situation on account of the import of cotton yarn from England. In her simplicity she wrote, "I was told that all the people in England are rich but now I find that there must be women in England who are poorer and more unfortunate than us, who cannot sell their yarn in their own markets and send this to India to be sold so cheaply here
to our utter ruin. I beg to draw the attention of the spinners there to my petition and request them not to send their yarn to this country." The cry of distress from rural areas as the cottage industries died out could not certainly move the British industrialists into sentimental humanitarianism. British Indian commercial policy could not be deviated from its course by widows' petitions and paupers' cries. Public opinion in India was too inarticulate in this respect and too ineffective to count. The population of Dacca, the Manchester of India, the seat of the muslin industry, was halved in 16 years. In 1813, the Chaukidari tax was paid on 21,361 houses at Dacca, in 1830 on 10,708 houses.

Depression in the Company's silk trade ended in 1807. Italian raw silk was no longer imported into England on account of Napoleon's Continental system. Demand for Bengal silk naturally increased. After the cessation of hostilities in Europe, and the growing decline of trade in cotton piece goods, the Company invested the greatest part of the funds in silk trade. But increased export meant deteriorating quality. A momentary demand let to over-expansion—Kumarkhali, Rangpur, Rampur-Boalia (Rajshahi), Malda, Jangipur, Cassimbazar, Gonatea in Birhbum and Radhanagar in Midnapur were the chief silk producing centres. After 1813 private traders made some progress in silk business. East India Company's silk business in Bengal was wound up after 1833. Private silk business continued for some time more and afforded some employment to the inhabitants at a time when cotton manufacture was declining very rapidly. But the old established centres of cotton industry like Dacca, Santipore, Luckipore did not become established centres of silk industry. The last of the expiring Indian manufactures was silk. The duty on British silk manufactures in Calcutta was 3½ p.c. that on Indian silk manufacturers in England was 20 p.c. The Ellenborough Committee of the House of Lords in 1840 did not recommend equalising the duties on silk manufacturers. Indian silk piece goods in the grey were imported into England, printed there and then exported to other European countries. Indian printed pocket silk handkerchiefs were re-exported to France, the Frenchmen preferring Indian silk handkerchiefs to British. Equalising of duties would help Indian silk manufacture. So this was not done and this branch of silk industry was to die out. It was not considered 'good legislation to take away our labour and to give it to the East Indian because his condition is worse than ours'—this was the line of argument.

The Company wanted to have sugar as an article of investment. This was provided by contract and there was export not only to the British market but also to Africa, Europe and America. Sugarcane cultivation extended from Benares to Rangpur but sugar production was concentrated in Bihar and Benares. Many European sugar factories grew up in Bihar. There was a decline of sugar export during the period 1805-1815. In 1826-27 the export of Bengal sugar increased to about 18 lakhs of rupees. Sugar from Calcutta port was exported to England inspite of heavy duty and excessive freight charges. East India sugar was placed on an equal footing
with sugar from West Indies in the British market in respect of duties in 1836. But sugar required more capital than indigo. C. D’oyly and H.M. Parker of the Board of Customs, Salt and Opium put it very aptly—"Can cotton be produced which shall command the English market in preference to that of America? Can sugar be provided which shall rival that of the West Indies in public estimation? Can our silk compete with that of Italy?" It was not possible for these Indian products in the long run to compete in the European market.

The manufacture of salt in Bengal was the Company’s monopoly with a view to revenue not trade. The salt monopoly was very much criticised in England. It was incompatible with the policy of freedom of trade, it kept prices high, the consumers suffered, salt manufacture was oppressive to the Malangis. Complete abolition of the monopoly was urged. The House of Commons Committee on Indian Affairs 1831-32 was of opinion that it would be desirable to encourage a supply of salt by importation without abandoning local monopoly immediately—'a compromise between a close monopoly and a free importation'. They hoped that Bengal manufacture of salt would gradually decline leading ultimately to free import of salt under a customs duty. Agitation against salt monopoly continued. The import of foreign salt was encouraged, duty being reduced from Rs. 3 to Rs. 2 per maund. In A Collection of Papers relating to the salt revenue which was published in 1836 there is a minute by the junior member of the Board of Customs, Salt and Opium. It was a sustained argument in favour of the continuance of the monopoly. He pointed out that in the sale of May 1834 Liverpool salt was priced at Rs. 382-13-4 per 100 md. and Tumlook (Tamluk) boiled salt was Rs. 377-4-3 per 100 mds. In the November sale of 1834 Liverpool salt was Rs. 367-3-6 per 100 mds. and Tumlook boiled salt was Rs. 372-0-0. In May 1835 sale Hijli boiled was Rs. 394-3-0 per 100 mds. and Liverpool boiled was Rs. 393-0-0 per 100 mds. This report was published by order of the government of Bengal. But it contains the following remarkable expression of opinion—'I may assume that notwithstanding the never slumbering selfishness of the English people and their astonishing disregard of all that concerns the welfare of this country only it would be impossible to advocate or work into form the scheme of treating salt as many other articles of local produce have been treated viz. levying a heavy tax upon the country and a very light one on the imported commodity'. The Madras salt import was essentially an English private trade venture because of the freight—'Essentially English that is essentially selfish' in the words of the report. The report further pointed out that there was no adequate ware housing of the article. There was no class of master manufacturers. If great salt works could be established in the place of 'hereditary choolah' there would be less unequal competition. But this was not to be. A close governmental monopoly was not conducive to such developments. The manufacture of salt by reason of the government monopoly administration was so soaked in extravagance compared with privately manufactured Cheshire salt that the importer had always an
advantage in his favour. The ardour for free trade continued. The interest of British salt manufacturer and shipping trade was paramount and the inexorable economic law was thus allowed to operate. Tamluk and Hijli were capable of supplying half the demand of Bengal when monopoly was later abandoned but not the salt tax which pressed so much upon the consumers. The net public revenue from the salt tax in Bengal, Bihar and Orissa amounted to one million and a quarter sterling in 1833.

Saltpetere monopoly was no longer profitable to the Company. After 1814 it was abandoned. There was an increase in the number of private manufacturers of saltpetere. In 1819-20 the export was valued at 14 lakhs. It fell to 11 lakhs about 1827. Private trade exports gradually declined from 1829.

