CHAPTER I

COMMERCE, PRODUCTION AND CONTROL

On the 19th Jamadee-ul-awal 1170 (9th February 1757), the East India Company made a formal commitment, through an official agreement, with the eastern region of the Mughal Empire. It volunteered to abide by the trading regulations established by the law of the land while conducting trade in the province,

We, the East India Company, in the presence of His Excellency the Nobob Monsoor-ul-Mulek Serajah Dowlah Shah Kuly Khan Behauder, Hybut Jung, Nazim of Bengal, Behar and Orissa, by the hands of seal of the Council, and by firm agreement and solemn attestation, do declare, that the business of the Company’s factory, within the jurisdiction of the Nabob, shall go in its former course... that we will carry on our business as formerly, and will never, in any respect, deviate from this Agreement.¹

In response to the above Nawab Siraj-ud-Daula issued a decree on 9th Rajeb Moon (31st March 1757):

The English Company’s goods have been carried backward and forward by land and water, always through the Provinces of Bengal, Behar and Orissa, by the dustuck and seal of the said Company, by virtue of the King’s Firman, which is also now confirmed by me. Take care, on no pretence to interrupt their carrying their goods backwards and forwards through all the chokeys whatsoever, and not to demand any katbarra, manjor, etc., according to the King’s Firman. Let them pass and repass without receiving a single cowrie from any of their people; and interfere not with the English Company’s Gomastahs on any account, but rather take care that through all your districts their business be not obstructed in any way.²

² Ibid., p. 199.
These treaties, however, were the expression of acceptance and recognition of the Nawab's authority and the Company's trading behaviour vis-à-vis the region. Ironically, after three months these agreements on paper proved false and the Nawab witnessed open breach of trust through wide misuse of dustuck and illegal fortifications of Calcutta factories by the Company. Infuriated by these acts, the Nawab captured the English factories and forced the Company's officers out of Calcutta. The Company, too, reacted strongly with the help of timely reinforcement from Madras, which eventually turned the table in the Company's favour. Finally, with the victory at Plassey on 23rd June 1757, the Company could prove its potential in the sphere of politics. The setting of the political stage in the year 1757 at the battle-field of Plassey was not an isolated eighteenth century event. It was the logical culmination of some deep seated aspirations of the British Empire manifesting itself through its long distance trade and commerce in the region spread over centuries, to take the shape of an empire in the eastern seas. The battle of Plassey was more than military prowess of British arms; it proved to be the stepping stone of colonial conquest of Bengal and Bihar. The Company, in the seven years post-Plassey, till the battle of Buxar, penetrated deep into every nook and cranny of the region through its active role in economic activities.

Though, the process of political decline had already set in during the last days of Aurangzeb, there was 'little decline in material production and affluence'. The commercial activities initiated by the Europeans in the seventeenth century had

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3 It was primarily English trade and commerce which forced the Company to plunge into politics in a bid to protect its trade, as alleged by the Company, and getting more benefits for its growth. P. J. Marshall, The Making and Unmaking of Empires, New York, 2005, p. 134.
Commerce, Production and Control

provided the impetus to intense economic activities in eighteenth century Bihar.\(^4\)

These activities encouraged urban growth in this province on a scale which is said to have surpassed Bengal.\(^5\) Notably, decline of the Mughal Empire in the eighteenth century could not cause any disruption in the network of trade and commerce which had already developed through the seventeenth and eighteenth centuries.\(^6\)

These changes did not occur exclusively in the later part of the century, contrary to what many think. Rather, one can trace the strings of transition from the early decades of the eighteenth century when in the sphere of the export market Europeans outclassed the Iranian and central Asian merchants and reached the helm of all affairs in course of time.\(^7\) Unlike polity, the economic venture of the Company was more dynamic as well as devastating in its manifestation as the colonial conquest in Bengal and Bihar. The real transformation of the Company from a trader to a territorial power took place through its commercial transactions.

The dynamism of eighteenth century has been mapped through various parameters of political, economic and social aspects of European trade and commerce. It has been interpreted and reinterpreted in a variety of ways but scholars seem to agree on the point that it was an era of optimization in political, economic and social transaction in their respective regions. The core of these developments was basically the growth and autonomy of distinct economic and political formation at the regional level.\(^8\) This

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\(^6\) Rajat Datta, ‘Commercialisation, Tribute and the Transition from late Mughal to Early Colonial in India’ in MHJ, 6, 2, 2003, p. 260.


feature induced a tangible connection between commerce and conquest in the Indian sub-continent, largely characterised by ‘adaptation and resilience’ against the numbers of inroads into its economic as well as social life.\(^9\) India, too, experienced a ‘multitude of changes in quick succession’ with other Asian countries during the eighteenth century. Traditional centres of trade like Surat, Calicut, Hugli and Masulipatam which had been in existence for a long time, gradually declined and gave way to new towns like Bombay, Madras, and Calcutta.\(^10\) Eventually, it culminated in bringing changes in production, distribution and in the volume of trade besides, the relationship between overseas and local markets, and in the ‘mechanics of supply within India’.\(^11\) Trade flourished and played a vital role in connecting various corners of the sub-continent. Indigo and cloths of Lucknow were exported through Surat, and cotton supplied from Surat provided raw materials to the weaving industries concentrated in Bengal. Easy access to money and credit facilitated their further growth.\(^12\)

To unravel the economic transition in eighteenth century Bihar this chapter investigates the commercial behaviour of eighteenth century Bihar with specific study on the trade of three articles Saltpetre, Opium and Textile. These three articles were the principal items of trade from Bihar in the eighteenth century. How did colonial intervention transform the regional dynamics of trade through its policy and prerogatives? What were the colonial initiatives and the indigenous responses to this development?


\(^12\) Ashin Das Gupta, ‘Trade and Politics in 18\(^{th}\) Century India’, p. 183.
SALTPETRE
Along with other European joint stock companies, the English East India Company also ventured into the Indian Ocean for trading spices and cloths. In search for better profitable markets it reached to the eastern waters of India at the port of Hugli and Patna. When the English in their initial commercial ventures while exploring the eastern markets arrived at Patna in 1620–21, their observation was not so impressive and they soon withdrew from there.\(^{13}\) Almost a decade later Peter Mundy, a traveller, visited Patna in 1632.\(^{14}\) He uncovered many interesting details and wrote about the region’s trading potential. The next few decades of the seventeenth century witnessed growing commercial activities in the region and specifically the saltpetre trade drew serious attention from the Company.\(^{15}\) The significance of the history of trade and commerce in the seventeenth century lies in its initially strong presence which gave it a firm foundation and consolidation in the eighteenth century.

The European saltpetre trade in Bihar had started in a very unsure atmosphere. In their early voyages European explorers were completely unaware of the availability of this product. Hughes and Parker, one of the first teams of the English East India Company, had not mentioned anything about saltpetre during their first commercial mission, to assess trading prospects in the province, during 1620–21.\(^{16}\) Peter Mundy

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15 An early attempt to study the trade in Saltpetre was made by me in *Seventeenth Century Bihar: Some Aspects of Shaping of a Regional Economy*, (Unpublished M.Phil. Dissertation submitted to the Centre for Historical Studies, Jawaharlal Nehru University, New Delhi, 2003).
16 They had come to Bihar for purchasing calicoes.
mentioned presence of saltpetre in the region but found its commercial exploitation less developed here than other regions vis-à-vis quality and cost.\textsuperscript{17}

Prior to the arrival of the Europeans, the saltpetre in Bihar had been used only for local purposes and was not considered as a standard ingredient for gunpowder. The Mughal government drew its supplies from Agra, Ahmedabad and neighbouring regions for its own military purposes and it too had not tapped Bihar for the availability of saltpetre.\textsuperscript{18} In the seventeenth century European initiatives in the saltpetre trade, in fact, intensified commerce of saltpetre from Bihar, specifically to overseas markets for military purposes. The multipurpose use of saltpetre in manufacturing gunpowder and its use as ballast for home-bound European ships, which otherwise had to use iron as ballast, attracted Europeans towards its trade the most.\textsuperscript{19} The establishment of Dutch and English factories at Patna was followed by a remarkable expansion of trade, and increased facilities for supply coincided apparently with an enhanced demand in Europe. Besides, there was also gradual decline of the importance of other centres of saltpetre, such as Coromandal coast, Gujarat, Agra and Ajmer,\textsuperscript{20} which secured the position of Patna as a prospective saltpetre production centre.

Bihar had the natural conditions for the formation of saltpetre due to the availability of saline soil in the region. The saltpetre manufacturing units were spread across Bihar, located mainly in Patna, Gaya, Chapra, Singhia, Tirhut, Saran and Champaran. The main concentration, however, was along the upper Gangetic region in the districts

\textsuperscript{17} Peter Mundy, \textit{Travels in Europe and Asia}, p. 155.
\textsuperscript{19} Sushil Chaudhury, \textit{From Prosperity to Decline}, New Delhi, 1995, p. 260.
\textsuperscript{20} Thevenot and Careri, \textit{Indian Travels of Thevenot and Careri}, (ed.) S. N. Sen, Delhi, 1949, p. 74
of Patna, Hajipur, Purnea, Tirhut, Mau, Chapra, Singhia, Saran, etc. The saltpetre produced in these areas was generally known as Bihar or Patna saltpetre.

Saltpetre production was mainly carried by a group of people called *Nooneahs* (manufacturer) who undertook the refining of saltpetre earth, and from whom the *paikers* or *assamies* (agents or mediators) purchased and sold the finished product to merchants. Specifically, during the month of October, immediately after the rains, the *Nooneahs* collected soil from fields and often from old walls and places in which cattle were kept. The collected earth was called *noony-matty* (saltish earth). It was soaked in water for two to three days before boiling. The solid material after condensation formed the *cutch* (raw) petre. To further refine to the *culmy* petre the same material was boiled twice. Though there were various modes of producing this petre earth, this was the simplest method and most commonly adopted in Bihar.

The East India Company's Chief and Council at Patna in his communication to subordinates, dated 8th March 1771, directed to engage experienced men, Armenians if possible, to instruct the natives of Singhia in preparing saltpetre. The Resident at Patna and the Collector of Bihar regularly encouraged extra caution regarding the mode of collecting saltpetre earth. The Company officials in charge regularly inspected the process of production of saltpetre and they were averse to any new

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21 Saltpetre manufactured in Purnea was described as *Nizamat* saltpetre and was given to the Nawab for preparation of gunpowder for ceremonial use.

22 Irfan Habib (ed.), *An Atlas of the Mughal Empire*, New Delhi, 1982, p. 10B.

23 The Dutch called them saltpetre 'ackerbouwers', cited in Sushil Chaudhury, *op.cit.* p. 262.

24 They also collected a quantity of good earth and threw saltpetre water on it, but this was done only when saltpetre earth was not available in considerable amount. Francis Buchhanan, *An Account of the District of Bihar and Patna in 1811–1812*, Vol. II, Patna, 1986 (first published 1936), pp. 662–63.

