Chapter Seven

Partnership, Competition and Monopolization:

Commerce and trade, part II
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One of the most important problems faced by the English Company as mentioned earlier was the activities of the private British traders and free merchants. The Company was aware of the trading activities of its servants and referred to it in its various letters and correspondence, but was unable to find any policy or programmes to put an end to it.

The other European rivals, the Dutch Company especially, was however subordinated and subdued by the English Company in the commercial scene in Bihar after the battles of 1757 and 1759.

This section deals with the Company's approach towards the above mentioned problems along with the condition of the English trade and commerce in Bihar.

Growth of English trade and commerce

The growth and development of the English Company's trade in Bihar was a slow and steady process. During the period under consideration, the export of the Company from Bihar comprised a variety of commodities from bulk goods to textiles and raw silk.

The list of cargo provided for the ship Scipio in August 24, 1704, records the following goods procured by the Company for export,¹ to Europe.

¹ C.R. Wilson, Early Annals..., Vol. 1, 255.
Thus, the main item of export included Saltpeter, textiles and silk and opium.
Saltpeter entered the English Company's trade towards the end of the sixteenth
century, when the demand of expanding European warfare exceeded the supplies
available in the Eastern Europe and Russia. Indian saltpeter, especially that of Bihar,
quickly became the chief source of supply because, fulfilling the need for a homeward
ballast with commercial value, it could be delivered to powder makers in western
Europe much more cheaply than could saltpeter from other areas.

The Company generally exported refined type of saltpeter, as otherwise, it
could not be used for making gunpowder. Moreover, the export of raw or crude
variety was uneconomic, as it increased the fright charges while custom duties
remained the same on both refined and crude varieties.\(^2\) Saltpeter was carried down

the Ganges with great facility and the English and the Dutch sent large cargoes to many parts of the Indies and to Europe. Peter was usually carried from Patna down to Hugli in various types of country crafts known as ‘Patellas’, ‘Boras’, and ‘Palwars’. However, it was also carried by oxen on land. Thomas Bowery noted that, “the only commodity of this kingdom that is yearly sent for English here is peter of which great quantities are sent to England and Holland.”

The Company often undertook the refining in its own factories at Singhee, Nanagur etc. In 1671, it was reported that from Patna, 800 or 1000 tons of saltpeter was required yearly. The English factors were asked in 1659 to provide annually to England about 800 tons of saltpeter from Patna at the rate of six pound per ton as there its price was 40% to 50% cheaper than that at Hugli.

A regular supply of saltpeter was sent to Balasore by the Patna factors which varied from one to three thousand mounds per year. The English Company’s saltpeter export from Bihar in 1663-64 was 943,650 lbs. which rose to 1,977,300 lbs. in 1668-69. The demand reached its peak between 1681 and 1686 when the Company exported on an average 1,259,649 lbs. per year. It was so important that the directors wrote to the council that to loose the commodity would be great damage to the Kingdom as well as to the Company. The agent and the council were informed to reduce investments at Kasimbazaar but not at Patna.

In spite of the Company’s repeated closure of the Patna factory it was apparent to the English officials that for the lowest cost price, saltpeter must be provided directly from Bihar. In 1659-60, the English factors procured saltpeter at rupees 1 ½ per mound at Patna which indicate a 12.5 % increase in the price than that of 1650-51. Despite this gradual rise in the price, it was still cheap and hence profitable for the Company to buy saltpeter in Bihar.

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3 Bernier, Travels..., 440.
4 Hedges Diary, Vol. III, 197; E.F.I., 1651-54, 95.
5 E.F.I. 1655-60, 297-98.
6 Thomas Bowery, A Geographical Account..., 229.
8 E.F.I., 1655-60, 193, 275-76.
9 Ibid, 358.
The prices of saltpeter usually increased during the trading season. The Company therefore, after procuring saltpeter in the procurement season usually kept them in its Godown, later to be exported in the peak season when the prices rose sharply. Job Charnock built the first of the Company’s saltpeter warehouse in Patna in 1665 and organized a system of supervising assamis with the Company’s peons.\(^{10}\) The transportation of saltpeter from Patna to Calcutta was so large that the Company often fell short of storage facilities and therefore, it used to hire ware houses in addition to having its own. The diary and consultation dated 1713, noted that, “there being a greater quantity of saltpeter coming down from Patna than we have Godown room for and the Godown being offered for rupees 20 per month, agreed that we hire it.”\(^{11}\)

Saltpeter was mainly used for gunpowder and ballast for ships. The quantity of saltpeter actually exported by the Company from Bihar over the period fluctuated though the general trend was one of expansion reaching the peak in the 1680s and then sloping downwards in the 90’s only to rise gradually again in the subsequent years. This fluctuation depended on various factors which can be generalized like the demand from the Company, and the availability and the requirement for the Company’s shipping from Bengal to Europe.

