



Universiteit  
Leiden  
The Netherlands

## **The political economy of the Ganga River : highway of state formation in Mughal India, c.1600-1800**

Jha, M.K.

### **Citation**

Jha, M. K. (2013, June 4). *The political economy of the Ganga River : highway of state formation in Mughal India, c.1600-1800*. Retrieved from <https://hdl.handle.net/1887/20931>

Version: Not Applicable (or Unknown)

License: [Leiden University Non-exclusive license](#)

Downloaded from: <https://hdl.handle.net/1887/20931>

**Note:** To cite this publication please use the final published version (if applicable).

Cover Page



Universiteit Leiden



The handle <http://hdl.handle.net/1887/20931> holds various files of this Leiden University dissertation.

**Author:** Jha, Murari Kumar

**Title:** The political economy of the Ganga River : highway of state formation in Mughal India, c.1600-1800

**Issue Date:** 2013-06-04

## Chapter 6

# *Ganga-local: The Patna Hub, Growing monetization, and the workings of the market*

*Patna, the chief city so called; the river Ganges bounds it on the west, Sersily on the east; it is a very fertile province. . . . The chief cities in [Bengal] are Ragamahat [Rajmahal] and Dekaka [Dhaka]. It hath many havens and ports belonging unto it, which are places of very great trade.*<sup>1</sup>

*Murshid Quli Khan, the imperial diwan in the province, wrote in 1706 that following the closure of the Dutch factory at Kasimbazar two years earlier, the Hollanders' demand for raw silk had registered a considerable decline, leading to a substantial shift of land away from mulberry into rice and pulses. This had had an injurious effect on the income from land revenue, inasmuch as mulberry lands were assessed at Rs. 3 per bigha, whereas the corresponding rates for rice and pulses—being lower-value crops—were only Rs. 0.75 and Rs. 0.37 per bigha, respectively. This could be reversed only if the Company were persuaded to reopen its factory at Kasimbazar.*<sup>2</sup>

### Introduction

The term *Ganga-local* refers to the regional economy along the Ganga between Patna and the delta, a region known as the eastern Ganga plain or eastern India. Chapter 5 discussed the demands for the commodities of Bihar in South Asian and global markets. The export of goods was balanced primarily against the imports of bullion because the region imported little merchandise. Because money was central to market transactions, the present chapter examines the dynamics of money-supply and cash-nexus. As we have already noted, the connecting links of the Ganga brought cohesiveness to the regional markets and the river facilitated the circulation of commodities, money, credit and information with relative ease. We have also seen how the river linked the productive hinterlands and the maritime zone. Now the merchants and traders from Hindustan and Bihar increasingly participated in the market exchange for agricultural and craft goods. The first integrative impulse came from the Mughal conquests of Gujarat and Bengal in the 1570s. Mughal integration of Hindustan with the western and eastern sea-boards facilitated the growth of the commercial economy in the Ganga plain during the age of maritime commerce.

The participation of the long-distance merchants from the overland and maritime routes gave a further stimulus to the goods production in eastern India. Since the sixteenth century, the Portuguese merchants, though based mainly along the coast and estuaries of the Bengal delta, had participated in the riverine commerce of Patna. In

---

<sup>1</sup> Edward Terry, *A voyage to East-India* (1655; repr. London, 1777), 84–85.

<sup>2</sup> Om Prakash, *The Dutch East India Company and the economy of Bengal, 1630–1720* (Princeton: Princeton University Press, 1985), 25, cites Enclosure to H. B. 9.10.1706, K. A., fos. 63–68.

the seventeenth and eighteenth centuries, as regular bulk buyers of commodities, the European Companies became increasingly important in the commercial economy of the region. Interestingly, the Europeans' participation in the regional commerce largely coincided with the eastwards movement of the political and agricultural frontiers, almost a century-long drawn out process from the 1570s to the 1660s when the conquests of the western and eastern deltas were finally completed by the Mughals. The political expansion in the eastern Ganga plain led to a more efficient exploitation of the local resources and encouraged the production of tradable goods. These political and economic developments in the Ganga plain made it possible for the long-distance traders to participate in the regional economy at a large scale.

Although before the mid-sixteenth century a fort was built at Patna by Sher Shah who foresaw a great future for the town, yet its growth as an important market probably owes to Mughal initiatives.<sup>3</sup> Once Bengal was conquered, the western parts of the delta underwent rapid agricultural expansion. Perhaps the crucial push for this economic spurt came with those merchants who had followed the Mughal armies as suppliers and logistics providers. These so-called Hindustani merchants belonged primarily to the Khatri and Marwari or Jain communities. Once the region was conquered the merchants settled in the towns and qasbas along with Mughal civil and military officials and indirectly rendered important fiscal services to the empire. The merchants offered credits to the cultivators and zamindars, and assisted them in carrying out agricultural operations. The credit providers as local merchants converted the agricultural and trade goods into cash. With this money the peasants could pay the land revenue to the Mughal fiscal officials. The hard work of the peasants and weavers and the financial and the marketing services of Hindustani merchants assisted the process of agricultural and tradable goods' production. As the production cycle was set in motion, the Dutch and English Companies' moved up the Hugli River from the relatively peripheral locations in Orissa and Arakan in order to participate in that economy. By the mid-seventeenth century, maritime trade began to systematically integrate the riverine port cities of Hugli, Kasimbazar, Rajmahal and Patna which offered a range of goods for the overseas markets. At these towns and their hinterlands the growing demands for commodities created opportunities at many levels in the local economy. Historians argue that the stimulus to the economy from the demands for goods by the European Companies created more employment opportunities.<sup>4</sup> Casting a skeptical glance on such proposition Sanjay Subrahmanyam argues that the commercial expansion and employment opportunities did not take place in isolation with the

---

<sup>3</sup> 'Abdu-lla, *Tarikh-I Daudi of 'Abdu-lla*, in *The History of India as told by its own historians*, ed. and trans. H. M. Elliot and John Dowson, vol. 4 (London, 1872), 477–78.

<sup>4</sup> K. N. Chaudhuri, *The trading world of Asia and the English East India Company, 1660–1760* (Cambridge: Cambridge University Press, 1978), 462; Prakash, *The Dutch East India Company*, 234–48. For a critique of Prakash's position see Sushil Chaudhury, "European companies and the Bengal textile industry in the eighteenth century: The pitfalls of applying quantitative techniques," *MAS* 27:2 (1993): 321–40; for a reply to Chaudhury, see Om Prakash, "On estimating the employment implications of European trade for the eighteenth century Bengal textile industry—a reply," *MAS* 27:2 (1993): 341–56.

agrarian expansion and demographic growth, I would further add the favourable climate and rainfall also contributed to these developments.<sup>5</sup>

Scholars generally agree that the market institutions of Patna were highly sophisticated during the early modern period.<sup>6</sup> When the EIC merchants first reached Patna in 1620, they encountered a well-established commercial economy and an export sector based on textile and other goods.<sup>7</sup> Other towns of eastern India such as Rajmahal, Maksudabad (or Murshidabad since 1704), and Dhaka also had sophisticated market institutions that helped with the creation of merchant capital. This finding once again questions Immanuel Wallerstein and Fernand Braudel's Eurocentric proposition that the roots of capitalist modern world economy developed in Europe since about 1500.<sup>8</sup> This view has already been challenged by scholars such as André Gunder Frank. Frank turned this approach upside down by suggesting an early modern world economy rooted in Asia, more specifically in China, at least till the end of the eighteenth century.<sup>9</sup> The centrality of China got further support in the works of Kenneth Pomeranz who further developed the insights gained from R. Bin Wong's important work.<sup>10</sup> Although historians increasingly agree that Asia played a prominent role in the early modern world economy, Prasannan Parthasarathi seeks to challenge the Sino-centric bias in the existing historiography. Instead, he suggests a poly-centric Asian economy in which India had its own place.<sup>11</sup> As there were many regional foci of trade and economy within Asia such as the Red Sea, Persian Gulf, Bay of Bengal, Malacca, the Indonesian archipelago and the Yangtze basin in China, within the Indian subcontinent also there were distinct regions. For example, Gujarat, the Malabar and Coromandel coasts and the eastern Ganga plain are believed to be the economically advanced zones

---

<sup>5</sup> For a critique of the Recardian approach espoused by Chaudhuri and Prakash in the works cited in the footnote 4 above, see Sanjay Subrahmanyam, *The political economy of commerce: Southern India, 1500–1650* (Cambridge: Cambridge University Press, 1990), 343–65.

<sup>6</sup> Kumkum Chatterjee, *Merchants, politics and society in early modern India: Bihar, 1733–1820* (Leiden: Brill, 1996); Jagadish Narayan Sarkar, *Glimpses of medieval Bihar economy: Thirteenth to mid-eighteenth century* (Calcutta: Ratna Prakashan, 1978).

<sup>7</sup> BL, APAC, IOR, G/28/1, Patna Factory Records, 1620, vol. 1; R. C. Temple, ed., "Documents relating to the first English commercial mission to Patna, 1620–1621," *The Indian Antiquary: A Journal of Oriental Research* 43 (May 1914): 69–83 and 44 (June 1914): 97–111.

<sup>8</sup> Fernand Braudel, *Civilization and capitalism, 15<sup>th</sup>–18<sup>th</sup> century*, vol. 3, *The perspective of the world*, trans. Siân Reynolds (New York: Harper and Row, 1984), 89–279. Rather than seeking a linear flow of capitalism from Europe to all other parts of the world, I believe that modern capitalism had multi-polar origins across Europe and Asia. It was through the convergence of economic forces from the east and the west that the modern capitalist world economy developed. Wallerstein in the preface to new edition asserts that the Indian subcontinent was outside of the capitalist world economy, see Immanuel Wallerstein, *The modern world-system: Capitalist agriculture and the origins of the European world-economy in the sixteenth century* (Berkeley: University of California Press, 2011), xiv–xv.

<sup>9</sup> André Gunder Frank, *ReOrient: Global economy in the Asian age* (Berkeley: University of California Press, 1998); see also Dennis Owen Flynn and Arturo Giraldez, "Cycles of silver: Global economic unity through the mid-eighteenth century," *JWH* 13:2 (2002): 391–427.

<sup>10</sup> Kenneth Pomeranz, *The great divergence: China, Europe and the making of the modern world economy* (Princeton: Princeton University Press, 2000); R. Bin Wong, *China transformed: Historical change and the limits of European experience* (Ithaca: Cornell University Press, 2000).

<sup>11</sup> Prasannan Parthasarathi, *Why Europe grew rich and Asia did not: Global economic divergence, 1600–1850* (Cambridge: Cambridge University Press, 2011), chap. 2, esp. 21–50.

which had their own hinterlands producing important merchandise and these regions were well connected through the long-distance trading networks. In economic terms, these commercialized zones of the Indian subcontinent are comparable with the advanced regions of Western Europe and China.

Historiography on the Bengal economy prior to the Mughal conquest is sketchy and it hardly allows us to form a picture of the pattern of trade and commerce. After the Mughal conquest, and particularly since the seventeenth century, the agricultural expansion, demographic growth, favourable environment and commercial boom benefitted directly or indirectly a large number of the peasants, labourers and craftsmen. Many local traders who transacted business with the long-distance merchants and participated in the regional trade were able to accumulate large capitals. Opportunities to make profits were not limited to the merchants and moneylenders alone; in fact many Mughal rank-holders and zamindars too had developed interests in trade and speculation. In the eighteenth century, with the weakening of the Mughal Empire and the periodic disruptions of the overland routes through Hindustan the interest group (which included the bankers, merchants, zamindars among others) in Bihar and Bengal became more dependent on the maritime trade for export of merchandise. As the overseas trade became a more regular source of bullion flow in the regional economy, the local merchants, crafts-producers and zamindars could see the region's economic destiny gradually breaking away from the classical Mughal political economy based on agricultural exploitation. Hence, rather than being with Delhi or Agra, many of the merchants, Mughal rank-holders and zamindars on the eastern Ganga plain sided with the forces which could maintain and consolidate the maritime oceanic links of the region.

To understand the market dynamics in eastern India, this chapter discusses the interactions between the local traders and the seaborne merchants who operated in the long-distance markets in Asia and Europe. The occasional references in the VOC records indicate that the share of the overland and maritime Asian merchants perhaps was substantial in the commercial economy of the eastern Ganga plain well up to the mid-eighteenth century. However, we have no way of knowing their consistent operation over a longer period of time. This study, therefore, exploits the systematic records generated by the European Companies and makes an effort to understand the regional political economy by focussing on the maritime trade.

In the present chapter I shall argue that the inflow of bullion stimulated monetization of the regional economy. The growing cash-nexus had far reaching implications for the political and economic processes in the eastern Ganga plain. Political elites, zamindars and merchants benefited from the expanding trade and economy. While this chapter focuses primarily on merchants and their involvement in the cash-nexus, in Chapter 7 shows the growing interests of zamindars in trade and commerce. During the first half of the eighteenth century, as a result of the unprecedented expansion of the European Companies' overseas trade, the maritime zone became an important and dependable source of bullion imports. On the other

hand, the fluid political situation in northern India and Persia occasionally disrupted the overland trade network through Hindustan, even though the traffic continued with periodic disruptions. Such disturbances favoured the maritime zone for the export of commodities and imports of bullion into the eastern Ganga plain.

In order to discuss the issues of merchants, market institutions and bullion flows, I have organized the present chapter into two sections. Section one discusses the growing monetization as a result of demands for the commodities from the region. It further goes into the migration and settlement of the merchant communities in eastern India from the sixteenth century. It also discusses some of the famous eighteenth-century merchant magnates who emerged from the long established merchant communities. It was with the active participation of the local traders and merchant magnates that the European Companies played an important role and successfully integrated the regional commercial economy with the global maritime economy. To underline the infrastructural basis for the workings of cash-nexus, section two describes how money, credit and information circulated with relative ease along the Ganga. It shows that the maritime zone encompassed the entire eastern Ganga plain and Patna became the western outpost of an economic system based on the oceanic trade from the Bay of Bengal. Overall, I argue in this and the next chapter that it was the interest group comprising of the Mughal rank-holders, merchants, zamindars and the Europeans that had developed a strong stake in connecting the regional economy to the maritime trade. It was this common interest that spearheaded the political change and put the EIC at the helms of the affairs since around the mid-eighteenth century.

### **Section I: The Patna Hub: The Company and Cash-nexus**

The term Patna hub refers to the cross-roads on the Ganga plain not only in the sense of a geographical meeting point of the rivers and overland routes but the term also signifies the convergence of commercial and political cross-currents in the transitional zone of Bihar. Therefore in order to put the Patna hub in perspective, this section analyzes the commercial impetus coming from the maritime zone of the Bay of Bengal and its effects on the productive hinterlands of Bihar. Located at the centre of the cross-roads, the Patna hub facilitated the cash-nexus which primed the wheels of commerce on the Ganga plain. Cash-nexus implies the operative mechanism of the commercial economy through which agricultural and trade goods were exchanged for ready money.

