

J. H. LITTLE

HOUSE
OF
JAGATSETH

WITH
INTRODUCTION
By
Prof. N. K. Sinha

CALCUTTA HISTORICAL SOCIETY

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PREFACE

J. H. Little's House of Jagat Seth is one of the few historical undertakings on modern Bengal whose reprint has been, for long, a desideratum. The treatise appeared in the form of two serial articles contributed to Vols. XX and XXII of Bengal Past & Present more than forty-five years ago. Scholars engaged in advanced study of Bengal of the eighteenth century as well as teachers of modern Indian history are aware of the debt they owe to Little; but they felt unhappy that the work, indispensable though, was not easily available. The Calcutta Historical Society undertook to remove this long felt want and hence this publication.

It is a happy coincidence that the Editor of the text is the author of Economic History of Bengal in two volumes and his Introduction will greatly add to the value of the book.

The Society offers its grateful thanks to the Ministry of Education, Government of India, for their financial help towards the publication.

Sri Gouranga Press Private Ltd., Calcutta whose association with the Society and its publications is long and intimate has placed the Society under obligation by undertaking to print the volume.

Shri Bijanbihari Goswami, M.A. of the Department of History, St. Paul's College, Calcutta deserves thanks for preparing the Index.

January 26, 1967

entrepot for the eastern and western regions where the productions of India, Kashmir and China (Tibet?) were interchanged for those of Europe, Africa, Persia and Arabia. Caravans (Kitars) from the ports of Cutch and Gujarat imported elephant's teeth, copper, dates, gum-arabic, borax, coco-nuts, broad cloths, silks, sandalwood, camphor, dyes, drugs, oxide, sulphate of arsenic, spices, coffee etc. In exchange they received chintzes, dried fruits, Jira (assafoetida from Multan), sugar, opium (from Kota and Malwa), silks and fine cloths, potash, shawls, dyed blankets, arms and salt of home manufacture" (*Tod-Annals and Antiquities of Rajasthan—Vol. II—Marwar*). Thus the sons of Marwar learned how to earn money by trade. Of this knowledge they made very good use in the eighteenth century. The aridity of the native soil was an inducement to adventure abroad.

Banking business in Bengal was not in the hands of the Bengalis. This state of things can be explained historically. Vallal Sen, who ruled in Bengal during the years 1158—1179, gave new ranks to different castes. It is said that the Suvarnabaniks, the bankers of Bengal, did not advance him money when he needed it. He took his revenge by giving them a low rank in a new caste hierarchy. The Hindu propensity to social sub-divisions made much of it. The Suvarnabaniks or bankers naturally resented this slight. The evil influence of this ranking list 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.

Hiranand Saho came from Nagar in Marwar to Patna in 1652. At Patna he set up a *Kothee* or banking establishment which began to lend money to the servants of the English East India Company for the purchase of saltpetre. Thus this banking family came into business contact with the British when they were yet obscure traders and the family was also quite obscure. Manik Chand, the eldest of his seven sons, migrated to Dacca in search of his fortune about the end of the seventeenth century. Dacca was then the capital of Mughal Bengal and the most important centre of river-borne trade in eastern India. Trade transactions in this inland port must have amount-

ed to more than ten millions a year. The English East India Company's men were purchasing the products of Bengal's looms. The Dutch purchased 'lywaten' or cotton piece-goods for sale in South East Asia and in Europe. The French were also there competing with the Dutch and the English. The Armenian and Gujrati merchants and other Indian and non-Indian merchants were no less conspicuous. Bankers with their timely supply of credit did excellent business in this very competitive market. Manik Chand's *Kothee* began to prosper.

When Murshid Quli Khan, who was the supreme head of financial administration in the province, transferred his headquarters to Makhsudabad, Manik Chand, who was a favourite of the Diwan, accompanied him to the new centre of administration. Murshid Quli Khan became Deputy Subahdar and then Subahdar of Bengal. The Subahdari establishment was also removed from Dacca to Makhsudabad, named Murshidabad with the emperor's permission. This city now became the capital of the province. But a naib Subahdari establishment was maintained in Dacca. Dacca remained a mint town of the Mughal empire. It was still a very important trade mart. Manik Chand's *Kothee* at Dacca continued to do brisk business. It continued as one of the most important branches of the house. He had also a banking establishment of his own at Patna. There were branches at Hughli, Calcutta, Benares and other places in northern India. We do not know exactly when the house established its pre-eminent position in Delhi. Fateh Chand, successor of Manik Chand, got the title of Jagat Seth as a hereditary distinction in 1722. Long before this the house must have established its ascendancy in the money market at the Mughal capital. After Manik Chand's death in 1714, Fateh Chand, his nephew, succeeded him. In 1717, Raghunandan, Murshid Quli Khan's Daroga of the mint, died. Fateh Chand was placed in charge of the Nawab's mint at Murshidabad. He has been described in Dutch records as the "greatest money-changer of Hindustan". His name appeared so often in the books of the Dutch Company that the Directors in Holland were in doubt as to whether he was a person or an institution. From Dutch records we learn that the Jagat Seth *Kothee* at Chinsura was styled Fateh Chand Anandachandji. Anandachand was

INTRODUCTION

This compilation by late Mr. J. H. Little was published in *Bengal Past and Present* 1920-21. He collected his materials mainly from India Office records, *Sīya-ul-Mutakkerin*, *Riyaz-us-Salatin*, Jagat Seth family papers, Scrafton's *Reflections*, Vansittart's *Narrative*, Wilson's *Annals*, and dependable secondary sources. He has also recorded some traditions cherished by the Jagat Seth family. This history extends from 1717 to 1767 with a prologue and an epilogue. Though the compilation is in the form of family history the compiler gives a fairly detailed account of the momentous changes that took place in Bengal during these fifty years with special reference to the relations of the Jagat Seth family with the English East India Company.

