INTRODUCTION

Historical Background:

The world witnessed two important geographical discoveries during the last decade of the 15th century. One was the discovery of a new world by Columbus, and the other was the discovery of a new route to an old world by Vasco da Gama. These two events had immediate tremendous significance for Europe. For these soon led to widespread colonisation and trade—colonisation in the thinly populated, underdeveloped, congenial America in the west and trade with the rich, thickly populated, tropical India in the east.

The prosperity of India was known to Europe from very early times. Particularly the Greeks and the Romans during their ancient glorious days were well acquainted with the Indian merchandise. But then there was hardly any direct link between the Indian and the European traders, the Arabs acting as intermediaries between them. With the discovery of the sea-route to India by Vasco da Gama in 1498, almost all the maritime European nations became immediately interested, and one by one they proceeded to establish direct trade relations with India—the Portuguese, the Dutch, the French and the English.

Nature has made England a sea-faring country since the dawn of her civilisation. She had built up her extensive foreign trade from early period. By the middle of the 16th century the English merchants had solidly entrenched themselves in this field and brought into being some five or six general
companies. The East India Company, though somewhat a late product of the time, represented perhaps the most powerful concentration of British capital which had already consolidated its position in England through many and devious ways.

Actuated by the motive of reaping the maximum possible benefit from their ventures the merchant Companies, or at least the most typical of them, generally proceeded on the basis of acquiring and maintaining a monopoly both at home and in the trading countries. They were always conscious of the fact that competition tended to diminish profits. Simultaneously they endeavoured to get exclusive concessions and privileges for themselves from the Governments of the trading countries so that they could buy cheaper. This practice having not always proved feasible, the Companies were led to make attempts to acquire political control over these Governments and then dictated terms to them.

When the European Companies came to India for trading purposes, the Mughals were ruling at Delhi. India then excelled in some agricultural and industrial products all of which her internal market could not consume. India’s trading class had then hardly any foreign trade to its credit. The land-routes were difficult and insecure. The surrounding seas were more advantageous for the purpose. But the Indian powers had not the requisite naval strength to extend protection to the merchant vessels against piracy to which the sea journeys were exposed in those days. So the Mughal

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1. For trading to the East Indies a company was first incorporated by Queen Elizabeth by Letters Patent in 1600. In 1698 a rival company was brought into existence. This gave rise to competition. So, within a period of seven years the two companies were amalgamated under the new title of 'The United Company of Merchants of England trading to the East Indies'. The shorter title of 'The East India Company' seems to be confirmed by 1833.
Emperors and their representatives in the different parts of the country as well as the Indian traders were glad to have European merchants among them and extended a cordial welcome to them. So long as the central Mughal authorities at Delhi were strong enough, these merchant Companies were kept under proper control.

But the situation underwent a radical change when the Mughal Empire began to disintegrate after the death of Aurangzeb, and a vacuum was created. In the past similar situations had almost invariably invited foreign attacks from outside. This time, however, foreigners were already there to take full advantage of the situation. A bid was made by the rival European Companies to fill this vacuum. A struggle for power ensued, out of which the English East India Company emerged victorious. As a distinguished historian has pointed out², this political conquest might be unplanned but certainly it was not unpurposed³.

At first the Company did not want to undertake the political administration of the territories over which it had acquired control. It was then only interested in reaping economic benefit out of this control, and so far the administration was concerned, it sought to maintain the status quo. But a situation has a logic of its own. Things continued to take shape in these parts in such a way that, if for no other reason, at least for the sake of keeping alive

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3. As trade flourished, the Company's ambition rose. Under the leadership of Sir Josiah Child who became a Director of the Company in 1674, the Company "began for the first time to rush impetuously after political importance and power".—Hunter's History of British India, Vol. II, p. 273.

In this connection it may be mentioned that by the Charter of 1661 the Company had already been empowered to make war and peace, and administer justice.
the swan which laid golden eggs the Company could no longer shirk the direct responsibility of administering them.

By the middle of the 18th century the Company had in its possession three extensive but separate territories in India known as Presidencies—Bombay in the south-west, Madras in the south-east and Bengal in the north-east. Bengal was the most important of these three Presidencies, its territory and resources being far greater than those of the other two. In times of emergency Bombay and Madras generally had to depend upon it for the supply of men and money. Besides, very often new administrative experiments used to be for the first time tried in Bengal, and the two minor Presidencies subsequently became the beneficiaries of the results obtained there.

