Chapter-Six
Partnership, Competition and Monopolization:
Commerce and trade, part I
Chapter six

Partnership, Competition and Monopolization: Commerce and trade, part I

Despite having superior organizational skills and trading policies, the cultural differences, which the company confronted, created the need for mediation which at first required a trusted native to act as an agent. Also the company had to adapt its trading methods according to the local institution and customs of the people in commercial sectors. The company chose to rely more heavily on the indigenous merchants of Bihar since merchants of whichever nationality identified more closely with each other than with the political authorities.¹

Thus the English company entered into a commercial relation with the indigenous merchant groups in order to minimize the problems arising out in the region. However the English company more often had to face competition from the indigenous merchants as they themselves had large commercial undertakings in addition to their work with the English company as mentioned in the previous chapter. Moreover the commercial groups of Bihar were guided with pure commercial motives and so they tried every way to generate additional income for themselves.

The English interacted with the merchants of Bihar in a host of situations and on a variety of levels. The English were the proprietors of a world wide mercantile policy, while the merchants of Bihar were the procurer of privileges and concessions, products and the financers for the English trade. In all the aspects of commerce, the collaboration with the indigenous merchants was not always cordial and benefiting as mentioned earlier.

The English company therefore used measures like- arranging finance from other sources, directly procuring exportable goods, selling imported English goods in Bihar, adopting local social conditions, removing its indigenous agents etc. However, the company took these steps only in extreme and helpless situations. Various aspects

of commerce in which the company needed the indigenous merchant groups and the
policies adopted by it to minimize the problems are discussed below.

**Procurement of trading grants and concessions**

Although the Company itself approached the ruling groups directly for trading
concessions etc, yet, it appointed *Vakils* too for these purposes. The *vakil* was usually
appointed from amongst the socially well-placed people of the region. This *Vakil*
merely acted in the capacity of broker, responsible to the local Mughal authorities for
the good behaviour of the Company's factors. He was in fact the link between the
Patna *durbar* and the English at Patna. It was noted by the factors that, "Patna being
the residence of the Nawab... the chief most sometimes repair thither, had always
keep a *Vakil* to solicit the Company's business."\(^2\)

The role of indigenous merchant as intermediaries between the ruling groups
and Europeans began in the time of Akbar when the indigenous merchants helped in
sorting out the difference between the Portuguese and the Mughals.\(^3\) One of the
earliest *Vakil* employed by the company in Bihar was Ramchand. His monthly salary
was rupees fifty and that constituted the second largest item of expenditure in the
factory establishment.\(^4\)

There are several instances when the Company sought to garner the services of
*Vakil*. In 1672, the Nawab of Patna forced the English factors to purchase saffron
from him if they wanted to buy Saltpeter. This resulted in a great tension on the
English side. Job Charnock, the English chief, at Patna wrote to the authorities for an
able *Vakil* to be send to the Mughal court to represent the case of the English.
However, at the end of the year Clavell wrote to the Company's factors at Patna that,
he had received no advice that whether one had been dispatched or not.\(^5\)

However, in 1673, the increasing difficulties at Patna forced Clavell (chief of
the Bengal Agency) and his Council to propose to send a *Vakil* from Patna to the

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\(^2\) *E. F. I.*, 1668-69, 312.
\(^3\) P.N. Chakrabarti, *Some Aspects of political participation of Indian merchants in Mughal India*,
Emperor's court to complain of the misdeeds of his officials there, but they were unable to get any orders from the fort on the proposal. 6

Job Charnock, in February 1679, opened negotiation with the court at Patna, through the Company's Vakil, in order to procure a Farman confirming ancient privileges and securing freedom of trade for the English. 7 Again in 1704, the Company's Vakil Rajaram was sent to the Diwan at Patna to negotiate for a sanad, which was to be in full term as possible and also to clear their business at Patna. 8

At the end of April 1708, the English sent an agent to Rajmahal (at that time the Mughal prince Azimushan was there) to renew the negotiation for securing free trade to the English in Bengal. 9 On 6th September 1708, the Vakil at Rajmahal, Shivcharan, paid the Diwan and his official the price 36000 rupees for the sanad. 10

When Farukhsiyar was crowned at Patna, he demanded a large sum of money from all the merchants operating in the region, whether Indian or foreign. This news was provided to the Company by Raykirpanath (Rai Kripantath) who 'sent them word that the king had laid a design of extorting large sum of money from all richness in the city.' This forced the Company to send their Vakil on the 20th March to the king Farukhsiyar with an 'Eltamous' (Iltamas, i.e., request) to the Nawab to notify their grievances to him. 11

