A review of the political and business history of Bengal before the advent of the British East India Company’s rule in 1765

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Abstract: According to Weber (1958), Hinduism and economic development do not go hand in hand. He argued that India had failed to develop capitalism and rational attitudes towards life generally because her religions were ‘other-worldly’. Tilman (1963)³ has also pointed out that the caste system stood in the way of economic development as it restricted social mobility. The present study explores the business history of Bengal from the perspective of religion and caste system that existed in Bengal prior to the British rule. This paper reviews major publications on this topic to address the following two questions: (i) How was the political and business history of Bengal before the advent of the British East India Company’s rule in 1765? (ii) How had caste and religion influenced business activities of Bengal? The period of this critique remains confined to mid-eighth to mid-eighteenth century Bengal.

1.1 Introduction

Bengal was one of the wealthiest regions of the Asian subcontinent prior to the invasion of the British East India Company in 1757. It was the major production centres of textiles—both cotton and silk, perfumes, gold and silver jewellery and many other intricate crafts which included materials made out of iron, brass, bell metal, sea shells, wood, ivory. Needless to say Bengal was also a major cultivation centre with thousands of varieties of rice and other fruits and vegetables.⁴

After the Battle of Plassey⁵ in 1757, the British East India Company took control of Bengal. Since then the Nawabs (Muslim rulers or princes) of Bengal were little more than puppets. Their final humiliation came in 1765 when the Mughal Emperor Shah Alam granted the Diwani of Bengal—the right to collect the land revenue—to the East India Company. From then on, the Diwani became the main source of British revenue from India.⁶

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³Tilman (1963)
⁴Choudhury S (2014)
⁵The Battle of Plassey was a decisive victory of the British East India Company over a much larger force of the Nawab of Bengal and his French allies on 23 June 1757, under the leadership of Robert Clive. The battle helped the Company seize control of Bengal.
⁶https://www.nationalarchives.gov.uk/education/empire/usefulnotes/g1cs3s6u.htm
The Treaty of Allahabad was signed, on 12 August 1765, between the Mughal Emperor Shah Alam II and Robert Clive of the East India Company. The Treaty marked the political and constitutional involvement and the beginning of British rule in India. Based on the terms of the agreement; Alam granted the East India Company Diwani rights, or the right to collect taxes on behalf of the Emperor from the eastern province of Bengal-Bihar-Orissa. These rights allowed the Company to collect revenue directly from the people of this region. In return, the Company paid an annual tribute of twenty-six lakhs of rupees (equal to 260,000 pounds sterling) while securing for Shah Alam II the districts of Kora and Allahabad.

1.2 Objectives and scope of the study

According to Weber (1958), Hinduism and economic development do not go hand in hand. He argued that India had failed to develop capitalism and rational attitudes towards life generally because her religions were ‘other-worldly’. Tilman (1963) has also pointed out that the caste system stood in the way of economic development as it restricted social mobility. The present study explores the business history of Bengal from the perspective of religion and caste system that existed in Bengal prior to the British rule.

This paper reviews major publications on this topic to address the following two questions

(i) How was the political and business history of Bengal before the advent of the British East India Company’s rule in 1765?

(ii) How had caste and religion influenced business activities of Bengal?

The geographical contour of Bengal has changed over the years. For the convenience of our discussion we shall consider Bengal as the vast land which under Mughal period consisted of the present day West Bengal, Odisha, Bihar and Bangladesh.

The period of this critique remains confined to mid-eighth to mid-eighteenth century Bengal

1.3 Major findings of the study

1.3.1 Decline of Buddhism in Bengal

According to BenoyGhosh (1979), Bengal has passed through three historical phases of cultural synthesis. First, the long phase of Aryan and non-Aryan synthesis second was the period of Hindu Muslim synthesis and third was the synthesis of oriental and European culture which began with the entry of hordes of European merchants in Bengal since sixteenth century onwards.

