INTRODUCTION

In the history of Indian trade and commerce Bihar occupied an important position. Its geographical situation at the eastern edge of the north Indian plains constituted an important link between the northern plains of Hindustan and alluvial plains of Bengal. The advent of European traders such as the Dutch, English and French in the seventeenth century enhanced its economic viability; specifically in the sphere of saltpetre trade Bihar was one of the leading centres in the world. These trading activities further gave impetus to the process of urbanisation in the region and the city of Patna emerged as one of the leading trade marts during that period. Since 1575, when it was incorporated as one of the subas of the Mughal Empire, Bihar witnessed high levels of political as well as economic activities. But in the eighteenth century its independent status as suba ended and it was placed under the suba of Bengal. This administrative arrangement played an important role in determining its political as well as commercial fortunes during a period when there was cut-throat competition among European traders in the region to capture trading rights. During this period eastern India, particularly the provinces of Bengal and Bihar witnessed a transition from Mughal rule to Company rule which culminated in India's becoming a colony of the British Empire. The clash of interests between the Nawab and the European traders, specifically the English, ended in two decisive battles—battles of Plassey (1757) and Buxar (1764) which finally sealed the fate of the Mughal Empire in the region and opened a new chapter of commerce and conquest of the whole of India in the years to come.

Transformation of the East India Company from a trading company to a territorial power in 1764–65 was a momentous event. Historians are divided over the reasons that led to the Company’s acquiring political power. It is argued that the primacy of trade was the driving force behind political power. But there are also arguments which emphasise the political imperative that pushed trading interests. It is also argued that it was the insecurity caused by the collapse of the Mughal Empire and threat to its trading areas from the French that forced the English Company to transform itself from trading partner to a territorial power. There are also wide disagreements on the roots of early colonial rule in the indigenous economy and society.²

The eighteenth century was a period of decentralisation and of the rise of regional polities. It was marked by much political diversity within the framework of Mughal ideals of government and generally buoyant economic conditions. In view of detailed regional histories of the period now available and the opening up of other commercial economic dimensions of the Company rule to historical scrutiny, a study of the eighteenth century history of Bihar becomes more challenging.

To understand the complicated dimensions of commercial activities and political conquest of the region, and its transition in the eighteenth century, it becomes important to make an in-depth study of this crucial period located between the two empires. The transition occurred at various political and economic levels, which this study seeks to unfold.

² For a detailed historiographical discussion see Seema Alavi (ed.) The Eighteenth Century in India: Debates in Indian History and Society, New Delhi, 2002.
HISTORIOGRAPHY

H. R. Ghosal, P. J. Marshall, Muzaffar Alam, Kumkum Chatterjee and Anand A. Yang are among the few scholars who have worked on eighteenth-century eastern India in general and Bihar in particular.

H. R. Ghosal in his study of economic development in late eighteenth- and early nineteenth-century Bengal showed how Bihar had played an important role in the larger context of eastern trade, specifically in the sphere of opium and saltpetre. The Company’s monopoly of these items had a direct impact on inter-continental trade of that era. These items counterbalanced the heavy drain of specie from England to China. Since the English had to pay large amount of silver in lieu of Chinese tea, the large sale of opium in China enabled the Company to meet that demand and check the bullion outflow.

P. J. Marshall while dealing with the larger context of changes in trade in the eighteenth century highlighted the fact that there was comparatively higher growth of trade and commerce in Bihar than Bengal during the eighteenth century. He pointed out that Bihar had been an important facilitator of trade and commerce on one hand and political turbulence on the other. But, he is of the opinion that the pace of transition was not as rapid as it is assumed to be. The East India Company had the Diwani but it was reluctant to take complete charge to divert its attention from its

6 Kumkum Chatterjee, *Merchants, Politics and Society*.
primary interest of generating more profit. Therefore, the Company retained the previous revenue structure more or less as before with modifications in the outer frame only. The positions of Diwan and Nazim were more or less as they used to be under the Mughals. Hence, he is of the opinion that it took almost half a century for the transition to be effective.9

In the above two studies on the economy of Bengal there are regular references of Bihar and its role in eastern trade and commerce. Trade in saltpetre and opium has been discussed considerably. It is obvious from these discussions that these two items constituted the core areas of trade in the late-eighteenth century. It shows that it is virtually inconceivable to think about the economy of Bengal without discussing the economy of Bihar as these two commodities were required from Bihar; Bengal was only facilitating exports. Hence, it becomes imperative to reconsider the existing understanding of the region's commerce and its transition.