In September 1712, the Calcutta Council received a letter from their Patna Vakil with a copy of a hasbul-i-hukum to Shukrulla khan, Amil of Hajipur, Saraisa, Bisara etc. Parganas. Further, it was also revealed from it, that the Nawab assured the Company of its security. 12 In spite of all this, the Company yet employed spies to keep itself abreast of the possible reverses. In June 1713, one Dwarka Das in his letter to the Calcutta Council offered his services to assist the Company in procuring a

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6 Ibid, 363.
7 Master's Diary, Vol. II, 243, Note 2.
8 N. N. Raye, op. cit., 117.
11 Ibid, 52.
12 Ibid, 80.
*Farman.* The Council on its part thanking him desired that, 'he will write us the court news and every conveyance during his stay there.'

When the English embassy (John Surman) was proceeding to the Mughal court, Khwaja Sarhad was hired by the Company to represent its case and assist Mr. John Surman. It was he, who was earlier approached by the Company to visit the camp of the Mughal prince Azimushan, the grandson of Aurangzeb.

The Consultation dated 27th January 1714, noted that "Khwaja Sarhad been thus elected second in the negotiation in Surman embassy, it is agreed that if he procures the privileges for our nation to trade custom free which he will attempt, he is to have 50,000 rupees more for that service but if he fails in that he is not to have the reward, he is nevertheless to endeavour to get the costume we pay at that part reduced to 2 ½ %."  

When the Surman embassy was at Patna, one Anoopchund (Anupchand), a merchant of Patna presented himself to serve as *Vakil* and work as an assistant to Khwaja Sarhad Israil in the Surman embassy's negotiation. The Company finding his credentials and "finding him to be a person of some substance, and clear reputation; being particularly commended for his eloquences and leaving sufficient for this undertaking", thought him a proper person. However later the Consultation dated, 1st January 1715, noted that,

"The person Anoopchund, continuing still so infirm that an entire reliance cannot be put in him. With this consideration we have looked for another. His name is Molookchund (Malikchand) by caste a surrock (sic) (Mahajan), by religion a Jain; he has been brought up to this business all his life. He was also assisted by another Ram Chandra Pundit, by caste a Brahmin."  

This demonstrates the Company's process of selecting indigenous agents for its Services. The Company at one time employed a person not known widely, but having the ability to provide his service to the Company. This was done to reduce the

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Ibid, 158.
Ibid, 17.
impact and the pressure of the already employed; or the influential indigenous merchants who tried to push forward their own candidates in the Company's services.

However, on the other hand the Company also preferred to appoint those agents who were known to them through the other Company officials or backed by them or the well-known and influential merchants of the city.

The above discussion also reveals that the indigenous merchants tried to relate themselves to the Company and offered themselves for the Company's service. This was primarily for two reasons. First, for the prestige attached to the Company's employees and second for the obvious lure of profit. For indigenous merchants there was also real advantage in becoming a baniya. In so doing, merchants did not necessarily compromise their independence to any significant extent. They might appear to have their master's servants, merely managing their trade for them; but the reality was often less than of masters and servants than of trading partners.¹⁷

In 1714, the Company appointed Roopchand Vakil at Patna to go and meet Mir Jumla who was on his way to Bengal and had ordered to 'play a compliment to him in our names and to be our Vakil at his court.' He was also given a bill of exchange of 800 sicca for expenses.¹⁸ In April 1718, in reply to a letter from the Calcutta Council, Roopchand, Vakil of the English at Patna, mentioned that he had written to Zaman Bahadur, and the Diwan Abdul Qadir Khan. He had also tried to meet him with 500 rupees as Durbar expenses.¹⁹

In their letter (in their reply to the letter sent by the Council at Patna, dated 12th October, 1719), Messer's Stephenson and Falconer, wrote that,

"They have enquired of our Vakil (Roopchand) who was employed to adjust the business with the nabob about resettling this factory (the factory at Patna was closed in 1715 due to problems with the local officials, as noted in the third chapter), he says he transcend all that affair by means of one Dil

Narayan Shah an eminent Sarraf and a great favourite of the Nawab who undertook that the Nawab should comply with his promise.\(^{20}\)

Roopchand was relieved of the Company’s service later, as he ‘himself requested the Company to entertain Mulickchand, who was one of the Vakils at the court with Mr. John Surman’, since he was very old.\(^{21}\)

