The good or bad government of India is mainly a question of money, and, therefore, a question of War or Peace.\(^1\)

Financing the army was a major problem with the East India Company. The income of the Company was limited and there could be little rapid extension. The Home Government was not prepared to spend from her treasury for the Indian empire, and indiscriminate borrowing could not go on. In the budget of the East India Company, military charges were the heaviest portion.\(^2\) Inelastic economy was therefore bound to effect the army structure.

The effects of limited financial resources were much aggravated in the absence of carefully prepared estimates of the probable cost of the defence forces and the government pressed for finances, ordered assembly of committees to "retrench whatever was in their power; and in order


The following statement gives a general idea of the revenues of India over a number of years:

<table>
<thead>
<tr>
<th>Receipts</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land 14.25 millions</td>
<td>Civil charges 4.75 millions</td>
</tr>
<tr>
<td>Custom 2.00 &quot;</td>
<td>Ordinary military charges 11.00 &quot;</td>
</tr>
<tr>
<td>Salt 1.25 &quot;</td>
<td>Extraordinary Military charges 0.75 &quot;</td>
</tr>
<tr>
<td>Opium 2.50 &quot;</td>
<td>Interest-Debt 2.50 &quot;</td>
</tr>
<tr>
<td>Miscellaneous 6.00 &quot;</td>
<td>Miscellaneous 7.00 &quot;</td>
</tr>
<tr>
<td>26.00 &quot;</td>
<td>26.00 &quot;</td>
</tr>
</tbody>
</table>

* This is exclusive of the cost of European stores sent out from England, and charged to the Home Accounts. The extraordinary military charges included the cost of additional Commissariat supply, extra allowances two troops, Batta and some other allowances. (Kaye, Op. Cit., p.147-155)
to meet financial crises, these Committees often lost sight of their real purpose and resorted to curtailment of military establishment. Such hasty measures eventually produced unforeseen difficulties, because if a war occurred after a retrenchment had been undertaken, it often resulted in greater expense as a result of the necessary increase in the forces. For instance, the armies of India were greatly reduced after the Mysore Wars, but Maratha wars required immediate augmentation, which was followed by further reductions.

The financial resources to a great extent determined the constitution and the size of the force maintained for the empire. Financing native troops was much cheaper than financing the European; and troops of the Crown were even costlier. The difference of expenses was very considerable. Taking all military charges into account, the average cost to the state was £155 in England and 362s in India. The native troops were indeed much cheaper but they were not as dependable as the European troops. On arguments of safety, an army consisting of Europeans alone would have been the ideal. But considerations of safety clashed with the considerations of economy. Thus a compromise between finances

2. One European cost as much as three natives; Evidence of Major General Low, vide Report of Commissioners, p.326
4. Minute by Lord Elphinstone, Governor of Bombay, vide Inquiry.
that 'we have repeatedly been in a state of similar confidence, which has been suddenly disturbed by unexpected war. In 1808, a large reduction of army took place, under the expectation of continued peace. This was followed by a war in 1809, which lasted to 1810, requiring all our energies, and exhausting our resources. Before the Goorkha war we denounced our enemies, and thought them utterly powerless. Nevertheless, they proved to be the best soldiers...

The Marquis of Wellesley, whom that war unexpectedly greeted on his arrival in India, left this country in a state of peace, little supposing he had bequeathed to his successor another war, the most expensive that we have ever had.¹

We find Lord William Bentinck in 1830 very keen to reduce the expenses of the establishments in important public offices of the army and pressing the heads of department to suggest how expenses could be curtailed. Important departments like the Military Board, the Medical Board, the Quarter Master General, the Adjutant General, the Military Auditor General, the Commissary General and the Judge Advocate General, were all pressed to reduce their establishments.² Lord William Bentinck recommended great reductions both in numbers and pay of troops. To cut these...
measures into effect, Lord William Bentinck appointed two committees, one military and one civil to investigate into the whole expenditure and to report what reductions could be made. A large number of reductions were suggested in the military establishment of the three Presidencies.

But in the mean time Lord Bentinck vacated the office and Sir C.P. Metcalfe who officiated as the Governor General, opposed the measures of reductions, for in his opinion 'there can not I conceive, be a greater mistake to imagine that our situation in India is without danger'. Metcalfe's opinion had its due weight and no reductions were undertaken. That in fact marks the beginning of a period when wars were not followed by reduction of the army establishments. For instance we hardly notice any reductions after the conclusion of the war in Afghanistan and after the Sikh wars; we find, instead of reduction, a new Panjab force being raised. That may be largely attributed to the Company's improved finances on account of extension of frontiers which fetched more revenues.

When the army was organised in 1796, to each Regiment or Battalion one of the officers, under the rank of field officer, was appointed Paymaster with fixed allowances.

2. A minute by Vice-President and Officiating Governor General in Council, dated 19 April 1835. (vide PP, 1847; A volume at the Asiatic Studies Library, Town Hall, Bombay).
3. This is, however, not suggested that the change in policy was attributed to finances alone. There were new threats on the north west frontiers and not even the Afghans were any more friendly. The Russian danger in the far was on the increase.
In accordance with the practice in the Crown's army, the appointment was made by Colonel, or by the majority of votes of field officers and Captains. The institution of the Paymaster had existed even before 1796. In the earliest days of the Company's army, the Governor of Bombay used to appoint one of the Company's convenled servants to be military Paymaster, who at the beginning of each month paid each Captain or officer commanding the Company the pay of the Company which was issued weekly to the Non-Commissioned officers and Privates. 1 The muster rolls of each Company were signed by the Captain and Subaltern, and certified by the Governor of Bombay and then they were laid before the Council for approval before the next payment. 2 A similar system of weekly payment by Captains under the guidance of Paymaster had been adopted at Madras and Bengal too. 3

On the mode in which the pay department was managed, during the period under study, Colonel Selmond says that 'the Pay master general (who was for the whole Army) made a calculation of what was required for military disbursement every month, and that calculation was handed over to the auditor-general to check, and according to his opinion issues were made to the Pay-master General. The Pay-Master General issued the money to the Pay-Masters of stations, who

1. Accompaniment to Court's letter to Bombay dated 17 June 1748, Para 17
2. Ibid, Para 19
paid to the Captains of Companies for the men in Bengal.\(^1\) In Madras the money was paid to the Paymaster of Regiments in the first instance, and by him to the Captains of the Companies for the men.\(^2\)

Though the organisation of 1796 ordered Paymasters for each Regiment or Battalion for all Presidencies, in the Bengal Presidency Paymasters were allowed only in the Regiments of the Crown; regimental munshees were appointed to the native corps.\(^3\) That accounts for the difference in the mode of making payments to troops in Madras and Bengal Presidencies. At Madras, for sometime after the orders of 1796, the duties of Paymaster were incorporated with the office of the Regimental Quartermaster.\(^5\) In 1830, the system in the three Presidencies was assimilated by the appointment of regimental munshees, as the custom in Bengal.\(^6\) The Paymaster was now meant for the station as a whole and could therefore cover more than one Regiment.