Shipbuilding industry was revived in Bengal in 1781 by Colonel Watson who built the ship Non Such. Between 1761 and 1821 two hundred and thirty five ships were constructed in Calcutta. Most of these ships were engaged in Asiatic trade. A ban on Indian shipping in Indo-British trade was imposed in 1814. In 1813 there were some Bengali shipowners—Ramdulal Dey, Panchoo Dutt, Ramgopal Mullick, Madan Dutt. Lack of encouragement, advent of steamships, restriction of shipbuilding, gradually led to the complete disappearance of 'country' shipbuilding in Bengal.

**A NEW STRUCTURE OF EXTERNAL TRADE AND A NEW FINANCIAL SET UP**

Indigo became the principal article of export to England, the commodity market being almost exclusively dominated by British private traders in the Bengal Presidency. In 1800 forty thousand maunds of indigo were exported from Calcutta to England, in 1815 one hundred and twenty thousand, between 1826-30 on an average about one hundred and eighteen thousand. In 1810 Calcutta price was one hundred thirty rupees per maund. In 1824, it rose to three hundred and thirty rupees. There was a slump in 1829 and London price dropped from 10s. a lb. to 3s. 7d. Calcutta was the world's chief supplier of indigo. It was produced in the delta regions of lower Bengal and Bihar. According to Buchanan Hamilton there were about 300/400 factories in Bengal. Cultivation was gradually extended even beyond Bihar. The indigo planters developed very unhappy relations with Indian labour. European adventurers' avid for wealth, in direct contact with the peasantry in Bengal and Bihar created these problems of relationship. For more than half a century oppression and lawlessness remained associated with indigo plantations. The offensive features of indigo cultivation by Europeans developed almost from the beginning. As early as 1793 some ryots complained of having advances forced on them. This was the beginning of what was later described as indigo slavery. Indigo became almost entirely a forced cultivation.

The East India Company confined itself to the production of opium in India—in Bihar. The distribution of opium in China was left to private
traders. In 1800-01 3224 chests (2 mds. each) of Bengal opium were despatched to China. In 1834-35 10,027 chests. Opium has been described as the "favourite concubine for many years of the Indian government. She supplied her master with a seventh of his annual revenues and roused him on her behalf to two wars against China." 52

In the last years of the Company's monopoly of China trade the amount of tea sold in England averaged thirty million pounds. The Company's treasury at Canton took specie from British private merchants which their sale of Indian goods—opium from Bengal and raw cotton from Bombay—yielded and gave in return bills on the Court of Directors or on the Government of Bengal. The opium sale proceeds very much exceeded the tea investment of the Company. The country ships returning in ballast brought China bills which could find a ready market in Calcutta and bills of exchange on private account to the opium exporters. The China trade thus became a channel of remittance from Calcutta to London via Canton. "In 1833 it was declared that the trade between India and China was three times the value of that between England and China." 53 During these years 1813-1833 India became flooded with Manchester goods. Therefore this mode of remittance via China became very popular. It was pointed out in 1836 that "the China trade employed 100,00 tons of British shipping" and found vent for Indian products "which enables our Indian subjects to consume our manufactures on a largely increased scale". The Canton System 'tripped and fell' and the first Anglo-Chinese War 1840-42 ended the limited contacts of the eighteenth century' and led to the expanding contacts of the nineteenth.

The opium traffic, this country trade between India and China, helped the growth of agency houses. Before the age of agency houses developed, the banians acted as agents and middlemen for the East India Company's servants and British Free Merchants. The banians supplied capital, acted as brokers for Englishmen engaged in private trade. Many of them were prominent inland traders in partnership with Englishmen. But in the last decade of the eighteenth century the East India Company's servants were no longer engaged in inland trade. With indigo and opium becoming staple commodities in the external trade of the Free Merchants the banians' role became very restricted. Moreover, the Company's servants and Free Merchants had by now accumulated so much capital that they wanted to invest at least part of it in such lucrative business as the export of indigo to Europe and of opium to China. Many of the agency houses were formed by ex-servants of the Company.

Agency houses represent the second stage of the growth of the Englishman's commercial ventures in India. The pagoda tree was to put forth new blossoms. In 1790 there were 15 agency houses in Calcutta. "They controlled the country trade, financed indigo and sugar manufacture, covered the government contracts, ran three banks and four insurance companies at Calcutta and speculated in public securities" 54. Trade with China in opium and raw cotton and trade with Europe in indigo became
their preserve. The Company's servants were no longer in private trade but the agency houses could draw upon their income. Agency houses thrived on borrowed capital. Indigo planters, cotton dealers, opium agents were their constituents. Palmer and Company had indigo plantations all over Bengal. They had six ships. The Fairlies controlled country shipping in Calcutta, ran a bank. The Alexanders controlled the Bank of Hindustan. They lent planters money at 10 to 12 p.c. interest. They also depended on the savings of the Company's servants and whenever they were very hard-pressed they took loans from shroffs. They also turned to government which was very sympathetic towards them whenever they found themselves in great difficulty. Agency houses were in reality distributors of capital rather than the possessors of it. They made their profits in the usual course of trade and by the difference of interest between lending and borrowing and by commerce. The East India Company controlled the credit market by its increasing debt operations. The policy of debt transfer made the public securities very valuable to the Europeans as a means of remittance and the 'natives' practically became insignificant holders of public securities. These securities held by the Europeans were deposited with the Agency houses and they also took to stock-jobbing.