How the situation developed in Bengal:

Bengal was a border-province of the Mughal Empire. After defeating Daud, the last independent Muslim King of Bengal, Akbar’s General, Munim Khan, annexed it and a part of Orissa to the Mughal Empire in 1575. The governmental machinery that was then built up there was more or less of a

4. These territories were called ‘Presidencies’ probably because of the fact that there was a President at the head of the administration of each of these territories.

5. The term ‘Bengal’ suffered from semantic difficulties. It had different denotations at different times. For our purpose the Presidency of Bengal meant the whole of the area which used to be governed by the Government at Fort William in Bengal and, in fact, comprised the provinces of Bengal, Bihar and Orissa. These provinces were formerly governed by the same Nawab. During the period under review, however, the Company had no administrative control over the province of Orissa except the district of Midnapore. The rest of the area was then under the domination of the Marathas and was brought under its control in 1803.

uniform Mughal pattern introduced at the centre as well as at the other provinces. This pattern was composed of both Indian and extra-Indian elements.

Provincial diarchy under the Mughals:

Generally the Mughal Emperors used to appoint two officers to superintend the affairs of the province. One was the Subahdar or the Nazim. In the provinces he was popularly called the Nawab. He was the "first officer" and the executive head and Viceroy of the province. The administration of criminal justice and the police fell within the purview of his department known as the Nizamat. The other was the Dewan. He was in charge of the financial administration of the province. After collecting all the revenues and defraying the expenses of the army and allowing a sufficient fund for the support of the Nizamat the Dewan was to remit the remaining portion of the revenues to Delhi or "wherever the king shall reside and direct." He was also to administer civil justice in the provinces.

Under Akbar the Dewan was subject to supervision by the Nawab. During the reigns of Jehangir and Shah Jahan

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7 Sarkar's Mughal Administration, p. 47.
8 Ibid., p. 5.
9 The term 'Subahdar' comes from the Arabic word 'Sub' which means 'direction'. In early times the provinces of the Empire were named in accordance with their bearings towards the capital.
10 I.b., Governor.
11 It was derived from 'Naib', a word meaning 'deputy'.
12 Bengal Secret Consultations of 17th January, 1772.
13 The term 'Diwan' comes from an Iranian word connected with 'Dabir' meaning 'Writer'. The term was first used during the early period of Arab conquest in the sense of the public register of receipts and expenditure. Subsequently it was used to mean the officers of the Treasury.—Encyclopaedia of Islam vol. 1, p.979.
14 Bengal Select Committee's letter to Court of Directors dated 30th Sept., 1765, para. 22.
15 Bengal Secret Consultations, ibid.
the Dewan was made increasingly independent of the Nawab with a view to keeping a check on the latter. But taking advantage of the distractions of the state after the death of Aurangzeb, the Nawab assumed virtual independence of the Emperor and began to show only nominal and token obedience to him by remitting a stipulated amount to Delhi. He further managed to bring under his control the office of the Dewan. The latter still owed his appointment to a commission from the Emperor. But the Nawab was powerful enough to procure it for his son or some other nearest relation, if not for himself.

Company's acquisition of the Dewani:

Such was the position when the English East India Company appeared on the political horizon of Bengal. It wanted to trade untaxed and eventually became engaged in a struggle for power against the Nawab. After the battle of Plassey in 1757 the Company virtually came to occupy the position of a Nawab-maker, though it had as yet no locus standi in the political life of Bengal from the constitutional viewpoint. In 1758 and again in 1761 the Mughal Emperor was pleased to offer the Dewani of Bengal to the Company. On both the occasions the latter refused to accept the offer lest it should give rise to the "jealousy and ill will" of the Nawab. Besides, the Company was then "in actual treaty to support Meer Cossim", the then Nawab. So, to receive the grant of the Dewani would have amounted to perpetrating an act of hostility against him.

18. General Letter from Bengal to Court of Directors dated 31st December, 1758, para. 9; Ibid., dated 12th November, 1761, para. 58.
cause behind the refusal, however, seems to be that as a condition of granting the Dewani the Mughal Emperor demanded of the Company a price “that was thought by the Governor and Council more than equivalent to the advantage”. The situation underwent a radical change in 1765 when the Emperor himself was depending upon the Company for protection and subsistence. The question of monetary payment on behalf of the Company, therefore, did not arise. Instead of that, Allahabad with the surrounding districts was taken from the fugitive Nawab of Oudh and delivered to the Emperor. The Dewani was demanded as a price for the same. By this time Nazm-ud-Dowla had succeeded on the musnud of Murshidabad. So the treaty-considerations also did not stand in the way. The Company now sought the Dewani of the provinces of Bengal, Bihar and Orissa and was granted it on 12th August, 1765. According to the terms of this grant, the Company would remit annually a sum of 26 lakhs of rupees “to the royal sarkar”. It would also have to provide for the expenses of the Nizamat. Whatsoever remained out of the revenues of these provinces after meeting these charges the Company would appropriate for the protection of the provinces.