Though these Vakils were regular employees of the Company, yet sometimes, they were ill-treated by the local officials and some of them even restrained from visiting them. Therefore the English Company had to take the help of other merchants, who were influential but not employed in the Company service. The Consultation dated, 18\(^{th}\) July 1706, noted that, “We have received advice from Manickchand that the king’s diwan has ordered his naib at Patna to permit our business to pass as formerly, also that he will give his sanad for our free trade in Bengal upon paying him a peshkash of 3,000 rupees.”\(^{22}\)

Here, it may be noted that Manikchand, though a high profile merchant in Bengal with business interest in Bihar and other parts of India, was not the Company’s Vakil or agent. In 1732, when the Patna Nawab complained that, the English were carrying out their private trade in the name of the Company and threatened to stop their business unless they secured a Farman of the then Emperor, the Patna factory chief Hugh Barker instructed the vakil of the English to represent that it was not a private trade.\(^{23}\)

**Generation of local funds for investments**

The need of ready money by the company in order to avert the rival companies trading interest in the region and to complete their shipping schedule often forced the company to rely on the indigenous banking groups for cash.\(^{24}\) The bankers financed the company both in the form of loan and in exchange of bullion which the company

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\(^{20}\)Ibid, 177.

\(^{21}\)Ibid, 180.


\(^{23}\)J.N. Sarkar, *Glimpses*..., 54.

\(^{24}\)The Consultation dated, 18\(^{th}\) April, 1716, noted that, “the merchants of most note among those we design to contact with for the ensuing investments being arrived and appearing before us objected against contracting with us because we have not money to advance as usual...”, C.R.Wilson, *Early Annals*..., Vol. II, part I, 265.
brought from England. Sometimes these indigenous merchants bought the goods of the company to be traded on their own which was later paid by the company.

Bihar with its creditable money market provided some relief to the Company in financing its trade there. In the Consultation of Fort St. George it was noted in 1674-75, that,

"...we do allow the chief and factors in the Bay to take up money at interest for the carrying of the constant yearly peter business at Patna, necessary occasions in want of bills of exchanges from the Dutch or other supplies." 25

There were several instances when the English company took bills of exchange from the indigenous bankers of Bihar. As early as 1620, the English factor, Robert Hughes at Patna had drawn a bill of exchange upon Agra for 2,000 rupees having received at Patna, of Man Makhan, an eminent sarraf26. In a letter to Agra factory, Robert Hughes at Patna noted that,

"in your occasion to remitt moneys by exchange, you maye(sic) bee (sic) bould (sic) to deale (sic) with Chamseyes (chanda sahai shaha) sonne(sic), whose father is the currant dealler (generally accepted agent) of Puttana(sic)." 27

Hughes was also indebted to one of the bankers at Patna named Guru, to about 300 rupees. 28 Churmull (Churamal), a shroff at Patna was the creditor of Gabriel Boughton to the extent of between 5-6,000 rupees with interest in 1653.29

In March 1679, the English factors borrowed 30,000 rupees from Chaturmal Shah for sending to Patna. In 1704 also, Mr. Cawthorp at Rajmahal had drawn a bill on the Company for 14,000 sicca from the indigenous bankers in order to clear the

26 E. F. I., 1618-21, 236-37.
27 "Documents Relating to First...", 75.
28 E. F. I., 1622-23, 75.
29 E. F. I, 1651-54, 193.
Saltpeter boats. The Consultations provides the list of banking firms, which loaned the Company trade in Patna in 1705 as shown in the table.

<table>
<thead>
<tr>
<th>Banking Firms</th>
<th>Agency at patna</th>
<th>Amount (in Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Futtachund (Fatehchand) and Annuchund (Anandchand)</td>
<td>Mannickchund Ramchund (Manikchand Ramchand)</td>
<td>20,000</td>
</tr>
<tr>
<td>Lolgee (Lalajee) and Burgeeboocun (Brijmohan)</td>
<td>Sueernand (Sadanand) and Luljee</td>
<td>20,000</td>
</tr>
<tr>
<td>Sewdut (Shivdutt) and Mittersein (Mitrasen)</td>
<td>Sucdusaw (Sukhdev Saha) and Sewdut</td>
<td>10,000</td>
</tr>
<tr>
<td>Himutsing (Himmatsingh) and Lumersing (Laxman singh ?)</td>
<td>Kissoraw (Kisori?) and Munsawnant (Maneshwarnath?)</td>
<td>10,000</td>
</tr>
</tbody>
</table>

The practice of raising loans on interest and drawing bills of exchange from other European companies like the Dutch was also common. It is reported that in

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1705 the company being sort of money borrowed from Mrs., Margaret Wallis and her daughter at 1% per month.\textsuperscript{32}