The Bengal government was very much committed to agency house interest. When they were in a very tight corner before the outbreak of the Anglo-Nepalese War the Government advanced a loan to the agency houses. As the war dragged on the government forced from the Nawab Wazir of Oudh a loan of one crore but spent 48 lakhs out of this sum for the payment of loans with a view to relieving scarcity in the money market, thus relieving agency house distress for cash. Then came a period of indigo and opium boom, and resultant over-speculation and over-production. By 1818 imports for the first time began to exceed exports. This increased the extent of capital which could be remitted. Exchange fell from 2s. 6d. in 1819 to 2s. 3d. in 1820. The Agency houses were affected. The government again tried to help them by floating a loan which might absorb the remittable surplus. John Palmer and Company began a collusive loan transaction with the Nizam's Darbar at usurious interest of 25 p.c. and even more. The Agency houses became unable to meet the planters' demand for capital and private traders' demand for profitable remittance. The government's debt policy in 1823, reduction of interest on public debt to 5 p.c., and permission given to Bengal Bank to give greater credit facilities—helped agency houses to get cheap capital at less than 8 p.c. But in their enthusiasm the agency houses invested their borrowed capital in permanent objects like indigo concerns and expanded their plantations until many of them became uneconomic. This indigo boom created further distress for the peasantry because marginal concerns were faced very soon with the problem of survival and the full brunt of the rivalry between contending planters had to be borne by the peasants. To crown all came the Anglo-Burmese War which began in 1824. To relieve pressure on
the money market Amherst succeeded in persuading the Nawab Wazir to lend a crore at 5 p.c. The Burmese War ended in 1826. But the government continued to be in financial difficulty. The Nawab Wazir of Oudh had to pay 50 lakhs more as a loan and the inevitable pressure on the money market which would affect the agency houses could be relieved. But there was very soon a fall in Bengal raw material prices in the London market, a stagnation of country trade. The agency houses could not withdraw capital from their marginal indigo concerns. The partners of agency houses in England began to withdraw their capital to England. Some of the biggest agency houses like Davidson & Company became bankrupt. There was a chain reaction. Even the corrupt monetary transactions of Palmer & Company at Haiderabad could not save it from collapse. The Palmer & Company fell at the beginning of 1830. Private British trade in Bengal was largely in the hands of these agency houses. If they all became bankrupt the servants of the Company who put their money in these houses would be ruined. It was therefore regarded by the government as a national emergency. Bentinck was very much anxious to come to the rescue of private British capital in Bengal. The total number of indigo factories in the Bengal Presidency was 899 the European owners 119, European assistants 354. Amherst’s Regulation VI, 1823 had already given the planters the right to recover advance with interest by a summary suit from the indigo crop. But the planters still continued to feel that they must take the law into their own hands and they frequently did it and compelled the ryots by force to meet their demands. Regulation V of 1830 was passed by Bentinck’s government with a view to compelling indigo ryots to carry out specific performance of contract with all its harsh conditions. This was, as the Court of Directors pointed out, dispensing with the ordinary course of law in favour of the planters. The contract was always unfair to the ryot. This attempt to relieve the difficulties of European commercial houses amounted to ‘class legislation’. There was trade depression in England and continuous fall in indigo prices. The agency houses fell one by one—the Alexanders, the Mackintoshes, the Colvins. The Fergussons fell in 1833 and the Cruttendens in 1834. The Agency houses rested on a foundation of quicksand, ‘exposed to every gust of wind, commercial or financial’. A new financial set up was necessary with more secure foundations for British capital investment and this was ensured by the Charter Act of 1833.

Indigenous banking in Bengal had played a very important role in the first half of the eighteenth century under the Jagat Seths. The Calcutta Council used to depend very much upon the Jagat Seth house for their investment before Plassey. They took loans, repaid loans, sold bullion to this house and purchased bullion from it whenever in need. No less dependent were the French and the Dutch. Even in the year of Plassey the Dutch borrowed four hundred thousand at 9 p.c. The French debt at the time of the capture of Chandernagore was a million and a half. The
country merchants as also British private traders turned to this house for the timely supply of credit. This house was the receiver and treasurer of government revenues. The zamindars borrowed whenever in need. The Seths also traded in rupees—the conversion of different varieties of coins into sicca. They were in charge of the mint and made a profit from re-monetisation, triennial recoinage being a feature of monetary arrangements. They discouraged sale of bullion by foreign companies to others. Almost all the bankers in Bengal were either their factors or agents. In high finance the inland trade of the whole of northern India was connected by their hundis of bills of exchange. Their banking business was not therefore merely usury. They developed credit and helped international trade. After Plassey foreign traders no longer stood in need of their assistance. Even the French and the Dutch could dispense with their aid. They lost the control of the mint. Bullion was no longer imported. The shroffs or money-changers became independent of the control of this house. It was no longer the receptacle of the metallic hoard of the country. After the grant of the Diwani it lost all its connection with revenue payment. Very soon the house ceased to be the Company's bankers. When the state-controlled General Bank was set up by Hastings with a view to stabilising inland exchange and remittance of revenues its managers were new men—Hazari Mal and Dayal Chand. This bank did not continue its operations after sometime but that did not benefit the Jagat Seth house. The transfer of the treasury to Calcutta may be regarded as the creation of the new centre of financial gravity. Mir Qasim's attempt to create a rival financial house—the house of Bolaki Das at Murshidabad—had failed for political reasons. But in the eighties we find the farm of Monhardas Dvarkadas doing brisk business even at Murshidabad. Indigenous banking itself was being slowly driven into a corner. It was gradually confined to the granting of credit to agriculturists and artisans and the financing of the internal trade of the country. The European banks which came into existence in Bengal confined their activities almost completely to Calcutta, gave remittance and deposit facilities of which Europeans could make use. They financed European private trade external. Indigenous banking and European banking thus kept apart from each other. The collapse of the structure raised by the Jagat Seths thus created two distinct systems. There was no longer a single money-market.

Some European banks came to be established towards the end of the eighteenth century—the Bank of Hindustan in 1770, the Bengal Bank in 1784 and the General Bank of India in 1786. The European houses added a fourth function, the issue of notes, to the other three functions, acceptance of deposits, making of advances and discounting of bills. Alexander & Company, a leading agency house, started the Bank of Hindustan, which was the earliest European bank in India. This bank was a department, almost a counting house, of Alexander & Company. It could survive the banking crisis in 1791, 1819 and 1829 but it could not survive the failure
of Alexander & Company in 1832. The Calcutta Bank was started by Palmer & Company. It failed in 1829 on the fall of the Agency House. Other agency houses also established mushroom banks which shared their fate. The Bengal Bank failed in 1791. The Bank of Bengal came into existence in 1806. It received government support in 1809. It became the Chief Presidency Bank but worked under some restrictions imposed by the government. As a semi-government bank it could not afford all facilities to commerce. This led to the foundation of the Union Bank in 1829 avowedly as a commercial bank to be managed by commercial men to afford facilities to commerce which the regulations of the semi-government Bank of Bengal did not permit. All other private banks had failed. Of the twelve directors of the Union Bank four were Indians—Dwarakanath Tagore, Pramathanath Dey, Prosanna Kumar Tagore and Radhamadhav Banerjee. It made advances to indigo houses of Calcutta on the deposit of title deeds of their factories. Seven of the Directors became hopeless indebted to the bank. Excessive credit was given to a few European firms and the purchase of their bills long after they were insolvent brought this bank down with a crash some years after. Most of the British directors were ‘linked together by commercial interests centring in the bank as a focus’. The indigo system was so vicious that financial instability seemed almost inevitable. An apostrophist for the directors of the Union Bank tried to justify their overspeculation. He argued, "Once stop the advances (to the cultivators) and the debt and property themselves are destroyed. Continue them and (if there is) an average crop and fair prices especially of an article like indigo of which Bengal enjoys a monopoly to a considerable extent, the debt is recovered and the value of the property is maintained."

