

CHAPTER II

THE DIWANI, THE EXPLOITATION OF BENGAL, DYARCHY, AND ANARCHY

1. THE GRANT OF THE DIWANI

WITH Plassey and the following arrangements with successive nawabs of Bengal, the real authority had passed into the hands of the Company. When its unreasonable demands regarding freedom of private trade from dues and the right to act as judge in its own cause had driven Mir Kasim to revolt and open war, a new treaty with Mir Jafar provided further limitations on the nawab's power. He was to limit his forces, to receive a permanent resident at the durbar, and not to levy more than $2\frac{1}{2}$ per cent duty on English trade, while compensation was to be paid for all losses, public and private, due to the disputes with Mir Kasim. This accord still left room for some independence on the nawab's part. He appointed Nandakumar as his chief minister, and his attitude during the war with Mir Kasim and his allies, the nawab of Oudh and the Emperor, was deemed dubious. So at his death in 1765 the position was strengthened by the grant of recognition to his son Najm-ud-daula only on condition that he agreed to appoint a minister as deputy subadar with the management of affairs, whom he was not to displace without the sanction of the Company. The position of the Company was thus definitely assured in fact though not in law. Clive indeed was indignant that the council had acted thus definitely without his assent, for by 1764 he had secured control of the Company and had decided to assume the governorship of Fort William in order to restore confidence. Public opinion in England had viewed with just reprobation the establishment of Mir Kasim in 1760, and the contest with him, provoked by indefensible claims, and redeemed only by the success of Munro at the decisive battle of Baksar (October 22nd 1764). Utter confusion prevailed both in the domestic and the external relations of the Company. Vansittart had found his prudent projects rejected by the

council, and corruption raged among the Company's servants, who had violated the instructions of the Company in taking large presents on the accession of the new nawab.

Clive's solution for the situation as regards the nawab of Oudh and the Emperor alike was of the highest importance in determining the future history of India. He himself in his earlier stay in India¹ had contemplated the possibility of the direct assumption by the Crown and had approached Pitt on the subject, but without result, and his own views were now set on a different solution. He decided to secure the position of the Company as the *de facto* authority in such a way as would shield it from claims either by foreign powers or by the Crown, to provide it with a faithful ally, and to bring the Emperor into the position of a grateful pensioner. He rejected, therefore, definitely any idea of restoring imperial power, such as had been involved in Vansittart's suggestion of the grant to the Emperor of Oudh, which he restored to the nawab on payment of fifty lakhs and the cession of Kora and Allahabad. The Emperor was promised a tribute of twenty-six lakhs, and the districts ceded by Oudh. In return he regularized the position of the Company in Bengal by bestowing upon it formally the diwani, covering the whole of the financial administration, including the collection of land revenue and customs, and the civil government. The diwani had hitherto rested with the nawab, who was also in control of the military government and criminal law, the combination of powers marking the decline of the former principles of the Empire. Now it was definitely detached from him as a matter of theory. But Clive did not contemplate the actual taking over of the authority and its execution by the servants of the Company. His idea was very different. The actual administration was left in the hands of the four deputies of the nawab, and in his final directions to the Calcutta Council (January 16th 1767) he insisted that, while the nawab was but a name and a shadow, policy required that he should be venerated and be encouraged to show resentment at any lack of respect by foreign nations. His office should be used to repel any foreign efforts at control, and genuine grievances should be adjusted through him. While the

¹ January 7th 1759; Keith, *Indian Policy*, i, 13 ff.

revenues belonged to the Company, the territorial jurisdiction must be exercised through the chiefs of the country acting under him and the presidency in conjunction. If the mask were thrown off, foreign powers would be able to complain directly to the British Government, which might be compelled to look closely into matters with results likely to embarrass the Company. It was not forgotten that, by the Letters Patent of January 14th 1758, the Company's authority in case of war to deal with lands acquired from any foreign power was subject to the approval of the Crown. The Company shared the views of Clive; on May 17th 1766 it definitely urged that the control of the Company should be confined to superintendence of the collection of the revenue and of its transfer from the treasury of the nawab to that of the Company, and it was only by experience that it could be realized that the system of dual control was utterly inefficient. Moreover, time had to elapse before the servants of the Company could gain sufficient experience to be able to take over charge of the administration, and, before that happened, the country was fated to suffer enormously from their rapacity.

2. THE WORKING OF DYARCHY

Clive had fully realized the danger of plunder of the province following in his own footsteps. But, undeterred by reminders of his past, he insisted on the servants of the Company signing the new contracts ordered by the Company forbidding the acceptance of presents and supplementing their existing covenants.¹ On the other hand, he recognized that the salaries paid were far too low, and tried to solve the problem of private trade and due remuneration by establishing a Society for Trade, which was allowed to work the monopoly in salt, and to pay thence handsome subventions to the principal military and civil officers. The Company treated this step as a disregard for their orders for the abolition of private trade, and the business was stopped in 1768, but the problem was left unsolved. The reputed riches of the country had the

¹ Hence the term 'covenanted' civil service, the practice of a signed contract persisting after its first end had ceased.

result predicted by Clive. Influence was exerted from the royal family downwards to secure posts in India for hangers-on and younger sons of noble or rich families, and the newcomers were intent only on acquiring fortunes. The easily won wealth was brought home and expended on the purchase of seats in the Commons, with the result of offending the territorial magnates, who found themselves outbidden, and disgusting moderate men with the insolence and overbearing character of the newly enriched ex-servants of the Company.

