

CIVIL SERVICE IN INDIA UNDER THE EAST INDIA COMPANY

A STUDY IN ADMINISTRATIVE DEVELOPMENT

*(Thesis Approved for the Degree of Doctor of Philosophy
of the University of London)*

BY

AKSHOY KUMAR GHOSAL, M.A., PH.D. (LOND.)

LECTURER IN POLITICAL SCIENCE, UNIVERSITY OF DACCA



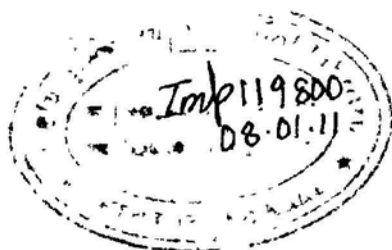
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CONTENTS

	PAGES
<i>Preface</i>	ix-xii

CHAPTER I

<i>Introduction</i>	1-12
--	------

Importance of the subject—"Civil Services" and "the Indian Civil Service"—scope of the work—the process of transformation of the character of civil service—the problem of the civil service in its modern setting

CHAPTER II

<i>The Company's Civil Service—Mercantile Stage (Formative Period)</i>	13-74
---	-------

The East India Company—a brief account of organisation—Office organisation in Presidencies—subordinate factories—Civil and Military service—mode of appointment—patronage of Directors—oath subscribed to by Writers—age of Writers—Directors' exclusive authority in appointment—state of morals—gradation in service—promotion by seniority—Local Governments vested with full authority in matters of posting, transfer, promotion, etc.—salaries and allowances—poor remuneration—economy the governing principle—uncertainty and insecurity of tenure—restrictions on the Company's servants: private trade, gifts and presents, leave regulations—the morale of the service—miscellaneous functions

of the Company's servants—commercial function, the predominant occupation

CHAPTER III

The Company's Civil Service—its Reaction to the Company's Accession to Political Power .. 75-105

Political situation—power without responsibility—practice of private trade—accepting presents or gifts—practice of lending money at high rates of interest—Clive sent a second time to reform abuses—Clive decides to undertake Dewanny—Court's reply to the Select Committee—how Dewanny worked—constitutional significance of Dewanny—administrative reform and attitude of civil servants—the problem of remuneration of servants and Clive's plan of 'Society of Trade'—Court's attitude towards it—some general observations on the position of the Company and its servants

CHAPTER IV

The Company's Civil Service—from Traders to Administrators 106-183

Failure of "double government"—the scheme of 'Supervisors' of 1769—evils that led to the appointment of Supervisors—duties of Supervisors under the scheme—the scheme approved and put into force, December, 1769—constitutional significance of the scheme of Supervisors—difficulties in actual working—causes of failure of the scheme of Supervisors—institution of Councils of Revenue at Murshidabad and Patna—the plan of enquiry by a Board of Commissioners

for the Affairs of India—the Company decides to stand forth as Dewan—Hastings's Reform measures—Commercial reform—separation between Revenue and Commercial branches—constitution of a Board of Trade—Revenue reforms—plan of Revenue administration of 1772—critical estimate of the plan—the plan of 1773—a system of Provincial Councils—the scheme of 1781—centralisation, its practical difficulties—Judicial reforms of Hastings—the reasons behind—the Plan of Justice of 1772—withdrawal of Collectors, 1773—changes in criminal judicature in 1774-75—Judicial Regulations of 1780—changes of 1781—Judges invested with magisterial powers—concluding remarks on Hastings's reforms in relation to the Company's civil service

CHAPTER V

The Company's Civil Service—Consolidation as an Administrative Service . . . 184-235

Home politics and Indian administration—administrative reorganisation on the eve of Cornwallis regime—policy of administrative centralisation abandoned after much discussion—Court's instructions of April, 1786—the new plan of collectorships of 1787—concentration of authority in District Officers of 1787—Commercial reform under Cornwallis—Reform of Criminal justice—Police Regulations of 1792—Reforms of 1793—Cornwallis Code of 1793—administrative reorganisation—its guiding principles—morale of the services raised—devices to that end : (a) Liberal salaries, (b) Fight against patronage, (c) Europeanising of superior offices

CHAPTER VI

<i>The Company's Civil Service—Contribution of the Fort William College and its Evolution ..</i>	236-288
--	---------

Abuse of patronage by Directors and the need of training of the Company's servants—origin of Fort William College—the original constitution of the College under Regulation IX of 1800 and first statutes—syllabus of study—some observations on the College—opposition of Directors—controversy between the Court and the Board of Control—the conflict over the College between Wellesley and the Directors—its significance—later history of the College—later proposals of abolition—whether there was justification for continuing the Fort William College in its reduced form after the establishment of Haileybury College

CHAPTER VII

<i>The Company's Civil Service—Contribution of the Haileybury College</i>	289-333
---	---------

Arrangements for education of junior civil servants at Fort St. George and Bombay—Rules for the College of Fort St. George (13 July, 1827)—arrangement in Bombay Presidency—the College at Haileybury—its origin—constitution of the College under Statutes and Regulations—London Board of Examiners—Acts of 1826 and 1829—proposals of limited competition—Act of 1833—critical comments on the institution and its system of education—the case for and against a special institution—competition *versus* nomination

CHAPTER VIII

<i>The Company's Civil Service—on the Eve of</i>	334-398
<i>Transfer to the Crown's Administration ..</i>	

Scope of the chapter—improved moral tone of the service—territorial expansion—task of consolidation—some special features of the administrative organisation of the period: (1) Regulation and Non-Regulation areas—(2) Covenanted and Uncovenanted branches of civil service—(3) Increasing entry of Indians into services—promotion of education among natives as a part of the policy of employment of Indians—development of the structure and organisation of the services—District administration—Judicial system—Bentinck reforms

CHAPTER IX

<i>Conclusion</i>	399-408
APPENDIX A.—Form of Bonds given by factors (January, 1606/7, and February, 1740)	409-414
APPENDIX B.—Form of Covenants subscribed to by civil servants in different periods	415-436
APPENDIX C.—Grades and salaries of civil servants (in different periods of the eighteenth century)	437-441
APPENDIX D.—A note on the scale of salaries of the civil servants of the Company	442-444
APPENDIX E.—Extracts from a letter of Mr. Verelst, dated 16 December, 1769, giving a picture of the contem- porary condition of Bengal ..	445-448

	PAGES
APPENDIX F.—Form of instructions issued by the Resident at the Durbar to the several Supervisors	449-457
APPENDIX G.—Regulations for the settlement and collection of revenue passed on 14 May, 1772	458-464
APPENDIX H.—Short titles of important regula- tions of 1793 (Cornwallis Code) ..	465-468
APPENDIX I.—Wellesley's Minute on the founda- tion of a College at Fort William, dated 10 July, 1800	469-486
APPENDIX J.—Regulation IX (1800) ..	487-493
<i>Bibliography</i>	494-499
<i>Index</i>	501-508
<i>Errata</i>	509

PREFACE

The present work is mainly the outcome of two years study at the London School of Economics and Political Science and is based on a thesis submitted for the Ph.D degree of the University of London in 1940. The thesis had to be completed under limitations of time and latterly, of material also, due to the outbreak of the war. One chapter, *viz.* Chapter VIII, was added after my return to India, and the thesis was also retouched in parts.

This work is the first part of a more comprehensive one projected on the subject of Civil Service in India. It purports to form the historical background which is essential to the study of political institutions in a country. The process of development of the Civil Service in India has been evolutionary. While that makes an historical approach essential, the subject has been treated chiefly as it would interest a student of public administration. Wherever possible, the different stages in the growth of the Civil Service and their characteristic features have been explained in terms of the principles of public administration, and statements of tendencies and conclusions have been supported by documents.

The work is mainly based, particularly as far as the earlier period is concerned, on manuscript records preserved in the archives of the India Office. Use has also been made of printed material in the shape of Parliamentary Papers, official publications, journals and published works of other authors, of which acknowledgement has been made in footnotes.

In classifying the subject-matter under different periods regard has been had more to the distinctive features of the Company in each of the periods

than to strict chronology. Naturally, no attempt has been made to confine each period rigidly within distinct dates. For instance, the first of these periods relates to the purely mercantile stage of the Service when the distinction between its two branches—Civil and Military—first arose. The next period dealt with represents the reaction of the Civil Service in the shape of abuses and malpractices in its ranks to the Company's accession to political power for the first time. Next comes the process of the transformation of the Company's Civil Service from a merely mercantile one to a regular administrative service. The foundation of a Civil Service in the modern sense of the term as also of the British Empire in India was mainly the work of two distinguished administrators—Hastings and Cornwallis. Naturally the reforms made by these two great administrators have been the subject of searching analysis. The systematic education and training of the civil servants of the Company initiated by Wellesley, marking a recognition of the change in the character of the Civil Service from a mercantile to an administrative body, is next discussed. By the first quarter of the nineteenth century the Company had consolidated its position as a territorial sovereign and the paramount power in India. The Charter Act of 1833, by putting an end to the commercial activities of the Company, registered the fact. The consciousness of its new responsibilities was borne in upon the Company, and it set about adjusting its administrative organisation to its new position. Our survey ends with the last phase of the development of the service and an account of its organisation as it stood on the eve of the demise of the Company and the transfer of its administrative responsibility to the Crown. In the concluding Chapter some general observations have been attempted on the basis of the whole survey made in the preceding Chapters.

It is my pleasant duty here to acknowledge my debt to all those who have directly or indirectly helped me in the preparation and publication of the work. It is indeed delicate to select a few for special mention when one's indebtedness is to many. If I mention only some by name, that should not be taken to mean that I am not obliged to others. To Dr. H. Finer under whom mainly I worked at the London School, and Prof. H. J. Laski who supervised my work for one term in the absence of Dr. Finer, I am deeply indebted not only for their careful guidance and very valuable suggestions but also for the personal and friendly interest they took in all my affairs during my stay in England which proved a source of inspiration and encouragement to me and enabled me to complete the work in the face of heavy odds. My debt to previous writers from whose books I have quoted, I trust, has been duly acknowledged in the footnotes and the bibliography. I should add, however, that I take full responsibility for any interpretations that I may have put upon their opinions. The labour of collecting material for the work was very much simplified and facilitated by the constant and ungrudging assistance I received from Mr. W. T. Ottewill, the Superintendent of India Office Records, and the staff of the India Office Library, the Libraries of the London School of Economics, of the Office of the High Commissioner for India and the University of Cambridge. I must thank the authorities of the University of Calcutta for undertaking the publication of this book in these difficult times. But for their generous offer, its publication might not have been possible, or at any rate would have been indefinitely held up. I should be failing in my duty if I did not also express here my deep sense of gratitude to Dr. Syamaprasad Mookerjee for the interest he has uniformly taken in the publication of the work. My thanks are also due to the

staff of the Calcutta University Press for having accommodated me at every stage of its printing. I am particularly grateful to the High Commissioner for India for the pecuniary assistance in the shape of a grant of £100 which facilitated my work in England by relieving the financial strain caused by the war. Among friends in England who encouraged me in the midst of various difficulties I must mention Mr. G. H. Langley, formerly Vice-Chancellor of the University of Dacca and Mr. P. K. Dutt of the Office of the High Commissioner for India. The former was kind enough to go through some chapters of the thesis and offer some helpful suggestions. I cannot find adequate words for expressing my gratitude to Dr. S. N. Roy, Head of the Department of English of the University of Dacca, who, in spite of so many calls on his time, cheerfully volunteered his services in going through the proofs. I have benefited immensely by his very valuable suggestions at every stage in the course of its publication. To Messrs. J. N. Chowdhury, P. K. Guha and S. K. Chatterji also of the same Department, I am obliged for the help given occasionally in looking through the proofs. Finally, I should also thank Mr. D. N. Banerji, Head of the Department of Political Science, who has constantly helped me with his advice and suggestions. A word of explanation is perhaps needed for the undue delay in the publication of the book. This is due to the fact that after the major portion of the book had been printed off, work had to be suspended for over a year owing to scarcity of paper.

THE UNIVERSITY,
RAMNA, DACCA,
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Akshoy Kumar Ghoshal

CHAPTER I

INTRODUCTORY

Importance of the Subject

A study of the development of the civil service in India hardly requires apology, particularly at the present time when India is engaged in a crucial experiment with a new form of government. The importance of the place occupied by the civil service in the polity of all modern states needs perhaps no special emphasis. Its importance is all the greater in India, because, up to the present time, India, or to be more precise, British India, has been for all practical purposes governed under a bureaucratic or quasi-bureaucratic form of government, in other words, by the civil services. At the top of the hierarchy stands what has come to be known as the 'Indian Civil Service'—consisting of a little over a thousand officers forming a *corps d'élite*, once described by Mr. Lloyd George not very incorrectly as the 'steel-frame' of the Indian administration. Not so long ago, this service constituted both the 'government' and the 'administration' or both the policy-framing and the executive body. Under the new order, however, the position of not only the 'Indian Civil Service' but the 'civil services' as well requires a readjustment, if they are not to prove misfits in the new scheme of things. This cannot be achieved merely by conforming to legal forms and meticulous observance of correct rules of procedure. They have to enter into the spirit of a reformed constitution and this requires what may be called a 'historical sense.' It is a commonplace to students of political science that political institutions everywhere have their roots deep in the past.

They are not invented as a mere exercise in ratiocination and fancy, but grow in response to changing needs of the society in which they function. This is true of the civil service of India and to appraise its proper status in the new polity, a study of its origin and development against the background of the social and political forces that have brought it to its present state is essential. It is in this context that an attempt will be made in the following chapters to study the development of the civil service in India from its early origins.

‘ Civil Services ’ and the ‘ Indian Civil Service ’

A distinction has been suggested above between the ‘ civil services ’ of India and the ‘ Indian Civil Service.’ It is necessary to clarify the distinction a bit, because it is a little more deep-seated than a distinction between a generic and a specific term. The term ‘ Indian Civil Service ’ has acquired a more technical meaning than its counterpart in countries like Great Britain, France, or U.S.A., due to the peculiar history of its development. The term is of comparatively recent origin, having come into currency during the past half a century or so. Before that, a distinction was loosely made between the ‘ covenanted ’ or superior services, the members of which had to enter into covenants with the Company subjecting them to various restrictions and the ‘ uncovenanted ’ or subordinate services, the members of which had not to subscribe to any such covenant on appointment, because their responsibilities were not very great. The distinction further roughly corresponded with racial alignments, the former having been usually the preserve of Europeans and the latter of the natives of the country. Within each division no classification was made—as now—according to functions discharged. It was on the recommendations of the Indian

Public Service Commission of 1886-87 that the two services were split into three distinct divisions at different levels of responsibility—(a) Imperial, (b) Provincial, and (c) Subordinate, each of them again being organised into different units on the basis of duties and functions, such as Civil service, Police service, Educational service, Forest service, and so on. The Imperial services were organised on an All-India basis, while the other two on a provincial basis. The 'Indian Civil Service' as well as the Provincial services was concerned with general administration as distinguished from the specialised services occupied with particular branches. The members of the Indian Civil Service posted in the districts throughout the country exercised a general oversight and control over the whole field of administration, while their compeers at the headquarters of the provinces or at Delhi or Simla controlled the policy of administration, even the Governors of the provinces except of the three presidencies being appointed from among them. Thus it would perhaps not be an exaggeration to say that until recently India was governed by the 'Indian Civil Service' and we have not had its exact counterpart anywhere else in the world. It forms as it were the centre-piece and the prime-mover of the whole system of public services.

Scope of the Work

At the beginning of British rule, as we observe later in the text, the Company's service was more or less homogeneous and undifferentiated, with different grades no doubt, but with perfect mobility between the lower and the higher grades. All of them taken together constituted the 'Civil Service' of the Company as contradistinguished from the only other branch of the Company's service, that is, the 'military service.' Originally, as their very titles—writers,

factors and merchants—indicate, they were a purely mercantile service. Later, when the Company came to be territorial sovereign as well, its civil servants had to combine with their commercial duties administrative duties also. In course of time a rough separation was made between the commercial and administrative branches of the civil service, but still they belonged to a single homogeneous organisation. Although holding multifarious administrative posts, for purposes of salary, allowances and conditions of service they were still writers, factors, etc. Only after the disappearance of commercial functions of the Company in 1833, was the distinction gradually developed between the two divisions of the civil service, *viz.* covenanted and uncovenanted. In the present volume we are mainly concerned with the civil service of India in its early stages, before the differentiation between the different units of the service was complete.

The services of the present day have hardly any feature in common with those of the East India Company in the seventeenth century in its purely commercial stage or even in the eighteenth century in its quasi-administrative stage, but still there is an organic connection and historical continuity between the two. The story of an humble company of merchants from a country six thousand miles away eventually founding an empire in a strange land, and becoming rulers of a vast population has a touch of romance indeed. No less romantic is the story of the silent transformation of a private mercantile service, into a full-fledged public administrative service, and the most perfect and efficient bureaucracy in the world at that.