With the decline of the Pala dynasty (eighth –eleventh CE), which were Buddhists by faith and were rooted in Bengal, orthodox Hindu rules of South India (Sena dynasty) ruled Bengal, for about two hundred years, till Afghan –Turk invaders conquered Bengal.Sena rulers maintained close relations with their Southern roots. Since their coming to power Buddhism declined in Bengal and caste system, based on Manushanghita, was strictly enforced.

1.3.2 Trading (Banik) and Karigar (craft) communities of Bengal

The migration of trading castes to Bengal was stated to have taken place in between 600 to 1000 A.D. approximately. It happened in most cases during the rule of the Pala dynasty in Bengal. Among the trading castes Gandhabaniks claimed to be the earliest settlers in Bengal and they claimed to have helped the migrant Subarnabaniks settle in Bengal.

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8 Weber (1958)
9 Tilman (1963)
Bengali trading community was mostly comprised of a number of immigrant castes and Jatis - namely SubarnaBanik (bullion dealer and banker), GandhaBanik (spice and herb dealer), TantuBanik (textile dealer), TambuliBanik (betel-leaf and betel-nut dealer), SankhaBanik (Conch dealer), KangshaBanik (Bell metal dealer) and Modak (sweet makers). Interestingly most of these merchants claimed to have come from outside Bengal.

To curtail the economic and socio-political power of the Vaisyas, king BallalSen(VallalSena) issued a decree to degrade the Vaisyas of Bengal to the rank of the Sudras. He also robbed them of their right to sport the sacred thread and had prescribed the religious as well as social rites of the Sudras for them. BallalSen also demoted the Vedic Brahmins for their sympathy with the Vaisyas and did not invite them to his famous congregation summoned for introduction of infamous KaulinyaPratha. The institutionalization of Kulinism was based on rules regulating marriage practices, influenced particularly by king BallalaSena. Violation of the rules of matrimony led to loss of social status and even expulsion from the caste community. Historians are of the opinion that since the time of BallalSen the Vaidyas (medical caste) started sporting the sacred thread, which they were not authorized to take before Ballal Sen.

The caste system, as propagated by Manusanghita, got deep rooted among the Hindus of Bengal due to systematic social engineering by the Hindu pundits. At least two Puranas, Brahmavaivarttapuranam and Brihaddharmapuram, included all people excepting the Brahmins, into thirty mixed castes (Sankarajati) and divided them into different segments. An important factor in the evolution of this final stage is the growing fiction that almost all non-Brahmanas were Sudras. However, as a shrewd political move BallalSen had elevated a number of Sudras to the rank of Sat-sudras.

Through a complex process of social engineering a mixed caste emerged in Bengal giving rise to different Jatis. Over a period of time through various permutation and combination the nine crafts communities got recognised as Nabasayak- Sat-Sudra/UttamSudra (those were allowed to offer water to Brahmins). These nine craft communities are: These nine craft communities are Kumbhakar (Potter), Karmakar (Blacksmith), Malakar (Garlander, expert ‘shola’ craftsman), Kangsakar/Kanshari (bell metal and brass smiths), Sankhakar/Sakhari (conch processors), Swarnakar (Goldsmith), Sutradhar (Carpenter), Chitrakar (Artist/Painter) and Tantubaya (Weaver).

At present most of the trading (Banik) and Karigar (craft) communities are classified under ‘Other Backward Class’ (OBC) in Indian Census reports.

1.3.3: Emergence of BrahimKayastha and Baidya as the dominant ‘service community’ in Bengal

The institutionalization of Kulinism, by King BallalSen, included compiling genealogies of kulin lineages of the Brahmin, Kayastha, and Baidyavarnas which formed the main echelons of the upper castes in the hierarchy of the caste system in Bengal. The higher status of the kulin lineages within their varna was linked to the claim that they were descendants of immigrants from Kannauj. Thus a ‘service community’, comprising of the Brahmin- Kayastha and Baidya, had been established and they still continue with their dominance in the socio political space of Bengal.