25 NAI, *HPP, SP, OC*, 8th March 1771, D.

experiments. A letter from the Resident at Patna to the Board of Trade, drawing attention of the Board to his correspondence with Mr. T. Law, Collector of Bihar, regarding the saltpetre trade, stated that Mr. Law should be prevented from attempting any innovation in the mode of procuring saltpetre.\(^{27}\) In the same correspondence, there was a request from Mr. Law, to Mr. E. E. Pote, Commercial Resident at Patna, enclosing a representation from the Sazawal of Bihar, requesting that saltpetre manufacturers should be prohibited from scraping the walls of inhabited houses.\(^{28}\)

The saltpetre producers, *Nooneahs*, had to pay a duty to the state for the production of saltpetre which was often farmed by others. The Europeans, too, took part in farming of the duty along with *Nooneahs*. In 1719, Company servants, Browne and Barker, farmed a part of this tax together with an *assami* named Shaikh Ghulam Muhammad, and in his explanation to the President of Fort William Council, Barker stated that they did it for the protection of the *assamies* from any trouble from the government.\(^{29}\)

**MONOPOLY AND SUBORDINATION OF INDIGENOUS MERCHANTS AND PRODUCERS**

**Political Interference**

Since the very beginning, of European trade in saltpetre, there was regular tendency of the state and its agents to monopolise the saltpetre trade. There were instances of orders from Murshidabad prohibiting Europeans from purchasing saltpetre, and

\(^{27}\) NAI, *HPP. SC. OC*, 11th August 1788, No. 2. A letter to the Board of Trade, intimating that the parwarna issued by the Resident at Patna to the Behar, gomasta, relative to the mode of collecting saltpetre earth has been approved, that the Collector of Behar and the Resident at Patna have been directed to refer the subject matter of any dispute to the Board, NAI, *HPP. SC. OC*, 11th August 1788, No.7.

\(^{28}\) NAI, *HPP. SC. OC*, 11th August 1788, No. 2.

\(^{29}\) Sushil Chaudhury, *op.cit.*, p. 262.
ordering the assamies to deliver all the saltpetre to the Nawab. Political interference was generally intended to receive personal gain. Hence, the merchants who had substantial access to political quarters used their connections to influence trade. From 1740s till the mid 1750s, Haji Ahmed, elder brother of Nawab Aliverdi Khan, managed small feats in this trade by buying cheaper saltpetre from Nooneahs and selling it to Europeans at higher prices. On another occasion, in 1737, Haji Ahmed is said to have forced the English Company to buy his saltpetre. The Company ultimately bought the saltpetre on the condition that he would not meddle in this trade in future. However, the scale of such interference was limited and was easily taken care of by the Company officials through payment of money or gifts.

**Collaboration of Companies**

In the mid 1730s, the English, the Dutch and the French companies decided to buy saltpetre jointly and settle among themselves the share afterwards due to encroachments of the state which were severe if they transacted separately. The agreement, however, was meant to be valid for two years but it couldn’t last long and crashed. Again in 1743 a similar attempt at an agreement was proposed for stipulated share in the purchase, with provision of 15 per cent for the French, out of the joint purchase of the Dutch and the English. This also didn’t work and there were no more agreements attempted afterwards. The failure of these agreements was largely due to the distrust for each other. In the meantime these companies were regularly involved in petty backbiting. The English Company complained in 1743 that the Dutch had farmed an important pargana, Bissera and despite complaints from the English concerning the ‘fatal consequences of such farming’, the Dutch persisted in their

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30 Ibid.
31 Ibid.
design. It also accused the Dutch, by means of one of their ‘black servants’, had farmed 17 parganas of Sarkar Saran on the Chapra side of the country. The Dutch and the French, on the other hand, alleged that the English were trying to buy saltpetre through Omichand and his brother, Deepchand, and that the former had sent money to the latter for that purpose.\(^{32}\)

**Indian Merchants**

The regular demands for supply of saltpetre, from the Dutch, the English and the French companies, often created confusion as these companies were arch rivals in this trade and the principal impact of this rivalry was on the price. In order to handle this confusion and competition, 14 assamies of Chapra formed a ‘confederacy’ in 1725 to maintain a steady supply of saltpetre and keep a check on the price.\(^{33}\) This was one of the first joint initiatives of its kind by indigenous merchants in response to the European traders. It was, however, alleged that this formation of ‘confederacy’ was the handiwork of the two European companies to serve their interest. Even the Dutch and the English accused each other but both had to concede to it. Although it was not clear how this ‘confederacy’ worked, the English Company considered it very advantageous and stuck to it for buying its supply regularly. In 1728 even though there was no substantial demand from the English Company, the factors insisted on buying the regular consignments just to be in the fray of purchasing. Otherwise it might have cost their share to the Dutch. Nevertheless, the early 1730s saw the ‘confederacy’ broken. The significance of this initiative is in the context of indigenous response to European trade and commerce in the region. The commercial equation of traders, indigenous as well as the Europeans, in the early eighteenth century was

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32 Ibid., p. 263.

33 Ibid., p. 264.
practically balanced. This balance was, however, derailed afterwards when Europeans, particularly the English, started behaving arrogantly around the mid-eighteenth century and openly defied the Nawab’s authority, and succeeded in establishing political dominance after the battles of Plassey (1757) and Buxar (1764).

In the first half of the eighteenth century Indian merchants had substantial control over saltpetre trade and prominent among them was Omichand. He played a significant role during the 1740s and 1750s. He was assisted in this trade by his brother Deepchand who had been awarded the faujdari of Sarkar Saran, one of the main centres of saltpetre production from Nawab Aliverdi Khan in 1745. He had several refineries in Saran, Chapra and Fatepur. Other prominent merchants were the Armenians, Khwaja Wazid and Khwaja Ashroff.

In the 1740s these Indian merchants, Omichand at Calcutta, Khwaja Wazid at Hugli and Deepchand at Patna, were virtually in a dictating position and enjoyed a monopoly in the saltpetre trade. The Dutch and the English both had alleged that Khwaja Wazid and Omichand helped Deepchand to get the sole right of farming Bihar Saltpetre. The scenario, however, had changed with the emergence of Khwaja Wazid as the most powerful saltpetre merchant in the 1750s. He got the exclusive right of saltpetre farming from the Nawab Siraj-ud-Daula in 1753. It is necessary to note that these Indian merchants had indulged in mutual rivalry in order to get the larger share in this trade. The Dutch and the English both were displeased by this development. The Dutch reaction is visible through one of its officers’ comment that it is really

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34 *EFI*, Patna, 31st March 1747.
35 Ibid.
36 NAI, *HPP*, 29th June to 10th August 1757, Letter from Patna to Calcutta, 18th July 1757.
37 Ibid.
unfortunate that the trade in saltpetre 'had fallen entirely in his [Wazid's] hands and under his control' and that the Dutch 'did not have courage to oppose it'.

Expressing his disappointment in this connection Mr. Paul Richard Pearkes, the English Factor, requested the Board to apply to the new Government for setting aside Khwaja Wazid's exclusive *parwana* for saltpetre, and obtain a particular *parwana* for the English to purchase it. Accordingly, directions were issued to Mr. Scrafton to represent at the Durbar and to use his utmost endeavours to prevent Khwaja Wazid's claim for obtaining an exclusive *parwana* for the purchase of saltpetre at Patna. The Nawab, however, declined observing that they could not apply to the Durbar for abolishing the monopoly of Khwaja Wazid or regulate the trade in Patna as all foreigners were meant to receive equal benefits. It was alleged that Khwaja Wazid paid a heavy *nazrana* of Rs. 25,000 to the Nawab to grab this opportunity. Khwaja Wazid managed his saltpetre business through his agent Mir Afzal and his brother Khwaja Ashroff, who was stationed in Bihar.

Omichand too had a direct trade nexus with the English East India Company. In the year 1753 along with Khwaja Wazid, Omichand also submitted his quotation for supplying saltpetre to the Company. The Company accordingly made detailed

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39 It is presumably referred to the post-Plassey phase where the new Nawab, Mir Jaffer, took the Nawabi of Bengal.

40 NAI, *HPP*, 29th June to 10th August 1757, 18th July 1757.

41 NAI, *HPP*, 3rd November to 17 November, 3rd November 1757.

42 NAI, *HPP*, 21st August to 3rd September, 2nd September 1757.

43 NAI, *Public General Letter to Court*, 10th January 1758.
enquiries into their claims. Khwaja Wazid’s terms of contract proposed a rate of Arcot Rs. 5.87 per maund while Omichand’s offer was at Arcot Rs. 5.81 per maund. The President of the Board proposed to engage with Khwaja Wazid in preference to Omichand. Finding his claim failing Omichand further reduced his rate to Rs. 5.75 annas per maund. Eventually, the Board agreed to his proposal and Omichand signed the Teep (bond) for saltpetre and was advanced the sum of Rs. 50,000 against his contract. Henceforth, he became one of the most important saltpetre agents of the eighteenth century. He was advanced Rs. 150,000 for the next couple of years to procure saltpetre. Meanwhile, in 1755 the Board required that there be some reduction in the price of saltpetre. Besides, he was made to sign another bond dated 24th February 1755 to deliver 30,000 maunds of Patna dobarah saltpetre at the rate of Arcot Rupees 5.75 per maund. The board accepted Omichand’s offer at the above mentioned rate and agreed to pay the interest on the amount thereof from that day. However, Omichand was required to furnish that the pass granted to him would not be abused and had to further furnish an exclusive security bond for Rs. 30,000 for the same.

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44 Omichand also submits saltpetre account before the Board and enquiry made of Coja Wazeed’s gomastah regarding the terms on which his master will contract to supply saltpetre. NAI, HPP, 21st January to 3rd March 1753, pp. 64-67, 201-208.
45 Ibid., pp. 209-214. The currency has been standardised under the following formula: Annas /16, (1 Rupee = 16 Anna = 20 Gundas).
46 Ibid., pp. 232-247.
48 Ibid., pp. 251-260, 265-269, 271.
49 NAI, General Letters to the Court of Directors, 1753-1754, pp. 68-72.
50 NAI, General Letters from the Court of Directors, 1755-1758, pp. 1-51.
51 NAI, HPP, 9th February to 10th October 1755, p. 142.
52 Ibid., pp. 282-285.
53 NAI, HPP, 11th October 1755 to 27th March 1756, pp. 631-633.
In the year 1755, another contract was signed between the Company and Omichand for the supply of 2,500 bags of saltpetre at rate of Arcot Rupees 5.87 per factory maund.\(^{54}\) The whole situation took an unfavourable turn against him in the wake of the capture of Calcutta by the Nawab in 1757 and the Board ordered for the 'sequestration of Omichand's properties and sale of perishable articles' on account of his having apparently aided the Company's enemies in the siege of Calcutta.\(^{55}\) Further instructions were sent to break the monopoly enjoyed by Omichand on saltpetre\(^{56}\) and the contract was now given to Huzurimul acting for Omichand for 58,000 factory maunds of saltpetre at Arcot Rupees 6 per maund to be delivered on his own terms and interest to be allowed from the day of making the contract.\(^{57}\) Consequently two dustucks were granted to Huzurimul for 19,000 bags of saltpetre at Patna and a letter written to Mr. Pearkes to assist Omichand's people in getting them down to Calcutta.\(^{58}\) Huzurimul received an advance of 100,000 Sicca Rupees for the payment of his saltpetre contract at the rate of 10 per cent batta on it.\(^{59}\) To make things worse for Omichand a letter from the 'Chief and Council of Patna' was issued where it was directed that a certain Golam Mustapha was contacted to dispose of Omichand's goods and to pay the Company the amount due from it.\(^{60}\)

\(^{54}\) NAI, HPP, 9th February to 10th October 1755, pp. 105–107, 109–110, 130–132.