In the following chapters we try to tell that story with a critical analysis of the different stages of the process of transformation. For instance, in dilating on the evils of private trade practised on a large scale by the Company's servants even when they became associated with public

administrative work, we have tried to explain it in terms of the theory and practice of public administration, instead of merely finding fault with the men practising them. The failure of the system of dual government after the acquisition of Dewani and of the institution of supervisors has also been explained in a similar way. The decision to take over the administration from the native agency was haltingly taken and still more haltingly enforced. The old machinery of administration had practically broken down and ordered government had come to an end. The task of building anew the administrative system and bringing order out of chaos devolved upon the Company's servants. The task was one of stupendous difficulty as is the case with pioneer work in every field. In the first place, the equipment was lacking. The servants of the Company, who were by training and habit mere book-keepers and clerks, were suddenly summoned to collect the revenues, to keep the peace, and to shoulder other responsibilities. Their ignorance was not the only difficulty. What is more, they had not developed that sense of responsibility and public duty which is essential in administrators. Moreover, the standard of morality, nowhere very high in that age, was at a particularly low level at that time in India and it infected the servants of the Company as well ; further, power without responsibility bred in them an indiscipline and corruption which took years to eradicate. To crown all, the Directors pursued the short-sighted policy of paying ridiculously low salaries to their servants, leaving them to eke out their poor pittance by perquisites, legitimate and illicit, limited only by cupidity, thus indirectly abetting corruption. To build up an administration with such material is really an achievement bordering on a miracle and the Company was fortunate in having two outstanding personalities like Hastings and Cornwallis in quick succession at the head of their affairs in India to accomplish the task. Of course,

many errors were committed and many obstacles had to be overcome in the process, but they are natural to any transitional device. (Both Hastings and Cornwallis had to proceed by a series of experiments. As we show in the text, Hastings made no secret of his intention of acting upon the 'rule of the false.' In building up the administrative machinery Hastings consistently followed the policy of centralisation, that is, concentrating all authority at the headquarters instead of leaving it with the heads of districts. Soon after Hastings had left, that policy had to be given up, Collectors being restored to their previous position. Cornwallis again took a different line in splitting up the functions of the Collectors and vesting them in different officials. Hastings tried, as far as possible, to conform to indigenous institutions and forms and even to retain the indigenous agency wherever possible; Cornwallis reversed that policy and tried to overhaul the entire administration on English model and English principles and excluding natives systematically from all positions of trust and responsibility. Many measures and policies of Cornwallis also, like those of Hastings, had to be modified or repealed subsequently. But the fact remains that these two great administrators between them created an administrative structure which has in fundamentals continued unchanged to the present day. The achievement of Hastings lay in bringing order out of chaos, in building up administration out of a mercantile service, while that of Cornwallis lay in consolidating the administration and purifying it by raising its morale. Wellesley followed up the work of Cornwallis by emphasising the need of a systematic education and training of civil servants, specially designed to equip them for their task, and taking active steps in that direction.

When the task of building up an administration was accomplished by the end of the eighteenth century the next problem related to personnel, not only with reference to

improvement in its quality, but also its racial composition. The first brought to the fore the controversy regarding the competitive system, and the second the question of Indianisation. The two questions, however, were not unrelated to each other.

Process of Transformation of the Character of the Civil Service

Both indicated the subsidence of commercial principles reigning so long in the Company's administration. The transference of administrative responsibility from the Company to the Crown did not affect the position of the civil service very much ; it was merely taken as a going concern by the Crown. The Company's civil service now became the Crown's service. Ever since Parliament intervened in the Company's affairs, the conception of the Company's obligation underwent a change. It was placed in the position of a trustee on behalf of the Crown and Parliament. Its private character became overlaid with a public one. Its servants were to care as much for the interests of the shareholders as for those of the people over whom they were suffered to rule. Profit-making was no longer to be the sole motive power but public welfare as well, and as time went by, the former receded into the background to be gradually superseded by the latter. With the transfer of government to the Crown, the civil service became undivided in its allegiance. As a regular civil service of a state its only care became the welfare of the people. Not only that, its ranks were to be open to all subjects of the Crown, irrespective of caste or creed, colour or religion. These principles were formally declared in the solemn proclamation of the Queen in 1858.¹ But even before, steps conducive

¹ It runs, " And it is our further will that, so far as may be, our subjects, of whatever race or creed, be freely and impartially admitted to offices in our service, the duties of which they may be qualified by their education, ability, and integrity duly to discharge."

to the moral and material uplift of the people had already been taken. By the Act of 1813 the Parliament enjoined on the Company an obligation of setting apart annually a sum of money out of its surplus, if any, of territorial revenues for the education of the natives. When after some controversy it was decided to impart Western education, provision was made eventually by gradual steps for such education at all the stages—university, secondary and primary. At the same time the ban on employment in the Company's service on the score of religion, etc., had been removed by the Act of 1833. Amenities of Western civilisation, such as railways, post and telegraph, irrigation and public works were fast introduced. All this had the effect of changing the outlook of the people. Western education brought with it the political philosophy of the West and kindled political aspirations among the educated section of the people. They wanted not only equal opportunities with Europeans for employment in the superior services, but put forward even a demand for home rule. Since the transfer of government to the Crown the policy of progressively associating Indians in every branch of administration—legislative, executive and judicial—was consistently followed. But eventually that policy failed to satisfy popular aspirations and His Majesty's Government thought fit to make the famous pronouncement of August, 1917, declaring as the goal of British rule in India the eventual realisation of responsible government of the dominion type. This marks a turning-point as much in the constitutional history of India as in the development of its civil service.

Problem of the Civil Service in its Modern Setting

The foregoing sketch shows in what manner the civil service of the present day is the product of history. The collector or the district officer of the days of Cornwallis

may be taken to be the predecessor of the present-day civilian. The former came to be "the eye of the government and its tongue." The exigency of administration coupled with the traditions of government of an oriental country turned the district officers into veritable monarchs of small principalities, to whom the people became accustomed to turn as their protectors for the redress of all their grievances. The system was not only endured but quite welcome to the people, as personal rule and centralised authority that characterised the civil service in those days were in accord with the traditions of the system of government to which the British succeeded. As the Indian Statutory Commission observed in 1930, with reference to the system of district administration,¹ "It is not a mere administrative convenience, but may be regarded as an essential part of the organisation of the community. It has established itself in this position, because it corresponds to certain fundamental characteristics of the people. India has always been accustomed to personal relations between the people and those who have been set in authority over them, and the instinct of the people demands that they should be able to state their grievances in person to some individual who is in a position either to remedy them himself or to represent them to the distant and impalpable government." With the spread of higher education and its concomitants—the ideas of democracy, liberalism, and nationalism—the people grew intolerant of paternal government administered by a foreign bureaucracy. Exception was taken not only to its foreign personnel, but also to its bureaucratic character. Indianisation and decentralisation of functions by the creation of special and technical services went apace. The service, however, maintained in all essential features its original character. But with the announcement of August, 1917,

¹ Vol. V of the Memoranda of the Commission

the problem of the future of the civil service required a re-examination. It was felt that as India progressed towards responsible government the services must abandon their old place and accommodate themselves to the new situation. The civil service was no longer to be the 'government' as before, but to become merely the 'administration.' The position has already been changed materially in the provinces since the introduction of provincial autonomy in April, 1937. The direction of the change can very well be indicated in the words of Ramsay Macdonald written long before,¹ "The seat of authority in India is being removed from the civil service to the Legislature and we must build up the system of Government accordingly. Wisdom compels us to see not very far off the end of the civil service as we have known it and that being so it also compels us to begin without delay to create a new service which will carry us through the transition stage from a British to an Indian administration."

In this connection it may not be out of place to refer to some remarks made by Sir John Anderson, the late Governor of Bengal, in course of an address to the Rotary Club at Calcutta on the eve of his departure.² Speaking of the new position of the public services in India, he pointed out that the civil servant should have nothing to do with politics in the sense of affiliation with any particular political party. At the same time, he said, there must be perfect confidence between Ministers, who come into office as leaders of particular political parties to carry out particular policies, and the civil servants, who must place at their disposal advice based on long years of administrative experience as to how best and most effectively to translate them into practice. "A tradition has to be built up by

¹ J. R. Macdonald, *Government of India* (1919), Ch. VIII, p. 113

² Reported in the *Statesman* (Calcutta), dated August 12, 1937.

degrees," he concluded, "and apart from everything else there is an element of lack of continuity here which does not exist at home where every Department contains senior officers of twenty to thirty years' experience of responsible work in the same Department. But at this junction when all is new there ought to be in the minds of all concerned some conscious ideals to which to work in the relations established between Ministers and their officials."

The qualities that will be demanded in the civil servant of the future are industry, devotion to duty, sense of discipline, honesty and integrity, and resourcefulness. But what is wanted above all is a loyalty to the constitution and a spirit of service. They ought to learn the maxim laid down by General Gordon—"to govern men there is but one way, and it is an eternal truth. Get into their skins. Try to realise their feelings."¹ The civil servant should not regard himself a part of a soulless machine. Even his official acts should not altogether be devoid of human feeling. This change in outlook is expected to be brought about by the transfer of responsibility from the bureaucracy to elective parliaments, as policies would no longer be shaped in the official dovecot, but in the conclave of responsible ministers in response to popular opinion communicated through parliament. No scheme of responsible self-government however liberal in its scope and however thoroughgoing in theory, will succeed in practice unless it is accompanied by a radical and subjective transformation of the civil service, because the success of a government depends more on those responsible for its working than its theoretical excellence as disclosed by the

¹ Sir E. Maconochie, a member of the Indian Civil Service, observes from his personal experience, "The first essential for happiness in India is the ability to get into sympathy with its people." He says further what is necessary above all is a sense of humour and proportion (See his *Life in the Indian Civil Service*, p. 256)

articles of its constitution. It is the members of the civil service on whom will devolve the task of working the scheme of responsible government in the provinces as well as at the centre. A Titan's responsibility awaits the Indian civil servants in our own day and to-morrow. If only they play their cards well in the new order, keeping pace with the march of events in a changing world we shall be able to say in the words of Sir Samuel Hoare :—

“ When the history of the British Empire is written, its two greatest achievements will be the development of parliamentary institutions and the organisation of the Civil Service, unconnected with party politics and uncontaminated by selfish interests. The development of an efficient and disinterested Civil Service is the greater of these achievements. The Indian Civil Service, the oldest Civil Service in the world, is the author of that great institution. It has built up a record which even Hastings could not have ‘conceived possible.’ ”

CHAPTER II

THE COMPANY'S CIVIL SERVICE—MERCANTILE STAGE (FORMATIVE PERIOD)

The East India Company—A Brief Account of its Organisation

Before dealing with the Company's civil service it is proper to give a brief account of the early organisation of the East India Company,¹ of which it forms an integral part. The Company was incorporated by Queen Elizabeth by Letters Patent on December 31, 1600, under the com-brous title of "The Governor and Merchants of London trading into the East Indies." This body of merchants was given certain rights and privileges under Letters Patent with a view to enabling them to carry on their trade and in general to manage their affairs smoothly. These were from time to time extended by fresh Charters and Acts of Parliament to meet the necessities of varying situations. In 1698, on the authority of an Act of Parliament, a new Company under the title of "The English Company, trading to the East Indies" (sometimes briefly referred to as the

¹ A vivid account of the affairs of the Company and the activities of their servants for the better part of the seventeenth century will be found in the series *Letters received by the East India Company from its Servants in the East*, the first volume of which was edited by Mr F. C. Danvers and continued after his death by Mr. (later Sir) W. Foster up to 1617, and in the series *The English Factories in India* edited by the latter writer and continued up to 1669, based at the beginning upon the verbatim reproduction of original correspondence and later, upon their summary gleaned from documents in the Public Record Office, the British Museum, and the Indian Record Offices. In addition to these we may also refer to *The Calendars of State Papers, East Indies* (1513 to 1634) edited by Mr. W. N. Sainsbury, (5 Vols.) published at different dates from 1862 to 1892, and continued in the series *The Court Minutes of the East India Company* (1635 to 1679) by Miss E. B. Sainsbury with Introductions by Sir W. Foster (published 1907 to 1938).

New Company) was incorporated by a charter. For some time a severe competition ensued between the two companies, to the detriment of the interests of both. Happily, this was ended by an agreement arrived at between them stipulating the amalgamation of the rival organisations in seven years' time. The management, in the mean while, vested in a court of managers consisting of an equal number of delegates from each body. From the time of the union effected under the terms of this agreement the Company came to be known by the new title of "*The United Company of Merchants of England trading to the East Indies.*" The shorter title "The East India Company" was confirmed as late as 1833.

The management of the affairs of the Company at Home was concentrated in a governing body consisting of the Governor, the Deputy Governor and twenty-four committees¹ in England, their proceedings together with those at the General Courts* to which all members of the Company were summoned being recorded in Court Minutes. As their settlements expanded, new units of administration in India called presidencies came into existence, each under a President or Governor and Council with powers to manage the internal affairs within its jurisdiction subject to the supreme controlling authority of the Court.

The settlement at Surat on the western coast was the first to rise in importance. In 1638 Surat was the chief establishment and by 1643 factories were established on the eastern coast in Masulpatam and Madras.² During the latter half of the seventeenth century sites were secured

¹ The term "Committee" is not to be understood in the modern sense of a body of persons selected from a larger assembly with some special function. Each individual member of the Court constituted by himself a "Committee." Later this body was called the Court of Directors.

² A. Lyall, *The Rise and Expansion of British Dominion in India* (1910), p. 24. In 1642 the chief settlement on the Coromandel coast was transferred from Masulpatam to Madras.

by different methods, *e.g.*, lease, purchase or gift, in three distinct zones (Bombay, Madras and Calcutta), which formed the nuclei for pushing the Company's trade into the interior of the country. They were secured at different dates and made into presidencies under the jurisdiction of a President and Council, with fortifications to protect them against external aggression. All the settlements or factories,¹ as they were called, within each area carried on their business under the direction of and in subordination to the President or Governor and Council at the Presidency or headquarters. At the head of each factory there was a chief or a sort of a manager in charge of the whole establishment who had a seat in the Council at the Presidency.

The President was bound by a majority of votes in the Council without any overriding powers.² The three Presidencies were absolutely independent of one another till 1773, each being directly subordinate to the Home authorities and obliged to pay due obedience to their orders. They enjoyed a large degree of autonomy in the management of local affairs and day to day administration, which was rendered possible and necessary by the difficulty of communications at the time. As regards their organisation at Home there were two bodies—the Court of Directors and the Court of Proprietors (*i.e.*, stockholders) or the General Court. Their relationship was analogous to that

¹ Not to be understood in the modern sense of a place of manufacture. It comes perhaps from the term "factor" meaning Company's servants, because the factors resided in the building where the Company's business was carried on.

² Referring to the Surat Council, Sir W. Foster observes, "By instructions sent out in 1632, the President was required to do nothing, write nothing, without the concurrence of his Council (*vide* Letter of President Hopkinson and Council at Surat to the Company, dated January 25, 1633, in *Original Correspondence*, No. 1428) and the general letter of the following year increased the number of members to five including the President, and took away the latter's casting vote." (Introduction by Sir W. Foster to *English Factories in India*, 1630-33, p. vi)

between the directorate and the general meeting of shareholders of a joint-stock concern of the present day. The Court of Directors was in continuous operation and stood as the supreme authority controlling the affairs of the Company in general. But as we are not much interested in the Home establishment of the Company, we need not enlarge upon it any more and shall now pass on to their establishment in India.

Office Organisation in the Presidencies

We get a rough idea of the early office organisation of the Company from the following account of Surat in the seventies of the seventeenth century, given in his account of the Surat factory by Dr. J. Fryer, a surgeon in the employ of the Company :—

“ Among the English the business is distributed into four offices, the Accomptant, who is next in Dignity to the President, the general Accompts of all India, as well as this place (*i.e.* Surat), passing through his hands; he is Quasi-Treasurer, signing all things, though the Broker keeps the cash. Next him is the Ware-house-keeper who Registers all Europe-goods vended, and receives all Eastern Commodities Bought; under him is the Purser-Marine who gives Accounts of all Goods Exported and Imported, pays Seamen their wages, provides Wagons and Porters, looks after Tackling for Ships, and Ships' Stores. Last of all is the Secretary, who models all consultations, writes all Letters, carries them to the President and Council to be perused and signed; keeps the Company's seal, which is affixed to all Passes and Commissions; records all Transactions, and sends copies of them to the Company; though none of these, without the President's Approbation, can act or do anything. The affairs of India are solely under his Regulation; from him issue out all

Orders, by him all preferment is disposed, by which means the Council are biassed by his Arbitrament.”¹

Subordinate Factories

(The organisation of the subordinate factories was modelled on that at the Presidency. The employees in these subordinate factories frequently found their way through promotion to the establishment at the Presidency, and sometimes even to the position of Councillors, the highest in the Company's gift in the India establishment. “As for the Presidency,” the same writer observes,²

“though the Company interposes a deserving Man, yet they keep that power to themselves, none assuming that Dignity till confirmed by them. His salary from the Company is 500 l a year, half paid here, the other half reserved to be received at home, in case of misdemeanour to make satisfaction beside a Bond of 5,000 l sterling of good Securities.

“The Accomptant has 72 l per annum; Fifty pound paid here, the other at home; all the rest are half paid here, half at home, except the writers, who have all paid here.”

The total establishment at Surat at the time consisted of twenty persons³ including a minister for Divine Service and a Surgeon.

¹ *Vide A new Account of East India and Persia in eight letters being nine years' travels, begun 1672, finished 1681 by Dr J Fryer (London, 1698)*

² *Ibid.*, p 85

³ The civil establishment in India in the early period was kept on a minimum level, perhaps from considerations of economy J. W. Kaye observes:—

“I have before me a copy of the first complete list of the Company's civil servants ever sent home to England. It would not occupy half a page of this book. It was compiled in 1615, and it contains thirty-two names. Twenty-one of these were factors, and the rest “attendants on the factory”. They were stationed at four different places.”

[J W. Kaye, *The Administration of the East India Company* (1853), Ch. IV, p 417.]

The establishment at Madras and later on that at Calcutta were also constituted on the same plan. In Madras too the Governor or Agent was the first member in the Council; next to him was the Book-keeper; the third in rank was the Warehouse-keeper with the Customer as the fourth. The duties of the Customer were of a miscellaneous character. He collected all the taxes, rents and customs; he also sat as a justice of the peace in the Black town, that is, the native quarter of the town.¹

The Council met every Monday and Tuesday in the morning. Everything relating to the affairs of the Company or its servants, however trifling in character, was discussed and decided in the Council by a majority of votes. But most of the members, being chiefs of factories in the interior, did not usually attend, thus strengthening the hands of the President or Governor and a few members of the Presidency town. The Governor's position in the Council was pre-eminent. The task of arranging the meetings, drawing up agenda, circulating notices devolved upon a Secretary who was always in attendance. He kept a diary of all proceedings and consultations. A copy of the diary was sent home every year, along with a general letter reviewing the proceedings; in reply a general letter was received from the Court of Directors.