In 1712, when there was a great scarcity of money at Patna owing to the forceful ejection by Farukhshiyar and his officials from the local merchants, the Calcutta Council sent Bills of Exchange for large sum to Patna and a letter of credit for Rs. 1,50000 was obtained on Fatehchand’s factory at Patna in order to exempt the English from payment of exchange charges.\textsuperscript{33} In 1719, for advancing money to the Assamies the Company remitted 60,000 siccas rupees which the Company thought, ‘sufficient sum to intrust with the sarrafs till we hear these bill are complied with ordered that the brokers do immediately sent to Hugli to procure bills of exchanges for the sum ordered for Patna.’ However the Company again emphasised that, ‘he (broker) be careful that saraff are substantial and men of credit.’\textsuperscript{34} This was done in order to avoid the risk of bad debts. It was noted by the Company in 1721, that due to the increase in the exchange rate at Agra (6 ½ %) the Patna bankers had diverted their money that way and hence there was a shortage of adequate money to be loaned for the Company’s investment. However, the Company succeeded in having money at 4% exchange rate itself at Patna from Kurruckseen (Kharag Sen) and Kishnchund (Krishna Chandra).\textsuperscript{35}

Though the company took bills of exchanges and loans from the Patna bankers, the large amount of investment fund for Patna was send by the company from Hugli, Kasimbazaar or Calcutta, the company it selves taking loan there. It was noted that, “to pay money at Qasimbazaar and receive it at puttana (sic), upon bills of exchange a month after date, always yields profits, known to be from 1-6 %.”\textsuperscript{36} Balasore was one of the important centres for the distribution of bullion and merchandise. In 1682, a total stock of £134,050 of which £120,840 was in treasure and £13,210 in European ware was distributed among various factories as follows.\textsuperscript{37}

\textsuperscript{32} C.R.Wilson, \textit{Early Annals...}, Vol. I, 253.
\textsuperscript{33} J.N. Sarkar, \textit{Glimpses...}, 105.
\textsuperscript{34} C.R.Wilson, \textit{Early Annals...} Vol. III, Consultation dated 15th Feb 1719, 98.
\textsuperscript{35} Ibid., Letter from Stephenson from Patna to Calcutta Council, Oct., 1721, 376.
\textsuperscript{36} C.R.Wilson, \textit{Early Annals...} Vol., I, 376.
Another act of the company to finance its trade was to coin the bullions brought from England in their mint at Madras and then dispatch them to Bihar and Bengal. The company in the early years also bartered English wares for its investments. Most of the merchants were obliged to take one half of the total value of investments in English manufactured goods. But this process also proved problematic. As the company borrowed from the local bankers among which the house of Jagat Seth was prominent, it caused greater inconvenience regarding the exchange of bullion, the main import of the company in Bihar.

To avoid this, the company regularly sought the permission of the Mughal Emperors, Aurangzeb and Shah Alam I, to establish a mint near their settlement Fort William on the ground that the mints at Rajmahal, Dacca and Satgaon were far away. But the Mughal government did not then allow this infringement of one of its sovereign rights. The company obtained from the emperor Farukhsiyar permission for free use of the Nawab’s mint at Murshidabad for three days in a week to coin their own bullion. But it was not implemented due to the opposition of Murshid Quli Khan.

In 1751, the council at Calcutta, in a letter dated 17th February 1751 wrote to the court of directors that “..., we are now to inform your Honours of an order issued

<table>
<thead>
<tr>
<th>Factory</th>
<th>Amount in treasures (£)</th>
<th>Amount in goods (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kasimbazaar</td>
<td>73,395</td>
<td>7,964</td>
</tr>
<tr>
<td>Patna</td>
<td>7,601</td>
<td>824</td>
</tr>
<tr>
<td>Malda</td>
<td>7,863</td>
<td>953</td>
</tr>
<tr>
<td>Balasore</td>
<td>16,776</td>
<td>1,820</td>
</tr>
<tr>
<td>Dacca</td>
<td>8,652</td>
<td>938</td>
</tr>
<tr>
<td>Hugli</td>
<td>6,553</td>
<td>711</td>
</tr>
<tr>
<td>Total</td>
<td>120,840</td>
<td>13,210</td>
</tr>
</tbody>
</table>

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out from the darbar to send all money whether bullion or rupees to the mint at Muxadabad (sic) to be coined there into Siccas or disposed of to Jagat Seth and forbidding the Europeans to pay away any money to their merchants but in new Siccas..."40 after this order, the English company fearing any aftereffects of this order directed the respective chiefs of its subordinate factories to make a representation to the Nawab. The English however, continued in their efforts to obtain permission of the Nawab's government for establishment of a mint at Calcutta which they ultimately got from Sirajudaullah in February 1757.