Money has always been a power in human affairs. This is the history of a financial dynasty and its money power. The Jagat Seth house was to the Bengal Nawabs what the Fuggers of Augsburg were to Emperor Charles V of Germany and the Medicis of Florence were to the Papacy in the Middle Ages. But the comparison with the Medicis is perhaps unfair. There is nothing for the cultural historian in this family history.

Marwari bankers and traders became conspicuous in the economic life of India in the eighteenth century. It is a curious fact that this period of anarchy in the history of India coincided with their emergence. A wealthy "Indian banker and merchant "Marwari Bara" became very prominent in Astrakan about the same time that the Jagat Seths came into prominence in the financial life of eastern India". (*Indo-Russian Relations in the 17th and 18th centuries* by K. A. Antonova—XXVI International Congress of Orientalists). From Astrakan, to Dacca finance and commerce came to be dominated by the Marwaris in the first half of the eighteenth century.

During the Mughal period Marwar enjoyed considerable trade. Its chief mart Pali was the connecting link between the west Indian sea coast and northern India. "Pali was the

Fatehchand's son who predeceased him. Fateh Chand had another son Dyachand who also died before him. The Central Office at Murshidabad was styled Manikchandji Anandchandji. The Dacca *Kothee* was styled Seth Manik Chand Jagat Seth Fateh Chandji. At Patna their *Kothee* had another name Manik Chandji Dyachandji. The Dutch wrote that it was the habit of these Indian bankers like the European bankers to preserve the names of departed bankers of great credit. From Dutch records we also learn that all money-changers in Bengal and many in Bihar, who were not connected with them, became bankrupt or were brought to bankruptcy. The monopolising tendency of finance capital operated. The premium charged by the shroffs on different varieties of coins in Bengal and Bihar depended upon the rates approved by the Jagat Seth house. (Dutch Archives—*Trade letter dated 14th February 1755, my microfilm copy roll I*).

Fateh Chand could provide the Nawab's government from time to time with enormous sums of money and by this means, as the Dutch put it, he could induce the government to take such measures and pass such regulations for the rate of money exchange as would favour the house. All the efforts of the English and the Dutch by means of presents to the under-officers and leading amirs to obtain the use of the mint failed. The Calcutta Council was informed "While Fateh Chand is so great with the Nabab, they can have no hopes of that grant, he alone having the sole use of the mint, nor dare any other shroff buy or coin a rupee's worth of silver" (Wilson—*Annals* III p. 369). But the Nawab was within his legal rights because the Farrukh Siyar farman which gave the English East India Company the privilege of coining their silver in the Nawab's mint was to be effective only if it suited the convenience of the local government. The *Hasb-ul-hukum* or Imperial rescript has been thus translated: "The Bengal government should afford facilities for the coining of the Company's gold and silver in the mint at Murshidabad in the season of coining other merchants' money if it was not against the King's interest." (S. Bhattacharya—*The East India Company and the Economy of Bengal*—Appendix): The Nawab was thus given the option of interpreting whether this order could be given effect to. Murshid Quli,

Bhujauddin and Alivardi agreed with Jagat Seth Fateh Chand and after him with Jagat Seth Mahtab Rai that this privilege could not be extended to the British. It was against the interest of the realm. The Farrukh Siyar farman contained another clause—"The Madras rupees, provided they were as good as those coined at Surat, should pass in Bengal without discount." But no government, however well inclined it might be, could determine the discount rate of different varieties of coins. Warren Hastings and Cornwallis failed in a similar attempt in the seventies and eighties of the eighteenth century. The Nawab's government could not have given effect to this recommendation even if it had tried. The English and the Dutch complained about the "unsuppleness" of the government. They regarded this as an indication of the ascendancy of the house of Jagat Seth.

The batta on re-coinage was a source of considerable profit to the house. The charge of stamping the rupees afresh was reasonable and the profit which the house derived after meeting the government demand was very considerable. Even as late as 1837-38 the East India Company's mint receipts from re-coinage was Rs. 502,745. In 1838-39 this amounted to Rs. 875,409 (*Letter from Government of India to the Court of Directors*—Finance Dept. 24 June, 1846). In the eighteenth century there were so many different varieties of coins in Bengal to be exchanged into siccas. But there was no currency anarchy because the Jagat Seth house could control the operations of the shroffs. The house remained the sole purchaser of all the bullion imported to Bengal.

The house of Jagat Seth received land revenue payments made by zamindars and amils (collectors). Other government collections were also received in its houses of business. To this house was also entrusted the task of remitting the annual tribute to Delhi. Between 1728 and 1740 this was partly paid by drafts on their *Kothee* at Delhi. This house therefore functioned in Bengal as the state bank. In the words of the people at the Nawab's Darbar "Fateh Chand's estate was deemed as the king's treasure."

The business connection of the house with the English in Bengal began in 1706 under Manik Chand. Between 1718 and

1730 the English took from the Murshidabad *Kothee* of the house of Jagat Seth loans amounting on an average to four lakhs a year. Their Dacca, Calcutta and Patna establishments must have taken similar loans from nearby Jagat Seth *Kothees*, whenever necessary. The case of Kantu, which is discussed at some length by the compiler, shows the complicated nature of this connection. The private trade of the Company's servants was mixed up with the public trade of the Company. But officially the Company's servants were not prepared to admit it at the darbar. This tangle created contentions between the Calcutta Council and Fateh Chand on two occasions, once in 1730 and again in 1743. The Fateh Chand-Kantu affair in 1730 showed how inexorable Fateh Chand could be in money matters. The Company was to pay, according to his contention, the sum of Rs. 2,45,000. The Calcutta Council argued that part of it was due from the Company's servants and the Company was not responsible for it. He appeared, after prolonged negotiations, to yield but when the Company again needed his services at the darbar he succeeded in securing what he considered to be his rightful demand. As all English trade was represented at the darbar as the Company's trade in order to secure immunity from search and customs charges the Jagat Seth house was not prepared to differentiate between two categories of debts, one incurred in private trade and the other in public trade. The Calcutta Council became convinced that if they were to trade in Bengal "Futteh Chand must be satisfied." The lesson was driven home that "the house must be kept in temper."