Civil and Military Service

Under the royal Charters and Acts of Parliament the Company was given some powers including the power to raise and equip troops for defensive purposes. Thus the Company's service fell into two classes—civil and military. It is this division that is responsible for giving currency to the term "Civil Service"¹ as contradistinguished from

¹ It is difficult to find out exactly at what time the term came into use. It may be conjectured, however, that it became current towards the end of the seven-

the military, which was taken from India to England and other countries. Each factory in the interior of the country was manned by a band of civil and military servants, varying in size according to the volume of business transacted, who were subordinate immediately to the Governor or President in Council of the Presidency in which the factory was located. Ultimately, of course, all servants of the Company, civil or military, including the Governors and Members of the Council, were controlled by the Court of Directors at home. On important matters, the President and Council had to await instructions from home and obeyed the orders of the Directors. The military servants of the Company were as a rule looked at askance by the Directors and were retained only from a sense of necessity. But in course of time, as the Company became involved in the struggle for ascendancy among the rival powers which arose on the ruins of the Moghul empire, it had to add to its military forces in the interest of self-preservation. Still

teenth century. Because among the manuscript records of the Company kept in the India Office are found forty-one volumes of a series "*Bengal Civil Servants*," beginning from the year 1706, giving lists of the Company's civil servants in Bengal, their salaries, allowances, etc. There are similar volumes also for Bombay and Madras. The term must have, therefore, come into vogue some time before that. It appears that the distinction between the two branches of the Company's service was not established by means of any formal resolution or decision. There was very often an interchange in personnel between the two branches. The distinction, therefore, seems to have become established by sporadic usage. This view would be corroborated by the following quotation from Sir W. Foster's work, *John Company* —

"The development of the 'Honourable Company's Civil Service'—known by that title some time before Government employees in England ever thought of calling themselves "the Civil Service"—was gradual and somewhat haphazard. In the early days, when the East India trade was carried on by means of terminable "stocks" which ran for a few years and were then wound up, it was natural to take short views. As early as 1606 we find factors engaged on a five years' contract, and this became the normal period of the initial appointment, but usually a factor remained after his covenanted time had expired, or, if he then returned, was re-engaged and sent out afresh. Gradually, therefore, the service became a regular profession, etc."

(*John Company* (1926) by Sir W. Foster, Ch. XIII. p. 210.)

it always kept guard against the predominance of the military in their affairs. Thus J. W. Kaye observes :—

“ They (the Court of Directors) were extremely jealous of the growth of military influence at their settlements, and turned their soldiers into civilians and their civilians into soldiers at discretion ; that the purely military element might not anywhere assert itself in dangerous predominance.¹

“ There was another advantage, too, in this. It appeared to the Company that indifferent book-keepers and accountants might make very decent soldiers ; and that if their civilians were trained to arms, an occasional hard bargain might be got rid of by the gift of a military commission.”²

This attitude regarding the relative position of the civil and military services persisted even at a much later period, that is, when the Company settled down as an administrative body. Thus in a letter to Bengal, dated the 11th November, 1768, the Directors observed :—

“ As we have taken great precaution to establish the entire dependency of the Military on the Civil power, we shall deem you and the Select Committee highly responsible for any abuse of that power in the unequal distribution of favour and justice towards them ; * * * * * we command your checking all encroachments on the Civil power ; but it is also essential that the

¹ This fear of military predominance persisted even at the time of Lord Clive. Thus Clive wrote —

“ The evil I mean to apprise you of, is the encroachment of the military upon the civil jurisdiction, and an attempt to be independent of their authority. A spirit of this kind has always been visible. our utmost vigilance, therefore, is requisite to suppress it, or at least to take care that it shall not actually prevail. I have been at some pains to inculcate a total subjection of the army to the Government, and I doubt not you will ever maintain that principle.”

(Extract from a letter to the Court, dated the 30th September, 1765.)

J. W. Kaye, *op. cit.*, Part I, Ch. 3, p. 68.

Commander-in-Chief should appear to be supported by you in the due exercise of his office.”¹

In their General letter to Bengal (Para. 12), dated the 7th May, 1778, the Court directed that the orders of the Commander-in-Chief regarding military matters in Fort William were to be communicated to the Governor General for his approbation, before they were issued to troops, and the Court's orders regarding regimental detail and military discipline were to be communicated to the Governor General for information at least twenty-four hours before being issued to the troops.² In another letter, dated the 21st July, 1786, the Court directed that in case of a meeting of Civil and Military servants, a senior civil servant, irrespective of rank, was to take the chair. Numerous other instances can be cited from the correspondence of the Court on this point, but what we have stated above is enough to indicate the supremacy of the civil over the military.

Mode of Appointment

Usually the servants of the Company started their career at the lowest rung of the ladder and worked their way up ordinarily by seniority, and exceptionally by merit. They were, therefore, appointed as ‘apprentices’³ or ‘writers,’ upon their own petition or request,⁴ usually at or about the age of sixteen, at first by the Court of Committees, and later on by its successor, the Court of Directors. Originally, each ‘petition’ or application was considered by the Directors on its own merits, but subsequently, some

¹ Paras 102 and 104 of the letter. *Vide Bengal Despatches*, Vol IV. pp 170-173 India Office Records

² *Vide Bengal Despatches*, Vol IX, pp 382-86, I.O.R.

³ The practice of appointing youths as apprentices seems to have ceased in 1694, from which date candidates were appointed to writerships straight away. (*Vide* Sir W. Foster, *op cit* Ch XIII, pp. 211-12).

⁴ This phrase has always occurred in the covenants executed by writers on their appointment.

restrictions were placed on candidature. For instance, in 1682 it was decided that none should in future be appointed writers "but such as have learned the method of keeping merchants' accounts throughout."

Patronage of Directors

Again in 1714, when employment under the Company was very much in request, it was "resolved that for the future no petition be received from any person for any employment whatever in this Company's service, unless the petitioner be recommended by one or more members of this Court; and that his or their names who do so recommend be mentioned in the Minutes of the Court." This principle was reaffirmed in November, 1731, when it was "ordered that in future all petitions for employments in the Company's service, either at home or abroad, be presented by some of the gentlemen in the Direction, and that they speak to the same."¹ The idea behind this requirement was perhaps to guard against the introduction of undesirable elements in the service and to ensure honesty and integrity therein. If so, it will appear very doubtful from what will follow how far that was realised; but any way, it marks the beginning of the system of patronage which was looked upon as an important privilege of the Directorate, and for which it had to fight hard subsequently against the encroachment of Parliament and the ministry at home, practically right up to the demise of the Company. The method of distribution of this patronage varied from time to time. As will be seen later, at the beginning of the nineteenth century, nomination was made for admission to Haileybury College through which alone writers were appointed, and the extent of patronage varied with the standing of the Directors. It would be too much to expect

¹ W. Foster, *op. cit.*, pp. 212-13.

that such unlimited patronage should be exercised always with an eye to the best interests of the Company. Usually the friends and relatives of the Directors were singled out in preference to better candidates. The Service became practically the monopoly of certain families. To return, however, to the mode of appointment of writers.¹ The candidate had to write out his petition in his own handwriting and submit along with it evidence of age and testimonials about his qualifications. The Court referred the petitions to its Committee of Correspondence on whose report selection was made. The selected candidates were given a long printed indenture² to sign, drawn up in a form approved by the legal advisers of the Company. Among many other articles in this bond, the writers had to sign certain agreements and conditions between the Company and himself, these being embodied in an accompanying document, called "covenant,"³ whence the term "covenanted servant".⁴ The covenants practically embodied their conditions of service, rights and obligations. To one part of the Indentures, given to the candidate to sign, the Company's Secretary set their common seal, while the other part, left with the Company, was executed by the candidate, who had also to furnish security in the sum of £500 for the performance of his part of the covenant, and it was left to the honour of the Company to respect theirs. There was no

¹ It has been very well illustrated in minute detail by Mr. Foster by reference to a concrete case, viz., the appointment of Warren Hastings as a writer, the facsimile of his petition even being reproduced (*Vide idem*, pp. 220-22.)

² See Appendix A for the form. Two such forms of different dates have been reproduced

³ Covenants of different periods have been reproduced in Appendix B

It seems that at the beginning of the seventeenth century, during the period of "separate voyages" of the Company, only one of the documents was employed, viz., the covenant, the candidates' sureties also entering into a separate covenant. There is a marked continuity in the wording of the covenants of different periods reproduced in Appendix B. Modification was made usually in response to new situations,

difference in the form of covenants as between higher and lower posts except with regard to the sum of the security which varied with the salary, and perhaps, the period of contract also. The sums for which different grades of servants had to furnish securities are as follows :—

	£
Writer	500
Factor	1,000
Junior Merchant	2,000
Senior Merchant	3,000
Counsellor	4,000
Governor	10,000

In case appointments were made when the candidate was still a minor, he had to execute fresh covenants on attaining majority, and when he rose to a higher post, he had to give fresh securities attached to the post. In their General letter to Bengal, dated 17th December, 1762, we find the Court admonishing the President and Council for not enforcing “ the Standing Rule that as writers come of age, they were to execute fresh covenants, and that all our covenant servants in general as they advance in stations and into Council are to give the usual security on such occasions.”¹ The persons who stood security were to be approved by the Company. To provide against possible losses steps were taken to ensure that such persons were dependable as security, and if they intended to transfer their property, they could only do so with the cognisance and previous leave of the Company. For the better security, in future, of the Company from losses that might happen by any of their factory, it was decreed that one of the securities given must be a London citizen of known ability, credit and estate, and able to meet his obligations.² It was

¹ *Vide* paras 33-35 of the letter in *Bengal Despatches*, Vol II, p. 516, I.O.R.

² Court of Committees, June 21, 1678, Court Book. Vol XXXI, p. 19.

resolved that no adventurer who was security for any factor or writer in India, and whose accounts were in question, should be permitted to sell or transfer his adventure without leave of the Court of Committees; and the Accountant General, before making any such transfer, was to acquaint the Court and receive their directions. The Secretary was to notify the Accountant General from time to time of those who became security for any of the Company's factors or writers.¹

The conditions of service regarding salary, tenure of office, restrictions on the practice of private trade, and receipt of presents and gifts, keeping the secrets of the Company, an obligation to serve the Company "loyally, faithfully, etc.," are detailed in the covenants which have been reproduced in Appendix B.

Oath Subscribed by Writers

In the early period among the various rules laid down to be observed by the Company's servants one related to the taking of oath by the servants on being appointed. In 1677 the Court of Directors issued an order that all factors entertained for the Indies in the past or future, were to take the oath of freemen.² The Lawsuits Committee of the Court were desired to prepare the form of an oath to be administered by the President, Agents and Chiefs in India, to all factors and writers on coming of age, to oblige them to their allegiance to the King, and to faithfulness to the Company in the management of their trade, conformable to the oath taken by the freemen of the Company.³

¹ See Court of Committees, October 18, 1678, Court Book, Vol. xxxi, p. 101

² Vide p. 23, A Court of Committees, September 12, 1677, Court Book, Vol. xxx p. 313 See also *A Calendar of Court Minutes of the East India Company, 1677-79*. (1938), Introduction by Mr. W. T. Ottehill, p. xxi.

³ A Court of Committees, September 27, 1677, Court Book, Vol. xxx, p. 351.

Age

As regards the age of admission we have seen that usually writers were appointed at or about the age of sixteen; but in the early period it appears that there was no definite rule prescribing either the age of admission or retirement. On the latter point Sir W. Foster remarks¹ :—

“ Factors were engaged mainly on their previous experience, and, so long as they were active and in good health, the question of age was seldom considered. Some indeed were men well advanced in years.”

He cites two cases of appointment at a very advanced age and of continuance in service quite late in life. The first is that of one Joseph Selbank, who wrote to his employers in 1616, “ The almond tree hath displayed his white blossoms upon my head ever since I was admitted into your service,” (9 years earlier) and he continued in service for another seven years. In the other instance, one George Foxcroft was sent to Madras as Agent at the age of sixty-four and retired at the age of about seventy. But these are exceptional cases. Usually the servants were admitted quite young and rose to higher posts by seniority. Restriction on the age of admission was introduced at a much later period. In July, 1784, it was decided that candidates for writerships must be between the ages of fifteen and eighteen. Later by the Act of 1793 the maximum age was raised to twenty-two, and since then the age limits have been modified from time to time.

Directors' Exclusive Authority in Appointment

The Directors insisted on their right of appointing to all civil and military posts in India under the Company

¹ W. Foster, *op cit.*, Ch. XIII, p. 210.

to the exclusion of any authority in India. In their General Letter to Bengal, dated the 29th March, 1774, the Directors wrote :—

“ As we have never permitted our Governor and Council or our Select Committee in Bengal, to admit Europeans into our service except (?) by the Appointment of the Court of Directors not to license Free merchants, Free Mariners or others to reside in India ; we expressly direct, that you do not, on any account or under any pretence whatsoever, suffer any European to hold any post or exercise any office in our Service, Civil or Military, who shall not have been appointed or admitted into the Company's service, by the express authority of the Court of Directors.”¹

For quite a long time, we may say up to the time of Lord Wellesley, no provision was made for the systematic training of the Company's servants either at home or after their arrival in India. The only qualifications that were insisted upon were a smattering of book-keeping and accountancy and a good handwriting.² Towards the middle of the eighteenth century an institution in London named Christ's Hospital,³ which provided training mainly of a commercial character, very often supplied recruits for

¹ Para 25 of the Letter *Vide Bengal Despatches*, Vol VII, p. 61, I.O.R.

² We may quote the following in connection with the requirement of good handwriting :—

“ The order that all writers who had just been elected were to write over again their petitions before the Secretary, and that they were to be presented to the Court by him, seems to point to the possibility that the Court suspected that some of the original petitions were not written by the applicants. “ Fair writing ” was one of the qualifications for appointment.”

(A Court of Committees, October 24, 1677, Court Book, Vol, xxx, p. 370 quoted in *Calendar of Court Minutes*, 1677-79, Introduction p. xxi).

³ Reference to this institution will be found in Sir W. Foster's *John Company*. It is interesting to note that Warren Hastings was educated at this institution and submitted with his petition a certificate from the Master to the effect that he had “ gone through a regular course of merchants' accounts.”

writerships of the Company.) The reason for this lack of any systematic education and training of the Company's servants is to be found mainly in the character of the Company as a purely commercial body. As such, the work of their servants did not demand of them anything like a liberal education. Moreover, they were sent out at too early an age for receiving such education. Later on, however, when the Company became territorial sovereign, very arduous and responsible duties awaited the servants on their arrival in India for which they were totally without equipment. It was Marquis of Wellesley who first directed the attention of the Company to this problem and formulated his scheme of education for the covenanted servants which we shall discuss later. But even in the early period, though little was demanded of them in the discharge of their simple work, they were not very well equipped for it.

State of Morals

They did not get an education adapted to their duties and particularly directed towards forming early habits of discipline and strength of character, so essential for young men sent to a foreign country, exposed to temptations of all sorts, placed in an altogether different social environment, and free from all restraints imposed by the standards of conduct in their own society. The result was, as could naturally be expected, the universal degradation of the service. It became more and more pronounced with the political ascendancy of the Company, as we shall presently find; but even from the records of the early period we find accounts of indiscipline and immorality rampant among the Company's servants and the strictures of the Court pronounced thereupon. What a writer has written in the middle of the nineteenth century of the state of morals of the Company's servants,¹ is very well applicable

¹ *Vide* an article under the title *The English in India—Our Social Morality*, in *Calcutta Review* Vol. I, (1844), No. 11, pp. 298-99.

to servants of the earlier period. He writes :—

“ They who came hither, were often desperate adventurers, whom England, in the emphatic language of the Scriptures, had spued out ; men who sought these golden sands of the East to repair their broken fortunes ; to bury in oblivion a sullied name ; or to wring, with lawless hand, from the weak and unsuspecting, wealth which they had not the character or the capacity to obtain by honest industry at home. They cheated ; they gambled ; they drank ; they revelled in all kinds of debauchery ; though associates in vice—linked together by a common bond of rapacity—they often pursued one another with desperate malice, and, few though they were in numbers, among them there was no unity, except an unity of crime.”

Mr. Verelst, also, in a letter written on the eve of his departure, gave a sketch of the civilians in Bengal in the sixties of the eighteenth century in the following words :—

“ We looked no further than the provision of the Company's investment.¹ We sought advantages to our trade with the ingenuity, I may add, selfishness of merchants.....All our servants and dependants were trained and educated in the same notions ; the credit of a good bargain was the utmost scope of their ambition. Calcutta must, in those days, have been a sort of commercial arcadia.”

It is not to be understood, of course, that all servants of the Company without exception were depraved. There were honourable exceptions. But a system is to be judged not by such exceptions but the generality of its products.

Gradation in Service—Promotion by Seniority

As the Company's service became a regular profession after the cessation of the ‘ separate voyages ’ towards the

¹ The term means purchases made with surplus of receipts over expenditure for export to Europe.

middle of the 17th century, a regular gradation in the service was established. There was in the settlements of the Company a good deal of routine work consisting in copying letters, making out bills of lading and exchange and so forth, for which a class of junior writing assistants was necessary. This class came to be known by the designation of 'Writers' ¹ from the nature of their duty. When, after the Restoration, the Home authorities began to send out boys, chiefly from Christ's Hospital, simply on board and lodging and a small allowance for clothes without any salary, a still lower class was formed under the denomination of "Apprentices." The term "factors," applied to all servants of the Company at its inception before the introduction of other grades, came now to indicate a class of senior servants higher in rank than the two grades noted above. Above the "Factors" two other grades were established—the Junior and Senior Merchants. These titles and the gradation appear to have become settled by the middle of the seventeenth century as will appear from the following passage :—

"The distinction of titles of the Company's civil servants in the East, proposed by Streynsham Master (Agent, Madras) and adopted by the Court was that there should be five regular grades below that of Members of Council, namely, 'Apprentices,' 'Writers,' 'Factors,' 'Merchants,' and 'Senior Merchants,' the two last mentioned being new grades. The Court minutes are silent as regards the reasons for this formal adoption of the principle of seniority as the course of succession to offices of trust. They are, however, to be found in the Masters' Commission, namely :—

According to Mr Foster the term first appears in 1645. He is also of opinion that engagement of apprentices ceased in 1694, youths being thenceforth appointed straight away as writers. The other classes continued till 1839, i.e., five years after the Company ceased to be a trading body. (*Vide Foster, op cit., Ch. XIII.*)

'Whereas it hath been our resolution (since 1669)¹ that such of our factors and servants as were found faithful and capable, should from time to time, by degrees be advanced in our employ according to *seniority*, and that none should be sent out from hence to step over the heads of others, yet we have been oftentimes necessitated to proceed otherwise, partly occasioned by the extraordinary irregular actions of some, partly from the differences and divisions of our factors themselves, and chiefly because our Agent and Council and Chiefs and Council have not observed every year to send us a true and perfect list of all our factors and servants in due order and method with an account of their comportment and behaviours. To the intent that for the future a due course of succession may be established, we do intend that all our factors and servants employed in the management of our trade be reduced under several denominations.'