Muzaffar Alam in his study of early-eighteenth century Awadh and Punjab and later on, an extension to it in Bihar, probes the evidence of the remarkable economic growth and prosperity which resulted in zamindari unrest in the region.10 The wealthy zamindars took advantage of their newly acquired assets and refused to comply with Mughal commands. Their rebellion was brilliantly manipulated by the Mughal subadar in the region to enhance their power vis-à-vis the emperor. He, however, believes that there was no serious economic crisis behind the disturbed agrarian relations and factional politics in Bihar. Although he has discussed the economy of the region, he has focused mainly on the question of agrarian surplus and difference of

Juma and haasil of the region against the backdrop of tussle between the imperial centre and the suba Bengal. But, he draws attention to the rapid growth of trade following establishment of the European trading factories in Patna since the mid-seventeenth century. He points out that European commercial activities in the region led to an extension in the cultivation of cash crops like cotton, opium and sugar which provided good incentives to artisanal production and in the rise of revenue figures.\textsuperscript{11}

Kumkum Chatterjee in her work explores the commercial economy of eighteenth and early nineteenth century Bihar. She outlines the political system and society of early eighteenth century Bihar against the backdrop of the region’s political and social milieu and its commercial communities. She traces the existence of two trading communities—rural and foreign. The native of the region constituted the former while and the latter mainly comprised Europeans such as English, Dutch, French, etc. She points out that there was a nexus between the Bengal Nawab and English merchants upholding their vested interests. While the Nawab needed money traders were craving for trading rights. The Nawab was attracted to their financial potential which was very important in the time of need. Eventually, political favour tilted towards the Europeans and the natives were gradually struck off from the list of the Nawab’s favourites. This arrangement was disastrous to the rural traders and ultimately caused decline of the indigenous trade structure. Her main contention is that the dramatic political development in late eighteenth century splintered the combination of economic power and political-cultural importance that the region’s merchants had come to possess.

\textsuperscript{11} Ibid., p. 68.
She examines the direct intervention of politics in trade and its repercussion on the economy of the region. She points out that saltpetre trade was very lucrative in the eighteenth century due to which rulers always tried to keep exclusive rights over it in their hands. She has highlighted how the early colonial state in eastern India operated at two levels: first in the upper class where the loss of power and prosperity was prominent among Nawabi elites due to confiscation of their rights and privileges, and second, at the local or ground level where continuation of autonomy of the local traders remained intact.12

Anand A. Yang in his work *Bazaar India* situates his whole narrative around the city of Patna. He portrays it as a central place for whole of the contemporary business activities as well as political developments. Events like emergence of British colonial power and beginning of a process of deindustrialisation characterised by a decline in the non-agricultural sector of the regional economy have been termed as the 'revolution' by him.

He is of the opinion that despite all destructive developments in the region the city of Patna never fades from the limelight. The city experienced many ups and downs over the long past, beginning with its origin as Pataliputra and continuing with its subsequent rebirth as Patna and Azimabad. He believes that the upheaval in 'modern times' brought drastic change in lives of a generation of aristocrats. The impact, however, was not drastic in the career of the city. He also cites various other reasons for its decline such as emergence of Calcutta and deindustrialisation. As long as the waterways were the most efficient means of transportation, Patna by virtue of its strategic location on the Ganges remained a collection and distribution point for its

12 Kumkum Chatterjee, *Merchants, Politics and Society*, pp. 79–100.
hinterland rich in commodities such as opium and saltpetre and in a variety of handicraft industries. He confirms that Patna was a vibrant trade emporium handling much of the thorough traffic of goods between Bengal and the north-western provinces.¹³

The existing historiography divides the major characters into two watertight compartments: European trading Companies versus native trading communities. It tries to bring forth how the dynamics of trade played a crucial role in either establishing English supremacy over native trade or dislodging it from its old strongholds. This approach overlooks various other factors which also determine growth and development of the region in the spheres of economy and polity. There is a need to look at these factors from a different angle. The European traders were very much dependent on the native trading networks for their trade. The native traders were also equally hopeful of their collaboration with the foreigners. Hence, it is incorrect to view eighteenth century trade as only as an external phenomenon rather as an interplay of endogenous and exogenous forces.