1.3.4 Bengal under Islamic rulers

In the year 1203 AD, under the instruction of Delhi emperor QutubuddinIbek, Bakhtiar Khilji had invaded Bengal and became its ruler. From that year till the British East India Company got its political right in 1765 to rule, Bengal was ruled by Muslim rulers. In this long 562 years, 76 rulers had ruled Bengal. Out of these rulers, with the exception of Raja Ganesh, Jalaluddin, Ahmed Shah, Raja Todarmalla, and Man Singh, rest 71 were either Afgani or Irani or Mughal rulers of Bengal.
Initial identity of Bengali Muslims, under the Turk-Afgan and Mughal rule during the formative phase of spread of Islam from the 13th century to 17th century, began with the interaction between the Sahajiya religious traditions of Bengal with Sufism of Islam. The SahajiyaSadhana or religious tradition was brought into focus through the philosophical formulation of the Buddhist Sahajiyas under the Pala rulers (8th -11th century) in Bengal.

The Sufis came close to the Sahajiyas because both of them opposed the imposition of caste structure of Brahmanic Hinduism in Bengal. The peasant cultivators of Bengal who had assimilated Islam, did not perceive it as a totally alien religious system. It was not imposed on them forcefully by the Islamic rulers.

This process of economic growth in Bengal which was initiated during the reign of Sultan Husain Shah assumed wider dimension during Mughal period due to two major reasons. First, till early mediaeval period the river Ganges flowed down the Bengal delta’s western corridor through the Bhagirathi-Hoogly channel, emptying into Bay of Bengal near Kolkata. This left eastern Bengal disconnected from the Ganges system. Due to continuous sedimentation, Ganges gradually moved to the new channels to the east. Finally in late 16th century, it linked up with Padma enabling its principal course to flow directly to the heart of East Bengal. The implication of this was far reaching as it linked the economy of the economy of eastern Bengal with the wider markets of upper India.

The second factor was more important. The eastward movement of Ganges carried with it the epicentre of Bengali civilization to the east as annual flooding deposited immense amount of silt that made possible better cultivation of wet-rice in eastern Bengal, which in turn sustain larger concentration of population in the eastern part of the delta. Between 1595 and 1695, Mughal revenue demand (which was based on the capacity of land to produce grain) jumped by 117 per cent in delta’s South-Eastern region and ninety seven percent in the North-East. But it increased by only 54 per cent in the less –active South-West and in North-West it actually declined by 13 per cent.

The merger of Ganga–Padma took place at a time when the whole of Bengal was being absorbed by one Mughal empire under Akbar. Unlike the Turk-Afgan rulers of Bengal who situated their capitals in the North-Western delta (Gaur, Pandua), the Mughals in the early sixteenth century planted their provincial capital at Dhaka, in the heart of the eastern delta. Thus for the first time ever, eastern Bengal –an underdeveloped, inaccessible and heavily forested hinterland, became the focus of concerted and rapid political and economic development.

In addition to planting their capital to Dhaka, the Mughals granted favourable (even tax free) tenures of land to industrious individuals, ‘forest pioneers’, who were expected to clear and begin cultivation in the under developed forest tracks. The policy was intended to promote the emergence of local communities that would be both economically productive and politically loyal.

Three dominant patterns of tensions could be identified in Bengal Muslim society since the medieval period. (i) Social and cultural barriers emerged sharply between the urban immigrant Ashraf culture and the rural Atrap culture of the Muslim peasants and artisans with their roots in Bengal country side. (ii) a deep tension prevailed between the Mullahs and Maulavis and segments of immigrant Muslims and the syncretic –pantheistic beliefs and practices of the majority of rural Muslims as well as the heterodox Sufi sects (iii) Stress and strain were aggravated due to the negative attitude of the Ashraf class towards Bengali cultural symbols, specially the language. The negative attitude towards Bengali language and culture affected the psyche of even non-literate rural Muslims, which eventually came to be linked to the question of their social origin. These major contradictions were partly resoled with the emergence of the state of Bangladesh in 1971.
1.3.5 Dominance of non-local merchants in external and internal trade

Merchants from various parts of Asia including the Arabs, Turks, Persians, Mughals and Armenians as also from different parts of India traded in Bengal in first half of the eighteenth century. The Asian merchants engaged in Bengal trade had certain distinct features. They often acted, as brokers, agents or merchants to the European companies, supplying their investments or buying their imports. At the same time they traded with their own capital, quite independently of the European companies. They also acted simultaneously as shroffs or money changers and bankers.