"The course of succession was that 'after the first five years, every degree is to advance to the next superior degree, and to the salary of that degree for three years until they come to be 'senior merchants' at the salary of £40 per annum,¹ in which degree

¹ *Vide English Factories in India, 1668-69, p. x*

² Mr Foster observes in this connection:—

"In December, 1675, it was decided that 'apprentices', when their period of service was completed, should become 'writers'. 'writers' were to be promoted after a time to be 'factors', 'factors' might hope to become 'merchants'; and these were to blossom in due course into 'senior merchants'." As regards the origin of the principle of promotion by seniority he says that when even after the establishment of the two inferior grades, men of mature age still continued to be sent from home as factors over their head there was much discontent among the latter. So in 1669, the Directors declared an intention for the future "to have persons raised up by degrees, according to their deservings, from one place to another there (i. e., in India) and only to send out from hence young men or youths, to be trained up in our business." W. Foster, *idem*, pp. 211-12.

and salary they are to remain till death or removal of some in Council, they be called to further advancement.”¹

The principle of promotion by seniority established at this early period continued to be in operation till the Company ceased to be a trading corporation. Later on, however, the local authorities were permitted at discretion to depart from the principle where the interests of the Company warranted such a step, as would be evident from the following letter from the Court, dated the 28th August, 1771 :—

“ However desirous we are that our servants should succeed to superior stations according to priority in the service, in all cases where the same can be observed without prejudice to the interests of the Company, it is not our meaning that seniority alone should entitle them to enjoy such posts as require not only an undoubted integrity but also a competent degree of ability and attention and as in this light we must consider the chief management of our affairs at your subordinates, we leave to your judgment to appoint to the respective residencies such of our servants as may be most likely to promote our interests in the trust to be committed to them.”²

The Board could, without assigning any reason whatsoever, offer a post to some junior man, ignoring the claims of senior servants.³ Sometimes a servant was singled out for special preferment for having special qualifications. In its letter to Bengal, dated February 15, 1765, the Court

¹ *A Calender of Court Minutes of the East India Company (1674-76)*, Introduction by W. T. Ottewill (1935) p. xxv. *Vide also* Letter Books (1672-78), Vol V, p. 283, I O R. Reference may also be made in this connection to Dr J. Fryer's account given in his book “*A New Account of East India, etc*” already referred to.

² Para 28 of the letter, *vide Bengal Despatches* Vol VI, I O R.

³ A specific instance of such supersession will be found in *Bengal Consultations*, dated March 10, 1763, at which the petition of an aggrieved servant was disposed of.

gave directions for a special treatment of one Mr. William Walton for his "complete knowledge of the method of refining saltpetre." He was recommended to be "stationed as the youngest factor on the list" straight away as soon as he would reach the requisite age.¹ At the same time we find authorities in India remonstrating against the action of the Directors in making an appointment in a particular case in disregard of the claims of some officials already in the service as establishing a very pernicious principle. One Mr. Ellis was nominated by the Court to a seat in the Council in supersession of some twelve persons, and it was pointed out that such unmerited supersession would have a very damping effect upon the loyalty and assiduity of those already in service.²

In spite of occasional departures, however, seniority remained the governing principle in matters of promotion. As the affairs of the Company were managed on commercial lines, expediency often dictated departures from the prevailing rule. This sometimes amounted to nepotism and jobbery. When later on the political and administrative role of the Company overshadowed its commercial aspect, it had to observe sound principles of public administration in these matters. The principle of seniority was put on a statutory basis by an Act of Parliament passed in 1793. By section fifty-six of the Charter Act of 1793 it was provided,—“for establishing a just principle of promotion amongst the covenanted servants of the said United Company in India, on their civil establishment, and preventing all undue supersessions, be it further enacted, that all the civil servants of the said United Company in India, under the Rank or Degree of Members of Council, shall have and

¹ Para. 63 of the Letter, Government of India (Home Department) Records, 1764-65, Vol. 5

² Letter to the Court, dated the 29th December, 1759 (para. 135), quoted in "*Selections from Unpublished Records of Government for the years 1748-1767.*" Vol. 1, by Rev. J. Long, No. 401, p. 166.

be entitled to precedence in the service of the said Company, at their respective stations, according to their seniority of Appointment etc. etc.”¹

Local Governments vested with Full Authority in matters of Posting, Transfer, Promotion, etc.

The writers on their first arrival were generally employed for some years in copying the proceedings of the President and Council (called the Consultations), the correspondence between one Presidency and another and also the letters from and to the Directors. In this process they got an acquaintance with the affairs of the Company in India and were then promoted to superior grades, step by step. Some of them rose even to memberships of Council and even Governorship,² the highest office in the gift of the Company. It may be noted here that although the power of appointing to all important offices in the service of the Company rested with the Directors, the distribution of these offices among the various settlements of the Company remained in the hands of the authorities in India, as also the authority to promote and punish. It appears that originally the Directors retained the authority of posting and transfer, etc., of the civil servants.³ But as a result of practical experience they revised their opinion about the efficacy of the system and in the letter dated the 25th March, 1757, they wrote⁴ :—

“ We thought they were measures that would answer very good purposes but we are since satisfied that many inconveniencys will follow. Wee do,

¹ This provision was repealed by the Act of 1861.

² The outstanding examples are Lord Clive and Warren Hastings.

³ Vide General Letter of the Court, dated the 24th January, 1753.

⁴ Para. 28 of the Letter, vide “ Bengal Despatches.” Vol. I, p. 523 (I.O.R.).

therefore, hereby repeal them, and wee do henceforward leave it to you to employ our Covenant Servants in such places for such times and in general in such a manner as according to the best of your judgment will be most for the interest of the Company having a strict regard to their qualifications for their present employs and their being in the way of gaining experience to fill the superior stations that they may gradually advance to with ability and reputation. You are to observe however that this general direction is not intended to break into the equitable rule of promoting our servants according to seniority in the service when there is no reasonable objection to the contrary."

The Court, however, had the right of intervening, but this was seldom exercised.

Remuneration of Servants—Salaries and Allowances

The emoluments of the Company's servants in the different grades in the early period till the time of Cornwallis were not at all commensurate with their duties and responsibilities. They differed also at different dates and from one settlement to another as will appear from what follows. From an account of the Bengal Agency in the fifties of the seventeenth century¹ we find that the Agent at Hughli, i.e., the Chief in Bengal, drew only £100, the third in Council £30, and the fifth £20. The Chief at Balasore, a subordinate factory, drew only £40, and the Third only £30. At Kasimbazar the Chief drew £40, and the Fourth only £20. Again it appears from the Letter Books of the Company that in 1675 the annual

¹ 'English Factories in India, 1655-60,' edited by Sir W. Foster (1921), pp 188-89.

salaries of the junior servants in the Company's settlements were fixed as follows¹ :—

Apprentices £5, Writers £10, Factors £20, Merchants £30, Merchants next to the Council £40.

The Court of Directors insisted on having a complete list of their covenanted servants with their ranks, salaries and allowances, their starting pay, etc. For every Presidency we have volumes of such lists of civil servants preserved among the records of the Company. In Appendix C we reproduce some typical lists from the first three volumes of "Bengal Civil Servants" covering the better part of the eighteenth century. They are illustrative of the conditions of service of the civil servants. In the first place, we get an idea of the salary scales of different grades of servants, and they roughly follow the scales given above, with some variations at different dates and places. Secondly, we may note that although the ranks were always those we have already noted, *viz.*, Merchants, senior and junior, Factors, etc., there were offices of various designations such as Buxey (Paymaster), Jamadar, Secretary, Accountant, Warehouse Keeper, Mint-master, Resident at the Durbar, Chiefs of Factories, etc., borne on one or other of the different grades noted above. This continued till these designations were given up after the Company had ceased to be a trading corporation in 1833. New offices were created with exigencies of the development of administration. The civil servants had also to serve as members of various committees such as the Select Committee of Council, Committees of Lands, Works, Accounts, Aurangs, and Cutcherry. Although holding different offices, they drew salaries attached to the different grades to which their offices belonged.

¹ Letter Books, Vol. V, pp. 288-89 (I O R). *Vide Calendar of Court Minutes* (1674-76), Introduction by W T Ottawill

Thirdly, the number of civil servants of the Company showed a steady increase as would be evident from the following comparative statement¹ :—

The total number of servants on the Bengal list compiled on January 21, 1762	..	68
The total number of servants on the Bengal list compiled on August 18, 1763	79
The total number of servants on the Bengal list compiled on October 8, 1764	87
The total number of servants on the Bengal list compiled on February 2, 1769	122
The total number of servants on the Bengal list compiled on August 25, 1770	180

Allowances

Lastly, over and above the salaries attached to the posts, they got various kinds of allowances such as diet money, house-rent, batta (a sort of exchange allowance), washerman's charge, charcoal, family allowance, etc., etc. It may be noted here that at a later period when the Company took upon itself the revenue administration of the country, the superior servants connected with revenue work were often compensated by a commission on the collection over and above their salaries, and those in the commercial department by a similar commission on investments passing through their hands.

The writers on arrival were usually given free quarters in the presidencies, and when sent to mofussil (interior), were generally billeted upon the senior servants who were given an allowance called 'table money' for keeping a common table for themselves and the junior servants. If they were not agreeable to such an arrangement, the writers

¹ "Bengal Civil Servants," Vol. II (1760-83), Fort William, 5th September, 1762 (I.O.R.).

were given an allowance of diet money for making their own arrangements. The scale of such allowances also was fixed by the Directors from time to time. If no quarters could be allotted to the junior writers on arrival, they were given an allowance of house-rent.

In a note given in Appendix D will be found the various types of remunerations together with the rates allowed to different classes of civil servants from an actual statement of accounts, dated October 3, 1757.¹ Later on it appears from some "rules of the Civil establishment in Bengal" issued from the Secret Department of Inspection, dated the 27th June, 1785, that all these allowances under different heads for different classes of civil servants were consolidated into fixed sums.

Poor Remuneration of Civil Servants

It has been universally admitted that the remuneration of the civil servants of the Company from the very beginning until towards the end of the eighteenth century was far below what even in those days would be called "fair wages." This produced much discontent among the Company's servants.² This was mainly responsible, if not solely, for driving the junior servants to taking resort to questionable practices like those of carrying on inland trade, receiving presents, etc., against the express orders of the Company which we shall discuss later. Even the authorities in India occasionally drew the Company's attention to the inadequate remuneration of their servants

¹ Vide Appendix D. In the same appendix is reproduced an abstract giving an idea of the total number of civil servants of the Company in each grade during the period 1762-72, and the total amount spent on salaries and emoluments.

² Vide in this connection Letter No. 13 in *Letters received by the East India Company from its Servants in the East*, Vol. I (1602-13), by F. C. Danvers, dated Surat, October 27, 1609, from an English merchant to another at Agra or some other inland factory complaining about poor remuneration.

with its evil consequences. For instance, in a letter written in 1663,¹ it was represented by the Agent Winter and his Council from Bengal that many of the Factors engaged at the commencement of the Stock, had almost served their covenanted periods and were likely to insist upon going home then, unless given more encouragement, such as better salaries. It would be advisable, therefore, they said, to send out a supply of Factors and also to authorise the engagement of suitable men in India. In conclusion they remarked :—

“ The trueth is youre Worships give youre servants such small encouragement that doth but very little animate their endeavoures ; theire sallaryes are soe small, and debared tradeinge almost in any commodities stiring (*sic*) but cloth. The seamen are also mightily disheartened, in regard of the strict course that is now taken with them in reference to investinge of their moneys ; and tis our opineons that, if itt continue, your Worships affaires will some way or other suffer more by it.”

We may also quote the historian R. Grant on this point. He observes :—

“ On the reduction, in 1680, of the presidency of Surat into an agency, the annual salary allotted to the Chief agent was £300 ; to the second in Council £80 ; to the other members of Council in a declining progression, so that the lowest member had only £40 ; to the deputy Governor of Bombay, the second person as to rank and authority in the service, £120. Probably, a common table was at that time kept for the servants ; but, with every allowance for this or other similar savings, and with an allowance also for the depreciation which money has

¹ “ *English Factories in India, 1661-1664*,” by W. Foster, p. 183.

since undergone in India as well as in Europe, the emoluments of the service would, from the scale given, appear most pitiful, unless we suppose that they were meant to be filled out by opportunities of private trade.”¹

Economy, the governing Principle

The fact of the matter is that in their dealings with their servants the Company seems to have been at a loss as to how to reconcile the principle of economy with efficiency. As a commercial body they could not dispense with stringent economy, and in almost every letter to their servants in India they insisted on strict economy in their establishments ; and as we have already said, they carried it to such lengths as to make it difficult for the junior servants to make both ends meet without resorting to forbidden sources of income. But at the same time they laid equally great emphasis on efficiency, and particularly the necessity of rooting out abuses among their servants. But they did not know how to strike a balance between the two principles. In support of this we quote here some excerpts from a General letter of the Court to Bengal, dated the 3rd March, 1758. In paragraph 130 of the letter they stress the need of reformation in view of the altered situation (perhaps a reference to the victory at Plassey) and enjoin strict economy in all grades of service. In paragraph 131 they observe :—

“ It was our intention to have struck off the various articles of allowance to our servants from the President to the Writer and have fixed one general appointment to each rank for a salary, diet money, etc., but the shortness of the time before the dispatch

¹ R. Grant, “ *A Sketch of the History of the East India Company*, ” (1813) p. 71,

of the ships not permitting us to digest the references and observations we must of course have made on those of our other Presidencies. We have determined to let the several allowances remain on the foot they have for some time subsisted from the Gentlemen of Council to the Factor,”

In paragraph 132, they draw attention to the luxurious living of junior servants and their consequent indigence, and order :

“ No Writer whatsoever be permitted to keep either Palankeen, Horse or Chaise during his Writership, on pain of being immediately dismissed from our service.”

Paragraphs 133 and 134 of the letter run as follows :—

“ You are also to observe that we will not in future admit of any Expences being defrayed by the Company either under the Head of Cook Rooms, Garden or other Expences whatever and which we have lately observed on the face of our Books whether for the emolument of the Governour or any other person and which are not mentioned in the list of salaries, appointments &c. annually transmitted to us ;”

*“ How desirous soever we may be to enforce our recommendations for economy in general, we do not purpose to retrench what shall upon mature consideration appear to us reasonable for the decent support of each station in our service, or that of the four gentlemen in particular who are to preside alternately in Establishment of our Settlement of Fort William on the plan now laid down etc. etc.”*¹

¹ “Bengal Despatches,” Vol. I, pp. 708-10 (I. O. R.). *Italics ours.*

*Exclusive Authority of Directors in the matter
of Increase of Remuneration*

The discretion of the local authorities in the matter of modifying the scales of remuneration fixed by the Directors, without their previous assent, was completely fettered. Thus in a letter written on 25th March, 1757, the Court administered a mild admonition to the local authorities for having violated this rule in one instance and strictly enjoined non-intervention in the matter in future. They wrote :

“ We must here acquaint you that for the future you are not to create any new salaries or allowances or make any additions to old customary ones without previously stating to us the reasons for necessity of such salaries or allowances and having our consent for the same, we mean this principally with respect to our covenant and military servants being sensible that in other employments and in extraordinary cases you must have some Latitude which we hope you will make use of with Frugality and Discretion.”¹

As regards covenanted and military servants, if the authorities were disposed to increase the remuneration of some servant or servants in appreciation of their services, or to create some new allowance or add to old ones, what they did was simply to convey their recommendation with reasons to the Directors and wait for their instructions. Thus in a letter, dated the 3rd March, 1758 (para. 131), the Court in raising the salary of the writers to four hundred rupees per annum, in lieu of all other allowances, observes :

“ But as we are sensible that our junior servants of the Rank of Writers at Bengal are not upon the

¹ *Vide* para. 100 of Court's General Letter to Bengal, dated 25th March, 1757
Ibid., pp. 523-24.

whole on so good a footing as elsewhere we do hereby direct that the future appointment to a Writer for Salary, Diet money and all allowances whatever be Four Hundred Current Rupees per annum, which Mark of our Favour and attention properly attended to must prevent their reflections on what we shall further order in regard to them, as having any other Object or Foundation than their particular Interest and Happiness."¹

Uncertainty and Insecurity of Tenure

Apart from the fact that the emoluments of the servants were poor, there was also lacking that element of certainty and security about their remuneration so characteristic of the public services of the present day. Their rates of pay were determined at the sweet will of the Directors and sometimes varied with the ebb and flow of the unsteady fortunes of a commercial Company. This introduced an element of precariousness and insecurity in the conditions of employment of the civil servants of the Company. Speaking of the civil service of the Company, J. W. Kaye observes² :

"It appears, too, to have been very much the custom, even in those early days when the mercantile affairs of the Company were in a bad way—when trade was slack and money was scarce, or when their dead stock was consuming their revenue, to send out instructions to reduce the pay of their servants, and so to save a few hundreds a year."

¹ "Bengal Despatches," Vol. I (I. O. R.).

² "Administration of the East India Company, a History of Indian Progress," by J. W. Kaye (1853), Part I, Ch. 3, pp. 69-70.