What would be the expenses of the Nizamat was settled by an Agreement between the Nawab and the Company on 30th September, 1765. Under this Agreement the Nawab agreed to accept annually the sum of sicca rupees 53,86,181—9 as adequate allowance for the support of the Nizamat. The sum was apportioned under the following heads: (i) Rs. 17,78,854—1


22. Aitchison, ibid.
towards meeting all his household expenses, etc., and (ii) Rs. 36,07,277—8 towards meeting the maintenance-costs of such horses, sepoys, peons, burcandazes, etc., as were thought necessary for the support of his dignity only.

The Nawab thus not only parted with his authority as Dewan but also he became a stipend-holder of the Company. The management of his household-affairs and the administration of criminal justice were, no doubt, retained to him. But here also the Nawab was made to accept a nominee of the Company as "Naib Subah and guardian of his household during his minority." The military defence of the country was also handed over to the Company. As a result, the Nawab was divested not only of the Dewani portion of his administrative authorities but also of some other vital powers that he was to enjoy in the capacity of the Nizam of the provinces so that he could no longer harm the interests of the Company. The original provincial diarchy, though in a somewhat modified form, was thus restored.

Dual character of the Company's administration:

With its position thus consolidated in the political life of the area the East India Company became the de facto ruler of Bengal. Particular as the Dewan of Bengal, Bihar and Orissa it became responsible for the due administration of the civil government of the provinces. From the very nature of the case, however, the Company was hardly fit to play its new role properly.

As a trading corporation the Company was interested in making maximum profit. In fact, it proceeded to acquire territories because, among other things, it could give it certain clear advantages for carrying on its trading exploits. But as a ruling concern it must look to the well-being the of people. The two roles could hardly go together. The Company was in the position of the proverbial two-mouthed bird whose one mouth acted against the other.
Thus we find that for some time after the acquisition of the Dewani, the Company was only interested in appropriating the revenues of the country, which were almost exclusively utilised for financing its investments. It would not then even take the responsibility of collecting the revenues, not to speak of administering the country. When the Company was at last led to undertake the task of administration, its commercial character stood in the way of its evolving an adequate and honest machinery. The revenues of Bengal continued to be applied for financing its investments, as a result of which the governmental machinery could not get enough to feed upon.

The servants of the Company were still ill-paid, and as a compensatory measure they were made to engage in commercial transactions on private account. Even the limited administrative machinery that the Company succeeded in building up in Bengal was primarily pragmatic in character. Much depended upon the exigencies of the situation. It is true that the Company at its early stage laid down certain fixed salutary principles of a public nature\(^{23}\) to govern its commercial transactions. These rules were subsequently applied to the administration of its territorial possessions also. Hardly any fixed and elaborate rules for constituting the different Governmental organs and also for running the Government were, however, evolved after the requisition of the Dewani. The system it sought to build up was however essentially not an impersonal system, the powers and conditions of service often varying from person to person. As has been observed by Hastings in a letter to the Court of Directors, "our constitution is nowhere to be traced but in ancient charters which were framed for the jurisdiction of your trading settlements, the sale of your

\(^{23}\) Subservience of the Military to the Civil Government, Committee way of doing things, majority-rule, seniority as a basis of promotion, etc. are some such principals.
exports, and the provision of your annual investment." Evidently this was not a suitable condition to meet the new situation born of the acquisition of a large territory.

Parliamentary intervention: Ultimately the British Parliament had to intervene. This intervention was based on the assumption that, so far as the territorial part of the Company's administration was concerned, it should act as a trustee on behalf of the Government of England. 24 Under the impact of the Parliamentary intervention the commercial service and administration of the Company started undergoing a qualitative change and rapidly transforming itself into a public service and administration. The Regulating Act of 1773 represented the first significant step on the part of Parliament towards that end, and so the administrative set-up created by the Act occupied the first important stage in that process of transformation. To view our subject in a proper perspective we should keep in mind the transitional nature of the period.