The fall of the Union Bank in 1747 was the last of the bank failures of which there was quit a crop in the twenties and thirties of the century. The financial system of those days was very much shaken. The shyness of native capital does not appear to be inexplicable in this context.

Another feature of the financial system requires to be stressed. Indigenous banking was not in the hands of the Bengalis. This has history behind it. Towards the end of the hindu period of Bengalis history Ballal sen (1158-1179), who was responsible for giving new ranks to different castes, placed Sahukars (Savarnavaiks) low in the list. This ranking list must be regarded as one of the greatest evils in the social history of Bengal. The malign influence of this ranking list was felt ever afterwards. Bankers from other parts of India who did not care for this local orthodoxy could easily establish themselves in Bengal. These people were inclined to keep their risk capital tied to the quick turn over of internal trade and there was no encouragement of any business enterprise whatsoever.

But according to Bengal Commercial Reports of 1802-3, "the formerly timid Hindu leads money at respondentia on distant voyages, engages in speculations in various parts of the world and as an underwriter in the
different insurance offices, creates indigo works in various parts of Bengal and is just as well acquainted with the principles of British laws and enjoys moreover two great advantages over the latter, the first in trading on his own instead of a borrowed capital and secondly of conducting his business at 1/10 the expense of the European." But this phase of business activity had hardly begun before it ended. Investment in land proved to be more and more profitable in the twenties and thirties. Distraint regulations made this investment so safe. Growing population with its increasing pressure on land made landholding more and more popular among moneyed men and gradually all other forms of activity except moneylending and investment in securities stopped altogether. British capital investment in India was destined not to face rivalry in India.

The last of the Bengalis of note in overseas trade was Ramlal Dey, who has left behind him a tradition of almost proverbial honesty. His career is intimately connected with the appearance of America in Asian trade. The first American ship appeared in Calcutta in 1785, the next in 1787. These ships were perhaps used for clandestine private British trade with Europe. By 1797 American trade from Calcutta had become so considerable that it was felt in England that foreigners were profiting from trade with India while British subjects were prevented by the Company's monopoly. According to Jay Treaty 1794-Art. XIII-vessels of U. S. A. were to be admitted to British Indian ports. They were 'not to carry articles exported by them...... except to some port in America'. During the French Revolutionary and Napoleonic wars neutrality was very profitable. The Jay Treaty could not prevent the American ships stopping in European ports and selling Indian goods by taking a circuitous route. American traders' demand was for medium quality piece goods from 1797 to 1808. Henry Lee was the pioneer American trader and he was acting in close collaboration with Ramlal Dey. But the state of things changed between 1808 and 1812. The Anglo-American war of 1811-1812 stopped all this for some time. After the reopening of American trade with India there was no longer that old close cooperation between Americans and Indians. In the parliamentary debates of 1813 it was pointed out that the Americans could undersell British traders in South America and West Indies. After 1813 British freight charges were reduced and keen competition began among British private traders. Circuitous trade was no longer profitable. In the Calcutta port there was preferential treatment of British goods and British vessels. 60% to 70% duty on Bengal piece goods in America stopped direct trade. Industrial Revolution in England made medium quality British piecegoods in South American markets cheaper than American imported medium quality piecegoods from Bengal. American traders also felt that Indian trade should best be done through England. They naturally turned to British agency houses. Ramlal Dey was the last important Bengali merchant in overseas commerce. It is perhaps relevant to note that American merchants trading in tea in China had to bring a small quantity of opium when they were purchasing tea."
As Turkish opium was not relished in China it became perhaps convenient
to turn to the British agency houses.

An Englishman boasted, "we opened the coffers of the Mughals and
released the hoarded wealth of ages". The plunder was promiscuous and
unchecked during the first two decades. Then investment, private trade with
Europe and with other parts of Asia formed a stream for the influx of Indian
treasure to England. Capital accumulated in masses. Clive's 'Plassey plunder'
was rivalled, in later years, by Francis Sykes' 12 lakhs in two years at
Murshidabad and Barwell's 80 lakhs in presents, perquisites and private
trade. There were many others who followed their noble example. This ill-
gotten wealth could easily be sent to England through the Dutch, the French
and in diamond bulses. Amsterdam suddenly developed into the biggest
diamond market of Europe. There was a great expansion of credit in
England. "Credit is the chosen vehicle of energy in centralized societies and
no sooner had treasure enough accumulated in London to offer it a foundation
than it shot up with marvellous rapidity" (Digby). The 'Plassey plunder'
phase 1757-1772 was followed by a period in which there was excess of
exports over imports during the years 1772-1813. It has been argued that this
was not drain. Investment helped to maintain a quantum of industry and
agriculture with a part of the state revenues. But for most of this period there
existed a monopoly for the benefit of a foreign trade. The surplus revenue
was advanced to those who made cloths or produced raw silk. Thus was
carried away not only the original sum received but also the value of the
labour of the subjects into the bargain.

Henry Dundas wrote to the Chairman of the E. I. Co. on 2nd April,
1800. "Trade never can be regulated or directed by any other certain rule
than the interest of those concerned in it. But it is so much the interest and
natural bent of a British subject to send his fortune to that country which
gave him birth and where he means to close his days that nothing but the
most unnatural and impolitic restraints can suggest to him a desire to do
otherwise.

No principle ought ever to be tolerated or acted upon that does not
proceed on the basis of India being considered as the temporary residence of
a great British establishment for the good government of the country upon
steady uniform principle and of a large British factory for the beneficial
management of its trade upon rules applicable to the state and manners of
the country.

From these premises the conclusion I draw that the surplus produce of
India, beyond what the appropriated of the E. I. Co. can bring home should
be considered as the means of transferring the fortunes of the servants in
India to Great Britain.