The house of Jagat Seth was the centre of commercial credit in eastern India. It regulated the rates of exchange, superseded the necessity for the transfer of bullion and afforded a permanent supply of capital at all times. It was safe, judicious, large-scale banking, not guided by any speculative spirit. Its vast capital was steadily and beneficially employed in augmenting trade. There was a system of mutual accommodation between government and the bank which is perhaps contrary to the principles of banking but in the existing circumstances this was inevitable.

J. H. Little is concerned almost exclusively with the relations of the house with the English East India Company. The

Dutch, the French and the country traders are almost ignored. There were so many rivals for the purchase of the products of Bengal's looms, Bengal's raw silk, saltpetre and other commodities that timely supply of credit was very necessary. This suited Jagat Seth's policy of short term commercial credit. In 1757 the Dutch borrowed 4 lakhs at 9 p.c. and the French debt to the Jagat Seth house amounted to a million and a half at the time of the capture of Chandernagore. The trade of Dacca, Calcutta, Hughli, Chandernagore, trade, inland and foreign, depended very much on this timely supply of credit. In a highly competitive market their reasonable credit terms and constant supply of capital were of great help to merchants of all categories. The house was almost punctilious on its part in the observance of its engagements.

There was a single composite money market in eastern India with the Jagat Seth house in control. Its credit was great in Delhi, in all important business centres in western India and in all important centres of overland trade outside India. Turani merchants from Central Asia, Armenian merchants trading with Basra, Mocha, Jeddah, depended on this house as much as merchants from Upper India, English and French private traders and English, French and Dutch East India Companies. Trade in cotton piece goods, raw silk, silk piece goods and saltpetre in which Bengal specialised during these years had a world market extending from South-East Asia to the Khanates of Khiva and Bokhara, from the Persian Gulf to Astrakan and even beyond as far as Moscow. This volume of overland trade is not quantifiable in the existing state of our knowledge. The Indian merchants from Punjab and Sind, Muslims, Marwaris and Sikhs, who traded in different parts of the Russian empire, had some sort of connection, however remote, with the Jagat Seths at Murshidabad. We would not be wrong if we presume that the merchants whose names are mentioned in Russian records of the period—Matu, Balaram, Sukhanand, Chantu, Kasiram, Magandas and Indo-Tartar merchants in Russian territories and in Central Asian Khanates, were ready to accept hundis given by the Jagat Seth house (*Indo-Russian Trade Relations in the XVIII century*. Ed. by K. Antonova). The assassination of Nadir Shah in 1747 and subsequent disturbances in

ding to *Siyar-ul-Mutakkerin* they had offered the British three crores of rupees as the cost of this expedition against Siraj-ud-daula. This rumour was undoubtedly a popular exaggeration. But it is not unlikely that they might have offered to pay for the expenses of the expedition. The Jagat Seths were Nawab-makers in 1740 and 1757, the Calcutta Council made and unmade Nawabs in 1760, 1763 and 1765. The motto of the members of the Calcutta Council, avid for plunder, was "How many lakhs shall I put in my pocket."

Jagat Seth Mahtab Rai and Maharaja Swarup Chand were victims of the revolution which they had brought about. This has happened so often in history. The rapid decline of this house began after Plassey. Mir Qasim was "the Satan who buffeted them." He seized them, brought them to Munghyr, killed them at Barr in Bihar and took some of the members of the family with him in his exile as captives to be ransomed later. But the revolution of 1757 created those conditions that would have brought about this rapid decline even without any violence. The loot of Plassey, subsequent acquisition of lakhs by the servants of the Company as presents, perquisites and profits of privileged private inland trade, created new conditions over which the Jagat Seth house had no control. It was not necessary for the servants of the Company to borrow money any longer for their private trade. Their privileged private trade, facilitated by political control, deterred merchants from other parts of India from coming to Bengal in large numbers because they felt that in Bengal the British trader was supreme. The Company's official trade—Investment—was no longer dependent upon short term credit from the Seths. The Company had now sufficient surplus in its treasury except in times of war. The Dutch, the French (after 1763) and the Danes no longer depended upon the financial support of the Seths. The servants of the Company put their money into the treasury of the Dutch, French and Danish East India Companies for transmission to Europe by bills of exchange. "There was a great deal of capital without any certificate of birth. According to one of the lists laid before Parliament the Company and its employees from 1757 to 1766 got £ 6,000,000 from the Indians as gifts." (Marx—*Capital*—Vol. I Ed. Dona Torr—

p. 777) The export trade of Bengal became altogether independent of Jagat Seth finance after Plassey.

They still controlled for some time the batta on coins in spite of the operation of the mint in Calcutta. Their trade in rupees was "a fund of infinite wealth to the family." Sicca rupees circulated for twelve months at their face value, then fell 3 per cent under the denomination *hirsuns*. After the second year they fell again by 2 p.c. and came to be known as sonauts. They continued to be so denominated until they were again brought into the mint and re coined as siccas. In different parts of Bengal different varieties of coins like French Arcot, Dutch Arcot, Madras Arcot, Waziri, Narayani etc. were current and the shroffs fixed their value in terms of sicca rupees. This very complicated business was controlled by the Jagat Seth house for more than five decades, and the principal shroffs were under their control. But these shroffs quickly took advantage of the misfortune that overtook the house and asserted their independence of central control. In the sixties there was a disordered currency and Jagat Seth Khushal Chand and Maharaja Udwat Chand could no longer check this disorder. The administration of the East India Company was equally helpless in the face of growing currency confusion. It was not able until about the nineties of the eighteenth century in bringing order out of chaos. The ascendancy of the Jagat Seth house was by then a dim and distant memory.

