

THE STATE AND ECONOMIC SURPLUS

*Production, Trade and
Resource Mobilization in
Early 19th Century Nepal*

Mahesh C Regmi

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NATH PUBLISHING HOUSE
VARANASI

NATH PUBLISHING HOUSE
D. 51/168 C-2 Surajkund
VARANASI-221 010

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**Printed and Published by Kamal Nath Maurya at Jai Bharat
Printing Press D 51/168 C-2 Surajkund, Varanasi-221 010 India.**

For my Wife, Mana Devi

P R E F A C E

This book, *The State and Economic Surplus : Production, Trade, and Resource-Mobilization in Early Nineteenth-Century Nepal*, represents an attempt to study Nepali economic history from the perspective of a specific problem that is as important today as it was during the early nineteenth century : How has the Nepali state mobilized resources in money and commodities from the production of farms, mines, and forests ? Resources mobilized by the state are used for different purposes at different times in the light of prevailing circumstances and the objectives of state policy. If the rulers of early nineteenth-century Nepal tried to mobilize resources for territorial expansion and unification, their modern counterparts are engaged in a similar effort for sustaining modern political and administrative institutions and raising the living standards of the people. Irrespective of the purpose for which resources are mobilized, the *modus operandi* of mobilization remains a factor of constant importance. The lessons of history may, therefore, prove as crucial in the success of resource-mobilization efforts today as the experience of other countries and the advice of international experts. Otherwise, one will be constrained to take the stand that confidence and a sense of purpose in the task of national reconstruction are possible only on the basis of a collective amnesia of the past. The present study thus forms a part of the author's continuing effort to study history as "a dialogue between past and present... between living present and a past which the historian makes live again by establishing its continuity with the present"¹.

The first chapter of this study deals with the geographical, historical, and political background to the state's resource-mobilization policies in early nineteenth-century Nepal. Chapter 2

1. E. H. Carr, *The New Society*, cited in John Madge, *The Tools of Social Science*, London, Longmans Green & Co. Ltd., 1965, P. 110.

presents a broad outline of those policies, while Chapter 3 examines the general nature of the Gorkhali state and administration from the viewpoint of their implementation. Chapters 4 and 5 describe the general pattern of primary production, as well as of handicrafts and manufactures, while questions relating to the ownership and control of natural resources that determined the institutional framework within which the production system operated are discussed in Chapter 6. Chapter 7 contains a description of the general pattern of regional and export trade in both primary commodities and handicrafts and manufactures. Having thus sketched the general pattern of production and trade, the book describes the taxation of production (Chapter 8), commercial taxation (Chapter 9), and personal obligations and the supply of commodities (Chapter 10) as the main systems under which the economic surplus from private production and trade was transferred to the state without an act of exchange. Chapters 11 and 12 discuss the different systems through which the state garnered the surplus through the process of exchange: compulsory procurement, monopoly trade and state trading. An attempt is made in the final chapter to draw some broad conclusions on the nature of production, trade, and resource-mobilization policies in early nineteenth-century Nepal.

The basic theme of the present study evolved in the course of the research undertaken by the author while writing *Land Tenure and Taxation in Nepal* (Berkeley: University of California Press, 1963-68, 4 vols.); *A Study in Nepali Economic History, 1764-1846* (New Delhi: Manjusri Publishing House, 1971); *Landownership in Nepal* (Berkeley, Los Angeles, and London, University of California Press, 1976), and *Thatched Huts and Stucco Palaces: Peasants and Landlords in 19th Century Nepal* (New Delhi: Vikas Publishing House (Pvt) Ltd., 1978). The study seeks to elaborate on trends in production, trade, and resource-mobilization which were presented rather sketchily in *Economic History* as part of a wider picture of the Nepali economy during the late eighteenth and early nineteenth centuries. The

emphasis here is on the product, and on the mobilization by the state of the economic surplus generated through production and trade, rather than on the agrarian institutions and social relations characterizing the system of production that formed the subject-matter of *Landownership* and *Thatched Huts*.

It may be necessary to explain that the author has only tried to show how the economic surplus generated through production and trade was extracted by the state during the early nineteenth century. The focus is on *material* resources raised from farms, mines, and forests, rather than on *economic* resources in a wider sense, and on resource-mobilization for meeting the direct needs of the state rather than the personal needs of privileged land-owning groups. The author has made no attempt to present a detailed outline of the political economy of Nepal during this period. Nor has any attempt been made to raise a superstructure of comparisons with comparable states in India or elsewhere, or cross references to general theories of the Oriental state, or the traditional state anywhere. Moreover, the author has no desire to judge the rulers of early nineteenth-century Nepal by their own standards, nor, indeed, does he want to make any judgments. He is only looking at specific economic policies followed by them from the standpoint of the modern interest in economic development. That is to say, the author is looking at history with his own perceptions as a 20th-century scholar.

Criticism that the study is more descriptive than analytical would be unfair. For exploratory studies of this type, factual descriptions are equally, if not more important than analytical comments. Indeed, in the present case, there would appear to be little need to blur the sharpness of the picture by analytical comments; the ground-plan of the whole edifice of the study should itself serve the purpose of an analytical framework. It would also be unjustified to criticize this study on the ground that the picture of the resource-mobilization policies of the state that it seeks to portray is more or less static. If so, this is primarily for the reason that the Kingdom was left with clearly-defined

x Preface

and the frontiers only after the Nepal-Britain war, and the subsequent three decades were singularly unproductive from the viewpoint of policies and programs aimed at the nation's economic integration and administrative consolidation. The economic policies and programs that the government followed during that period were, therefore, more or less the same as those followed during the earlier period of war and territorial expansion. Preliminary steps toward economic integration and administrative consolidation had to wait until the emergence of the Rana regime during the middle of the nineteenth century, as the author expects to discuss in a sequel to the present study.

The study should prove significant and useful to scholars for several reasons. The methodology it uses has been formulated in the context of early nineteenth-century Nepal, but may prove useful for students of economic history in other countries of South Asia as well. Moreover, the study opens up an unexplored aspect of Nepali economic history during the early nineteenth century, thereby making available information and insights to students of other branches of Nepali history. Such information and insights should prove all the more useful because the book makes an attempt to evolve an integrated approach to the study of Nepal's politics, administration, land tenure, economic activities connected with production and trade, and the fiscal policies of the state. Finally, the work should prove significant because it is based primarily on archival materials. These materials have been described as copious but chaotic and only those scholars who have actually used them will be able to imagine the physical effort, perspicacity, and meditation needed to unravel their meaning and lay the groundwork for a consistent and comprehensible study.

The author would like to express his gratitude to the concerned authorities of His Majesty's Government, and of the Bihar State Archives at Patna, India, for permission to consult the archival materials used in this study; to Prof. Ernest Gellner, Department of Philosophy, Logic and Scientific Method, London School of Economics and Political Science, for his helpful comments;

and to Dr. Leo E. Rose, Department of Political Science, University of California, Berkeley, whose steady friendship, encouragement, and guidance have been of considerable help over the years.

December 21, 1984
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The Setting

The purpose of this study is to analyse the policies and programs through which the state mobilized resources from production and trade in the Kingdom of Nepal during the first half of the nineteenth century. The study will also illustrate the nature of economic activities connected with production and trade as sources of people's livelihood, inasmuch as "the conditions in which men produce their livelihood are extremely powerful, and, in the ultimate, the most powerful single (though by no means the exclusive) determinants of the development of social organization."¹ Moreover, it will shed light on the nature of the economic relationships between the state and the people in their role as producers and traders. In the context of these discussions, attention will be focussed on the three most important natural resources that were used as means for the production of material commodities during this period : agricultural lands, mines, and forests.

The pattern of production and trade in any country is determined primarily by physiographic factors. Indeed, "physical environment determines to a large extent where man shall live, what kind of work he shall do, what he may produce, and the routes over which he must travel and transport his products."² Similarly, historical and political factors play a large part in shaping the

framework within which the economic policies and programs of the state operate. We shall, therefore, begin with a brief account of the geographic divisions of the Kingdom of Nepal, the process of political unification during the latter part of the eighteenth century, and the extent of economic integration achieved through such unification.

Geographic Divisions³

The territories comprising the Kingdom of Nepal may be broadly divided into four major topographical regions, south to north: the Tarai, the inner Tarai, the hill region, and the Himalayan region. Indeed, the Kingdom has been described as a giant staircase ascending from the Tarai plains to the heights of the Himalayas.

The Tarai, the southernmost part of the Kingdom, comprises a strip of alluvial terrain less than 45 kilometers in width. Situated along the Indian frontier through almost the entire length of the Kingdom, the region is actually a part of the Indo-Gangetic plain and shares its tropical monsoon climate. The Tarai region is bounded in the north by a chain of low hills, averaging 1,500 meters in altitude, known as the Churia or Siwalik range. These hills are actually the southernmost extensions of the Himalayan system. Their breadth varies between 8 and 16 kilometres. Farther north, the Mahabharat mountains run from west to east across almost the entire country, sometimes parallel to but mostly merging directly into the Siwalik hills. Where the two mountain ranges run parallel to each other, there are wide valleys with topographical conditions generally similar to those of the Tarai. Those valleys are, therefore, known as the inner Tarai. They include Sindhuli and Udayapur in eastern Nepal, Makwanpur and Chitaur in central Nepal, and Dang and Surkhet in the west. At two points, Dang and Chitaur, the inner Tarai region of Nepal directly adjoins the Indian frontier. At the far-western tip of the Kingdom, the Siwalik and Mahabharat ranges merge into each other, thereby leaving the Tarai districts of Kailali and Kanchanpur without any intervening territory in the inner Tarai. The Tarai territories of Nepal are divided into three main regions :

the eastern Tarai region from Morang in the east to Parsa in the west, the western Tarai region comprising Palhi, Majkhand, Sheoraj, Khajahani, and the far-western Tarai region comprising Banke, Bardiya, Kailali and Kanchanpur. The Tarai and inner Tarai regions account for approximately one-fourth of the surface area of the Kingdom.

Between the Mahabharat range and the main Himalaya mountains lies a complex of hills and valleys some 60 to 100 kilometers in breadth and extending over much of the length of the country at elevations of 600 to 2,000 meters above sea level. This is known as the hill region, encompassing approximately two-fifths of the surface area. Because the surface has been much eroded by numerous streams and rivers, the relief is less harsh than in the Himalayan region. There are also several extensive and populous valleys, including those of Kathmandu and Pokhara. The lower limit of snowfall varies from 2,600 meters in the east to 2,000 meters in the west. Farther north, the Himalayan region comprises the main Himalayan ranges which rise approximately 80 kilometers north of the Mahabharat mountains. Since the snowline is about 5,200 meters, it is a marginal area for human occupation and the landscape is wild and desolate. The nature of the region can be realized from the fact that along a length of about 800 km. east to west there are at least 250 peaks of more than 6,000 meters in altitude. The region is largely an arctic waste and no vegetation is possible in much of this region. Farther north, about 26 km. to the north of the main Himalayan range, there is yet another mountain range which has been described as the Tibetan marginal mountains. This region is situated at an average elevation of 5,800 meters. Six areas of the Kingdom, Rasuwa, Manang, Mustang, Dolpa, Mugu and Humla, lie wholly in the trans-Himalayan region. The Himalayan regions comprise one third of the total surface area of the Kingdom.

In the foregoing sections, we have divided the Kingdom broadly into four east-west geographic divisions comprising the Tarai, the inner Tarai, the hill region and the Himalayan region, each of which runs from east to west. However, the natural drainage

system runs north to south. There are three river main systems : the Karnali in the west, the Gandaki in the central region, and the Kosi in the eastern region. These rivers originate in the Tibetan plateau, and, fed by numerous tributaries, cut deep, narrow gorges and valleys through the Himalayan and other mountains before joining the Ganges in the plains of northern India.

A Land of Diversity

It may be advisable at this stage to underscore some basic features of Nepal's physiography which have had a deep impact on the economy. Among the most outstanding of these features are topographical and climatic differences between the eastern and western parts of the Kingdom. For instance, the Karnali region of western Nepal extends approximately 200 kilometers north to south and comprises the entire range of natural division from the Tarai to the highlands of the Tibetan plateau. On the other hand, the Kosi region of eastern Nepal is narrow, and does not extend to the trans-Himalayan zone in the north, and, moreover, has a much more extensive share of the Tarai territory. It receives twice as much rainfall as western Nepal. During the nineteenth century, the far-western hill region seems to have been less extensively cleared for settlement than the far-eastern hill region. Mainly because of the rugged nature of the terrain, high elevation, and dry climate, large areas in that region either cannot be cultivated, or can support only marginally productive cultivation.

The Tarai region, Nepal's meager share of the plains formed by the Ganges and the Brahmaputra, encompasses only about one-sixth of the total area of the Kingdom, hence the bulk of the Kingdom's area consists of mountains and valleys. Because the three longitudinal mountain ranges, the Siwalik range in the south, the Mahabharat range, and the Himalayan range, send out long spurs to the north and the south, the mountains are interposed by numerous valleys of different sizes, shapes, and altitudes. Consequently, Nepal has been described as "a land broken up into tiny pockets separated from one another by mountain barriers that discourage intercommunication."⁴ Travel from one region

to another is consequently arduous and hazardous. Indeed, one British observer has described travel through east-west tracks as consisting "of little else than a perpetual climb, a perpetual descent, and a perpetual river crossing."⁶ Nor is this all. The range of topography, from the highest point on the earth's surface on the Sagarmatha peak to a few hundred feet above sea level in the Tarai region, and the consequent diversity of climatic conditions, have acted as yet additional constraints on social and commercial intercourse among the inhabitants of different regions of the Kingdom.

Political Unification

In the middle of the eighteenth century, the territories described above were divided into nearly fifty independent principalities. The history of the modern Kingdom of Nepal begins with the campaign of military conquest launched during the third quarter of the eighteenth century by Gorkha, a small principality in the hill region west of Kathmandu. The conquest of the three Kingdoms of Kathmandu Valley during 1768-69, and the choice of Kathmandu as the capital of the new Kingdom, marked the climax of that campaign. During the next two decades, the independent principalities mentioned above were annexed into the new Gorkhali empire or subjugated into vassalage. By the first decade of the nineteenth century, the frontiers of Nepal had extended to a distance of approximately 2,000 kilometers from the Tista river in the east to the Sutlej river in the west.