The importance of that immense empire to this country is rather to be
estimated by the great annual addition it makes to the wealth and capital of
the Kingdom than by any advantages which the manufacturers of this country
can derive from the consumption of the natives of India".
This was said at the end of the eighteenth century. In the nineteenth century the advantages derived by manufacturers of England were also of paramount consideration.

ADMINISTRATION 1793-1883.

British administrative institutions were taking their final shape. In 1787 the number of districts was reduced from 35 to 23. But combination of power in the hands of Collector was so great that separation of power was now felt to be necessary. Revenue administration was separated in 1793 from judicial functions. Even revenue cases were to be referred to the three city and twenty three zilla courts. Their judges were now made magistrates and they were entrusted with the power to arrest criminals. But it was soon found that the separation of powers could not work well in practice. The transfer of revenue suits to the judges led to enormous increase in litigation, due to the hasty land-revenue settlement which left everything undefined, made it impossible for the judges to cope with the volume of revenue work. The Collectors' magisterial duties had also been transferred to judges of civil courts. The judges were therefore empowered in 1794 to refer revenue accounts to the enquiry of the Collectors. In 1812 the judges were asked to refer to the Collectors' cases of distrained property for report. In 1821 the Governor-General in Council was empowered to authorise a Collector to exercise the power of a magistrate. A magistrate could also be invested with the powers of a Collector. In 1822 the Collectors' judicial authority in matters connected with land revenue was further increased. In 1829 the Collectors were placed under the authority and control of the Divisional Commissioners. Their revised powers and duties included much that might be regarded as judicial.

In the sphere of civil justice the accumulation of arrears was staggering. The number of pending suits in 1813 was 142, 406. But there were many unfortunate victims of the new land-revenue system among ryots and dependent talukdars who were not in a position to seek judicial protection because of the expense, delay and other direct and indirect consequences of prolonged litigation. The state of things is best explained in the report of N. J. Halhed, Acting Judge and Magistrate of Burdwan, written in May 1814:"The Rajah having fixed the assessment to the greatest extent in his power, sells the putness to the Sudder Putneedars who immediately proceed to rackrent the Ryots and having got some of them in their debt they cause them by threats of prosecution, sometimes by fraud, often by violence, to execute an agreement to an increase of rent having obtained which they institute a suit against the remaining tenants to fix the rate of rent per bigha and in proof of its being that established in the village they produce in court the engagement which they have by fraud or force compelled one or two of the cultivators to enter into, together with the account books of the village which, however, can
never be depended upon. Those suits being generally below the amount tried by the Registrar are referred to the head commissioner (who are not in the district with the exception of the Moulaee of the court who is a trustworthy, upright and conscientious man, proof against a bribe). A person is sent out to measure the lands; he is generally convinced by the more weighty arguments of the landholders of the justice of the claim and on the report made by the surveyor a decree is given in favour of the plaintiff—this if the ryot is able to defend the suit. If, on the contrary, he is prevented by poverty or other causes from pleading and allows judgement to go by default the issue is the same. An appeal to the judge is filed if possible and it is three years before it can be heard and determined and in the meantime recourse is had to every species of oppression. The tenants' crops are attached while on the ground, his implements of husbandry are seized, illegal imposts are demanded and taken by force and at last the ryot tired out by the tyranny of his landlord is compelled to give in and comply with his demands...... The laws which protect the ryot appear likely to prevent oppression on the part of the landlord yet not a day passes without every one of the rules being broken.... It is a common occurrence for the landholder to issue a notification that demands rent double perhaps to what the land will bear from a tenant whom he wishes to annoy. This notification, if the rent specified is according to the pargana rates, is sufficient to authorize the landholder to substitute a summary suit under VIII-1794 and V—1812 against a ryot for the whole amount of balance of the same, but as there were no regular pargana rates in his district in order to prevent the abuse of his power a suit in court to determine the equitable proportion of revenue to be declared from the value of the produce of the land is indispensably necessary before the landholder is entitled to the amount required in such notification, which if legally made, does away the necessity of engagement on the part of the tenant if he cultivates after it is affixed to his dwelling. The collector to whom causes of this nature are referred for a report under Reg. V of 1812 invariably decides to the full amount of the proclamation and the court is always obliged to reverse his decision". Thus did law operate. What was true of Burdwan in 1814 was more or less true of other districts as well. It was said that during the progress of British conquest in the North West Province the inhabitants were observed to be flying in considerable numbers. "Is Lord Lake coming", was the enquiry. "No, the Adalat is coming which is worse".

The Judges on whom the administration depended so much for the rectification of abuses were all Englishmen, who were placed in three city and twenty-three Zilla Courts. Below them there were Registrars who were Englishmen, who could decide cases upto Rs. 200/-. The Native Commissioners could decide cases upto Rs. 50/-. From the city and zilla courts there could be appeal to the four Pro vincial Courts of Appeal at Calcutta, Patna, Dacca and Murshidabad without limit of amount. The Sadar Diwani Adalat consisted of the Governor-General
and members of the Supreme Council and there could be an appeal to it
where the value exceeded one thousand rupees. There could be a further
appeal to the King in Council if the amount exceeded £5,000. This was
a system of justice suitable to a rich trading community.

For criminal justice the judges of City and Zilla Courts were magistrates
with power to apprehend criminals. They could punish minor offences. They
were otherwise to commit for trial to the next session of the Court of Circuit,
four in number. Final approval of sentences of death or imprisonment for life
was required from the Sadar Nizamat Adalat over which the Governor-
General presided. He was aided by the Chief Qazi and Muftis. In 1801
Government relinquished jurisdiction over Sadar Diwani Adalat and Sadar
Nizamat Adalat. The Sadar Court was to consist of a chief Judge, a member
of Council, not the Governor-General or the Commander-in-Chief. There
were to be two puisne judges who were to be selected from among the
Company's covenanted servants. A third judge was added in 1805. There
were authorized 'native' pleaders in the Zilla or City courts as also in the
Sadar Diwani and Nizamat Adalats. Europeanization of the judicial service
was for some years complete under the system of Cornwallis. The official
Indian agency consisted only of native commissioners acting as referees,
arbitrators, munsiffs and sadar amins or head native commissioners. The
native commissioners who acted as referees or arbitrators were selected from
small landed proprietors, tahsildars, managers of zamindari properties,
merchants, traders and such other persons. Munsiffs and pargana qazis were
given preference. The native commissioners were given temporary commissions.
In 1814 munsiffs were permitted to try causes upto Rs. 64/-. In 1821
munsiffs' authority was raised from Rs. 64 to Rs. 150/-. European covenanted
servants in the Presidency of Fort William numbered 370 in 1823 of whom
only 131 were employed in judicial business. In the days of Bentinck there
was a total of 416 European covenanted servants. Their salary amounted to
90 lakhs.