\(^{55}\) 'All natives and black inhabitants, not engaged in the service of the enemy during the recent troubles, should be restored to their houses and property, but that by refusal to assist the English they have forfeited all right or title to any reparation for the damages suffered by them.' NAI, HPP, 21st August to 3rd September 1757, pp. 17–18.

\(^{56}\) NAI, HPP, General Letters from the Court Directors, 1755–1758, pp. 143–198.

\(^{57}\) NAI, HPP, 29th June to 10 August 11th July 1757, pp. 184–187.

\(^{58}\) Ibid., pp. 234–238, 239.

\(^{59}\) Ibid., 1757, pp. 202–204.

\(^{60}\) NAI, HPP, 20th December to 5th January 1759, pp. 167–72.
The eighteenth century business atmosphere was highly competitive and it had grown to such an extent that all European buyers wanted supplies of their saltpetre confirmed in advance. To make this feasible they started remitting cash advance for the purpose. These advances, however, were not remitted to the Nooneahs but to the merchants who occupied important positions of intermediacy between the manufactures and the buyers. Besides, there was intense pressure from the European companies on the Indian merchants for the supply of saltpetre, and they often resorted to highhandedness in meeting their demands.\footnote{Kumkum Chatterjee, op.cit., p. 79–83.} In one of the instances Khwaja Ashroff sought Omichand’s help, as the latter had good contacts in the highest level of English Company officials, against his being threatened by Mr. Pearkes who on the plea of finding some French goods in his factory, captured his entire consignments and also took possession of his saltpetre. His complaint regarding this was of no use for he found that Mr. Pearkes had already complained against him for drawing upon the Company two Bills of Exchange for 20,000 Sicca Rupees in favour of Mohadebdass, Anupchund and Kissenchund Hookumchund. Mr. Pearkes further rejected the charge of ill-treatment of Khwaja Ashroff by him at Patna.\footnote{NAI, HPP, 15th September to 28th September 1757, pp. 305–310, 427–431.}

The demand for saltpetre was mainly coming from the European companies, and as they were good investors in the business, all Indian merchants were eager to contract with them. On the other hand, European companies too could not carry this trade in saltpetre alone and were fully dependent on Indian merchants as it comprised the secondary level of business (that is, dealing with the finished product). They had considerable command but were absolutely ignorant at the primary level as to where the procurement of the product from fields was done. Since, the whole business
structure was hinged on a system of advance payment, the English East India Company started pouring in large sums of money to meet two basic goals: first, to outclass other competitors and second, build an inexorable work pressure on the artisans so that they would not shift to other clients. Earlier, this was not the case, as every trader had equal opportunity and access to producers for the product. Though advance payment existed, it had not taken the shape of a tool for elimination and a mechanism of control. In addition to this, the English East India Company got the much desired position in the shape of monopoly over the item.

The battle of Plassey (1757) proved to be the turning point in the scenario of saltpetre trade. The political victory paved the way for English domination on economic affairs. Lord Clive secured from Mir Jafar the sole right to manufacture saltpetre in exchange of his service to him during the battle. The Parwana runs thus:

...at this time, through the means of Colonel Clive the saltpetre lands of the whole province of Bihar have been granted to the English Company from the beginning of the Bengal year 1165, in the room of Khawaja Muhammad Wazeed; you are therefore hereby directed to establish the authority of their gomashtas in all the saltpetre lands of the aforesaid province, to give strict orders to the saltpetre picars not to sell an ounce of saltpetre to any other person and to receive from the Company the stipulated nuzzerana and money for the aforesaid lands.63

Thus in the 1750s and early 1760s, the English East India Company had firmly consolidated its position in the saltpetre trade which was reinforced by the grant of Diwani in 1765.

The grant of Diwani in 1765 brought with a number of benefits to the Company, which, with the right to revenue, became the de facto ruler of the province. Unlike

earlier, now it had all the administrative apparatus at its disposal which it employed in exploring more avenues for trade and control.

**QUANTITY AND INVESTMENT**

In the seventeenth century, volume of saltpetre trade was moderate and the annual average of export was around 12049.09 maunds in the second half of the seventeenth century. The second half also witnessed saltpetre trade in Bihar experiencing remarkable growth and development and the ‘dormant potentialities of Bihar as a source of supply of first class saltpetre’ were worked up only as a result of the procurement of foreign merchant communities and their demand. It was discovered that Bihar saltpetre was both cheaper and of better quality than what was available from other parts of India and its proximity to the river Ganges naturally provided easy transportation to seaports from the production centres.

In the eighteenth century saltpetre constituted one of the principal trading consignments from India and particularly from Bihar. The President and Council of Madras on 30th June 1757 requested for 100 tons of saltpetre from Patna. Similarly there was high demand of saltpetre from Europe as well as from other Councils in India. The East India Company had five factories which could normally manufacture from 1,30,000 to 1,50,000 maunds annually: Singia 54,000 maunds, Chapra 37,000 maunds, Hajipur 3,000 maunds and Futwa 8,000 maunds.

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66 Ibid., p. 337.
Table: 1

Saltpetre from Bihar, 1749–1790 (in maunds)\(^69\)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>QUANTITY</th>
<th>PRICE</th>
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<tbody>
<tr>
<td>1749</td>
<td>5333</td>
<td></td>
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<tr>
<td>1750</td>
<td>4333</td>
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<td>1751</td>
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<td>1752</td>
<td>1800</td>
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<td>1753</td>
<td>1220</td>
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<td>1754</td>
<td>2830</td>
<td></td>
</tr>
<tr>
<td>1755</td>
<td>8533</td>
<td>@Rs. 2.75 per bag(^70); @5.75 Arcot Rupees per F. md; @5.87 Arcot Rupees per F. md.</td>
</tr>
<tr>
<td>1756</td>
<td>10125</td>
<td>@5.75 Arcot Rupees per F. md.</td>
</tr>
<tr>
<td>1757</td>
<td>13928</td>
<td>@2.87 Sicca Rupees Per F.md; @5 per md; @3 Arcot Rupees per bag.</td>
</tr>
<tr>
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\(^69\) These calculations are made on the basis of procurement and supplies made to the Company and different parties.

\(^70\) 1 Bag = 2 Maunds.
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Source: *Home Public Proceedings, Board of Trade-Commercial, Governor-General in Council and Board of Revenue.*
Chart: I
Procurement of Saltpetre from Bihar, 1749-1790 (in maunds)
The above data reveal the true nature of the colonial manifestation in the suba Bihar. In these forty years the English East India Company’s procurement of saltpetre was somehow a true replica of its commercial as well as political consolidation in the region during the eighteenth century. The first decade of the computed forty years in Table 1 shows that the Company’s annual procurement of saltpetre was around 10–20,000 maunds; the second decade was higher with an average procurement of 40–50,000 maunds annually but then in the next two decades it was almost three times more than previous two decades and hovered around 150,000, and sometime it reached to 250,000 maunds per year.

During the 1750s there were regular threats to the trade due to attacks of the Mughal Prince on Patna and surrounding areas but communications exchanged during those years between Patna and Calcutta gave a very optimistic and enthusiastic picture about trade prospects. The Chief and Council at Patna apprised the superior authorities that their Factory suffered nothing by its capture in June 1756 as the Nawab’s people never took possession of it or harmed it in any way. The Chief and Council of Patna on 8th October 1759 reported to his superiors at Fort William that saltpetre production was better than the previous year. He assured that if similar conditions continued, saltpetre production and supply would definitely be better than what they had previously received from the assamies. Thus, they would be able to dispatch another fleet after the full moon without falling into any bad debts. Moreover, the Company on its part was not willing to take any chance of disturbing business in the region. When it was reported that the factories in different locations were in a ruinous condition and they had very little option available to get well

71 NAI, HPP, 27th August to 15th November 1759, pp. 979–983.
72 Ibid., pp. 802–807.
furnished location within their estimated budget. The Board quickly remitted two lacs of Rupees for the purpose of keeping the rhythm of trade undisturbed.

After the victory at Plassey the Company’s trade showed an upward trend. However, during the late 1750s there was regular military confrontation in and around Patna due to the attack of Shahzada. The procurement statistics figures fell during that time. Before the battle of Plassey (1757) there was comparatively less amount of saltpetre procured and exported from Bihar by the English Company. The victory at Plassey and grant of Diwani in 1765 after the battle of Buxar (1764) improved the situation of saltpetre trade and good progress was recorded.

During the famine of 1769–70, the Company’s procurement registered low collections but it recovered in the following years. The immediate recovery or the high production and supply of saltpetre are contradictory to the theoretical understanding of famine impacts on the eastern region. The main issues are high mortality recorded in many places during the famine years and depopulation in many villages and towns. Bihar was also severely hit by the famine and in Patna daily 50 deaths were recorded. The worst hit areas were Patna, Serris Kotomba, Shahabad, Champaran,

73 Letter from Mr. Paul Richard Pearkes at Patna, reporting his taking charge of the Factory at that place which was in a ruinous condition, stating that no house could be found there under Rs. 150 per mensem with which sum the Factory itself could be put into a habitable condition and fit to keep the Company’s broad cloth and other perishable commodities, not that with an additional sum of Rs. 100, the Factories at Sindy, Chuprah, Mow, and Fultah which will also be required store saltpetre, could be kept from falling down. NAI, HPP, 29th June to 10th August 1757, pp. 206–211.
74 NAI, HPP, 28th April to 12th May 1759, pp. 557–559.
76 NAI, HPP, SC, 29th September to 13th November 1770, Letter from Patna to Calcutta, 3rd October 1770.
Tirhut, Bettiah and Purnea. But the famine had ‘asymmetrical geographical sweep’ and the other areas which were although hit by famine had low or no mortality rates. The saltpetre production areas like Singhia, Chapra, Mau etc. were not affected. The general perception of impact of famine was ruined status of cultivation but Bihar in this situation showed a differentiated trend. There was substantial increase in the revenue collections during 1770–71. Further in the 1770s, trade in saltpetre was expanded towards Benares and the Company got right to procure saltpetre from Raja Chait Singh of Benares. In 1775 the procurement was all time high and recorded 257,000 maunds. This increase in procurement and export was due to the Company’s successful policies of collecting all the produce and distributing it to others on its own terms and condition. Earlier there were many players who also procured saltpetre for their supply but afterwards it was only the English who had the sole right over production and distribution in saltpetre.

Prices were often volatile. This is reflected in the fact that in one year (in 1755 and 1757) there were three different price quotations. In 1757, the price quoted ranged from Arcot Rupees 5.75 to 5.87 per factory maund in different months which again varied in the year 1759 from Rupees 2.87 to 5.75 per maund and Arcot Rupees 3 per bag. However since trade in saltpetre was growing and demand was high, the traders

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80 Though there was formal agreement on this but in one instance the Resident of Benares had complained to the Board that ‘a goanstah of Mr. Pote’s is making purchases at Nagrah and Mutthah, two Villages in Coprah Chut a Province of Benares’. It was however resolved after the mediation of the Board of Trade–Commercial, WBSA, BT–C, 2nd January to 17th January 1795, Letter from the Board to the Chief of Patna, 2nd January 1795.
accepted any price. And there is no evidence showing that due to change in the price there was any discrepancy in supply of the item. During the 1780s, prices fluctuated between Rs. 4 to 6 per mound. The Board of Trade, reported in one of its letters in 1782 that it received a proposal for freight of 3,000 bags of saltpetre to Bombay, at Sicca Rupees 7 per bag, which was higher than their offer of Arcot Rupees 5 per bag.81

**Investments on Saltpetre**

From 1780s onwards there was large scale investment proposed by the Board of Trade along with other piece- goods. These investments further helped in the growth of saltpetre trade in the following decades. In its minute of 1787 it declared that

> The Board having proceeded as far as circumstances have [had] permitted them in the settlement of the various branches of the investment of 1787, now come [came] to the consideration of the article of saltpetre. An earlier attention to this article was not necessary, because the season of its provision does [did] not commence until the rains are [were] well advanced[.] [T]he Board think it will [would] be expedient at the present period to make the dispositions proper for the due realization of this part of the investment.82

There was proper stock at hand so the Company did not attempt to consider it earlier. Keeping in view the further investments in Europe it thought that ‘an extension of the provision of Behar [Bihar] saltpetre might[,] nevertheless[,] be eligible and advantageous’.83 The Board specifically mentioned that the price of the saltpetre was

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81 NAI, *HPP, SC, OC*, 20th Feb., 1782, No. 6. The Board of Trade, enclosing an order on the Treasury for current Rupees 120,23,82, intimating that they would not at present determine the amount of the advances to be allotted for the provision of the investment for 1782–83, requesting to be furnished with certain accounts, and directing them to lade 2,000 bags of saltpetre for Bombay on the *Southampton*. NAI, *HPP, SC, OC*, 28th Feb., 1782, No. 8.