Recently the Dutch historian René Barendse has suggested that the Ganga plain developed a seaward orientation since the closing years of the seventeenth century. He reasons the growing insecurities of the Malwa route linking Agra and Surat as well as a far more time consuming and tedious overland transportation to the western coast induced the Indian traders to glide down the Ganga to Patna and then Hugli.<sup>12</sup> While

---

<sup>12</sup> R. J. Barendse, *The Arabian seas, 1700–1763*, vol. 1, *The western Indian Ocean in the eighteenth century* (Leiden: Brill, 2009), 374–75. Barendse substantiates his argument of the eastward trade ordination of Hindustan by giving two examples. First is that the transportation of land revenue from Bengal by well-guarded Mughal army was normally accompanied by merchant groups. This process

this explanation is partly valid considering the eastward focus of the Hindustani merchants, the connection between the hinterlands of Agra with the west coast and Gujarat became even less attractive for the merchants in the eighteenth century primarily owing to fluid political situation in western India. In this study, however, I am more concerned with the role of the Ganga River in orienting the economy of the fertile Ganga plain toward the maritime zone.

In the following paragraphs, I shall focus on the European Companies and Asian merchants who were vital forces behind the economic and political transformations of the Ganga plain. First, I discuss the role of the European Companies and local merchants in advancing the cash-nexus and cementing their mutual interests. Further, in order to understand the functioning of the cash-nexus, I go deeper into the dynamics of regional trade as seen from Patna. Subsequently, I will reconstruct the migration and settlement of the important South Asian and Armenian merchant communities in the eastern Ganga plain. Overall, the section discusses the evolving patterns of the relationship among the Europeans, local merchants and political elites in the Ganga plain in the course of the seventeenth and eighteenth centuries.

### ***The European Companies and the Workings of Cash-nexus***

The first ever European Company which gravitated towards the eastern Ganga plain was the English. Following the Mughal expansionary drive from the west to the east, the English Company opened a factory at Patna in 1620. Around this time, the English had extended their trading arm from Surat and Agra to the Ganga plain. Though this venture was a short-lived one, less than a year to be precise, yet it marked the importance of the region as an emerging commercial zone. However, in the early decades of the seventeenth century, Patna seems to have been only loosely integrated with the ports and markets of Bengal. In fact, the area along the Ganga from Patna to Hugli was yet to emerge as an important commercial zone on the scale matching that of the Coromandel Coast or Gujarat. By the mid-seventeenth century, the eastern Ganga plain came into the league of the other advanced commercial regions of the subcontinent when the European Companies also stepped into the region.

Already since the early decades of the seventeenth century the ports on the Bay of Bengal had attracted the attention of the Companies. Since 1606 when the Dutch received a farman from the king of Golconda for establishing a factory at Masulipatnam, the Bay of Bengal increasingly became a familiar zone for the VOC's commercial activities.<sup>13</sup> By 1610, the Company established a factory at Mrauk-U, the

---

further aided the growth of commerce at Patna, which “became the terminus of the ‘mansabdars-caravan’ that transported the Mughal revenue from Bengal.” Secondly, after the first quarter of the eighteenth century the flow of correspondence between the Dutch Agra and Hugli factories through Patna began to assume large proportion in comparison to similar exchanges between Agra and Surat.

<sup>13</sup> Tapan Raychaudhuri, *Jan Company in Coromandel 1605–1690: A study in the interrelations of European commerce and traditional economies* (s-Gravenhage: Martinus Nijhoff, 1962), 15–16; Heert Terpstra, *De vestiging van de Nederlanders aan de kust van Koromandel* (Groningen: M. De Wall, 1911), 33–43.



capital of Arakan, for meeting its need of rice and slaves for the labour deficit settlements at Batavia, Ambon and the Banda islands.<sup>14</sup> In the 1620s, the VOC had established contacts with Balasore in Orissa for the procurement of commodities such as textiles, rice, sugar and slaves. From the peripheries of Arakan and Orissa, the Company now sharpened its focus on the deltaic area along the Hugli and the hinterland further west which was undergoing rapid agricultural and economic growth.

The Mughals' removal of the belligerent Portuguese traders from Bengal in 1632 and the proactive role of the Mughal administration to promote trade certainly had a favourable effect on the local economy.<sup>15</sup> These political events, important though they are, do not fully explain why the European Companies went to Hugli (in the western delta) by the mid-seventeenth century and still hesitated to establish their regular or long-lasting factories in Chittagong or Dhaka to the east. One explanation could be that the eastern delta had yet to be integrated by the Mughals and was not yet fully developed commercially. In pushing the political and agricultural frontiers toward the eastern delta the Mughals faced logistical problems. The changing course of the numerous river channels and a landscape wooded with rainforests posed further difficulties. Hence, the proper integration of the eastern delta into the Mughal political economy was a slow-moving process as it took several decades before the Mughals could adapt to the riverine warfare in the humid zone. It was only after the Mughal governor Shaista Khan subdued the Arakanese pirates in the Chittagong area in 1666 that the region was stabilized. On the other hand, the western delta had been part of the Mughal political and economic system since the last quarter of the sixteenth century. During the first half of the seventeenth century, the region underwent significant economic and commercial expansion. Therefore, in order to participate in the commercial economy of the region, the European Companies had to move up the Hugli River and established their factories closer to the productive heartland.<sup>16</sup>

It was probably in 1634 that the VOC obtained a *qaul* (a deed of lease) from Azam Khan, the subadar of Bengal, to open a factory at Hugli. Yet, it was only with the receipt of the succession of *farmans* and *nishans* (orders or permits) from the Mughal emperor and the provincial authorities between 1636 and 1652 that the matters gradually moved forward. Between 1645 and 1647 the VOC laid a long lasting foundation in Bengal by established a factory at a place called Chinsura in Hugli. After

---

<sup>14</sup> Piet Emmer and J. J. L. Gommans, *Rijk aan de rand van de wereld: De geschiedenis van Nederland overzee 1600–1800* (Amsterdam: Uitgeverij Bert Bakker, 2012), 380–81; Terpstra, *De vestiging van de Nederlanders*, 57–61.

<sup>15</sup> Traditional historiography attaches too much weight to the role of the Portuguese in preventing the Dutch and English from entering the Bengal delta. The Companies had already beaten the Portuguese in Surat, Hormuz, and other parts of the Indian Ocean, and there is no reason why they could not have succeeded in the delta had the economic situation been right. See Susil Chaudhuri, *Trade and commercial organization in Bengal, 1650–1720: With special reference to the English East India Company* (Calcutta: Firma K. L. Mukhopadhyay, 1975), 9, 21; see also Raychaudhuri, *Jan Company in Coromandel*, 76–78.

<sup>16</sup> Emmer and Gommans, *Rijk aan de rand van de wereld*, 380–381. For the agrarian expansion in the eastern parts of the delta, see Richard M. Eaton, *The rise of Islam and the Bengal frontier, 1204–1760* (New Delhi: Oxford University Press, 2006), 235–38.

1655, on the recommendations of the commissioner, Johan Verpoorten, the Bengal factories were made independent from the Dutch Pulicat “government” and the Hugli factory became the chief Dutch factory in the Bengal region.<sup>17</sup> In 1638 the VOC established a factory at Patna but it was soon closed down because of the establishment costs and marginal profitability.<sup>18</sup> Commercial activities at Patna seem to have resumed when, in 1646, the Dutch merchant Thomas van Cuijck obtained a “fierman” from Prince Shuja for the toll-free transportation of goods between Hugli and Patna via the Ganga.<sup>19</sup> Unlike the English, who previously attempted to reach Patna from Surat and Agra, the VOC entered the commercial economy of the rich Ganga plain from the Bengal delta. Again, in contrast to the short-lived English venture of 1620, the Dutch established themselves there for almost one and a half centuries.<sup>20</sup> By the mid-seventeenth century, the Dutch Company maintained important commercial links with the procurement centres along the Ganga, reaching all the way up to Patna.

Having failed in their first attempt to operate from Patna in 1620–21, the English Company made a renewed attempt to participate in the trade of eastern India. Following in the Dutch footsteps, the English took another, logistically more feasible, route through the Ganga from the Bay of Bengal. By the early 1630s they were exploring ways and means to participate in the trade of Bengal and dispatched several ships like the *Hopewell* and the *Swan* towards Orissa. Susil Chaudhuri suggests that the English moved towards Bengal in the 1630s because famine in Gujarat and elsewhere on the subcontinent had made piece-goods a scarce commodity.<sup>21</sup> The famine may have been a proximate cause, but the beginning of long-term commercial activities in Bengal had more to do with structural changes in the regional commercial economy that cannot be explained by a single environmental event. The fact that Bengal remained a lucrative market even after the famine ended and piece-goods production resumed in Gujarat points to the expanding commercial potential of the eastern Ganga plain. By 1651 the English Company had established its factory at Hugli and in the course of the seventeenth century its trading network had branched out along the river to Patna,

---

<sup>17</sup> Prakash, *The Dutch East India Company*, 39, citing K. A. 1091, 12.06.1653, fo. 436v; G. D. Winius and M. P. M. Vink, *The merchant-warrior pacified: The VOC (the Dutch East India Company) and its changing political economy in India* (Delhi: Oxford University Press, 1991), 22, 42, citing ARA, VOC 677, Resolutie GG & R, 27.07.1655, n.f. Johan Verpoorten was appointed as special commissioner by the Batavia Council in 1653 to give his recommendations on Bengal and the possibilities of trade there.

<sup>18</sup> W. Ph. Coolhaas, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 1, 1610–38 (’s-Gravenhage: Martinus Nijhoff, 1960), 721, Van Diemen, Lucasz. enz., 22.12.1638; W. Ph. Coolhaas, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 2, 1639–1655 (’s-Gravenhage: Martinus Nijhoff, 1964), 61, Van Diemen, Caen en Van der Lijn VIII, 18.12.1639. See also N. MacLeod, *De Oost-Indische Compagnie als zeemogendheid in Azië*, vol. 2, 1632–1650 (Rijswijk: Blankwaardt Schoonhoven, 1927), 198.

<sup>19</sup> NA, VOC, Inv. Nr. 1162, Missive door de oppercoopluijden Pieter Sijme, ... aen de edele heren raden van India naer Batavia, 17.04.1746, see “Translaet uijt fierman bij den Prince Sjoesa,” fo. 84r.

<sup>20</sup> For the details on how the Dutch opened their factories in Orissa and Bengal see Prakash, *The Dutch East India Company*, pp. 34–40, and Winius and Vink, *The merchant warrior pacified*, 20–23.

<sup>21</sup> Chaudhuri, *Trade and commercial organization in Bengal*, 21.

Rajmahal, Kasimbazar, Malda, and also downstream to Dhaka.<sup>22</sup> Thus, one may ask, what transformation occurred in the economy of the eastern Ganga plain during the first half of the seventeenth century that enabled it to attract the Europeans and other merchants and to keep them supplied with commodities?

The most plausible explanation seems to be the growing agricultural expansion and commercialization of the region between Patna and Hugli. These changes helped integrate the region with the maritime commerce and attracted the Companies to participate in the regional trade. After the eastern delta came under Mughal control, more lands were brought under the plough. Agricultural expansion, food production, demographic growth, and the growth of trade went hand in hand, which explains why Bengal emerged as one of the most important commercial zones in the Indian subcontinent in the late seventeenth and eighteenth centuries.

The existing literature has paid some attention to the commercial activities of the Asian and European merchants in Bengal, the local economy and markets, and society by highlighting the commercial operations, methods of procurement, long-distance trading networks, and local trade and market structures during the Mughal and early colonial periods.<sup>23</sup> Readers interested in tables and figures on trade statistics can find a good deal of data in these works. In this chapter I am more concerned with the question of interactions between the European Companies and local merchants and the economic processes that such interaction engendered. I shall examine the evolving pattern of their relationship in the seventeenth and eighteenth centuries in an effort to underscore the role of the cash-nexus in the political economy of the Ganga plain. I shall discuss the local merchants first: who were they?

While the Jain and Bania merchants in Gujarat; the Maraikkars, Mappilas, and Saraswat Brahmans on the Malabar Coast; and the Chettis, Kelings, and others on the Coromandel Coast had traditionally rooted themselves in the commerce of these regions, Bengal had no comparable trading community of its own. Therefore in Bengal the new migrants from the other parts of India—including Khattris, Marwaris, and Jains—started their profitable ventures in the early modern period. As we have noted, this development followed on the heels of Mughal political expansion, and the newly emigrated merchants subsequently became entrenched in the local economy. The economic clout of these merchants continued to consolidate through the seventeenth and eighteenth centuries thanks to the expanding commercial economy in general and the European Companies' commerce in particular. In the eighteenth century, some big

---

<sup>22</sup> William Foster, ed., *The English factories in India 1651–1654* (Oxford: Clarendon Press, 1915), 20. After the Mughals conquered the eastern delta and made Dhaka the capital of Bengal, the English Company established a new factory there in 1668; see Sukumar Bhattacharya, *The East India Company and the economy of Bengal from 1704 to 1740* (Calcutta: Firma K. L. Mukhopadhyay, 1969), 10.

<sup>23</sup> Chaudhuri, *The trading world of Asia and the English East India Company*; Chaudhuri, *Trade and commercial organization in Bengal*; Prakash, *The Dutch East India Company*; Sushil Chaudhuri, *From prosperity to decline: Eighteenth century Bengal* (New Delhi: Manohar, 1995); Chatterjee, *Merchants, politics and society*; Rajat Datta, *Society, economy and the market: Commercialization in rural Bengal, c. 1760–1800* (New Delhi: Manohar, 2000); Tilottama Mukherjee, "The Co-ordinating state and the economy: The Nizamat in eighteenth-century Bengal," *MAS* 43:2 (2009): 389–436.

merchants such as Khwaja Wajed, Deep Chand, Amir Chand, and the Jagat Seths formed associations with the political elites and by mid-century many of them had become power-brokers in their own right. This involvement with the Nawabs for monopoly control of some branches of trade lasted as long as the interests of traders and bankers remained secure. It became increasingly apparent to the merchants that the Nawabs were poorly capable of handling the economic and military pressures coming from the maritime forces as well as from the Marathas and Perso-Afghan warlords. When the merchant magnates realized that the Nawabi regime alone could not guarantee their continuing wealth and prosperity, they allied with the European maritime powers in the belief that such alliances would similarly secure their economic interests. As we will see below, the economy of eastern India took a distinct maritime orientation in the eighteenth century. The prosperity of local merchants became closely connected with the maritime trade in which they increasingly participated along with the European merchants. In order to highlight the emerging interdependent relationship between the local merchants and European Companies, below I shall discuss some aspects of their interactions and the workings of the cash-nexus.

### *Dynamics of Trade at Patna*

From the second half of the seventeenth century, the Companies procured opium, saltpeter, and textiles with the active cooperation of local merchants at Patna. The “bullion for goods” character of this trade is well-described in the scholarly literature.<sup>24</sup> Relatively less explored is the role of money in cementing the inter-dependence of the local merchants and the European Companies. As a result of the greater inflow of liquid cash, a related development was the acceleration of the production of agricultural and commercial goods. The expanding commercial economy also prompted some Mughal officials to participate in overseas commerce.<sup>25</sup> However, it is hard to find a convincing explanation as to why such ventures stopped towards the end of the seventeenth century. Perhaps the growing economic opportunities in the region itself were able to satisfy their monetary needs. It is also possible that they now dropped the highly remunerative but often risky and uncertain overseas ventures in favour of the sure gains to be made at home from simply taxing, maneuvering, and often extorting local merchants.<sup>26</sup> Another important group, the zamindars from eastern India, rarely

---

<sup>24</sup> Om Prakash, *Bullion for goods: European and Indian merchants in the Indian Ocean trade, 1500–1800* (New Delhi: Manohar, 2004).