The period of Gorkhali expansion in the Himalayan region coincided with the consolidation of British power in India under the East India Company. The Company had been formed in England in 1600 through a royal charter that accorded a fifteen-year monopoly of trade in the region between the Cape of Good Hope and the Straits of Magellan⁶. Its initial objective was to profit from the luxury trade with the Far East, hence it had only limited contacts with India. But the commercial prospects India offered were too alluring to be missed, and the East India Company soon started trading in the subcontinent. By the third quarter of the seventeenth century, the British had established themselves firmly in

India, with factories and bases in Surat, Agra, Bombay, Madras, Calcutta, and elsewhere. The chaotic conditions rampant in India under the tottering Mughal empire, and growing competition from Portuguese, Dutch, and French trading companies, eventually left the Company no choice but to assume a political and military role. The Company proved itself outstandingly successful in fulfilling that role. By the mid-1760s, it had succeeded in eliminating its European rivals and in securing from the Mughal Emperor the authority to collect land and other revenues and run the civil administration in Bihar and Bengal. The territories under the control of the East India Company consequently touched the frontiers of the new and expanding Gorkhali Kingdom.

By the beginning of the nineteenth century, these two militant forces, the Gorkhali empire and the East India Company, were confronting each other along the northern Indo-Gangetic plains. Territorial disputes inevitably followed. In an attempt to avert a collision, the East India Company sought to impose the principle that all territories in the plains should remain under its control, and that Nepal confine its possessions to the hills. The Gorkhalis, who valued the revenue-yielding potential of the plains, understandably rejected that principle.⁷ War was the inevitable result of that collision course. It broke out in September 1814 and dragged on for about eighteen months before a treaty was finally signed in March 1816. Nepal had no alternative but to accept defeat when the British were able to outflank the main Nepali defense position at Makwanpur, thus circumventing the chief obstacle on the road to Kathmandu.⁸ The treaty fixed the new boundaries of the Kingdom along the Mech and Mahakali rivers in the east and west respectively. Nepal was also compelled to relinquish its newly conquered territories in the Tarai region, with the exception of Morang in the east. The treaty forced Nepal to cede approximately 64,000 square kilometers of territory to the East India Company. Nepal's territories were virtually confined to the hill region, thereby undermining the economic foundation of the new Kingdom and even threatening to undo the process of political unification.⁹ In partial recompense, the East India Company agreed to make an annual payment of Rs 200,000 to

members of the Nepali nobility who held land grants and assignments in the ceded territories. Ten months later, in December 1816, it agreed to restore some of these territories to Nepal and thereby cancel its financial commitment. Nepal thus regained its Tarai territories in the east and west and even acquired tracts of land that it had never held before.¹⁰

Nearly half a century later, in 1858, the British Indian government restored another part of the ceded territories in full sovereignty as a token of gratitude for Nepal's military assistance during the Indian rebellion of 1857. The restored territories comprised an area of about 4,400 square kilometers in the modern districts of Banke, Bardiya, Kailali, and Kanchanpur in the far-western Tarai region. Nepal thus regained through friendship a part of the territorial losses it had suffered through war. It must be borne in mind that these territories did not form a part of the Kingdom during the period covered by the present study.

The Nepal-Britain war marked the end of an epoch in the history of Nepal. In less than half a century, the tiny principality of Gorkha in the western hill region had emerged successful in a breath-taking campaign of territorial expansion, but the war marked the finale of that campaign. Nepal's defeat in that war has been described as a traumatic experience. The reasons for this trauma are easy to understand. Territorial expansion, which had provided the *leit motif* of national policy for well over half a century, was now beyond question. A nation that had been outward-looking for at least three generations was suddenly compelled to develop an inward-looking orientation. The transition would have been a painful one in the best of circumstances; in the Nepal of the early nineteenth century it remained a virtually uncomplated and unrealized dream. Even then, the exigencies of internal politics ensured the military establishment a position of continued dominance¹¹, and a fresh struggle with the East India Company government in order to regain the lost territories remained another dream long cherished by influential segments of the political elite.

The campaign of territorial expansion launched by the rulers

of Gorkha during the latter part of the eighteenth century, despite the setback caused by the Nepal-Britain war, eventually culminated in the creation of a new Kingdom in the Himalayan region. This Kingdom is situated between Tibet in the north and India in the south. After the restoration of the far-western territory by the British Indian government, its area totalled 141,000 square kilometers. It is a small state, but a better perspective of its size is possible through reference to two other neighboring countries of South Asia: Bhutan and Sri Lanka. Bhutan, with an area of 46,080 square kilometers, is only one-third the size of Nepal, and Sri Lanka, with an area of 64,850 square kilometers, less than half.

Political Developments during the Early Nineteenth Century

Gorkha, at the time when it conquered Kathmandu Valley and the adjoining territories and shifted its capital to Kathmandu, was ruled by Prithvi Narayan, a King of the Shah dynasty that had been ruling that principality since its establishment in 1559. Prithvi Narayan Shah, as the first ruler of the new Kingdom, laid the foundation of a political system in which the affairs of state were under the direct control of the King, aided by members of select families who had accompanied him from Gorkha to Kathmandu. The system, consequently, hinged upon the strong and effective personality of the ruler. Prithvi Narayan Shah was succeeded by Pratap Simha, who was hardly sixteen years of age when he ascended the throne in February 1775, and died less than three years later. His successors, Ran Bahadur (1778-99), Girban Yuddha (1799-1816), and Rajendra (1816-1847) were all minors at the time of their accession to the throne, hence the Kingdom long lacked the strong and effective leadership of the Crown that had made political unification possible and was thereafter sorely needed for its administrative and economic consolidation.

The absence of a strong and effective King after the death of Prithvi Narayan Shah engendered political instability and inter-

recine conflict among members of the nobility and even the royal family. Matters came to a head in early 1799, when the King, Ran Bahadur Shah, abdicated in favor of his infant son, Girban Yuddha, and went into voluntary exile in India. He returned to Nepal five years later, and assumed charge of the administration in the capacity of Regent, but was assassinated in April 1806. Bhimsen Thapa, a member of the nobility who had remained loyal to Ran Bahadur Shah, then became Prime Minister. For 31 years, from 1806 to 1837, he ruled Nepal with virtually unchallenged authority. He was able to retain his position even after the King, Rajendra Bikram, a son of Girban, had attained majority. In 1837, Bhimsen Thapa was dismissed and imprisoned, and eventually committed suicide in jail. For nearly nine years thereafter, Nepal was a victim of political instability at the hands of factions headed by King Rajendra Bikram, his two queens, and the Crown Prince, Surendra Bikram Shah, each with supporters among the nobility. In May 1845, Mathbar Simha Thapa, who had been appointed Prime Minister less than two years previously, was assassinated. A four-member government was then formed, which included Jung Bahadur Kunwar. Political conflict among the nobility continued, however, culminating in a massacre of leading members of the important political families on September 14, 1846, and the flight or banishment of several others. On September 15, 1846, Jung Bahadur was appointed Prime Minister of Nepal. The event marked the emergence of the Rana period in the history of modern Nepal. The economic history of the Kingdom during this period is characterized by trends in the fields of production, exchange, and resource-mobilization which set it apart in bold relief from those witnessed during the first part of the nineteenth century. Those trends, therefore, may be more appropriately discussed in a separate volume.

The political unification of the Kingdom was achieved under the leadership of a political elite which used its political authority as a means to attain economic power. For this reason, the economic policies and programs of the state were geared primarily

to the task of extracting economic surplus from producers and traders. The state, naturally, was a beneficiary of such extractive policies and measures, but so were the political elites, in perhaps greater measure. Indeed, Nepal's political and economic system during this period might aptly be described as an agrarian bureaucracy, or a system that depends upon a central authority for extracting the economic surplus generated by producers and traders.¹² Seldom do we find steps taken purely with the objective of increasing production or improving the condition of the producer. In other words, the economic policies of the state were determined primarily to suit the interests of the political elites, not those of the producer or the trader. Nineteenth-century Nepal produced a Bhimsen Thapa and a Jung Bahadur, impoverished members of the political elite who achieved affluence through their control over political power, but neither a Walpole,¹³ nor a Turgot,¹⁴ who could use their political power to promote the interests of the agricultural and commercial classes.

Lack of Economic Integration

Because the interests of the political elites outweighed those of producers and traders, political unification was not followed by national integration in the economic field. The economic integration of a nation is possible only when factors of production are freely mobile, and there is free and unrestricted commercial intercourse within national boundaries. For this, the first condition is that facilities of transport and communication are relatively adequate. Over and above this, it is essential that official policies are attuned toward economic integration, and not sidetracked toward extra-economic objectives. To be sure, extra-economic objectives, such as security against external aggression, often outweigh considerations of economic integration and growth. However, we are concerned here with the impact of policies actually followed by the government on the processes of production and trade.

Lack of economic integration was most conspicuous as between the hill regions and the Tarai. As mentioned previously, the Tarai territory of Nepal is an extension of the Indo-Gangetic plain.

There are no physiographic features to mark the boundary between Nepal and India in that region. The actual boundary "wanders across the countryside, sometimes following a winding river bed and sometimes the seemingly arbitrary surveyor's line from one stone boundary pillar to the next."¹⁶ Moreover, rivers in that region generally flow north to south. Consequently, the major lines of transport and communication connect particular points in the Tarai region of Nepal with the adjoining areas of northern India in the south, rather than with settlements or trading centres in the east or the west. These geographical factors have been reinforced by religious, cultural, and ethnic affinities between the inhabitants of the Tarai region of Nepal and their counterparts across the border. The Tarai region has therefore, remained practically an extension of the Indian society and economy through the centuries.

There was yet another reason why factors of production were not freely mobile between the hill region and the Tarai during the early nineteenth century. The hill region has always had a surplus of manpower, which traditionally found outlets for emigration in northern and north-eastern India. On the other hand, vast tracts of land were waste or under forests in the Tarai region during that period. Under these circumstances, one would expect people from the hill region to have shifted to the Tarai region rather than to India. The malarial climate of the Tarai region, however, proved a major constraint.¹⁶

The natural links between the Tarai region of Nepal and the adjoining areas of northern India gained additional emphasis as a result of a specific policy followed by the rulers of Nepal throughout the eighteenth and nineteenth centuries. This was the policy of restricting the movement of people between the hill regions and the Tarai. It had mainly two motives. In the first place, the government wanted to permit movement between the two regions only through a few prescribed routes so as to facilitate the collection of customs and other revenue on commercial goods and check leakage of revenue through smuggling. The second motive was strategic : most of the tracks that cut through

the Mahabharat mountains were closed for traffic, and rendered physically impassable, in order to ensure that no foreign aggressor passed through the barrier easily. Francis Hamilton¹⁴ has made an incisive observation on both these motives. He writes :¹⁰

The Nepalese are desirous of having only a few open routes, by which an army from the low country might penetrate into the hills, and they think that in a few years the neglected routes will be either altogether forgotten, or be so overgrown with woods as to prevent access. The few remaining roads will then be easily guarded by a small force. But besides the military point of view, they are desirous of having few passages as a point of economy in collecting the customs.

The policy of keeping only the main trade route open, and prohibiting traffic through subsidiary routes, was applied in all parts of the Kingdom. In Doti,¹⁹ Jumla²⁰ and elsewhere in north-western Nepal, for instance, village headmen were instructed "not to reopen prohibited tracks, and to arrest any person who travels through prohibited routes or ferry-points, or without passports." But it was in the southern part of the Kingdom that the policy was most rigorously enforced. Local administrators in that region were instructed "to inspect all tracks leading through the Churia and Mahabharat hills to the south, retain only those that are absolutely essential, and close all smugglers' tracks."²¹ During the early years of the nineteenth century, quasi-military settlements were established in the inner-Tarai areas of Hitaura and Makwanpur to guard the approach to that area. The main duty of the settlers was "to maintain only one route through the Churia hills, whichever is the worst one, and close all other routes and tracks with cane and thorny bushes."²² Any person who willfully reopened a closed track was sentenced to death, or, if he belonged to a caste which was immune from capital punishment, punished with confiscation of property and exile.²³ After the war, the policy of developing quasi-military settlements in the Hitaura-Makwanpur area was abandoned in favor of maintaining it as a zone of no-cultivation. Existing settlements in that area were evacuated and trees planted on an extensive scale on the ground that "it is necessary to protect forests in the border regions."²⁴

Clearing of these forests was, therefore, strictly prohibited.²⁵ As H. Ambrose Oldfield²⁶ has observed :²⁷

Previous to the first Nipal war, the *dhuns*²⁸ of Chitaun and Makwanpur were extensively cultivated; but since the peace of 1816 the Gorkha government, from motives of policy, have caused the inhabitants to abandon the greater part of them, and they have been allowed to revert to their natural state of forest and grass jungle.

The foregoing review of traditional policies aimed at discouraging intercourse between the hill region and the Tarai leads one to conclude that during the early nineteenth century the economy of the latter developed independently of the rest of the Kingdom, more or less in pace with the adjoining northern Indian territories of Bihar and Bengal. The question of whether or not the line of national security should have been drawn along the foothills of the Mahabharat range, thereby discouraging social and economic intercourse between the hill region and the Tarai, is concerned with military strategy in the geopolitical situation prevailing during that period and so lies beyond the economic historian's prerogative to answer. One can only say that notwithstanding its possible military justification, the policy of keeping the two regions virtually isolated from each other proved disastrous from the viewpoint of national economic integration. Moreover, successive rulers in Kathmandu consistently followed the policy of debarring the inhabitants of the Tarai region from political power as well as from appointments in the civil administration and the army. Indeed, the Tarai region was treated more as a colonial possession serving the economic and other interests of the Kathmandu-based aristocracy and bureaucracy, who were invariably of hill origin, than as a constituent unit of the newly-founded Kingdom. The question is not merely one of equality of status and privilege with the rest of the Kingdom, but basically of the economic integration of the nation.