As saltpeter was an important commodity, there was a constant rivalry among political groups as well as the commercial groups for its monopolization. In order to safeguard their own interest, all players adopted strategies most suitable to them. In 1728, the indigenous suppliers of saltpeter were organized into a Company serving both the English and the Dutch. Later on, in 1736, the English along with the Dutch and the French made an agreement which stipulated that no Indian merchant living within their jurisdiction were to be allowed to buy saltpeter at Chapra, Purnea or any other place as far as Malda.\(^{12}\)

Again in 1745, the English Company along with other European companies agreed that they would share the jointly purchased lots in the ratio of 42.5:42.5:15 between the English, the Dutch and the French respectively. But this arrangement was

\(^{10}\) E.F.I., 1665-67, 134.
\(^{11}\) C. R. Wilson, *Early Annals...,* Vol. II, part I, 152.
\(^{12}\) K.N. Choudhry, *Trading World...,* 346
effectively sabotaged by the new Faujdar of Chapra, Dipchand, (the brother of the known merchant Omichand), who took on farm the major saltpeter producing areas in the districts and practically monopolized the item.\textsuperscript{13}

Opium, though a major commodity of trade was not the main attraction for the English in the 17\textsuperscript{th} century. It was one of the commodities that have a direct effect on the production of food grains in the region. The extent of the cultivation depended partly on the relative value of the grains and the opium. Falling price of the grains led the peasants to change over to the cultivation of poppy, but when the prices looked up again, poppy cultivation was not liked at all, since it was more laborious and troublesome.\textsuperscript{14}

According to an estimate of 1688, 8700 mounds of opium were produced in 48 parganas of Bihar in a normal year, of which about 5400 mounds\textsuperscript{15} were of very good quality. Of the total produce, about 10 to 12.5 per cent was consumed in Bihar and Bengal, 34.5 to 46 per cent was sent to Agra and Allahabad region, and the remaining 41.5 to 55.5 percent was exported to other national and international markets.\textsuperscript{16} Even in 1755, in a normal year the total production of opium in Bihar amounted to 8,000 mounds, excluding the production from Bhagalpur and Purnia. In that period, the total amount exported by the English Company was around 1,000 mounds much less than the amount exported by the Dutch and the indigenous merchants, as can be seen from the following table.\textsuperscript{17}

\begin{table}[h]
\centering
\begin{tabular}{|l|c|}
\hline
Total production & 8,000 mounds \\
\hline
Indian merchants bought & 2,000 mounds \\
\hline
Local consumption & 1,000 mounds \\
\hline
\end{tabular}
\caption{Total production and distribution of Bihar opium, 1755.}
\end{table}

\textsuperscript{13} Om Prakash, \textit{European commercial…}, 280.
\textsuperscript{14} Benoy Choudhry, \textit{Growth of commercial…}, 6.
\textsuperscript{15} In Bihar and Bengal, the pucca mound was of 75 lb. (within the English Factory) while among the indigenous commercial groups it ranged between 80-84 lb, M.P.Singh, \textit{Towns, Markets, Mints, and ports in Mughal Empire, 1556-1707}, Delhi, 1985, 278.
\textsuperscript{16} Om prakash, \textit{Dutch Company…}, 57-58.
\textsuperscript{17} Taillefert's 'memoire', V.O.C., 2849, f. 196, 27\textsuperscript{th} Oct. 1755; cited in Sushil Choudhry, \textit{From prosperity to decline}, 273.
Dutch bought 3,400 mounds

English and the French bought 1,600 mounds

It was in the 18th century, that opium became a cherished good for the English. However, and then also, the volume of trade in opium was not considerable before 1770's. Like saltpeter, opium was also monopolized and traded by the merchants of Bihar. The English Company reported as early as 1731, which the Calcutta merchant Omichand tried to monopolize the trade of the commodity through an 'unlawful grant' from the fauzdar of Rangpur. But it was the Armenian merchant Khwaja Wazid of Hugli, who virtually controlled the opium trade in Bihar from at least the late 1740's. After the beginning of English political control of Bihar, it passed on to a small group called the Patna council composed of the Company's servants at Patna18 and the English got a command over the opium trade. Initially the main market for Bihar opium was the Indonesian archipelago. Later on China became the main center of trade of the Bihar opium.

Apart from opium and saltpeter, the other commodities found profitable by the Company for trade were cotton textiles. So great was the demand for it that, it was felt by the English that, cotton textiles along with raw silk was sufficient to uphold the English factory at Patna.19 Patna's speciality lay in two variety of cloths - Ambertees and Aljah.20 The Patna factors declared in early 17th century that they could provide 20,000 pieces of Ambertees annually from Patna alone.21

The Company began to export the cotton painting, generally known as chintz goods, only in the last decade of the seventeenth century when the European demand for Indian chintz of all kinds was at its peak. This chintz came mainly from Patna and was a cheaper and comparatively inferior grade to those from Gujarat and the Coromandal. In the second decade of the eighteenth century, the English Company exported quite large number of Chintzes, numerically surpassed only by such cotton

18 Benoy Chaudhry, op cit, 6.
19 E. F. L., 1618-21, 213.
20 Ibid, 192-93.
21 Ibid, 213.
piece-goods as Baftas, Cossaes, Emerties, etc. in 1711-12, the Company exported 21,397 pieces of chintz at the invoice price of rupees 85,050.\textsuperscript{22}