<sup>25</sup> Satish Chandra, “Some aspects of the growth of a money economy in India during the seventeenth century,” *IESHR* 3:4 (1966): 323–25; see also Satish Chandra, “Commercial activities of the Mughal emperors during the seventeenth century,” *BPP* 78:146 (1959): 92–97.

<sup>26</sup> In the eighteenth century, many Mughal officials took an interest in the expanding commerce of the region and made good fortunes. Around 1712, Husain Ali Khan, the governor of Bihar, had his own dealings with the European Companies at Patna; see Satish Chandra, “Early relations of Farrukh Siyar and the Saiyid brothers,” *Medieval India Quarterly* 2:1–2 (1957): 142, cited in Karen Leonard, “The ‘great firm’ theory of the decline of the Mughal empire,” *CSSH* 21:2 (1979): 160. Apart from Husain Ali Khan, the case of Haji Ahmad, the brother of the Nawab Alivardi Khan, perhaps best illustrates how an influential political elite could amass great wealth without ever sending a ship overseas. Haji Ahmad and

displayed an interest in owning ships or directly participating in overseas trade, yet they actively promoted trade within their zamindaris, as we shall see in the next chapter.<sup>27</sup>

The evidence in VOC documents suggests a competitive trade environment at Patna where the Company had to find its way around the saltpeter monopoly held by Mughal officials. With clever diplomacy and the exchange of gifts, the Company was able to procure the desired commodities and establish itself in the market.<sup>28</sup> In 1655, Joan Verpoorten hoped that by providing more kettles for refining saltpeter, the Company would be able to increase its purchase of the refined variety of saltpeter from 800,000 Dutch pounds to at least 1 to 1.2 million pounds annually.<sup>29</sup> In 1660, the procurement of raw saltpeter at Patna and Chhapra surged to 47,303 *man* (roughly about 3.4 million pounds) and was delivered by the twenty-one creditors of the Company.<sup>30</sup> Tulsi, Boijsa, Backton, Nourdj Mameth, Miersa Hassemallij, Nellou, Nijna Benjaen, Kasij, and others were among the merchants who were in debt to the VOC for money the company had advanced them for saltpeter.<sup>31</sup> The expansion of trade continued and between 1665 and 1669 the VOC procured a total of 227,636 *man* of saltpeter.<sup>32</sup> Along the same lines, the English Company also procured saltpeter by

---

Alivardi Khan became active in the government of Shujauddin in the 1720s, and by 1748 Haji Ahmad had reputedly amassed a fortune of “30 *caroa’s ropia*” in the form of jewels and cash, according to the Dutch sources. The figure of 30 *crore*—30 million rupees—is probably an exaggerated figure, but he did make a fortune promoting merchants like Amar Chand and taking an interest in the saltpeter business. For the reference to Haji Ahmad’s wealth, see J. E. Schooneveld-Oosterling, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 11, 1743-1750 (Den Haag: Instituut voor Nederlandse Geschiedenis, 1997), 673, Van Imhoff XXXI, 31.12.1748; for his connections to and support of Amar Chand and Deep Chand, see BL, APAC, IOR, P/1/20, Bengal Public Consultations, Fort William, February 1747/48, fos. 341v-342v; see also Sushil Chaudhury, *From prosperity to decline*, 118, 265-66. On the early career of Alivardi Khan and Haji Ahmad in Bengal, see Jadunath Sarkar, ed., *History of Bengal*, vol. 2, *Muslim period, 1200-1757* (Dacca: University of Dacca, 1948), 436–40.

<sup>27</sup> Some zamindars functioned as brokers and later ventured into the overseas trade in partnership with the Europeans; see Aniruddha Ray, “Two Indian brokers of the French East India Company in Eastern India during the first half of the eighteenth century,” in *Business history of India*, ed. Chittabrata Palit and Pranjal Kumar Bhattacharyya (Delhi: Kalpaz Publications, 2006), 117.

<sup>28</sup> NA, VOC, Inv. Nr. 1212, Memorie . . . door Joan Verpoorten, 28.10.1655, fos. 216r–v. Although the Nawab’s monopoly of the saltpeter trade in Patna created problems, with the help of the king’s diwan the VOC was able to procure 20 thousand *man* of saltpeter in 1655.

<sup>29</sup> NA, VOC, Inv. Nr. 1212, Memorie . . . door Joan Verpoorten, 28.10.1655, fo. 222v. In 1655 the VOC also received 18,000 to 20,000 *man* saltpeter from Ahmad Beg who sold on behalf of the Nawab Jaffarbeg, at the rate of 2½ rupees per *man* of 64 Dutch pounds, the same rate the English had agreed to pay. “Ondertusschen is dien heer Ametbeeck [Ahmad Beg] contentement gedaen over de aengebooden 18 à 20000 man salpeter om voor den nabab S’jaffrachan aen de Comp. te leveren tot 2½ ropia de man van 64 [pond], ter occasie dat de Engelschen ondernomen ende toeseegginge gedaen hadden die partije te ontfangen, daerin noch tijdich geprevenueert sijn, alsoo buyten hunne kennisse bij de Comp. ter voorsz. prijse geaccepteert wierden,” see Coolhaas, ed., *Generale Missiven*, 2:796, Maetsuyker, Hulft, enz. IV, 26.01.1655.

<sup>30</sup> NA, VOC, Inv. Nr. 1232, “Relaes ofte kort schriftelijck verhael door den Coopman Arnold van Wachtendonch,” 01.09.1660, fo. 597v.

<sup>31</sup> NA, VOC, Inv. Nr. 1232, “Relaes ofte kort schriftelijck verhael door den Coopman Arnold van Wachtendonch,” 01.09.1660, fos. 597r–607v.

<sup>32</sup> NA, VOC, Inv. Nr. 1277, “Memoria raackende ’s Comp:s voordeligen handel,” 20.12.1669, fos. 1421v–1422r.

advancing money to local merchants. In 1683 saltpeter suppliers who owed advance money to the EIC were Cossynaut, Rammaw, Hera, Chunda and Buctmall.<sup>33</sup> These examples make it clear that from around the mid-seventeenth century a group of merchants, mostly Hindus but also some Muslims, had begun forging trading contacts with the VOC and EIC at Patna and in Bengal in general. The cooperation between the Companies and the local merchants continued through the next century. At the heart of such trading contacts were the commodities—not just saltpeter, but opium and textiles—sold for hard cash, and the benefits accrued to the local traders, the provincial government, and a host of rajas and zamindars.

In Chapter 4, we noted the opium production in Bihar and the different merchant groups who began purchasing this in the seventeenth century. Opium created another opportunity for profit and capital accumulation. The local merchants in Bihar benefited from the growing demands for opium by the European Companies and private merchants alike. In the VOC documents, a host of names appear as *hoekiels* (*vakeels*) or agents and *makelaars* (brokers), and it is clear that the Company depended on these brokers and merchants. It is impossible to follow them all, but in the 1730s Bhowani Das appears as a prominent agent and supplier of opium,<sup>34</sup> while in the next decade Meer Afzal was reported to be the *vakeel* of the VOC at Patna and he was reputedly a man of great experience in the trade affairs of Bihar.<sup>35</sup>

The expansion of trade in Patna goods continued through the early eighteenth century and saltpeter, opium, and textiles attracted more bullion into the local economy. Apart from the role of bullion in commercial expansion generally, individual merchants put the money to good use. Deep Chand acquired the *faujdari* (keeping of law and order) of Chhapra and Bhojpur, a rich saltpeter producing area, and he reportedly paid 100,000 rupees to the Nawab Alivardi Khan for the *faujdari* of Bhojpur. His brother Amir Chand tried to obtain the office of darogha at the Patna mint by offering 50,000

---

<sup>33</sup> BL, APAC, IOR, G/28/1, Patna Diary, January 13, 1682/3, n.f.

<sup>34</sup> While Nanderam and Beharidas are mentioned as *hoekiels*, Kirtsen Ram Agri is named as *makelaar* in 1710. Another *makelaar* called Satae appears in the Company's good books. See NA, VOC, Inv. Nr. 1796, MvO Willem de Roo to Anthonij Huijsman, 06.11.1710, pp. 135–137; NA, VOC, Inv. Nr. 2288, From Hugli to Batavia 5.03.1733, "Brief van den directeur Rogier Beerenaert nevens den raad tot Houglij aan haar hoog edelen tot Batavia," for the mention of Bhowani Das see p. 72. Interestingly, Bowannydass also appears in the English Company's records of 1683 when the English contracted him and sent him to Banaras with 2000 rupees "to buy all sorts of goods with direction for colours." See BL, APAC, IOR, G/28/1, Patna Diary, October 16, 1683, n.f.

<sup>35</sup> NA, VOC, Inv. Nr. 2849, "Memorie ...door den afgaande Directeur der Bengaalse Directie Jan Kersseboom, aan deszelfs successeeur in dat ampt den Heer Louis Taillefert, oud eerste secretaris van welm: Haar Hoog Edelens, omme zig daar na in de maneance van zaken tot contrarie ordre van Haar Hoog Edelens te kunnen reguleeren" (hereafter, MvO Kersseboom to Louis Taillefert, 14.02.1755), signed by Jan Kersseboom at Hugli on 14.02.1755, fos. 89r–136v, for the Patna merchant Meer Afzal see fo. 102v: "het provisioneel opperhoofd La Tour in goede vrindschap heeft met 's Comp:s gewezen hoequil in Patna, Mier Afzel, een man van grote experientie, inde zaken van de handel in Behaar." On Meer Afzal and his son Meer Ashraf's trading connections with the other Europeans in the 1740s and 1750s, see Chatterjee, *Merchants, politics and society*, 73–76.

rupees to the Nawab.<sup>36</sup> Thus, some features of the “portfolio capitalists” start appearing in the business world of Bihar, too.<sup>37</sup> In eastern India it was not only the local merchants who farmed revenue; the Companies also ventured into the profitable economic activities of land management and rent collection.<sup>38</sup> Interestingly, during the eighteenth century while the Companies were taking some interest in land revenue collection, the zamindars seem to have taken more interest in trade.<sup>39</sup> The zamindars also raised their own militia and challenged the provincial Mughal authorities, as we shall see in Chapter 7. In order to maintain their militia, these warlords needed more money. Hence, land revenue and incomes from trade and customs duties all contributed to meet their growing need for cash, and the cash-nexus helped finance the military expansion of both the provincial government and the zamindars.<sup>40</sup> Just as the commerce of the Europeans and other merchants benefitted both traders and brokers, it also enriched the coffers of the local and provincial political elites.

While the services of agents and brokers were indispensable to the VOC and EIC, in the eighteenth century some prominent merchants monopolized important branches of trade. The Armenian merchant Khwaja Wazed, the Kashmiri merchant Meer Afzal, the Punjabi Khatri merchant brothers Deep Chand and Amir Chand held monopolies of the more important commodities of Bihar. These merchant-magnates

---

<sup>36</sup> For the acquisition of faujdari of Bhojpur by Deep Chand see Schooneveld-Oosterling, ed., *Generale Missiven*, 11:542, Van Imhoff XXV, 31.12.1747 and pp. 672, 793: “sig voor ’t overige flatterende dat het met den salpeterinszaam beter zoude vloten nu den Sjoppriasen fausdaar Diepsjent in sijne groote voornemens tot bemagtiging van het Boospourse land, en dus met hetselve van den salpeter en amphioen tegelijk volkomen meester te worden” (p. 672, Van Imhoff XXXI, 31.12.1748). For the darogha of the mint at Patna: “en zijn broeder [or Amir Chand] voormelt voor de somme van 50.000 ropia losgekogt, mitsgaders tot daroga over de munt in Patna doen aanstellen, hoewel gemelt nawab op de doleance onser bediendens verklaard hadde haar gaarne de praferentie te willen geven, mits jaarlijks 50.000 ropia betalende,…” (p. 793, Van Imhoff XXXVI, 31.12.1749).

<sup>37</sup> Sanjay Subrahmanyam and C. A. Bayly, “Portfolio capitalists and the political economy in early modern India,” *IESHR* 25:4 (1988): 401–24, esp. 418. The term portfolio capitalist implies “an entrepreneur who farmed revenue, engaged in local agricultural trade, commanded military resources (war animals, arms and human labour), as well as on more than the odd occasion had a flutter in the Great Game of Indian Ocean commerce.”

<sup>38</sup> Farhat Hasan, “Indigenous cooperation and the birth of a colonial city: Calcutta, c. 1698–1750,” *MAS* 26:1 (1992): 66–67. The Dutch too managed the land revenues of some villages in Bengal, see, NA, Hoge Regering Batavia, Inv. Nr. 244, “voorts heeft d’ Comp: al van den beginne verkregen het usufruct en bestier der dorpen,” fo. 4r.

<sup>39</sup> In 1758, the Raja of Bettia farmed out saltpeter fields to the highest bidder from the month of October. It was reported that the Raja desired to give saltpeter to the Dutch rather than to the English. NA, VOC, Inv. Nr. 2920, “Aan den Edele Achtbare Heere Adriaan Bisdome Directeur en opperbeieder…,” From Patna signed on 28.09.1758 and received at Hugli on 11.10.1758, fos.1244v–1245r.

<sup>40</sup> NA, VOC, Inv. Nr. 2288, “Extraordinaire vergadering gehouden op Woensdag voor de middag den 21: Januarij 1733, alle present,” p. 195: “dat den presenten Nawab Sousachan een extraordinaire formidabel krijgsmagt op de been houdende bestaande wel in 45,000 ruijters en voetvolk, en zulx wel 35,000 man meerder dan sijn voorsaat ooit in dienst gehad heeft.” For the zamindar’s militia at Oeriab, see NA, VOC, Inv. Nr. 8762, From Hugli to Batavia 25.01.730, “Journaal in form van een dagregister gehouden door den Luitenant Commandant Jacob van der Helling,” entry of 1.10.1729, pp. 48–49: “bij het dorp Serampoer over de Bergen van Oeriab al waar een Siemidaar leijt met 50 roerschutter staat[,] onder het gebied van den ragia Sessehan.” For a chieftain of Kharagpur near Munger, see the entry of 07.10.1729, p. 56: “tusschen Coeder Kotta en Sittacon den Ragier Mahomet Asiem met 5[00] á 600 man zoo ruijters als roerschutters lag.”

wielded considerable clout in trading and political circles and tried to control prices to ensure maximum gain. The famous Jain-Marwari bankers from the house of the Jagat Seths also exerted great influence on the financial services and managed the provincial government's treasury in Bengal. These merchants belonged to distinct merchant communities that had settled and developed strong economic interests in eastern India in the age of maritime commerce.