82 WBSA, *BT-C*, 2nd May to 12th May 1787, Board’s Minute, 11th May 1787.

83 Ibid.
'greatly reduced' by the contract. Hence, the new ‘system of agency’ was preferred for receiving the saltpetre ‘at its genuine cost’. Second, the present ‘establishment of the factories...must continue’, for, it would ‘effect a reduction in the cost’ when there would be increase in the quantity. The reduction of cost and increase in profit would certainly refrain ‘foreigners’ from making complaints ‘that they are [were] undersold in this article in Europe’. Thus, it was ‘the leading motive for taking advantage of present improvements in the saltpetre investment and extending it for the purpose of ready money sales in Calcutta’ because there was ‘considerable annual demand of this article for exportation...more perhaps than the Company’s factories can [could] furnish’.  

Besides the mercantile profit and superiority, ...another motive appears, ultimately of great weight and cogency[.] [T]he command which the Company would acquire of an article so essential in war. In times of actual hostility such a command would be of the highest importance, as on the other hand the want of it may leave the Government exposed to great inconveniencies. This is an idea which would lead to a very comprehensive assumption of the saltpetre manufacture, and the Board have understood, that such a scheme has [had] been in the contemplation of the Right Hon’ble the Governor-General in Council. They are [were] humbly of opinion that under the peculiar circumstances of this article it may [might] be worthy of serious consideration, more particularly in the view of preventing our national enemies from drawing from ourselves in time of war[.]

Under the above scheme of investment the Company primarily concentrated on three aspects: cost, profit and credibility of the product. The Company realised the benefit of the agency system in this trade through which it was able to effect some reduction in price of the product. Second, the establishment of factory near the manufacturing units was considered very important in lowering the production as well as its original cost.

84 Ibid.
85 Ibid.
cost, irrespective of the quantity it procured. Third, the most important thing, its non-commercial use, which the Company thought worth in the saltpetre investment, was the use of saltpetre in making gun powder which helped them to strengthen their military power against all enemies – national or local.

Charles Stuart in one of the meetings stated that in view of the existing circumstances, the provision of the investment could be increased by 18 or 20 lakhs of Rupees in piece-goods. The Board of Trade, intimated that it had augmented the allotment for the investment of the factory at Malda to five lacs of Rupees and accepted saltpetre valued at two lacs of Rupees. The Board of Trade, reported to the Council that the Collector of Bihar had advanced one lac of Rupees for saltpetre investment, and recommending that the transaction should be confirmed. An agreement was signed between Mr. J. Sumner and the Company for Rs. 300,000 towards the investment in Patna saltpetre for the year 1783–84, 1784–85 and 1785–86. Further the Board of Trade, recommended that an increase of 20,000 maunds in the provision of saltpetre for 1788 would be confirmed and requested that the Commercial Resident at Patna might be supplied with two lacs of Sicca Rupees on account of the increase, and also that he could be advanced a lac of Sicca Rupees by the 1st October, on account of the provision of saltpetre for 1789.

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86 NAI, HPP, SC, OC. 16th June, 1786, No. 9.
87 NAI, HPP, SC, OC. 7th Oct., 1782, No.7.
88 NAI, HPP, SC, OC. 31st Mar., 1788, No. 11.
89 NAI, HPP, SC, OC, 31st Aug., 1787, No. 3.
90 NAI, HPP, SC, OC. 7th July 1790, No. 1.
POLICIES AND CHANGES

The East India Company had followed a very aggressive policy towards saltpetre trade in the region. Before the battle of Plassey it was basically dependent on the trading privileges granted by the ‘native’ government. Under that scheme of things it only followed the contemporary mode of getting its way by bribing government officials. The post-Plassey phase, however, had significant importance in transforming the policies of the Company in carrying the trade in saltpetre.

The Company first made its purchases by contract and then by agency. However the Company found it advantageous to receive cutch petre under the contract system as it was cheaper than the culmy petre. The culmy was priced at Rs. 2.25 per maund and the cutch petre was commonly delivered at Rs. 1.25. The assamees normally got an advance of about one fourth. They gave to Nooneahs about 12 to 14 or 15 annas per maund. The factory charges upon an estimate of 150,000 maunds amounted to about Rs. 35,000 per annum. This was supposed to be liquidated by the produce of what was described as cootee saltpetre for local consumption and an annual quantity of salt (khari variety) which was produced from saltpetre. The charges of importing saltpetre through the ‘Cossimbazar river’ amounted to 3 annas per maund but when the river went dry and boats had to go through the Sunderbuns, the cost of carriage rose to about 6 annas per mound. Saltpetre was furnished to the foreign companies generally at the rate of Rupees 3.50 per maund. In 1787–88 under the agency system the Company gave only Rs. 1.75 per maund to the assamees and the total cost of production was current Rupees 2 at the factory.91

91 NAI, HPP, SC, OC. 23rd June 1788. No. 1(A).
Treading along these lines the Company further transformed itself and introduced more changes in the next decades. In the 1770s when there was a significant development due to growing demand for saltpetre, it became necessary for the Company to hire a special transporting officer. The company hired Mr. Mackenzie specifically for moving saltpetre from Patna to Calcutta. 92

There were often more demands from the Presidency and from other clients, the Council decided to make advance in installments so that they could collect the product at regular intervals to meet the demand. The *Kistbundee* system, advance payments done in installments, was introduced. But irregularity and troubles in delivery etc. were frequent. Sometimes there was high demand from the Presidency and then it became necessary for the Company to reduce the share of other clients to fulfil the Presidency’s requirement. But they tried to compensate previous deficits in installments in their subsequent deliveries. These irregularities often caused confusions between the supplier and the clients and the Dutch were the one who suffered most and complained regularly. 93 The basic regulations proposed and later implemented by the Company were as follows:

1. That the whole possible produce of the Company’s Factories [would be traded exclusively by the Company].
2. That the Commercial Resident employed in the provision and all other persons acting under his authority be prohibited from Trading in this article on their own account or the account of other, the Company excepted.
3. That the provision be made by agency on the general principles and under all the checks and responsibilities laid down for that mode; and that the Resident be allowed a Commission of ...[not mentioned]... PCent [per cent] on the amount of his provision.

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92 WBSA, *BT*-C, 29th January to 5th February 1779, Letter from Council of Patna to Board of Trade—Commercial, 2nd February 1779.

93 NAI, *HPP, SS. OC*, 14th May 1773, No. 2(B).
4. That the real expense [sic] incurred for the establishments of the factories of Singhia, Chuprah and Mow, as well as at Hazypore and Futwah, and the requisite repairs of the buildings..., be charged upon the saltpetre and go into its cost; and that no part of the produce be applied to the use of the factory at Patna, but the whole sent to the Presidency.

5. That as the foreign natives instead of being allowed to manufacture for themselves, are indulged annually in certain quantities from the Company's produce, they be prohibited from working any manufactories of their own and if report be true, has sometimes been done. And with respect to the Danes, as the annual supply of 8000 maunds accorded to them has not of late years been called for, they should be required to declare whether they mean to make use of this indulgence in future, that the distribution of the Company's provision may be regulated accordingly. 94

The focus of the Company's policy was to abolish private trading in saltpetre. It was not even accepted in the case of the Commercial Resident or any of his officials, instead the Commercial Resident was granted some commission on the provision he would remit. The Company now decided to include the expenses incurred due to the establishment of new units and repair of the older ones into the original cost of the saltpetre. Last but not the least, it declared that no other companies would be allowed to have their manufacturing units instead they would be supplied by the Company whatever their requirement of the item. 95

94 WBSA, BT-C, 2nd May to 12th May 1787, Board's Minute, 11th May 1787.
95 Mr. E. E. Pote, Resident at Patna, reported to the Board of Trade and requested for instructions on the clandestine sale of saltpetre in his district which caused great losses to the income of the Company. Saltpetre was a branch of commerce supposed to be exercised exclusively by the Company. But it was suspected that the Nooneahs and assamies of Bihar sold a considerable portion of it to some merchants in a clandestine manner even though they had received the Company's advances. In fact, the Company was giving only Rs. 1.75 as per maund to the assamies but any purchaser would very willingly give them Rs. 2.50 to Rs. 3 per maund. Hence, Nooneahs found clandestine transaction more profitable. NAI, HPP, SC, OC, 30th October 1786, No. l(C).
OPIUM

Opium was basically an article of 'intra-Asiatic trade'. Unlike saltpetre which was mainly exported to Europe by the European companies the role of opium was primarily focused in supplying a commodity for Britain to utilise in offsetting the cost of Chinese tea imports which were soaring in the late eighteenth century. Although Bengal opium had captured the most lucrative portion of the Chinese market, Bihar was also an important producer of this article.

In the eighteenth century prior to the involvement of English India Company in this trade there was a group of merchants in Patna who controlled this trade. This 'syndicate of Indian opium merchants of Patna' financed and to a certain extent controlled production and processing of the export trade of opium. These merchants advanced cash to the cultivators at the time of sowing and had the purchasing right of the produce of a specified area of land planted by each cultivator. Each member of the trading syndicate processed, dried and packed about 500 tons of opium at his home. In a complicated series of preferential bids, the syndicate offered the final product first to the Dutch, then to the British and the remainder to the French trading companies. In the early decades of the eighteenth century the Dutch exported larger amount of opium to Batavia and the English and the French were not much into this trade.

The opium production and procurement in Bihar and western Bengal experienced substantial growth in the eighteenth century. There was uncontested dominance of the

97 The Dutch company did not face any competition from the English until the battle of Plassey 1757. The Dutch exported opium to Malabar from the Malwa region, procured at Surat. But due to hike in price they started procuring it from Bengal. Om Prakash, The Dutch East India Company and the Economy of Bengal, 1630–1720, New Jersey, 1985, p. 145.
Dutch in this trade but in the eighteenth century the English soon outclassed the former in buying and carrying the South East Asian demand for opium. The enhancement of opium exports thus formed a major component in the dramatic growth of an export economy in Bengal and Bihar. The victory in the battle of Plassey (1757), however, further changed the political equations, and eventually economic status of the East India Company was enhanced. By 1761 the East India Company succeeded in establishing a virtual monopoly over this item. Further in 1765 after the grant of Diwani the English East India Company manipulated the existing syndicate of powerful opium dealers in Patna and started influencing the opium contracts made during this time. It was reported that the owner of sole right of opium manufacture was one of the former employees of the English East India Company during the administration of Verelst (1767–69). The Dutch resented it as they were unable to make proper equitable purchases from the opium dealers.