1. Evidence of Colonel Salmon; Minutes of Evidence, 124-26.
2. Loc. Cit.
4. In the Bengal army, in the arrangement of 1765 by Clive no paymasters were authorised. In the very first month it became apparent that some separate arrangements were necessary for the payment of Brigades. Clive laid before the Council a minute on the subject, in consequence of which a paymaster and a Commissary of musters were appointed to each Brigade, who were civilians. This system inspite of some defects continued till 1796. (Calcutta Review, Vol.XIV, P. 533)
The Paymaster General or his deputies accompanied the troops when they proceeded on field service. While on field service, by an agreement made in 1799, the formality of handing over to the Auditor-General all accounts for checking, previous to payments, was abolished.¹ The Paymaster General was authorised to retain in his hands a balance of cash sufficient to ensure the expected demands of operations.²

Every officer making payments used to prepare a statement of the salary bills to be submitted to the Auditors General’s office through the Paymaster. In due course the bills were audited and, in case of any discrepancy, the officer concerned was debited or credited through the Paymaster. The system ensured the proper disbursement of payments.³

The employment of the Crown’s troops in India raised a financial question with respect to the responsibility to pay. Until 1781 no claim had been made upon the Company for the expense of sending the Crown’s troops to India. But in 1799, when 4 British Regiments were sent to India by the Board of Control, the Indian government was asked to pay for them.⁴ The Directors argued that they should not be

2. Loc. Cit.
required to pay as the Regiments had not been sent at their request. But the government of Great Britain did not accept this argument because they thought that the Company could not be the judge of the requirement of a force in its colony. The British government, however, could not completely ignore the validity of the argument given by the Court of Directors. A compromise was reached. The Crown was not to charge the Indian revenues the cost of more than 8,000 King's troops. At the same time the Company was required to maintain 12,000 European troops in its own service.\(^1\)

In 1799, the Crown undertook to recruit European troops for the East India Company and the King's troops were given the option to transfer their service to the Company. The British troops, belonging to the Crown's army but serving in India, came to be paid by the East India Company.\(^2\) It was agreed that the Company would repay the British government everything expended in India in respect of Regiments serving in India. In 1823 it was enacted that all sums issued by the Paymaster General of His Majesty's forces serving in India, or for raising and supplying recruits, shall be repaid by the Company, and that the actual expenses which were incurred for the support and maintenance of the troops were to be borne and defrayed by the Company.\(^3\) In

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1. Loc. Cit.
3. PP (Microfilm) Vol.1, p.411, Commons 460 (Bill) of 1823.
practice, a good deal of difficulty was found in carrying that principle into effect, and it was arranged in 1824, between the Lords of Treasury and the Court, that an officer on the part of the Crown, and an officer on the part of the Company, should meet and consider all the items of expense, and report upon the subject. The two officers made a report and an easy way was devised for making payment by the Company to the Crown's treasury for their troops serving in India. The system served well till 1858, when the whole army was transferred to the Crown.

Towards the close of the eighteenth century, the officers of the Crown's forces in India were paid their dues in two parts: the monthly amount of 'subsistence' and the 'arrears' to be paid at some later date. The amount of the subsistence consisted of a particular percentage of the total pay of an officer. This mode of payment was introduced for field officers (Majors and above), Captain and Surgeons in 1787 and Quarter Masters and Subalterns in 1799. There was no time limit fixed for the payment of arrears. The system was inconvenient to officers because certain deductions were made from their pay on account of certain institutions and hospital. So the amount of subsistence, which was thus reduced, created difficulties for officers of junior ranks, who often went under heavy debts. The situation of

1. Evidence of J.C. Melvill, Minutes of Evidence, p. 2140.
the Crown's officers, however, was improved by a Warrant of His Majesty that Subaltern officers, field officers and Captains of Dragoons and Infantry be paid full pay without any deductions.¹

The pay and allowances of European Commissioned officers consisted altogether of six distinct items: pay, gratuity, tent allowance, house rent, horse allowance and batta.² An officer ordinarily received pay, gratuity, house rent and half of batta; he received tent allowance, horse allowance and an additional half of batta while serving in the field. The pay was according to the rates which were in force in His Majesty's service and was given at rupees per month of 30 days. Gratuity was an allowance peculiar to the rank of Captains and Subalterns, which was paid at a fixed rate. It was granted by the Court of Directors and was carried into effect by a minute of the Council as far back as 5 August, 1736. House rent allowance was allowed in 1814, but it was carried into effect in 1824. It was drawn by the officers who were stationed in cantonments and were not receiving full batta. That portion of the batta allowance, which had been appropriated to the officers may termed half batta; this allowance was made general throughout the service by the arrangement of 1736. The Bengal officers had been in receipt of this allowance even before 1736 at the stations of lower province of Bengal; but the officers of Madras and Bombay previous to that drew

1. Military Proceedings, dated 23 April 1801.
2. Evidence of Campbell, Minutes of Evidence, Appendix B, P.501.
batta only when marching or were in the field. The 'Tent Allowance' was meant to cover the expenses of an officer incident to the provision and carriage of camp equipment.