In the light of the recent historiography the basic assumption being made in this thesis is that the eighteenth century was a period of significant commercial growth. The colonial intervention steered it in a particular direction so that it became advantageous to the new dispensation. Thus, transition from the Mughal to early-colonial system cannot be interpreted as a sudden break from past and the beginning of a new system. Instead it was the result of a long engagement with local commerce and politics with the English East India Company and with the regional economic and political structure. Keeping this in mind, this thesis is divided into five chapters.

Chapter 1 deals with the commercial situation of eighteenth-century India. Growing European commerce and cut-throat competition among merchants played a vital role in shaping economic equations among Europeans on one hand and native merchants and rulers on the other. Confusion over trading rights and defiant nature of the East India Company created complications in its relation with the Nawab. Consequently, two decisive battles, Plassey and Buxar, were fought. The result, however, was in favour of the Company. The grant of the Diwani transformed the Company's commercial structure, its function and its interaction with native commercial systems. The main trading articles from the regions were saltpetre, opium and textiles. Multiple utilities of these articles along with high profits made the Company deploy its political power to enhance its commercial growth in the province. The mechanism of trade in saltpetre and opium was monopoly which systematically eradicated competition. Textile trade was, however, out of it and the Company's performance in this trade in the region was not very encouraging. This chapter brings out the changing nature of commerce and establishment of colonial economy. It is basically an attempt to focus on the interplay between commerce and politics in the early colonial regime.

Chapter 2 looks at markets, market networks and money in the transition during the eighteenth century. The markets were main channels of distribution of commodities from rural to the urban centre and vice versa. The Company understood these centres as vital sources of revenue and it was necessary to control them. The zamindars and landed proprietors were against this move because markets were great sources of income to them. The Company's law enforcement methods played a crucial role. Keeping the older system of commodity exchange in these markets intact, the Company modified its function and brought them under its control. The Company
tried the same method in the sphere of money. The multiple currency system was unsuitable for its design. There were continuous efforts to bring uniformity in the currency system. Besides, there were shroffs who monopolised the currency exchange market and they were the main reason for losses incurred by the Company in this sphere. However, these attempts were not successful till the 1830s. Hence, it was basically the struggle of the Company to dismantle the position of shroffs from their control over the region’s money market.

Chapter 3 brings out the political scenario of eighteenth-century Bihar. The province of Bihar experienced multiple transitions in the political sphere. In the third decade of the eighteenth century the Nawab of Bengal took over the political control of Bihar. After the grant of Diwani the East India Company started its rule. The changing political equations time and again proved to be decisive in shaping the region’s political fortune. Meanwhile, the company consolidated its position in the province through a mixture of conquest, law and regulations. There was resistance to its methods but it managed to defeat the rebellious forces.

Chapter 4 is on the revenue administration of the Company. The consolidation of colonial rule is reflected in its revenue administration. Here, basically the role of the company was transformed from being a trader to a territorial master. The initial ignorance of the system led to its continuation but in course of time several changes were made in it to suit the colonial need. This chapter basically focuses on the nature of early colonial administration and its gradual change during this period.

Chapter 5 seeks to trace the transition in the politico-economic character of the city of Patna in the eighteenth century. In the first half of the eighteenth century though the province of Bihar had lost its identity as an independent suba and was attached to the
suba of Bengal high profile political as well as commercial activities had never receded from its capital city of Patna. It witnessed the tussle between the centre and periphery along with high growth of commercial activities. The city of Patna was basically a trade mart—the relation it enjoyed with its rich hinterland determined its existence. Hence, this chapter also tries to trace the resilient as well as the resurgent character of the city which made it commercially as well as politically prosperous in the eighteenth century.