NOTES

1. Eric Roll, *A History of Economic Thought* (London : Faber & Faber, 1966), P 290.
2. H. U. Faulkner, *American Economic History* (Delhi : University Book Stall, 1967), p. 3.
3. This section is based on the following sources : Pradyumna P. Karan et. al., *Nepal Its Physical and Cultural Geography* (Lexington; University of Kentucky Press, 1960); Toni Hagen, *Nepal; The Kingdom in the Himalayas* (Berns; Kimmerley and Frey, 1961), and Harka Gurung, "The Land", in Pashupati Shumshere J. B. Rana and Kamal P. Malla, eds., *Nepal in Perspective* (Kathmandu; Center for Economic Development and Administration, Tribhuwan University, 1973), pp. 25-33.
4. Ludwig F. Stiller, S. J., *The Silent Cry* (Kathmandu; Sahayogi Prakashan, 1976), p, 12.
5. Perceval Landon, *Nepal* (reprint of 1928 ed., Kathmandu; Ratna Pustak Bhandar 1976), vol, 2, p. 197.
6. John Bowle *The Imperial Achievement* (Middlesex; Penguin Books, 1977), p. 42.
7. Stiller, op. cit. pp. 328-32.
8. Leo E. Rose, *Nepal: Strategy for Survival* (Bombay; Oxford University Press, 1971), p. 88.
9. Stiller, op. cit. p. 11
10. Ibid, p. 105, For texts of these documents, see Ramakant, *Indo-Nepalese Relations* (Delhi; S. Chand & Co. 1968), pp. 367-70.
11. Stiller, op. cit. p. 213.
12. Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy* (Middlesex: Penguin Books, 1967), p. 459.
13. Robert Walpole, Earl of Oxford (1676-1745), Britain's first Prime Minister. He was brought to power as a result of his skill in dealing with the South Sea Company crash and made notable contributions in the fields of finance and trade.
14. Robert Jacques Turgot (1727-81), French statesman and economist, appointed Secretary of State for the Navy in July 1774 and soon thereafter Comptroller-General of Finance. He was a strong advocate of the policy of abolishing government restrictions on trade and production.
15. Frederick H. Gaige, *Regionalism and National Unity in Nepal* (Delhi; Vikas Publishing House Pvt. Ltd., 1975), p. 3.

16. Morang district, for example, was "the most [malarious and unhealthy district in the whole Tarai]" H. Ambrose & Oldfield, *Sketches for Nipal* (reprint of 1880 ed.; Delhi: Cosmo Publications, 1974), p. 62.
17. Francis Buchanan, later known as Hamilton, was a medical doctor attached to the first British Mission to Kathmandu in 1802-3.
18. Francis Hamilton, *An Account of the Kingdom of Nepal* (reprint of 1819 ed.; New Delhi: Manjusri Publishing House, 1971), p. 180.
19. "Thek-Thiti Arrangements for Marma, Doti District," *Bhadra Badi* 14, 1894 (August 1837), *Regmi Research Collection* vol. 35, pp. 263-67.

The *Regmi Research Collection* (hereafter *RRC*) is the private collection of the author, comprising copies of unpublished documents obtained mostly from the Lagat Phant (Records Office) of the Department of Land Revenue in the Finance Ministry, and from the Jaisi-Kotha (Tibetan Affairs Section) of the Foreign Affairs Ministry of His Majesty's Government of Nepal.

Until A. D. 1903, the Government of Nepal used lunar calendar dates in official documents. Conversion of these dates requires more specialized knowledge than the author possesses. Therefore, only the equivalent western calendar month and year will be found within the parentheses

20. "Thek-Thiti Arrangements for Gam, Jumla District," *Chaitra Sudi* 7, 1900 (March 1844), in Narayaninath Yogi, *Itihasa Prakasha* (Light on History) Kathmandu: Itihasa Prakasha Mandal, 2012-13 (1955-56), vol. 2, bk. 2, pp. 273-84.
21. "Forest Regulations for the Tarai and Inner Tarai Regions," *Marga Badi* 7, 1885 (November 1828), sec. 1, *RRC*, vol. 43, pp. 169-76. These regulations were reconfirmed on *Magh Badi* 9, 1903 (January 1847) after the emergence of Rana rule. *RRC*, vol. 62, p. 60; "Administrative Regulations in the Name of General Krishna Bahadur Kunwar for Eastern Tarai Districts and Chitaur," *Kartik Sudi* 4, 1904 (October 1847), *RRC*, vol. 33, pp. 115-127, and "Administrative Regulations in the Name of Col. Khadga Bahadur Kunwar for the Western Tarai," *Kartik Sudi* 4, 1904 (October 1847), *ibid.*, pp. 97-108.
22. "Jagir Grant in Makwanpur," *Chaitra Sudi* 11, 1860 (April 1804), *RRC*, vol. 2, pp. 66 and 71.

23. "Royal Order to Subedar Upendra Kunwar," Ashadh Badi 7, 1861 (June 1804), *RRC*, vol. 2, pp.101-3.
24. "Order Regarding Afforestation of Mahabharat-Churia Region", Aswin Sudi 11, 1974 (September 1817), *RRC*. vol. 43, p. 38.
25. "Administrative Regulations for Chisapani-Gadhi," Bhadra Sudi 7, 1881 (August 1824), *RRC*, vol. 40,pp. 549-52.
26. Henry Ambrose Oldfield was Surgeon at the British Residency in Kathmandu from 1850 to 1863. During 1857-58, he also functioned as Honorary Assistant to the Resident.
27. Oldfield, op. cit, p. 49.
28. *Dhun* means a valley, particularly those situated between the Churia and Mahabharat ranges in Nepal. Hamilton (op. cit. p. 68) writes: "In several places, these low hills are separated from the high mountains by fine vallies of a considerable length, but a good deal elevated above the plain of Hindustan. In the country west from the Ganges, these vallies are called by the generic name Dun, analogous to the Scottish word Strath; but toward the east, the word Dun is unknown, nor did I hear of any generic term used there for such vallies, although there are very fine ones in that part of the country."

2

Resource-Mobilization and the State

Agricultural lands, mines, and forests were the most important natural resources used for the production of material commodities in the Kingdom of Nepal during the early nineteenth century. Such production, and the system of exchange based thereon, sustained the resource-mobilization policies of the state that form the subject-matter of our study. From the outset, it must be borne in mind that production is not merely a technical function. Of primary relevance in the present context is the fact that it is also a social function. In the process of production, different social groups or classes develop a definite pattern of social and economic relations with one another, and these relations have a definite impact on the pattern of production and exchange, and ultimately on the nature of the policies adopted by the state for the mobilization of resources. The primary link in this chain of socio-economic causation is the ownership of the means of production. Who owned the agricultural lands, mines, and forests that were used as means of production in nineteenth-century Nepal? What were the chief means through which the state mobilized resources from production and trade? These are the questions that we shall try to answer in this chapter.

State Ownership of Natural Resources¹

In Nepal, agricultural lands, mines, and forests have traditionally been regarded as the property of the state. Indeed, owner-

ship of these natural resources was an essential attribute of the sovereign authority of the Nepali state and private ownership was a privilege granted by the state through specific grants. However, such a privilege was limited to agricultural lands and forests alone, and private ownership rights were never allowed in mineral resources.

Ownership rights in agricultural lands and forests were transferred to individuals and groups mainly for political reasons. The Gorkhali rulers did not achieve political unification solely through military conquest, and often political compromises with various communal groups, as well as with the rulers of different principalities were considered more expedient. The *kipat* system in the eastern hill region provides the most conspicuous example of political compromise with a communal group. *Kipat* was a form of communal landownership, under which each person had the right to the exclusive use of a particular piece of land. However, his rights to dispose of the land were restricted on the theory that the land belonged to the community as a whole. The state, therefore, had no power to impose taxes and rents on *kipat* lands; it only exercised its sovereign power of taxation of individual *kipat* owners. *Kipat* lands were owned by tribal communities of Kirat ethnic stock mainly in the far-eastern hill region beyond the Dudhkosi river, who controlled almost the entire area of both rice and hill-side lands. They were able to retain this control in substantial measure within a broad framework of local autonomy which was a condition of their incorporation into the Gorkhali empire during the mid-1770s.

The *rajya* system of the western hill region may be cited as an example of similar compromises with the rulers of principalities who exchanged their independence for vassal status under Gorkha's suzerainty. The term *raja* literally means a King, and *rajya*, a Kingdom. In post-1770 Nepali historiography, however, *rajya* means a vassal principality in the Gorkhali empire, which usually enjoyed a substantial measure of local autonomy. The *rajya* system emerged in the course of the political unification of Nepal during the latter part of the eigh-

teenth century. A few principalities in the far-western hill region between the Bheri and Karnali rivers were then incorporated into the Gorkhali empire by diplomacy, rather than by conquest. The erstwhile ruler was then permitted to retain his authority with some measure of autonomy in internal administration, subject to the general suzerainty of Kathmandu. Such a policy made it possible for the Gorkhali rulers to achieve the political unification of the country with a minimum of military and administrative effort. At the time of the commencement of Rana rule in 1846, these vassal principalities included Bajura, Bajhang, Jajarkot, and Mustang.

The state's ownership rights in agricultural lands and forests were similarly circumscribed by the identification of the rulers with many ascriptive and traditional aspects of the society.² In order to sustain their monopoly of political power through which they exploited the nation's resources for their own benefit, the rulers of Nepal, whether Shah, Thapa or Rana, had perforce to share such benefits with the aristocracy and the bureaucracy. This was done through recourse to the time-honored practice of granting lands and forests to individuals belonging to these groups under the *birta* and *jagir* systems of land tenure. *Birtas* were given to individuals in appreciation of their services to the state, as ritual gifts, or as a mark of patronage. The recipients included priests, religious teachers, soldiers, members of the nobility, and the royal family. Often lands were endowed by the state, or by the individuals, for temples and monasteries, as well as for other religious and charitable institutions, under the *guthi* system. Inasmuch as the tenurial and fiscal privileges attached to both *birta* grants and *guthi* endowments were more or less the same, we shall, for the purpose of the present study, use the term *birta* to include *guthis* also. *Jagirs*, on the other hand, were assigned to civil and military employees and government functionaries of different categories as their emoluments. *Birtas* were usually given on an inheritable basis, although occasionally life-time grants were also made. *Jagirs*, however, were valid only during the period when the concerned *jagirdar* remained in government service.

The administrative aspects of the *birta* and *jagir* systems will be stressed in Chapter 3; in the present context, we shall discuss the impact of those systems on the ownership and control of natural resources. The kingpin of that impact was the transfer of such ownership and control from the state to individuals or institutions. When the ownership rights of the state in agricultural lands and forests were transferred to individuals and institutions under the *birta* and *jagir* systems, it was the *birta*owner or the *jagirdar*, rather than the state, who owned these resources and appropriated their benefits.

Individual ownership and control of agricultural lands and forests under the *birta* and *jagir* systems is not a mere legal concept in the context of our study. The impact of these systems on the resource-mobilization authority of the state is evident from the fact that throughout this period considerable areas of cultivated lands and forests were under the control of *birta*owners and *jagirdars*. Divestiture of ownership rights in these resources through *birta* grants in favor of priests, religious teachers, soldiers, and members of the nobility and the royal family was, in fact, the pivot on which the social and political framework of the state rested. Similarly, the growing administrative and military establishments of the government during the period after political unification were mostly sustained through assignments of land under the *jagir* system of tenure, rather than through cash salaries. Indeed, legislation was enacted from time to time prescribing that no employee of the government should be paid a cash salary so long as lands were available for assignment as *jagir*.

Mineral resources, on the other hand, were exclusively owned by the state. The state's ownership rights in these resources, unlike in agricultural lands and forests, were never transferred to individuals under any system. When mineral deposits were discovered on lands that had been granted as *birta* or *jagir*, the right to exploit those deposits belonged to the state, not to the *birta*owner or *jagirdar*. Even the *kipat* system, which provided for individual landownership under communal control, left the ownership of mineral resources vested in the state.

State Versus Private Production

The foregoing section makes it clear that the state retained under its direct ownership a part of the agricultural lands and forests, and the whole of mineral resources within its territories. The question that we now need to discuss is : How were these resources actually exploited ?

The method of exploitation actually followed, whether through individuals or directly by the state, depended on the nature of the natural resources and administrative exigencies. Forests were not only owned by the state but also exploited under its control, thereby creating what may be called the state sector in production and trade. The actual processes of production were then performed through laborers employed on a wage basis, or occasionally on a forced and unpaid basis, or through contractors. On the other hand, agricultural lands and mines were usually exploited by individuals. The keynote of this system of production was its duality : Whereas the natural resources used as means of production were owned by the state, the actual function of production was in the hands of individuals who undertook the costs and risks and hence may be described as independent producers.

The reason for such differences in the methods used for exploiting natural resources of different categories can be easily explained. Agriculture is a permanent activity, for lands can be used for the cultivation of crops ordinarily for an indefinite period. Mining, although extractive in nature, rather than reproductive like agriculture, is also a long-term activity, inasmuch as often a mine can be worked for several years at a stretch before it is exhausted. The exploitation of forest resources, in contradistinction, is a one-time operation, because it takes several years for a tree to mature to its full size. It is possible to perpetuate forest resources if only the largest and ripest trees are removed, leaving the younger thrifty trees to reach their full size, but little attention seems to have been paid to such a course of action in nineteenth-century Nepal. Particularly in the Tarai region, which located Nepal's commercially viable forest resour-

ces, timber was produced mainly in the course of clearing forests for agricultural production and settlement. Once the forests were cleared and the lands diverted to the production of crops or for use as homesites, the question of reverting the lands to forest could not arise. Often mineral resources too were exploited under state control when trustworthy individuals were not available to take up the responsibility. There is no record, however, that agricultural production was ever taken up under direct state control at any time during this period.

The Concept of Economic Surplus

Individuals engaged in the function of production; and in the exchange of commodities so produced, generate an economic surplus a part of which is extracted by the state. The concept of economic surplus is derived from the nature of economic activity in general. People engage in economic activities connected in production and exchange with the motive of deriving economic gain. For instance, a farmer produces crops which can be exchanged with other commodities, or sold for money. Similarly, a trader acquires commodities for resale, and, in the process, creates additional exchange value by offering them for resale at a place and time, or in a form, which is of greater convenience to the customer. Production and exchange of commodities, therefore, constitute sources of economic gain to the producer and the trader.

Producers and traders, however, do not derive such economic gain gratuitously. They have to incur expenses in the production, extraction, transport, processing, and exchange of commodities. In addition, they have to maintain themselves and their families during the time when they are engaged in these operations. The difference between the new or additional exchange value they create through the production and exchange of commodities, and their expenses and the costs of subsistence as mentioned above, constitutes their net gain. This gain may be described as profit, but the concept of profit as distinguished from factor income, that is, the returns from land, labor, and capital, may prove unrealistic for an analysis of trends in a pre-industrial economy.

such as that of Nepal during the nineteenth century. Accordingly, it may be preferable to use the term economic surplus.