The officers of European corps were, however, only in receipt of half tent allowance, except at remote stations, where they were liable to be called upon suddenly to move, and had therefore to provide themselves with means of carriage. Officers of the native corps, being always liable to move on emergency, were constantly provided with tents and the means of conveyance, and were consequently in receipt of full tent allowance. Horse allowance was peculiar to the officers of mounted corps, and field officers of other corps, while in actual performance of regimental duties. Officers of inferior rank when actually in command of corps and adjutants of corps were also permitted to draw horse allowance. The horse allowance of field officers was equivalent to the maintenance of four horses, that of the Captain equivalent to three, and of the Subalterns to two horses.

The European troops received their pay in twelve equal monthly payments. Their pay was increased by His Majesty's warrant on 25 May, 1797, and accepted by the Court of Directors' order of 28 May, 1798. The former pay of European Private was 8 rupees monthly and one rupee increase monthly, over his previous pay, was made by the new pay regulations. An increase was also made in the pay of the non-Commissioned officers. This pay does not appear to have

undergone a change. All ranks of the European troops received a gratuity and a soldier got Rs. 3 in addition to Rs. 8 per month; thus with the new increase his total emoluments came to be Rs. 10. It was a custom with the Europeans in the Indian army in all the Presidencies to get several items extra to their pay. This practice was introduced with a view to rendering their situation more comfortable and respectable in a foreign country and to compensate for bad climate. They were allowed beef and bread at certain reduced rates, together with some other items including arrack (native liquor).

British rates of pay for the European horse and foot artillery were higher than those of the Company's troops of the same description. The Royal Artillery personnel serving with the Company got British rates of pay. The Royal Artillery was allowed a higher rate of pay because they were required to pay extraordinary and constant attention to their regimental duties, which deprived them of the occasional advantages arising from being employed too often on various odd jobs. This difference in pay was removed only on transfer of the army to the Crown, when it was ordered that officers of the Royal Artillery, Horse and Foot, will receive the same pay and allowances as the officers of the

2. PP Vol.19, P.73, Commons 216 of 1859.
3. Proceedings of a special Committee of Artillery Officers, assembled at Meerut, under the instructions from government, communicated in General Order, dated 10 November 1859.
corresponding rank in the Horse and Foot Artillery of the Company's service. 1 Some additional allowances were paid to the officers of Pioneer corps. 2

The Cavalry rates of allowances were very considerable and, consequently, their pay was much more than that of the Infantry. These allowances were given on account of additional expense of horse and accoutrements. 3

There was at times a pay difference between the same ranks in different Presidencies. The pay of the troops was given at rates prevalent in the Presidency in which the troops served, if they were higher, and the rates were paid from the date the troops landed in that Presidency. The European troops, however received the same amount of pay and allowances throughout India. Though the military pay and allowances of Europeans were sometimes responsible for their dissatisfaction, they appear to have been near lavish. This specially so in case of jobs outside the army. 4 Even within the army large allowances compensated for small pay. For example in 1841, a Lieutenant Colonel of His Majesty's service got £ 1157 over and above his British pay which was

4. Colonel Pottinger and Captain Burnes both of Bombay army got £ 3448 and £ 504 respectively against their pay in the army of £ 248 and £ 124; while they were employed as Political Agent in Foreign Department. (Foreign Political Consultations, dated 7 November 1836, No.13).
between ₹.349 and ₹.366. A Major got ₹.352 over and above his pay, which ranged between ₹.282 and 302; a Captain got ₹.363 over and above his pay of ₹.221; and a Lieutenant received ₹.365 over and above his pay which ranged between ₹.136 and ₹.151. In the case of Non-Commissioned officers of the Crown, the Indian pay and allowances amounted to much more than the British pay.

There were numerous allowances allowed to the Company's officers and the more important were always attracting the attention of authorities. In Bengal Presidency an allowance called 'table allowance' was allowed at the rate of ₹.500 per month to the Colonels of Regiments for the occasional entertainment of officers of their Regiments. No such allowance was allowed in Bombay and Madras. This allowance, in Bengal was allowed from a custom prevailing in the British Regiments in olden days when there were no messes. The Colonels of the Bengal army continued to get table allowance until 1805 when the Court of Directors ordered that the officers in the service of the army should live in messes. For the introduction of messes, the Court allowed six months and ordered a discontinuance of this allowance altogether subsequently and it was replaced by the 'mess allowance'.

1. PP (Microfilm) Vol.14, p.235; Commons 422 of 1841.
2. Loc. Cit.
4. PP (Microfilm) Vol.18, p.73, Commons 216 of 1859.
An allowance termed 'Off Reckoning' was a great source of income to officers or Colonels of Regiments who were paid fixed sum per head to clothe their men. Since the actual expenditure incurred on men was always liable to be less than the total amount sanctioned, because of lower cost of clothing and the Regiments being under-strength, the Colonels saved substantial amounts from this allowance. By a regulation of 1790, while the total allowance sanctioned was calculated according to the actual strength in case of European artillery and infantry, in regard to the native force, the establishment strength itself was taken into consideration. The surplus of the Off Reckoning was not required to be returned to the government; it became a part of the Colonel's income. The surplus was of a great magnitude and Colonels, therefore, made great profits. The Court observed the great profits that the Colonels made and, therefore, in 1803 ordered that the Off Reckoning shall be calculated upon the effective strength of all the corps. But since the Off Reckoning allowed by the government was far greater than the price of clothing that the Colonels were required to provide, the surpluses were again very considerable. The Court ordered that the Colonels of Regiments in all the Presidencies from the regular corps of Artillery, Infantry and Cavalry will deposit the surplus in a general fund. A list of the retired general officers and Colonels was obtained from all the Presidencies; and they were allowed

1. Military letter from Court, dated 20 April 1803.
2. Loc. Cit.
a fixed sum per annum from that general fund. The remainder of the Off Reckoning fund was to be divided among the Colonels of the Regiments of Infantry and Cavalry and of the Battalions of Artillery. The Bengal Presidency was contributing more to the Off Reckoning fund than any of the other two Presidencies; but the Colonels of the Bengal army received only an equal share with the Colonels of Madras and Bombay. This allowance continued to be enjoyed by Colonels until the Mutiny.