Though, the Company procured raw silk and silk textiles mainly from Bengal for export, the Bihar silk textile was especially important for them. The Tukrees, Baikunthpuris, Ellachas and Layches were considered by the English as main items that could command a market in England. Even in the nineteenth century, the English Company had three factories depended on Patna and five subordinate to the other three, while the indigenous merchants had established 22 houses for the purchase of cloth.\textsuperscript{23}

Initially, the English factors buyed cotton textiles from the merchants and weavers coming to Patna from the Hinterland. Robert Hughes, in a letter dated, 12\textsuperscript{th} July 1620 to the Surat Factory noted that,

\begin{quote}
"the usual custom of buying the amberty, calicoes is as follows: they are daily brought in from the neighbouring Ganj, a village, by the weavers, from whome (sic) they are bought raw, of length 13 coveds Jahangiri, from which the buyer, of an ancient custom, tears of 1 ½ or 2 coveds and so delivers them marked to the whitster, (sic) who detaines (sic) them in whiting and starching about 3 months, the charge whereof is near upon 3 ruppes per score, and the abetements and dasturi (commission) in buying them raw from the weavers 4 rupees or 25 percent."\textsuperscript{24}
\end{quote}

Later, they appointed indigenous agents (gomastas) who bought textiles and other commodities from the producers as mentioned above.

With regard to the raw silk, however, the English factors already employed workers for winding and reeling them. It was economically efficient, as labour cost at Patna was cheaper. Robert Hughes noted that, "at present have 30 men at work thereon, purposing to use increase them to a 100, and if you approve thereof and the

\begin{footnotesize}
\textsuperscript{22} John Irwin and P.R. Schwart, studies in Indo-European textile history, 45, cited in Sushil Chaudhry, Trade and commercial..., 194.
\textsuperscript{24} 'Documents relating to the first ...,' 70.
\end{footnotesize}
price (which is 1/3 cheaper then in Agra), I may have 2 or 300 silk winders to work in the house all the year."25

In another letter to the Agra factors, he noted that, ‘I have increased my KarKhana, workshop to almost a hundred workmen...”26. In 1620-21, the English demand at Patna for the raw silk was 30 mounds per month. The Alchas (silk cloth) of Baikunthpur in sufficient quantities were purchased by the English factors for export to Persia and England.27

The Company also exported quilting which were made in the Patna city by the indigenous artisans. The Company often advanced money to the producers and the merchants for the manufacture of quilts. The Diary and consultation dated 14th April 1712, noted that, “the people who are working the Company’s quilting living in the town under our protection wanting money to go on with their work, agreed we advance to Kalicharan Hari, 5000 rupees”28

Among the goods exported by the Company from Bihar, borax, turmeric and Lac were also important. They were mainly procured to fill up the vacant space of the outgoing ships. Strynsham Master noted that in the year 1677, 400 mounds of Tincall or Borax were bought for export from Patna29. However, its trade was irregular, as the demand from England for it, varied between 100 and 150 dppers, each dupper containing 2 mounds. Gumlac was purchased by the English from Patna for Persia, Red sea and England.30 But, later, no reference to dealings in Gumlac in bulk is available; probably the quantity, quality and the prices were not favorable.

Turmeric was used by the English mostly to complete the tonnage of the ships leaving Patna.31 In 1676, the Company purchased 1800 mounds of turmeric.32 The court of directors asked for 200 tons of turmeric from Patna in 1682. However, it was in 1691, that the directors of the Company asked the Bihar factors not to send any

26 Ibid, 75; Robert Hughes letter to Agra Factory, 3rd September, 1620.
27 E.F.I., 1618-21, 197.
28 C. R. Wilson, Early Annal..., Vol. II. Part I, 49.
29 Master’s Diary, Vol. II, 64.
30 Peter Mundy,Travels, Vol. II, 156.
32 Masters Diary, Vol.II, 64.
turmeric as they were already overstocked with that commodity for the last seven years.

The case of sugar from Bihar was also the same. Earlier, the Company invested in sugar. For example, in January 1651, the Patna factors were asked to invest 1/6th of the capital in sugar. But, in the sixties of the same century, the directors asked the factors to discontinue any investment in sugar from Bihar either for England or for Persia. Thus, off all the commodities exported by the Company from Bihar to Asia or Europe, saltpeter was the most important.

The English also invested in the esteemed Patna Musk, which was actually imported from Bhutan via Gorakhpur usually in the winter season, paying a duty of 25% on its way to Patna. The Court of Directors issued recommendation to the English factors, 'to converse with the Armenian merchants and others that travels into those parts and negotiate in the musk trade and who annually come through Patna.'

Turning to the imports of the Company in Bihar, we find that the imported commodities consisted of bullion and specie, woolen and broadcloth, merchandise and stores and miscellaneous commodities. As mentioned above, of these goods, though, bullion and specie constituted the main bulk throughout this period, the capital required for investing in their export trade, as Thomas Bowrey mentioned, was partly met from the proceeds of imported goods at Patna such as Saqarlet, Broadcloth, Vermillion, Quicksilver, Copper Lead etc.