The economic surplus generated from production and exchange is ultimately shared by different groups, including the state. Some of these groups appropriate shares by virtue of their actual participation in the processes of production and exchange. Producers and traders retain a part of the surplus they generate, as otherwise there would be no inducement for them to engage in these activities. There were also other groups whose claims originated from their intermediary roles in these processes, such as moneylenders, village landlords, and middlemen. Of greater significance in the context of our study were groups who claimed a share in the economic surplus from production and trade by virtue of their political power. These groups included the aristocracy and the bureaucracy who received grants and assignments of agricultural lands and other resources from the state under different forms of tenure and hence were entitled to rents. Revenue farmers and other functionaries who helped the aristocracy and the bureaucracy collect such rents from the producers may also be included in the same category. The claims of these groups in the economic surplus generated by producers and traders, however, lies outside the scope of our study, both because of the paucity of documentary information and the need to keep the study within manageable limits. We shall here focus our attention only on the share of the economic surplus from the production and exchange of commodities that was appropriated by the state.

It is necessary to add two other qualifications delimiting the scope of our study. In the first place, we shall concern ourselves only with the direct extraction of economic surplus by the state. Surplus-extraction is direct if it takes the form of mobilization of monetary revenue for the state or procurement of commodities to meet the needs of its civil and military establishments. Extraction of economic surplus takes an indirect form when it benefits groups other than the state functioning on its behalf. For instance, sources of revenue were assigned by the state to its employees in

lieu of cash salaries from the state treasury. The state, consequently, exploited these sources not directly, but through the beneficiaries of such assignments. It is evident that in the absence of the assignment system the state would have to pay salaries to its employees from its treasury. We shall exclude such indirect forms of surplus-extraction by the state from the scope of our study and confine our attention to policies and measures that led to the accumulation of the surplus directly in its hands in money or in commodities.

The second qualification pertains to the nature of the system of taxation adopted by the state in the process of extracting the economic surplus from the production and exchange of commodities. Taxes, whatever be their nature, are ultimately paid out of income, that is, the economic gain derived from the production and exchange of commodities, or from the provision of services. However, a distinction has to be drawn between taxes paid by individuals in their capacity as producers and exchangers of commodities and in other capacities. We are here concerned only with taxes of the former category. For instance, peasants in the hill region paid a tax known as *serma* on their homesteads and another tax known as *saunefagu*, which was levied on each "roof." The *serma* tax comes within the scope of our study, for a homestead comprised unirrigated lands which were used for the production of maize, millets, and other dry crops and thus was a unit of production. On the other hand, we shall omit any discussion of the *saunefagu* tax, inasmuch as the peasant paid this tax not in the capacity of a producer or exchanger of commodities but as a member of the community who had a "roof" over his head.

Forms of Surplus Extraction

The state may extract the economic surplus from the private production and exchange of commodities in two ways: exchange and transfer. An exchange is a two-way transaction, involving the mutual transfer of assets between the exchangers. For instance, when a peasant sells his produce in the market, he receives a

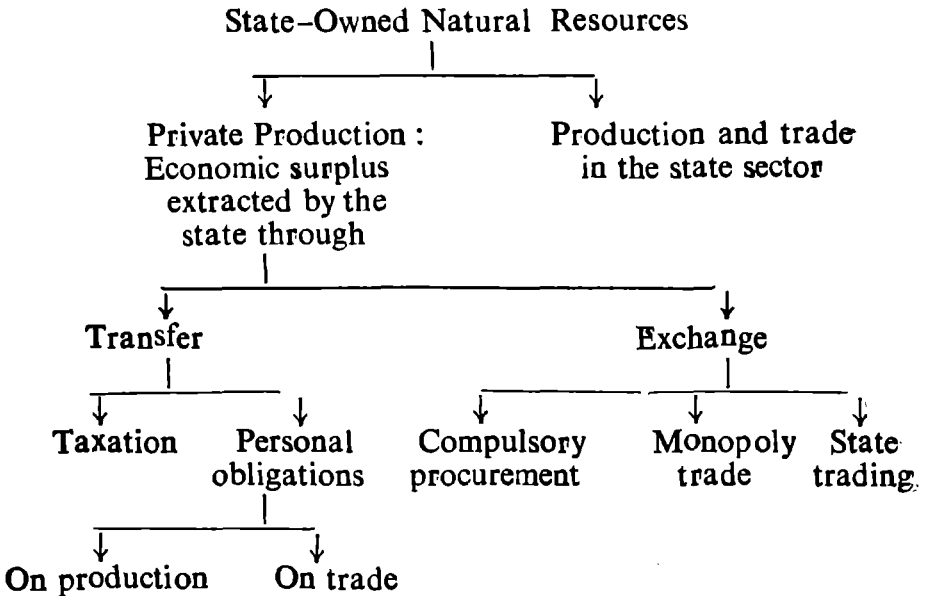
sum of money in return, or, in a barter transaction, exchanges one commodity for another. Economic surplus from production and exchange is extracted through the process of exchange when the state buys commodities from producers and traders to meet its own needs, or for resale at a profit. Irrespective of the purpose of such transactions, the main point that needs emphasis in the context of our study is that the state actually makes payments in money for the supply of commodities. It does not pay the price that the producer could have obtained in the market, but acquires commodities on a compulsory or monopolistic basis, thereby manipulating the terms of trade to the disadvantage of the producer and the trader. Such manipulation helps to depress prices, and the difference between the price that the producer and the trader would have been able to get for his commodities in the market and the price actually paid by the state constitutes that part of the economic surplus that the state is actually able to extract from them. Systems under which the state used the mechanism of exchange to extract economic surplus from production and trade may be enumerated as compulsory procurement, state trading, and monopoly trade.

A transfer, on the other hand, is a one-way transaction, in which the producer or trader parts with a portion of economic surplus without payment. Taxation is the most common form of such transfers. It has traditionally been regarded as part and parcel of the legitimate functions of the state, and the nineteenth-century Nepali state was no exception to that rule. Indeed, in Nepal, the state was traditionally regarded as the owner of all lands and other natural resources and, therefore, claimed a share in the produce of such resources by virtue of its ownership rights. The roles of the state as sovereign and landlord were thus interlinked. The state's right to exact compulsory and unpaid labor from its subjects, a long-established institution in Nepal, constituted another basis of surplus-transfer. That right was translated into a share in the economic surplus generated by the producer when compulsory and unpaid labor was used for processing or manufacturing commodities with materials procured from state-owned natural resources for supply to the state. Often

the obligation to supply commodities to the state was imposed on the basis of caste and occupation. The labor obligations of the producer based on his subject or caste status thus compelled him to part with a portion of his production without payment. Taxes on production, commercial taxes, and supply of commodities in fulfillment of personal obligations were thus the chief system under which the state used the mechanism of transfer to extract economic surplus from production and trade.

The methods through which state-owned natural resources were used as means of production, and the economic surplus generated by individuals from production and exchange extracted by the state, may be schematically represented as follows :-

Chart 1 : *Forms of Resource-Mobilization*



Plan of the Study

The first chapter of this study described the geographical, historical, and political background to the state's resource-mobilization policies in early nineteenth-century Nepal, while the present chapter has presented a broad outline of these policies. Chapter 3 will examine the general nature of the Gorkhali state and administration in so far as they pertained to the implementation of those policies. Chapters 4 and 5 describe the general

pattern of primary production, as well as of handicrafts and manufactures, while questions relating to the ownership and control of natural resources that determined the institutional framework within which the production system operated are discussed in Chapter 6. Chapter 7 contains a description of the general pattern of regional and export trade in both primary commodities and handicrafts and manufactures.

Having thus sketched the general pattern of production and trade, we shall next describe the taxation of production (Chapter 8), commercial taxation (Chapter 9), and personal obligations and the supply of commodities (Chapter 10) as the main systems under which economic surplus from private production and trade was transferred to the state. Chapters 11 and 12 discuss the different systems through which the state garnered economic surplus through the process of exchange: compulsory procurement, monopoly trade, and state trading. Some broad conclusions on the nature of production, exchange, and resource-mobilization policies in early nineteenth-century Nepal will be presented in the final chapter.

NOTES

1. This section is chiefly based on the following sources: Mahesh C. Regmi, *Landownership in Nepal* (Berkeley: University of California Press, 1976), Chaps. 2-6; and *Thatched Huts and Stucco Palaces: Peasants and Landlords in 19th-Century Nepal* (New Delhi: Vikas Publishing House Pvt. Ltd., 1978). Chap. 3.
2. S. N. Eisentadt, *The Political System of Empires* (New York: Free Press, 1963). P. 12.

3

Implementation of Resource- Mobilization Policies

As stressed in Chapter 2, the policies and programs followed by the state to mobilize resources in money or in commodities from producers and traders constitute the main theme of our study. It would be superfluous to emphasize that these policies and programs contributed to the mobilization of such resources only to the extent they were actually implemented. The policies and programs of a government are usually documented, whereas the extent of their implementation can be ascertained only indirectly. Consequently, there is often a strong temptation to presume that policies and programs, once announced, must have been actually implemented. The gap between pronouncements and actual performance in such matters is, however, more often than not, a fact of life. It may be the consequence of several factors, among which the nature of the administrative machinery available to the state, or capable of being created or molded to suit the exigencies of the current situation, is certainly one of the most decisive. The administrative problems that the Gorkhali rulers encountered while implementing their resource-mobilization policies and programs will, therefore, form the subject-matter of this chapter.

Fragmentation of Administrative Authority

An account of the system of economic administration in early nineteenth-century Nepal must begin with a discussion of the manner in which administrative authority was fragmented. As explained in Chapter 2, the state's administrative authority at the local level was transferred to individuals under the *rajya*, *birta* and *jagir* systems. *Rajas*, *birta* owners, and *jagirdars*, therefore, constituted what may be called infra-state agencies. They were responsible for such essential functions of the state as maintaining law and order, administering justice, and collecting taxes from the inhabitants of the areas placed under their jurisdiction, thereby reducing the state's own burden of administrative responsibilities.¹ Brian H. Hodgson has described how the assignment of lands under the *jagir* system to government employees and functionaries, particularly in the army, reduced the administrative responsibilities of the central government. According to him, "large tracts" in "the whole country westward from Kathmandu as far as the Narayani river, and eastward as far as the Dudh Kosi river," had been assigned "principally to the *Compu* or army stationed in the capital." Consequently, in the entire region, he goes on to say, "there is no specific aggrandisement, district or zilla," and therefore, no district-level administrators.² The modern conception of the state exercising full jurisdiction over all communities and regions in its territories did not apply to the Kingdom during this period.

It will be wrong to conclude, nevertheless, that the territories of the Kingdom of Nepal were divided into two separate categories depending on whether they were under the authority of the landowning elites or of the government. Such was by no means the case. Indeed, it would appear to be more consistent with reality to state that the private jurisdictions of *birta* owners and *jagirdars* were interlaced with the administrative jurisdiction of the government at various levels. *Birta* owners and *jagirdars* had more or less a clearly-defined jurisdiction in which the state was normally careful not to intrude. Such jurisdiction was by and large limited to the collection of rents and other payments

from the inhabitants of areas placed under their authority and to police power over those inhabitants. On the other hand, economic exchanges among those inhabitants, as well as between them and others, remained under the jurisdiction of the state. For example, a landlord who owned a village under *birta* tenure collected rents and other payments in money or commodities from the inhabitants, settled their disputes, and punished them for minor crimes, but his jurisdiction ended there. It was the state, rather than the *birta*owner, who collected taxes on the commodities that the inhabitants of the *birta* village offered for sale. What the producer did with the surplus production after the *birta*owner had exacted his share was thus a matter that lay beyond the jurisdiction of the *birta*owner.

The conclusion that may be drawn from this discussion is that fragmentation of administrative authority under the *rajya*, *birta* and *jagir* systems, although circumscribing the scope of the state's jurisdiction in extracting a part of the economic surplus generated by producers, nevertheless left such jurisdiction more or less intact in so far as similar extraction of the economic surplus generated by traders was concerned. This leads us to a discussion of the administrative means that the state used for purposes of such extraction in areas and sectors left under its residual authority.

A Command Economy

It is axiomatic that the administrative system is not a discrete phenomenon in itself. Rather, it is a reflection of the functions that the state regards as essential and legitimate at any time. That is to say, it is the nature and extent of administrative functions that govern the nature of the administrative system. The history of Nepal's administrative institutions during the early years of the nineteenth century substantiates this truth in ample measure.

The political unification of the Kingdom during the third quarter of the eighteenth century inevitably led to a change in the conception of the essential and legitimate functions of the state. The principalities that the Gorkhali rulers supplanted

were mostly primitive agricultural societies. Their society and economy were not organized by the ruler, but were based upon a corpus of custom and tradition. These principalities, therefore, possessed what may be described as "a customary economy, the case of a community of people who are not much disturbed in their ways by external pressures,"³ where the economy can function, "with every member performing his allotted task, including the decision-making which is left to him within his allotted circle and where over-riding decisions "from the center" will scarcely ever have to be made." The challenges that faced the rulers of those principalities were limited to ordinary emergencies, such as harvest failures or attacks by traditional enemies, means for dealing with which did not require new decisions, but could be incorporated within the traditional rules.⁵

In contrast, the Gorkhali state contained several features of what has been described as a "command" economy, in which "the command which emanates from a centre" was the distinguishing characteristic.⁶ Inasmuch as political unification was achieved largely through military means, the Gorkhali rulers derived their legitimacy from the fact of conquest. As a consequence, the political organization of the new state was based "on a system of controls providing for effective constraint of the subjects."⁷ The main functions of the Gorkhali rulers comprised not only the traditional functions of a pre-industrial society, such as protection from external enemies, internal tranquility, and collection of taxes, but also such specific political goals as territorial expansion through military conquest. The fulfillment of such goals necessitated the development of a certain level of generalized power, that is, of power not embedded in the structure of traditional ascriptive groups,⁸ thereby imparting a command-economy character to the state.

Because of the diversity of the geographical constituents of the new state, the enforcement of a system of controls providing for effective constraint of the subjects in line with the basic characteristics of a command economy was inevitably a difficult task. Indeed, political unification, in practical terms, only meant the

replacement of the political authority of more than fifty principalities by that of a central government functioning from Kathmandu, the capital of the new Kingdom. To be sure, it led to the emergence of a bigger and more extensive administrative apparatus to wield the authority of the central government, whether in Kathmandu itself or at the headquarters of districts, but that apparatus was nothing more than a superstructure imposed on traditional institutions at the level of the village. The Gorkhali conquests, in fact, left little impact upon earlier administrative principles, regulations, and institutions prevalent at the local level. The new rulers lacked both manpower and an understanding of the nature and dynamics of administrative structures in the different communities and regions they succeeded in bringing under their political authority. Consequently, each community and region continued to be administered at the local level more or less in the way it had been all along.