Bentinck was responsible for more extended use of Indian agency. In
1831 the Registrar's office was abolished as also the Provincial Courts of
Appeal. Indian judicial officers were entrusted with greater responsibility.
Munsiffs were empowered to try suits upto Rs. 300/-. Sadar Amins could now
try suits upto Rs. 1,000/-. Principal Sadar Amins could try cases from Rs.
1,000/- to Rs. 5,000/-. Zilla and district judges were given unlimited
jurisdiction in the districts. There could be an appeal from their decision to
the Sadar Diwani Adalat. The European judges were to regulate the conduct
of munsiffs and sadar amins. Munsiffs were for the first time to be paid a
salary of Rs. 100/- per month including the expenses of their establishment.
They were so long dependent upon fees which had amounted on an average
to Rs. 32/- a month. The average income of munsiffs in Patna was 21 rupees
per month. Sadar amins were to be paid Rs. 250/- per month and principal
sadar amins Rs. 500/-. This salary included establishment and contingencies.
Thus was subordinate judicial service thrown open to Indians and in subordinate judicial service integrity was sought to be ensured.

The judicial authority of the Collectors in summary and rent suits which they had enjoyed before 1793 was to be restored with power of revision on a regular suit by the zilla and city judges. Magisterial authority was transferred from the judges to the Collectors in many of the districts. By the year 1833 the Collector became the hinge of British Indian administration with a large measure of initiative. He was now a fiscal officer, charged with the collection of revenue from land and other sources, a revenue and criminal judge. "He should be a lawyer, an accountant, a financier and ready writer of state papers—a position of great and exceptional importance" (W. W. Hunter). Cornwallis' Courts with their technicalities of procedure "were calculated not only to defeat justice but to obstruct the access to it by needless delay and expenses". Premature and ill-conceived measures prolonged many evils. The establishment was totally inadequate. The attempt to administer justice except in very trifling cases wholly by European agency was bound to break down. Between the horizon of the villager and the magistrate there was an unknown country where one of the many perils was that of the tout or quack lawyer and process peons with their powers of annoyance. Ultimately justice not in the first instance only but also in many appellate cases was entrusted to Indians. This large scale employment of uncovenanted and 'native' agency was begun in 1831.

Another problem was not, however, faced—the low salary scale of the subordinate 'native' functionary in the police, land-revenue, customs, salt and opium departments and in the clerical establishments of law courts. "Corruption was the necessary fruit of a totally inadequate salary combined with excessive temptation" (Observations upon the Transit and Town Duties of the Bengal Presidency, 1835). The only solution of this problem was the payment of fair remuneration and dismissal for dishonest or oppressive conduct. A Daroga got Rs. 25/- to Rs. 30/- a month. He was in charge of rural police in his locality and he was expected to displace the zamindar from his position of responsibility for policing the countryside. In the salt department the highest paid native functionary was the Diwan of the Tamluk agent. He drew a salary of Rs. 50/- a month. A Daroga at the chokis got Rs. 30/-, a sezawal Rs. 13/-, a cash keeper Rs. 12/-, a Kothi Mohrar Rs. 5/- a bearer Rs. 2/8/-.

This was the scale of salary of sheristadar in the law court and his subordinates. Such an establishment of servants with low wages was ill calculated to create a revolution in the sentiments and habits of the people. The unwillingness of the rulers to learn the language of the ruled contributed further to this increase of corruption. No attempt was made to place 'the natives in some degree beyond temptation by making the 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 interest of the government'.

The filtration theory might work in the field of education—it is doubtful
whether it did—but it does not work in administration. Honesty cannot percolate downwards. The Indian munsiffs, sadar amins, as also deputy collectors, first appointed in 1837 and Deputy Magistrates, first appointed in 1843, were given salaries that were not perhaps inadequate and they created a tradition of honesty in subordinate judicial and executive branches of administration. But corruption could not be removed from the lowest rungs of the ladder.

In the existing circumstances British snobbery was perhaps inevitable. The Company's covenanted servants began their career after two years of training at Haileybury College near London. They also attended for a few months the language school at Fort William. The excellent spirit of comradeship at Haileybury was carried down to India where this special caste claimed identity with the state. As a member of the Company's covenanted service put it: "The young Englishman found that those situations only of which the income was so small that no Englishman would live on it was filled by the natives. They would suppose that there was some truth in what they had heard about the incapacity and ruggery of the people and from considering them as a degraded race it was but a step to treat them as such". The Indian milieu of authority and submission, luxury and flattery did the rest. Sleeman deplored in 1843 that "there was no longer that sympathy between the people and the agents of the government that the European officer did not show that courtesy towards the middle and higher classes and that kindness towards the humbler which used to characterise them. The native officer imitated or took advantage of the conduct.

The state of things is thus described by a writer in 1834:

"There is an aristocracy of birth
In England and a second one of riches,
A third perhaps, of talent, wit or worth,
All are intolerant, and 'tis doubtful which is
Most so, but all are mastered; one, on earth
And only one, quite out of the human reach is—
And that's the aristocracy of skin—
Where the white rule, black never can squeeze in.

(The Baboo and other Tales by Augustus Princep)

But in the history of British connection with India during these years we can trace many strands of character and motive. The "consecrated cobbler" who came to India in 1793 in defiance of the East India Company's ban started his great work at Serampore. He stands in a class by himself as one of the most potent influences in the moral and intellectual advancement of India. Carey, Marshman and Ward exerted the greatest influence on Indian society and administration. In the year 1831, in the address presented to David Hare by 565 young Indians in February 1831 he was described as setting an "example to his own countrymen and ours to admire which is fame and to imitate immortality".
The impetuous regime of Bentinck, Macaulay and Trevelyan created an expectation that the contact with the expanding energy of western life would result in surrender, the uprooting of Indian civilization. But "the Indian past is no blank page. It is rather like an illuminated manuscript, partly worn away and needing revision, but still most precious for the subject matter it contains". The worst of the anglicizing days was soon over. Ram Mohan Ray stands as the embodiment of India's response to this western challenge. On evangelization Bishop Heber wrote in one of his letters, "Do we encounter no opposition? Unfortunately we do. An apostate Brahmin Ram Mohan Ray who was once half christian but now wants to found a sect of his own has written some mischievous pamphlets against us". Indians were startled by the strength of the west but there was no advance of the church in India.