The Company regarded the outward cargo privileged to Bengal as more than 99% investments and rather than 1% stores. Of that 99% the bullion and specie comprising about 90% were regarded as primary costs while the broad cloth and other goods comprising roughly 8-9% of the import was regarded as the secondary cost, since gifts and peshkash presented frequently by the Company took this form. The

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33 E.F.I., 1651-54, 45.
34 Thomas Bowrey, A Geographical Account..., 229.
37 Thomas Bowrey, A Geographical Account..., 232.
38 Masters Diary, Vol. I, 133.
ratio of species to goods in the year 1664-68 in Coast and Bay was 89:11. The following table shows the distribution of English exports (merchandise and bullion) in Bengal from 1708-1737.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>BULLION IN £</th>
<th>MERCHANDISE IN £</th>
<th>TOTAL IN £</th>
</tr>
</thead>
<tbody>
<tr>
<td>1708-17</td>
<td>772,520</td>
<td>159,619</td>
<td>932,139</td>
</tr>
<tr>
<td>1718-27</td>
<td>1331,529</td>
<td>227,163</td>
<td>1,558,692</td>
</tr>
<tr>
<td>1728-37</td>
<td>1,063,447</td>
<td>511,347</td>
<td>1,574,794</td>
</tr>
</tbody>
</table>

Among the bullions, gold formed the bulk up to 80's of the 17th century when its import was discouraged by the Company due to the fact that Company had to suffer loss, often ranging between 20-30% by the sale of it. The currency system of the Mughal state greatly favored the import of silver. The Company, in the 17th century usually imported silver from Latin America and Europe. The silver specie was in the form of the Spanish coins known as the rials of eight. This Spanish Piastra fuertr (i.e., the rials of eight) was already familiar with the indigenous merchants due to their interaction with the Portuguese in the previous century. The English Company purchased these rials from Middleberg and Amsterdam though its ultimate origin was the royal mint at Seville.

With the opening of the China- Japan trade, the Company was able to get abundant silver supply for its Indian market. Even in the seventeenth century, the number of coins issued from the Patna mint was larger than that of all the mints of Bengal put together and up to 1655 it was the largest mint of the region. This was due to the influx of a large amount of silver in Bihar as a result of the brisk trade. However, the Company used to sell these silver to the indigenous moneylenders in

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40 Balkrishna, *Commercial Relation between England and India*, 128.
41 Ibid, 317.
exchange of coins but sometimes, they did not got the adequate amount by doing so and hence tried to get it minted themselves in the name of their indigenous agents.\textsuperscript{44}

The desperation of the Company’s officials to coin silver into currency in the garb of indigenous merchant’s treasure shows that silver coins were mainly in demand and was used for trade and exchange purpose.

The other commodities imported by the Company were woollen cloths,\textsuperscript{45} metals, quicksilver, alum, brimstone, paints, looking glass, pistols, vermilion etc. Betel nut was one of the chief item in which the English traders enjoyed monopoly of trade. After paying custom duty of twenty percent, the Company servants were permitted to send betel nut to the factories at Patna. Large consignment of betel nut was imported to Patna by boats.\textsuperscript{46} However most of the imported goods were seldom sold at profits because of the limited market for these articles in Bihar. Various imported goods like looking glasses, toys, pistols telescopes etc were confined to be used as gifts to the political elites.\textsuperscript{47} Robert Hughes delivered to Mukkarab khan, the \textit{parda} (curtain), looking glass, mohair and 280 pieces of weight amber beads.\textsuperscript{48}

However, most of the imported cargo of the Company was not much in demand in the region and so the indigenous merchants were much sought after by the Company for their sell as mentioned above. Even then the imported goods were not always sold in Bihar. The broadcloth lay for several months in the English factory. The Directors also complained that, ‘we are sorry to see the discomforts you give us for the sending out of broadcloth and other woolen fabrics. We find that great efforts were made to dispose of broadcloth time to time’.\textsuperscript{49}

\begin{itemize}
\item \textsuperscript{44} The Diary and the consultation in 1713, noted that, “a chest of silver remaining which we cannot sell for more than Siccas 193 for 240 sic weight which we suppose to be much less than the value, ordered that it be delivered to Mr Hedges that he may send that and the four lumps of silver which was plate melted for the Company account under colour of a merchants treasures.” C.R.Wilson, \textit{Early Annal…}, Vol.II, Part I, 106.
\item \textsuperscript{45} The woollen cloths consisted of Aurora cloth, ordinary grenn, etc., Ibid, Vol. II, Part I, 211.
\item \textsuperscript{46} Ranjan Sinha, art., Patna as a manufacturing and trading center; 183.
\item \textsuperscript{47} In a letter to the Surat factory dated 4 September 1620, Patna, Robert Hughes, reminded the officials that, ‘I pray remember the governor with what fine goods and toys you may spare of what you exports in this fleet. He is very earnest with me to procure him some and I have promised to write you in his behalf.’ ‘Documents relating to first…’, 76, Robert Hughes to the Surat factory, Patna 12th July, 1620.
\item \textsuperscript{48} ‘Documents relating to first…’, 100, Robert Hughes to Agra factory, Patna 3rd March 1621.
\end{itemize}
Bihar were especially induced to accept the European goods. But that was limited to a certain extant.