After the grant of Diwani to the English East India Company a board was set up. The members were Md. Reza Khan (Naib Diwan), Maharaja Durlabh Ram, Jagat Seth Khushal Chand and Maharaja Udwat Chand. The treasury had three different locks with three different keys. One of the keys was in possession of the Seths. The Jagat Seth house could not possibly like this arrangement. They lost their exclusive hold over the shroffing of revenues—examining, sorting and weighing of various kinds of rupees and settling the batta upon all in terms of sicca rupees. This was their shroffage on the *Kutcha amdani* or gross payment. Bolts has shown (*Considerations* p. 159) that in Bihar the chief of the Patna Council's Diwan, in imitation of the Jagat Seths, took upon himself the

Persia dislocated this brisk traffic. But when the Afghan invader Ahmad Shah entered Delhi in 1757, he could not disregard the money power of this house. When he held his court in the Diwan-i-am the most honoured man in his darbar was the representative of the house of Jagat Seth because he alone could stand as security for the amirs from whom the invader wanted to extort money (Nuruddin Hasan—*Life of Najib-ud-daula* translated by J. N. Sarkar, Indian Historical Quarterly 1933). This house thus not only eased the operations of commerce; it was prepared to meet extraordinary monetary demands during recurring political crises. Murshidabad was for fifty years the centre of gravity of commercial credit and the principal loan market of northern India.

Political influence was a consequence of huge finance capital. The house enjoyed great prestige and exerted very considerable influence on the Mughal Court during the period 1717 to 1767. It has been said that it was at the intercession of Fateh Chand that Murshid Quli Khan, who had incurred the Mughal emperor's displeasure, was restored to his trust and favour in 1722. But Fateh Chand did not exert his influence at Delhi to obtain an Imperial farman for Sarfaraz, Murshid Quli's grandson, though he had every reason to be grateful to Murshid Quli for all the favours he had enjoyed. Fateh Chand did not perhaps directly take any part in the intrigues which helped Shuja-ud-din (not Shuja-ud-daula as J. H. Little describes him) to succeed Murshid Quli in 1727. But Fateh Chand's support must have stood him in good stead and facilitated his moves in Delhi. Shuja-ud-din was therefore even more generous than Murshid Quli in his favours to Fateh Chand. Fateh Chand's support of Alivardi's cause was cautious but not open. He was one of the prime movers of the Revolution of 1740. After the defeat and death of Sarfaraz Fateh Chand helped Alivardi in getting the farman of Subahdarship from the Mughal emperor. Siraj-ud-daula could not for some time get Imperial confirmation and he suspected that the Seths were using their influence against him. He took Mahtab Rai and Swarup Chand to task for this delay. The role of Mahatab Rai and Swarup Chand in the intrigues that culminated in the battle of Plassey is very clear. They first supported Yar

Latif Khan (Luttee) and then persuaded him to throw in his lot with Mir Jafar. Jean Law wrote, "The path which led to the battle of Plassey had its beginning in Murshidabad and not in Calcutta and it was the Seths who placed the feet of the English in the path." He wrote further, "The Seths encouraged the Nawab in a false impression about this (Chandernagore) affair. . . . they managed so well that they undid in the evening all that I had done in the morning."

Fateh Chand engineered the revolution of 1740. Mahatab Rai and Swarup Chand followed in his footsteps in 1757. But history did not repeat itself in the same style. Alivardi had depended on his own armed strength and on treachery in the ranks of Sarfaraz. Mir Jafar depended entirely on the armed strength of the British. His only contribution to victory at Plassey was his treachery. He sank into the position of 'Clive's Jack-ass'. The revolution of 1740 placed Fateh Chand at the height of his fortune. The revolution of 1757 marked the rapid decline of the Jagat Seth house.

These semi-regal bankers of Murshidabad, omnipotent in Bengal and powerful in Delhi, never demanded money of the English as the price of their many services at the Nawab's darbar. According to J. H. Little, "The Seths were not tainted with the greed of Omichand or the treachery of others." The charge of treachery to Sarfaraz and Siraj-ud-daula cannot be denied though they might have good reasons for bringing about the revolutions of 1740 and 1757. They did not certainly have anything to do with the plunder of the Murshidabad treasury after the battle of Plassey by Clive, Watts, Scrafton, Nobkissen, Ramchand and others. It was estimated that the Nawab's treasury contained about 40 crores—possibly an exaggeration. On the basis of this calculation Omichand's share of 5 p.c. was to have amounted to 20 lakhs. Omichand, we all know, was duped. But the treasury, outer and inner, was thoroughly looted. The Jagat Seths must have been opposed to looting of any treasury from an instinct of self-preservation. In this case they did not certainly intend their nominee, the new Nawab, to start with this handicap of an empty treasury. They must have been powerless to prevent this plunder. Accord-

amount of payment from the zamindars, gave the government a *paat* or receipt for the amount and got from the zamindars an allowance of 10 p.c. *paatwan* (commission) upon the sum for the use of his credit. Thus the Seths were squeezed out from this avenue of wealth.