### ***The Merchant Communities and the Merchant Magnates***

The eastern Ganga plain drew a number of merchants from Hindustan and other parts of Asia and some of them were able to make huge fortunes. Although we have no diary of a northern Indian merchant magnate in comparable to that of the south Indian merchant Ananda Ranga Pillai at Pondicherry,<sup>41</sup> the fragmentary evidence allows us to reflect on the meteoric rise of some merchants who dominated the booming markets of the Ganga plain. After the battle of Plassey, the EIC realized the threat that big merchants and bankers had posed to the erstwhile Nawabi regime. Thus as soon as it consolidated its power in Bengal in the second half of the eighteenth century, it moved to undercut the merchant magnates and discourage the formation of very large business enterprises.<sup>42</sup>

### ***The Armenians***

The Armenian merchant community centred in New Julfa in Persia spread across Eurasia and the Indian Ocean port cities during the early modern period, and their trading activities on the Ganga plain date from the seventeenth century if not earlier.<sup>43</sup> In 1665 the Mughal emperor Aurangzeb issued a royal decree allowing the Armenians to establish a settlement in Saidabad, in the vicinity of Maxudabad (later Murshidabad).<sup>44</sup> From the journal of Hovhannes Joughayetsi we know that the Armenians had an extensive trade network by the late-seventeenth century. On the basis of this journal it has been suggested that “a substantial community of Armenians”

---

<sup>41</sup> Ananda Ranga Pillai, *The private diary of Ananda Ranga Pillai, dubash to Joseph François Duplex, governor of Pondicherry: A record of matters, political, historical, social, and personal, from 1736 to 1761*, trans. and ed. by J. Frederick Price and K. Rangachari, 12 vols. (Madras: Government Press, 1904–28). Almost a century ago another south Indian merchant who made big fortunes as a result of the assistance rendered to the Europeans was Kasi Viranna. For a biographical description of the merchant, see Yogesh Sharma, “A life in many parts: Kasi Viranna—A seventeenth century South Indian merchant magnate,” *MHA* 1: 2 (1998): 261–90.

<sup>42</sup> Sushil Chaudhury, “Armenians in Bengal trade and politics in the 18th century,” in *Les Arméniens dans le commerce asiatique au début de l'ère moderne*, ed. Sushil Chaudhury and Kéram Kévonian (Paris: Fondation maison des sciences de l'homme, 2008), 158; Lakshmi Subramanian, “Banias and the British: The role of indigenous credit in the process of imperial expansion in western India in the second half of the eighteenth century,” *MAS* 21:3 (1987): 473–510; Leonard, “The ‘great firm’ theory,” 163–67.

<sup>43</sup> Chaudhury, “Armenians in Bengal trade,” 149.

<sup>44</sup> Sebouh David Aslanian, *From the Indian Ocean to the Mediterranean: The global trade networks of Armenian merchants from New Julfa* (Berkeley: University of California Press, 2011), 50; Chaudhury, “Armenians in Bengal trade,” 150.



was residing in Patna, while another Armenian colony in Bihar sarkar had its own church.<sup>45</sup>

The celebrated eighteenth-century entrepreneur Khwaja Wajed would probably not have achieved such success as he did had he been unable to draw on the expertise and cooperation of the Armenian merchant community of Bengal. While the business acumen of the Armenians is beyond doubt, they also benefitted from their relationships with the Bengal Nawabs, who were favourably disposed towards many of them. For example, Khwaja Wajed was able to operate his extensive salt trade in Bengal while paying only one percent customs duty.<sup>46</sup> It is hard to establish whether many Armenians actually converted to Islam, but several Armenian merchants adopted Islamic names probably to get more access to the Mughal-dominated political economy. Further, as the Armenians spoke Persian and many of them were culturally similar to the Muslim elites, they easily gained the latter's trust and confidence. As traders and brokers many of them also developed an excellent rapport with European merchants, which helps explain why many of them functioned as "go-betweens" or brokers for the Europeans and the Mughals.<sup>47</sup>

Khwaja Wajed Fazel was born at Azimabad (Patna),<sup>48</sup> probably at around the turn of the seventeenth century, the son of an influential merchant named Coja Mahmet Fazel. By the 1740s, the commercial success of Khwaja Wajed had earned him the honorific title *Fakhru'l-tujjar* (pride of the merchants). He also gained access to the provincial court at Murshidabad and cultivated friendship with the Nawab Alivardi Khan. As a prominent supplier of commodities to the European Companies, he also had good relations with them.<sup>49</sup> In the 1750s he managed a thriving domestic trade,

---

<sup>45</sup> Levon Khachikian, "The ledger of the merchant Hovhannes Joughayetsi," *Journal of Asiatic Society of Bengal* 8:3 (1966): 153–86, esp. pp. 159, 162. For a reference to the Armenian priest and religious services of the community being conducted in a private house at Patna as referred to by Hovhannes, see Aslanian, *From the Indian Ocean to the Mediterranean*, 249.

<sup>46</sup> BL, APAC, IOR, Eur. Mss., D283, fo. 22, cited by Chaudhury, "Armenians in Bengal trade," 153. Different customs rates were applied to Indian non-Muslim merchants and the European Companies. For example, in 1694 the VOC sold goods such as sandalwood, areca, and conch shells to local merchants who transported these to different markets and paid 7 percent duty, while on the same goods the VOC paid only 4 percent. See W. Ph. Coolhaas, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 5, 1686–1697 ('s-Gravenhage: Nijhoff, 1975), 691–92, Van Outhoorn, Van Hoorn, enz. IX, 30.11.1694: "men leed er enige tijd zeer aan geldgebrek, maar men kon er sandelhout, areca en chancos verkopen, de goederen werden op naam der kooplieden opgevoerd, die 7% tol moesten betalen tegen de V.O.C. 4%, zij worden echter 'buytengemeen gevexeert'."

<sup>47</sup> Aslanian, *From the Indian Ocean to the Mediterranean*, 4; Kapil Raj, "Mapping knowledge go-betweens in Calcutta, 1770–1820," in *The brokered world: Go-betweens and global intelligence, 1770–1820*, ed. Simon Schaffer, Linda Roberts, Kapil Raj, and James Delbourgo (Sagamore Beach, MA: Science History Publications, 2009), 115. See also, Bhaswati Bhattacharya, "Armenian European relationship in India, 1500–1800: No Armenian foundation for European empire?," *JESHO* 48:2 (2005): 277–322.

<sup>48</sup> From around the turn of the seventeenth century Patna was also known as Azimabad, for Prince Azim-us-Shan, a grandson of Aurangzeb who was the subahdar.

<sup>49</sup> For Khwaja Wajed's involvement in saltpeter trade and its supply to the Dutch, English and French see, *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde*

monopolized salt trade (the total worth of which would have been roughly a million rupees), had lucrative dealings in opium, and most important exerted his monopoly over the saltpeter trade.<sup>50</sup> The large business empire of Khwaja Wajed would have been impossible to run without the assistance and cooperation of other Armenians and some Indian merchants such as the Amir Chand and Deep Chand. His participation in the overseas trade is well known and eventually he came to own and employ at least six ships in the coastal and West Asian trades.<sup>51</sup>

His commercial success in the 1740s and 1750s is characteristic of an age fraught with political disturbances such as Nadir Shah's invasion, Maratha incursions, and the overall insecurity of the overland route through Hindustan. It was precisely in these troubled times that Khwaja Wajed made a fortune by turning increasingly to overseas trade. He was hardly unique, however, and during the same period the commercial economy of the eastern Ganga plain as a whole became more closely connected to maritime trade, a process accelerated by the declining health of the Mughal Empire. Bengal's nearly total dependence on maritime trade for imports of bullion had important implications for the political economy. The closely intertwined economic interests of the local and foreign merchants necessitated a more prudent political solution than the Nawabs were able to offer.<sup>52</sup> When Khwaja Wajed threw in

---

*Oostindische Compagnie*, ed. H. K. s'Jacob, vol. 13, 1756–61 (Den Haag: Instituut voor Nederlandse Geschiedenis, 2007), 161, Mossel XXXII, 31.12.1757.

<sup>50</sup> NA, VOC, Inv. Nr. 2763, From Hugli to Batavia 20.03.1750, "Memorie ingevolge de gegevene ordre door de hoge Indiasche Regeering bij der selver geerd missive van den 2 October jongstl: ter narigt van den heer g' eligeerd Directeur Jan Kersseboom ontworpen door den Raad Extraordinaire van Nederlandsch India en afgaande Directeur der Bengaalsche directie Jan Huijghens omme sig in het bestier van zaken naar tijds gelegentheid daar van te bedeenen," signed by Jan Huijghens at Hugli on 16.03.1750, pp.448–470, see esp. p 458 for the Khwaja Ashraf's large purchases of opium; see also NA, VOC, Inv. Nr. 2732, From Hugli to Batavia 11.02.1750, fos. 8v–9r, the Dutch believed Khwaja Ashraf was an agent of Khwaja Wajid; see also Chaudhury, "Armenians in Bengal trade," 153; Sarkar, *Glimpses of medieval Bihar economy*, 88.

<sup>51</sup> NA, VOC, Inv. Nr. 2661, "Lijst van zodanige inlandse schepen als binnen korten uijt de Ganges staan g'expediert te werden, te weten," Hugli in het Fort Gustavus, 10.01.1747, fos. 162r–65v, see for Kwaja Wajid's Surat departing ship *Salamat Rissan*, fo. 163r; NA, VOC, Inv. Nr. 2689, Hugli in the Fort Gustavus, 25.11.1747, "Lijst van zodanige inlandse schepen als er gedurende de jongste zuijder mousson in de Ganges g'arriveerd," fos. 136r–39r, for Wajid's ship *Salamat Mensjie*[?] which returned from Surat with 850 bales of cotton, along with other valuable cargoes see fo. 136r; NA, VOC, Inv. Nr. 2689, "Lijst van zodanige inlandse schepen als eerst daags uijt de Ganges staan gedepecheert te werden, te weten," for Wajid's ship *Salamat Masjel* departing to Surat with cargoes of rice and sugar among others, Hugli in the Fort Gustavus, 15.01.1740, fo. 140r; NA, VOC, Inv. Nr. 2862, From Hugli to Batavia 15.02.1755, "Lijst van zodanige inlandsche en andere vreemde schepen," Hugli in't Fort Gustavus den 16.12.1754, pp. 836–837; and NA, VOC, Inv. Nr. 2862, "Lijst van zodaenige inlandse en andere vreemde schepen als er gedurende deese Noorder Mousson successive uijt de Ganges vertrocken zijn," Hugli, 20.03.1755, pp. 1079–1081; see for the prerogatives obtained by Khwaja Wajid from the Murshidabad court for saltpeter trade, NA, VOC, Inv. Nr. 2849, MvO Kersseboom to Louis Tallefert, 14.02.1755, fo. 105v; see also Chaudhury, "Armenians in Bengal trade," 154; Chatterjee, *Merchants, politics and society*, 71–72.

<sup>52</sup> On the Nawab Sirajuddaula and his policies, see Brijen K. Gupta, *Sirajuddaullah and the East India Company, 1756–1757: Background to the foundation of British power in India* (Leiden: Brill, 1966), 85–102; see also S. C. Hill, ed., *Bengal in 1756–1757: A selection of public and private papers dealing with the affairs of the British in Bengal during the reign of Siraj-uddaula*, 3 vols. (1905; repr. New York: AMS Press, 1968), 1: 58–60.

his lot with the English during the Plassey conspiracy, he probably did so with the full support of the Armenian merchant community, which he had led since 1741.<sup>53</sup> The convergence of economic interests of local and European merchants in the age of maritime commerce was not unique to the Armenians.

### ***The Punjabi Khatri***

The immigration of Punjabi Khatri merchants to the eastern Ganga plain probably began in the 1570s when they provided supplies to the Mughal conquerors. After the conquest of Bengal, many of them settled and became an important element in the local economy. By the late-seventeenth century some of these merchants began to acquire land and by the 1700s some, like the Burdwan raj family, had become prominent zamindars or rajas.<sup>54</sup> Unfortunately, the fascinating history of Khatri expansion into the Ganga plain during the Mughal period has attracted scant attention from scholars. As a result we know comparatively little about their activities during the Mughal period. I will make an effort to join the dots to get a clearer picture of the Khatri community's involvement in trade. The achievements of the leading eighteenth-century Khatri merchants such as Deep Chand and Amir Chand can best be understood by looking into the operational dynamics of the Khatri community in Bihar and Bengal. The Chand brothers were not the only traders from the Khatri community and it would have been impossible for them to run their business without the cooperation of the other members of the community. In order to appreciate the making and unmaking of the Chand brothers, I shall first reflect a little on the pre-history of the Khatri community on the Ganga plain.

It is hard to establish the actual number of the Khatri residents in the eastern Ganga plain during the seventeenth and eighteenth centuries. However, qualitative evidence points to small communities of Khatri in a number of towns in eastern India. In the 1640s, the Portuguese traveller Sebastien Manrique reported about the wealthy residents of Dhaka, especially "Cataris" or Khatri.<sup>55</sup> The presence of Khatri along the eastern tracks of the Ganga might have prompted the ninth Sikh guru, Tegh Bahadur, to visit Bihar and Bengal to win more adherents, and when the guru visited Dhaka in

---

<sup>53</sup> If Sushil Chaudhury is right in identifying "Coja Avid" as Khwaja Wajed, then the latter assumed the leadership of the Armenian merchants of Hugli in 1741; see Chaudhury, "Armenians in Bengal trade," 149. According to Kumkum Chatterjee, Wajed was the leader of not only the Hugli merchants but also for those at Patna, see, *Merchants, politics and society*, 72.

<sup>54</sup> John R. McLane, *Land and local kingship in eighteenth-century Bengal* (Cambridge: Cambridge University Press, 1993), 25, 130–36; also see Scott C. Levi, *The Indian diaspora in Central Asia and its trade* (Leiden: Brill, 2002), 107. For a passing reference to the simultaneous growth of Mughal power and the rise of Khatri's trade network between the Ganga plain and central Asia, see Muzaffar Alam, "Trade, state policy and regional change: Aspects of Mughal-Uzbek commercial relations, c. 1550–1750," *JESHO* 37:3 (1994): 211; Iqtidar Alam Khan, "Middle Classes in the Mughal Empire," *Social Scientist* 5:1 (1976): 42.

<sup>55</sup> Sebastien Manrique, *Travels of Fray Sebastien Manrique, 1629–1643*, vol. 1, *Arakan*, trans. and ed. C. Eckford Luard and H. Hosten (Oxford: Hakluyt Society, 1927), 44; also see Donald F. Lach and Edwin J. Van Kley, *Asia in the making of Europe*, vol. 3, *A century of advance* (Chicago: University of Chicago Press, 1993), 680.

1666, the Khatri community welcomed him. The birth and early childhood of the tenth Sikh guru, Guru Gobind Singh, at Patna Sahib in 1666 perhaps indicates the presence of the Khatri/Sikh merchant group along the trade networks of the Ganga.<sup>56</sup> John McLane suggests that there were also Sikh (probably Khatri) communities in other Bengali towns such as Sylhet, Chittagong, Sandip, and Lashkar.<sup>57</sup> Their presence in these Bengali towns is hardly surprising given their assistance to the Mughals as the latter pushed their agrarian and political frontiers eastward.