The Colonels and Generals also received a heavy sum of what was called 'Command Money'. At each Presidency an officer in command of a Division obtained Rs.40,000; officers commanding subsidiary forces obtained Rs.12,000; officers in command of stations and Brigades obtained Rs.2,000; and officers in command of Regiments, Battalions or Brigades of Artillery got Rs.4,000 as Command Money over and above the pay. A general officer when employed on staff in Bengal received an allowance of Rs.4,000 per month besides his share of the Off Reckonings. A Colonel Commandant of Artillery got an allowance of Rs.1,000 per month; the senior officer of Cavalry got Rs.4,000; and the Military Auditor General got Rs.40,000 per annum.

1. Evidence of Colonel Watson, Minutes of Evidence, p.1018.
2. PP Vol.40, P.293; Commons 20 of 1863.
3. Minutes of Evidence, Appendix A, Sub-Appendix 64.
4. PP Vol.40, P.293; Commons 20 of 1863.
Passage money was another allowance given for passage between England and India. The rates were fixed for each rank. It was customary for the Honourable Court of Directors to pay for the passage of European soldiers, who had served their time in India. Captains and Lieutenants going to Europe on account of bad health were given passage money too.

Though allowances for senior ranks were very high and numerous, the younger officers did not have large allowances allowed to them and they were often in debt.

2. Military letter to Court, dated 17 April 1802, Para 69.

It is not being suggested that the small salaries alone were responsible for the debts incurred by the army officers. One has to go beyond the position of salaries and allowances, perhaps into the personal habits of the officers concerned, in order to fully appreciate the situation which led to their indebtedness. It may not be out of place here to mention that in the Bengal Presidency banking facilities were made available to army officers. The Military Bank was opened for the purpose of furnishing the officers of the army with remitting and accumulating portion of their monthly allowance. The bank was established in 1721; it was put under the management of 12 Directors; three of whom were appointed by the government, that is, the Adjutant General, the Military Auditor General and Accountant Military Department; the appointment of these Directors afforded every facility to communicate with the pay department of the army and the Commander-in-Chief. The Paymaster arranged remittance of money for European Commissioned, Non-Commissioned, Staff and Warrant officers of all descriptions. An application was made by individuals to the Paymaster concerned, who on receipt of the pay bill and abstract monthly remitted the aggregate sums to the Secretary of the Bank at Calcutta, by a bill of exchange to the Accountant General drawn in favour of the Bengal Military Bank. (General Order Governor General, dated 23 December 1820).
Nevertheless, the army officers of all ranks could afford basic necessities and comforts.

As already pointed out the native troops were far cheaper than the European. During the period under study, up to 1825, Subedar was the highest rank to which a native could attain. In that year the rank of Subedar Major was introduced as a substitute for the rank of Indian Commandant. The pay of Subedar of the Regiment in the regular army was 67 rupees a month, with an additional allowance of 25 rupees. Thus 92 rupees was the highest pay enjoyable by an Infantry soldier: there being very few vacancies for the post of Subedar Major.¹ The pays of the Jemadars, the Non-Commissioned officers and the Sepoys were all very low. Some of the British officers themselves felt that the temptations of pay were not worth the name. The pay of the native soldiers underwent no change for a number of years.² The Private Sepoys received seven rupees per month in all stationary situations, and eight rupees and a half while marching on the field, exclusive of half a rupee per month allotted to the Off Reckoning fund. With this allowance he got, the Sepoy had to provide everything required for food. Apparently

   The post of the Indian Commandant was abolished in 1785 at all the Presidencies and the highest rank obtainable was that of a Subedar. Even though the rank of Subedar Major was introduced in 1826, the prestige and pay attached to his office was no patch to that of the Commandant and even the new rank could be attained by negligible percentage.

the Sepoy was very low paid, but he was content.

The Sepoy received batta when he marched or proceeded on field service, money for his quarters, increments, pension when worn out and pension for wounds. But all these allowances were very nominal. Perhaps the only consolation with the native soldier was that his pay and allowances were better than those paid by the contemporary native princes to their soldiers. An allowance called good conduct pay in the native army was a misnomer. It was at times thought to be a privilege of a soldier granted for his service rendered over a number of years, but in reality it was simply length of service pay, and a man could not be deprived of it except by sentence of a Court Martial. The good conduct pay was allowed to a maximum of two rupees a month after twenty years service.

The pay scales were not the same in the three Presidencies. The Bombay and Madras Sepoys received more pay than Bengal. The difference occurred owing to local circumstances, at the time when the Sepoys were first employed by the government of the three Presidencies. For example, in Madras, an increased pay was allowed to attract more recruits. Bombay adopted Madras rates of pay. Bengal pays remained low because of cheapness as compared to the other two Presidencies. Then the Sepoys of one Presidency had to

1. Minute by Governor General, dated 14 June 1850.
2. Reply of Brigadier Hill of Hydrabad Contingent; vide Replies.
3. Evidence of Colonel Watson, Minutes of Evidence, p.950.
go and fight in the territory of another Presidency, the
rates of pay admissible were those paid in the Presidency
in which they served, if they happened to be higher.

From the earliest days the pay of the troops of
the native army underwent no change. Compensations, however,
were paid at times to troops for dearth, for example, in
the year 1921, in consequence of dearth of provisions in the
western parts of the country, the grant was confined to 'atta'.¹ Lord Ellenborough in the year 1944 extended the
compensation to several minor articles.² These compensa-
tion do not appear to have kept pace with the rise in
prices.

One of the best known allowances to the army of
the East India Company was batra. The passions, and subse-
quently controversies, it aroused oblige us to pay a special
attention to it. Before the re-organisation of the army in
1796, the batra was known only to the Bengal army. The
Directors resolved that 'double full batra', along with
several other allowances, was to be discontinued even in
Bengal. At the same time, 'half batra', a new allowance,
was allowed to all the Crown's and Company's troops in all
the three Presidencies. The Colonels were still allowed to
draw full batra, which was the higher allowance.³ There was

1. Military letter from Court, dated 7 August 1850.
2. Loc. Cit.
3. Batra is a Hindi and Marathi word meaning extra or
   additional pay.
another exception made to the general rule of half batte: the officers of the Bengal army, serving in the 'azir's dominions, could be given full batte by the Governor General.\(^1\) Before 1796, the Nawab of Oudh used to pay an extraordinary allowance called 'double full batte' to the British troops serving beyond the British Indian frontier.\(^2\)