The Village Headman

In the present state of our knowledge, it is not possible to describe with a fair measure of accuracy the nature of the local administrative agencies that existed at the time when different territorial units were incorporated into the Gorkhali Kingdom. One should also not expect any uniformity in administrative institutions during that period in view of differences of geography and history and the nature of economic activity. At the same time, we can identify one agency at the level of the village which was common to all parts of the new Kingdom. This was the village headman. Notwithstanding the different appellations used to denote him in different parts of the Kingdom, the village headman was the main agency responsible for the allotment of lands, the collection of taxes on lands and homesteads, and the administration of justice at the local level. He was, in addition, the chief link between the local community and the central government or its officials at the district level. There were occasional attempts to bypass or supersede his authority, but the role of the village headman in local administration remained as important in the middle of the nineteenth century as it was at the time of the Gorkhali conquests⁹.

The command-economy character of the Gorkhali set-up, however, revealed two fundamental weaknesses in the institution of the village headman. The first pertained to the link between the village headman and the central government. In the tiny principalities that existed before the Gorkhali conquests, such a link was relatively easy to maintain. But the problem became formidable once the Gorkhali Kingdom expanded in size and its capital was shifted to Kathmandu. The Gorkhali rulers sought to solve that problem by creating one more tier of administrative authority between the village and the center at the level of the district. The second fundamental weakness of the institution of village headman was its unsuitability to discharge the resource-mobilization policies and programs that were innovated by the Gorkhali rulers. Village headmen may have been more or less effective in collecting traditional taxes on production, and, occasionally, on trade, but the discharge of such command-economy functions as monopolies and state-trading ventures was obviously beyond their capability, and, because of the regional or at least inter-village character of such ventures, also beyond their jurisdiction.

Consequently, the role of the village headman in respect to revenue and other administration at the local level remained limited to the traditional functions mentioned previously. In other words, the institution was attuned to the exigencies of a customary economy and allowed to continue under the command-economy of the Gorkhali rulers only insofar as those exigencies were incorporated into the structure of the latter. In more concrete terms, the village headman collected taxes on agricultural lands and homesteads both before and after the Gorkhali conquests because those taxes formed a part of the Gorkhali fiscal system as well. However, the Gorkhali rulers had no alternative but to take recourse to other administrative means for implementing resource-mobilization policies and programs that were a manifestation of their command-economy character, such as the management of monopolies and state-trading ventures.

The Ijara System

What was the nature of the administrative innovations that

the Gorkhali rulers devised for implementing their resource-mobilization policies and programs? The point that is of crucial significance in the context of the present study is that these innovations were based on individuals, rather than on institutions. That is to say, the Gorkhali rulers conferred temporary authority on an individual to implement such policies and programs. Such individual-based arrangements for the collection of revenue were known as *ijara*, a term of Arabic origin. There seems little doubt that the *ijara* system was an innovation of the Gorkhali rulers. The system may have been used in the eastern Tarai territories before the Gorkhali conquests, but certainly not in Kathmandu Valley and other areas in the hill regions.¹⁰ In any case, there is abundant evidence to show that it began to be used on a wide scale after the conquests.

Under the *ijara* system, the right to collect revenue from a specific source, or from a specific territory, was granted for a specific period to an individual. The *ijaradar*, in return, stipulated payment of a specific sum of money to the government. The *Ijara* system, consequently, made it possible for the government to ascertain in advance the amount of revenue it would get from the concerned source, and, at times, even to receive payment, or sanction disbursements, before the *ijaradar* had actually collected any revenue. Such systems of revenue-farming have been followed for the collection of revenue in many parts of the world, including India, "whenever the growth of public revenues was not accompanied by the development of a permanent and salaried body of government officials equipped for the complex task of assessing and collecting taxes".¹¹ This perhaps explains why revenue was collected through *ijaradars* even in areas so close to the capital as Sankhu¹² and Bhadgaun.¹³

Moreover, the *ijara* system provided a mechanism to the Gorkhali rulers that could easily be adapted to multifarious uses. Indeed, during this period, the system was used in the Kingdom to collect land and other taxes, operate mines, procure saltpeter and other commodities and manage state monopolies and state-trading ventures. The system thus enabled the government to

exploit natural resources on a wider scale than was possible under the traditional village economy.

The antithesis of *ijara* was the *amanat* system, under which revenue was collected by salaried employees of the government. The system made it possible for the government to receive the amount actually collected, but entailed costs of collection and risks of inefficiency and defalcation. Under the *amanat* system, therefore, it was seldom possible to estimate accurately the amount of revenue from any specific source. In contrast, the *ijara* system guaranteed a regular revenue, for the *ijaradar* stipulated a specific amount in advance, irrespective of the actual amount he collected. This comparative advantage explains why the *ijara* system was widely used for the collection of revenue, and why *amanat* arrangements were made for that purpose only when prospective *ijaradars* were not available.

Scope of the Ijara System

During the early years of the nineteenth century, the *ijara* system was widely used in the Tarai and inner Tarai regions, as well as in the central hill region east of the Bheri river and west of the Arun river. In the far-western and far-eastern hill regions, on the other hand, the traditional authority of the village headman was given new dimensions under the Gorkhali revenue system, thereby obviating the need for taking recourse to the *ijara* system except for the mobilization of state-owned mineral resources. The far-western hill region had a long tradition of local autonomy in which the village headman played a pivotal role as a representative of the village community. The Gorkhali rulers reconfirmed that tradition in the form of the *thek-thiti* system, under which the village headman, like an *ijaradar*, paid a stipulated amount of revenue to the state on a contractual basis on behalf of the village community. In return, he was allowed to collect revenue from specified sources, maintain law and order, and administer justice. Unlike the *ijara* system, however, the *thek-thiti* system was not an imposition from the center and entailed no competitive bidding from prospective *ijaradars*.

The situation was more or less similar in the far-eastern hill

region of the Kingdom, which was administered under a system of local autonomy based on the *kipat* land tenure system of the Limbu community, which was retained by the Gorkhali rulers in a modified form of the *thek-thiti* system. There too, the Gorkhali rulers were initially unable to make any inroads into the traditional authority of the Limbu headmen. By the beginning of the nineteenth century, however, a few sources of revenue, notably transit duties at specified trade centers, had been wrested from Limbu control and brought under the *ijara* system.¹⁴

On the other hand, village communities in the Tarai and inner Tarai regions, as well as in the central hill region, were less cohesive and articulate than in far-eastern and far-western Nepal. Consequently, their headmen wielded less influence on the center than their counterparts elsewhere. Moreover, those regions were more accessible from Kathmandu, thereby facilitating innovations in the field of revenue administration.

Working of the Ijara System : The Tarai Region

The form in which the *ijara* system was actually implemented in the Tarai and inner Tarai regions on the one hand and in the central hill region on the other differed considerably. In the former region, *ijaras* were granted on a territorial basis. That is to say, the *ijaraaar* was granted the right to farm revenues from all sources in the territories placed under his jurisdiction, with the exception of sources reserved for direct appropriation by the central government or the royal palace. Moreover, he combined the roles of district administrator and revenue collector, so that he was responsible for civil and military affairs as well. In fact, his prime duty was to defend the district in the event of external aggression.

The history of the system of civil administration and revenue collection in the districts of the Tarai region encompasses two phases. During the first phase, which ended in 1828, those functions were discharged mainly under the *ijara* system, with occasional *amanat* interludes. The second phase, which lasted from 1828 to 1849, witnessed the introduction of contractual arrangements for the collection of land and miscellaneous other taxes.

and levies through local functionaries. Such contractual arrangements were made for five years at a time, hence the system came to be known as *Panchshala-thek*, and the contractors as *thekdars*.¹⁵ Other sources of revenue, such as monopolies, state-trading ventures, and timber exports, continued to be exploited through separate arrangements under the *ijara* system.

How did the *ijara* system operate in the Tarai districts during the early years of the nineteenth century? For an example, we may refer to the appointment of Gosain Laxman Giri as *ijaradar* of Rautahat district in mid-1809. The *ijara* was valid for a five-year period.¹⁶ Laxman Giri stipulated a payment of Rs. 99,632 in five instalments every year, in consideration of which he was granted authority to collect and appropriate revenue from all prescribed sources in the area under his jurisdiction. These sources included land taxes, pasturage taxes, duties on the export of timber and other forest products, customs and transit duties, and other commercial taxes. In addition, he was granted the power to administer justice and appropriate income from fines and penalties. However, the government retained the right to appropriate revenue from a number of reserved sources, such as fines and penalties on cases disposed of directly from Kathmandu, and escheat property worth more than Rs 100 in each case.¹⁷

The primary task of the *ijaradar* was to defend the frontiers of the Kingdom and function as the local representative of the central government. For this purpose, he was granted the following authority :¹⁸

Recruit troops to repulse invasion from any quarter if there is no time to seek instructions from the palace. After the invasion is repulsed, pay off such troops and dismiss them. Reasonable expenses incurred on this account shall be debitted.

Provide suitable hospitality to any British official, *Raja*, *Nawab*, or other dignitary who may visit our territories on our business. Reasonable expenses incurred for such hospitality

shall be debitted. Gifts and presents brought by them shall be transmitted to us.

The *ijaradar* was, moreover, responsible for maintaining law and order and administering justice in the area placed under his jurisdiction. The regulations add :¹⁹

Inflict suitable punishment on any person who confesses before the court of having been guilty of murder, burglary, cow-slaughter, or rebellion.

If a thief is caught red-handed, or if he confesses his crime, refer the matter to us and punish him with death by hanging or beheading, amputation, or fines as ordered according to his caste status.

Do not permit forced and unpaid labor to be exacted indiscriminately in the district. Exact such labor only for governmental requirements. Labor shall be employed for private purposes only on payment of wages at the rate of 2 annas daily.

The fiscal authority of the *ijaradar*, and his power over village headmen and other functionaries, were defined as follows :²⁰

In case any *birta*owner or *jagirdar* encroaches upon state-owned lands, conduct an investigation in the presence of local functionaries and resume the area so encroached upon. Refer the matter to us and punish the guilty person as ordered.

Allot forest lands for reclamation on terms and conditions prescribed in 1793. Refer such allotments to us for confirmation.

All *birta*, *jagir* or other land grants made in the district after 1809 shall be referred to you. Select suitable lands for the purpose of such grants in areas where taxes have been imposed. The amount stipulated for payment under the *ijara* shall then be reduced accordingly.

Confirm the emoluments customarily granted to local functionaries, and the concessions customarily granted to ryots. Any arbitrary action in these matters shall be severely punished.

Finally, an attempt was made to impose a check on the authority of the *ijaradar* by outlining the procedure for disposing of complaints submitted against him to the central government by local landlords and revenue functionaries. The regulations state :²¹

If any local *jimidar*, *birtaowner*, *jagirdar* or other functionary files a complaint against you, we shall give a hearing to both sides and punish the person who confesses his guilt.

The letter of appointment of Gosain Laxman Giri as *ijaradar* of Rautahat district, and the regulations prescribing the nature of his functions and responsibilities, reveal two points of basic interest. In the first place, the district-level administrative set-up created by the Gorkhali rulers was more in the nature of personal arrangements concluded between the *ijaradar* and the government rather than a permanent machinery of an institutional character. Secondly, the *ijara* arrangements made an attempt to bypass or even supersede the traditional authority of village headmen and other local functionaries. The attempt had far-reaching repercussions on the local society and economy in the Tarai region, for it undermined the authority of a class which must have been the main source of agricultural credit and investment.

Indeed, the *ijara* system made the position of local revenue functionaries increasingly precarious, for they were able to retain their position only in the capacity of local agents of the *ijaradar*. *Ijaradars* dismissed them whenever they liked, and often the same position changed hands two or three times in the course of a single year. In 1828, therefore, local revenue functionaries from all districts of the Tarai region approached Kathmandu with an offer to pay stipulated amounts on a contractual basis for each village and division. They proposed that these arrangements be made for five years at a time. The government accepted the offer, thereby introducing the *Panchshala-thek* system of revenue collection,²² which remained in operation until the introduction of the *jimidari* system during the early years of Rana rule.²³

Under the *Panchshala-thek* system, land tax collection functions were separated from the responsibilities of defense, and law and order. The district administrator, who was thereafter appointed under the *amanat* system, only fulfilled a supervisory role in respect to land tax collection, a task that was actually performed by local *chaudharis* and other functionaries on a contractual basis. According to regulations promulgated in early 1836 in the name of Subba Srinivasa Jaisi for Morang district :²⁴

Collect amounts stipulated for each area under the *Panchshala-thek* system throughout the district and submit accounts at the end of the year. In the event of any dispute between *thekdars* and ryots on the amount due from any *mouja*, conduct inquiries and dispose of the matter to the satisfaction of both sides. Do not let *thekdars* make excess collections or impose unauthorized payments. In the event of any dispute between two *thekdars* regarding their jurisdiction, dispose of the matter in consultation with local functionaries and other knowledgeable persons.

The *Panchshala-thek* system, however, was limited to the collection of land and other local taxes alone. Revenue from such other sources as the export of forest products and the management of state-operated markets continued to be collected under the *ijara* system. As will be discussed in detail in Chapter 22, separate *ijaradars* were appointed for the collection of revenue from these sources under the direct control and supervision of the central government.

The Central Hill Region

The central hill region was another part of the Kingdom where the *ijara* system was used extensively for the collection of revenue. In that region, almost the entire cultivated area and homesteads were controlled by *birta* owners and *jagirdars*, rather than by the central government. Consequently, as already quoted from Hodgson, "there is no specific aggrandisement, district, or *zilla*" and, therefore, no district-level administrators. Taxes on lands and homesteads were collected on behalf of *birta* owners and *jagirdars*

either through village headmen themselves, or through agents and local *ijaradars* of various categories. The subject has been extensively discussed elsewhere;⁸⁵ it may be sufficient in the present context to stress that the services of village headmen were seldom available to the central government for the collection of commercial taxes, and indeed, for the procurement of commodities or the management of monopolies that the Gorkhali government introduced in keeping with its command-economy character. Commercial taxes were collected, and monopolies operated, usually through *ijaradars*, while officials appointed by the government or by state-operated munitions factories and other establishments were assigned responsibility for the compulsory procurement of commodities. The general practice was to issue separate *ijaras* for the collection of revenue from specific commercial sources. Consequently, the same territory was often under the jurisdiction of a large number of *ijaradars* simultaneously, each functioning within the specific jurisdiction assigned to him.