**PROCUREMENT AND EXPORT**

Similar to the system of Mughal monopoly on opium the Company Government too did it for revenue and export. In 1760s the annual average procurement was 1450 chests and in 1770s 1560 chests of two maunds each. The quantity of opium exported in the 1760s was only 500 chests. The quantity rose in the second decade to 1400 and then 1800 chests. In 1780s it reached to 4,000 chests.

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Table: 1.2

Quantity of Bihar Opium Procured by the Company 1761-1780 (in maunds)

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Sources: *Home Public Proceedings, Board of Trade Commercial, Board of Revenue and Governor-General in Council.*
Chart: II
Procurement of Opium from Bihar, 1761-1780 (in maunds)

Year of Procurement

Quantity in Maunds

Opium
THE FAMINE AND RESOLUTION

In 1769–70 there was famine in the region which unbalanced every trade and commerce equation. There was large scale loss of lives and crops due to which the Company tried to reorganise things to succeed in earning the highest possible profits in this trade. Accordingly in 1771 the Comptrolling Committee of Revenue received a letter which reads,

In compliance with the orders of the Directors the Board is pleased to request that you will recommend to the Council of Revenue the exertion of their endeavors for the increase of the produce of Ophium... by giving due & proper encouragement to the persons concerned in the production[.]

To be more specific and making their intention clear the authorities in Calcutta further gave instructions to the Patna Council,

As the Company have so particularly recommended the increase of Ophium [Opium], We must repeat our directions that you afford every encouragement to the inhabitants to promote the culture of that article. ...and we wou’d [would] wish to see it promoting as much as possible by proper encouragements held out to the farmers and by every lenient measure but compulsion must on no account by used. Restrictions of such a nature are always attended with destructive consequences. And the cultivator should ever be at full liberty to raise that produce from his land which he may judge will conduce most to his own advantage.

The Company realised that if the producers would be given due attention then certainly the production as well as profit would increase. While implementing the given instructions the Governor issued instructions to throw open the opium business

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101 WBSA, CCR, 25th November to 30th December 1771, Letter from Calcutta to Patna, 30th December 1771.
102 Ibid, 3rd March 1772.
to all people subject to the condition of paying a duty to the Company, but due to lack of proper channel of control all agents of British, Dutch and French Companies started dealing directly with cultivators and the situation became more complicated. It created havoc in the mind of the Company authorities as they were incurring great losses. Hence, Warren Hastings, Governor-General, in 1772 imposed a state monopoly on the production and sale of opium. It was not liked by Dutch and French companies, but they finally conceded to the circumstances with some stipulation about the share. They were, from now on, supplied with a stipulated quantity of the article at the price fixed by the English Company.

**THE ORGANISATION AND THE ADMINISTRATION**

There were as many as twenty opium factories functioning under the British East India Company. These factories were situated across Bihar in different districts such as Patna, Gaya, Shahabad, Saran and Tirhut. In Patna and Gaya districts there were subordinate opium kothis in Bihar, Theta, Rampur, Jwaffar, Anti, Khagul, Sadikpur, and Nawada. Opium factories could be found in Arrah, Bhabua, Mahabalipur, Bhojpur, Daudnagar and Chakditchat of Shahabad district; in Bidpur, Lalgunj, Darbhanga and Barnawada of Tirhut district; and in Chaprah, Dumri and Dighwara of Saran district. All these factories and lesser establishments were managed by Indian servants, subject to the supervision and control of the Opium agent at Patna or of the deputy opium agents in the districts. The Patna agency was divided into many sub-agencies and it was under the direct supervision of the Board of Revenue, and under it there were several subordinate units, the Board of Customs, Opium and Salt.

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103 NAI, HPP, SP, 9th April to 29th April 1771, Letter from Calcutta to Patna, 26th April 1771.
104 NAI, HPP, SP, OC, 13th August 1772, No. 4 (a).
105 NAI, HPP, 21st January to 3rd March 1753, pp. 209–35.
responsible for the sub agencies. The Patna agency consisted of eleven sub-agencies, 1) Tirhut, 2) Hajipur, 3) Chapra, 4) Aliganj, 5) Motihari, 6) Bettiah, 7) Shahabad, 8) Gaya, 9) Tehta, 10) Patna, 11) Monghyr, and each sub-agency office served as a treasury and disbursing point for payments to cultivators and as a collection point for crude opium. However, the primary point of contact with the ‘grower’ was at the subdivision or kothi. Each of the eleven sub-agencies in Patna was further divided into three to four kothis for a total of forty-one such offices. A gomashta or agent directed the sub-divisional office. But these gomashtas could not deal directly with ten to fifteen thousand peasants and for their convenience they dealt with local intermediaries representing one, or sometimes two villages, who were known as Khatadar. The Khatadors were either headmen or one of the leading members of the dominant peasant caste. The Khatadar in Bihar brought with him a list of cultivators, who had agreed with him to grow opium. When both parties settled upon an appropriate amount of land to be sown with poppy by each peasant the sub-agency issued a license in the name of each opium grower specifying terms of the agreement. When the local headmen returned with signed the acceptances they received interest-free government advances on the crop paid in two to four installments. At the final settlement of accounts when the peasant’s crude opium was weighed and graded, generally after nine months, the advances were deducted before payment.

The peasants engaged in opium cultivation were from the Koiri sub-caste. The people from this sub-caste specialised in intensive market-garden, irrigated cultivation of high-value cash crops. 'A general impression' worked in the system 'that the

106 J.F. Richards, 'The Indian Empire and Peasant Production', pp. 70–71.
107 Ibid. 71–72.
108 Ibid.
poppy cultivation was worthwhile only for a particularly skilled group of cultivators.\textsuperscript{109} The Company government also took extra care in handling this. The Patna council informed the Comptrolling Committee that,

To promote the growth of Opium, no better methods occur to us than taking obligations to that purpose from the renters, and being careful that the Ryotts be furnished with fixed pottahs of reasonable rates and effectually secured from all extra demands, and that they be particularly exempting from being seized ..., or suffering any other such like hard ships, to which the Ryotts in general are sometimes unavoidably exposed; but it is difficult that any very rapid increase shou’d [should] be effected in the produce of the article, as it is cultivated by one particular cast of people only, and great numbers of them perished in the last famine.\textsuperscript{110}

Although there were strict orders that there should not be any exploitation of the cultivators and purchases should be ‘made to the satisfaction of the cultivators’, this remained only on paper and practically cultivators were forced to cultivate poppy in their fields and if anybody went against this then they were harassed by the Company agents. It was reported that in Gaya district they destroyed corn field in order to till the ground for the cultivation of poppy.\textsuperscript{111} Between 1775 and 1785 contracts were conferred by special favour and there was no provision for the protection of the cultivator.

There was complain regarding exploitation of the people engaged in opium cultivation and no attention had been given to their pathetic conditions. The Opium contractor Mackenzie wrote to the Governor-General in Council to draw their attention towards it and suggested some measures to bring redress to the hardship of the opium

\textsuperscript{109} B.B. Chaudhury, Peasant History of Late Pre-Colonial and Colonial India, History of Science, Philosophy and Culture in Indian Civilization Vol. VIII, Part 2, New Delhi, 2008, p. 467.

\textsuperscript{110} WB A, CCR, 25th February to 5th March 1772, Letter from Patna to Calcutta, 3rd March 1772.

\textsuperscript{111} NAI, HPP, SC. OC, 26th March 1779, C (2).
cultivators. He mentioned that cultivators of Purnea and Rangpur were subjected to 'hardships and distresses that they are discouraged from receiving advances from him'. He requested to fix the rates of lands prior to the commencement of the opium season according to the rates of last three years. The each village Cucherry should keep the register of that contract and its duplicate would be issued to the contractors. The contractors should be strictly prohibited from conducting forceful contract. He wanted to make the contract voluntary on the part of the cultivators. The main focus was, however, on the mode of contract and its proper documentation to keep check on any manipulation on the part of contractor and his agent. The fixation of price and its regularisation with village wise documentation and appointment of an authorised person to make payments in either kistbundy or pottahs mode without any use of force were main areas where the Company was required to make improvements for 'extending the manufacture to double the quantity that has heretofore been produced in these provinces'.

The Opium Contract and the Contractors

After implementing the monopoly Governor-General Hastings further formulated the contract system and introduced the annual provision of opium. Since the monopoly enabled the Patna Council to purchase the poppy from the Ryots through the local traders and agents, Meer Ashrof and Meer Muneer were the main suppliers to the Company but they played a very dubious role. They purchased opium at a very cheap price and sold that at much higher prices to the merchants in Calcutta and made a huge profit. This did not continue for long as in 1773 Warren Hastings deprived the

112 Ibid.  
113 Ibid.
Patna Council of this privilege of private trade and decided to farm it out on behalf of government.\textsuperscript{114} Accordingly, first compensation was given to those who were deprived of this privilege of private trade and the exclusive right to supply opium was given to Meer Muneer and Ramchand Pandit in Bihar.\textsuperscript{115} Meer Muneer was entrusted with management of the trade. He was experienced and enjoyed the trust of some of the members of the Patna Council who earlier had employed him in this business. Ramchand Pandit had also been in this business along with him. But, Meer Muneer and Ramchand Pandit could not carry out this business for long. Since there was all round expansion and growing demand of opium which required great care, it was decided that provision of opium would be made by contract and persons of undoubted credit and character would be entrusted with the contract against their personal security. Consequently, in 1775 a certain Mr. Griffith got the contract for Bihar opium and Wilson for Bengal. But in the very next year it had gone to Mr. Mackenzie who enjoyed it till 1781, after that Stephen Sullivan was given the contract for four years. These contracts were basically awarded to the individual after verifying their proposals put before the Board for consideration. In his proposal for the provision of the opium Mr. Mackenzie wrote to the Company as follows,

> Understanding that the period of time, for which Messrs. Griffith and Wilson engaged to furnish the article of Opium, is nearly expired, and having very attentively pursued the covenants entered into between your Hon'ble Board and these Gentlemen, I, with deference submit the following proposals for providing the Opium, the growth of the provinces of Bengal & Behar, to your consideration.

\textsuperscript{114} WBSA, \textit{BT-C}, 19th December to 27th December 1776, Letter from Calcutta to Patna 24th December, 1776.

\textsuperscript{115} Ibid.
1. I will bind myself to deliver the full quantity stipulated for by the present contractor at the same rates, under the same penalties, and in the same mode, as is expressed in their several contracts, for the term of three years.

2. I shall be entitled to an immediate advance of \( \frac{1}{2} \) the price on the whole quantity of Opium[,] I engage to deliver[,] within the year.

3. On the close of every year, I will pay into the Company's treasury 10,000 S[icca] Rs. As a consideration for my holding the contract, and for this condition that, if in the course of business I should require larger advances than the \( \frac{1}{2} \) before mentioned, the same shall be made at my requisition, provided it be within the total of the sum of to which the Opium[,] I engage for, amounts.