Also, in order to solve its financial problems, in 1682 the company’s directors asked the Bengal council to begin an indigenous bank with a capital of £200,000 from the indigenous merchants there. But it seems that the company did neither send a sufficiently large stock to the region in an attempt to reduce the rate of interest as it did in Surat nor could it form an indigenous bank to relive it from borrowing money at exorbitant interest.41

A part of the English Company’s investment was also supported by the charges getting in the freight voyages in inter-Asiatic trade mainly between Surat-Persia and Persia-Bengal. In 1683, the company sent two ships to Persia from Bengal-one of them, the Hare, carrying 2,171 bags of sugar valued at rupees 21,733,4, the other, Henry and William, laden with 2,821 bags of sugar and various other goods amounting to rupees 56,760.42 A large part of the profit thus earned in Persia went to Bengal in the form of silver abbasis and gold ductas.

The local merchants also financed various embassies of the Company to the court of the Mughals. On 23rd September 1713, in order to provide adequate amount of money to the Surman embassy, it was agreed by the Calcutta Council to get bills of exchanges for 100, 00 rupees to be remitted to Patna.43 This amount was also to be used for clearing off the Company’s debt at Patna. In a letter to Robert Hedges, Governor of Fort William, John Surman at Patna, dated 7th October 1717, noted that, "I draw bills of 5,000 rupees payable to Saw Biparry (Sahu Beopari) on order of K.K. Datta, *Fort William India House...*, letter dated 17th February 1751/52, 576.


received from Bal chand and one bill of 5,000 rupees payable to Kissoray Golalchand (Kishori Gulal chand) received from Gowaldass Gossaulry (Gokal Das kushal Rae) to both which we hope your honour and will give due honour."  

**Procurement of goods for export and sell of English goods**

The indigenous employees of the English Company made the Company knew the existing networks of trade and helped in the procurement and disposal of goods. As early as 1632, Peter Mundy took the help of Sunder Das for accompanying him to Patna, and in Patna he “made choice of one Chaudhri Fakira (headman of traders) to act as a middleman between him and the traders of Patna.” He also noted that, Ganga Ram was the chief broker in those parts for coarse linen, whom his broker had brought up to him for contract at Patna.

After officially settling their factory at Patna in 1658, the Company started appointing regular agents and commissioning indigenous brokers who contracted the exportable commodities on behalf of the Company. This was due to the growing interest of the Company in Patna’s commodities. Money and merchandise were delivered to these middlemen or dalals in advance from four or six months before the time when the commodities were to be delivered. These brokers in turn gave advances to the weavers, artisans or the Peter men. Thus a substantial part of the Company’s investment was procured through an advanced form of dadni system. The practice enabled the English to get the goods cheaper and also in time. Master noted that the goods became 8-10% cheaper by dadni system of procurement. It also enabled the Company to recover the interest charges they themselves paid on the money borrowed by them.

Among the Patna merchants, it was the Hindu commercial groups that had a commanding position in case of finance and procurement of the exportable commodities. Hence, the company dealt mainly with the Hindu merchants. However, among them, the employees of the company or the contractors for the company were

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44Ibid, 236.
45 Peter Mundy, Travels, Vol. II, LIV.
46 Ibid, 147.
47 Peter Mundy, Travels, Vol. II, 146.
not from the Brahmins and higher castes, but mostly from the seths and banias, who then, as now, formed the most important mercantile class. Following list of brokers appointed by the English Company at Calcutta supports the contention that all the indigenous merchants contracted were Hindus.

<table>
<thead>
<tr>
<th>Broker</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dip chand Bella</td>
<td>1704-1706</td>
</tr>
<tr>
<td>Janardan Seth</td>
<td>1706-1712</td>
</tr>
<tr>
<td>Banarsi Seth</td>
<td>1712-1715</td>
</tr>
<tr>
<td></td>
<td>And again From 1719-1724</td>
</tr>
<tr>
<td>Ram Krishna</td>
<td>1715-1716</td>
</tr>
<tr>
<td>Harinath</td>
<td>1716-1719</td>
</tr>
<tr>
<td>Baishnav Das Seth</td>
<td>1724-1732</td>
</tr>
</tbody>
</table>

The Company’s broker or the dalal occupied the foremost place among the merchants with whom the Company had dealings. It has been argued, particularly in case of western India, that the growth of the piracy by the English led to the stoppage of the trade of the Indian merchants who therefore sought other source of income. Both the English and the Mughals authorities began engaging them in different types of commercial activities. The English company appointed them as their brokers, financiers, middlemen, and collector of merchandise from the remote places of production. But Ashin Das Gupta opines that the European companies did not invent the institution of 'broker'. It was a traditional institution in Indian trade. In fact, practically every one who was interested in trade-merchants, companies, the Mughal rulers, princes, Nawabs and even the weavers had their own brokers to look after his interest. The broker was distinct from a Gomastah. Gomastah was a part of the