Indian maritime merchants were a victim of the breakdown of central power and Indian mercantile shipping almost disappeared from the Indian Ocean during the course of the 18th century because the structure which had supported it, crumbled.

During early to mid-eighteenth century, compared to European merchants the involvement of Asian merchants in the international trade of Bengal’s silk was no less important. Moreover, like European traders, Asian traders also had to bring in bullion to purchase their goods. In this entire export trading activity local merchants were conspicuous by their absence. At most they acted as the local agents (gomosthas) of the European and Asian merchants.

Bengal became the most dominant partner of the European trade from Asia which was mostly carried on by the two major Companies, the Dutch and the English East India Companies. From the early 1680s till the middle of the eighteenth century, these two Companies among the Europeans played the most important role in Bengal’s maritime and international trade. But after the British victory at the battle of Plassey in 1757, it was a different story because the English Company along with its servants, by virtue of its total control over Bengal polity and economy, became intent on wiping out all other merchants.

The objective of the English East India Company’s trade in Bengal was mainly to provide supplies for the English and European markets, and not the procurement of cheap Bengal cloth for barter trade with the East Indies which was the main purpose behind the early Dutch and English settlements on the eastern coast of India.

Within the broad framework of an agrarian economy, Bengal reached a high degree of commercialization during 1650-1720. As a result of the European demand for particular commodities and their procurement by the foreign Companies, the process of market-orientation and commercialization was greatly accentuated. The increase in the production of at least the three main export commodities—textiles, raw silk and saltpetre—was primarily due to the European trading activities.

In 1753, the dadni system of investment was ended, which had its life of about a hundred years, and was replaced by the ‘gomasta’ system under which the gomastas (paid agents or servants) procured the export commodities from different ‘aurungs’ or manufacturing centres. This shift in Company’s investment policy certainly indicates about the fading bargaining power of the Tantubaniks of Bengal.

From the sixteenth century onwards, there were an increasing number of European merchants entering the Indian economy. They found various partners in the bazar economy and among these were some Marwaris. The Marwari JagathSeths constituted a critical part of the Bazar economy.

Between 1718 and 1730, the East India Company took an average credit of Rs 4 lakh per year from Jagath Seth firm. The firm had branches in Hoogly, Calcutta, Varanasi and Delhi. As late as 1757 they were lending Rs 4 lakh per year to the Dutch East India Company and Rs 15 lakh to French East India Company. Though the JagatSeths supported the British in the Battle of Plassey in 1757, which firmly the British control of Bengal, their position began to decline rapidly as the British took over many of the functions from which the Jagat Seth firm had made money.
The distinctive feature of the mercantile world in Bengal was the co-existence of big and small merchants of different castes and regions, operating side by side in various trade marts of the province. Alexander Hume made an interesting analysis of the merchants connected with the investment of the Ostend Company in 1730. Of the ‘24 merchants enlisted by him, 21 were Hindus, 3 Muslims and 1 Armenian. The Hindu merchants belonged to different caste groups.

During early to mid-eighteenth century, the Sannyasis and the Gosains had established a powerful hold on the trade in silks stretching from the Gangetic valley upto the Maratha territories. The Sannyasis or mendicant merchants constitute a sizeable section of the wandering merchants. The Sannyasis of Bengal had their counterparts in Banaras as well. Here they were known as the Gosains, Atlts or Nagas and were all Shaiva by religion.

The sannyasis carried on their mercantile transactions all over India. They bought cotton and cotton piece goods in Poona, Ahmedabad and the Deccan, exported them to Bengal from where they picked up raw-silk, silk piece goods, broad-cloth, copper and spice.