Their prestige had suffered so much by 1765 that Jagat Seth Khushal Chand and Maharaja Udwatchand, who were the two most potent private men in India, could be bullied by Johnstone, Senior, Leicester and Middleton of the Calcutta Council when they came to Murshidabad to settle succession after the death of Mir Jafar. The Councillors demanded, "If you want to have your business go freely on make us an acknowledgement" (Rs. 125,000). Such extortion by menaces from the Jagat Seth house was unthinkable even in 1760. In 1766 they laid a claim for 51 lakhs which they had paid to Mir Jafar. Clive would accept only 21 lakhs to be repaid in ten years half by the English and half by the Nawab. Clive charged them with avarice because they were pressing the zamindars to discharge their debts to their father while these zamindars were five months in arrears to the government. They could pay the ransom for the captive members of the family whom Mir Qasim had delivered into the hands of the mutesuddies of the Imperial court by pawning jewels and by borrowing. But when Khushal Chand was offered by Clive a pension of three lakhs a year he declined. At that time Khushal Chand was in the habit of spending a lakh a month. This unabated extravagance hastened the decline. We know that Mahtab Rai and Swarup Chand used to bring Dacca muslin valued at Rs. 150,000 a year for their household use in 1747. The Nawab's household took about Rs. 300,000 a year at that time (Abdul Karim—*Dacca the Mughal Capital*). It was absurd for Khushal Chand to imitate the profusion of his father and grandfather. At the time of the famine of 1770 he could donate only Rs. 5,000/- for famine relief, (Hunter—*Annals of Rural Bengal App.*) while Gopi Mondal, an obscure merchant of Dinagepore, could spend Rs. 50,000/- for relief of distress. (Buchanan—*Dinagepore Report*—Br. Mus. Add. 28973). The close association of the Jagat Seths with the Company ceased after the departure of Clive in 1767. When the seat of the government was transferred from Murshidabad to Calcutta the

house ceased to enjoy the prestige which association with the governing power could bring.

They gradually ceased to dominate the money market even in the field of indigenous banking. From 1717 to 1756 the tendency of this house was towards monopolistic banking in Bengal and Bihar. But there were now many rivals in the field. The estimate of Bolts was that in the early sixties the house had a capital of 7 krons—"as his countrymen calculate" (*Considerations* p. 158). In their heyday they must have owned at least 14 krons. The interest rate of the Jagat Seth house was normally 9 p.c. The house did not charge what has been described as oriental rates of interest. The Bank of England in those days charged 8 p.c. The house ensured a sound system of bank credit and brought indigenous banking to the greatest height to which it could possibly rise. The phenomenal rise was due to certain favourable circumstances which could not recur again. Ghulam Husain writes, "In Alivardi's time they lived in Bengal with so much credit and authority as is hardly credible at this distance of time. . . . their riches were so great that no such bankers were ever seen in Hindostan or Deccan nor was there any banker or merchant that could stand comparison with them all over India. Their wealth was such that there is no mentioning it without seeming to exaggerate and to deal in extravagant fables. Their sons, in consequence of the superiority acquired by the English in all branches of trade over Bengal and Hindostan, fall vastly short of the wealth of their fathers." (*Mutakkerin* II 458) Alexander Macrabie, brother-in-law of Philip Francis, wrote to a friend in America, "Perhaps even this generation may read of the trade and riches of India as they read of Soloman's cargo, gold of Ophir and ships of Tarshish" (*The Francis Letters* Ed. by Beata Francis and Eliz Keary vol. I, 20th Dec. 1744). Macrabie was writing this epitaph on the riches of India in the days of Jagat Seth Khushal Chand.

Circumstances became more and more unfavourable. Khushal Chand and Udwat Chand were unable to stem the rot. Their rivals, even in the limited field of indigenous banking, succeeded in outstripping them. Mir Qasim's attempt to set up the bank-

ing house of Bolaki Das as a rival to the house of Jagat Seth had met with failure. But Gopal Das, Bhowany Das and Ballam Das set up a banking business at Benares when the rapid decline of the Jagat Seth house was about to begin. Gopal Das who had '8 annas share'—this was the Indian way of indicating half share—died in 1787. The firm which was styled Bhyaram Gopal Das in Benares and Monhar Das Dwaraka Das in Calcutta and Murshidabad—their joint venture worth about a krór of rupees—had its *kooties* at Nagpur, Cuttack, Bombay, Surat, Poona, Calcutta and Murshidabad. It became more important than the Jagat Seth house in the field of indigenous banking in northern India. Monhar Das, one of four sons of Gopal Das, died in 1818. His son Mukund lall inherited assets valued at 20 lakhs. Indigenous banking in eastern India was no longer dominated by one single house with an almost unlimited supply of finance capital. The Jagat Seth house had declined so far by the end of the eighteenth century that its banking became little more than small scale usury and hundi business.

There was no longer a single composite money market. European banks had made their appearance—Bank of Hindustan in 1770, Bengal Bank in 1784, General Bank of India in 1786, Bank of Bengal in 1806. The Bank of Bengal received government support in 1809 and later became the Chief Presidency Bank. The Union Bank, a commercial bank, came into existence in 1829. All these banks failed with the exception of the Bank of Bengal. But they were trading on borrowed capital and indigenous banks did not receive deposits from their clients. Indigenous banking continued to deal mainly in the credit instruments of the Indian money market. European banking, in spite of its initial failure, added a new dimension to banking business.