Here in a footnote he gives the following specific instance :

“ For example, in 1678-79, orders went out to reduce the pay of the President of Surat to 300 *l.* a year, and to change his title to that of *Agent*. The senior member of Council was to have 80 *l.* per annum ; and the Deputy Governor of Bombay 120 *l.* The entire expenses of Bombay, civil and military, were limited to 7,000 *l.* a year. The result of these measures was a rebellion headed by the chief military officer, which well nigh lost Bombay to Company altogether.”

Then he concludes :

“ This was not the way to obtain good service, and to keep the Factors and Merchants from trading on their own accounts at a greater loss to the Company than would have been entailed upon them if they doubled, instead of reduced, the salaries of their servants.”

Restrictions on the Company's Servants

The Company's servants were subjected, from a very early period, to a rigorous discipline. The Company dealt severely with individual delinquents in the service. It also laid down from time to time general rules of conduct and discipline to be obeyed by their servants on pain of being suspended or dismissed. We may note here a number of specific restrictions imposed by the Company on its servants from a very early period.

Private Trade

The foremost in importance among these is the interdiction on the practice of private trade, except under the

restrictions laid down by the Company, as detailed in the covenants executed by the servants.¹ As early as the year 1609 we find the Company rebuking their Factors at Surat for the neglect of the Company's interests and carrying on trade on their own account.² But in spite of frequent admonitions it was found impossible to check the practice, in the first place, because of the very poor remuneration of the servants, and in the second place, because the superior servants themselves were involved in it. We may quote in this connection a passage from "*The English Factories in India*" (1630-33)³ :—

"As regards private trade (the suppression of which was now the burden of all communications) the President and Council frankly acknowledged its general prevalence and asserted the impossibility of preventing it. They appear to have made some half-hearted attempts to lessen it, but these were fiercely resented by the persons affected, and Wyld⁴ and his associates, by their own notorious excesses in this direction, had lost all moral control."

Among the many difficulties of the Company in the early period, coping with this practice among their servants was the most formidable. Ultimately they were forced to make a compromise in the matter as would appear from the following two passages :—

"To a certain extent this was recognised as legitimate; but it was notorious that most of the Factors pushed the practice to excess, and we are told that

¹ It will be seen from the covenants of different periods reproduced in Appendix B that this qualified prohibition of private trade occurs in all of them.

² Letters from the Company to the Factors at Surat, by the ships of the sixth voyage, dated the 15th March, 1609. Vide '*The Register of letters, etc., of the Governor and Company of Merchants of London, trading into the East Indies (1600-1619)*,' edited by Sir George Birdwood and Sir W. Foster (1893), pp. 315-18.

³ Introduction to above by Sir W. Foster, p. vi.

⁴ Wyld was the President at Surat.

in one year the amount of private trade carried on reached the high total of 30,000 l. The example set by the Factors was assiduously followed by the officers and seamen of the Company's ships."¹

"Recognizing that it was useless to attempt the suppression of this illicit traffic, especially now that freighted ships were being used in place of the Company's own vessels, the Committees decided to schedule the commodities which they desired to monopolise, and to give leave to the factors and seamen to bring home a moderate quantity of other classes of goods. Later in the year (September, 16), elaborate rules were laid down on this subject. The practical results, however, seem to have been small. Everyone who had the opportunity of taking part in a trade yielding such high profits was naturally eager to invest his own stock of money to the best advantage."²

New rules of service were laid down in 1674, namely, that on going out, Factors could freely export all or any of the commodities not particularly prohibited by their indenture or covenant, provided such goods were registered with the Company's Secretary and his ticket obtained for carrying them abroad. Upon their return to England they were at liberty to bring home their estates in specified commodities. While in the East they could send home only precious stones, musk, etc. The fact, that the Company's servants availed themselves of this privilege to engage in private trade to an extent, and by means not permitted in the indentures of their covenants, was well known.³

¹ "A Calendar of Court Minutes of the East India Company," (1635-39) by Miss E. B. Sainsbury. Introduction to above by W. Foster, p.

² *Ibid.*, (1650-54, Introduction, p. vi).

³ Vide 'Court Minutes,' 1674-1676 The Company to the President and Council at Surat, dated April 3, 1674

Some time later the Company again stiffened its attitude in the matter of 'private trade done by their servants in India. In 1678, after a long debate, the Court decided that Factors were not to be allowed freedom of trade in India "in all commodities of the countrie."¹ The Agents and Councils at Bengal and Madras were required to keep a register of all private trade carried on by the Company's servants and an exact diary of all goods bought for the Company, with their prime cost, also what they were sold for, on which no 'imaginary' prices were to be put, as the Company understood had been the practice.² On information being received that the Company's Agents, Chiefs and Factors had, contrary to rules and orders, engaged in a very considerable trade far beyond the compass of their own estates, and for that purpose had borrowed money of their colleagues and natives, "to the apparent damage of the Company, breach of their covenants and the trust reposed in them and to the dishonour of the English nation, order was given that this practice should be strictly prohibited, and for a standing rule and order to this effect to be drawn up and sent to the President and Council at Surat, Agents, Chiefs and Subordinates."³

As will be seen in the next chapter, in the eighteenth century, particularly after the ascendancy of the English as a result of the Battles of Plassey and Buxar, the practice of private trade became rampant and led to serious evils.

Receiving Gifts and Presents

Another restriction of importance upon the servants of the Company was the inhibition of the practice of

¹ Court of Committees, November 22, 1678, Court Book Vol. XXXI, p. 117.

² Court of Committees, November 27, 1678, Court Book, Vol. XXXI, p. 118.

³ Court of Committees, October 15, 1679. Court Book, Vol. XXXI, p. 322, vide also introduction by Mr. W. T. Ottewill to 'Court Minutes,' 1677-79, p. 302.

receiving gifts and presents by them.) In the early period, of course, it was not so very common as in the latter part of the eighteenth century, when the political supremacy of the Company was exploited by its unscrupulous servants. When the servants of the Company became also for all practical purposes the rulers of the land, they had many points of contact with the people and the door was opened for the unmitigated prevalence of this pernicious practice.¹ Apart from the political influence and power that the Company's servants exercised, another potent cause of this malpractice was an immemorial custom in India requiring persons visiting or seeking favour of any superior authority to make some present to the latter. The refusal to accept such present was regarded as signifying dissatisfaction for its inadequacy.² The Company prohibited this practice also quite early in its history. [Towards the latter part of the eighteenth century, however, when the practice became more common and fraught with greater evil, the Court repeatedly sent directions in clear terms to put a stop to the practice, and as will be seen later, it was the most important article of the new covenant that Lord Clive got executed by the civil and military servants of the Company.³

Resignation by Servants to take to some other Occupation in India or accept some other Appointment

We may mention here a further restriction on the Company's servants, viz., on their freedom to resign from

¹ It is significant that the clause regarding the prohibition of acceptance of gifts and presents in the covenants of the eighteenth century is absent from the covenant of the seventeenth. (*Vide* Appendices A & B.)

² There is a very humorous reference to this practice in Sir Edward Blunt's book, *The I. C. S.* (1937), p. 29.

³ *Vide* Covenant No. 2 in Appendix B.

the Company's service. They were not to be allowed to resign their service in order to accept some other job or take to some independent profession in the country. The Company does not seem to have approved of the idea of conceding to their servants the freedom to choose their occupation, once they entered their service. On resigning from the Company's service the servants were not to stay in India except with the special permission of the Directors. They were to be shipped back home immediately.¹ In its General Letter to Bengal, dated the 5th July, 1780, the Court writes as follows :—

“ In addition to what we wrote in our letter of the 23rd of March, 1770, we now direct, that no person or persons whatever, already sent, or who may hereafter be sent to India on our Service, either as Writer, Cadet or otherwise, be permitted to resign the same, in order to adopt any other mode of employment, or to engage in any line of business incompatible with the said service ; and we specially direct, that no resignation be permitted in order to enable any person whatever to accept of any office, or to be admitted to practice as an Attorney in the Supreme Court of Judicature. But whenever any person or persons shall resign, as aforesaid, he or they must be required and compelled to return to England within the time limited by Law ; for we will not permit any person whatever to remain in India, after resignation of our service, without having first obtained our leave for that purpose.”²

¹ This prohibition also appears to be of later growth. A clause enforcing it will be found in the Covenants of the eighteenth century, but is absent from those of the seventeenth. (*Vide* Appendices A & B.)

² Para. 45 of the Letter. *Bengal Despatches*, Vol. XI, pp. 229-30, (I.O.R.).

The same order was more emphatically reiterated in the Court's General Letter, dated the 15th January, 1783, most probably because reports of its violation in some cases reached the Court in the mean time.

Leave Regulations

As regards leave of absence there does not appear to have existed a body of hard and fast rules comparable with those found among civil service regulations of the present day: applications for leave were disposed of on the merits of each case by the President and Council. But it may be said that the Company was none too liberal in the matter of granting leave to their servants. For instance, the servants were required by the Company under its orders, dated the 24th January, 1753, to give one year's notice of their intention of taking leave. Even such a superior servant as Mr. Holwell had to comply with this requirement when he applied for leave to proceed to England for reasons of health. In September, 1765, he begged "leave to notify in pursuance of the Hon'ble Company's command of the 24th January, 1753, directing their servants, 1 year's notice of their intention to leave India," although he proposed to return to England in September, 1766.¹ Later on the Court seems to have had reasons to believe that many of their servants frivolously quitted their posts in India and came back to England. After some time again they wanted to go back to their previous stations in India. The Court strongly condemned

¹ Mr. Holwell was the Zemindar of Calcutta at the time. *Vide Bengal Public Consultations*, of the 4th September, 1765, No. 28, p. 350 (I.O.R.).

this practice and advised the President and Council in Bengal to stop it in the following terms¹:—

“ We are fully determined that no Member of your Council or in any other Civil Employ at your Presidency shall after he arrives in England have our permission to return to his Rank and Station, unless it shall appear to be recorded on your Consultations, that at the time you allowed him to leave India he did not resign or entirely relinquish our Service, and in consequence thereof on his arrival here shall prefer a memorial to us signifying his Inclinations to return when his health is restored or his private affairs are adjusted.”

With the lapse of time the attitude of the Court became more rigorous in the matter. Thus in their General Letter, dated the 4th March, 1778,² the Court observed :—

“ We have resolved, that every civil servant or military officer, who shall hereafter return from India on account of his private affairs, or any other account except the recovery of health, in cases wherein it shall have been duly certified, that the measure is necessary for the preservation of life, or to enable the party to discharge the duty of his station ; every civil servant or military officer so returning from India, shall be considered as totally out of the service, and we direct, that our said Resolution be forthwith published at Fort William, and at all our Subordinate factories, and likewise given out in General and Brigade orders to the army.”

¹ General Letter of the Court to Bengal, dated the 25th March, 1772 (Para. 57). *Bengal Despatches*, Vol. VI, p. 247 (I.O.R.). See also in this connection Para. 23 of Court's General Letter to Bengal, dated 1st April, 1760, in Vol. II of *Bengal Despatches*, p. 149.

² Para. 12 of the Letter. See *Bengal Despatches*, Vol. IX, pp. 149-50.

Another Resolution more or less on the same lines was communicated by the Court to the President and Council in Bengal in their General Letter, dated the 10th September, 1783, as follows¹ :—

“ Resolved unanimously that all servants of the Company Civil or Military employed in any of the Settlements in India or China, who shall after the publication of this Resolution have leave to return to England, shall lose all such Promotion or Rank as they would have become entitled to, had they remained in India or China and shall, *if permitted by the Court of Directors to return thither have the same Rank only*, as they held at their departure from thence except in cases of ill health certified by the Governor, (and in China by the Chief Supra Cargo) and upon the oaths of a Committee of three Principal Surgeons (if so many at the Settlement from whence they shall come) under the following form and in that case their leave of absence to be for one year only in Europe, except by express leave of the Court of Directors for a second year taken by the Ballot, on proof of their health not being established.”

(Then follows the form in which three surgeons are to certify as to the absolute necessity of leave for the applicant.) With reference to this resolution, two modifications were subsequently introduced by the Court,² perhaps on the representation of their servants. Firstly, it was decided that it was not to apply to the temporary return to Europe of any persons in consequence of any reduction made or to be made in the several branches of Civil and Military establishment. In the second place, in view of the difficulty of getting a certificate from three surgeons the requirement

¹ Para. 13 of the Letter. *Idem*, Vol. XIII, pp. 19-21. *Italics ours*.

² *Vide* para. 27 of Courts' General Letter to Bengal, dated the 12th April, 1786, Bengal Despatches, Vol. XV, pp. 59-60.

was dispensed with and the testimony of only one was rendered sufficient for the purpose. Again in 1793, the Court issued a direction to the President and Council in Bengal that when they permitted any of their servants to return to England they should acquaint them with the following standing order of the 8th April, 1789, *viz.* :—

“ Resolved that no person whatever in the Company's service shall be permitted to remain in England any period of time exceeding two years from their arrival.”

It may be noted that the language is mandatory. Subsequently it appears, some clear-cut rules regulating leave of absence of civil servants leaving India were drawn up and one of them was given effect to by the Charter Act of 1793, but more or less on the lines of the resolutions referred to above.¹

It will be seen that the servants were discouraged by all possible means from taking leave. All this smacks of the commercial principles on which the administration of the Company was run in those days. The Company had always their eye on immediate profits. Humanitarian considerations as also considerations of efficiency underlying the leave rules of public services of the present day did not trouble them.

Insecurity of Employment

Besides these unfavourable conditions of service there was also great lack of security of tenure. Suspensions from service were very frequent and sometimes made on flimsy grounds. The Directors were quite unfettered in the exercise of the powers of suspension and dismissal, and their decision was not subject to revision or appeal. Not only that, the servants were not sure of getting their

¹ Vide Section 70 of the Charter Act of 1793 (33, Geo. III, Cap. 52).

stipulated salary. We have already seen how they were, sometimes, subjected to reduction of salary in the lean years of the Company. We may cite here an instance illustrating a novel method of retrenchment in the establishment of the Company with its effect on security of employment, from a notice of the Secret Department of Inspection, dated the 27th January, 1785¹ :—

“ The Honorable the Governor General and Council, having thought proper to resolve on a reduction of expense in several departments under this government, and having been consequently obliged to remove some gentlemen in the civil service from their offices and to diminish the allowances, and alter the pension received by others, notice is hereby given that permission will be granted to persons under these descriptions, who may be willing to avail themselves of it, to return to England on leave of absence, with an allowance of half their allotted salaries payable in Bengal, and without forfeiture of their respective ranks in the service. All such persons are to enjoy their leave of absence for three years, commencing from the day of their arrival in England, on condition of their returning to the service before that period, if required so to do by the Honorable Court of Directors ; and all such persons are to notify to the Honorable Court of Directors the day on which they shall arrive in England, and, if not called upon to return to Bengal before the three years are ended, they are to signify their intentions in due time to the Honorable Court of Directors whether it be to remain in England or return to India, and on failure thereof, they are to lose all pretensions to the service.

¹ *Vide* W. H. Carey, *The Good Old Days of Honorable John Company, 1600—1858*, Vol. I (1882), pp. 114-15.

“ The Board, in passing these resolutions reserve to themselves the power of preventing any civil servant from availing himself of it, who is not ready to declare upon oath that his fortune does not exceed the undermentioned sums :—

If a Senior Merchant	..	Rs. 28,000
If a Junior Merchant	..	„ 24,000
If a Factor	..	„ 19,200.

The Morale of the Service

Such adverse conditions of service together with the uncongenial environment in which the servants of the Company worked could not but prejudicially affect the morale of the service. Released from the restraining influence of home, friends and relations, they indulged in practices and behaviour which they could not even think of at home. Even among documents of the very early period of the Company's history, we find that the life led by the servants of the Company and their conduct in India fell far below the standard expected of public servants at the present day. It has been said of the servants in the first quarter of the seventeenth century :—

“ In spite of every precaution, jealousies and differences broke out occasionally amongst them, some were accused, and not unjustly, of ‘ intemperate living, a word of great significance meaning not want of sobriety only,’ others of ‘ pride and gorgeous apparel,’ some of being ‘ lewd and debauched,’ and some of gambling, which seems not to have been an uncommon vice, several losing large sums not always belonging to themselves.”¹

¹ *Calendar of State Papers . East Indies*, edited by W. N. Sainsbury (1892), Preface, pp. xvi-xvii,

On a perusal of the series of the "Court Minutes" of the Company and its companion volume, "English Factories in India," one comes across numerous instances of misconduct and evil practices among the servants of the Company. They were so common that the Company used to maintain for many years a separate volume out of its minute book, something like a 'Black book' wherein were entered extracts, "concerning the errors and misdemeanours of their servants" under the Court's order of the 8th December, 1626.¹ The idea may have been to develop a sort of a code of case laws to deal with similar cases in future. A little over a century later we still find the Court of Directors "directing attention to the negligence of junior servants" and enjoining correct behaviour and more care to their business.²

In another letter to Bengal, dated the 4th March, 1767, the Court refers with great disapprobation to the expensive and luxurious manner of living of their servants, particularly because it would land them in debt to their Banians,³ "the consequence of which," to put it in their own words, "will be that they will never be the free masters of their own actions, and liable to be tempted to infidelity in their offices they are trusted with to extricate themselves, from the difficulties in which their extravagance involves them." (Para. 36 of the Letter.)

With a view to having their expenses reduced to

¹ *Vide* Home Miscellaneous series, No 29 (I.O R.), pp 1-101 & 131-215.

² *Vide* Court's General Letter to Bengal, dated the 11th February, 1756 (Paras. 90-91), *Bengal Despatches*, Vol I, pp. 409-10. Reference may also be made to Court's Letter, dated 21st November, 1766. Where they agree with Clive's opinion of "the corruption, and licentiousness of (our) servants, the horrible abuses committed in the carrying on of the Inland trade

³ Native agents of the Company's servants.

moderate limits they laid down a number of detailed regulations as follows :—

1. Writers were to be accommodated in the fort as soon as apartments were ready, house rent being struck off, and no writer to be allowed to reside outside without the express permission of the Government.