The Gosains had established a powerful hold on the trade in silks. They also brought cotton out of Central India to the banks of the Ganges. Until the 1840s, the Gosains remained the key inland merchants in the growing colonial cotton trade selling at Jalaun, Amraoti, and Kalpi. In Bengal also, the Gosains were important merchants, trading in goods which moved to and from Bengal to the Deccan. They bought large cargoes of raw silk, piece goods, broad cloth, copper and spices in Bengal, which were shipped to Banaras by river, from where they moved farther into Nagpur and the Deccan. The return trade was usually in specie which leads one to conclude that part of this capital was invested in usury.

Murshid Quli and the Bengal Nawabs favoured educated Hindus. This is when many North Indian business families migrated to Bengal such as the Jains of Azimgang Jiaganj and the Jagatseths-Ominchands of Murshidabad. North Indian soldiers of fortune like Vishnudas and his brother, Bharamalla of Ayodhya and the Punjabi Khatris like the Barddhaman rajas could also settle in rather well during this period. The two brothers from Ayodhya brought the martial north Indian Dhashnsmi sadhus to set up Taraknaths temple in 1729. And some years later, the Barddhaman rajas installed 108 Siva-lingas in their famous temples at Nabab-hat. There are more such examples.

The Marathas invaded Bengal six times between August 1741 and May 1751. Nawab Alivardi Khan succeeded in resisting all the invasions in western Bengal, however, the frequent Maratha invasions caused great destruction in the Bengal Subah (Bengal Bihar and parts of modern Orissa), resulting in heavy civilian casualties and widespread economic losses. During their occupation, the Bargi mercenaries of the Marathas are said to have perpetrated massacres against the local populations. According to estimates perhaps close to 400,000 people in Bengal and Bihar were killed.

The Nawab of Bengal agreed to pay Rs. 1.2 millions of chauth from the revenue of Bengal and Bihar, and the Marathas agreed not to invade Bengal again. Following the conclusion of hostilities and disbanding his forces, Alivardi Khan became immensely wealthy even though he had lost one dominion of his estate to the Marathas. The Nawab of Bengal also paid Rs. 3.2 million to the Marathas, towards the arrears of chauth for the preceding years. The chauth was paid annually by the Nawab of Bengal up to 1758, until the British occupation of Bengal. It clearly shows that Bengal was systematically robbed off its resources during Nawabi period also!

In Bengal, the big merchant princes like the JagatSeths, Omichand and Khwaja Wazid dominated the commercial world in the early years of the 18th century. Their power and wealth were closely linked with the favour from the Darbar. With the decline of the Nawabs after Plassey (1757) the power and glory, so long enjoyed by the merchant princes, gradually waned.
Thus before the commencement of the English East India Company’s raj in 1765, various traders and religious sects of North and West India were very active in Bengal. Noted historian N. K Sinha, in his introduction to the reprint of J.H Little’s The House of JagathSeths (1967), blamed Ballal Sen for the dominance of big non-Bengali merchants in Bengal. It may be recalled that BallalSen had marginalized the traditional trading communities by relegating them to the lowest Varna of the caste hierarchy. They were also forbidden from sporting sacred thread, which robbed them of their Dwija i.e. twice born status, usually accorded to the high castes and thus, their fallen status was more exposed. Many of them left Bengal and went elsewhere. It explains to a large extent how bankers from other parts of India, who did not care for this local caste ranking, could easily establish themselves in Bengal ever afterwards.

Conclusion:

Review of Bengal’s political economy for the period under study suggests

(i) After the decline of Pala dynasty, Bengal was mostly ruled by the invading Kings and their representatives. It began with the invasion of the Sena kings of south India and continued with the conquest of Afghan-Turks, Mughals and Maratha mercenaries and the Europeans.

(ii) Caste and religion played a dominant role in shaping the business history of Bengal. Before the commencement of the English East India Company’s raj in 1765, various traders and religious sects of North and West India were active in Bengal. Historians have blamed BallalSen for the dominance of big non-Bengali merchants in Bengal. BallalSen had marginalized the traditional trading and crafts communities by relegating them to the lowest Varna of the caste hierarchy. He was instrumental in the creation of an upper caste “service community”, comprising of the Brahmmins, Kayasthas and Baidyas, at the expense of the ‘entrepreneur community’ of Bengal.

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