It is not known when the merchant-brothers Amir Chand and Deep Chand came to Patna from Agra.<sup>58</sup> Since they were fairly well-established in the trade of Bihar and Bengal by the 1740s, they probably migrated in the early eighteenth century. Whenever they might have reached Patna, the Chand brothers were simply following in the footsteps of the Khatri merchants who had been working the eastern Ganga plain since the late 1500s. How exactly the Khatri brothers established themselves in the trading world of eastern India is unknown, but the success of their business certainly depended on the network of Khatri traders already active in the region. In an arrangement typical of family businesses, Deep Chand was mostly located at Patna while Amir Chand supervised the business concerns in Hugli and Calcutta. Again we do not know how the Chand brothers recruited their agents, managers, and other functionaries to expand and diversify their business.<sup>59</sup> What we do know is that while earlier generations of Khatri merchants depended on and exploited the overland trade routes and traded in raw silk, cotton textiles, and possibly opium, the Chand brothers' fortunes depended heavily on maritime trade.<sup>60</sup> Their extensive dealings with the Europeans Companies clearly show that the Chand brothers' real income actually came from the expanding demands generated by overseas trade. Despite trading disputes and problems with the English Company, the Chand brothers could hardly have prospered without the overseas merchants who bought merchandise from them.<sup>61</sup> Taking the Chand brothers as a case study of the trading and commercial interdependence between local and overseas merchants helps us better understand contemporary economic and political dynamics

---

<sup>56</sup> J. S. Grewal and S. S. Bal, *Guru Gobind Singh (a biographical study)* (Chandigarh: Punjab University, 1967), 30–46.

<sup>57</sup> McLane, *Land and local kingship*, 132. As late as 1830, there were 1,070 Khatri out of a total Hindu population of 31,429 in Dhaka; Sharif Uddin Ahmed, *Dacca: A study in urban history and development* (London: Curzon Press, 1986), 20–21, cited by McLane.

<sup>58</sup> Chatterjee, *Merchants, politics and society*, 72; for Amir Chand as reflected through the records of the Mayor's Court of Calcutta and the Supreme Court in the 1740s and 1750s, see N. K. Sinha, *Economic history of Bengal: From Plassey to the permanent settlement*, vol. 1 (Calcutta: The Author, 1956), 238–44.

<sup>59</sup> For example many smaller merchants depended on the power and influence of Amir Chand and were hardly in a position to break off relations with him even if there were disputes. See Chatterjee, *Merchants, politics and society*, 75.

<sup>60</sup> René Barendse has shown that the Khatri merchants dominated the overland silk trade between Bengal and Gujarat. For the decline of overland trade through the Ganga plain and primacy of seaborne traffic from the late seventeenth and early eighteenth centuries, see R. J. Barendse, *The Arabian Sea: The Indian Ocean world of the seventeenth century* (Armonk: M. E. Sharpe, 2002), 164.

<sup>61</sup> BL, APAC, IOR, P/1/20, Fort William, February 1747/48, fos. 341v–342r. See for a debt dispute between the English and Deep Chand in which Haji Ahmad supported the latter.

and explains why the brothers collaborated with the English Company during the Plassey conspiracy. The importance and profitability of these relationships is clear from the fact that when the British took over the regime and made the Nawabi rule subservient, few merchants lamented the good old days of the Nawabs.<sup>62</sup>

### ***The Marwari/Jain Community***

The Marwaris are so called because they originated in the Marwar region in Rajasthan. They practiced Jainism or Vaishnavism, and like the Khatri they followed the Mughal armies to the Ganga plain. Coming from Rajasthan, they had access to arid zone resources such as zebu cattle, which they put to good use transporting grain for the Mughals, as well as money, which formed the seed capital for their forays into trade. By the late sixteenth century, the Marwaris were active in interregional trade in grains, textiles, cottons, and raw silk. Their history of the Marwaris' trading activities during the Mughal period is still under-explored, but their spread across much of Bihar and Bengal is generally assumed to have peaked in or after the late eighteenth century.<sup>63</sup> The extensive *hundi* or credit network operated by Marwari and Khatri merchants in the eighteenth century certainly existed during the Mughal period.<sup>64</sup> While the traditional pilgrimages to places such as Prayag, Banaras, Gaya, Maner, and Hajipur facilitated contacts among pilgrims and traders and the exchange of information and credit, the addition of new groups of traders led to the emergence of new pilgrimage sites with similar mixtures of spiritual and worldly concerns.

The presence of Marwari traders along the Ganga during the Mughal period comes into sharp relief from the location of their pilgrimage on the river banks. Just as the Sikhs had maintained their pilgrimage at Patna Sahib, a place close to Patna, since the late seventeenth century, the Marwaris too had their pilgrimage on the Ganga. In Chapter 3 we mentioned the Jain pilgrimage at Champanagar, about two hundred fifty kilometres downriver from Patna, about half way to the delta.<sup>65</sup> What is more interesting for our purposes is the patronage given to the pilgrimage by the descendants of reputed banking house of Bengal and by the maharaja of Jaipur. Did this pilgrimage function as an important link amongst the Jain/Marwari traders and bankers active in the eastern Ganga plain during the Mughal period and later? When Robert Montgomery

---

<sup>62</sup> For example see, Suprakash Sanyal, "Ramchand Pandit's report on opium cultivation in 18<sup>th</sup> century Bihar," *BPP* 87:2 (1968): 181–89.

<sup>63</sup> C. A. Bayly, "Patrons and politics in northern India," *MAS* 7:3 (1973): 355. For the geographical spread of "Bania" merchants in northern India by the seventeenth century, see Ishrat Alam, "Extracting social history from documents of medieval India," in *The varied facets of history: Essays in honor of Aniruddha Ray*, ed. Ishrat Alam and Syed Ejaz Hussain (Delhi: Primus Books, 2011), 62; see also Thomas A. Timberg, "A study of a 'great' Marwari firm: 1860–1914," *IESHR* 8:3 (1971): 264–83.

<sup>64</sup> Chatterjee, *Merchants, politics and society*, 178–83; Subramanian, "Banias and the British," 473–510; for the credit networks operated by the Khatri in the Mughal period, see Eaton, *The rise of Islam and the Bengal frontier*, 156–57. For an overview of *hundi* operation in colonial period, see L. C. Jain, *Indigenous banking in India* (London: MacMillan, 1929), 70–83.

<sup>65</sup> William Francklin, *Inquiry concerning the site of ancient Palibothra, conjectured to lie within the limits of the modern district of Bhaugulpoor, according to researches made on the spot in 1811 and 1812* (London, 1815), 13–15.

Martin visited Champanagar in the nineteenth century he saw two temples whose reconstruction was being paid for by the descendants of Jagat Seth. Dedicated to Vasupujya, the temple had twenty-four small cross-legged figures in white marble representing Jain deities. Martin writes that “Many pilgrims, especially from Marwar in the west of India, are said to frequent these temples,” which he dated to 1637, around the time that increasing numbers of Marwari merchants were moving onto the eastern Ganga plain.<sup>66</sup> Once a year, in February, the Marwaris/Jains would make a pilgrimage to Vasu Paduka in Champanagar.<sup>67</sup>

They had been active there for more than half a century when Hiranand Sahu, grandfather of Fateh Chand (of the house of the Jagat Seths) left his native Nagar in Marwar for Patna in 1652.<sup>68</sup> We do not know much about his banking business or other commercial activities, but in all probability he would have known the father of the Armenian businessman Khwaja Wajed. Hiranand Sahu’s decision to move to the river port of Patna suggests that the centre of gravity of the Hindustan’s commercial economy was already shifting eastward, a pattern that followed the Mughals’ eastward political expansion. The opportunities to trade would have been greater in the expanding economy of the eastern Ganga plain, and the decision to migrate to Patna would have been a well thought out idea of the ancestor of the Jagat Seths. Again, in all likelihood Sahu followed the trail of Marwari merchants migrating to the eastern Ganga plain to participate in the growing trade.

In 1711, when Hiranand Sahu died at Patna he was survived by seven sons and one daughter who all belonged to the Oswal sub-caste of the Jain sect. For some time, ambitious traders and bankers from Patna had been looking further east, toward the Ganga delta and the coastal towns. Manik Chand, Hiranand Sahu’s eldest son, went to Dhaka in 1703, and when the subadar Murshid Quli Khan moved his capital from Dhaka to Murshidabad, he followed and built his family home there.<sup>69</sup> By 1711 Fateh Chand, the nephew of Manik Chand, had emerged in EIC documents as an “eminent merchant” who gave short-term loans to the Company’s merchants in Bengal.<sup>70</sup> Earlier, in the seventeenth century the Mughal emperor Aurangzeb had held Manik Chand in high regard for advancing large loans to the government. In the early eighteenth

---

<sup>66</sup> Robert Montgomery Martin, *The history, antiquities, topography, and statistics of eastern India: comprising the districts of Behar, Shahabad, Bhagulpoor, Goruckpoor, Dinajepoor, Puraniya, Rungpoor, Assam in relation to their geology, mineralogy, botany, agriculture, commerce, manufactures, fine arts, population, religion, education, statistics, etc.*, vol. 2, *Bhagulpoor, Goruckpoor, and Dinajepoor* (London, 1838), 29–30.

<sup>67</sup> Francklin, *Inquiry concerning the site of ancient Palibothra*, 15.

<sup>68</sup> J. H. Little, “The house of Jagatseth,” *BPP* 20 (1920): 116–17.

<sup>69</sup> Philip Calkins suggests that from the seventeenth century Maksudabad (renamed Murshidabad by Murshid Quli Khan in 1704) derived its significance more from the European Companies’ trade there rather than from its being a Mughal administrative post. An unpublished paper of Calkins, “The role of Murshidabad as a regional and sub-regional center in Bengal” is cited by Leonard, “The ‘great firm’ theory,” 161. Narayan Chandra Saha, *The Marwari community in eastern India: A historical survey focusing north Bengal* (New Delhi: Decent Books, 2003), 76–77.

<sup>70</sup> Little, “The house of Jagatseth,” 123; see also J. F. Richards, “Mughal state finance and the premodern world economy,” *CSSH* 23:2 (1981): 287–88.

century, the emperor Farrukhsiyar granted the title of Jagat Seth to Fateh Chand who was appointed “imperial treasurer.”<sup>71</sup> By the 1720s Fateh Chand had secured privileges in coining silver at the imperial mint at Karimabad.<sup>72</sup> Before the 1750s, none of Bengal merchants rivalled the house of Jagat Seths in economic and political importance.

The success of the Jagat Seths depended on two critical factors. First was their dealing with the Companies as commercial credit providers and second was the state contract to manage the imperial mint and to provide fiscal services and capital to the provincial governor.<sup>73</sup> Apart from extending credit to the Companies and zamindars, the Seths also earned substantial profits from remitting money to the imperial treasury and providing other essential banking and financial services.<sup>74</sup> As Philip Calkins suggests, by the 1730s the powerful banking houses and big zamindars were undermining the authority of the provincial government. Murshid Quli Khan’s policy of encouraging big zamindaris proved detrimental after his demise in 1727.<sup>75</sup> While the big zamindars increased their resources by means of agrarian expansion, increasing the production of cash crops, and encouraging trade, they did not always share their revenues with the state. Combining their political and financial power, in 1740 the zamindars and Jagat Seths deposed and killed the Nawab Sarfaraz Khan at the battle of Giria and replaced him with the sympathetic army commander Alivardi Khan.<sup>76</sup> Within a couple of decades a similar combination of bankers, big merchants, and military officers, together with EIC merchants, challenged and overthrew the successor of Alivardi Khan, Nawab Sirajuddaula, at the battle of Plassey. The “Revolutions” of 1740 and 1757 were engineered by interest groups whose economic prosperity depended on the regional economy’s closer connections with maritime trade.

Historians such as Kumkum Chatterjee and Sushil Chaudhury perhaps give too much credit for the success of local merchants to the political (*darbar* or court) backing

---

<sup>71</sup> Leonard, “The ‘great firm’ theory,” 156.

<sup>72</sup> For the influence of Fateh Chand at the Karimabad mint, see NA, VOC, Inv. Nr. 8760, From Hugli to Batavia 18.12.1728, “Aan den E: E: Heer Rogier Beerenaerd opperkoopman secunde deser Bengaalse directie en opperhoofd benevens den raad aldaer,” Hollaer and Wildervank from Karimabad, 08.11.1728, p. 25: “en onse dagelijcx gedaene klagten wegens hare onreedelijke en enorme gedoentens door gem: opzienders onder frivole voorgevinge dat zij lieden vermits de E: Comp: geen zilver meer als wel voor dese geschied was aan den wisselaer Fattesjend verkogt en waardoor dies munts werk thans van geen belang zijnde ’s Conings inkomsten uijt dese werkplaats dit jaar grotelijks vermindert waren.” In subsequent years the Dutch continued taking money to the Karimabad mint and did not encounter many problems in getting their silver coined.

<sup>73</sup> For the contract to operate the mint and manage the fiscal services of the province see Richards, “Mughal state finance,” 289; for the state contract see Little, “The house of Jagatseth,” 133; it has been established that Fateh Chand did not have monopoly control over the Karimabad mint at Murshidabad; see Om Prakash, “On coinage in Mughal India,” *IESHR* 25:4 (1988): 488–89; for credits to the European Companies by the Jagat Seths, see Chaudhury, *From prosperity to decline*, 68–71.

<sup>74</sup> Little, “The house of Jagatseth,” 121, 133; Ghulam Hussain Salim, *Riyazu-s-Salatin (a history of Bengal)*, trans. Abdul Salam (1903; repr. Delhi: Idarah-I Adabiyat-I Delli, 1975), 289.

<sup>75</sup> Philip B. Calkins, “The formation of a regionally oriented ruling group in Bengal, 1700–1740,” *Journal of Asian Studies* 29:4 (1970): 805.

<sup>76</sup> Sarkar, *History of Bengal*, 2:438–40; also see McLane, *Land and local kingship*, 42.

and protection of the Nawabi regime.<sup>77</sup> While political support was important for merchants like Wajed and the Jagat Seths, in itself it was not sufficient to ensure their success. To a certain extent political patronage helped them in gaining leverage in the collection of goods or securing monopolies on certain goods. However, to sell their merchandise, the local monopolists were more dependent on the European Companies and other overseas merchants. As the overland routes became relatively less secure and at times positively dangerous to negotiate in the eighteenth century, an increasing share of the overland trade may have moved to the sea-lanes.<sup>78</sup> Many Asian merchants began utilizing overseas routes for transporting the merchandise of Bihar and Bengal to destinations in southern and western India as well as to the Persian Gulf and Red Sea zones. Since the sea-lane was the sphere of European influence, increasingly so as the Mughals' bargaining powers diminished, neither local traders nor other Asian merchants in Bengal could afford to have an acrimonious relationship with those who ruled the waves.<sup>79</sup> Nonetheless, the Bengal Nawabs remained committed to a political economy based on the exploitative extraction of land resources. They failed to give a mercantilist orientation to their regime by synthesizing the interests of merchant groups of various ethnicities and nationalities. If the political elites backed some of the merchants it was more for immediate pecuniary gains, *peshkash or nazrana* (gift), or personal friendship, than as a matter of state policy. Asserting themselves in maritime trade was beyond the imagination of the Nawabs even though they commanded resources adequate for executing such a plan.<sup>80</sup> Therefore, for those merchants, bankers, and zamindars of Bengal benefitting from maritime trade, an alliance with the Europeans would have appeared an economically more reassuring and prudent decision. Eventually such interdependent relations and interests brought to power a regime that had an undoubted reputation for maritime power and its control of the sea-lanes for long-distance trade. As the commercial economy of the hinterlands of Bihar along the Ganga became integrated into the maritime trade during the seventeenth and eighteenth centuries, the river became a theatre of commercial activities.