Social reform awakened interest in Indian mind. There was a re-reading of orthodoxy, a re-discovery of essentials. Intellectual hinduism was pitted against Brahmanical prejudice. There is a fascination about hindu rites and ceremonies which the oriental mind finds it almost impossible to resist. But protest against the bondage of medieval religion, social and sacerdotal laws and institutions became very active. Attention has been focussed very naturally upon Sati, infanticide and Kulin polygamy. As Tagore said in another context, "What you feel as the truth of a people has its numberless contradictions just as the single fact of the roundness of the earth is contradicted by the innumerable facts of its hills and hollows". Kulin polygamy was an abuse confined to a very small group of people, not even one in one thousand. It has been described in a way which makes it appear to be true of the whole country. It began to die out when the modern organisation of information drew the attention of the society to this evil. Ward has given an exaggerated picture of infanticide in his View of the History, Literature and Religion of the Hindus. Public sentiment was opposed to it and Wellesley had no difficulty in putting an end to it.

The origin of Sati "will most probably be found in the voluntary sacrifice of the widow innsolable for the loss of her husband.....interest now began to whisper to her husband's relations that the widow had a right to exclude them from his property during her life but that she might be persuaded to accompany him.....Foolish enthusiasm of feebluer minds did the rest". The Pandit of the Supreme Court said, 'few instances are to be met with in the Pooranas and other authorities of the eminently virtuous women of former ages sacrificing themselves either by Sahamara or anumaran. But the practice is frequent among modern women. The act of dying is not enjoined'. Calcutta and its neighbouring districts stank to high heaven with their iniquities. In the official list of Satis from 1815 to 1818 we notice some very significant features—in 1815 there were 253 Satis in the Calcutta division, 31 in Dacca, 11 in Murshidabad. In 1817 there were 442 in the Calcutta division, 58 in Dacca and 30 in
Murshidabad. Between 1815 and 1828, 63 p.c. of Sati was in the Calcutta division alone. In 1825 the number was 398 in the Calcutta division, 101 in Dacca, 21 in Murshidabad, in 1826, 324 in Calcutta, 65 in Dacca, 8 in Murshidabad, in 1827, 337 in Calcutta, 49 in Dacca, 2 in Murshidabad.

The Dayabhaga law of succession which prevailed in Bengal ensured to the widow the right to the deceased husband's property during her lifetime. This was perhaps to some extent responsible for this growing iniquity. One is reminded of the circumstances in Maharashtra which led to pressure being put on Sakwar Bai on the death of Raja Sahu in 1749. The Peshwa feared that she might embroil the Maratha nation in a civil war and therefore insisted on her becoming a Sati as a childless widow. Grant Duff refers to the 'calm villainy of a Brahmin Court'. Villainy was also here at work. It would not be wrong if we assert that a social abuse under the cloak of religion proved to be very useful to the heirs of the deceased. Marshman told Bishop Heber in 1824, "These horrors are of more frequent occurrence within these few last years than when he first knew Bengal.....an increase which he imputes to the increasing luxury of the higher and middling classes and to their expensive imitation of European habits which make many families ready and anxious to get rid, by any means, of the necessity of supporting their mothers or the widows of their relatives." Indians learnt at first in the law courts—Mayor's Court, Supreme Court, Diwani and Nizamat Courts, Sadar Diwani and Sadar Nizamat Courts—"the low arts of chicanery, imposture an litigiousness......they did not imbibe any elements of European character. Only the mildness and simplicity of thier own character were undermined." "New professions of informers, sharpers, intriguers, suborners and false witnesses came into existence". All this would explain why the abuse increased to such an extent in Calcutta and the surrounding areas during the first quarter of the nineteenth century. The attempts of the government to regulate this practice only increased it. It was felt that the 'sanction of the ruling power is added to the recommendation of the Sastras'.

Ram Mohan Roy began his campaign against this abuse by trying earnestly to persuade the widows not to commit suicide. But 'foolish enthusiasm of feeblar minds' could not be checked in that way. He was not successful. Superstition and corruption were both at work. He took recourse to abstract arguments of a purely hindu nature in some of the tracts which he wrote. According to him Sati owed its existence to "jealousy and selfishness acting under the cloak of religion but in defiance of the most sacred authorities". In this way he took the leadership of the movement against the burning of hindu widows. He submitted his views to Lord William Bentinck in a written form though he was not in favour of taking any official drastic step. Bentinck took courage in both hands and decreed the abolition of Sati (4th December, 1829 Reg. XVII).
CHARTER ACT OF 1833

With the Charter Act of 1833 we pass from the Bengal of Cornwallis to the India of Bentinck. The Charter Act of 1833 has been described as the Charter of laissez faire. The Company was to close its commercial business with all convenient speed after 22nd April, 1834. The Company was not exporting goods from Europe to India since 1825 and it was not importing goods from India excepting raw silk, some manufactured silk, saltpetre and indigo. Most of the Company's aurungs had been already closed. It was now lawful for any "natural-born subject of His Majesty to proceed by sea to the Company's possessions, to reside therein, to acquire and hold lands or to make profits out of such residence without licence." Thus began the period of Chartered laissez faire in the eastern seas. The Despatch on the Charter Act explained the clauses 81-86 relating to the free entry of "all natural born subjects of His Majesty" "your laws and regulations and also all your executive proceedings in relation to the whole be framed on a principle not of restriction but of encouragement .... the regulations which you shall make with the just and humane designs of protecting the native from ill treatment must not be such as to harass the European with any unnecessary restraints or give him uneasiness by the display of improper distrust and suspicion ..... care above all things must be taken not to make casual misconduct the occasion of harsh legislation .... such natural born subjects of His Majesty .... as are authorized to reside in the country are also authorized to hold lands for any term of years in the places in which they are so authorized to reside .... it will be one amidst the many duties of Law Commissioners to review the modes and forms of Indian conveyancing with a view to give facility to the transfer and mobility to the possession of real property .... The Act assumes that the British capitalist comes as a friend, not as an enemy, and the policy of the Act should be defeated if the designs of such persons were to meet with any unnecessary hindrance or embarrassment. The regulations of 1824 and 1828 impeded and discouraged those investments in land which they were on the contrary intended to aid and facilitate". The plantation system was to make a good start. British capital investment in indigo, coffee and tea could now be secure. It has been pointed out that this was the origin of the law of registration which helped the alienation of peasant holdings.