Indigenous banking which emerged from the debris of the Jagat Seth house does not appear to have an inadequate cash nexus. But capital was scattered and there was stagnation. For a long time the European banks had no upcountry branches. Their foundation was also very shaky. After the decline of the Jagat Seths indigenous banking also degenerated into small scale business in money. "In every large town shroffs dealt in hundis

in much the same manner in which the bill broker of today buys and sells commercial paper. Indigenous banking business was largely restricted in issuing and discounting of hundis. There is no evidence that the shroffs and mahajans were prepared to receive deposits from their clients or the public at large. The hundi was the chief credit instrument in financing the movement and storage of agricultural produce". (*One hundred years of Banking in Asia and Africa*—G. Tyson p. 11). European commercial and financial enclave gradually became stronger and stronger particularly after the 1858 Act which enabled joint stock banking companies to be formed on the principle of limited liability. Indigenous banking was completely overshadowed.

The rapid decline of the house of Jagat Seth is best illustrated from the records of the Supreme Court. A case was instituted in the Supreme Court by Joykrishna Banerjee against Jagat Seth Indrachand and Seth Bishnu Chand, sons of Jagat Seth Harakh Chand. This was in connection with a transaction in their *Dacca Kothee* during the years 1814-1821. Joykrishna Banerjee had pecuniary dealings with the house of Jagat Seth at Dacca. He used to lend money to British private traders in Dacca. His own fund not being sufficient he sometimes borrowed money from the Jagat Seth *Kothee* there. His contention was that the *kothee* charged premium at a rate which was higher than what was agreed upon to be paid and the exchange on Calcutta was higher than what was claimed. He was, he said, kept confined in the *Dacca Kothee* of the Jagat Seth house and by threats compelled to subscribe to an agreement which showed an unjust balance against him. When the case came before the Supreme Court the Seths pleaded to the jurisdiction. The plaintiff replied, "Your orator cannot have adequate remedy and relief at law except in a court of equity."

Another case which refers to events occurring in 1822 reveals another stage in the declining fortune of the house. It was a case instituted by Jagat Seth Govind Chand of Murshidabad, son of Jagat Seth Indra Chand against Raja Haranath. His contention was that the defendant induced him to sell some

before been brought to law courts. A commission of partition was his issue. The banking community very rarely brought succession disputes to law courts. It was also the custom among the bankers to settle even their accounts among themselves by arbitration. What was now done by the younger Seth was exactly in the style in which joint family fortunes were dissipated in Bengal.

Two hundis are reproduced here as specimens to indicate the type and scale of Jagat Seth business in its days of decline.

1821

Juggat Seat Inderchunder

vs.

Joynarain Paul Choudhury

EXHIBIT C. Order for the amount to be received sent by Anundchundjee and Babu Gobindchundjee to Juggat Seat Khooshalchandjee and Babu Gobindchandjee at their own risk. To the Mansion of All Happiness—

Sri Casinath Doss—the present information is that the sum of sicca rupees 1500 has been received at Narayangange from Srijut Prem Ishwar Oomes Rutton Pall Choudhury and on the arrival of the order at Calcutta it is to be paid to Srijut the Holder. On the expiration of the fixed term of 21 days from this day you will pay sicca fifteen hundred rupees of market currency of that place in full and obtain a receipt.

Year 1225 date 19th Jaistha.

To the Mansion of all happiness.

Srijut Cossinath Poddar at the house of Sri Calisankar Ghose at Burrabazar in Calcutta.

Sri Sri Ganeshji Sahaya

∴ 74½ [It was a popular superstition that if any one except the addressee opened this letter he would incur the sin of killing so many persons that their sacred thread would weigh 74½ Mds.]

This is written to the worthy of respect Sri Panch Juggat Seth Khoosaulchandjee Baboo Govindchandjee at Calcutta from said Anundchandjee Baboo Govindchandjee at Dacca.

Respectable salutations, There is health and safety here. Yours is desired and wished for. You will learn the subject as follows—The sum of rupees 5,000 five thousand is paid here by Praim Issore Oomesh Rutton Paul Choudhury this day metee Choit Soodee Nowamee Sunday—eighteen days after this date you will pay to him the said sum in sicca rupees, current in the bazar as is used in hoondees. You will previous thereto make necessary inquiries and take a receipt in full on the back of the hoondees and you will carry the said amount to our debit. Sumbat 1876 Mittee Choit Soodee Sosthee Sunday.

This hoondee is sold by Sree Oomesh Rutton Paul Choudhury at Dacca and taken by Sri Raujkissore Baboo at Calcutta—payable to Sri Nettonaud Poddar.

Sri Nettonand Poddar

I have received in full amount
of the hoondee 14th Bysack.

When Jagat Seth Gobindchand applied for a pension in 1844 and was granted Rs. 1,200/- a month the Court of Directors remarked that the decline of the family was as much due to mismanagement as to any unavoidable cause. The pension was "an acknowledgment of the former merits of the house towards the British Government."

It was my privilege to see 8th Jagat Seth Fatch Chand, some time after partition and creation of Pakistan. He was then staying in his house at Mahimapur near Murshidabad. I could not help turning the conversation very discreetly towards finance. He referred to his difficulties in his land revenue collection from his zamindari in Jessore. This great banking family made Bengal its home and Bengal succeeded after several generations in turning the banker into a zamindar. Environment played its part in history.

N. K. SINHA.

diamonds and jewels valued at Rs. 60,000 because he wanted to be resplendent in his gorgeous costume when he would see the Governor-General in his darbar. The defendant agreed to pay Rs. 40,000 and interest at the rate of 12 p.c. from September, 1822. The defendant's case was that he came to Calcutta for the purpose of defending a suit. Jagat Seth Indrachand was indebted to him for sicca rupees 100,000 besides interest. He demanded payment. Jewels were sent as part payment valued at Rs. 40,000. He was asked not to sell them in Calcutta at a lower price. The jewels were valued at Rs. 13,000. Indrachand was very ill at that time. Duniram Dubey, his manager, saw defendant and requested him not to press his claims. Jagat Seth Indrachand died a few days after. Duniram Dubey informed him that the house was not in a position to pay. Raja Haranath got a verdict for the full sum of Rs. 100,000 together with interest.