There were several reasons for which the allowance had been initiated. Batte was meant originally to be a special allowance for being on active service. This was all the more desirable for pay scales being low. The batte in a sense compensated the army personnel, who were prevented from indulging in private trade. A very interesting aspect of the batte was that it became an easy method of extracting money from the native princes, to satisfy the officers without having to pay from the government treasury. The individuals who took part in war were not allowed to share the booty. The allotment of batte was a civilised way of compensating the troops for not sharing the booty.\(^3\)

The 'double full batte' was reduced to 'full batte' when the Company, in place of the local princes, was required to pay this allowance. Full batte was originally meant to provide for field equipment and extra expense which the officers incurred when marching. However, the original intention was lost in Bengal when full batte continued to be paid

2. Evidence from question 529-531, vide Minutes of Evidence.
to officers even in cantonments. The practice of full hatta was continued in Bengal, in spite of arrangements of 1796, which introduced 'half hatta'. It must be pointed out, however, that the argument in favour of 'full hatta' was a financial one: it was calculated that the provision of quarters to the troops in Bengal, along with half hatta, would be more costly than the continuation of full hatta. Nevertheless, in practice the army officers continued to obtain both full hatta as well as quarters. The full hatta took the form of a regular monthly allowance and virtually became a part of the pay. In the early nineteenth century the Bengal army was thus distinguished from Bombay and Madras armies, who did not receive full hatta.

This unfortunate distinction was attended, according to some opinions of the day, with a very bad moral effect in the other two Presidencies. The Bengal troops excited jealousy, which prevented cordiality and even solidarity between them and the troops of the Bombay or Madras, whenever they were required to serve together. From high allowances a sense of superiority arose among the Bengal troops, which was very offensive to the feelings of their fellow-servants of other two settlements. Even in the Bengal Presidency the effects of the practice were not good. The Bengal officers, being generally in receipt of full hatta in peace as well as in war, are disposed to believe that they met additional

1. Military letter from Court, dated 14 June 1803, Para 77.
expense of operations, for the expenses were necessarily greater in the field than in garrison or cantonment.¹ The fact was that these officers had adjusted their living in peace on the salary meant for the days of operations and felt the pinch of operations inevitably involving additional expense.

In 1828, the expenses of the Company exceeded the receipts by more than a crore of rupees or one million sterling.² The hotte question was therefore the first which attracted the eye of Lord William Bentinck and he undertook to deal with it as his first step of solving the financial question. Lord William Bentinck found that objections to the reduction of allowances were numerous and he referred them to the Court of Directors. The Court of Directors listened to no excuses and Lord William Bentinck was ordered to carry out the reduction of hotte allowance to one-half at certain stations of the Bengal army.³

The new orders on hotte caused a great commotion in the army in all ranks. As a result of the order, an Ensign lost rupees twenty, and a Captain rupees forty from his pay.⁴ This reduction may appear small, but the expenses which the officers specially of the subordinate grades were in the habit of incurring, made it difficult for them to

¹ 'Evidence of Sir J. Nicolls, Minutes of Evidence', p.52.
² Boulger, Lord William Bentinck, Oxford 1897, P.56.
³ The United Services Journal 1829, Part I, p.763.
⁴ Carey, Memorable John Company, Calcutta 1906, P.245.
make both ends meet. The sentiments of the officers were aired in a contemporary journal. The reduction of betta was 'really like thunderbolt to the army', it was said, and the officers found it 'excessively difficult' to make both ends meet. The resentment of the officers reached England through an official letter signed by the Military Secretary passing into the hands of the press; the press criticised the decision of the government of Bengal to curtail the allowances of officers in very strong terms. The Court took a very strong objection to such a letter passing on to the press in England and ordered the dismissal of the Military Secretary. The Bengal government was not in favour of a measure which meant curtailment of allowances and they did not dismiss the Military Secretary, but referred the case to the Court for reconsideration. The Court of Directors withdrew the dismissal orders but not the orders reducing the betta to half, and the allowance continued to be paid till the Mutiny.

Since the Company's early days, it was thought necessary that the widows of the soldiers and army personnel (other than the native) who got wounded and disabled should be looked after by the government. But the financial condition of the Company did not permit of any such measure.

1. The United Services Journal 1829, Part 1, p. 760.
2. Military letter from Court, dated 28 October 1829.
1755 the Court wrote to Bombay:

We are very desirous that a provision should be made for the relief of the widows of such of our military officers who are left in indigent circumstances, as likewise for sick, wounded and disabled officers, and private men on Bombay establishment. We therefore most earnestly recommend to you to consider of ways and means for setting a fund for so good a purpose. Among other good effects a fund will prevent the application of many unhappy objects when we know not how to relieve, as having no fund for such purposes.

A great credit goes to Clive, for it was he who for the first time made arrangements for pensioning the widows of the officers of the army and made rules identical with those laid down in the British service.² He opened a fund for the purpose and named it 'Lord Clive Fund'. The fund came to have an interesting history. Sir Muhammad Jafir Khan, the hesh of Bengal, bequeathed five lacs of rupees (£ 13,000) to Clive, who made it over, together with another £ 37,000 given by the succeeding Nawab, to the Court of Directors in trust, to be devoted to providing pensions for the service of the Company and the widows.³

A number of soldiers, officers, and their widows were in receipt of pension from Lord Clive's fund at fixed rates. The daily rate of pension had been fixed for officers and soldiers of every rank. Pensions were also fixed for the army widows and their rates depended on the ranks held by their husbands in the army. Invalids also got a due

3. Loc. Cit.
share from the fund. All Corporals and Privates discharged as unfit on account of broken health and constitution, having served fourteen years, were allowed nine pence a day. If wounded and totally unable to earn livelihood, after 21 years service, one shilling and four pence a day were allowed. No soldier was allowed the benefit of fund under 21 years service, unless his discharge contained a recommendation for the pension under whom he served. Even till 1840 a number of officers were pensioned by this fund, when there were other facilities existing for the purpose.¹

It may be interesting to note that the trust deed of the fund provided that if the Company ceased to employ a military force, they should repay to Clive or his representatives the full sum.² Then in 1759 the Company ceased to exist; Clive's grandsons and other relatives fought a case and got the amount.