52 Om Prakash, ed., *The Emergence of East India Companies*, New Delhi, 2002, 34.
factory administration and a regular employee of the Company while the *dalal* was a contact man receiving a commission if his transaction was successful.\textsuperscript{55}

The indigenous brokers were employed in the Company’s service in a traditional way. On appointment to his office, the chief to all merchants who were summoned together in a formal meeting publicly introduced the broker. The chief confirmed the appointment by putting a *seerpaw* (head-dress) on the new broker’s head and presenting him with rose water and betels, and other merchants would do the same.\textsuperscript{56} In 1622, rupees twenty-three were given to Jadu broker for a *shash* (turban cloth).\textsuperscript{57} For better regulating the affairs of the Company in Bengal, it was observed by the Company authorities that, “No native merchant employed by the company was to be suspended without due inquiry in ‘Consultation.’ This rule was extended to the native writers, *baniyas* etc., none of whom were to be dismissed, without due order of the Council, since it was of bad consequence to turn off old servants.”\textsuperscript{58}

However, the Company did occasionally dismiss their indigenous servants from the service because they did not need them at large or the situation did not permit to continue them in the service. The Consultation dated 22\textsuperscript{nd} February 1704, noted an order that, “All the Blake servants that look after the Company’s factories and dead stock in the country be dismissed and paid off till the first February, and the house etc., be delivered to the Council for the management of the united trade.”\textsuperscript{59}

This was done when the two English Companies were merged into one and the old English Company servants were dismissed to give way to a new restructuring of Company administration. In 1716, when the Company’s affairs at Patna were not in a good position it was noted that, “we now having no occasion for a *Vakil* at Patna, ordered that Roopchand be discharged from the Company’s service.”\textsuperscript{60} This shows

\textsuperscript{55} Gautam Bhadra, ‘Role of Pykars in Silk Industry of Bengal, (1765-1830)’, *Studies in History*, 3, 2 (ns) 1987, 85-86.
\textsuperscript{56} Sukumar Bhattacharjee, *E. I. C. And The Economy*..., 180-81.
\textsuperscript{57} *E. F. J.*, 1622-23, 75.
\textsuperscript{59} C.R.Wilson, *Early Annals*..., Vol. I, 228.
\textsuperscript{60} *Ibid*, Vol. II, Part I, Consultation Dated 16\textsuperscript{th} April 1716, 242.
that the Company had its own say in dismissing the indigenous employees even if they were working well.

Again, the English Company was not very generous in paying its indigenous employees, the Vakil or the broker. In 1713, the annual income of Pran (the broker) was rupees fifteen while that of the Vakil, Roopchand was fifty rupees per annum at Patna. In the regulation for the Bay of Bengal at a Consultation held at Kasimbazaar, dated 2nd December 1679, regarding the payment of the indigenous agents, it was noted that, “It is ordered that the Vakils, the mustaddys or writers, and the tagadgeers, dunneers or oversears of the weavers and picares (Pykars) and podars (Bankers) shall from this day forward have no monthly wages paid to them upon the honourable Company’s account but they shall be contend with the dustoore (Commission) money of a quarter of an Anna upon a rupee which the merchants and weavers are to allow them, and they shall not allow any thing more upon any pretence whatsoever, and the said dustoore money shall be divided every year twice or oftener by the chief and the council of the factory amongst the said writers, tagadeers, podars and Vakils.”

This clearly demonstrates that except the Company’s Gomastah (permanent employee of the Company), the indigenous servants were to be paid in this above mentioned manner. We have references in various accounts of the Company about the annual payment to the indigenous agents commissioned by the Company. Though, references to monthly payments to these brokers are conspicuous by their absence.

The indigenous brokers were thus very much helpful for the company in its trading operations but then also the Company’s relation with the Patna merchants and the other commercial groups was determined to an extent also by the treatment these groups got from the local ruling groups. However this relationship was not exactly in equal terms as will be seen from the incident mentioned. Raghu pundit, the English Fatuha Gomastah, was seized by the Nawab and about 50,000 rupees was demanded for his release. When this news reached the Calcutta Council, the Council noted that, “had he (Raghu pundit) been treated ten times worse or even to death, we can see no reason the company have to pay so dear for the clearance of any black fellow in the

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country." Job Charnock forced the indigenous merchants who brought goods for the Company, to pay two percent commission on the goods they sold to him and when any poor ignorant native transgressed his laws, they were sure to undergo a severe whipping for a penalty and the execution was generally done when he was at dinner, so near his dinning room that the groan and cries of the poor man served him as music.