2. No writer was to keep a palankeen.

3. No writer was to keep more than one servant and a cook.

4. No writer was to keep a horse without permission.

5. No writer was either singly or jointly to keep a country house.

6. The Governor was to keep a watch on the consumption of table liquors by junior servants.

7. Extravagance in dress was to be avoided as far as possible.

8. Any servant disobeying the regulations was to be suspended and his case was to be referred to the Directors.

Trade Abuses

In their trade dealings with the natives also their conduct was not always unimpeachable. They lost no opportunity of exploiting the poor producers of articles, as will appear from the following account given by Captain Hamilton, a tourist in India in his book "A New Account of the East Indies," (1727). Speaking of the Madras establishment he observed¹ :—

"The current trade of Fort St. George runs gradually slower, the traders meeting with disappointments

¹ Quoted in J. T. Wheeler's *Early Records of British India*, (1879), Ch. V, p. 130.

and sometimes with oppressions, and sometimes the liberty of buying and selling is denied them ; and I have seen when the Governor's servants have bid for goods at a public sale, some who had a mind to bid more durst not, others who had more courage and durst bid, were browbeaten and threatened. And I was witness to a bargain of Surat wheat taken out of a gentleman's hands after he had fairly bought it by auction ; so that many trading people are removed to other parts, where there is greater liberty and less oppression."

This state of affairs was much more aggravated, specially in Bengal, after the Victory of Plassey. The Company's servants forced the weavers not to have dealings with any other party, Indian or European, and to take such prices as they were pleased to offer.¹ In this matter their native agents, viz., Banians and Gomostahs far surpassed their masters. This led many of the producers to leave their trade and to swell the band of dacoits that infested the country at the time. This state of things continued till Hastings took strong measures to stop these abuses.²

Discipline

From a very early period in its history the Company was very strict as regards the conduct and morals of their servants in India, not so much, it would seem, out of solicitude for the good of their servants as from an apprehension

¹ Vide R. Becher's Letter to the Select Committee, dated 7th May, 1769 in *Bengal Secret Consultations*, dated July 8, 1769 Range A. Vol 9 (I O R).

² The excesses of the Company's servants in their trade dealings with native producers in the 18th century have been narrated at length in *Considerations on India affairs* by W. Bolts, London MDCCLXXII. Vide also a letter written by Warren Hastings to J. Dupre, dated 9th March, 1773, in *Memoirs of Warren Hastings*, by G. R. Gleig, Vol. I, p. 305 (1841).

of injury to its own interests. The records of the Company from the earliest period abound with instances (some of which have already been referred to) where the Directors not only condemned in unmeasured terms the impropriety of conduct of their servants, but severely punished them or directed authorities in India to do so and laid down minute rules of conduct for their observance.¹ The Company was armed, by royal charter, with sufficient powers to punish persons in their employ for misconduct or insubordination from its very inception. Again by Letters Patent under the Great Seal of February 4, 1623, extraordinary powers were granted to the Company "to punish persons in their employment according to their offences and to issue commissions to commanders of voyages and to their Presidents and Councils in India, to exercise similar authority over all His Majesty's subjects on land or in port by fine or imprisonment, or any other punishment, capital or not capital, as the law of this Kingdom and martial law, permits."²

By virtue of this authority, the President and Council in Surat passed an "Act for repelling divers enormous and

¹ W. H. Carey observes —

"The turbulent, factious conduct of the young men of the Civil Service in Calcutta" had become so alarming, that it attracted the notice of the Honorable the Court of Directors, who wrote out in March, 1767, that they were "determined to quell it, and if they (the young civilians) cannot be brought to a sense of their duty, they are unworthy of our service, and must not be suffered to continue in India. There is something so subversive of all order and good government in such young men making themselves judges of the conduct of their superiors, and their combination to insult them is of so atrocious a nature, so hurtful of our government in the eyes of the natives, and should the same factious spirit spread itself to the Army, the consequences to be apprehended so fatal that we think the existence of the Company almost depends on the exerting your authority on this occasion."

(W. H. Carey, *op. cit.* Vol. III, Ch. V, p. 29.)

² *Vide* Preface to *Calendars of State Papers, etc.* (1630-34), p. xviii (1892). See also Court Minute of 2nd January, 1634.

frequent abuses " which is preceded by a sort of a preamble and which sets forth a number of rules of conduct for the Company's servants. In view of its importance it may be summed up here as follows :—Since the desired issue of their affairs depends upon God's blessings, ' which are still afforded or restrained according to the performance or neglect of our due obedience,' the President and Council have been induced to consider seriously the prevalence of many abuses ' to God's dishonour and a blemish to our nation in the opinions of the people of this country, who are apt to take notice of the least of our errors.' They have decided accordingly to endeavour the repression thereof; and first they ' do gently exhort and admonish every man imploied under us to abandon as much as possible those vices which custome hath glewed fast to his inclinacion ' ; but in case ' these good inducements prevaile nothing ' they have thought fit to establish the following regulations :—

1. " That whosoever shalbe knowen to remaine out of our house the whole night, or be found absent at the time of shutting the gates, whereby he gives cause of suspicion that a worse place detaynes him, unless apparent necessity of business excuse him, shalbe amerced to pay forty shillings to the pore.
2. " That no man shall neglect coming to praiers (without urgent occasion call him therefrom), upon the forfeiture of half a crowne; and for his needless absence from divine service on Sundaies his penalty shalbe disbursement of five shillings as above said.
3. " That if any man be heard to abuse the sacred name of God by swearing and cursing (a vice too frequent) (he) shall instantly pay twelve-pence for every othe or curse.

4. "That what man soever shall appear to be drunck, thereby prostituting the worthiness of our nation and religion to the calumnious censure of these heathen people shalbe punished by the payment of 2s. 6d.
5. "Moreover, complaints being often brought unto us of our men's strikeing and abusing divers people that have no relacion to our service, whoso offends hereafter in the like kind shall suffer three daies imprisonment in irons.
6. "The delinquent, being convicted by two witnesses, shall streightway obey the tenour of these injunctions ; which if he dares to refuse, he is to remaine at our censures to receive further punishment as the cause shall require."¹

This is a long list of offences to be punished according to the principles of penology, prevailing at the time in England and there is no reason to believe that they were allowed to become a dead letter. For, from Consultations held aboard the 'Joans' (at Swally, off Surat) we find that four men convicted of robbing Indians on the highway were sentenced to be whipped "in the open bazar." But all this rigorous enforcement of rules of discipline did not improve the situation very much, as may be seen from accounts of a later period.

During the interregnum between the fall of the indigenous government and the frank assumption of administrative responsibility by the Company, abuses among the Company's servants became rampant. The Company's records during this period are blackened by accounts of rank corruption, grab, factious spirit, laxity in morals, negligence in duty, insubordination and indiscipline. The Company strained every nerve to cope with them, issued minute and detailed instructions to Presidents and Councils

¹ *Vide Factory Records, Surat*, Vol. I, pp. 225-26, O.C. 1505 (4th May, 1633, I.O.R.

for checking them and sometimes summarily punished many servants, but in spite of all this they failed to stem the rising tide of abuses. } We may give here one or two instances from the Company's records of this period. Thus in 1754, the Court commented on the general licentiousness of their servants and laid down certain rules of conduct to be obeyed by all their servants, civil and military, which were presumably enforced by the President and Council. They wrote¹ :—

“ After what has passed we cannot hope for much success by expostulations. Wee shall therefore make use of authority wee have over you as Masters that will be observed if you value a continuance in our service and you are accordingly to comply most punctually with our following commands, viz. :

“ That the Governor and Council and all the rest of our servants both civil and military do constantly and regularly attend the Divine Worship at Church every Sunday unless prevented by sickness or some other cause, and that all the common soldiers who are not on duty or prevented by sickness be also obliged to attend.

“ That the Governor and Council do carefully attend to the Morals and Manners of life of all our Servants in general and reprove and admonish them when and wherever it shall be found necessary.

“ That all our Superior Servants do avoid as much as their several stations will allow of it—an Expensive manner of living and consider that as the Representatives of a Body of Merchants a decent Frugality will be much more in character.

“ That you take particular care that our younger servants do not launch into expense beyond their

¹ Court's Letter to Bengal, dated the 23rd January, 1754 (para 80), *Bengal Despatches*, Vol. I, pp. 66-67.

Incomes specially upon their first arrival and we need hardly lay it down as a standing and positive command that no Writer be allowed to keep a pallankeen, Horse or Chaise during the term of his Writership.

“ That you set apart one Day in every Quarter of the year and oftener if you find it necessary to enquire into the General Conduct and Behaviour of all our Servants below the Council and enter the result thereof in your Diary for our observation.”

In another letter, dated the 3rd March, 1758,¹ the Court expressed its great amazement that the Settlement of Bengal, so rich in resources and with a flourishing trade, should yield so little profit to the Company. They attributed this to “ the luxurious, expensive and idle manner of life ” among all ranks of their servants, with the resulting “ inattention and negligence in most and dishonesty in many.” In another letter they deplored the fact that even the highest officials were not immune from the vices which tainted the service. They instanced the case of such a responsible officer as the Resident at Burdwan who in collusion with the Rajah shared with him the whole sum in excess of the stipulated *malguzary* or land revenue, whereas legitimately everything beyond the Rajah's due belonged to the Company. They concluded with the following remarks :—

“ The proceedings of the Select Committee have laid open to us a most complicated scene of corruption, in which we have the unhappiness to see most of our principal servants involved—Gentlemen who have served us in the highest offices, in whom we placed the greatest confidence, and to whom we had given many marks of our favour,—yet neither the

¹ Para. 4 of the Letter, *Bengal Despatches*, Vol. I.

ties of honour nor gratitude could control that unbounded thirst for riches that seems to have prevailed almost over the whole settlement and threatened a total dissolution of all Government."

These repeated admonitions and disciplinary measures do not appear to have produced any effect whatsoever, and the reasons are not far to seek. The first and foremost is the fact of great distance—in those days of difficult communications—of the supreme authority from the subordinate servants. The second cause, though of no less importance than the first, is the very poor remuneration of the civil servants which has already been referred to, particularly in view of the fact that they had to serve in a foreign land with a very uncongenial and-unhealthy climate producing a very high rate of mortality,¹ and for the better part of their lives removed from healthy influences of home

¹ (The following list will give an idea of the very high rate of mortality among the Company's civil servants in Bengal during the period 1762-84. The rate of mortality was presumably higher in the earlier period. The list is taken from India Office Records, Home Miscellaneous Series No. 79, p. 1.)

A list of the Gentlemen appointed in the Civil Service of the East India Company in Bengal from 1762 to 1784 specifying the number that have returned to England, who died in the Country or are now in Bengal.

NUMBER APPOINTED IN	YEAR	RETURNED HOME	IN BENGAL	DEAD
28	1762	7	4	17
14	1763	5	5	4
16	1764	3	6	7
34	1765	5	8	21
20	1766	3	5	12
3	1767	1	.	2
35	1768	5	16	14
48	1769	4	22	22
24	1770		14	10
33	1771	3	17	13
41	1772		26	15
16	1773/	.	14	2
28	1775		24	4
5	1776		3	2
22	1777	.	20	2
24	1778		22	2
25	1779	1	23	1
26	1780	..	26	..
28	1781	..	28	..
1	1782	.	1	..
35	1783		35	..
508 (?)		37	321 (?)	150

life. The third cause was the fact, as we have already said, that all the servants superior and junior were involved in all the vices, there being nobody to check the abuses. Fourthly, in the later period, the political situation in India played a great part in corrupting the service. As we shall see presently, it was a case of unlimited power without responsibility, which is always a dangerous thing. As Clive remarked in course of a letter to the Directors, dated the 30th September, 1765 :—

“ In a country where money is plenty, where fear is the principle of government, and where your arms are ever victorious, it is no wonder that the lust of riches should readily embrace the proffered means of gratification, or that the instruments of your power should avail themselves of their authority, and proceed even to extortion, in those cases where simple corruption could not keep pace with their rapacity.”¹

Last, though not the least, we must not forget that these servants of the Company were also men of their age, and that age, even in an advanced country like England, was an age when the *morale* in public life was at a very low ebb. To be convinced of this we have only to read any standard work on the parliamentary history of the period. We must assess the tale of corruption and excesses on the part of the Company's servants as also the attitude of the Company towards them against the background set forth above.

Miscellaneous Functions of the Company's Servants

It may be noted that up to 1765, the year of acquisition of *Dewanny*, and even for some time after, the Company

¹ Third Report of the Select Committee of the House of Commons, 1772. Also quoted in *The Life of Robert, Lord Clive*, by Major General Sir John Malcolm, Vol II (1836), Ch. XIV, p. 336.

was, first and foremost, a trading corporation and as such, the principal preoccupation of its servants was with trading operations—conducted on behalf of the Company as well as on their own account. The Company derived all its powers and privileges from the Charters of the Crown, Acts of Parliament and *firman*s from the Country Governments in India. If we go through these documents we find the Company invested with many powers which have no direct bearing on their trade, but rather quasi-administrative in character. These were reinforced by fresh ones as time went on, to meet the necessities of the situation as they arose. This was due to the fact that, with the crumbling of the sovereignty of the Moghul and with the growing anarchy in the country, the Company was to a great extent thrown on its own resources for its protection. They also became embroiled in the feuds then rampant in the country. Accordingly their old Charters had to be modified and supplemented by new ones to equip them with sufficient powers to cope with the new situation. Even at the very beginning, the Charters gave them some powers not exactly relating to trade, but relating to administration of their affairs according to their own laws, customs and manners within their settlements. But all these Charters and Acts had this one feature in common that they converged towards the same object—some directly and others indirectly—namely, the protection of the trading interests of the Company. The powers of the Company derived from all these documents can ultimately be explained in terms of the interests of trade.

Legislative Function.—Thus the Charter of Elizabeth (1600) empowered the Company to assemble themselves in any convenient place, “within our dominions or elsewhere, and there hold court” for the Company and the affairs thereof and, being so assembled, they might “make, ordain, and constitute such and so many reasonable laws,

constitutions, orders and ordinances, as to them or the greater part of them being then and there present, shall seem necessary and convenient for the good government of the same Company, and of all factors, masters, mariners, and other officers, employed or to be employed in any of their voyages, and *for the better advancement and continuance of the said trade and traffic.*"¹ The last phrase deserves notice; the limited legislative power conferred on them was also given with a view to the advancement of trade. The servants of the Company would not have liked to submit themselves to the jurisdiction of the crude laws of the country altogether foreign to their notions of right and justice. They might also impose such pains, punishments and penalties by imprisonment of body, or by fines and amercements, as might seem necessary or convenient for the observation of these laws and ordinances. But their laws were to be reasonable and not contrary or repugnant to the laws, statutes or customs of the English realm.

Judicial Function.—This led to the necessity of a judicial machinery which was provided by subsequent Charters in each of the three Presidencies in the shape of the Mayor's Court for civil cases and Quarter Sessions for petty criminal cases.² Under the Charter of 1661 granted by Charles II, the Governor and Council of each factory were empowered "to judge all persons belonging to the said Governor and Company or that shall be under them, in all cases, whether civil or criminal, according to the laws of this Kingdom and to execute judgment, accordingly," and the chief Factor and Council of any place for which

¹ *Italics ours.*

² The Mayor's Court at Calcutta was set up in 1727 under the Royal Charter of the previous year and reconstituted under a fresh Charter of 1753 by which suits between Indians were excluded from its jurisdiction unless both parties agreed to submit them to it. It continued to function till being superseded by the Supreme Court in 1774.

there was no Governor were empowered to send offenders for punishment, either to a place where there was a Governor and Council, or to England. Under that Charter Charles II granted to the Company the entire English traffic in the East Indies with the right to coin money, administer justice and punish interlopers; further, their authority to make war and peace with non-Christian states was confirmed. In justification of the grant of such wide powers to a commercial company Sir Alfred Lyall writes¹ :—

“ Without large capital, an armament, and authority to use it, without some kind of rough jurisdiction over their countrymen in distant settlements, no mercantile association could preserve sufficient influence at home or security for their ships at sea and their foreign stations.”

The organisation for the administration of justice in the three Presidencies under the Charter, although fundamentally similar, was a little different in each Presidency. The Governor with Council was the final appellate authority in India. The Courts had jurisdiction only over the subjects of the Crown in the settlements, there being a separate arrangement for the natives according to the system prevalent in the country.²

Some of the servants of the Company had to devote themselves to judicial work. The disputes they were called upon to adjudicate were mainly concerning property rights, i.e., civil in character. They were not so particular about the administration of justice among natives as among Europeans. In the case of natives the paraphernalia of native judicial procedure was pressed into service.

¹ Sir A. Lyall, *The Rise and Expansion of the British Dominion in India*, (1910) Ch. I, p. 31.

² *Vide* in this connection, C. P. Ilbert, *The Government of India*, (1915) Ch. I, pp. 17-18.

As one writer observes :—

“ The administration of justice, wherever Englishmen are concerned, has always been a matter of paramount importance. Wherever there is an English element, there is a development of English courts of justice and forms of law. In the earlier history of the English settlements in India, the Governor exercised a paternal authority as the agent of the Court of Directors—the local head of the Company's establishment.....The administration of justice amongst the Hindu population was a very different affair. It followed Moghul forms. Under Moghul rule, the Zemindars administered justice as well as collected the revenue. Under the English rule at Calcutta, a servant of the Company was appointed Zemindar.¹ He performed the same conflicting duties, revenue and judicial, as those which were performed under the Moghul government. The English Zemindar administered justice after the manner of native Zemindars. He sentenced offenders to be whipped, fined or imprisoned at his own will and pleasure ; and punishment was carried out without further parley.”²

In fact they followed two different standards in respect to the native and English population. Of course, some allowance should be made for the extenuating circumstance that they had to proceed very cautiously in the matter of introducing any innovation in administrative methods.

¹ The office dates back to 1699 when the villages of Sutanuti and Govindapur forming the nucleus of the present-day Calcutta were leased by the Company from the Nawab. A superior covenanted servant, usually a member of the Council was appointed Zemindar to discharge the duties of Zemindary.

² J. T. Wheeler, *Early Records of British India* (1878), Ch. VII, pp. 218-19.