Concluding Remarks

We may conclude that during the early nineteenth century almost all parts of the Kingdom were administered under systems that left the implementation of the resource-mobilization policies of the state largely in the hands of village headmen or *ijaradars*. The economic surplus actually extracted from producers and traders was, therefore, appropriated by these functionaries in the first instance. Any expansion in the volume of production and trade, and, consequently, in the quantum of economic surplus generated, benefitted these functionaries rather than the state. Moreover, in most of the affairs of their day-to-day life, producers and traders dealt directly with village headmen and *ijaradars*, rather than with officials of the central government. In view of the absence of a formal machinery of district administration in most parts of the region, one can easily imagine the degree of authority that these functionaries exercised over producers and traders in areas placed under their jurisdiction.

The success of the resource-mobilization policies and programs of the Gorkhali rulers depended ultimately on the success of the

ijara system, but Gorkhali experience in the working of that system seems to have been far from satisfactory. *Ijara* tenures were short, usually ranging between one and three years, hence *ijaradars* tried to squeeze as much income as they could from the sources or territories placed under their authority. There were, consequently, numerous complaints that *ijaradars* acted beyond their authority and collected unauthorized payments. Moreover, *Ijaradars* exercised their authority not directly, but through their agents and employees. Such a multilayered structure of administrative authority fostered highhanded and extortionate practices to the detriment of the producer and the trader. As a result, a significant portion of economic surplus was garnered by revenue-collection functionaries themselves rather than by the state. Nor was this all. Under the *ijara* system, emphasis was on the extraction rather than on the conservation of resources. The *ijaradar's* brief tenure seldom made it worthwhile for him to make adequate investments for augmenting production, improving techniques, or organizing a systematic machinery for revenue collection. The *ijara* system might have met the state's immediate need for resources, but its long-term effects were harmful to the economy.

NOTES

1. For a detailed exposition of the subject, see Mahesh C. Regmi, *Thatched Huts and Stucco Palaces: Peasants and Landlords in 19th-Century Nepal* (New Delhi: Vikas Publishing House Pvt. Ltd., 1978), pp. 34-38.
2. Brian H. Hodgson, "Some Account of the Systems of Law and Police as recognized in the State of Nepal," *Journal of the Royal Asiatic Society of Britain and Ireland*, vol. 1, 1834, p. 275. Hodgson, who had first joined the British Residency in Kathmandu in 1820 was officiating Resident from 1829 to 1831, and Resident from 1833 to 1843.
3. John Hicks, *A Theory of Economic History* (London: Oxford University Press, 1969), p. 13.

4. Loc, cit.
5. Loc, cit.
6. Ibid, p. 14.
7. Carl J. Friedrich, *Constitutional Government and Democracy* (reprint of 4th US ed., New Delhi : Oxford & IBH Publishing Co., 1974) p. 18.
8. S. N. Eisenstadt, *The Political System of Empires* (New York : Free Press, 1963), pp. 116-19.
9. For a more detailed description of this institution, see Mahesh C. Regmi, op. cit. pp. 70-84.
10. A list of Persian, Arabic, and other terms of Islamic origin used in the Newari language during the sixteenth and eighteenth centuries does not contain the term *Ijara*. Gautamavajra Vijracharya, "Newari Bhashama Farasi Arabi Adi Mussalmani Bhashako Prabhawa" (Influence of Persian, Arabic and other Islamic languages on the Newari language), Purnima 1, Baisakh 2021 (April 1964), pp. 33-41.
11. W. Lotz, "Revenue Farming," In *Encyclopedia of the Social Sciences* (New York : Macmillan, 1963), vol. 13, p. 558.
12. "Abolition of *Ijara* in Sankhu", Aswin Badi 6, 1862 (September 1805), *RRC*, vol. 6, p. 454.
13. "Ijara Arrangements for Revenue Collection in Bhadgaun", Baisakh Sudi 13, 1870 (May 1813), *RRC*, vol. 4, p. 260.
14. "Ijara Arrangements for Revenue Collection in Ambarpur and other Golas," Chaitra Badi 7, 1892 (March 1836), *RRC*, vol. 43, pp. 563-67.
15. Mahesh C. Regmi, *A Study in Nepali Economic History, 1768-1846* (New Delhi : Manjusri Publishing House, 1971), pp. 174-75.
16. Laxman Giri did not remain alive to complete the assignment. He was killed in 1811 in a border clash with the Zamindar of Bettiah, Raja Bir Kishor Singh, that formed the prelude to the 1814-16 Nepal-British war. B. D. Sanwal, *Nepal and the East India Company* (Bombay : Asia Publishing House, 1965), p. 117.
17. "Ijara Grant to Gosain Laxman Giri for Revenue Collection in Rautahat District," Jestha Sudi 11, 1866 (June 1809), *RRC*, vol. 40, pp. 54-58.
18. "Ijara Regulations for Rautahat District in the Name of Gosain Laxman Giri," Jestha Sudi 11, 1866 (June 1809), *ibid*, pp. 59-62.
19. *Ibid*.
20. *Ibid*.
21. *Ibid*.
22. Regmi, *A Study in Nepali Economic History*, op. cit. pp. 174-75.
23. Regmi, *Thatched Huts and Stucco Palaces*, op. cit. pp. 77-78.
24. "Amanat Regulations for Morang District," Poush Sudi 1, 1892: (January, 1836), sec. 7. *RRC*. vol. 43, pp. 549-50.
25. Regmi, *Thatched Huts and Stucco Palaces*, op. cit. chap. 5.

4

The Pattern of Primary Production

Chapters 2-3 dealt with the resource-mobilization policies of the state and the administrative arrangements that the state devised with the objective of implementing those policies. We shall now discuss the pattern of production that formed the basis of such resource-mobilization. Chapters 4-5 will accordingly deal with production, and Chapter 6 with the organization of the production function. Inasmuch as the nature of material production in a pre-industrial society is determined primarily by the natural resources at its disposal, we shall start with a brief survey of the natural resources of the Kingdom, agricultural lands, forests, and mines, and the pattern of material production based on those resources in the different geographical regions of the Kingdom, the Tarai, the inner Tarai, the midlands, and the Himalayan region.

A. AGRICULTURAL PRODUCTION

(1) The Tarai Region

During the period between 1816, when the Nepal-India boundary was redemarcated, and 1858, when the British government restored the far-western Tarai region, the Tarai territories of the Kingdom of Nepal comprised only the regions that are known today as the eastern Tarai (Jhapa, Morang, Sunsari, Saptari, Siraha, Dhanusha, Mahottari, Sarlahi, Rautahat, Bara and

Parsa) and the western Tarai (Nawal-Parasi, Rupandehi, and Kapilvastu). The eastern Tarai was richer in agricultural and forest resources than the western Tarai. It contained extensive tracts of forests with valuable timber, as well as "much poor land overgrown with trees and bushes of little value," and "a very large proportion of rich land."¹ The region, in fact, has been described as the outstanding agricultural region of Nepal. It is a hot and humid area, with an annual rainfall of more than 80 inches and rich and alluvial soils. British observers have recorded that these soils were "much better than in the adjacent parts of the (East India) Company's territory,"² permitting the cultivation of two or even three crops in a year. Thanks to these abundant natural resources, the eastern Tarai region contributed the major portion of the revenue of the government of Nepal. It also provided the locale of an external trading system that constituted the main prop of the Gorkhali revenue system, and a land grant system that made the chronic bickering among the political elites of Kathmandu a matter of more than lust for power. These trends were accentuated by the development of agriculture and trade in this region, when fears of aggression from the south receded as a result of the formal demarcation of the boundary after the 1814-16 Nepal-Britain war.

Rice was the main agricultural crop throughout the eastern Tarai region. In many parts of the region, two crops of rice were usually grown on the same land every year. British observers have remarked that the damage caused by wild animals "prevents the natives from being so attentive to the cultivation of rice as they otherwise would be."³ The result was, as they go on to say, that "although the country is best adapted for the culture of this grain, the farmers content themselves chiefly with winter crops of wheat, barley, and mustard."⁴ Wheat, millets and oilseeds were also grown.⁵ Rice and oilseeds were grown in quantities big enough to generate surpluses for export,⁶ but wheat and millets were grown mainly for local consumption. In fact, available evidence suggests that wheat was not an important crop in the Tarai region compared with rice, "the flatness of the country together with its numerous springs of water, rendering the lands

too wet for this grain, and suiting them better for rice.”⁷ All these crops were listed in the tax-assessment schedule, and, as in India during the Mughal period, we may presume that “no crop which was widely grown escaped assessment.”⁸ The schedule does not mention maize, thereby indicating that the crop was not grown on a large scale in the eastern Tarai region during that period.

The non-cereal crops grown in the eastern Tarai region included tobacco, cotton, sugarcane, and jute. Tobacco had been introduced in India by the Portuguese during the early seventeenth century as “a new and profitable crop”⁹ and its cultivation soon spread to the eastern Tarai region of Nepal. Land under tobacco was the most heavily taxed, thereby indicating that it was the most profitable commercial crop.¹⁰ Hamilton has described the tobacco grown in the Tarai region of Nepal as “uncommonly good.”¹¹ Cotton too appears to have been grown on a substantial scale, and he has described the “reddish cotton wool” of the eastern Tarai region as “very thriving.”¹² Morang district, in particular, exported “cotton in the seed” to the adjoining areas of northern India.¹³ Sugarcane and jute were similarly cultivated on a scale that justified their inclusion in the tax-assessment schedule,¹⁴ but there is no evidence that they were exported.¹⁵ It is possible that these crops were cultivated on a small scale for local consumption. Jute production on a commercial scale was to await the emergence of India’s jute industry and the opening of a railway system during the latter part of the nineteenth century.¹⁶

(2) The Inner Tarai Region

It may be recalled that the inner Tarai region of the Kingdom is situated between the Churia and Mahabharat ranges, and comprises Sindhuli and Udayapur in the east, Makwanpur and Chitaur in central Nepal, and Dang and Surkhet in the west. These areas were largely uncultivated during the early nineteenth century, mainly because of the malarial climate. As Hamilton has remarked, “The chief reason of the desert state of this part of the country, seems to be its extreme unhealthiness, and this again, in a great measure, in all probability, depends on the want

of cultivation.”¹⁷ The bigger valleys were “tolerably cultivated,” but in the smaller ones “a few straggling villages are scattered throughout the woods specially in the higher parts, and their inhabitants cultivate cotton, rice, and other articles, with the hoe, after having cleared away parts of the forests.”¹⁸ These climatic constraints were reinforced by the policy of keeping the inner Tarai region undeveloped as a barrier against external invasion, particularly in the Chitaur-Makwanpur region of central Nepal after the Nepal-Britain war. As Oldfield recorded at the middle of the nineteenth century:¹⁹

In Nepal the dhuns (i.e., the valleys of the inner Tarai region) have been mostly allowed to fall into a state of jungle, and are consequently clothed with forests of sal and cotton trees, and are inhabited only by wild beasts. The Nepalese are averse to the “clearing” of these forests, as they look upon the malarious jungle at the foot of their hills as the safest and surest barrier against the advance of any army of invasion from the plains of Hindustan.

The valleys of the inner Tarai region, therefore, produced little surpluses of marketable agricultural commodities.

(3) The Hill Region

The hill region, situated between the Mahabharat mountains and the main Himalayan range, comprises several broad, well-watered valleys with deep, rich soils and carefully terraced hillsides. The region is ideally suited to the cultivation of rice and other grains.²⁰ Indeed, rice was the main agricultural crop grown in these valleys and terraced fields. According to Hamilton, “On the whole, one-half of the cultivation among the mountains may be said to consist in transplanted rice.”²¹ In Kathmandu Valley, similarly, “rice is the great crop.” Indeed, so important was rice in the local economy of the midlands that hillsides were terraced with considerable effort, investment, and ingenuity, irrigated through channels cut from springs and streams, and made suitable for the cultivation of this crop. In the words of Hamilton :²²

Wherever the land can be levelled into terraces, however, it is exceedingly favourable for transplanted rices, which ripens

after the rains have ceased, so that the harvest is never injured, and, as most of the terraces can be supplied at pleasure with water from springs, the crops are uncommonly certain.

Winter crops of wheat and barley were occasionally cultivated on irrigated lands after the rice crop was harvested²³ although, according to Hamilton "in most places this is most judiciously omitted."²⁴ These crops were usually not grown because during winter rice lands were used as pastures.²⁵ In any case, not much attention seems to have been paid to the cultivation of wheat, as the writings of contemporary European observers show. Hamilton has observed that in Kathmandu Valley, "I have never seen more wretched crops (of wheat), and most of the fields of wheat are choked with hemp."²⁶ Peasants did not give much care to the wheat crop because it was used not for food but "for making fermented and distilled liquors."²⁷ About half a century later, Hodgson similarly noted that the "cultivation of wheat is most careless, without manure, even in double-cropped and old lands, and the plant is allowed to be over-run, whilst growing, by wild hemp or artemesia, or other social weed of most frequent occurrence in the Himalaya."²⁸ We may, therefore, assume that in most areas of the midlands, irrigated lands produced only a single crop of rice in the year.

Often irrigated lands were used for the cultivation of sugarcane rather than rice, because it was "a profitable article."²⁹ Because the costs of cultivation were high, however, landlords "arely raise more of it than they require for their own consumption".³⁰ A coarse variety of sugar, called *gur*, was produced from sugarcane. Kirkpatrick found the brown sugar produced in Nuwakot to be "in a much more refined state than that which is usually met with in Bengal."³¹

Lands situated at an elevation above the valleys, and on hillsides, which could not be supplied with irrigation facilities, natural or artificial, and so were not suitable for the cultivation of rice, were used for the production of dry rice, maize, millets, and lentils.³² These coarse grains were 'chiefly consumed by the husbandmen themselves and others among the lower classes of

people.”³³ Maize was introduced into India from America just about the time of the advent of the East India Company during the early 17th century, but it was cultivated in the subcontinent for at least a hundred years before suitable strains were evolved to justify extensive production in different climatic regions.³⁴ Its cultivation in the hill regions of Nepal, therefore, appears to have started around the last years of the eighteenth century and soon became widespread. Indeed, the area of unirrigated lands was often determined with reference to the quantity of maize seeds that would be required for sowing.³⁵

Hamilton has given the following description of agricultural production in Palpa, which may be regarded as typical of most areas of the hill region :³⁶

The greatest crop is transplanted rice, next to that broad-cast rice, then maize, then the pulse called urid, almost equal in quantity to the maize, then the *Lathyrus sativus*, called dubi kerao, then the *Eleusine corocanus*, or maruya, then the *Ervum lens*, or masuri, then four kinds of sesamum, and the cruciform oil seeds, like mustard and rape, then three kinds of the pulse called kurthi, and then a little of the grains called sama and kodo. Much ginger is reared. The sugar-cane grows very large and juicy, but is eaten without preparation.