Lord Clive's fund was by no means an answer to the problem of pensions. The principle of granting pensions to the widows of officers had been established and it was confirmed by custom. Though it was not an authorised regulation, it was not easy to meet the demand of widows and disabled soldiers. Consequently, Bengal Military Fund was instituted in 1801.³ It was an institution to which living subscribers, subscribed towards the benefit of widows and

1. PP Vol.35, p.11; Commons 35 of 1843.
2. Loc. cit.
3. PP Vol.23, p.123; Commons 166 of 1857.
and families, and to a limited extent for their own benefit. The benefits granted to subscribers while alive were restricted to grants of passage money and subsistence up to a limit of rupees 700 while proceeding to England on sick leave, and these were granted at the discretion of the directors of the fund. The other class, namely the widows of the deceased subscribers, were absolutely not dependent on the decision of directors; but were solely controlled by regulations. The widows of the subscribers automatically received annuities at fixed rates.

The Presidencies of Madras and Bombay soon had their separate military funds, the former was instituted in 1805 and the latter in 1816. The principle on which these two Presidencies formed the funds were not different than those of Bengal, except for annuities grantable to the widows being of slightly different rates than Bengal, there was no other difference.

The institutions were in part financed by the government. The Madras Military Fund got an aid of £12,212 per


2. The following figures will give some idea of the extent of benefits to widows as allowed in 1831; though they differed but very slightly at Bombay and Madras:

<table>
<thead>
<tr>
<th>Per Month</th>
<th>In India</th>
<th>Per Annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widow of a Colonel or Lieutenant Colonel Comdt.</td>
<td>£238 2 0</td>
<td>£2,873 5 0</td>
</tr>
<tr>
<td>Widow of Lieutenant Colonels</td>
<td>£122 8 0</td>
<td>£1,464 15 0</td>
</tr>
<tr>
<td>Widow of Major and equals</td>
<td>£136 14 0</td>
<td>£1,636 6 3</td>
</tr>
<tr>
<td>Widow of Captains and equals</td>
<td>£114 4 0</td>
<td>£1,368 17 6</td>
</tr>
<tr>
<td>Widow of Lieutenants</td>
<td>£12 8 0</td>
<td>£136 15 0</td>
</tr>
<tr>
<td>Widow of Cornets, Ensign, and Second Lieutenants</td>
<td>£50 0 0</td>
<td>£600 0 0</td>
</tr>
</tbody>
</table>
annum and the Bombay Military Fund, of £4,113 per annum from the West India Company. The Madras and Bombay Presidencies had the underlying purpose of benefiting the widows, but they included in their functions a provision for the orphans of their brother officers. In Bengal, the orphan branch was managed by a separate institution, under a distinct set of laws and regulations and provided for a large number of children of the deceased officers of the Company’s army.

Regarding the financing of the Bengal Military Fund, the Government of India gave an authority to the Paymasters of Bengal army in August 1805, to receive donations and subscriptions at some stations of the army, and the amount was remitted to the treasury at Fort William. The government also undertook to finance the fund by a direct grant of Rs. 24,000 a year or £5,123 per annum and by indirect grant in the shape of additional interest on balances deposited in the government treasury, and by a higher rate of exchange than was generally procurable in the open market.

Army officers were required to pay contributions towards the

1. PP Vol. 29, p. 123; Commons 166 of 1837.
3. Letter from the Director of the Bengal Military Fund to the Officiating Secretary to the Government of India, dated 7 September 1855.
   (vide PP 1847; A compiled volume at the Library of Asiatic Studies, Town Hall, Bombay)
The fund at fixed rates.¹

The fund in 1853 showed assets of £1,33,900.

There were in Bombay and Madras the Military Funds, which financed the widows and orphans. In Bengal, there were separate institutions performing these functions, at least for some time. The Court of Directors allowed the Bengal government in 1811 to establish a Military Widows Fund for which they made a donation of Rs.30,000 from the government.² The fund was a benevolent institution and was formed for the purpose of providing adequate maintenance for the widows of officers of the Bengal establishment, whose husbands died without the means of making provisions for them. A fourth of the pension of the widows was paid from Lord Clive's Fund and the rest, from the Company's bounty. The fund also provided the passage money to widows if they could not afford it. To create a fund of a magnitude which could cope with its aims, every officer was expected to subscribe three days' pay towards this fund.

The Bengal Orphan Fund was instituted in 1782.³

It had two branches, the lower school and the upper school. The lower school was appropriated for the education of soldiers' children, and was supported by the Company. The upper school derived no direct donation from the Company.

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1. Lieutenant £1,230; Captain £2,046; Majors £3,654; Lieutenant Colonels £5,171; and Colonels £7,570. The officers also paid a lump sum when they got married, that is, Lieutenants £150; Captains £240; Majors £420; Lieutenant Colonels £540; and Colonels £750. All officers on promotion made donations: Captains £20; Majors £180; Lieutenant Colonels £120; and Colonels £210. (PP 1847: A compiled volume at the Library of Asiatic studies, Town Hall, Bombay)

2. PP Vol.29, P.123; Commons 166 of 1857.

3. Loc. Cit.
but received it indirectly from conducting the printing business of the Bengal government, and partly from the unclaimed shares of Rohilla Prize Money.

The widow and the orphan funds were both deficit about the years 1820-1824.\(^1\) The mode of making up the deficit was studied by an order of the Court of Directors and it was discovered that in Bombay and Madras the pensions were much smaller than the those granted to widows in Bengal. As a result of deficit an increase of subscriptions was ordered in Bengal, but it was not welcomed by the subscribers. In 1824, the Court of Directors finding that more efficient funds had been established at Madras and Bombay, for some years embracing the grant of benefits to sick Subaltern's children and others, besides mere pensions to the widows, and their affording more general advantages to their respective armies than in Bengal, gave instructions to the government of Bengal to call on the army to frame a new fund similar to those at the other Presidencies, and intimated that the government will withhold its donation and high rate of interest of 8 percent, unless the measure was carried out. The members of the Widows Society had, therefore, no choice but to submit to orders to merge into the Bengal Military Fund.\(^2\)

In 1843, doubts arose in the minds of the Bengal army as to the correctness of the calculations forming the basis of the fund. On checking, it was discovered that Martindell, the Secretary, had been misappropriating the

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1. Military letter to Court, dated 11 March 1825.
funds for thirty years. The Secretary had maintained two ledgers, one for official and the other for his private use. Whenever an officer wanted to know his accounts, Martindell gave out details from his private book, but in official ledgers he did not make all entries. No one suspected him and the fraud was discovered only after his death. The fund was insolvent.