4. I will give sufficient security for the public monies I shall at any time receive and such other securities as the present contractors give.\(^{116}\)

He further clarifies to the Company that if his proposal was accepted then the Company would have more profit. He claimed that there would be 'a nett[sic] gain of 30,000 S[icca] Rs. and increase the quantity to about 400 chests a year'. The profit which would come in his way with this contract would certainly help him in improving the 'the quality and protect the Ryotts, who, ...suffer great hardships & distresses from a frequent change of contractors'.\(^{117}\) He also assured the Company of his sincere commitment towards the responsibility he would take to make the opium trade and the people related to it more prosperous.\(^{118}\) Mackenzie tried his best in elaborating the benefits of his proposal but the Governor–General and the other members of the Council had few reservations regarding making of this contract. Though they agreed upon its acceptance, there was a debate among members of the

\(^{116}\) WBSA, GGC, 9th May to 21st May 1777, Letter from Mackenzie (Opium Contractor) to Governor-General in Council, 16th May 1777.

\(^{117}\) Ibid.

\(^{118}\) Ibid.
Governor-General in Council before taking any final decision. Clavering, one of the members had opined that,

I have always professed myself an enemy to this monopoly, ...and have never yielded my assent to the continuance of this, but from the clear conviction that I have, that a monopoly cannot be prevented, whilst the Company's servants remain in the provinces, vested with great power and influence[,] I, however, do only agree to the giving Mr. Mackenzie the term of three years on the two following conditions: That the Company do[es] not disapprove the continuance of the monopoly of Opium, and that the Company's right to make this monopoly be not decided against them in the supreme Court of Judicature within that time.\textsuperscript{119}

The Governor-General too agreed upon this but he remarked that 'the contract be granted for one year certain,[ly], without any exception, and for the two last year[s] with the reservations'.\textsuperscript{120} Mr. Barwell, another member of the council, had opined that if there would be a disagreement on this proposal by the Court of Judicature then 'under these circumstances it is [was] to be in the option of the Board to annul the contract that Mr. Mackenzie offers to engage in for the provision and manufacture of the Opium'.\textsuperscript{121} General Clavering, however, questioned that 'and propose[d] that it be made a standing regulation of this Government that all contracts that may hereafter be made shall [should] be annulled, in case the Company disapprove[d] them'.\textsuperscript{122} Eventually, the Governor-General modified his opinion and assented in favour of the proposal declaring that

...the Contract be granted to Mr. Mackenzie for three years certain unless orders from the Court of Directors shall be received within that time to relinquish their exclusive property in the trade of Opium, and to make it free; in which case, that it be stipulated that the contract shall, not withstanding, remaining in force till the

\textsuperscript{119} Ibid.  
\textsuperscript{120} Ibid.  
\textsuperscript{121} Ibid.  
\textsuperscript{122} Ibid.
expiration of the current year included with in the months of October, and September and then cease.\textsuperscript{123}

It should be noted that there was reluctance among the Company authorities in the decision making. Hence, the contract system was made the only possible method to carry forward the opium business but it failed to bring redress to the oppressed conditions of the cultivators.\textsuperscript{124} The extensive geographical expansion of opium producing areas was basic limitation which forced the Company to 'rely on contractors'.\textsuperscript{125} These contractors were 'primarily village headmen, professional money lenders and local landed proprietors'. The contractor often be the moneylender. Kemble, Bihar Opium Agent, called him the 'village banker'. Savi, sub-Deputy Opium agent at Monghyr (Bihar) observed that 'ryots are mostly in debt to their mahajuns [moneylenders] i.e. their khatadar'. The success of the khatadar was entirely dependent on the local landed proprietor.\textsuperscript{126} Lord Cornwallis introduced few measures to modify the function of the monopoly but kept the contract system abolishing the provision of payment of price to the contractors by the cultivators and in 1785 it was open for public.

\textit{Opium Offenders}

Since there were many competitors and the opium business had attractive profits so the Company always kept strict vigilance over it. Even then there were reports of illegal trade in opium. On one occasion the Patna Council reported to the Governor-General that,

\textsuperscript{123} Ibid.
\textsuperscript{124} NAI, \textit{HPP, SC, OC}, 18th March, 1775, No. 2.
\textsuperscript{125} B.B. Chaudhury, \textit{Peasant History}, p. 454.
\textsuperscript{126} Ibid.
We are convinced the intelligence you have received of many private persons having made advance for the provision of Opium in this province is too justly founded, and wish the enquirie [sic] we have made had enabled us to ascertain, with any precision, the names of the offenders, that we might either report them to you or punish them ourselves for having been guilty of a breach of your orders which have been made known in frequent publications.\textsuperscript{127}

The Council specifically alleged that, certain Mr. Fraser had ‘transgressed them’, but as he did not come directly to Patna but arrived via Ghazipur so they could not take any action against him since it was not in their jurisdiction. Instead it suggested that since,

\[\text{...the legal proof of these matter[s] is so very difficult and the means of deception so many, that the only effectual remedy against the evil, appears to be a total prohibition to private purchasers, or a duty equivalent thereto.}\textsuperscript{128}

There was severe penalties prescribed for those who indulged in the malpractice while purchasing, processing and selling of opium. However, in the system of leasing out annual contracts to employees of the East India Company there was unrestrained misuse and maladministration practiced by officials. They bid low for the farms of opium and forced the contractors to surrender their crop at less than the cost of production. In addition to this, to maximise their gains these officers often adulterated the opium. These irregularities and dubious methods in the business ultimately threatened the profit and disturbed the highest authorities. Consequently, as a preventive measure in 1775, Warren Hastings and his Council decided to put opium under the Excise Department and treat opium revenues as excise or tax funds instead of a private commercial item for the East India Company.\textsuperscript{129} Further, during the

\textsuperscript{127} WBSA, \textit{GGC}, 3rd November to 10th November 1776, Letter from Patna to Governor-General in Council, 5th November 1776.

\textsuperscript{128} Ibid.

\textsuperscript{129} WBSA, \textit{BT–C}, 21st March to 27th March 1775, Board’s Minute, 25th March 1775.
administration of John Shore the Board of Trade abolished the contract system and introduced an agency system which was in fact an official monopoly.  

**Opium Storage**

The poppy leaves, highly vulnerable to moisture and other similar conditions, required great care and management. 'The quality of the Opium greatly depends upon the goodness of the godowns and there being sufficient room for free passage of air to it'. The Council at Patna, however, had no good godowns at its disposal to store opium safely. It reported that,

> the warehouses where the Ophium is at present manufactured [had] many disadvantages and inconveniencies attending them. They are now in so ruinous a state that the Ophium will be spoiled if deposited therein during the rains unless some temporary repairs are immediately made as the water will certainly make its way through the terraces in several places.[.]

In his minute Mr. William Young had also remarked that,

> ... so many disadvantages under which these Godowns lay[,] The House in that part of the city, are very close and the inhabitants numerous, Ophium is known to be so wholesome a drug that the very smell of it affects some constitutions – It is a circumstance deserving consideration whether the health of the inhabitants might not be hurt by it's pernicious flavor should that article be manufactured there.

Accordingly, Messrs. Campbell, Mackenzie had surveyed the proposed warehouse of a certain Mr. Craige’s and recommended that ‘they are [were] not sufficiently airy

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130 WBSA, **BT-C**, 30th March to 5th April 1785, Board's Minute, 5th April 1785.
131 WBSA, **GGC**, 25th January to 9th February 1777, Letter from Patna to the Governor-General in Council, 31st January 1777.
132 WBSA, **GGC**, 28th August to 3rd July 1777, Letter from Governor-General in Council to Patna, 1st July 1777.
133 Ibid., Minutes of William Young, 1st July 1777.
nor is the compound or area spacious enough for the drying of the cake which is very essential for improving the quality of the Ophium [Opium].

Besides, its proximity to the river bank could cause moisture to come easily towards the storage house. In addition to this the rent of this warehouse would cost 4,000 Rupees pr. annum and the Company had already paid 5,200 Rupees for repairing of the old ones. The Council further showed a comparative preview of godowns of [the] Dutch Company which were ‘...large, high and open on all sides with large and windows and much superior to any above Patna’.

The Patna council requested the Governor-General and Council for building a proper storage house for their opium and informed that,

there is spacious piece of ground about 600 feet square, where the Company’s Godowns now stand /in Challeestoon near the Custom House with two very commodious Ghauts/ where by pulling the present ones down, there might be built a complete set of Godowns in every respect fit for the manufacture of 3000 chests with a large compound or area all round them for a sum not exceeding 30,000 Rupees including the making of bamboo shelves mats with an annual sum of 1,000 Rupees for repairing the shelves mats.

The bigger space was considered best for ‘depositing the Ophium [Opium] into jars when in its crude state[,] which gives it a very material advantage over any other place in the city’. The highest authorities in Calcutta finally agreed for the proposed storage and directed that ‘The Company having determined on continuing the Ophium

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134 WBSA, GGC, 25th January to 9th February 1777, Letter from Patna to the Governor-General in Council, 31st January 1777.
135 Ibid.
136 WBSA, GGC, 28th August to 3rd July 1777, Letter from Governor-General in Council to Patna, 1st July 1777.
[Opium] a monopoly it is highly proper they should have fit warehouses for preparing it'.

**Mode of Transactions**

The contractors were facing problems in the opium investment due to some modifications regarding the mode of specie to be used in the transactions of goods or payment of revenue. In the 1780s the Chief of Patna reported to the Board that,

...some new exactions of batta which have been lately introduced into the current specie of that district, by the several aumils in the mofussil[.]. The business of the Opium investment has been much impeded in making the necessary advances to the cultivators of Opium on account of the Honble Company.\(^\text{138}\)

It was reported that in Hajipur renters charged 'batta of one anna on eleven & twelve sun Sicca, & two annas on all sunaut Rupees, which is equable to 6 ¼ p.r[per] cent on the former, and 12 ½ P.r[per] Cent on the latter'. In Bihar, Fulwany, Shahabad and 'the adjacent districts half an anna is required and collected on all Siccas from the eleventh to the nineteen sun'. Although the value of Sicca Rupee was fixed but in case of Sonaut Rupee there was confusion.\(^\text{139}\) The complications involved in these affairs were due to the following reasons:

The Opium Contractor receives his Revenues from the treasury at Patna in Sicca, and sonaut Rupees, the Siccas of every sun at their original value, the sonaut at the same value at which they are issued by Government, in every disbursement where this Rupees is used. The money thus received is advanced in the mofussils to the cultivators of the poppy, and the same money is collected on account of the revenue by the aumils and by them subjected to the deductions of batta before

\(^{137}\) WBSA, GGC, 28th August to 3rd July 1777, Minutes of William Young, 1st July 1777.

\(^{138}\) WBSA, GGC, 17th February to 26th February 1782, Letter from Patna to Governor-General in Council, 26th February 1782.

\(^{139}\) Ibid.
stated, after which it is paid by the aumils into the treasury at Patna at the same
rate at which it was originally issued to the Opium contractors.\footnote{140} The
main burden of \textit{batta} was on the Ryots who pay to \textit{aumils} after deduction. Hence,
they `refused to proceed in this cultivation' they were paid the difference.\footnote{141} The
attorney of the contractor requested the Board to,

\ldots directs the Chief of Patna to grant Perwannah to the Opium Contractors' agent,
ordering that all collection made from the Opium Ryots, shall be received by the
aumils in the mofussils, at the same notable proportion to the Sicca Rupee, at
which they are paid by the aumils into the Patna treasury on account of the
revenue.\footnote{142}

\textbf{POLICIES AND CHANGES}

Since the opium had been considered as an important item of revenue and it was
realized that there should be some exclusive management to take care of it.\footnote{143} Hence,
the Governor-General in Council in their minutes proposed to appoint superintendent
to this business with the following elaborations:

1. A separate office to be established for conducting the Opium business,
   and a Company's servant to be appointed Superintendent of the Opium
   manufacture.
2. The superintendent to receive all advance for Opium by Bills of
   Exchange drawn by the Committee of Revenue on the different districts
   where the Opium is manufactured, which bills will be endorsed by him to
   the contractor or his agents.
3. The Superintendent to receive the Opium when manufactured from the
   contractor, and lodge it in the ware houses.