These instances show that the Company viewed their indigenous servants as inferior to themselves. The only thing that forced the Company to act in co-ordination with these indigenous merchants was the lure of profit. Thus the nature of relationship integrating both the commercial and social sectors of contact between the commercial groups of Patna and the Company was one surely based on the profit making, in which every act of both these groups was determined by the extent of the profit involved in that.

Coming again towards the process of procurement, another way, to make the procurements, was to invite the merchants living in the town, by the English factory, to send samples and buy through them. But in whatever way the purchases were made, passes were given to the merchants in English Company’s name, so that the goods might be freely conveyed to their destination.

The most important export commodity of Patna desired by the Company was Saltpeter. It was noted in the factory records that, ‘apart from Saltpetre the English trade was small; yet they were maintaining large factories at Patna, Kasimbazaar and Hoogli.

Though the purchase of Peter by the Company started after its establishment of the factory at Patna in 1652 but it was Job Charnock who built the first of the Company’s Peter warehouses at Patna in 1665 and organised a system of supervising ‘Assamies’ with the Company’s peon. In a letter from Madras to the Company at Bay, dated 29th January 1662, concerning the affairs of Bengal it was noted that, “the

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64 N. N. Raye, op.cit., 82-83.
65 C.R.Wilson, Early Annals..., Vol. I, 63.
66 E. F. I., 1661-64, 71.
67 E. F. I., 1665-67, 134.
merchants at Patna owes for 6,000 maunds which will make 30,000 bags; but how the debts of Peter will be now got in, we cannot at present give you an account."\textsuperscript{68}

The above statement shows that the Company entrusted the local merchants for the procurement of peter and collected it from them. Further, those merchants who failed to deliver the adequate amount in the concerned year had to clear their contracted amount in the coming year.

In order to prevent the inadequate supply of commodities to be expected from the merchants, the Company found it advantageous to foster the formation of association of the merchants. It was especially thought of, and done in the second half of the seventeenth century.\textsuperscript{69} However, Patna did not see such associations, as these types of joint stock associations were restricted mostly to the supply of textiles of which Patna was a low supplier.

There are fewer references about the names of the merchants with whom the Company contracted for the supply of commodities. Also, the name of the Saltpeter merchants contracted by the Company is less mentioned. In May 1683, the company contracted for 4,120 maunds of peter with Bucktmall (Bhaktmal), Muluckchand and Siabray (Siab Rai), who had provided all the Company’s peter in the previous year and now gave a good security against the fulfilment of the contract.\textsuperscript{70}

Owing to the importance of Saltpeter as an exportable commodity from Patna and the competition provided by the Dutch Company, the English Company always tried to continue the purchase of Peter through advances despite the want of proper shipping. And for this, regularly a \textit{bania} or a broker was employed in the Company’s service at Patna. In the Consultation dated 23\textsuperscript{rd} April 1716, it was noted that, "There being a necessity to keep the same servants in pay at those places that the houses may not fall ruin nor our possession be lost of those places and the ground belonging to the

\textsuperscript{68} E. F. I., 1661-64, 67.
Company adjoining them unto, Mr. Frankland having correspondent at Patna, is desirous to continue advancing the monthly.”

The recurring problems faced by the company in the sector of investment made the company to abandon the method of procuring by entering into contract with the merchants, in June 1753 and introduced the practice of getting them directly from the aurangs through their Gomastahs and agents.

In their letter to the council at Calcutta dated 31st January 1755, the court of directors expressed favourable opinion of the new method of procurement. It noted that, 'we are satisfied with the pains you took in making the saltpeter contracted for the year 1753 and the success in consequence thereof in reducing the prices from Arcot rupees six and four annas demanded by Omichand to five Arcot rupees and twelve annas but we should have been better pleased, had you made the contract with Coja Wazeed,.....it is for the interest of the company to encourage as many persons as possible to make proposals not only for this article of Saltpeter but all other whatsoever and you must always endeavour to stir up and promote a useful competition.’

However, the new method of procurement did not ultimately produced satisfactory results. It vested the Gomastahs and the agents of the company with powers which they frequently abused. During the post-Plassey period their influence proved so destructive to the company that the Calcutta council resorted to the old method.