In order to save the situation, the army proposed an increase in its own subscriptions and a decrease in the pension of widows in England. But in spite of all the measures the state of the fund could not be much improved and directors of the fund requested the government that it should take over the management. But the Court of Directors did not accept the measure as it had only a financial support from the government, but was by no means an institution of the government.

When the Company's rule was replaced by the Crown's, the Court of Directors ordered the managers of the fund to transfer the assets, liabilities and the management thereof to the Secretary of State for India in Council and the same was ordered in respect of funds at Madras and Bombay. When the assets, liabilities and management were transferred to

2. Ibid, P.74.
3. PP Vol.28, P.123; Commons 166 of 1857.
4. Despatch from the Court of Directors to Governor General, Financial Department, dated 8 April 1855; No.32; vide PP Vol.29, P.128; Commons 166 of 1857.
5. PP (Microfilm) Vol.2, P.169; Commons 75 of 1860.
the Secretary of State, all subscribers of the institution were entitled to the benefits out of Indian revenues in the same manner, as previous to the Mutiny.

It is interesting to note that the Military Funds were the only institutions contributing towards pensions of any type. A Military Retiring Fund was, however, introduced with a grant by the Court of £2750 yearly and the number of annuities granted in each year were 12 in Bengal, 8 in Madras and 4 in Bombay. Provisional contributions had also been accepted over a number of years, but the Court pleaded that since retiring regulations of 1835 and 1837 catered for officers retiring on full pay, there was no reason why retiring fund should be introduced. The plan was finally abandoned.

Furlough was the term used for army officers leave for which regulations were framed in 1736. By these regulations the Company's European officers were allowed to be absent on furlough; but at no time the proportion of the absentees was to exceed one third in the case of lieutenant colonels and majors, one fourth of captains, and one sixth of subalterns. The period of furlough in Europe was three

1. Military letter from Court, date 6 March 1832; also PP. Vol.38, P.125; Commons 275 of 1862.
2. PP Vol.40, P.283; Commons 80 of 1863.
3. Military letter from Court, dated 10 November 1847.
4. PP Vol.40, P.283; Commons 80 of 1863; also PP (Microfilm) Vol.43, P.462; Commons 286 of 1876.
years, but no furlough was allowed for the first ten years of service except in cases of sickness. The importance of these provisions may be apparent from the fact that in early days, leave to be spent in Europe could not be obtained or it could be enjoyed only by resigning the service; and even for leave in India, no regulations existed. Even till Cornwallis' time no officer, even if compelled by bad health, was allowed to return to Europe without resigning his service.¹

In Bengal, there were no fixed periods of leave for the natives. Whenever a native wanted leave of absence, he reported to an officer who forwarded the request to the commanding officer. The commanding officer had little power of granting leave and they only applied to the Brigadiers for permission to send individuals on leave. Even for the smallest period of leave, the sanction of the Brigadier, commanding the troops, was absolutely necessary in all cases, because it was not allowed that any individual could leave station without the knowledge of the Brigadier.² In Madras and Bombay no such difficulty was experienced, obviously because the leave of the natives there was provided for in the regulations.

In 1854, new furlough regulations were introduced, when all officers then in service were given the option to be guided by old regulations or the new regulations. By the

¹. Vol.40, P.283; Commons 20 of 1863, also P3 (Microfilm)
Vol.43, P.469; Commons 226 of 1876.
new regulations: 2 years furlough after 10 years, and 2 years more after 20 years service, was permissible. Furloughs were not cumulative, but officers who took furlough after 20 years service in India, could get their additional furlough after an additional service of five years from the date of their return on duty. In the new regulations, the pay obtainable while on furlough was fixed and was termed as furlough rates of pay. Leave of absence on sick certificate was also introduced, for eighteen months, whether it was in Europe or in India. It could be extended by another eighteen months on the recommendation by the medical authorities. The rates of pay obtainable while on sick leave were different than the furlough rates of pay. Advance of pay and allowances was made for three months from the date of embarkation. The rates of exchange were fixed usually for the balance of payment in Europe. Furlough rates of pay were paid on per diem fixed rates of pay and these rates were higher for Cavalry than for Infantry and Artillery.

Officers going to England on furlough were required immediately to report their arrival to the Directors. On the expiry of leave they were required to return. In some cases furlough could be extended on health grounds.

1. PP. Vol. 30, P. 663; Commons 36 of 1892.
2. I do. Cit.
officers in such cases appeared before a Medical Board, on whose recommendation the leave was extended unto five years; after which he was automatically dismissed from service. By a new order of 1823, extension of furlough even on medical grounds was not granted without a very strict medical recommendation of two renowned doctors. The strictness was necessitated by an unusually large number of applications for the extension of furlough.

Till 1796 there appear to have been no rules regulating the retirement and pensions. Pensions were granted to the Sepoys in cases of wounds, disabilities and some times rewards were given for length of service to all ranks. Under the Bengal Presidency regulations, the Sepoy was entitled to invalid pension after 15 years of service. By a regulation of 1837 in Bengal, the unfit, after fifteen years of serve, after 20, under 25, under 28, under 30, and for 30 years and for thirty years service to invalid pension at half pay, in which case they required to do garrison duty. At Bombay there was a graduated scale for the unfit: after 15 years service, after 20, under 25, under 28, under 30, and for 30 years and for thirty years

1. Military letter from Court, dated 10 September 1823.
2. Evidence of Colonel Salmon, Minutes of Evidence, 1, 1894-1902.
3. Evidence of Colonel Watson, and Colonel Scot respectively Minutes of Evidence, 1, 1891 and 1449.
and above; this was an incentive to Sepoys to serve longer. Sometimes the Sepoys and Junior Commissioned officers were given financial and land awards for long and meritorious service. No invaliding pensions were given to men below the age of 50 years. 2

The institution of pensions was a useful instrument in the hands of the East India Company. In none of the princely states in India did this institution exist and men were naturally attracted towards the army of the Company which, thus, had the opportunity to pick and choose the best men for service in their army.