Clive, though aware of the danger impending, had nothing to suggest to keep it in check. The government of the presidency remained virtually in the same form as before 1756, with the exception that the select committee of the council then instituted for prompt action in emergency was continued as a regular piece of machinery. The council, as laid down in 1770,¹ was to consist, with the governor, of nine members, all of whom were to reside at Calcutta—unless the resident at the durbar were a counsellor—and not to have any other employment. The governor, commander-in-chief, and three senior members constituted a select committee, charged with the conduct of negotiations with the country powers and the issues of war and peace thence arising; but any treaty, whether of commerce or alliance, must be approved by the whole body. The correspondence on such topics was conducted by the governor, but must be submitted to the select committee, and copies sent to the Company. The supremacy of the civil authority was emphasized in 1769; the council could delegate its power to any civil servant, who must be obeyed by the highest officer of the Company's army, and the majority of the council might dismiss officers at its discretion. This insistence on military subordination had been emphasized by Clive when he was confronted with a mutiny of officers on his carrying out the orders of the Company to reduce the allowances paid to them. Nothing but his firmness of character enabled him to quell the mutiny, the great majority of the officers being permitted to remain on after signing three-year contracts which, under the East India Mutiny Act, would

¹ On Hastings' appointment fourteen were named (April 10th 1771).

have rendered them in the event of a fresh insubordination liable to the death penalty.

Supreme as was in theory the council, it was wholly incapable of inducing moderation in the desire of the servants of the Company to enrich themselves, and its own members were inevitably subject to the same urge to attain easy fortunes and to leave a land for which they had no affection. Nor was the position improved by the activity of Parliament which, like the proprietors, desired to share in the plunder. While the proprietors insisted in 1766 on raising the dividend from 6 to 10 per cent and in 1767 demanded $12\frac{1}{2}$ per cent, the outcome of the inquiry by a committee of the whole House of Commons in 1766-7 was the demand of the State for the payment of £400,000 a year for two years from February 1st 1767, in return for which the Company might retain its territorial acquisitions and revenues for that period.¹ Parliament also interfered in the disgraceful business of the management of the dealings in the shares of the Company. It overruled the demands of the proprietors for $12\frac{1}{2}$ per cent,² and restricted voting to persons who had held their qualification for six months, while dividends could be declared only at a half-yearly or quarterly court.³ In 1769 the bargain was continued for five years.⁴ The pressure on the Company was thus most serious. Far from sharing in the riches of its servants, its debts were put at £6,000,000, it had an army of 30,000 men to maintain, and it paid £1,000,000 a year in subsidies to the nawab, the Emperor, and other Indian chiefs.

The effect of the demands for money on the unfortunate province were described effectively by the resident at the durbar who lamented on May 24th 1769 the fact that the fine country which had flourished under the most despotic and arbitrary government was verging to its ruin when the English had so great a share in the administration. The governors who succeeded Clive were not men of the calibre necessary to deal with so grave a situation. Verelst, however, secured the appointment in 1769 of supervisors who were to make a full study of the history of their districts, to report on their resources

¹ 7 Geo. III, cc. 56, 57.

² 7 Geo. III, c. 49; 8 Geo. III, c. 1.

³ 7 Geo. III, c. 48.

⁴ 9 Geo. III, c. 24.

and the amount of land, to investigate all payments made by the ryots to the zamindars or collectors, to report on manufactures, and, as regards justice, to enforce it when the law demanded, to encourage arbitration in disputes as to real property and to discourage arbitrary fines. They were to examine the credentials of local officials and to see that records were kept locally and returns sent to Murshidabad. It was later determined mainly to make their functions advisory, but the system did not work as hoped. There were many cases of disputes with local officials who resented interference, and unhappily too many of the officers concerned merely regarded their appointments as an excellent mode of acquiring control of the trade of the district and making a rapid fortune. It must be remembered that few officers were available of character or experience. It was in vain that in 1770 were added controlling councils of revenue for Murshidabad and Patna, to which later were added a controlling committee of accounts and a controlling committee of revenue at Calcutta (1771).

The *coup de grâce* to the attempt to carry on on these lines was administered by the appalling famine of 1770, when at least a fifth of the population of Bengal, then perhaps fifteen millions, perished while some of the Company's servants profited in necessities and the principal deputy added 10 per cent to the assessments to make good at the expense of the living the losses involved in the wholesale depopulation.