The Company had to encounter the problem of bad debt as mentioned earlier. The Company, on its part, tried to recover its debts from these erring merchants through force. Earlier the Company charged 10% in 1707, on the merchants who were defaulters. Even a great merchant like Khwaja Serhad was obliged in 1709, to pay interest for the money advanced to him because he failed to provide goods in due time. The Consultation dated, 28th November 1714, noted that, “Edward Pattle seized several off the Company’s debtors and it was also agreed that

71 C.R.Wilson, Early Annals... Vol. II, Part I, 243.
72 K. K. Datta, Fort William..., letter from Court to the Council, 78.
peons be employed to seize them as speedily as possible especially the two debtors, namely Dunnysaw (Dhanishah) and Acrum (Akram).”

There are instances when the Company allowed someone else from the family of the broker who had contracted with the Company in case he suffered from illness or had died, to continue the contract for the Company. This was done to complete the procurement because if the Company did not agree for such arrangements, it would have to face bad debts. When the Company’s broker Janardan Seth died, the Calcutta Council noted that, “this year’s business being very pretty near a conclusion and all the merchants’ accounts being in his brother Banarsi Seth hands, agreed that he act in his stead as broker for this season.”

Again as the local brokers made use of their knowledge of local situation in extracting undue profit from the company and so the Company encouraged its factors by monetary rewards to learn the language in order to avoid leaning too heavily on the broker. In 1713, the Calcutta Council hired a Persian teacher at rupees five a month and those who could learn to speak and write that language were offered a gratuity of two hundred rupees with the promise of promotion.

Earlier, in 1711, two English factors, Mr. Crisp, and Mr. Pratt were ordered to go up to Patna and also to learn the country language and to qualify for the Company’s service. However, the Company never succeeded in averting the use of the local brokers or agents.

Selling European goods in Bihar was a complex process with a high degree of risk. Outside the towns, the goods had to be entrusted to the gomastas who disposed of them slowly in small lots. Returns might not be realised for several months. It seems to have been customary to allow long periods of settlements on large scale of goods.

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78 P. J. Marshal, *East India Fortune...* 39.
The Company found difficulty in disposing their woolen goods in 1714. This was mainly due to the fact that the English wanted to sell all their wares to one merchant, so that they could maintain a high rate of profit. Vanarsiri Seth, the Company's broker, who had bought the goods last year refused to buy from them, because he claimed that he had been unable to dispose last year's stock. The Company ordered Mr. James Williamson to find a Chapman and to endeavour to sell all, or most of the woolen goods in the warehouse.\textsuperscript{79}

The indigenous brokers were also used for selling the imported English goods in Bihar. The Consultation dated, 23\textsuperscript{rd} October 1721, reported that Bakshichand offered to take of all the lead received by the ship 'Stretham' at the extraordinary rate of rupees seven per mounds.\textsuperscript{80} Once again the Consultation of 1719, noted that, "our broker Vanarsiri Seth acquainting us with the fact that, he has an opportunity of disposing off all our ordinary perpetuators in barter for goods."\textsuperscript{81}

Earlier in 1679, it was noted that, 'come at last to the agreement for the remains of the gold with Chitramal Shah at rupees 15 the tola of 12 masha fine to pay \(\frac{1}{2}\) money rest at a month.\textsuperscript{82} Sometimes the Company had to sell their goods at price lower than the market rate. In 1704, January, the Council at Calcutta noted that, 'being in great need of money they agree to dispose of the company's copper at the present low rate, namely 100 mounds at 24 rupees per mound.'\textsuperscript{83}

In Bengal, the merchants were especially induced to accept the European goods. However, in 1680, it was noted by the Directors that, "we have sent you little stock in goods, but mostly in bullion as you desired ...such goods as we have now sent will no ways clog your market."\textsuperscript{84} And from then onwards, the company tried to limit the export of English goods to Patna except the bullions.

On the whole it can be concluded that the English company tried its best to use the existing networks of the indigenous merchants of Bihar and minimize the abuses inherent in it. However, various steps that were taken to remove the problems seldom

\textsuperscript{79} C.R. Wilson, \textit{Early Annals...}, Vol. II, part I, 211.
\textsuperscript{80} Ibid, Vol. III, 374.
\textsuperscript{81} Wilson, \textit{Early Annals}, Vol. III, 124.
\textsuperscript{82} \textit{Master Diary}, Vol. II, 305-307.
\textsuperscript{83} C.R. Wilson, \textit{Early Annals...}, Vol. I, 219.
\textsuperscript{84} K. N. Chaudhuri, \textit{Treasure and Trade Balance...}, 485-86.
provided a complete and long lasting solution to the company. But with time, this working together with each other started developing as partnership between them.