Thus, we can say that the commercial growth of the English Company saw many ups and downs, and suffered from many inherent difficulties and problems. But with the use of existing commercial network, the Company got a strong foothold in Bihar with substantial growth in its trading activities.

**Private British Traders and rival European companies**

With regard to the private traders, even though the Company failed to stop the private trade, it tried to check the abuses of this trade. The Company import and export of prohibited certain articles from Europe like calicoes, indigo, cotton yarn, broadcloth, vermillion etc. For the prevention of the ladening of particular’s man’s goods upon the Company’s vessels it ordered not to receive abroad their respective sloops or vessels any goods what, so, ever without any order in written signed by the chief of Hugli.\(^{50}\) The diaries and consultation mentioned the proclamation for prohibiting,

"His majesties subjects from trading to the East Indies contrary to the liberty and privileges of the united Company of merchants of England trading to the East Indies granted to them by the Act of Parliament."\(^{51}\)

However, in the standing quarrel between the East India Company and the interlopers in the region, the Act of the parliament of 1699-1700, permitting trading by separate stock ships had had a most beneficial effect in checking the rivalry. In accordance with that law, when such a ship named Marygally sailed in the bay it met with no opposition anywhere. It was to be an interloper ship as against the Company’s ships.\(^{52}\)

The Company had recourse to various measures to hinder the private trade. It often bought goods from the merchants with ready money even when it was low in cash and the investment was complete.


\(^{52}\) Thomas Bowrey, *A Geographical Account…*, 118.
The remittance of large sum of money to England by the officials of the Company through bills of exchange on the Company led the court to suspect that these were the produce of illicit trade and so the council in Calcutta was asked,

"to take an oath from each officials to the effect that his money was earned through legitimate means and... part of his allowed privileges and profits thereon and that he neither has taken up, nor will take up ... money in India to trade. Upon doing so you are to grant a certificate for the amount." 53

At the beginning of the year 1755, the court of directors again emphasized the need to keep utmost attention to the conduct of their servants at the subordinate factories. For due control over these servants, the court ordered the immediate formation of a supervising Committee consisting of the president and others. This Committee was to look into the conduct of the English factors at the subordinate factories. 54

In order to keep the factors out of the vice of private trade, the Company at times favoured the encouragement by the due rewards of such of their servants "as shall by their abilities, integrity and zealous endeavors to serve the Company render themselves objects of our favours." 55 Again, in their letter to the council dated 24th January 1753, the court suggested the occasional transfer of the officials in rotation from one factory to another.

However, at times the private traders used to be helpful to the Company. The English private traders also supplied the English Company with money for the necessary investments in the region. When the Company was forced to resettle its factory at Patna, it was resolved that, "to ease our masters of part of the Darbar charges of that settlement agreed and ordered that all private traders to pay into their cash there, 2% on account of their income." 56

In order to counter the growth of Dutch Company's trade in the region, the English Company often indirectly encouraged the private traders to trade in the

54 Ibid, letter from the court dated 31st January 1755, 96.
55 Ibid, letter from the court dated 31st January 1755, 95.
commodities most important in the Dutch inter Asiatic trade, which the Dutch considered as the soul of the Company. In 1674, the directors of the English Company authorized its servants and factors to trade in all products of Asia, subject to certain restrictions.57

But, then also the private traders activities forced the Company to evolve new systems to minimize the problems encountering the Company. In the 1660s, the Company decided, as it had done over private trade by its servants, to accept what it could not effectively prevent and allow such men to live peacefully and quietly without disturbance and discouragement.

They were given the same privileges of free trade in Asia, that the Company servants had under authority of its governors had and they had to sign covenants exhibit of good behaviour. In the future, it was directed that individuals who whished to come to India on their own behalf might apply to the directors for a license. The private traders who were the servants of the Company were opposed to the grant of trade to the free traders. In January 1743, John Wood, a free merchant, applied for permission to trade. The servants of the Company were opposed to it and wrote to the court of Directors that majority of the board were against any such grants.58 When Robert Clive came to the region as Governor, he tried to reform the system by introducing the famous society of trade, which he set up in 1765 that actively lasted up to 1768. The society was an attempt to regulate the trade.59

The Company’s policy of leaving the country trade largely in the hands of the private traders further intensified the Presidencies separateness and individual self.60 However, the good effect of the Company’s small participation in country trade was the elimination of corruption which would have taken place among its servants if their activities in country trade have been more closely circumscribed.61

57. The Dutch, for the protection of its own country trade against competition started the system of issuing the Pascedullen or safe-conduct passes for the Asian vessels. But largely because of the Anglo-Portuguese ‘entente cordiale’, these efforts proved to be futile, G.D.Winius and M.P.M Vink, op cit, 58.
60 Holden Furber, op cit, 199.
61 Ibid,201.
However, despite these, the problem of the private traders was never solved and in the 19th century these private traders helped in the destruction of the Company's monopoly in Indian trade. In the later part of the eighteenth century, these private traders were to set up the houses of Agency which were to control the new plantations and the European banks and insurance business. A little later still they were to help to destroy the monopoly of the English east India Company itself and all the British trade in India was to pass into their hands.  