Unirrigated lands in the hill region which were not suitable for the cultivation of rice were often used for the production of cardamom, madder, cotton, and other commercial crops. Cardamom, in particular, was “a most valuable article”³⁷ which was grown in large quantities in the Kaski-Syangja area of the western hill region, as well as in the eastern hill region beyond the Dudhkosi river.

(4) The Himalayan Region

In contrast to the mainly agricultural economy of the Tarai region and the hill region, the physiographic features of the Himalayan region, situated at an altitude of above 2,000 meters, provides little scope for a peasant economy based on agriculture.

Because of moderately cold winters and short cool summers, the upper limit to successful grain farming is reached approximately 3,000 meters above sea level. Unlike in the midlands, therefore, rice is not the staple agricultural crop of the Himalayan region, but is cultivated only in lowlying valleys where water is available. But in most parts of the region :³⁸

....cool to extremely cold winters are also a distinctive feature, and the upper courses of the river valleys...the chief centers of settlement...have short growing seasons. This means that the Himalayan farmers are limited to one crop per year...potatoes, barley, or wheat.

Buck-wheat, barley, and several varieties of millets were also cultivated. According to Hamilton, the other crops were unimportant.³⁹

Because the Himalayan region suffered from a chronic shortage of food, it was natural that available agricultural lands should have been used for the production of food where possible. Accordingly, the use of agricultural lands for the production of non-food crops for sale rather than for consumption was probably limited to the cultivation of hemp (*cannabis sativa*). The crop was usually grown on high slopes having a northern exposure in areas situated at high altitudes. The hemp plant yielded materials for the production of a substance called *chares* or *altar* and a coarse fiber called *bhangra* or *bhangela*. *Chares* is the resinous substance extracted from the mature leaves, stems, flowers and seeds of the plant. It is used as a narcotic as well as for medicinal purposes.⁴⁰ *Chares* of high quality was produced in the north-western hill district of Parbat or Malebum.⁴¹ Hemp grew wild in the mountains of the Himalayan region, but wild hemp was "practically useless either for fibre or the drug."⁴²

These topographical and climatic constraints to the growth of an agricultural economy in the Himalayan region were partially compensated by the availability of pasturage facilities at altitudes of 4,500 to 5,000 meters just below the snow line. Such facilities fostered the growth of a farming economy based on transhu-

mane throughout the region. Indeed, the breeding of yaks, sheep and goats was important not only as a source of foodstuffs such as meat and milk, but also of such raw materials as wool. Hamilton has given the following description of some Himalayan communities who depended mainly on animal husbandry rather than on agriculture for their subsistence :⁴³

The Gurung and Limbu tribes...are...shepherds provided with numerous flocks. In winter they retire to the lower mountains and vallies; but in summer they ascend to the Alpine regions,...and feed their herds on some extensive tracts in the vicinity of the regions perpetually frozen, but which in winter are deeply covered with snow. The sheep which these people possess are said to be very large...and their wool is said to be fine.

The wool was woven into several varieties of cloth "finer than that of Bhotan"⁴⁴ as well as blankets and other goods. Large quantities of these products were supplied to the southern areas and also exported to India.⁴⁵

3. FOREST PRODUCTION

It will be reasonable to assume that during the early part of the nineteenth century, when the population of Nepal was less than what it is now, the total area under forest was correspondingly larger. This seems to be true of all the geographic regions of the Kingdom.

(1) The Tarai and Inner Tarai Regions

There were several varieties of timber in the forests of the Tarai and inner Tarai regions. An exhaustive list of these varieties would be out of context in the present study, hence we shall confine ourselves to a broad discussion of the main forest zones in these regions. The main river beds and islands of the southernmost belt accommodated, what has been described as, new riverine forests, which hold together the gravel, boulders, and sand brought down by the rivers from the Siwalik hills and the Mahabharat. These forests consisted mostly of *khair* (acacia

catechu) and *sissoo* (*Dalbergia sissoo*). The old riverine forests, stretching north of the river beds where the soil is not subject to flooding, consisted of such varieties of timber as *semal* (*Bombax heptaphyllum*). Farther north, as the land starts to rise, forests of *sal* (*shorea robusta*) appear. On the Siwalik hills, *sal*, associated with pine (*pinus langifolia*) is found between approximately 300 and 1,500 meters.⁴⁶ These forests supplied timber for both domestic consumption and export to India.

Contemporary British accounts show that there were extensive forests in the eastern Tarai region during this period. Notwithstanding the rich agricultural potential of that region, these forests had remained virtually uncleared at the time of its incorporation into the Kingdom. The reason seems to have been political rather than economic or demographic. The rulers of the hill principalities who controlled the eastern Tarai territories before the political unification of the Kingdom, from considerations of security, "encouraged extensive woods, and contented themselves, in a great measure, with the produce of the forests in timber, elephants, and pasture."⁴⁷ Kirkpatrick, who visited Nepal in 1793, reported the existence of a "great" forests, approximately eight routes and a half wide, which "skirts the Nepal territories throughout their whole extent."⁴⁸ Indeed, the rich forest resources of the Tarai region impressed him so much that he has observed in another place that the region :

...is capable of being rendered highly productive to the Nepal government; its extensive forests alone contain an almost inexhaustible source of riches, since they might be made to supply with valuable timber, not only the countries washed by the Ganges, but even our other settlements in India.⁴⁹

Approximately two decades later, Hamilton observed that "the Gorkhalese have cleared much of the country" in the eastern Tarai region, although, he goes on to say, "still a great deal remains to be done."⁵⁰ The reclamation of forest lands for agriculture was, in fact, a prime objective of official policy.

The forest resources of the inner Tarai region, which was

virtually in "a state of jungle"⁵¹ during this period, were no less rich. In the Hitaura-Bhimphedi region, for instance, forests of *sal* and pine were, according to Kirkpatrick, "not perhaps surpassed in any other part of the world, either for straightness or dimensions, or probably for strength or durability."⁵² He adds : ⁵³

The Bechiacori pines, nevertheless, seem to have never had an axe applied to them, though they grow in prodigious numbers, are very superior to what we generally meet with in Nepal proper, and, considering the vicinity of the Boora-Ganduck, might be conveyed to us both with little trouble, and at little expense, compared to the channel by which we are at present supplied with this useful article, and the cost at which it is procured.

Hamilton similarly observed that "all near Hetaura is waste," and "most of it is covered with stately forests of the Sakhuya or *sal*."⁵⁴

Elephants captured in the forests of the Tarai and the inner Tarai regions were of considerable commercial importance. 200 or 300 elephants were caught in the Kosi region alone every year.⁵⁵ However, "much the greater part of these (elephants) are very young, being not above five haunts, or seven feet and a half high," and so were "of little value."⁵⁶ The scale at which elephants were captured in these regions seems to have led to a depletion in their numbers. At the middle of the nineteenth century, Oldfield observed that "elephants are fast disappearing from the Tarai to the west of the Kosi, and even in the Morang the numbers are much less than they were formerly."⁵⁷ Singing birds, such as mynahs and parrots, were other form of wild life of commercial value caught in the forests of the Tarai region.⁵⁸

In addition, these forests provided pasturage facilities, which were used on an extensive scale not only by the local people but also by graziers from the adjoining areas of northern India. From Purnea district of Bihar, for instance, "by far the greater

part (of the cattle) is sent to Morang” during the dry season. The reason was that “the woods there, at the foot of the mountains, always retain some degree of freshness, and the rains of spring are there usually early and copious, which bring forward a very strong vegetation, while almost everything here, even to the bamboo, is perfectly withered.”⁶⁰ The practice was by no means confined to Indian areas adjoining Morang. Indeed, “countless herds of cattle are driven for pasturage, annually, during the hot months” into the Tarai and inner Tarai regions of Nepal from other parts of northern India as well.⁶⁰

(2) The Hill Region

Forests in the hill region contain a mixture of many species, chiefly pines, oaks, rhododendrons, poplars, walnuts, cedars, mangolias, and, in some areas, conifers.⁶¹ *Sal* is also found at suitable sites at lower elevations. Because of the costs and difficulties of transport, these forests were of little importance as a source of timber production on a commercial basis.⁶² However, they contained a number of valuable subsidiary products which were exported in large quantities. Medicinal herbs were perhaps the most important of these products.⁶³ These forests also supplied large quantities of wood required for the manufacture of charcoal, and several varieties of shrubs of the daphne species used for the production of paper.⁶⁴

(3) The Himalayan Region

The Himalayan region contains forests mainly of junipers, rhododendrons, and birches. Timber of the juniper tree was cut into planks and exported to Tibet, “from whence they are probably carried to China.”⁶⁵ The bark of the birch tree was traditionally used as a substitute for paper and supplied to the southern regions in large quantities.⁶⁶

These forests also contain two forms of wild life of commercial value: muskdeer and hawks. Muskdeer are found at altitudes ranging from 5,000 meters to the limit of forest. The male muskdeer secretes an odoriferous substance, known as musk, in a

small sac under the skin of its abdomen, which is a well-known ingredient in many medicine and perfumes. It was trapped in snares and killed for extracting the perfume-bearing pods.⁶⁷ Hamilton has recorded that "the most valuable production of the southern face of these (Himalayan) mountains is the animal which produces musk, of which vast numbers are annually killed."⁶⁸ Hawks were similarly trapped and trained for use in hunting. Both male and female hawks were used for this purpose, but the female ones, known as Sahibaz, were prized higher than the male ones, or Jurrabaz.⁶⁹ In view of the importance of musk and hawks in the economy of the Himalayan region, they were specifically mentioned as sources of revenue assigned to village headmen under the "*thek-thiti* system." In several parts of that region, trade in hawks was the chief source of livelihood for the local people.⁷¹

Honey and wax were other natural products of the Himalayan forests. Bees were usually reared in hives, but in the Himalayan region the combs of wild bees were also utilized to procure these commodities. The collection of wild honey and wax was an usually hazardous occupation. According to one account :⁷²

The wild bees often build their combs on the face of an overhanging precipice. The comb is taken by a man who is let down from the top of the precipice by a rope attached to his waist. He swings himself back and forth to reach the face of the precipice, which overhangs a river. When he has gained a foothold the wild bees are either induced to leave the comb by throwing a tempting bait to a little distance, or are driven away by the smoke of smouldering rags.

The honey extracted from the combs of wild bees was regarded as unfit for human consumption, so the wax alone was cleaned.⁷³ The commodity was used for casting cannon and manufacturing candles.

C. MINERAL PRODUCTION

During the nineteenth century, Nepal was an important producer of copper, iron, lead, and other metals. Some quantities

of gold, cinnabar, and sulfur were also mined. The mining industry was confined to the hill region, where the mineral deposits then discovered were invariably located. In fact, mining was an important economic activity in that region, second in importance only to agriculture.

Although small deposits of copper were found in almost all parts of the hill region, the region between the Chepe-Marsyangdi and Bheri rivers in the western hills, particularly the Parbat-Baglung-Gulmi area, seems to have been the most important copper-producing area of the Kingdom.⁷⁴ Iron deposits were similarly concentrated in the eastern hill regions. At the same time, stray deposits of copper were worked in the eastern hill region⁷⁵ and of iron in the western hill region.⁷⁶ Lead was found "in a great many places,"⁷⁷ with one of the heaviest concentrations in the Listi area of the eastern hill region.⁷⁸ Copper and iron were produced in quantities sufficient to meet the domestic demand, and even to generate surpluses for export, but the production of lead, a vital material required for the munitions industry, was chronically insufficient. British observers have testified to the inadequate production of this metal and Nepal's dependence on India for supplies. In 1793, Kirkpatrick wrote that the Nepalis "are still obliged to supply themselves with lead from Patna."⁷⁹ The situation had not changed much more than half of a century later, for in 1851 Cavanagh noted that lead ore was still being imported from British India.⁸⁰ Kirkpatrick expressed the view that the scarcity of lead was due to "their ignorance of the proper process."⁸¹ Hamilton, however, rejected this explanation and remarked that "it would be extraordinary, if a people who could smelt iron and copper, should be unable to smelt lead."⁸² The real reason for the scarcity seems to have been that the entire local production was requisitioned to meet the requirements of munitions factories under the direct supervision and control of an official of the royal household,⁸³ thereby discouraging production. According to Hamilton :⁸⁴

Only two mines of lead are at present wrought, because all the metal is reserved for the Raja's magazines, but so far as I can learn, lead is found in a great many places quite on the surface. These, however, are concealed with care by those who observe them, and who are thus able to work in private.

The gunpowder factories started by the government in different parts of the Kingdom generated a demand for two other minerals, sulfur and saltpeter. Sulfur was mined in several areas in the hill region.⁸⁵ The western hill areas, in particular, contained extensive deposits of arsenic and pyrite ores with sulfuric content. However, according to Kirkpatrick, "the government has been obliged to desist from working the sulphurous ores on account of the deleterious effects produced by the operation."⁸⁶ Saltpeter was extracted from a kind of saline earth found in the eastern Tarai region as well as in Chitaur district of the inner Tarai region, probably the only mineral resource exploited in those regions. According to a British source, the soil of the adjoining Indian district of Tirhut "almost everywhere contains a large proportion of saline matter," with the result that it was "more productive of nitre than any other place in India."⁸⁷ It may be correct to assume that this description applied to areas on Nepal's side of the frontier as well.

Concluding Remarks

This brief survey of Nepal's natural resources and the pattern of production in the Kingdom of Nepal during the nineteenth century highlights several basic characteristics of the economy. In the first place, it underscores the predominant role of agriculture. Indeed, the majority of the people of Nepal were peasants, with forestry and mining as ancillary activities. These activities were concentrated in particular regions: mining in the hill region and forestry in the Tarai and inner Tarai regions. But agriculture is a reproductive activity which provides the basis for a sedentary peasant economy, whereas mines and forests sustain a type of economic activity that is extractive rather than

reproductive. Secondly, only two regions of the Kingdom, the mid-hill region and the Tarai, produced foodgrains and other agricultural commodities in quantities sufficient to generate marketable surpluses. Finally, the Nepali peasant was compelled to devote the main part of his energy to the cultivation of such cereal crops as rice, maize and millets, which he needed for meeting his subsistence needs and his rental obligations.