There were two systems, existing side by side, for the retirement of European officers. According to the regulations of 1786, every officer after 25 years of service in India inclusive of the three years for one furlough, was allowed to retire with full pay of the rank that he held at the time of his retirement. 3 The regulations of 1786 were modified in 1835; every officer who had served for 23 years was allowed to retire on the pay of the Captain, whether or not he had attained to that rank. If the service was 25 years, the retirement pay admissible was of the Major; in case of 33 years service, the full pay of the Lieutenant Colonel was allowed; and in case of 32 years, the full pay of the Colonel was allowed. 4 Two years later, the qualifying

1. Reply of Major General Weddington, vide Replies.
3. PP Vol. 40, P. 283; Commons 20 of 1863; also PP (microfilm) Vol. 43, P. 468; Commons 296 of 1876.
4. PP Vol. 30, P. 649; Commons 136 of 1883.
service to pension for the ranks of Major and above was reduced. Changes were again introduced in the minimum qualifying service in 1854, when a Captain was allowed to retire on full pay after 20 years service, a Major after 24 years, and a similar reduction was ordered for the higher ranks.

The second system of retirement was termed 'the purchase system'. By this the officers of junior ranks obtained an early retirement of a senior officer by voluntary contributions paid to that officer. Thus they bought out seniors, with a view to accelerating promotion. In 1798, the officers were prohibited from indulging in purchased retirements. All officers by the regulation on retirement were required to take an oath that they had not received any pecuniary considerations for retirement.

However, in spite of the Court's and the government's efforts to stop the purchase system by introduction of oaths, the practice continued. It was officially brought to the notice of the Court of Directors in 1829 and 1832 and a considerable correspondence ensued. In 1837 the Court expressed their view that there was no necessity for them to interfere with the arrangements which the junior officers of the Regiment made in individual cases for adding to the comforts of senior officers on their retirement from service.

1. Military letter from Court, dated 20 September 1837.
2. General Order Governor General, dated 17 November 1854.
3. Military letter from Court, dated 22 November 1837.
4. PP Vol.10, P.247; Commons 116 of 1857.
The Court thus gave an almost official sanction to the system. The Court ordered that the oath which was previously taken by officers at the time of retirement was not necessary. Many officers thus contributed considerably with the hope of being benefitted one day. The system worked well indeed.

The system of promotion in the Company's service was not very much different from that in the Crown's service. In the Royal Service, the Captain rose regimentally to the rank of the Lieutenant Colonel, whereas in the Company's service there was the intermediate rank of the Major. In the Royal Service there were two grades of Captains, the first and the second Captains, whilst in the Company's service there was only one grade. In the Royal Service there was only one grade of Subaltern, whilst in the Company's service there were two grades, Second Lieutenants and Lieutenants. The promotion in the Royal Service was by purchase and selection; in the Company's service the rise was given by selection and service seniority. In the Company's service officers rose to the rank of Major regimentally, then in line. The senior Lieutenant Colonel got the first vacant Regiment. At each Presidency, there was maintained that were known as gradation lists, one each for Artillery, Engineers, Cavalry and Infantry, which indicated the exact order in which the officers had become or had

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1. PD Vol.19, p.735 Commons 216 of 1759.
2. Evidence of Colonel Selmond, Minutes of Evidence, p. 530-540.
meetings took place at the three Presidencies, and the grievances were conveyed strongly to the Court of Directors. These petitions were not considered, and the officers deputed one of their number from each Presidency to England with further representations. On their arrival in England a committee was formed, whose protests were so powerful that a need was felt to re-organise the whole army, and that became a principal cause for the re-organisation of 1796. In order to prevent jealousies between the two services, Sir Henry Dundas, one of His Majesty's principal Secretaries of State, recommended to His Majesty to give every officer of the Company the King's commission of the same date as he had received from the Company. Based on this recommendation, the Company's officers were granted further concessions by the grant of general brevet promotions as in the Royal army.

In the Company's service, as in the service of the Crown, supersession was closely linked with service. The senior officer of artillery to the Chief Engineer, the Colonel Commandant, officer for command of Cavalry, and all general ranks were filled by selection, and competent officers only were appointed. The officers who were superseded, in consequence of being unfit to command, were allowed to retire with the pay of a Lieutenant Colonel of Infantry.

2. Vol.40, P.223; Commons 20 of 1863.
3. Loc. Cit.
There were some posts reserved for officers of the Company's service: the general commands, the staff of the Crown's forces in India and the officers in divisional commands. This restriction was often taken away owing to the non-availability of officers of merit.¹

As regards the promotion of natives, in the Bengal army, a man secured his promotion by seniority so long as he avoided any public crime; merit and fitness were not the criterion.² Competent knowledge of reading and writing in at least one character was a pre-requisite except that in cases of gallantry, this regimen was waved. Then an individual was superseded, the commanding officer required to publish his name along with the reasons for supersession.³ As a result of promotion by seniority, very old men formed the senior group in Bengal. This system of promotion was adopted on the assumption that it was safer to keep old and inactive men at the top and the young energetic soldiers in the junior ranks.⁴

In Bombay and Madras promotion was by merit. In Madras, the Junior commissioned officers were promoted from the efficient Non-Commissioned officers with due regard to seniority but not by seniority alone. In Bombay, younger men were promoted to the Junior Commissioned ranks even

1. PP Vol.47, P.195; Commons 513 of 1854.
3. Reply of Major General Birch, Secretary to Government, Military Department Bengal, vide Replies.
than those at Madras.  

In Bengal, the promotion to the Non-Commissioned ranks also was by seniority and not by merit. In Madras the system was based on selection. The selection for the lowest rank, namely the lance naick or lance corporal, was by selection which rested with the company officer. The first promotion having been made by selection, further promotion was by seniority unless there was something adverse on an individual's record. Selection to the rank of Havildar from Naick was by selection and not by seniority.

In the Irregular Corps, particularly in irregular cavalry, young native officers were found because they were not generally promoted by seniority, but by selection and merit.