Duties of Civil Servants in connection with Municipal Administration and Defence

Two other important duties of the civil servants of the Company apart from duties of a strictly commercial character were those relating to municipal administration and defence. Soon after the establishment of their Settlements Englishmen, long used to local self-governing institutions for supplying the ordinary amenities of civil life, experienced the necessity of some form of municipal government and they utilised the Crown's prerogative of granting charters of incorporation for the purpose. Madras took the lead in this matter as in many others. It was in 1687 that James II empowered the Company to create a municipality at Madras. It was established on the English model and under a Charter bearing the seal of the Company. It consisted of a Mayor, twelve Aldermen and about sixty burgesses. The municipal corporation was invested with a twofold function—municipal and judicial. It was empowered to levy local taxes for catering to the civic amenities. In 1726 a Charter was granted establishing or reconstituting municipalities at Madras, Bombay and Calcutta, and setting up or remodelling the Mayor's and other courts at each of these places. Thus it appears that the judicial administration was mixed up with the municipal and concentrated in these bodies, with the result that administration of justice was carried on on a level which can hardly be said to be high. Speaking of the Mayor's Court at Madras, Captain Hamilton remarks :—

“ The administration of justice there is not of a high standard. Sometimes a decision in favour could be bought.

“ In smaller matters, where the case, on both sides, is but weakly supported by money, then the court acts judicially but often against law and reason,

for the court is but a court of conscience and its decisions are very irregular; and the Governor's dispensing power of annulling all that the court transacts, puzzles the most celebrated lawyers there to find rules in the statute laws."¹

Nor is there any reason to suppose that the standard of administration of municipal affairs was more satisfactory at Calcutta either, if we judge from the following accounts of the unhealthy state of Calcutta during the eighteenth century. Thus W. H. Carey in his book quotes a writer describing Calcutta in 1756 in the following terms :—

“The streets were dirty, narrow and crooked, whilst a pestilential swamp, close at hand, filled the air with sickly exhalations.”²

From the proceedings of the Select Committee, dated March 27, 1767, it appears that troops newly recruited from Europe were not permitted even to land at Fort William, but ordered to proceed direct to Cossimbazar because of the unhealthiness of Calcutta.³ That the situation did not improve much even towards the end of the eighteenth century will appear from the following account from the Calcutta Gazette of the 6th September, 1787⁴ :—

“The sewage of an enormous native population lies festering under an appalling sun in open trenches, which run on either side of the streets, and are called “drains.” These drains have no outfall, but the mass of filth which they contain is turned out occasionally upon the road—black, fetid, and ghastly—and is ultimately carried off by sweepers. The streets are saturated with these abominations

¹ *A New Account of the East Indies* (1727).

² W. H. Carey, *op. cit.*, Vol. I, Ch. IV, p. 24.

³ Rev. J. Long, *op. cit.*, Vol. I, No. 968.

⁴ W. H. Carey, *op. cit.*, Vol. I, p. 271.

and the air is filled with the poisons which they give forth."

The fact of the matter is that the Company's servants were much too engrossed with trade and the political entanglements that trade brought in its train, to devote much attention to local affairs or judicial administration which constituted a sort of subsidiary occupation with them.

As regards the duties and powers in relation to "offence and defence" under the early Charters, the Company was given sufficient powers for self-defence, to make war and peace, or enter into negotiations with country powers—to raise troops and introduce martial law when necessity arose. The maintenance of a well-equipped military force was an urgent necessity with the Company in view of the chaotic condition of the times. We have already referred to the jealousy of the Company at the undue predominance of the military. The military duties ordinarily devolved upon this branch of the service, but it appears that the civil servants of the Company were required to have some acquaintance with the use of arms as a provision against emergency and also as a safeguard against too much dependence on the military. On some occasions the services of the civil servants were actually laid under contribution to tide over an emergency. However, this cannot be counted as one of the normal duties of the civil servants of the Company.

*Commercial Function—the Predominant Occupation
in this Period.*

Taking a broad survey of the early period of the Company's history extending up to the seventies of the eighteenth century, it may be said that trade was the main pre-occupation of its civil servants and all their other

activities such as those connected with the administration of justice, municipal administration, etc., were subsidiary and subservient thereto. The purely commercial character of the Company in its early stages is manifested in the designations of its servants such as Agent (latterly the President or Governor), Senior merchants, Junior merchants, etc. The following picture of the life of the civil servants will be interesting in this connection.—

“The outward life of the English at Calcutta was all of the business type. They bought, they sold, they overlooked, they kept accounts, they wrote letters, they regulated establishments and expenditure. Large ships from Europe brought woollen goods, cutlery, iron, copper and quicksilver. The same ships carried away cotton piece-goods, fine muslins, silks, indigo, spices and Indian rarities. Smaller ships, chartered by the Company's servants, were sent to different ports in the eastern seas as private adventurers. Public auctions or outcries were held for the sale of goods; and buying and selling at outcry was one of the excitements of Calcutta life. European commodities were despatched to remote factories. Native manufactures were received in return.”¹

Political ascendancy was far from their mind at the beginning of the period, though in the middle of the eighteenth century circumstances conspired to raise their political status and aspirations. The consciousness of a change in their position very slowly dawned upon the Company. As will be seen presently, the Company—although it had become a *de facto* sovereign—long refused to assert its sovereignty and take its rightful place in the political system of Bengal, and even some of its servants disapproved of

¹ J. T. Wheeler, *op. cit.*, pp. 91-92.

this shirking of responsibility on the part of the Company. For instance, Verelst, the President of Bengal (1767-69) writes in a letter, dated the 16th December, 1769, to John Cartier and the Council as follows¹ :—

“ The ascendancy of the English in Hindosthan, is in the number of those events which are distinguished by a series of fortunate and unforeseen occurrences ; not the result of any fixed or connected plan of policy. A colony of merchants, governed by laws, and influenced by principles merely commercial, have acquired a political title and influence over a country, which for extent, populousness, and annual revenue, may be compared to many of the most consequential states of Europe ; that commerce which was once prosecuted in subjection to a tyrannical government,is now but a secondary consideration ; and the native authority being too weak to control the power which our agents derive from our name, the rights of the natives have been generally superseded..... The native government is now fallen in the eyes of the inhabitants, yet such restrictions have hitherto cramped our proceedings, as to prevent us from taking that intimate part which our present character and dignity require, etc.”

But as we shall see, the Company could not maintain its policy of non-interference very long and was obliged by force of circumstances to recognise the change in its position and act up to it.

¹ H. Verelst, *A View of the Rise, Progress and Present State of the English Government in Bengal*, (1772) App. XXVII. See Appendix E for relevant extracts from the letter.

CHAPTER III

The Company's Civil Service—its reaction to the Company's First Accession to Political Power

In the last chapter we have dealt with the gradual growth of the Company's Civil Service as a regular organised body, its functions, organisation, conditions of service, etc., during the early period of the Company's history during which it consolidated its position through much stress and strain as the principal commercial organisation in India. We have also seen that the main preoccupation of the Company's civil servants during the period was with trade and as such the term "Civil Service" in its modern acceptation was hardly applicable to them. Every student of Indian history knows, however, how by an irony of fate, as it were, the Company found itself in the rôle of a *de facto* sovereign as a result of its victory at the battle of Plassey (1757). We shall now study the immediate reaction of this event upon its servants and then the chain of events that led up to the partial assumption by the Company of administrative responsibility, with consequent innovations in its administrative machinery and a change in the character of its servants. It is a tale of the silent transformation of a body of merchantmen into administrators who were not conscious of the change for a long time.

Political Situation—Power without Responsibility

The battles of Plassey (1757) and Buxar (1764) virtually made the English Company the supreme power in Hindu-

than. Mirjafar was installed as the Nawab by the Company and continued so on its sufferance. Under a treaty practically dictated to him, the Company got a large sum of money as compensation for its losses. Apart from this, Clive himself got a large sum of money together with a *jagir* (estate) as present. Further, the Nawab undertook to pay annually a sum of money towards the upkeep of the Company's army. Mirjafar, as also the successive Nawabs, were practically the Company's 'vassals' depending on the Company's military power for defence against external aggression and maintenance of internal order. The Company's servants became the 'King-makers' of Bengal. They deposed successive Nawabs and made each succession the occasion of wresting privileges and enormous sums as gifts. They monopolised the internal trade of the country to the ruin of indigenous trade. They perpetrated any number of oppressive acts in their trade dealings with natives with impunity, as the Nawab's officials did not dare taking action against them. All these had a disastrous effect upon the finances of the Nizamat. So long as Clive remained in Bengal the servants were kept in check, but with his departure in 1760 a state of absolute anarchy and confusion ensued. Lyall has aptly described the period between 1760 and 1765 in Bengal as "the only period of Anglo-Indian history which throws grave and unpardonable discredit on the English name."¹

He throws the whole blame for this state of affairs on the "incapable and inexperienced chiefs" who were in charge of affairs. But we think he has been here less than fair to them. The evils arose from a sense of power unaccompanied by responsibility. The Company's servants knew that they were the virtual masters of the country without accountability to any one except the Directors at

¹ Sir A. Lyall, *op cit*, Ch. 8.

home who were too remote to exercise any effective control. To quote Lyall again :—

Finding themselves entirely without restraint or responsibility, uncontrolled either by public opinion or legal liabilities (for there was no law in the land), they naturally behaved as in such circumstances, with such temptations, men would behave in any age or country. Some of them lost all sense of honour, justice and integrity ; they plundered as Moghuls or Marathas had done before them, though in a more systematic and business-like fashion ; the eager pursuit of wealth and its easy acquisition had blunted their consciences and produced general insubordination.

Almost every servant of the Company high and low exploited the situation to amass a fortune and go back to England to live a life of leisure. (The principal means they employed for the purpose were the practice of private trade on their own account, receiving gifts and presents, and lending money to Zemindars at exorbitant rates of interest. We shall now pass on to a discussion of these practices,

Practice of Private Trade

As the practice of private trade plays so large a part in the history of civil service of this period and was mainly responsible for the prevailing anarchy and confusion, we may be excused if we discuss it in some detail.

(The practice of carrying on private trade in certain commodities by the servants of the Company arose, as has already been observed,² from the necessity of compensating

¹ *Ibid.*, p. 145.

² See Ch. II, pp. 44-45 *ante*.

them for their poor salaries.¹ We have also seen how the Company rather reluctantly made this concession to their servants, and that also subject to certain qualifications. It was, however, so long confined to import and export trade only. But with the political ascendancy of the Company after 1757, the Company's servants extended this privilege to inland trade also, first in salt, then in other commodities as well, and as a legal basis of their privilege they relied on the grant made by Emperor Furruk-Siyar to the Company of the privilege to trade free of duty.² The language of the grant was of course not very clear as to whether it applied to inland trade and to the Company's servants as well. But the intention was quite clear. The fact that they did not engage in inland trade so long as the Country Government was strong is sufficient proof of that. The Company's servants, however, now claimed the right by stretching the meaning of the imperial *phirman*. They got

¹ The following passage from the form of Indenture of the Company's servants would be of interest in this connection —

"And upon condition of his keeping and performing his covenants, the Company agree, that for the said term of years, he, the said A. B. shall be freely permitted to trade and traffick for his own account only, from port to port in India, or elsewhere within the limits aforesaid, (but not to or from any place without the same) without any interruption or hindrance from them the said Company, or their successors, so as the said trade be subject to such rules and limitations as the Court of Directors shall, from time to time, direct or appoint etc."

(*Vide* Belts, *Considerations on India Affairs*, (1772) Vol. I, Ch. X, p. 112.)

Italics ours. Italoised portion may be noted.

² The history of the privilege is as follows — On July 8, 1715, a British Embassy consisting of certain factors and a surgeon in the employ of the Company named W. Hamilton went to Delhi to wait in deputation on the Emperor Furruk-Siyar seeking his protection against the oppression of officers of Jafar Khan, the then Nawab of Bengal. Just at this time the Emperor fell seriously ill and Hamilton cured him and thus procured his favour. On January 16, 1716, the Emperor granted as a reward, a patent to the English conferring the right of passing commerce free of all duties. [*Vide* J. Burgess, *The Chronology of Modern India* (1494-1894), pp. 156-57.]

(For a translation of the *phirman* by one Mr. J. Fraser, a Persian scholar, see W. Belts, *Considerations on India Affairs*, (1772) Ch. VII, pp. 61-63.)

"dustucks" or permits from the President to carry on inland trade free of all duties, which were respected by the Nawab's customs officials under necessity. This placed the country traders at a disadvantage and gave the Company's servants practically a monopoly of inland trade. Not only did they utilise it themselves, but their *gomostahs* or agents¹ also carried it on in their name, of course for some consideration, and subsequently it began to be exploited by all manner of people, Dutch, Portuguese and so on.

Any boat carrying an English flag could evade the duty at any *chokey* or customs house. The Company's servants thus rose to quick opulence by exploiting this right, to the detriment of the interests of the Nawab, the indigenous traders and the Company as well.² The interests of the Company suffered for obvious reasons, because its servants were much too engrossed with their own private trade to devote much attention to the

¹ On the oppressive conduct of these people, J. T. Wheeler observes :—

"The monopoly was bad enough, the conduct of the *gomostahs* was far worse. Native servants of European masters are generally inclined to be pretentious and arbitrary towards their own countrymen. It is easy to understand how they would conduct themselves in remote districts, when invested with emblems of authority and when the English name was regarded with awe. They assumed the dress of English Sepoys, traded it over the country, imprisoned ryots and merchants and wrote and talked in an insolent manner to the Nawab's officers."

(J. T. Wheeler, *Early Records of British in India*, (1879) pp. 298-99.)

² Apart from the writers of the Company there was another party who benefited by the use of the privilege and that is the 'Banians' whom the young writers engaged as soon as they joined their duties. The object of their appointment was actually to obtain pecuniary assistance in his career of private trade on which the writer embarked straight way. Although the 'Banian' was nominally the writer's servant, for all practical purposes he became his master. The 'Banian' advanced the money to get the benefit of the 'dustuck'—i.e., trade free from all duties, 'let, hindrance or obstruction from the Government guards,'—enjoyed by the writers of the Company and of course reaped the lion's share of the profits. As the whole body of the service from the President downwards was involved in the practice, it remained unchecked inspite of the Directors' orders against it, right from the opening of the eighteenth century, it being nobody's interest to do so.

(Vide W. H. Carey, *op. cit.*, Vol. III, Ch. V, p. 28.)

Company's affairs; those of the country traders suffered, because they could not compete with the servants of the Company protected by this privilege. The interests of the Nawab suffered because his revenues were vitally affected by the practical ruin of internal trade. Even Mirjafar, subservient to the Company as he was, was led to complain against the excesses of the Company's servants in this respect which brought about practical bankruptcy of the Nizam. He was obliged to fall into arrears in meeting the dues of the Company under the treaty. This led to his deposition and the installation of Mir Kasim as the Nawab (1760). But within a short time he also fell out with the Company's servants. He lodged many complaints to the President and Council against the servants of the Company for defying the Nawab's officers in charge of collection of duties and for the abuse of the 'dustucks.' The servants of the Company, on the other hand, made counter-complaints to the Nawab against the conduct of the Nawab's officers for stopping their boats at different 'Chokeys.' The Nawab at last in sheer exasperation and just to spite the Company's servants issued a decree making inland trade free for all within his government for a space of two years and enjoined on his officers the strictest compliance with the terms of this decree, thus putting an end to the advantage enjoyed by the Company's servants. This led to open rupture with the Nawab, the notorious Patna massacre and his ultimate defeat at the battle of Buxar (1764). Mirjafar was restored as the Nawab, and by a treaty with him the right of the English to private trade free from all duties and imposts, except one of two and a half per cent on salt, was restored. The Directors, however, when they came to know of the incidents in connection with the dispute with Mir Kasim, in a letter written on the 30th December, 1763¹ passed severe strictures

¹ Para. 81 of the Letter in *Bengal Despatches*, Vol. II, pp. 754-55 (I. O. R.).

on the conduct of their servants, laying the whole blame for the affair on them and asked them to acquaint the Nawab, in the Company's name, with their disapproval of "every measure which has been taken in real prejudice to his authority and Government, particularly with respect to the wronging him in his Revenues by the shameful abuse of Dustucks."¹ (Inasmuch as they traced the root cause of all troubles to the unwarranted use of 'dustucks' by the Company's servants, they directed the President and Council "to confine this privilege as nearly as possible to the terms granted in the Phirmaund," in other words, to limit it to import and export trade alone. It will appear from the contemporary records of the Company of this period that the Directors repeated these orders in a number of letters to Bengal.¹ In one of the letters (dated the 26th April, 1765), the Court in very strong terms repudiated the pretension of certain civil servants that their right to engage in inland trade free of duty was based on the Emperor's *phirman* to the Company and on the treaties with Mirjafar, Mirkasim and Nazem-O-Dowlla, which, it was suggested in that letter, were extracted under duress by virtue of the superior force of the Company, but in total disregard of the Company's interests or the peace of the country. The Court severely denounced the conduct of the authors of the treaty, accusing everyone of the servants implicated in the transaction of a breach of their orders. The Court of Proprietors at a meeting held on the 18th May, 1764, passed a resolution recommending to the Directors a reconsideration of their orders sent to Bengal relative to the trade of the Company's servants in

¹ Reference may be made to the Company's General Letters of the following dates :—8th February, 1764, 1st June, 1764, 15th February, 1765, 26th April, 1765, 24th December, 1765. In some of them they condemn the practice while in others they positively order putting an end to it in an unqualified manner.

the articles of salt, etc.¹ This was most probably inspired by the Company's servants in Bengal through their friends in the General Court. This had the effect of softening somewhat the attitude of the Directors with regard to the question as would be evident from their General Letter to Bengal, dated the 1st June, 1764.² In this letter the Court while confirming their previous orders regarding inland trade, directed them at the same time, in consultation with the Nawab, "to form a proper and equitable plan for carrying on the said trade" and send it for their approval. The matter rested here till the arrival of Lord Clive whose handling of the question we shall discuss presently.