---

<sup>77</sup> Chatterjee, *Merchants, politics and society*, chap. 3; Chaudhury, *From prosperity to decline*, 125–26.

<sup>78</sup> NA, VOC, Inv. Nr. 8762, From Hugli to Batavia 08.11.1729, Jacob Sadelijen etc. Hugli 8.11.1729, p. 41, for an instance of the insecurity of the road linking Hindustan and Bengal. “als tot Cassembazaer niets zonderl: meer te noteren als dat den dikgem: Nabab in de maand Maart een geld kas van 5000000 Ropijen na 't koninglijke hof gedepecheerd dog deselve om de onveijlheid der wegen in de bovenlanden tot Ragimahol opgehouden heeft.”

<sup>79</sup> After the blockade of “Moor” ships bound for Surat and Persia, the merchants of Bengal exerted pressure on the government, which lifted the ban on European Companies in the early 1700s. See Chaudhuri, *Trade and commercial organization in Bengal*, 41; for a slightly different version of the incident, see C. R. Wilson, *The early annals of the English in Bengal, being the Bengal public consultations for the first half of the eighteenth century*, 3 vols. (London, 1895), 1:161.

<sup>80</sup> The claim that Maratha incursions destabilized the economy and put a serious strain on the resources of the Nawab is hardly tenable in view of the withholding of the annual Mughal revenue in the province from 1740. The *chauth* and other exactions of the Marathas were a few lacs of rupees, which the Nawab often raised from coercing the merchants and zamindars. For a view that Maratha incursions did make inroads into the local economy, see Biplab Dasgupta, *European trade and colonial conquest* (London: Anthem, 2005), 225–27.



## **Section II: Circulation of Cash and the Credit Networks along the River**

We already noted that the eastern Ganga plain emerged as a vibrant economic zone and that Mughal integration of the eastern and western deltas led to unprecedented economic growth from around the middle of the seventeenth century. As a result the political, economic, and environmental changes dating from this period, commercial transactions at the river port at Hugli far surpassed those of the *porto grande* (great port) of Chittagong. Hugli began to attract commodities not only from the eastern and western parts of the delta but also from the hinterland of Bihar. While the eastern Ganga plain exported a whole array of goods, the region did not import much and had a favourable trade balance. Thus merchants had to pay for goods exported from eastern India with bullion, and the bars of silver and gold that reached Bengal were minted into Mughal coins and put into circulation. A recent work has calculated the inflow of bullion to the tune of about ten million rupees per annum in Bengal during the pre-1757 years.<sup>81</sup> The influx of precious metals fuelled agrarian expansion and craft production, eased the process of revenue collection, and by the mid-eighteenth century transformed the region's political economy.

### ***Bullion flows into the Ganga plain***

In the age of maritime commerce, overseas routes were relatively secure sources of money, which regularly reached the port cities of South Asia. As we have noted, starting in the 1630s the European Companies based in coastal Orissa turned their attention to the productive hinterland. The Ganga offered an easy avenue of communication between the coast and the hinterland. Hence, logistical considerations and the availability of competitively priced merchandise drew the Companies towards Patna. Following in the Dutch footsteps, the English started to participate in the Ganga economy from Hugli and Patna. Asian merchants were already active in the trade at Patna, and the addition of the European Companies simply expanded the demands for the commodities available there. As a result, more money was channelled into agricultural expansion and crafts production, which undoubtedly contributed to the growth of urban centres as the volume of transaction of goods increased into the eighteenth century. Thanks to the commercial traffic on the Ganga and the movement of money and credit along the river, the zone between Patna and the Ganga delta experienced unprecedented economic growth from the seventeenth century.

If early modern Western travellers and commentators believed India and China to be the sinks into which the specie from all over the world was poured, Bengal, including Bihar, may be regarded as one of the deepest sinks on the Indian subcontinent. Bengal received specie from Surat merchants who plied the coastal traffic as well as the European Companies, and money also flowed in through overland routes

---

<sup>81</sup> Indrajit Ray, *Bengal industries and the British industrial revolution (1757–1857)* (London: Routledge, 2011), 16–24.

which Asian merchants used to transport commodities through the upper Ganga plain until the mid-eighteenth century. Every year, some of the surplus money—amounting to 9–to–10 million rupees (primarily in treasure but also in the bills of exchange)—was taken to Delhi or Agra by the Mughals till 1739.<sup>82</sup> This clearly indicates the magnitude of money flows through the overland and overseas trade and the surplus-generating capacity of the regional economy. The annual addition 10 million rupees by means of export of commodities and the removal of roughly an equal amount to the Mughal court may appear as a zero sum game. By annual recycling of 10 million rupees and channelling the liquid cash in food and commodity production, the economy of eastern India was generating far more wealth that not only sustained its teeming population and labour force but also allowed surplus to be accumulated by the zamindars and Mughal officials.

VOC sources give some information about money flows in the eastern Ganga plain. In 1741, a letter in the *Generale Missiven* noted an urgent need for 5,995,000 rupees in order to contract business at the various Dutch Bengal factories for that year and the first half of the next as well as for the re-payment of about 1.1 million rupees in loans.<sup>83</sup> A later Dutch source of 1755 informs us that the Bengal factory provisionally demanded that the Batavia Council supply fifty chests of bar silver (*50 Thonnen schats aan bhaar silver*) along with commodities such as stave copper, tin, lead, and so on, in order to give them with sufficient purchasing power.<sup>84</sup>

English trade in Bengal began to outpace that of the Dutch in the early 1700s, and the EIC presumably brought in correspondingly more specie. According to a Dutch source, in 1746 the English borrowed 3,000,000 rupees at a monthly interest rate of 0.75 percent, or 9 percent per annum.<sup>85</sup> In 1740, the VOC had borrowed from the house of Jagat Seth a sum of 909,090 guilders.<sup>86</sup> The French, Danes, and Portuguese

---

<sup>82</sup> It seems that money was dispatched via the overland route twice a year, in March and October which were drier months. The treasure was heavily guarded by the Mughal army, at times 2,000 artillery and cavalry. In March 1729, the treasure consisted of 5,000,000 rupees; see NA, VOC, Inv. Nr. 8762, From Hugli to Batavia 08.11.1729, Jacob Sadelijen etc. Hugli 8.11.1729, p. 41. In October 1729, the Dutch river fleet's captain learnt about the Mughal army camping at Munger and was waiting to receive the Bengal to be escorted through overland route to Delhi, see NA, VOC, Inv. Nr. 8762, From Hugli to Batavia 25.01.1730, "Journaal in form van een dagregister gehouden door den Luitenant Commandant Jacob van der Helling," signed by J.V.D. Helling at Hugli on 10.12.1729, see the entry of 03.10.1729, pp. 50–51. In 1732, 6,900,000 rupees was sent to Delhi in October: "en het fourneren van een considerabel coninglijke cassa van 6900000 ropijen in contant buiten een wissel na Dhillij op weg geslagen is," see NA, VOC, Inv. Nr. 2288, From Hugli to Batavia 5.03.1733, "Brief van den directeur Rogier Beereanaert," p. 52.

<sup>83</sup> J. van Goor, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 10, 1737–1743 (Den Haag: Instituut voor Nederlandse Geschiedenis, 2004), 619, Valckenier XIII, 25.03.1741.

<sup>84</sup> NA, VOC, Inv. Nr. 2862, From Hugli to Batavia 15.12.1754, "Missive van de afgaande en aankomende directeurs," pp. 151, 200.

<sup>85</sup> Schooneveld-Oosterling, ed., *Generale Missiven*, 11:412, Van Imhoff XX, 31.12.1746.

<sup>86</sup> NA, VOC, Inv. Nr. 8788, From Hugli to Batavia 20.03.1740, "Staet reecq: der Bengaelse Directie getrocken uijt des ten hoofd Comptoir Houglj....," pp. 529–32, see esp. p. 529.

also participated in the Bengal trade with cash in hand.<sup>87</sup> There seems to be a regular inflow of specie from Surat to Hugli. Evidence from 1712 shows that in June and July four Surat ships owned by different Muslim merchants arrived at Hugli with about 950,000 rupees, hundreds of bales of cotton, and some other merchandise.<sup>88</sup> This was the year when emperor Shah Alam died and the ensuing war of succession rendered the overland routes unsafe. In the following decades more ships, silver, and cotton would come from Surat via the coastal routes.<sup>89</sup> I shall close this discussion after briefly noting the money-flows to Patna and how money impinged on the local economy of the eastern Ganga plain.

### ***Patna Pit***

If Bengal was the major bullion sink on the Indian subcontinent, Patna was the deepest part. In 1740 and 1741, for the purchase of opium, saltpeter, and textiles the Dutch Patna factory required a sum of 800,000 and 760,000 rupees respectively.<sup>90</sup> In the early 1740s, the VOC earned good profits by minting bar silver at Patna. According to a *Memorie van Overgave* (final report) of the outgoing Dutch director of the Hugli factory, Joan Albert Sichterman, the coins minted at Patna bore a premium and could fetch a profit of 18 percent.<sup>91</sup> As money was not always available to the VOC officials at Patna, the Dutch frequently borrowed money at interest and also transacted the bills of exchange drawn at prominent merchants at Patna. The remittance charges, or deductions on the bills of exchange was normally 2 percent but occasionally it reached 3 percent. In the 1730s, the interest rate on loans seems to have fluctuated wildly and at Patna it ranged between 5 to 16 or even 18 percent per annum. In 1738 the interest rate was reported to be at 5 percent per annum at Patna and Kasimbazar. However, in another letter the Hugli factors wrote that the interest rate at Patna had been 1¼ to 1½ percent per month.<sup>92</sup> Apart from borrowing regularly, the Dutch merchants also lent

<sup>87</sup> In December 1755 a Portuguese ship, the *Sant Josche[?] Rei de Portugaal*, arrived at Hugli with 72 chests of silver along with 41 “vaten” gunpowder, 200 man iron etc. From Hugli to Batavia 15.12.1754, “Missive van de afgaande en aankomende directeurs,” pp. 166, and NA, VOC, Inv. Nr. 2862, From Hugli to Batavia 15.02.1755, “Lijst van de aangekomen inlandse en andere vreemde scheepen,” p. 836.

<sup>88</sup> NA, VOC, Inv. Nr. 1828, From Hugli to Batavia 31.10.1712, “Memorie der aangekomene scheepen inde Revier de Ganges...,” pp. 218–20.

<sup>89</sup> For the shipping list and merchandise imported and exported by the Asian merchants, see NA, VOC, Inv. Nr. 2862, “Lijst van zodanige inlandse en andere vreemde schepen,” Hougly in’t Fort Gustavus den 16.12.1754, pp. 836–837; and NA, VOC, Inv. Nr. 2862, “Lijst van zodaenige inlandse en andere vreemde schepen,” Hugli, 20.03.1755, pp. 1079–1081.

<sup>90</sup> Van Goor, ed., *Generale Missiven*, 10: 476, 619, Valckenier IX, 31.03.1740 and Valckenier XIII, 25.03.1741.

<sup>91</sup> NA, VOC, Inv. Nr. 8795, From Hugli to Batavia 14.03.1744, “Memorie ... voor den Heer Jan Huijghens ...door den afgaande directeur der Bengaalse directie den Raad Extraordinair van India Joan Albert Sichterman,” pp. 941–1043, see esp. p. 985: “bij verkoop voor Sicca ropijen van den Pattenasen stempel een aanzienelijke winst van 18 pr cto behaald [werd].” According to the MvO of the outgoing direct Luis Tellefert, the VOC had received the minting rights through a farman from the king Jahandar Shah in February 1712, see NA, VOC, Inv. Nr. 2849, MvO Luis Tallefert to Adriaan Bisdom, 27.10.1755, fo. 177v.

<sup>92</sup> Van Goor, ed., *Generale Missiven*, 10:144, Valckenier IV, 10.11.1738. The Dutch merchant at Patna wrote, “Wegens het gebrek aan contant geld dient men, net als te Kasimbazar, op krediet of tegen 5%

money at Patna. For example, in 1740 it was reported that a sum of 50,000 rupees was lent at the rate of 3 percent, 100,000 rupees at the rate of 2½ percent, and 130,000 rupees at the rate of 2¼ percent.<sup>93</sup> (It is not clear whether these interest rates are monthly or annual.) Since the Company needed money during the season of procurement and also for giving advances to the suppliers well before the procurement season began, normally it lent money on a short-term basis. The interest rate fluctuated depending upon the availability of cash in the market and the prevailing political situation. The higher interest rates charged at Patna compared with towns in the delta suggests the employability of cash for production processes in the expanding Bihar economy.

The large amount of money changing hands invites questions about the elasticity of the economy of eastern India. How were Bihar and Bengal able to meet the expanding demands of commodities purchased by European and Asian merchants? The fact that the economy absorbed such large amounts of money means that commodities worth the same amount or more were being produced. This also means that the agrarian and commercial economies continued to grow for many decades in the seventeenth and eighteenth centuries. This becomes clear when I will examine the matter of agricultural expansion in the eastern Ganga plain in Chapter 7. Here I shall note only that the expansion of trade and commerce engendered some fundamental structural changes in the regional economy over the course of two centuries. The logistical systems that sustained the economic structure would not collapse after the Plassey. So long as the demands for goods continued after 1757, the region continued to produce merchandise for trade.

In spite of the massive flow of money into the Ganga plain, the economy shows hardly any major inflationary trend in the seventeenth and the first half of the eighteenth centuries.<sup>94</sup> In a normal agricultural year, the prices of essential food grains seem to have remained stable for long periods. Two factors probably stemmed the inflationary trend in the economy. First was the major outflow of about 9 to 10 million rupees annually to the Mughal treasury up until 1739.<sup>95</sup> From the stray references in the eighteenth century, it appears that a large quantity of coins was taken to Delhi/Agra because the *hundi* (bill of exchange) network between Bengal and Agra no longer functioned efficiently. The imbalance in the distribution of money resulted from the

---

rente per jaar in te kopen.” However, from Hugli it was reported that “Het is onmogelijk geld á 5% per jaar te lenen; de rente bedraagt 1% per maand, en in Patna zelfs 1 ¼ á 1 ½ %” (p. 146).

<sup>93</sup> Van Goor, ed., *Generale Missiven*, 10:475, Valckenier IX, 31.03.1740.