\footnote{140}{Ibid.}
\footnote{141}{Ibid.}
\footnote{142}{Ibid.}
\footnote{143}{In the year 1793 the administration of the Opium Department was transferred to the Board of Trade
from the Board of Revenue. NAI, \textit{HPP. SC. OC.} 22nd October 1793, A.}
4. The superintendent to make the sale of Opium under the direction of the Committee of Revenue, and receive the money from the purchasers.

5. The superintendent to keep a sett [sic.] of Books for the Opium business, and to transmit his accounts and Books to the Committee of Revenue.

6. The superintendent to be paid by a Commission of PCent [per cent] on the sales of Opium out of which all the charges of his office are to be defrayed.\textsuperscript{144}

The Board gave his consent and directed that the Superintendent had 'to inspect and report to [the Governor-General in Council] from time to time the quality of any quantity or parcel of Opium which he receive[d]'.\textsuperscript{145} There was another complication notified by Mr. Mackenzie, that proper inspection could not be possible for an individual due to the distance of all the manufacturing units at Purnea, Rungpore and Malda. The distance between each of these districts was 'about 70 Coss[koss]'. It was not possible for an individual to cover this distance in a short period of time and if there would be an emergency like 'the risk of fire and other accident', the situation would be difficult. He requested for appointment of 'two Inspectors independent of the agent of the Board of Trade, as natural checks on each other one to reside constantly at Rungpore & the other at Purnea'.\textsuperscript{146} The Board agreed to his proposal and gave its assent through the following regulations:

1. Resolved that at the commencement of the season the rates of the Opium lands shall be fixed unalterably at a medium rate on the payments made for the last three years.

2. Resolved that a register of them be kept in the Cucherry of each village and the agent of the contractor be permitted to take copies of each register on his applying for them and disbursing the charge of copying.

\textsuperscript{144} WBSA, \textit{GGC}, 26th July to 13th August 1782, Minutes of Governor-General in Council, 26th July 1782.

\textsuperscript{145} WBSA, \textit{GGC}, 26th July to 13th August 1782, Letter from Calcutta to Governor-General in Council, 9th August 1782.

\textsuperscript{146} Ibid.
3. Resolved that the contractor['s] agent be permitted to pay the rents of such Riotts as may choose [sic] to enter into engagements with him, either agreeably to the Kistbundy of the Pottah or by such mode as may be fixed betwixt [sic] his agent and the officers of Government, but the Riott still to be held responsible. If the agent as security for him shall fail to discharge his engagements, but the agents shall take from the Riott no more than the principal sum which he shall pay for the Riott, and shall make no claim on pretence of interest, commission, or for any other profit whatsoever.

4. Resolved that the contractor['s] agent shall be positively forbid to force any adjustment with the Riotts, nor shall he force any advances on the people.

5. Resolved that all and every agreement shall be voluntarily and as soon as ratified lodged in the Cutcherry of the village that in case of difference a reference may easily decide.

6. Resolved that the officer of Government upon requisition made to him shall furnish a counterpart of such register officially authenticated on the agents paying the charge of copying.

7. Resolved that the officer of Government shall register all sums advanced to the Ryotts by the contractor['s] agent which sums shall be regularly registered previous to the execution of the bond or agreement entered into between the contractors agent and the Ryott.\footnote{WBSA, GGC, 27th February to 5th March 1778, Letter from Calcutta to Patna 3rd March 1778.}

The Board while agreeing for the above also directed that there should be 'necessary relief to the Ryotts against oppression'. It was also agreed that there would be two inspectors appointed for the job and there would be separate inspectors for Purnea and Rungpore:- Mr. Wombwell be appointed Inspector at Purnea, and Mr. John Miller at Rungpore. The appointment of the previous inspector, Mr. Flor, would be revoked.\footnote{Ibid.}

\textit{Future Contracts}

Besides the production and its export the Board had one more worry regarding opium contracts. Since in their earlier discussion they had decided to give an individual a three–year contract, they were doubtful about extension. Again there was debate
among the members of the Governor-General in Council and questions were raised regarding the justification of giving an individual a long contract and his eligibility of getting an extension after the expiry of his first term of contract. It was proposed that there should be an insertion of a clause in every contract that at any time, if the Company felt it appropriate due to any reason then it could scrap the contract. General Clavering and Mr. Francis had suggested that it should be left with the Court of Directors to decide about the approval and annulment of any contract and it should be applicable to everybody and in every contract. To this the Governor-General opined that it should not be made 'an universal rule, because cases may happen which may necessarily require the extension of contracts to a long period'. Hence he approved that 'whenever these cases happen... the Board is competent to grant the contracts' required extension.\(^{149}\)

These regulations were, however, never really practiced and substantial change in the organisation of opium trade was initiated by the Company. The general form was monopoly which was not a new thing. Before the Company, merchants of Patna exercised monopoly control. Under the Company rule first it passed on to Patna Council composed of the Company’s servants at Patna. In 1773 monopoly was in the name of the state. The exercise of monopoly and the control over cultivators were new features added by the Company. The Company differentiated itself from the early practice by making regulations regarding poppy cultivation and it was no longer free and it had to be done under government order and only for government. The land and quantity of poppy were decided by the government. Any violation to the prescribed rule would amount to rigorous punishment. There was an elaborate mechanism of

\(^{149}\) WBSA, GGC, 13th May to 25th May 1777, Minutes of Governor-General in Council, 20th May 1777.
control and enforcement through state police was main feature of state’s strict control over the mobilization of cultivator.\textsuperscript{150}

\textsuperscript{150} B. B. Chowdhury, \textit{Growth of Commercial Agriculture}, pp. 6–7. In the context of south Indian weaver’s contract system the Company used its political power to tie down weavers and reduce their mobility. Debt recovery systems were created to prevent weavers from running off with advances. It deployed sepoys to prevent weavers from deserting with its money. P. Parathasarthy, \textit{The Transition to a Colonial Economy}, UK, 2001, pp. 91-3.
TEXTILE

Since the very beginning of English trade in Bihar, Patna was one of the renowned centres of textiles. Hugh and Parker had arrived there to purchase calicoes in 1621.\textsuperscript{151} There were many varieties of textiles produced in Bihar, the main types being baftas, chintz, cowtars, elatches, calicoes, emerty, khasas, lakhwary and mahmoody and the main centres of production were Patna, Arwal, Jehanabad, Saidabad, Ekanagar, Magrah and Lakhwar etc. There were different families who supplied cotton piece-goods to the Company and prominent among them were Radhakissen, Meer Ashroff, Mohanlal, Bhagwandas, Bhagwant Rai and Santoke Mal. Unlike other items of trade, textile trade was free from any monopolistic control; the English company had to rely on Indian agents for purchasing cotton textiles. One of the most distinctive features of this trade was the hold of certain families in the business as native agents.\textsuperscript{152} The English East India Company that generally got its supply from the house of Meer Ashroff and the Commercial Resident at Patna, while reporting about the present status of the business, informed the Board of Trade that,

\begin{quote}
I still continue to employ that house on the Company’s account to provide cloths; and their agents, Rigonaut [Raghunath] Sing and Davradge [Devraj] Doss [Das], assured me it was their opinion that ... the quantities you ordered might be procured; my own opinion was the same, formed partly on their experience, and partly on a certainty that I could give a higher price than any One had before done for Company’s cloths.\textsuperscript{153}
\end{quote}

\textsuperscript{151} EFI, 1621, pp. 88–9.
\textsuperscript{152} The Company Cloth Investment here has been for a long series of (I believe above twenty years) provided by an Old Family of native Merchants either as agents or sub-Contractors the firm of their House is “Meer Ashroff” tho’ the person of that name died many years ago, and the seal of business, the only one which the present Managers will use, is inscribed as follows “Meer Moneer and Ramchurn Pundit, the agents of Meer Ashroff” Letter from Patna to Board of Trade—Commercial, 3rd May 1787.
\textsuperscript{153} Ibid.
Unlike saltpetre and opium, trade in textiles was different in its form and consequences. Despite the high demand for cotton textiles the European companies could not impose any direct control on either the textile market or on the artisans who manufactured these commodities. The Company had to get its supplies from native agents.

**QUANTITY AND PRICE**

The English cloth investment at Patna in early 1744 included 18,000 pieces of coarse Baftas and 15,000 pieces of Lakhwaris. From 1774 onwards the Company’s annual purchase averaged around 64,000 pieces. There was frequent fluctuation in the price range but it varied from variety to variety. For example price of Baftas between 1774 and 1780 increased from Rs. 77.08–88.08 to Rs. 82.08–117 per piece, likewise the price of Emerty too saw an increase during 1774 to 1776 from Rs. 68–98 to Rs.84–98 but it could not hold that for long and decreased from Rs. 68–71 to 68–92 in 1777. Similarly, Calicoes too experienced decrease in 1777 from Rs. 85 to Rs. 79 and prices of Khasas also declined in 1776 from a price band of Rs. 107–120 to Rs. 101–120 and Rs. 101–117, but it was the Mahmoody which exhibited fluctuations between 1774 and 1780. It decreased from Rs. 75–106 to Rs. 60–100 but Lakhwary remained constant between 1774 and 1780 at the range of Rs. 53–57.

155 The analyses is based on the data available in WBSA, BT–C, from 1774–80.
Table: 1.3

Procure of Cotton Piece-goods from Bihar 1774–1790 (in bales: 1 bale = 100 pieces of cloth)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1774</td>
<td>545</td>
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<tr>
<td>1775</td>
<td>832</td>
</tr>
<tr>
<td>1776</td>
<td>787.3</td>
</tr>
<tr>
<td>1777</td>
<td>545.7</td>
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<tr>
<td>1778</td>
<td>1135</td>
</tr>
<tr>
<td>1779</td>
<td>920</td>
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<td>1780</td>
<td>1825</td>
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</tr>
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<td>1787</td>
<td>67</td>
</tr>
<tr>
<td>1790</td>
<td>103</td>
</tr>
</tbody>
</table>

Sources: Home Public Proceedings, Board of Trade Commercial, Board of Revenue and Governor-General in Council.
Chart: III
Procurement of Cotton Piece-goods from Bihar, 1774-1790 (in blaes)
ORGANISATION

In the trade of textile similar to saltpetre and opium the provision of advance payment for the supply of a stipulated quantity of piece-goods was the standard practice. Earlier weavers accepted any order and delivered the manufactured cloths to clients at their convenience but in the eighteenth century things did not remain the same and the system of advance virtually bound them to the client. In the mid 1770s the Kistbundee advance was introduced in this sector to procure goods in installments. But these advances were, in fact, used as a deliberate tool to bind weavers to the East India Company and to force them to manufacture larger quantities of cloths than they were capable of, or willing to manufacture. These changes affected the nature of the system which in turn brought about important changes in the whole nature of the textiles business.