Presents or Gifts

The other means by which the servants of the Company, particularly the superior servants, enriched themselves was the practice of receiving presents from high officials of the Government. From the records of this period it appears that almost every Nawab at his accession paid large sums of money to the senior servants of the Company as a price for his succession. The case of Nazem-O-Dowlla was a particularly bad one. Although his succession was quite normal, the superior servants of the Company practically demanded of him presents as on other occasions. As it is a typical instance of the degradation of the Company's servants, we may be excused for going a little into the details of the case. The circumstances under which the members of the Council actually demanded the presents have been detailed in a narrative by Muhammad Reza Khan, the

¹ *Vide* Minute of the General Court, dated 18th May, 1764, quoted in Appendix to *The Fourth Report from the Committee of Secrecy (1772-3)*, appointed to enquire into the state of the East India Company, No. 39. It will be subsequently referred to as "Fourth Report" merely.

² *Vide* extracts from the Letter in Appendix No. 24, Fourth Report. It may be noted that this letter came by the same ship which conveyed Lord Clive and his friends and gave him extraordinary powers to deal with the situation in Bengal.

Deputy Nawab, recorded in the Consultations of the Select Committee,¹ extracts from which are quoted below :—

After His Excellency had been seated on the Masnud, the Gentlemen of Council first of all sent me a message by Mooty-ram, afterwards themselves said to me,—

“The gentlemen who¹ have assisted former Nazims have obtained presents. Now that we have seated His Excellency on the Masnud and rendered him service, we hope that he will make presents to us also. Do you represent this to His Excellency.”

I answered,—

“Do you, gentlemen, yourselves mention it.”

At length as they were earnest with me and I perceived that they would be offended at my refusal, I represented it to His Excellency in conformity to their desire ;

His Excellency said to me, “It must be done, do you make out a list and bring it to me.”

I replied,

“Your Excellency is the master ; yourself determine upon whatsoever may be your pleasure.”

Accordingly an account of the presents for the gentlemen was made out before the Nabob's face and given under his hand and seal to Mr. Johnstone in the presence of all the four gentlemen.

It is stated in course of the above narrative that during the period from 12th April, 1765 to 1st May, 1765, (*i.e.*, just 2 days before the arrival of Clive) 8,75,000 rupees were given to nine gentlemen, “2,50,000 by four Bills upon the House of the Setts,” (rich bankers) and the remaining 6,25,000 in ready money from the treasury. The members of the Council did not remain satisfied with

¹ *Vide Select Committee Proceedings*, 1765, Vol. I, pp. 34-36. Fort William, 6th June, 1765, (Imperial Record Department, India.)

these presents from the Nawab alone. From the proceedings of the Select Committee of the same date it appears, they demanded presents also from Muhammad Reza Khan through the following message :—

“Whereas you have been appointed His Excellency's Naib (*i.e.*, Deputy) it is proper that you should make us some presents from yourself.”

A present of 4,75,000 rupees were agreed upon, of which he paid 2,25,000 and 2,50,000 remained due. But they did not stop here even. They demanded presents even of Juggut Set, a rich merchant of Murshidabad, almost by a threat. They said,¹

“Make us some acknowledgement and we will settle all your business according to your heart's desire ; otherwise we shall be displeased and your business will meet with no assistance, etc., etc.”

Juggut Set most reluctantly agreed to give them 1,25,000 rupees.

In pursuance of a Resolution of the General Court (*i.e.*, the Court of Proprietors), dated the 2nd May, 1764, the Court of Directors sent orders for the execution of a new covenant against the receipt of gifts or presents in any form “from any of the Indian princes, sovereigns, soubahs, etc., without the consent of the Court of Directors by all servants of the Company including the Governor.”² It will be noted that this was a supplementary covenant solely for the purpose of prevention of the practice of receipt of gifts in addition to the usual covenant the servants had already signed at their entry into service. Under the latter (for a form of this see covenant No. 1 in

¹ Juggut Set's narrative, in *Select Committee Proceedings*, 1765, Vol. I, pp. 37-38, (Imperial Record Department).

² *Vide* para. 53 of the Company's General Letter to Bengal. *Bengal Despatches*, Vol. II (I. O. R.). For the form of the covenant see covenant No. 2 in Appendix B.

Appendix B) also they had to give an undertaking against the receipt of any "gift, reward, gratuity, etc.," from any person in course of commercial transactions. But this did not cover the new situation that arose after Plassey when the servants began to take presents from Nawabs and other highly placed persons. Hence the need of a new covenant. The covenants reached Bengal in January, 1765, but the Board deferred taking any action on the orders of the Court on the pretext that such an important matter could not be disposed of before the arrival of Clive. Shortly after this they received large sums as presents on the accession of the new Nawab Nazem-O-Dowllah as noted above. In the circumstances the motive behind their refusal to enforce the Court's orders immediately may very well be guessed.

Practice of lending Money at high rates of Interest

A third practice which was utilised by the servants of the Company for making money was that of lending money to the Zemindars at exorbitant rates of interest. This was prohibited soon after the arrival of Clive in 1765. Later on the order was modified to limit the rate of interest to a maximum of $12\frac{1}{2}$ per cent.¹

Clive Sent a Second Time to Reform Abuses

(This was the state of affairs which urged the Directors at home to induce Clive, the man in whom they had the greatest confidence, to take charge of the affairs in Bengal for a second time to set things straight and to give him extraordinary powers for the purpose. Clive arrived in Bengal on the 3rd May, 1765. In a letter to the Directors, dated the 30th September, 1765, he gave a vivid picture of the

¹ Vide Letter to the Court from the Select Committee, dated the 24th January, 1767, para. 12.

universal corruption among the Company's servants in these words :—

The sudden, and among many, the unwarrantable acquisition of riches, had introduced luxury in every shape, and in its most pernicious excess. These two enormous evils went hand in hand together through the whole presidency, infecting almost every member of each department. Every inferior servant seemed to have grasped at wealth, that he might be enabled to assume that spirit of profession, which was now the only distinction between him and his superior. Thus all distinctions ceased; and every rank became, in a manner upon an equality, etc. ¹

With his keen insight and consummate statesmanship Clive was able to diagnose the root cause of the evils he was called upon to remove. He could realise that the existing system was fundamentally unsound and was responsible for all the evils. It would not do simply to remove one Nawab after another, so long as the existing relation between him and the Company was allowed to continue, according to which the Nawab was responsible for the administration, while his powers to carry out that responsibility were subject to the control of the Company. The latter, however, had no share in the responsibility for government. While the Nawab was the lawful ruler, he totally lacked that dignity and prestige, backed by a consciousness of power, which is the basis of obedience to the government, particularly in an oriental country. On account of the prevailing insecurity, and the exactions and extortions of the Nawab's officers on the one hand, and those of the Company's servants and their native agents on the other, the people were drained of their resources. Their productive

¹ Vide J. Mill, *History of British India*, (1858) Vol. III, Bk. IV, Ch. VII, pp. 278-79.

power fell and the Nawab's treasury was almost empty. He could hardly meet the dues of the Company. This reacted on the trade profits of the Company. They had to meet the obligations for defence out of their proceeds from trade, because they had no separate resources for their political and commercial activities. The servants of the Company, however, went on as usual in their pursuit of fortune-hunting on their own account.

Clive decides to undertake Dewanny

(In these circumstances, Lord Clive and his Select Committee¹ decided that some radical change was necessary. They decided that while maintaining existing forms, the Company must take some substantial share of the responsibility of administration. Accordingly, they decided to take over the control of the revenue administration of the country from the Nawab's hands, leaving him responsible only for the criminal administration (Nizamat). We quote below extracts from the letter of the Select Committee to Court advocating the step :—)

“The time now approaches when we may be able to determine, with some degree of certainty, whether our remaining as Merchants, subjected to the jurisdiction, encroachments, and insults of the Country Government, or the supporting your privileges and possessions by the sword, are likely to prove most beneficial to the Company. Whatever may be the consequences, certain it is, that after having once begun and proceeded to such lengths, we have been forced to go on from step to step,

¹ Clive formed a small Committee of the Council called the Select Committee consisting of five members to deal with the situation more quickly and expeditiously,

until your whole possessions were put to the risk by every Resolution effected and every Battle fought. To apply a remedy to these evils by giving stability and permanency to your government is now and has been, the constant object of serious attention of your Select Committee.

The perpetual struggles for superiority between the Nabobs and your Agents, together with the recent proofs before us, of notorious and avowed corruption, have rendered us unanimously of opinion, after the most mature deliberation, that no other method could be suggested of laying the axe to the root of all these evils than that of obtaining the Dewanny of Bengal, Bahar and Orissa for the Company. By establishing the power of the great Moghul, we have likewise established his Rights; and his Majesty, from principles of gratitude, equity and policy, has thought proper to bestow this important employment on the Company; the nature of which is the collecting all the revenues, and after defraying the expenses of the Army, and allowing a sufficient fund for the support of the Nizamut, to remit the remainder to Delhi or wherever the King shall reside or direct, etc.¹

The Court's Reply to the Select Committee

The Court of Directors, while approving of the action of the Select Committee in general, was rather diffident in entrusting the Company's servants with the duties pertaining to Dewanny, as will appear from extracts of their reply quoted below, in which they issued instructions

¹General Letter from Bengal to Court, dated the 30th September, 1765, (paras. 21-22). *Vide Letters Received from Bengal*, Vol 7, pp. 147-50, (I. O. R.).

to define the scope of the obligations assumed to the narrowest possible extent.¹

¹ Extracts from the General Letter from the Court to Bengal, dated the 17th May, 1766 :—

Para. 10. "When we consider that the barrier of the Country Government was entirely broken down, and every Englishman throughout the country armed with an authority that owned no superior, and exercising his power to the oppression of the helpless Natives, who knew not whom to obey at such a crisis, we cannot hesitate to approve your obtaining the Dewannee for the Company "

(In paragraphs 11 & 12 reference is made to "graft" among the Company's servants to the detriment of the Company's interests)

13 "We must now turn our attention to run (?) our acquisitions as permanent as human wisdom can make them. This permanency we apprehend can be found only in the simplicity of the execution. We observe the account you give of the office and power of the King's Dewan in former times was "the collecting of all the Revenues, & after defraying the expenses of the army & allowing a sufficient fund for the support of the Nizamut to remit the remainder to Delhi" This description of it is not the office we wish to execute, the experience we have already in the province of Burdwan convinces us how unfit an Englishman is to conduct the collection of the revenues & follow the subtle native through all his arts to conceal the real value of his country, to perplex & to elude the payments. We, therefore, entirely approve of your preserving the ancient form of Government in the upholding the dignity of the Soubah

14. "We conceive the office of the Dewan should be exercised only in *superintending the collection & the disposal of the Revenues, which office tho' vested in the Company should officially be executed by our Resident at Durbah* Under the control of the Governor & Select Committee, the ordinary bounds of which control should extend to nothing beyond the *superintending the Collection of the Revenues & the receiving the Money from the Nawab's Treasury to that of the Dewannah of the Company* And thus we conceive to be neither difficult nor complicated, for at the Annual *Poonah*, the Government settles with each Zemindar his monthly payments for the ensuing year, so the monthly payments of the whole from the Nawab's Dewan is but the total of the monthly payment of each Zemindar, which must be strictly kept up, and if deficient, the Company must trace what particular province, Rajah or Zemindar has fallen short in his monthly payments, or if it is necessary to extend the power further, let the annual *Poonah*, by which we mean the time when every landholder makes his agreement for the ensuing year be made with

How Dewanny Worked

Dewanny was acquired by a *phirman* or charter granted by the Moghul Emperor (Shah Alam) with due form on the 12th August, 1765. By an agreement of 30th September, 1765, the Nawab also recognised the grant. It would appear from above that the policy of Lord Clive at this time, with which the Directors also agreed, was to steer a middle course between frank assumption of the responsibilities of government and playing the rôle of mute on-lookers in the face of maladministration of the worst type.¹ With the control of the revenues, he thought, the Company would be saved from its growing financial embarrassments. At the same time by continuing the Nawab as the head of the executive government the Company would be able to avoid exciting the jealousy as much of other European

the consent of the Dewan or Company. The administration of justice, the appointment of offices, Zemindaries in short, whatever comes under the denomination of civil administration, we understand, is to remain in the hands of the Nabob or his Ministers "

Vide Bengal Despatches, Vol III, pp 371-77 (I O R) Italics ours.

¹ It may be noted that towards the end of his first term of administration Clive entertained altogether different views. In a letter to Pitt, dated 7th January, 1759, he advocated even the direct assumption by His Majesty's Government of the sovereignty of Bengal, as will appear from the following extract —

" But so large a sovereignty may possibly be an object too extensive for a mercantile Company, and it is to be feared they are not of themselves able, without the nation's assistance, to maintain so wide a dominion. I have therefore presumed, Sir, to represent this matter to you, and submit it to your consideration whether the execution of a design, that may hereafter be still carried to greater lengths, be worthy of the Government's taking it into hand. I flatter myself I have made it pretty clear to you, that there will be little or no difficulty in obtaining the absolute possession of these rich Kingdoms, and that with the Mogul's own consent, on condition of paying him a less than a fifth of the revenues thereof, etc "

Pitt, however, did not take any serious notice of the representation, probably because the proposal was much ahead of public opinion at home at that time. Sir John Malcolm, *Memoirs of Robert, Lord Clive*, (1836) Vol. II, Ch. X, p. 122.

nations as of the public at home.¹ The upshot of this policy was the setting up of the much criticised system of "double government," which continued with slight modifications up to 1772\ |

The actual administration of Dewanny was conducted through native agency, with two chiefs, one at Murshidabad (Muhammad Reza Khan) and another at Patna (Shitabroy). On behalf of the Company the Resident at the Durbar at Murshidabad, acting as the Collector of the King's revenues,² superintended the operations of the whole body of 'black collectors' under the supreme direction and control of the Select Committee. It is to be noted that a distinction was made between the administration of Dewanny lands and that of the ceded districts of Burdwan, Midnapur and Chittagong. The former, being regarded as political, was assigned to the Select Committee along with similar functions, while the latter belonged to the Council as before.

¹ The advantages of the system were thus described by Clive and Select Committee in a letter to the Court, dated the 24th January, 1767 :

"The necessity and utility of this grant become everyday more evident. All cause of contention with the Government is now removed. Security to the property, freedom to the trade and protection to the persons of the natural inhabitants are insured. Funds for the provision of your investments for the maintenance of your troops and for the necessities of war are established. Influence to command respect is acquired; and *we may, in our present circumstances, be regarded as the spring, which concealed under the shadow of the Nabob's name secretly gives motion to this vast machine of Government, without offering violence to the original constitution. An increase of our own and diminution of his power are effected without encroachment on his prerogative.*"

(Para. 2 of the letter. Italics ours.)

² His functions have been described as follows in para. 5 of the Letter from the Select Committee to Court, dated 24th January, 1767 :—


"In conjunction with Mahomed Reza Cawn, he superintends the whole collections, receives the monthly payment from the Zemindars; disburses the stated revenues appropriated to the King, and the Nabob, inquires into the causes of deficiencies, redresses injuries sustained or committed by the officers of the revenue, & transmits the accounts of his office, the invoices of Treasury, and a monthly account of the Treasury, with every other occurrence of importance, to the President and the Select Committee."

The division of functions between the Select Committee and the Council was made on the principle that the Council was to continue conducting the old functions, and the Committee was to conduct the new functions that arose as a result of the growth of the political rôle of the Company.¹

Constitutional Significance of Dewanny

From the above description, the Dewanny administration does not appear to have created any appreciable change in the position or functions of the Company, because even the administrative machinery of Dewanny was kept intact and manned by native agency as before. It seems to have added only the ultimate control over the revenues of Bengal to the already existing military supremacy of the Company. It may appear as nothing more than the appointment by the Emperor of the Company, instead of a private individual, as the Dewan. But as a matter of fact its significance was much deeper. It gave a *de jure* basis to the supremacy of the Company which it had been exercising so long *de facto*. It engrafted the Company on the constitutional system of the country, professedly as a part, but actually as the main-spring. But the Company was either unconscious of the fact, or knowing it, deliberately shut its eyes to it in refusing to take the obligations of its new office on its own shoulders at once. So far as the servants of the Company were concerned, however, it did not create any change in their position, as they had, as yet, no part or lot in the management of the Dewanny affairs.

Administrative Reform and Attitude of Civil Servants

 In the meantime Clive went ahead with his task of reforming abuses and enforcing economy in civil and military

¹ *Vide* paragraphs 8 and 9 of the same letter.

administration. In all his private letters of this period he deplores the shameful conduct of the Company's servants before his arrival and the slur it brought upon the fair name of the Company in the country.¹ As all these evils centred round the practice of inland trade, he made a drive against the same. He ordered all free merchants,² except those specially permitted to trade, to return to the presidency, stopped the *Gomostahs* from passing their goods without duty, and implicitly carried out the orders of the Directors in executing the covenants against the receipt of gifts and presents. As we have already seen, the previous Board left over this matter pending the arrival of Clive.³

Almost the very first thing that Clive did on his arrival was to get the covenants executed, first, by the members of the Council and the servants at the Presidency, and next, by all servants, civil and military, in the factories in the interior.

All these measures created a smouldering discontent among both the civil and military servants of the Company, when another act of administrative reform made it break into a conflagration. This was Clive's decision to bring up four senior civil servants from Madras to Bengal, as he noticed a pitiable dearth of senior men in Bengal, very responsible positions being held by junior servants to the detriment of efficiency.) As this affected the vested interests of the Bengal servants, they planned organising an

¹ Vide Malcolm, *op. cit.*, Vol. II, Ch. XIV.

² The 'Free merchants' were not servants of the Company. They carried on trade on their own account. They are not to be confused with 'Interlopers' who illegally participated in those branches of trade in which the Company enjoyed a monopoly under the Crown's charter. They did not encroach on the monopoly of the Company, but carried on trade between India and the neighbouring countries, under a license granted by the Company. But like the servants of the Company, they had also to sign indenture bonds for observing the terms of the covenants they had to enter into with the Company.

³ In a letter to his friend General Carnac, dated the 8th May, 1765, Clive strongly condemns this conduct of the Board. *Idem*, p. 322.