As far as the Dutch Company was concerned, the English Company, to an extent recognized the superiority of the Dutch in the region and felt the necessity to follow them in the process of commerce. Particular directions were sent through the English factors about the investment in saltpeter, sugar and silk and to follow the example of the Dutch. In 1683, William Hedges noted that, “the Company must be necessitated to follow the Dutch rule and command an entire obedience to be given to their agents or their affairs in this country.” In accordance with the above policy of the English Company, it was noted in the consultation that, “As for sugars, you know they are processed in many places; you may make a small trail in it. Here in you need but inquire secretly into the orders of the Dutch, how, when and when they proceed to buy the said commodity.”

Also the English discerning the advantage of the Dutch method moved in the same direction and eventually obtained the necessary permission to erect their own factory at the maximum cost of Rs. 5000.

It was perhaps this policy of the English that might have forced Pelseart to observe that, “the English, like monkeys, are eager to imitate whatever they see done by others.”

However, this rivalry was wiped out by the English after 1757 when they got the political authority as well as the commercial authority in the region and offered the Dutch saltpeter at the cost price one third of the amount procured by them.  

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63 Hedges Diary, Vol., I, 127.  
64 C. R.Wilson, Early Annals..., vol.1, 26  
65 E. F. I. 1668-69 p. 308  
66 The Remonstratie., 46.  
67 Om Prakash, European commercial..., 281.
onwards the Dutch Company had no other options but to continue their commerce in the changed atmosphere.

Though, the English Company and other European groups were always against each other on the question of commerce, but then also there are instances of cooperation between the English and other Europeans in our Bihar. One of the important fields of cooperation between the Dutch and the English was finance. The English, on one hand needed monitory help from the Dutch, and on the other hand, as the private trade of the Dutch factors was banned, the servants of the Dutch Company generally remitted the money accumulated through concealed private trade, to Holland through the English Company. The general practice was that those factors deposited their money with the English Company in Bihar and received a bill of exchange which their agents cashed in Holland. This money was used by the English for investment in Bengal and Bihar. 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."\(^{68}\)

In accordance with the sanction given by the English Company, in 1669 the English Company received rupees 65,000 from the Dutch against bills of exchange. In 1671, £6,000 were borrowed from the Dutch at Hugli on bills of exchange payable at Amsterdam.\(^ {69}\) Also in 1672, despite the prevailing tension between the English and the Dutch, rupees 110,000 were taken from the Dutch by the English on bill of exchange. However, the bills now issued were made payable at the value current when presented after last day of August 1673 with interest at the rate of 3% while prior to it the custom was that these bills should be at 2s.6d. per rupee payable 40 days after presentation.\(^ {70}\)

But, in 1674, it was noted that no money could be obtained by exchange from the Dutch due to the war between the English and the Dutch, despite all assurance from the Company to honour and pay the bills as in peace time. However, it seems, up

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\(^{68}\) Records of Fort St. George, Diary and Consultation Book, 1672-78, dated 18th Feb.1674-75, 41.


\(^{70}\) Ibid, 1670-77, 343.
to the eighties of the seventeenth century, the Dutch factors provided a substantial part of the Company’s finance in Bihar and Bengal. But, the Dutch sources seem to have dried up towards the end of the century when their trade was much reduced substantially compared to that of the English.\textsuperscript{71}

Though, there was some cooperation among these companies, the commercial rivalry was not at all neglected and each tried to out shine the others. Despite having agreements among the English and the Dutch for the purchase of Saltpeter to prevent high price, the intense rivalry prevailed and very often the companies would make secret and separate deals with the indigenous merchants to buy more saltpeter than what would have been received by the agreement. In 1744, the French Company broke out of the agreement demanding larger share.

But cooperation was going on among the Companies. The Dutch as well as the English also used ships of each other for goods and also for communicating letters between various regions and also Europe. The English, having good religious establishment often helped the Dutch in matters pertaining to religion. An instance of it, noted in the English records that the Dutch chief at Kasimbazaar requested the service of the English Chaplain for baptizing his child, which was allowed.\textsuperscript{72} But when the English asked the Dutch for their cooperation against the French or to unite together for complaining against the atrocities of the local officials, the Dutch refrained from doing so.