For a clear understanding of the whole situation, the circumstances that ultimately led to the Parliamentary intervention may, however, be briefly stated here.

Indian affairs used to be continuously before Parliament from long before the passing of the Regulating Act. The relation of the Company with the British Government over the former's de facto rule in Bengal, the abuses of this rule and the monopoly of trade enjoyed by the Company were some of the issues which then greatly agitated the minds of the British people. It had its

24. The principle enunciated in this connection by Burghorne and accepted by the House of Commons was—"That all acquisitions made under the influence of a military force or by treaty with foreign princes, do of right belong to the State". Cobbett's Parliamentary History, etc., Vol.XVII. P. 856.
reflection in Parliament too. Occasionally the Parliament had also exacted monetary tributes from the Company. But till the passing of the Regulating Act nothing very particular had been done by the British Government to control the Company’s affairs. By 1770, however, certain developments had taken place both in England and in India, which hastened the administrative interference on the part of Parliament in the shape of 13. Geo. 3, C. 63, popularly known as the Regulating Act. These developments are stated below.

In March, 1772, the Company declared dividend at as high a rate as 12½p.c. But in the month of August of the same year it, though only recently helped by the Bank of England was compelled to apply to Parliament for a loan of £1,000,000. This proved that there was hardly any justification for the declaration of the dividend in March. It was, therefore, found necessary to reform the Company’s home administration so that henceforward it might develop a more responsible attitude towards its affairs.

Among other things, what immediately led to the Parliamentary intervention is that a devastating famine broke out in Bengal in 1769-70, while the Company’s servants continued to return home from there with fabulous riches. The situation was rendered all the more intriguing because the financial position of the Company itself was very bad. It showed that things were not going well with the Company’s administration in Bengal. A Select Committee soon followed by a Secret Committee was appointed by Parliament in 1772 to inquire into the affairs of the Company’s Bengal administration. The

25. An abstract of the main arguments produced in the debate upon the Regulating Bill and other connected proceedings to be found in the Annual Register for 1773, Ch. VII, pp. 95-108.
reports of both the Committees were highly condemnatory and emphasized the acute necessity of executing certain reforms in this administration. In the words of Burke, relief and reform must go together.

Two Acts were now passed by Parliament. By one the Company was granted a loan on certain conditions, and the other was the Regulating Act. Its purpose, as we shall see later on, was only to influence and control. Locke was then a prophet in England. Among other things, the 18th-century tradition of the sacredness of property stood in the way of Parliament's abrogating the chartered rights of the Company and directly assuming the task of governing the Indian territories.

Scope of our study: The period under review comprises nearly twelve years. It began with the inauguration, in Bengal, of the Regime under the Regulating Act and ended with its replacement by that under Pitt's India Act. The Regulating Act was originally meant to last only for five years. In terms of an Act of 1744, the Company's privileges, unless definitely extended, were to cease from the year 1780. The Regulating Act and the administrative set-up brought into being by it were originally meant to cover a period roughly up to this, in course of which certain over-due reforms were to be carried out in the body politic of the Company. But by 1779 the British Government became so very busy with the international situation and the American affairs that it could hardly manage to turn its attention towards India. So, in 1779 and again in 1780 the Regulating Act was each time given a fresh lease of life for one year only. Simultaneously the period for which the Company's privileges were granted was also extended. In 1781 Parliament further extended the Company's privileges to three years' notice after 1st March, 1791 and amended some of the provisions of the Regulating Act for coping with some
of the difficulties experienced in course of the working of the Act. In 1784 Pitt’s India Act was passed\(^{26}\). But it could not be properly enforced in Bengal till the arrival of Cornwallis in 1786. Only those provisions of the Act which dealt with the home administration were made effective almost immediately after its enactment. Thus we see that so far as Bengal was concerned, it was the Regulating Act which remained operative for the whole of the period under review.

In the following pages we shall try to see how far the Company, thus aided by the British Parliament, succeeded in building up in Bengal an administrative machinery, which if not entirely English in character, was at last adequate and responsive to the needs of the people, in course of this highly significant period of twelve years. For the convenience of our study we shall split the subject under the following heads:

(A) **Home Administration**: The subject of our study is the administrative system of the East India Company in Bengal. But the Bengal administration was a subordinate branch of the Company’s administration in England which used to give shape to its structure and policy\(^{27}\). For a proper understanding of the Company’s administration in Bengal, we should have some basic idea about how the Company’s home administration was run.