<sup>94</sup> Prakash, *The Dutch East India Company*, 251–53. While Prakash gives data up to 1714, the price trend of essential comestibles does not show a drastic change even for the period 1730 and 1732, as can be gleaned from Hugli Dag Registers; see NA, VOC, Inv. Nr. 2195, From Hugli to Batavia 10.03.1731, entry of 01.11.1730, p.430 and for the entry of 01.12.1730 see, p. 462; NA, VOC, Inv. Nr. 2288, Houglijs dagregister van den jaare 1732, entry of 01.05. 1732, p. 886, and for the entry of 01.09.1732, see p. 986.

In these references of 1730 and 1732, the price of 68 pounds of *gesmolten boter* (clarified butter) is 10 rupees, 20 *seer* (1 ceer equals roughly 2 pond) fine rice cost 1 rupee; 30 *seer* wheat was 1 rupee.

<sup>95</sup> Ray, *Bengal industries*, 16–24.

fact that specie tended to percolate down river to the eastern Ganga plain because of the region's productive capacity and supply of merchandise. A second explanation, advanced by Richard Eaton, may be the utilization of surplus money for the expansion of agricultural and craft productions.<sup>96</sup> The availability of arable land and the growing population in the seventeenth and eighteenth centuries would have easily put the available liquid cash to productive use. However, inflation from around the mid-eighteenth century may have resulted from the cessation of tribute payments to the Mughal court after 1739. But this line of reasoning does not help explain the ongoing inflationary trend in the economy in the second half of the eighteenth century when fresh bullion in any appreciable quantities is believed to have ceased to reach the region. Probably the accumulated stock of silver since 1739, and the demands for commercial and agricultural goods pushed the prices up in the Bengal economy. After Plassey, more so since the 1760s, the British did not bring specie and financed their trade with the money from land revenues and to a lesser extent customs duties. The British also spent a large sum for paying to the military regiments, sepoys and on the wars of conquest. These spendings may also have caused inflation. In the following paragraphs, I will discuss the question of increased money use and the circulation of cash and credit to facilitate trade and production in the economy in eastern India.

### ***Mints and Money Circulation along the Ganga***

In the fifteenth century, the Lodi Sultans of Delhi had an acute shortage of silver while the flow of silver into Bengal was sufficient to maintain liquidity in the Bengali Sultanate's economy. As John Deyell has shown, between the thirteenth and sixteenth centuries Bengal received silver via overland routes from Burma and Yunnan.<sup>97</sup> This inflow would have been over and above the silver coming in through oceanic trade. In the present state of scholarship, it is impossible to ascertain the volume of silver reaching Bengal during the pre-Mughal period. Nor can a precise indication be given about the size of the economy in Bengal. What is increasingly obvious is that before the age of maritime commerce, Bengal became more closely linked to an economy centred on the Bay of Bengal but encompassing much of mainland Southeast Asia and Yunnan in south-western China.<sup>98</sup> In the early modern period, when American silver started reaching South Asia through the Levant and Cape of Good Hope routes as well as from Manila (all augmented by Japanese bullion), the eastern Ganga plain absorbed significant quantities of precious metals. Almost all bullion reaching the Mughal Empire was coined and immediately put into circulation.

---

<sup>96</sup> Eaton, *The rise of Islam and the Bengal frontier*, 205–7.

<sup>97</sup> John Deyell, "The China connection: Problems of silver supply in medieval Bengal," in *Money and the market in India 1100–1700*, ed. Sanjay Subrahmanyam (Delhi: Oxford University Press, 1994), 112–36.

<sup>98</sup> Bin Yang, "The Bengal connections in Yunnan," *China Report* 48:1–2 (2012): 125–45. In pre-Mughal Bengal silver coins and cowries both were used as money and perhaps they complemented each other; for cowries in wider Asian perspective, see Bin Yang, "The rise and fall of cowrie shells: The Asian story," *Journal of World History* 22:1 (2011): 1–25.

Building on the Sher Shah's lead on coinage, the Mughals had evolved a highly sophisticated monetary system with centrally organized and operated mints. Typically mints served two purposes for the Mughals. Issuing coins bearing the name and reigning year of the emperor buttressed his sovereign authority, while the coins facilitated the economic and commercial functions within the state by making the economy more liquid.

The Mughals had a tri-metallic currency system based on gold (*muhr*), silver (*rupia*) and copper (dam or *paisa*) coins. The muhr, also called *ashrafi*, was a 169-grain coin of almost pure gold and had limited circulation, largely confined to land revenue transfers and big commercial transactions. At times higher denomination money was also used for paying salaries, especially when the price of gold was cheap in comparison to silver. After the ban on the export of silver by the Tokugawa regime, the Dutch substituted the export of gold from Japan to Bengal in the late 1660s and 1670s. A Dutch source of around 1677 informs that the Nawab of Bengal had been paying his soldiers in gold muhrs for a few years and that each gold muhr sold at 15 silver *sicca* rupia.<sup>99</sup> Except for a few minor exceptions in the reign of Jahangir, the Mughal rupia normally weighed 178 or 180 grains troy and the alloy content was not allowed to exceed four percent. Furthermore, under the Mughal monetary scheme, the newly minted sicca rupee had a premium of a little over five percent on bullion and the coins issued earlier in the regime.<sup>100</sup> This difference in the value of earlier and newly minted coins brought considerable business to shroffs. In northern India for market transactions and commercial dealings generally silver rupia were used.<sup>101</sup> In his study of coins and mints, Om Prakash has discussed the functioning of the Mughal mints, their coin output, problems associated with minting, collusion of the shroffs and darogha of the mint, the influence of big bankers such as Fateh Chand and so on.<sup>102</sup> According to Prakash the progressively low seignorage charges at the government

---

<sup>99</sup> W. Ph. Coolhaas, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 4, 1675–1685 ('s-Gravenhage: Nijhoff, 1971), 163, Maetsuyker, Van Goens, enz. LXXXI, 13.02.1677: "doordien den nabab zijne zoldaten eenige jaren niet met silvere ropyen, maer met goude mooren, doende ijder 15 ropia heeft betaelt en soo lange dien vorst daarbij continueert, staat het gout vervolgens noch meer en meer te daalen." (For the past few years the Nawab has been making payments to his soldiers not in silver rupees but in gold muhr, which sell for 15 rupees, and as long as the regent continues with this practice, the price of gold is bound to decline even more and more); Prakash, *The Dutch East India Company*, 132. According to Prakash, after the 1670s European silver fed the burgeoning Bengal trade.

<sup>100</sup> Irfan Habib, "A system of trimetallism in the age of the 'price revolution': Effects of the silver influx on the Mughal monetary system," in *The imperial monetary system of Mughal India*, ed. J. F. Richards (Delhi: Oxford University Press, 1987), 139–40. Also see Irfan Habib, "The monetary system and prices," in *The Cambridge economic history of India*, vol. 1, c. 1200–c. 1750, ed. Tapan Raychaudhuri and Irfan Habib (Cambridge: Cambridge University Press, 1982), 360–81, esp. 360–61.

<sup>101</sup> Om Prakash, "Foreign merchants and Indian mints in the seventeenth and the early eighteenth century," in *The imperial monetary system of Mughal India*, ed. J. F. Richards (Delhi: Oxford University Press, 1987), 182–88.

<sup>102</sup> Prakash, "On coinage," 475–91; Prakash, "Foreign merchants and Indian mints," 171–92.

mints—from 5 percent in the late sixteenth century to 2½ percent by the eighteenth century—had a favourable effect on monetization and trade.<sup>103</sup>

The copper dam underwent considerable experimentation before emperor Aurangzeb introduced a lighter dam from about 1663–64, probably in an effort to make peasants' land revenue payments easier and to facilitate petty market transactions in an era of growing monetization. Scholars debate the extent to which small denomination coins of copper supplemented the monetary system based on silver and gold coins.<sup>104</sup> Alongside metallic currencies, there were non-metallic monetary media such as cowries and bitter almonds. The vale of these humble monies were quoted in terms of silver rupees. Cowries and bitter almonds facilitated petty transactions in Bengal and Gujarat, respectively. On the eastern Ganga plain at places such as Kasimbazar, cowries were used for purchasing raw silk even though silver rupia dominated the market transactions.<sup>105</sup> Ryuto Shimada suggests that the predominance of cowrie shells as a lower denomination currency in Bengal hindered the prospects of the VOC's trade in Japanese copper for its use as a currency. In the eighteenth century, the price of copper in Bengal remained below that of copper sold on the Coromandel Coast.<sup>106</sup>

In spite of the continued existence and circulation of non-metallic currencies, the Mughals always strove for a universal metallic currency regime within their empire.<sup>107</sup> The Mughal commitment to a uniform currency necessitated centrally regulated imperial mints for coining bar silver and recasting foreign coins before allowing them to circulate in the empire. It is not our intention here to enter into the vexed problems of the Mughal monetary history, the “price revolution,” and the level of monetization in South Asia.<sup>108</sup> Focus of my study remains on the eastern Ganga plain and I shall underline the regional economic dynamics by looking at the location of certain principal mints and the circulation of money and credit.

---

<sup>103</sup> Prakash, “On coinage,” 481.

<sup>104</sup> Frank Perlin, “Money-use in late pre-colonial India and the international trade in currency media,” in *The imperial monetary system of Mughal India*, ed. J. F. Richards (Delhi: Oxford University Press, 1987), 232–73, esp. 237.

<sup>105</sup> W. Ph. Coolhaas, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 6, 1698–1713 ('s-Gravenhage: Nijhoff, 1976), 79, Van Outhoorn, Van Hoorn, enz. XXIII, 23.11.1699: “Het is niet zeker, of de zijdesoort, ‘mogta’ in Kasimbazar kan worden ingekocht, daar die met de ontbrekende cauris moet worden ingekocht” (It is not certain if the *mogta* variety of silk can be purchased at Kasimbazar, where it should be bought against the cowrie shells that are in shortage. On cowries see also James Heimann, “Small change and ballast: Cowry trade and usage as an example of Indian Ocean economic history,” *South Asia* (N.S.) 3:1 (1980): 49–69.

<sup>106</sup> Ryuto Shimada, *The intra-Asian trade in Japanese copper by the Dutch East India Company during the eighteenth century* (Leiden: Brill, 2006), 122–24.

<sup>107</sup> Sanjay Subrahmanyam, “Introduction,” in *Money and the market in India 1100–1700* (Delhi: Oxford University Press, 1994), 20. In this respect Gujarat remained an exception; well into the seventeenth century, many tributary chiefs continued to mint *mahmudis*, used in the local transactions, while rupia were used primarily for long-distance transactions and revenue remittances.

<sup>108</sup> For a brief survey of this historiographical problem, see Subrahmanyam, “Introduction,” 1–56, esp. pp. 43–54.

The Mughal conquest of the eastern Ganga plain and the region's economic integration into the empire necessitated an efficient system for extracting surplus revenue. This required an expansion of the institutional infrastructure including the establishment of mints. As the administration became more rooted in the region and the economy expanded in the seventeenth century, the state opened new mints and increased the capacity of the existing ones. In the seventeenth century the principal mint was located at Rajmahal, although Patna and Dhaka also appear to have been significant if the types of coins issued there are a reliable guide.

Mints	Akbar, r. 1556–1605	Jahangir, r. 1605–28	Shah Jahan, r. 1628–58	Aurangzeb, r. 1658–1707
Patna	G S C	G S	G S C	G S
Rohtas	—	S	—	—
Hajipur	G	—	—	—
Rajmahal	G S C	S	G S	G S C
Karimabad	—	—	—	S
Murshidabad	—	—	—	G S
Tanda	S C	—	—	—
Dhaka	—	G S	G S	G S
Chittagong	—	—	—	G S

Table 6.1. Coins issued by select Mughal mints, 1556–1707.<sup>109</sup> Note: G = gold, S = silver, C = copper.

That the principal mints such as Patna and Rajmahal were in an area where economic and agricultural expansion was in full swing during the early decades of the Mughal rule is suggestive. Gold and silver coins from the mints of Dhaka from the reign of Jahangir would have been used to pay the Mughal army during the wars with Arakan to the east. As we noted in Chapter 5, during the first half of the seventeenth century it was the western delta and the hinterland of Bihar that emerged as the hubs of trading and commercial activities and attracted the European Companies. The location of the Rajmahal mint at the centre of this economic zone would have met the need for liquidity.<sup>110</sup> In the 1690s the Rajmahal mint temporarily shifted to Hugli. According to

<sup>109</sup> M. P. Singh, *Town, market, mint and port in the Mughal empire 1556–1707* (New Delhi: Adam Publishers, 1985), based on appendix A, pp. 239–252.

<sup>110</sup> Najaf Haider, “The quantity theory and Mughal monetary history,” *MHJ* 2:2 (1999): 336. On the basis of museum catalogues and treasure hoard specimens it has been suggested that the Rajmahal mint's output showed an unusual spurt in the period 1630–35. According to Haider, this was intended to supply money for the Mughal war effort against the Portuguese (numbering about five or six thousand souls in total) who were driven away from Hugli in 1632 and whose captured wealth was put into the mint for coinage. This line of reasoning may be plausible, although one needs to wonder about the scale of military mobilization against a mere five or six thousand unorganized Portuguese traders, the money dispatched from the Mughal court, and the actual amount of treasure seized from the Portuguese. Perhaps more important for the increase activity at the Rajmahal mint was the commercial expansion already underway in a region that began attracting the European Companies from the 1630s. For the problems associated with the museum and hoard specimen and the currency output, see Subrahmanyam, “Introduction,” 51–3; see also John S. Deyell, “Numismatic methodology in the estimation of Mughal



Om Prakash, this was done in insecure political circumstances following the rebellion of the zamindar Sobha Singh and possibly also because of the Afghan uprising.<sup>111</sup> When the eastern delta was politically and economically integrated in the Mughal Empire, the principal imperial mint followed. The Karimabad mint at Murshidabad took over Rajmahal's role as the chief imperial mint in the first decade of the eighteenth century.

In terms of the circulation of money and credit and the effects of increased liquidity on the economy one may ask whether river transportation on the Ganga facilitated the circulation of cash and credit in the expanding economy. A discussion about the circulatory networks along the river will throw some light on this question.

Once bullion, foreign coins, and Japanese gold *koban* were imported to Hugli, the European Companies needed to convert it into Mughal coins taking their silver directly to the government mints or to shroffs, who served as intermediaries. As cash was needed to purchase goods and to clear debts, the Companies often had to borrow money from the markets to settle their accounts. Obviously, the Ganga was the most common route through which the money moved from the delta to the hinterland.

In 1652, the VOC purchased goods worth *f.* 80,000 at Patna, but the record do not mention whether cash or bills of exchange were used for this purchase.<sup>112</sup> Evidence from 1667 shows that out of sixty-two *kassjens* (cases) of silver, the Dutch took forty-two to the Rajmahal mint and the rest to Patna to give minting a trial there (*tot een preuve naer Pattena opgesonden*).<sup>113</sup> In 1699 the difficulties in transacting business, high interest rates, and an appreciation in the price of silver at Kasimbazar were attributed to the diversion of more silver to Patna.<sup>114</sup> Although throughout the seventeenth century the VOC and other Europeans continued to mint the bulk of their bullion at Rajmahal, significant quantities of silver did reach the Patna mint.<sup>115</sup> Following the death of Shah Alam in 1712, the VOC's *vakeel* at Rajmahal, Nanderaam Raaij, cautioned the Dutch officials at Hugli against taking silver to Patna.<sup>116</sup> The

---

currency output," *IESHR* 13:3 (1976): 393–401. For the number of Portuguese at Hugli, see Coolhaas, ed., *Generale Missiven*, 1:293, Specx, Vlack, enz. II, 07.03.1631.