Sometimes, the English Company also took the help of the Dutch and French doctors. The consultation noted that,

“Mr. Edmund Mason one of the Company’s servants having been sick for sometime when both doctors were up the country with the governors which obliged him to make use of a French doctor whose bill he now delivered in amounting to 34 rupees.”\textsuperscript{73}

\textsuperscript{71} Sushil Chaudhuri, art., the financing of investments in Bengal..., 129
\textsuperscript{72} C. R. Wilson, \textit{Early Annals...}, Vol., I, 325.
\textsuperscript{73} Consultation dated 3\textsuperscript{rd} march 1713, Ibid ,Vol, II,part I, 108. afgain it was noted that, “Mr Thomas Cooke having had a severe fit of sickness which seized him at Hugli when sent up to weigh and receive peter from the merchants it was bought off, which sickness kept him long there in great danger
Although both these companies continued to do well in their respective operations in Bihar until middle of the eighteenth century, but during the 1750’s, the Dutch lost to the English both either in subjugating and placating the local political elites that might have provided the Dutch a strong foothold in the region. But, when both Sirajudaullah and the English approached the Dutch Company director, Adriaan Bisdon with requests for Dutch assistance, Bisdon replied to Siraj that, “it is known through the world that all other nations who trade along the Ganges are warriors, but that the Dutch Company, partly because of the peaceful conditions it has so long enjoyed under the successive rulers (here)... and partly because of the decline of its trade, has completely abolished its military forces. And to the English he replied that, “the orders from our superiors charge us to remain neutral in all cases that do not concern us... we who are established here exclusively as merchants...” 74

After the battle of Plassey, the English got the monopoly of saltpeter and displaced the Dutch from its trade. The English obtained from Mir Jafar in 1758, exclusive rights in the commodity and offered to provide to the Dutch at the cost price 1/3rd of the amount procured by them.

The year 1759 witnessed the battle of Bedra in which the Dutch were completely outmaneuvered by the English. The peace treaty imposed upon the Dutch Company in November, 1759 by the English, stipulated that the V.O.C. must pay an indemnity of rupees 75,428 and its military fortifications must be razed and its military presence in future must not exceed 125 soldiers. 75 From 1760s with a monopoly over saltpeter trade, the English Company fixed the annual quota of its other rivals. The Dutch used to get 23,000 mounds while the French got 20,000 mounds annually. This quota was however subject to increase and decrease depending upon the supply and the official whims and wishes of the English Company. 76

It might be said that the Dutch slowly lost their initial primacy vis-a-vis their North Sea co-religionists. Not only did the English have better patterns and a less cumbersome payments system by the 1690s, but the piece-goods market had been so

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75 Ibid, 129.
76 Om Prakash, European commercial..., 281.
completely conquered by them that the Dutch had to travel to London and purchase samples to send back to India for reproduction. In some cases, it is said, they even purchased Indian cloth there to sell in Holland. 77

Thus, we can say that the English East India Company faced acute competition from its own countrymen as well as from the Dutch. However, there were instances of collaboration also among them. But, in the seventeenth century and the early eighteenth century we find that this hostility made much harm to the trading interest of the English Company. Though, the English were able to sideline the threat from the Dutch especially after 1755, the competition from the English private traders ended only with the end of the Company’s monopoly in the region. In case of the Dutch also, we find that it was to an extant the official policy of the Dutch Company in the region, which eventually led to its down fall.

The adherence to pure commerce without any powerful political showdown resulted in their isolation of the Dutch on the political scene that came to the fore after the battle of Plassey. Moreover, they were now subjected to English control in their trade and commerce. The defeat at Bedra, however proved helpful to the Dutch in a case that it made them to concentrate on their trade in the Indonesian archipelago where they emerged as a stronger force. The scene in Bihar was now solely dominated by the English Company.

As far as the French Company is concerned, there was also acute competition between the French and the English Company because of territorial interest harboured by both. However the French in Bihar were a small player and trade related issues arose between them and the English occasionally. The enmity in the South India had its repercussions on the relation between them. During the third decade of the eighteenth century, both were very skeptical about each other. The treaty between them on 23rd December, 1754 was only provisional in nature because of the conflict of interest in different quarters. As a matter of fact, a war between the two was

77 Holden Furber, op cit, 243.
imminent. The court of Directors communicated due notes of warning and advice to the council at Calcutta and asked them to be well prepared.78

The English Company apprehending that the French might exploit the confused state of affairs at Delhi, after the overthrow of Emperor Ahmed Shah in June 1754, asked the council to use all care and prudence for the safety of its establishments in Bihar and Bengal. It also wished the council to engage the Nawab for protection.

The repercussion of the seven years war on the region's politics was bound to be profound. It included three decisive battles, Plassey, Bedra and Wandiwash. The British capture of Chandranagore in March 1757, followed by the battle of Plassey and the subjugation of the Dutch cleared the way for the English supremacy in India.

Indigenous merchants and the English Company

The indigenous merchant groups of Bihar and the English Company had a unique relation. As mentioned earlier, both were merchant groups eyeing maximum benefits out of each other. There were many instances of competition, cooperation and conflict between this groups and Company. The English Company adopted various ways to cope with the multitude of problems arising in this field. Therefore, it would not be wise to indicate any single policy followed by the Company towards the indigenous merchants in Bihar. Because of the fact that the largest opponent in Bihar of the English Company were the indigenous merchants, the Company at times collaborated with them in sectors like investment, procurement of trading grants and exportable goods and at times entered into conflict with them.