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26. 24 Geo. III. c. 25. The circumstances that led to the passing of Pitt’s India Act were almost similar to those before the Regulating Act. In 1781 two enquiry Committees were appointed by the House of Commons—a Select Committee to enquire into the administration of justice and a Secret Committee to enquire into the Causes of the Carnatic War. The reports from both the Committees were highly unfavourable, and it came to be generally felt that the Regulating Act had failed. In 1783 the Company was compelled to petition for relief. As reform should accompany relief, Parliament passed Pitt’s India Act in 1784.

27. Unlike all previous foreign conquests, parts of India were now brought under Governments which had their administrative gravity outside the country.
In the very first Chapter of our thesis we shall deal with the company’s home administration and shall see how far it could outgrow its commercial character, thus giving a proper lead to the Bengal Government in discharging its new role emanating from the acquisition of an extensive territory.

(B) Top Political Administration: The Governor-General and Council stood at the apex of this administration. They were granted a limited supervisory role over the other two Indian Presidencies and empowered to legislate for the good government of this Presidency within the framework laid down by the British Parliament and the Court of Directors. They were responsible for the posting and promotion of the Company’s civil servants on the establishment of the Bengal Presidency. The revenue-administration was their handiwork. They erected Courts and framed rules for the administration of civil justice. They also built up a police-administration for the Metropolitan Town of Calcutta, and exercised control and supervision over the Nizamat too.

Owing to the importance of this Council in the total administrative set-up we have devoted as many as three chapters to the consideration of its different aspects.

The second chapter of this thesis deals with its powers and positions vis-a-vis the other administrative bodies; the third chapter with its relation with the Governor-General who constituted the head of the administration, and the fourth chapter with its constitution and office-organisation.

(C) Civil Service. The fifth chapter of our thesis deals with the Company’s Civil Service which supplied manpower for all the different fields of administration—political, judicial and fiscal. The civil servants virtually constituted so
many arms of the Governor-General and Council. The latter framed their policy on the basis of the informations supplied by these servants who again were the instruments through whom that policy was implemented. In fact, the members of the Council themselves formed a part of this Civil Service.

In this chapter an attempt has been particularly made to show how far the Company's servants who were originally all merchants succeeded in transforming themselves into public servants during the period under review, i.e. to say, how far their intellectual and moral equipments and conditions of service enabled them to discharge their public duties satisfactorily.

(D) Revenue Administration: It is a regular supply of public revenues which keeps a governmental machinery working. But to build up a revenue-machinery in a foreign country was one of the most difficult tasks that the Company had to undertake. It required a detailed knowledge of many intricacies which were not easily accessible to its servants who were not only new to the work but were also quite ignorant of the languages, customs, rights, etc. of the Indian people. The result was that the Company's Government had to grope in the dark and had to make a series of experiments to find out the right way.

We have described in the sixth chapter the revenue-administration that the Company built up in Bengal during the period under review and have tried to see how far it succeeded in drawing water out of the sponze without letting it go dry.

Immensity of the task of the Company:

To build up an Empire was, no doubt, a difficult task. But surely no less difficult was the task of placing it on a
sound footing after having come by it. The administrative problem that faced the Company during the period under study was largely similar in nature to that confronting King Henry VII of England, from whose times the modern period was understood to have been ushered in there. The war of Roses was just over. There was complete chaos and disorder. The collection of revenue was also very irregular. Dark forces were abroad. A strong administrative machinery would have to be created for maintaining peace and discharging other essential Governmental duties. The situation that emerged in India in the wake of the disintegration of the Mughal Empire was no less serious. So the Company was required to reclaim, renovate and add.

And this had to be done in an alien country whose languages, customs and manners were quite unfamiliar to them and with the help of people originally recruited for commercial depots and counting houses. There was also no precedent to draw upon. The Company had to proceed mostly on the method of trial and error. The accomplishment of the task that confronted it almost verged on a miracle. And this miracle had been performed mostly through the administrative zeal, organising ability and sense of discipline of its servants. The quality of local leadership was also great. It knew how to subordinate private interests to the cause of the nation. The Governmental structure that the Company gradually succeeded in building up in Bengal was indeed “a miracle of organisation”.

The king in Parliament, the Court of Directors, the Governor-General and Council, and the country government all co-operated and combined to erect this administrative structure in Bengal during the period under review. In a way it resembled a weaverbird’s nest. Materials were collected from various sources and then woven into a common fabric.