Clause 87 of the Charter Act runs as follows: "And be it enacted that no native of the said territories, nor any natural born subject of his Majesty resident therein, shall by reason only of his religion, place of birth, descent, colour or any of them, be disabled from holding any place, office or employment under the said Company".

Indian public opinion, as it became articulate, demanded its implementation regarded it as a fundamental principle, more or less in the same manner as the English people came to regard clauses 12, 14 and 39 of the Magna Carta as the basis of its constitutional life. This section was
intended to throw high offices open to Indians. In his speech on the charter Macaulay described it as a 'wise, benevolent and noble clause'. When he spoke on the charter he was the Secretary of the Board of Control. He was warmly praised by Charles Grant Junior, who as President of the Board of Control was in charge of the bill, on the government's behalf. Dodwell writes, "This section has usually been considered as intended immediately to open the higher offices to Indians but that was certainly not the case. By an act passed in 1793 the appointment to any civil post in the Company's territories carrying a salary of over £ 800 a year had been confined to covenanted servants of the East India Company. No Indian had ever been nominated to that service and the act of 1833 did nothing to modify the force of former statutes. No change was in fact intended in the recruitment to the higher posts which were to be continued to be filled with Englishmen". According to the Despatch on the Charter Act Indians were not to be excluded from employments in subordinate posts which were not to be engrossed by men of mixed blood who were becoming numerous. "The distinction between situations allotted to the covenanted service and all other situations of an official or public nature will remain generally as at present". The Despatch on the Charter Act virtually nullified clause 87. The aim of government in the words of the despatch was thus defined: "It is not by holding out incentives to official ambition but by repressing crime, by securing and guarding property, by creating confidence, by ensuring to industry the fruit of its labour, by protecting men in the undisturbed enjoyment of their rights and in the unfettered exercise of their faculties that governments best minister to the public wealth and happiness" (paragraph 109). Macaulay's peroration—"The public mind of India may expand under our system till it has outgrown that system" was intended by James Mill and his followers to become tall talk. The Charter inaugurated a new era in words. It was said, "we never break our promises nor do we fulfil them". The exclusive system of European agency had rendered government inefficient. Administrative necessity led to the creation of subordinate posts to be filled by Indians. But the continuance of Indian national inferiority remained a cardinal maxim of British policy. James Mill had said before a House of Commons Committee in 1831 (28th August) "Let them grow rich as cultivators, merchants and manufacturers and not accustom themselves to look for wealth and dignity to succesful intriguing for places under the government". William Thackeray (quoted by Digby) best sums up the attitude: "We do not want generals, statesmen and legislators. We want industrious husbandmen". This arrogant policy became a great irritant. The Duke of Wellington is reported to have remarked: "With respect to the clause declaring the natives to be eligible to all situations... Why was the declaration made in the face of a regulation preventing its being carried into effect? It was a mere deception". British credit for good faith was severely shaken. The seditious diffusion of liberal doctrines only made the 'large promises and smooth excuses' look all the more ridiculous. Ecstatic
admiration of themselves and their doings by the members of the civil service very soon ceased to inspire enthusiasm. The Charter Act of 1833 proved, as the Queen's Proclamations also proved later, that equality had no legal validity.

BENGAL IN 1833-34

In the decade 1830-40 Michael Madhusudan Dutta, Bhudeb Mukhopadhyay, Ramtanu Lahiri, Rajnarain Bose began their English education. In the list of prize winners of the Sanskrit College for 1839 we find the name of Iswar Chandra (Vidyasagar). It has been said by R.C. Dutt that Raja Ram Mohan Roy represented the earnest work of the first generations of his countrymen in the 19th century; Pandit Iswar Chandra Vidyasagar represented the arduous endeavours of the second. He and his associates Prasanna Kumar Tagore, Ramgopal Ghose, Harish Chandra Mukherjee, Kisto Das Pal, Madan Mohan Tarkalankar, Madhusudhan Dutta, Digambar Mitra, Rajendralal Mitra, Bhudeb Mukhopadhyaya, Ramtanu Lahiri formed a galaxy of really great men "whose open mind received and assimilated all that was healthy and life-giving outside the range of Indian thought". The public mind expanded and those who wrote the commentary on the Charter Act of 1833—James Mill and his followers—did not know how best governments could respond to the demands of the people. British superintendence and Indian agency as an administrative policy became very soon an anachronism. A deficiency in self respect was perhaps a defect of the oriental character and western education encouraged a growth of independence. Necessary consequences followed not long after.

The awakening of the Bengali mind is best described in the words of Bankim Chandra—"The Bengali had lost his manliness but not his acuteness. From Kulluka Bhatta to Jagannath volume after volume and commentary after commentary were written to interpret and expand and alter and mystify a system of law which already in the hands of its original framers had gone beyond the proper limits of legislative interference and set unbearable restraints on individual freedom of action. And this unlimited expansion and development of an already ponderous system of law or rather of law and religion under which the Bengali already groaned until all his pleasures and his aspirations became restricted to his hootah and his love songs. The splendid nyaya philosophy which flourished side by side with it and to have matured and developed which constitutes the sole claim of Bengal to intellectual pre-eminence in any department over other provinces of India had little influence on the people. The inherent rationalism of this philosophy remained a secret with its exclusive professors. What a blow to the immense mass of Bengali superstition would that philosophy have been if it had been allowed to see the day. But the only effect which it had on the destinies of the people was the importation
of its subtleties into the endless mazes of Hindu law and its endowment with a borrowed strength which it never could have commanded of itself.

And so the Bengali stood crushed and spiritless, insensible to his own wrongs till a new light dawned on him, to rouse him from his state of lethargy and with this new dawn came into the country one of the mightiest instruments of civilization, the printing press*. Indian students rushed to the institutions of New Learning "with the fervour and excitement of the Renaissance when the new learning flashed in the scholastic darkness of medieval Europe".

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