As far as the investments are concerned, especially in case of Saltpeter, the growing competition by the third and fourth decade of the eighteenth century among various European companies, all merchants were anxious to have contract with them. The buyers and the sellers in the saltpeter market were also locked in a grim contest to

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78 The letter dated 31st January 1755 from the court of directors noted that, "... we advised you... that we had for a considerable time been in treaty with the French Company... no endeavours on our part shall be wanting," K. K. Datta, *Fort William...*, 88.
maximize their profits. The profits often surpassed the differences among them. Also, the intense competition in saltpeter trade witnessed regular intervention from the political authority. This was in many cases advantageous to the indigenous merchants.

In disputes relating to bad debts on the part of Bihari merchants and the English Company, the indigenous merchants as mentioned earlier, visited the Patna Darbar for redress and were given favourable treatment from the Nawab. In 1744, several saltpeter merchants at Patna had disputes with Humhreys Cole, the English chief at Patna factory. These merchants approached the Nawab. The Bihar government immediately sent 150 horsemen to surround the English factory at Patna. Ultimately, the English were let off by paying 1,000 rupees to the governor, 500 rupees to the Diwan and another 500 rupees as the cost of the horsemen.

However, with the growth in the armed strength of the English Company, the Company became emboldened to tackle such disputes. During 1730s and 1740s, at Patna, the English factors were able to use force over the smaller merchants. There were various instances when saltpeter merchants were imprisoned and then forced to sell saltpeter at the prices dictated by the English Company. But here we must note that the English were unable to show their strength against the bigger merchants of Bihar because of the intervention of the political authority on their behalf and also because of the fact that the bigger merchants of Bihar possessed armed retainers.

In the fourth decade of the eighteenth century, the indigenous merchants began to move into the political-administrative structure of Bihar. In a letter to the court of Directors dated 10th January 1747/48, the council at Calcutta noted that,

"we received two letters from our gentlemen at Patna... the Nawab had given the farm of all Saltpetre in the Subahship of Bahar to Omichund Deepchund and that he believed they had no intention of dealing with us, as they were sending their Gomastahs to Bengal with a view of selling their Saltpeter there."

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79 Ibid, letter to the court dated 10th January 1747-48, 224.
Also, we see a growing cooperation between the political class and the merchants. The merchants provided finance to fight out the Marathas in Bihar and Bengal.

So far as the political authority in Bihar was stable, the English Company feared to come openly in conflict with it and the indigenous merchants used this situation for maximizing their profits. When Sirajudaullah ascended the throne, there were many claimants to that post. The political environment was devoid of any stability. In that situation, the indigenous merchants started shifting towards the more powerful group in the region to secure their trading activities. One group led by the house of Jagat Seth had strained relations with Sirajudaullah from the very outset of his reign. They were apparently beginning to fear that an unfriendly Nawab might plunder their wealth. He therefore sided with the opposition comprising Mir Jafar and others. Thus the conspiracy was initiated by the Jagat Seth and the military nobility of Bihar and Bengal and it was joined by the English Company. The other groups led by Khwaja Wazeed though initially reluctant to join the conspirators, changed the mind after the English conquest of Chandranagore.

Thus, there was the emergence of Anglo-Bania order as argued by Lakshmi Subramanian or to say in our case, it was the Bania-Anglo order. The merchants keeping in consideration their business dealings and the English Company with its growing power simply sailed through the waves. The local political class however, now became aware of this cooperation. The alignment of Jagat Seth with the English was well known to the Nawab and when Mir Kasim was defeated by the English, he ordered Jagat Seth to be thrown into the Ganges from one of the bastion of the Monghyr fort and confiscate all his property.

Monopolization and domination

After the battle of Plassey, the English got the monopoly of saltpeter and displaced the Dutch from its trade. Before that, in 1756, the council at Calcutta tried their best to comply with the directions of the court of Directors to send 2,000 tons of

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80 Kum Kum Chatterjee, op cit, 102.
81 Lakshmi Subramanian, op cit, 9 &10.
82 H. Sinha, Early European Banking in India with some reflection on present condition; London, 1927; 3.
Saltpeter from India. After the battle of Plassey, the English obtained from Mir Jafar in 1758, exclusive rights in the commodity and offered to provide to the Dutch at the cost price 1/3rd of the amount procured by them. Lord Clive, after securing a *parwana* from the Nawab in 1758, prohibited the retail dealers of saltpeter from selling this article in however small a quantity to any person and the Dutch and the French had to purchase it from the English factory at Patna at prices fixed by the council in Calcutta.

From 1760s with a monopoly over saltpeter trade, the English Company fixed the annual quota of its other rivals. The Dutch used to get 23,000 mounds while the French got 20,000 mounds annually. This quota was however subject to increase and decrease depending upon the supply and the official whims and wishes of the English Company. 83

In 1760s the English Company was left with no competition as such in the commercial field in Bihar and Bengal. The Dutch were subordinated after Bedra, the French trade itself was on decline after the transfer of Dupleix and its recovery did not became possible because of want of funds and the adverse influence of the rapid political changes in Bihar and Bengal. The Portuguese and the other minor European companies had by then lost whatever influence or interest they had previously possessed in the sphere of Bihar's trade. The English Company was now the largest commercial player in the region and was eyeing the crown of India.

83 Om Prakash, *European Commercial...*, 281.
CONCLUSION