Was clannishness one of the defects of the house of Jagat Seth in the days of its glory as also in the days of its decline? Their employees and many of their agents belonged to the Oswal community of the Jains. But clannishness, assuming the charge to be true, could also have been a source of strength because of the closely knit character of the personnel. Duniram Dubey was their mooktear or manager at Murshidabad in 1822, Murlidhar Dubey at Dacca. Murlidhar was succeeded by Ramdial Tewari. His successor was Lala Dharanidhar. These names, however, indicate that the house did not confine its choice of officers to the Oswal community.

'The quick pulse of gain' was no longer there. The Jagat Seth house, with its enormous capital, separated the functions of the banker and trader, directed the energies, skill and means of the merchant more efficiently to purely commercial pursuits. In the closing years of the eighteenth century and the first third of the nineteenth century capital was scattered and bankers in most cases combined banking with trading. The European agency houses, in many cases, combined banking with overtrading. They collapsed during the years 1830-1833. The Jagat Seth house, even in their changed circumstances, could not think of trafficking in opium and indigo. But internal trade

was a very safe investment and large capitalistic enterprises could have been organised in the sphere of local trade. There were many petty shroffs, who were at the same time traders on a small scale operating from their headquarters at Burrabazar in Calcutta. Theirs was mean efficiency. Their small scale business never inspired confidence or respect. The Jagat Seth house, with its exalted tradition, was perhaps incapable of becoming inland traders. Moreover, as C. E. Trevelyan pointed out in 1834, "The profession of the merchant in the interior of the country is both unpleasant and disreputable on account of the complete state of dependence in which the most respectable people are placed on the meanest custom house officer by Secs. 19 and 23 of Reg. IX of 1810." Trevelyan added: "The mercantile character is held in low estimation. When respectable people in the provinces, who have capital lying idle on their hands and who probably complain of the difficulty of finding employment for it, are asked, why they do not engage in trade, almost invariably reply that they cannot supplicate every low peon on four rupees a month, who has the power of detaining their goods under pretence of searching them." (*Report on Inland Customs and Town Duty*). In 1836 internal customs barriers were removed as a consequence of Trevelyan Report. But the inland trader's mercantile character was held in such low estimation for about a quarter of a century that the Jagat Seths could not stoop so low. They also succumbed to the atmosphere of indolent contentment which prevailed in Bengal.

The most surprising feature of this decline was their growing litigiousness. They caught the contagion of this spirit, one of the vices which British justice undoubtedly fostered. Fortunately for this house the family was not prolific and very few of the Jagat Seths had more than one son and on more than one occasion the succession had to be continued by adoption. But we find that in 1822 Indrachand and Bishnuchand had disputes for the division of the inheritance which Bishnuchand brought before the Supreme Court. A partition suit was instituted by the younger brother against the elder for the division of their property in Burrabazar in Calcutta which was valued at Rs. 100,000 or thereabouts. No family dispute had

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INTRODUCTION

"This was once a house of trade—a centre of busy interests.
The throng of merchants was here—the quick pulse of gain."

Lamb.

The visitor to Murshidabad, says the author of the best guide-book to its antiquities, is generally content with seeing the Palace; the Jaffraganj cemetery, where the Nawabs of Bengal from the time of Mir Jafar lie buried; the Katra Musjid, containing the tomb of Murshid Kuli Khan, the founder of Murshidabad; the Great Gun which has gradually been raised from the ground by a peepul tree in the course of its growth, the Mobarik Manzil, where the East India Company once dispensed justice but which is now a garden house of the Nawab Bahadur of Murshidabad; Moti Jheel, the Lake of Pearls; and the Khosbagh cemetery, where Alivardi Khan and Siraj-ud-daula were buried. Some visitors, however, proceed northwards along the main road of Murshidabad to Jaffraganj where they are shown the house which was once the residence of Mir Jaffar and the place within its enclosure where, tradition asserts, Siraj-ud-daula met his death. If the visitor were to proceed a short distance farther he would notice on the left a dilapidated gateway. Four roads branch from this gateway like the sticks of a fan and it seems that all the frequenters of these roads are wending their way to this common point. When they reach it, however, they all pass by.

From the gateway a path leads down to the river Bhagirathi dividing into two parts a piece of land of considerable extent. For the most part this is covered with jungle but in a clearing there is a building in a tolerable state of repair. The front of the building is covered with porcelain tiles evidently of Dutch

manufacture, and, no doubt, the fruit of some forgotten bargain with the factors of the Dutch settlement at Cassimbazar. In a setting of canals and windmills we find on the tiles scenes from the Old and New Testaments. Cain is killing Abel; Moses is on the Mount with the two tables of stone; Rahab is letting the two spies down from the walls of Jericho; David is leading his sheep to pasture; the ravens bring food to Elijah; the children mock Elijah; Jezebel has been thrown from the window and the dogs are leaping at her throat; we see the Baptism in the Jordan, the Woman at the Well of Samaria, the Prodigal Son taking his food from the trough and St. Peter denying his Master. With these scenes in our minds we look inside the building and our eyes fall on a *rath* or car, on which the idols are carried on the day of Jagannath and in the innermost shrine a priest is worshipping the god to whom the building has been dedicated; for this is a temple of Vishnu.

A Hindu temple adorned with stories from the Bible is not the only contrast presented to the mind in this place. Close by is a small reservoir in the middle of which a fountain once played. This and the mound surrounding it, we are told, once formed part of a stately hall. Farther away is a ruined building whose walls are closely embraced by the myriad stems of a banyan tree. This was once the repository of untold wealth. In another place some walls are pointed out as the remains of a mint. Of other places tales are told of hoards of hidden treasure waiting to enrich the man who can find the secret place where it lies buried.