<sup>111</sup> Prakash, "On coinage," 480; Prakash, "Foreign merchants and Indian mints," 175; for the Afghan rebellion in 1696–97 under the leadership of Rahim Khan, see Wilson, *The early annals of the English in Bengal*, 1:148–49.

<sup>112</sup> Coolhaas, ed., *Generale Missiven*, 2:622, Reniers, Maetsuyker, enz. VII, 24.12.1652.

<sup>113</sup> W. Ph. Coolhaas, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 3, 1655–1674 ('s-Gravenhage: Nijhoff, 1968), 548, Maetsuyker, Hartsinck, enz. XXXVI, 25.01.1667.

<sup>114</sup> Coolhaas, ed., *Generale Missiven*, vol. 6: 79, Van Outhoorn, Van Hoorn, Pijl, De Haas, Van Riebeeck, enz. XXIII, 23.11.1699: "zilveren munten brachten er meer op dan bij vermutting te Rajmahal, spruytende de hoge prijs van 't silver uyt de behendige, dog periculouse vervoeringe van 't selve na Pattena om 't extraordinair hoge opgeld op de wissel te profijten."

<sup>115</sup> In 1704 a consignment of silver was being sent to Patna when the authorities at Rajmahal forced the Dutch to use the Rajmahal mint, see Coolhaas, ed., *Generale Missiven*, 6:271, Van Outhoorn, Van Hoorn, enz. XLI, 01.02.1704; see also NA, Hoge Regering Batavia, Inv. Nr. 163, 22.05.1711, pp. 917–25.

<sup>116</sup> NA, VOC, Inv. Nr. 8743, From Hugli to Batavia 25.03.1712, "Translaet missive in 't Persiaans aan den E: E: heer Anthonij Huijsman... den 20 Maart 1712 en ontfangen den 24 daar aan," pp. 362–63, and

unsettled political situation along the Ganga continued for some years, and in 1716 it was reported that at Hugli the VOC had 119,688 ducats which should be minted at Kasimbazar because sending this to Patna would be too risky.<sup>117</sup> In 1743, the Hugli council sent 268,188 rupees worth of bar silver to Patna to settle accounts there.<sup>118</sup> A final report of 1755 mentions Patna among the other mints of Bengal where the Dutch sent gold, silver, and copper for minting.<sup>119</sup>

Taking bullion to the Patna mint was one of many ways by which the Dutch increased the liquidity of the purchasing market. As we noted above, they frequently resorted to borrowing money, and they also remitted money to be encashed at Patna by means of bills of exchange (*wissel* in Dutch, or *hundi* in Hindi). Patna received money not only from Hugli but also from Agra. In 1677, the Dutch remitted two bills of exchange worth 24,000 rupees from Agra to Patna at an exchange rate of about 3.19 percent. During the same year the VOC factory at Surat ordered their Agra counterpart to use similar methods to remit amounts up to 100,000 rupees to Patna at slightly higher exchange rates.<sup>120</sup>

The bills of exchange for remitting money between Patna and Hugli functioned at much lower rates of between 0.25 percent and 3 percent.<sup>121</sup> In 1731 the Dutch merchants raised 395,000 rupees at Patna from the bills of exchange,<sup>122</sup> although the rate is not specified. More than a decade later, the Dutch took money at Patna and drew a bill on the chief factory at Hugli at 3 percent. The higher exchange rate in this instance was probably the result of insecurity arising from the Maratha incursions.<sup>123</sup>

---

NA, VOC, Inv. Nr. 8743, From Hugli to Batavia 25.03.1712, “Aen de E: Ewout van Dishoek, oppercoopman, secunde der Bengaalse directie,” signed by Anthonij Huijsman at Hugli on 23.03.1712, pp. 365–67, see esp. p. 366.

<sup>117</sup> W. Ph. Coolhaas, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 7, 1713–1725 (’s-Gravenhage: M. Nijhoff, 1979), 222, Van Swoll, Castelijm, enz. X, 19.02.1716.

<sup>118</sup> Schooneveld-Oosterling, ed., *Generale Missiven*, 11:64, Van Imhoff V, 31.12.1743.

<sup>119</sup> NA, VOC, Inv. Nr. 2849, MvO Louis Tailleffert to Adriaan Bisdorn, 27.10.1755, fo. 178r.

<sup>120</sup> Coolhaas, ed., *Generale Missiven*, 4:175, Maetsuyker, Van Goens, enz. LXXXII, 05.07.1677: “Op welke wijze van remitteren, al was ’t ook met wat meer verlies, was uyt Zuratta naar Agra ordre gegeven vooreerst met cleene partijtjes tot 100000 ropia toe na voorz. Patna over te mogen maken.” Another source of the 1680s mentions the rate of exchange for remitting money from Agra to Patna as 1.275 percent. The exchange rate on transfer from Agra to Surat is quoted at 8 percent; see Khachikian, “The ledger of the merchant Hovhannes Joughayetsi,” 174.

<sup>121</sup> In the late seventeenth century the exchange rate at Patna was a quarter of percent, see Coolhaas, ed., *Generale Missiven*, 5:329, Camphuys, Van Outhoorn, enz. XX, 30.12.1689: “Het gerede capitael was in Pattana ook ten eynde geweest en sulx door die residenten een wissel van 25500 ropia met ¼ en ½ per cento verlies na Ougly getrocken.” For another reference to half percent exchange rate, see NA, VOC, Inv. Nr. 2153, Houglij’s dagregister, entry of 3.03.1730, fo. 8702r; see also Jurrien van Goor, ed., *Generale Missiven van Gouverneurs-Generaal en Raden aan Heren XVII der Verenigde Oostindische Compagnie*, vol. 9, 1729–1737 (’s-Gravenhage: M. Nijhoff, 1988), 38, Diderik Durven V, 30.11.1729: “Onderwijlen schijnt het trecken van vier wissels tot een montant van 161.000 ropias door die van Pattana tegens een verlies van 1, 1¼ en 2 ten hondert om het gebrek aan penningen tot voortsetting van den zalpeter en lijwaatprocure.”

<sup>122</sup> Van Goor, *Generale Missiven*, 9:380, Dirk van Cloon II, 08.12.1732: “Om in Patna geen tekort aan contanten te krijgen, moet men blijven vasthouden aan betaling met wissels. In 1731 is daar voor 395.000 ropia op wissels gestort.”

<sup>123</sup> Schooneveld-Oosterling, ed., *Generale Missiven*, 11:64–65, Van Imhoff V, 31.12.1743.

Except for the years around 1760, when the political situation at Patna was very uncertain, during the second half of the eighteenth century exchange rates for remitting money either to Hugli or Patna remained around 2.5 percent.<sup>124</sup> In general, the sources give an impression that credit and bills of exchange circulated along the Ganga between Hugli and Patna with relative ease.

The volume and velocity of money in the Ganga plain raises some questions. Why was money from different parts of the Indian subcontinent pouring into the eastern Ganga plain? The answer probably has to do with the fact that with its navigable rivers, fertile lands, and growing population, when demand in the international market peaked and money flowed in, the eastern Ganga plain was capable of absorbing large amounts of specie and sustaining a robust economy. Sources furnish information on a voluminous trade not only in established commercial goods but also in rice and sugar.<sup>125</sup>

## Conclusion

As the Ganga was a fluvial highroad, not only merchandise but also information related to market and political intelligence moved quickly following its water course. Indigenous and European merchants utilized the logistical facilities and institutions available for intelligence gathering and transmission of news. Evidence from the European Companies' documents shows that *harkaras* (messengers) and *qaseeds* (couriers) were essential parts of their factory establishments.<sup>126</sup> These informants and couriers gathered and transmitted all sorts of political news and market-related information to their employers. Indeed, these institutions were not a European

---

<sup>124</sup> For the weakening of the *hundi* or bills of exchange network from Patna around the early 1760s, see NA, VOC, Inv. Nr. 3075, MvO Taillefert to Vernet, Hugli, 17.11.1763, "De koophandel in 't algemeen," paragraph 19, fo. 1341v, and for the suggestion that instead of taking silver to Patna one should take bills of exchange at the rate of 2.5 to 3 percent, see fo. 1345v; NA, VOC, Inv. Nr. 3284, From Hugli to Batavia 01.03.1770, "In de Residentie Kariemabaadh, ulto Juli Ao: 1769," fos. 344v–353r, see esp. fos. 349v–350r: "op die verklaring of met de vermerking van het zilver, weder een begin hadden laten maaken, terwijl de in voorraad geweest zijnde 50,000 ropijen na de oude wijze gemunt zonder eenige verder hesitatie maar geaccepteerd door de wisselaars meermelt, die den bedienden, hiervoor op hunne factours in Pattena hadden verleent een wissel tegen [die] de agio van 2¼ per cento." See also, NA, VOC, Inv. Nr. 3473, Memorie van Overgave from the Directeur Johannes Bacheracht to Johannes Mattheus Ross, July 1776, fos. 638v–639r: "Volgens overeenkomst met de Engelschen in het voorleeden jaar als bij resolutie van 26 October 1775 zal het salpeter voortaan op wissels die 's Comp:s bediendens in Patna na den ontfangst voor dies bedraagen op ons verleen en zullen, waardoor veel zorg voor remises derwaarts, veel moeilijkheeden over de specien, en ten minsten 2½ per cento wissel agio uijtgewonnen word."

<sup>125</sup> For the second half of the seventeenth century, the *Generale Missiven* contain a number of references to the rice and sugar trade from Bengal. Both rice and sugar remained significant trade items into the eighteenth century. For the mid-eighteenth century evidence, see NA, VOC, Inv. Nr. 2862, "Lijst van zodanige inlandsche en andere vreemde schepen," Hugli in 't Fort Gustavus den 16.12.1754, pp. 836–837; and NA, VOC, Inv. Nr. 2862, "Lijst van zodaenige inlandse en andere vreemde schepen," Hugli, 20.03.1755, pp. 1079–1081.

<sup>126</sup> NA, VOC, Inv. Nr. 8776, "Journaal oft dagregister gehouden bij den Luijtenand Jan Geldzak," see the entries of 21, 22, 24, 26, 28.12.1733, pp. 830–31, for instances of sending and receiving letters on daily basis.

innovation and presumably the political elites and local merchants had already been utilizing their services.<sup>127</sup> Thus, information on the prices of commodities at Agra, Allahabad, Banaras, Patna, Kasimbazar, Hugli and Dhaka—a network of more than 1500 kilometres—circulated among the merchants and such information was always quickly available to those who employed the services of harkaras and qaseeds. Also the chief of the market at Patna and other big merchants had firsthand information on prevailing prices.<sup>128</sup> In this respect, Niels Steengaard's assumption that Asian merchants operated without any clue about markets and prevailing prices at different towns stands in need of revision.<sup>129</sup>

In the present chapter I argued that merchants, bankers, and zamindars shared a common trade and economic interest with the Europeans Companies, and that this interest stemmed from the commercial impulses coming from the maritime zone. The merchants and bankers became increasingly dependant on the cash-nexus and the regular infusion of liquidity. Indian merchant magnates could hardly do without the European merchants who were among their biggest clients. Neither ship-owning merchants such as Khwaja Wajed nor local merchants sending cargoes overseas could afford an adversarial relationship with the European Companies. The Chand brothers and opium traders such as Meer Afzal needed the Companies as large-scale buyers of goods. It was this convergence of interests of the local merchants and the overseas economy that oriented the eastern Ganga plain towards the sea, away from the classical Mughal political economy based on coercive exploitation of agrarian surpluses.

In 1979, Karen Leonard proposed the influential “great firm” theory of the decline of the Mughal Empire, which suggests that the great bankers redirected their financial services away from the Mughal Empire and toward the regional polities, including the East India Company.<sup>130</sup> Leonard offers only a partial explanation for why they did so. She probably attaches too much importance to the role of the banking firms in the decline of the Mughal Empire and she glosses over the political-economic processes that engendered such a reorientation in the banking firms' support for the regional polities. Apart from the bankers, and as I hope to have demonstrated the merchants and brokers, of varying standings and scales, Mughal rank-holders and zamindars with an interest in trade (as I discuss in Chapter 7) actively participated in the political economic processes. In the eastern Ganga plain these participants shared a

---

<sup>127</sup> For the Julfan commercial network and the sharing of market information through correspondence from the towns and cities in Southeast Asia, Bengal, Gujarat, Persia, West Asia, and the Mediterranean, see Aslanian, *From the Indian Ocean to the Mediterranean*, 118–19.

<sup>128</sup> NA, VOC, Inv. Nr. 1422, “Instructie voor den Coopman Adriaen van Omme ende den ondercoopman Matheus van Heck gaende gecommiteert om onsent wegen te visiteeren de Comptoiren tot Patna en Sjopra...,” 28.12.1686, fo. 1273v: “aengaende de prijzen konnen uL: onder veel luijden, die daar van kennisse hebben, veel ligt krijgen bij eenen Monnira Cassera zijnde het hoofd van de basaer op Patna, soo mede bij de zalpeter coopluijden Sijaadoesa, Porsottumdas, Deuken Nennen en andere.”

<sup>129</sup> Niels Steensgaard, *Carracks, caravans and companies: The structural crisis in the European-Asian trade in the early 17<sup>th</sup> century* (Lund: Studentlitteratur, 1973), 30, 58–9 (The same book was issued with the title *The Asian trade revolution of the seventeenth century: The East India companies and the decline of the caravan trade* (Chicago: University of Chicago Press, 1974), 30, 58–9.)

<sup>130</sup> Leonard, “The ‘great firm’ theory,” 152–55, 159.

common interest in maritime trade and wanted to efficiently exploit the region's infrastructure for trade and profit. Seen from this perspective, the influential groups in eastern India wanted to have a polity that encouraged the voluntary exchange of goods as well as greater transparency in business and market transactions. Thus, the decline of the Mughal or Nawabi dispensation and the rise of the merchant empire of the English East India Company may be better understood in terms of the changes in polity and economy brought about by different forces along the eastern tracks of the Ganga.<sup>131</sup>

The Ganga formed in effect the backbone of the Mughal Empire. It was this highway of trade and traffic and the agricultural production and market exchange along its banks that provided the Mughals with the wherewithal in terms of the land revenue to keep their empire running. To lose control over the river was to lose the empire itself. The next chapter examines how and why the Mughal leadership lost control over the river, which now became the bailiwick of the local zamindars decades before another zamindar of a different kind (the British) conquered the eastern Ganga plain.

---

<sup>131</sup> The term merchant empire is borrowed from James D. Tracy, ed., *The rise of merchant empires: Long distance trade in early modern world, 1300–1750* (Cambridge: Cambridge University Press, 1993).