The most important change in this business was the fact that European companies replaced merchants from Central Asia, Iran and other places as the chief buyers of Patna’s cotton textiles. By the 1770s, the English East India Company had complete control over the market as well as the manufacturers. Since the British were the main buyers of cloth from Patna, after acquiring Diwani they were also the ruling power of the land which created an advantageous position in favour of the Company against other European companies trading in the region. On the other hand Indian merchants also became easily dedicated suppliers in the cotton textiles market by serving the enormous English demand. Unlike the monopolisation of opium and saltpetre trades, the textiles business became the only branch of the region’s traditional export trade that remained open to the Patna merchants. By the mid-eighteenth century not only did Patna textiles constitute an important item in the trade, they were also in great
demand by European private traders, many of whom were officials of these companies. By 1780 Bihar piece-goods had become so important for British investment that a failure to procure the right amount of these textiles produced serious problems for the Board of trade in Calcutta. The Dutch and the French were equally anxious to purchase cotton textiles from Patna, but after 1757 they were in no position to offer serious competition to the English. Thus, by the late eighteenth century the Patna piece-goods became a major investment item for the English Company. Although, Patna was one of the major centres of its textiles investment, Bengal remained the main centre for cotton textiles. The other centres for this item were Dacca, Lakhipur and Shantipur, to mention only a few from where the company bought equally large quantities of cotton piece-goods for export.

‘BACKWARD’ STATE OF TEXTILE TRADE

The Textile trade in Bihar had, however, not proved to be that successful as the trade in saltpetre and opium did. There were continuous failures faced by the Company agents in getting proper consignments ready in time; they in fact remain silent spectators due to their helplessness. The Chief of Patna in one his communications to the Board of Trade reported that there was regular ‘Flight of the Contractors’ and ‘the advantage taken in consequence by the weavers of debasing the fabrics’. Besides, there was opposition by the manufacturer to make Mahmoodies. He informed the Board about certain Ramchund Pundit, principal agent of the house of Meer Ashroff,

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156 In one of its correspondence it records in one of its correspondences to the Council that if appropriate care would not be applied in procurement of the consignments then it would lower their position in the market, WBSA, BT-C, 27th May to 11th June 1780, Letter from Patna to Calcutta 30th May 1780.


158 WBSA, BT-C, 3rd February to 14th February 1780, Letter from Chief of Patna to Board of Trade–Commercial, 8th February 1780.
who had left the cloth business and fled to Benares when the Company tried to ask him about the misappropriation in the trade.\textsuperscript{159} He further disclosed his inability to repair the loss and revealed that he had tried ‘to fulfil [the Board’s] commands respecting...provision of ... Cloth Investment but in vain’.\textsuperscript{160} There were large number of things he had to take care of and if anything went wrong he could not do anything instantly and confessed that,

\begin{quote}
[he] could not take a Comptroull [sic, contol] over the weavers under the predicament of a contract [and] the continual want of money during the season as the contractors strongly urge the necessity of a half advance of cash agreeable to the total of last year which could not be complied with from the arrangement of your expected funds from the Governor–General and Council.\textsuperscript{161}
\end{quote}

The cloth business of the Company was beset with problems; the Chief of Patna expressed his restlessness due to the prevailing bad condition. He reported to the Board about it that he did everything he could ‘...except that of going [to] the circuit of the aurungs where cloths are [were] made, to superintended every minute part of the business’.\textsuperscript{162} There was large balance amounting Rs. 190,000, to be recovered from weavers as well as contractors. He clarified that this balance was due to the change of nature of trade particularly in Gaya and Jahanabad. Weavers from this area preferred to ‘sell to the public or private purchaser’ who paid higher prices than the Company. Hence, private purchasers received the best product and the Company had to lose.\textsuperscript{163} Besides, the Chief also reasoned that agents of Meer Ashroff’s house were ‘possibly discontented with the loss of great part of the right’ and were no more loyal.

\textsuperscript{159} Ibid.
\textsuperscript{160} Ibid.
\textsuperscript{161} Ibid.
\textsuperscript{162} Ibid.
\textsuperscript{163} WBSA, \textit{BT–C}, 2nd May to 12th May 1787, Letter from Patna to the Board of Trade–Commercial, 3rd May 1787.
to the Company. But, he refrained from making any negative comment of the business house in view of its being the oldest and most credible with which the Company had been doing business since long. 165

**Quality of Cloths**

The Company was worried about the falling standard of few varieties of cloth which had led to considerable loss to returns as well as the Company’s reputation. The Chief of Patna while reporting this deficiency to the Board explained that the silk of France was very popular in Europe and maintained its reputation of being best in the market, and this was because it always retained its quality. The Company, however, failed due to the fall of standard in maintaining its quality. For instance, the Baftaes were found ‘deficient in breadth and quality and many in length’. It was generally used for printing and making gowns in Europe. One piece of Bafta measuring 12 to 12 ½ yards was sufficient to make two gowns, each gown being six yards in length. It became difficult when the length of the Bafta was less than 12 yards. Consequently, ‘the price of sale is not only lowered but when either breadth or length [of] the original quantity of cloth is diminished, the price is not in proportion to the quantity wanting’. 166 Hence, the Chief suggested that ‘all goods should be scrupulously kept up to their standard of breadth, length and quality [and] it [should] avoid heavy unnecessary expences to the Company[.]’ 167

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164 Ibid.
165 Ibid.
166 WBSA, BT-C, 4th May to 17th May 1776, Letter from Patna to Board of Trade-Commercial, 7th May 1776.
167 Ibid.
Negative Response to the Company's Call

The Company's cloth business was in real trouble due to unfavourable response from the people engaged in this trade. The Resident at Patna informed to the Board of Trade that he tried to settle the prices of the cloths by forming the Company's assortments. He 'issued a Perwannah [Parwana] ordering and encouraging the weavers to attend with their musters' but 'very few have [had] attended with their musters and some have [had] refused'.\textsuperscript{168} He assured that he would 'use the utmost of [his] endeavors [endeavours] and hope soon be able to prevail upon the weavers to return to and prefer the Company'. But he was apprehensive about prices and suggested that before the payment of advance, gomastahs should visit the aurungs and encourage the weavers to work for the Company.\textsuperscript{169} The Board in reply regretted the prevailing situation in this business and remarked that the 'native agents' could not build any trust among the weavers for the Company. On the other hand the servants of the Company also 'remained strangers to the manufactures, and the actual state of things at the aurungs'. Consequently, there was 'distance between the manufacturers and the Company'.\textsuperscript{170} To change things in favour of the Company the Board directed the Resident that he should personally visit the principal aurungs and convince the weavers,

\ldots of their real state, assemble the weavers, know precisely what their objections are to the Company's employ, ascertain the extent of private demands, and the prices paid by individuals, as well as the rates of labour and materials.\textsuperscript{171}

\textsuperscript{168} WBSA, \textit{BT-C}, 2nd May to 12th May 1787, Letter from Resident at Patna to Board of Trade-Commercial, 4th May 1787.
\textsuperscript{169} Ibid.
\textsuperscript{170} WBSA, \textit{BT-C}, 2nd May to 12th May 1787, Letter from Board of Trade to Resident at Patna, 4th May 1787.
\textsuperscript{171} Ibid.
It was high time for the Company to take a firm decision and ‘retrieve what is lost’. Weavers should be told about the ‘permanence of the Company’s employ[ment]’ and the general nature of ‘private merchants’ who were ‘in general but occasional precarious purchasers’. There was ‘no [such] risk, and a certainty of sale’ in the Company’s contract. The Board, however, instructed the Resident that he should ‘trust as little as possible to native agents’ and deal personally till the re-establishment of the Company’s business. 172

The Board instructed the Resident that there was balance due to them from Meer Ashroff’s family who claimed that the balance was from the weavers. But the Board declared that unless they could furnish a true account, it would be difficult to determine the balance and its payment. They had to act in a most alert manner otherwise the native agents could make it a further point to disrupt any confidence building up in the mind of the weavers in favour of the Company’s employment. 173

The Commercial Resident while informing the Board about the response from weavers requested the Board to take notice of two things, first, that he was advised by the Collector of Rohtas to summon the weavers and ‘settle with them a fair and equitable price for their cloths to be provided for the Company’s investment’. Second, on the remark of Mr. Law that the conduct of the weavers, particularly of Jehanabad, was ‘a direct breach of all dependence on the Company’. 174 The Resident clarified that ‘a weaver will not work fine cloths for the Company from the price of which he receives probably but little more advantage than from the making of cloths for private traders’. He suggested that if the Company offered ‘them fair, equitable prices for their

172 Ibid.
173 Ibid.
174 WBSA, BT-C, 18th May to 29th May 1787, Letter from Resident at Patna to Board of Trade–Commercial, 18th May 1787.
labor would be possible to re-establish the lost reputation. The Board agreed and directed to work on it.\textsuperscript{175}

\textit{Attempts of Improvement}

Company authorities were unable to get any positive response from either the agents or weavers. Besides, there was a constant feeling of losing whatever it had. The above mentioned backward condition remained in Bihar for long and the Board after taking strong notice of it directed the Chief at Patna that,

\begin{quote}
It gives us concern to remark that your goods are among the few that have not greatly improved since the re-establishment of the agency system. We hope the ensuing year will enable you to restore the Behar fabrics to their former standard, and that you will benefit by the advice and assistance of Mr. Blaquire\texttextsuperscript{[.]}. We wish you to remain some time in aurungs yourself.\textsuperscript{176}
\end{quote}

Since the whole structure of textile trade was fragmented and there were many players who regulated it from their area of influence, the Company therefore found itself handicapped in dealing with the matter on its own. Hence, it concluded that if it engaged with the primary producers directly then there could be some positive outcome. The Board’s decision to make direct contact with the producers was also strategic. It thought that through this direct contact the influence of native agents as well as other foreign companies, who had been a source of threat to the confidence of the weavers, could be reduced against them. Hence, the Board directed the Chief at Patna to personally go to the \textit{aurungs} where weavers manufactured cloths. The

\textsuperscript{175} Ibid.

\textsuperscript{176} WBSA, \textit{BT-C}, 15th December to 31st December 1790, Letter from Board of Trade–Commercial to Patna, 29th December 1790.
outcome, however, was not encouraging and there was sharp decline in the textile business.\textsuperscript{177}

The textile trade situation was not so encouraging and provision for investment was also not very good. There was complication in the agency system and the Chief of Patna informed that,

[I]f the Cloths were to be provided by Gomastahs the first objection to this mode [was] procuring a sufficient number of responsible men to engage on the small salaries[,] [Second,] all balances that might fall in the hands of the Weavers, would be at the Company[']s risk, all cloths dispatched from the aurungs, which by accident might get damaged and [became] inferior in quality would fall a Burthen [sic] on the Company, and when exposed to sale most likely subject them to a loss. For this reason I must give my voice in favour of the provision by contract.\textsuperscript{178}

The Board was convinced and accepted that they would 'give [their] directions for executing contracts'.\textsuperscript{179} The English India Company was struggling in textile trade in Bihar. There were many reasons which further aggravated the poor condition of cloth trade. Absence of confidence cost them major losses in the form of unpaid balance and less supply of assortments. Response to the Company was also not encouraging.

\textsuperscript{177} See Table 1.3.
\textsuperscript{178} WBSA, \textit{BT-C}, 11th January to 31st January 1776, Letter from Chief of Patna to Board of Trade–Commercial, 25th January 1776.
\textsuperscript{179} Ibid., Letter from Board of Trade–Commercial to Chief of Patna, 25th January 1776.