Here once lived the Jagat Seths—the Rothschilds of India. The path leading down to the river was once a fine road flanked with seven gates and lined with the dwellings of sepoy who guarded their wealthy master. This plot of ground now covered with jungle and bare of human habitation was once a busy hive of 4,000 people. The mound was once a palace—the Shahnashin or Seat of the Emperor—worthy to receive the Nawab Nazim of Bengal and Lord Clive when they came together to consult Jagat Seth. Clive was thinking of the men who once lived here when he said “The city of Muxadavad is as extensive, populous, and rich, as the city of London; with this difference that there are individuals in the first possessing infinitely greater property than any of the last city”; and Burke, when

he referred to bankers in India who once vied in capital with the Bank of England had in his mind the house of Jagat Seth. “As the Ganges pours its water into the sea by a hundred mouths,” writes a Bengali poet, “so wealth flowed into the treasury of the Seths.”

The history of this house is the theme of the following pages. It has been gathered from the Bengal records of the East India Company, from the writings of Indian historians, from the few documents remaining in the possession of the head of the house—sole survivors of the destruction wrought by flood and earthquake—, and from traditions handed down in the family. We shall relate how Hiranand Saho transplanted the family from its home in Rajputana to Patna; how his son, Manik Chand, established it first at Dacca and then at Murshidabad and how under him and his successor the house became great in Bengal and powerful at Delhi. We shall see how at this period, when the semi-regal Nawabs of Bengal were at the height of their power, the bankers of Murshidabad came into connection with the English merchants at Calcutta whose relations with the Government were frequently strained on account of the Nawab's attempts to extort money from them. At such times as these we shall find Jagat Seth acting as mediator between the English and the Nawab and we shall note the fact that whereas the officials of the Government, high and low, always ready (as Poohbah would have said) to be insulted with a considerable bribe, the Seths of Murshidabad never demanded money from the English as the price of the services they rendered them. Then will follow the events that led to the battle of Plassey and the rise of the British dominion in Bengal. It will appear from the narrative that the English would never have accomplished all they did without the aid of Jagat Seth and that his alliance with them was not tainted with the greed of men like Omichand nor with the chicanery and treachery of others. The troubled years 1760-1765, when Lord Clive was absent from India, will next engage our attention. The events of these years and the conduct of the Company's servants have been condemned by historians and at the time they were viewed with disapproval by the Directors of the Company. One fact, however, should not be forgotten. These men did not pretend to be the rulers of the country responsible for the welfare of its

inhabitants. They were merchants, pursuing the ideals of merchants. Their first aim was to further the interests of the Company whose servants they were, and their second aim was to make their own fortunes by means of the system of private trade which was sanctioned by the Company and which at this time, presented greater opportunities than ever for the acquisition of wealth. "The general idea at this time entertained by the servants of the Company," says Sraffton, "was, that the battle of Plassey did only restore us to the same situation we were in before the capture of Calcutta: the Subah was conceived to be as independent as ever, and the English returned into their commercial character, with no other alteration in their function, than a full indemnification for their losses, and a small acquisition of territory, which it was thought might defray the military expenses of their garrisons, grown too burthensome to be supported by their trade alone: if the forces were to take the field in support of the Subah, it was to be at his expense. These were the mutual conditions."¹ In considering the blessings which have flowed to Bengal from the battle of Plassey the conduct of the Company's servants during these years of transition will fade into insignificance and we shall rather direct our attention to the long line of Governors and officials who from the time of Warren Hastings to the present day had, and have, the welfare of the people ever before them, who—

Beneath the further stars
 Bear the greater burden:
 Set to serve the lands they rule,
 (Save he serve no man may rule)
 Serve and love the lands they rule;
 Seeking praise nor guerdon.

It will be seen that up to this point our story will be intimately connected with the history of Bengal the course of which the Seths did much to shape. It cannot be said that this history is an inspiring subject of study but, at least, it compares favourably with the contemporary history of the Emperors

1. Observations on Mr. Vansittart's Narrative by Luke Sraffton (1766) p. 2.

at Delhi. The time was out of joint. We shall note one short period during which, according to Indian historians, the Government was blessed by the people it ruled and we shall see that the Jagat Seth of the time was largely responsible for this good government. In military affairs we shall allude to one gallant retreat brilliantly carried out to a successful issue. But, in general, the reader must not expect a picture of a benevolent government and contented subjects, of chivalrous soldiers and a loyal people or the story of great causes and high ideals. He may rather expect, as Clive wrote to the first British historian of Bengal, "fighting, tricks, chicanery, intrigues, politics and the Lord knows what."

The concluding portion of the book has to deal with a period of decline. When the sceptre passed from the line of Mir Jafar power and wealth departed from the house of Jagat Seth. The streams of wealth to which the Bengali poet refers ceased to flow into their treasury. But the transfer of the seat of Government from Murshidabad to Calcutta would not have been so disastrous to Jagat Seth had not other circumstances combined to render it so. An inability or disinclination of the head of the house to adapt himself to the new conditions, aided by extravagance and a series of disasters, dissipated the immense hoards of former Jagat Seths. But we shall not have to record the total downfall of the house. There is still a Jagat Seth at Murshidabad. He does not possess the colossal wealth of some of his predecessors but the goddess Lakshmi has not entirely refused her favours. He does not occupy the high position among the nobility of Bengal that was held by Jagat Seth Mahtab Rai but he is still regarded as the head of the Oswal community to which all the Jagat Seths have belonged. His title has been officially recognised by the British Government and it is in common use among his countrymen and the British Government has permitted him to add the words "Jagat Seth" to his name for the purposes of official and social intercourse.