NOTES

1. Francis Hamilton, *An Account of the Kingdom of Nepal* (reprint of 1819 ed., New Delhi : Manjusri Publishing House, 1971), p. 62.
2. Loc. cit.
3. Ibid, p. 63.
4. Loc. cit.
5. "Confirmation of 1793 Tax-Assesment Rates in Mohottari," Kartik Sudi 10, 1866 (November 1809), *Regmi Research Collection (RRC)*, vol. 40, pp. 111-18.
6. Francis Buchanan (Hamilton), *An Account of the District of Purnea in 1809-10* (Patna : Bihar and Orissa Research Society, 1928), p. 556.
7. A. Campbell, "A Report on the State of Agriculture in Nepal," 1836, in *Stiller Typescript*, a typescript of Reel Three of the micro-films in the Tribhuvan University Library of documents in the Archives of India, vol. 2, June 1973, p. 180.
8. W. H. Moreland, *India at the Death of Akbar : An Economic Study* (Delhi : Atma Ram & Sons, 1962), p. 95.
9. W. H. Moreland, *From Akbar to Aurangzeb : A Study in Indian Economic History*, (reprint of 1923 ed , New Delhi : Oriental Books Reprint Corporation, 1972), p. 189; Irfan Habib *The Agrarian System of Mughal India* (Bombay : Asia Publishing House. 1963), pp. 45-46.
10. "Confirmation of 1793 Tax-Assesment Rates. .," op. cit.
11. Hamilton, *An Account of the Kingdom of Nepal*, op. cit. p. 64.
12. Loc. cit.
13. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 571.

- 14 "Land-Tax-Assessment Rates for Fatteharipur, Morang," *Marga Badi* 1, 1855 (November 1808), *RRC*, vol. 35, pp. 184-85.
- 15 These commodities are not included in the list of exports from Morang district in 1809-10. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. pp. 556-76.
16. As an industrial raw material, jute fiber was almost unknown until the middle of the nineteenth century, but the Crimean war (1854-56), which cut off the supply of Russian flax and hemp to the mills of Scotland, made its reputation. According to a British source, "Dundee forthwith adopted the new fibre as her speciality, and the Bengal cultivators as readily, set themselves to meet the demand" W. W. Hunter, *The Indian Empire : Its People, History and Products* (London : W. H. Allen & Co. 1893), p. 674. The rapid growth of India's own jute industry after the mid-1860s further accelerated the extension of the area under the crop, D. R. Gadgil *The Industrial Evolution of India in Recent Times, 1860-1939* (Bombay : Oxford University Press, 1971) p. 57. Before 1867, there was "scarcely any jute cultivation" in Purnea district, W. W. Hunter, *A Statistical Account of Bengal Vol. 4 : District of Monghyr and Purniah*, London : Trubner & Co., 1876) p. 290, but soon it increased to such an extent that "in the northern part of the District two-thirds of the *rayats* cultivate jute more or less, and in the south perhaps one-fourth." (*Ibid.* p. 293). By the end of the century, the crop was also grown in "small but increasing areas" in Morang district of Nepal. "*The Imperial Gazetteer of India* (Oxford, Clarendon Press, 1903), vol 3, p. 47), The result was that jute and gunny bags emerged as important items in Nepal's export trade with India. (*Ibid*, vol, 20, p. 417) The term jute appears to have been used in the English language for the first time in 1846. (J. C. Sinha, "Jute in Early British Days," *Journal of the Asiatic Society of Bengal*, vol. 27, 1931, p. 150.
17. Hamilton, op. cit. pp. 68-69.
18. Loc. cit.
19. H. Ambrose Oldfield, *Sketches from Nepal* (reprint of 1880 ed., Delhi : Cosmos Publications, 1974), p. 47.
20. Hamilton, op. cit. p. 75.
21. *Ibid*, p. 122.
22. *Ibid*, p. 73.
23. William Kirkpatrick, *An Account of the Kingdom of Nepal* (reprint of 1811 ed.; New Delhi : Manjusri Publishing House, 1969) p. 130. Colonel William Kirkpatrick was sent as an envoy to

Nepal by the Governor-General of the East India Company in India, Lord Cornwallis, in March 1793, in an attempt to mediate in the 1792-93 Nepal-China War. However, peace was restored between Nepal and China before Kirkpatrick's deputation even began preparations for departure from Patna. In any case, Kirkpatrick arrived at Nuwakot in early March and stayed there for about seventeen days. He was permitted to visit Kathmandu for about a week on his way back to India. One of the objectives of Kirkpatrick's mission was to make general observations on the government, religion, and customs of the Nepalis and to enquire into the trade between Nepal and Tibet, and the roads and geography of Nepal and neighboring countries.

24. Hamilton, op. cit. p. 73.
25. Mahesh C. Regmi, *Thatched Huts and Stucco Palaces, Peasants and Laudlords in 19th-Century Nepal* (New Delhi : Vikas Publishing House, 1978), pp. 10 and 148.
26. Hamilton, op. cit. p. 226.
27. Loc. cit.
28. Brian H. Hodgson, "On the Colonization of the Himalayas by Europeans," In *Essays on the Languages, Literature and Religion of Nepal and Tibet* (reprint of 1874 ed.; Varanasi : Bharat-Bharati, 1974), pt 2, p. 87.
29. Kirkpatrick, op. cit. pp. 98 and 128-29; Hodgson, "Nayakote and its Tribes;" In *Essays on the Languages...* op. cit. pt. 2, p. 59.
30. Kirkpatrick, op. cit. p. 98.
31. Ibid, p. 129,
32. Hamilton, op. cit. pp. 74 and 227; A Campbell, "A Report on the State of Agriculture in Nepal" 1836, in *Stiller Typescript*, a typescript of Reel Three of the microfilms preserved in the Tribhuvan University Library of documents in the Archives of India, vol. 2 June 1973, p. 168.
33. Kirkpatrick, op. cit. p. 227.
34. George Watt, *The Commercial Products of India* (reprint of 1908 ed.; New Delhi : Today and Tomorrow's Printers and Publishers, 1966), p. 132.
35. Mahesh C. Regmi, *A Study in Nepali Economic History, 1768-1846* (New Delhi : Manjusri Publishing House, pp. 19-20.
36. Hamilton, op. cit. p. 178.
37. Ibid, p. 74.
38. Pradyumna P. Karan, et. al., *Nepal : A Physical and Cultural Geography* (Lexington, University of Kentucky Press, 1960), p. 91.
39. Hamilton, op. cit. p. 282.

40. Watt, op. cit. pp. 259-60. For Brian H. Hodgson's account of hemp cultivation in Nepal, see Edwin T. Atkinson, *The Himalayan Districts of the North-Western Provinces of India* (Allahabad : North-Western Provinces and Oudh Government Press, 1882), vol. 1, pp. 804-5. Also : E. K. Pauw, *Report on the Tenths Settlement of the Garhwal District* (Allahabad : North-Western Provinces and Oudh Government Press, 1896), p. 29.
41. Kirkpatrick, op. cit. p. 142.
42. Atkinson, op. cit. p. 800. Hemp was cultivated in the Tarai region also, but there the dried flower heads and smaller leaves, called *Ganja*, rather than the resinous substance consisting of *Chares*, was the principal product. *Ibid*, p. 760.
43. Hamilton, op. cit. p. 76.
44. Loc. cit.
45. *Ibid*, p. 284; Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 572.
46. This account is based on Karan, op. cit. pp. 28-29.
47. Hamilton, op. cit. p. 16.
48. Kirkpatrick, op. cit. p. 16.
49. *Ibid*, p. 42.
50. Hamilton, op. cit. p. 64.
51. Oldfield, op. cit. p. 47.
52. Kirkpatrick, op. cit. p. 42.
53. Loc. cit.
54. Hamilton, op. cit. p. 194.
55. Kirkpatrick, op. cit. p. 18.
56. Loc. cit.
57. Oldfield, op. cit. p. 62. in Chitaur, In particular, indiscriminate hunting of elephants eventually led to a situation during the mid-1880s when the wild stock had to be replenished with animals captured in the forests of Morang. "Order Regarding Purchase of Elephants for Chitaur Forests," *Chaitra Badi* 4, 1942 (March 1886), *RRC*, vol. 51, pp. 317-27.
58. Hamilton, op. cit. p. 68, Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 573.
59. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 415.
60. Hodgson, "On the Colonization of the Himalaya...", op. cit. p. 89.
61. Karan, op. cit. p. 29.
62. Hamilton, op. cit. p. 83.
63. Kirkpatrick, op. cit. p. 207; Hamilton, op. cit. pp. 86-89
64. Watt, op. cit. p. 486.

65. Hamilton, op. cit. p. 96.

66. Ibid, p. 97.

67 Atkinson, op. cit. vol. 2, p. 31. "The musk deer is found in the upper ranges from 8,000 feet to the limits of forest...the musk deer is one of the smallest of its family, being seldom more than twenty inches high at the shoulder. It is frequently taken in a simple snare by hillmen, who, for this purpose, make a low hedge along the ridge of a spur some times a mile in length or more and just sufficiently high and thick to tempt the game to save themselves the trouble of jumping or flying over. Openings are left in the ledge at intervals of thirty feet in which the snares are set. These are laid flat on the ground, the upper end being attached to a stout sapling bent over so as to form a strong spring. When the musk deer approaches the hedge, he turns aside until he discovers an opening through which he walks and puts his foot in the snare. The end of the sapling is thus released and instantly springs up, suspending the deer by the leg."

68. Hamilton, op. cit. p. 94.

69. Sthira Jung Bahadur Singh, *Karnali Loka Sanskriti, Part II: Bhau-golika* Drishnikona (Karnali folk culture, pt. 2, the geogographical approach) (Kathmandu; Nepal Rajakiya Prajna-Prathisthana, 2028 (1971), pp. 159-70.

B—British sources, however, describe the male hawk as *Jurra*, and the female as *Baz*. According to Hodgson, "The bird in question, known by the name of *Baz* below, and by the Tibetans called *Sayi*, is a large tractable species of the short-winged kind of true hawk. It is by far the best known to Indian Falconry, and is sent all over the Deccan, as well as Hindustan. It is the Goshawk of Europeans. Female called *Baz*; male, *jurra*" Brian H. Hodgson, "On the Commerce of Nepal." In *Essays on the Languages*. op. cit. Pt. 2, p. 118. Another British source records, "There are in (Gorakhpur) District a great many birds of prey, and all the Rajas, that can afford it, are passionately fond of haking. The finest hawks come from Nepal. The largest and most valuable is a Goshawk called here *Baz*, which is the female, and her male is called *jurra*. The former sell from 25 to 75 rupees, and the latter from 10 to 40. They do not require to be hooded, as all the others do. The *Baz* takes cranes, wild ducks, bustards, and partridges. The *Jurra* pursues all these kinds of game, except the crane." Montgomery Martin, *The History, Antiquities, Topography and Statistics of Eastern India* (reprint of 1838 ed.; Delhi; Cosmos Publications, 1976), vol. 2, pp. 504-5.

70. "Thek-Thiti Arrangements in Gam, Jumla District," Chaitra Sudi 7, 1900 (Margh 1844); in Yogi Naraharinath ed.; *Itihasa Prakasha*

(Light on history), vol. 2, bk. 2, (Kathmandu ; Itihasa Prakashaka Sangha, 2013 (1956), pp. 273-84.

71. For instance, the inhabitants of Rakal in Jumla district stated in a petition to Kathmandu in 1746 : "We depend on the trade in hawks for our livelihood." "Order to the Mukhiya and Ryots of Shobhagaun, Gam, Jumla District," Bhadra Badi 14, 1903 (September 1846), *RRC*, vol. 80, pp. 303-4.
72. S. D. Pant, *The Social Economy of the Himalayas* (London ; George Allen & Unwin, 1935 pp. 223-24; Shira Jung Bahadur Singh, op. cit. pp. 171-80.
73. S. D. Pant, op. cit. p. 224; S. K. Pauw, op. cit. p. 28
74. Hamilton, op. cit. p. 272.
75. Ijara Grant for Copper Mines in Sanga-Dudhkosi Region; Chaitra Badi 5, 1869 (March 1813), *RRC*, vol. 39, p. 546;" " Ijara Regulations for Copper and Iron Mines in the Eastern Hill Region," Jestha Badi 14, 1874 (May 1817), *RRC*, vol. 41, pp. 666-67.
76. Hamilton, op. cit. pp. 76 and 275-78
77. Ibid, p. 78.
78. "Ijara Grant for Lead Mines in Listi," Marga Sudi 9, 1868 (November 1811), *RRC*, vol. 40. p. 315.
79. Kirkpatrick, op. cit. p. 177.
80. Orfeur Cavanagh, *Rough Notes on the State of Nepal* (Calcutta ; W. Palmer & Co., 1851), p. 76. Gavanagh was one of the British officers attached to Prime Minister Jung Bahadur's entourage when he visited England in 1850.
81. Kirkpatrick, op. cit. p. 177
82. Hamilton. op. cit. p. 58.
83. Regulations in the Name of Kapardar Dhana Singhe Khadka, Baisakh Badi 5 1860 (April 1803), sec. 15, *RRC* vol 20, p. 36.
84. Hamilton, op. cit. p. 78.
85. Ibid, p. 73.
86. Kirkpatrick, op. cit. p. 176.
87. J. Stevenson, On the Manufacture of Saltpeter, as Practised by the Natives of Tirhut." *Journal of the Asiatic Society of Bengal* vol. 2. No. 13; January 1833. pp. 23-28.

5

Handicrafts and Manufactures

During the nineteenth century, the majority of the people of Nepal were peasants, and agriculture was the mainstay of the nation's economy. At the same time, several forms of handicrafts and manufactures had emerged for processing materials produced from farms, forests, and mines. Such production was usually the work of peasants during the slack agricultural season, or during their spare time, through the labor of members of their families. Commodities of various categories were also produced by people belonging to such occupational groups as kamis (blacksmiths) and sarkis (leather-workers), who usually did not engage in agriculture as the chief source of their livelihood. We shall now describe the main categories of handicraft production, the nature of the output, and, where possible, the techniques of production.

Handicrafts and manufactures were in varying stages of development in different parts of the Kingdom and among different communities. It is not possible to make a detailed and comparative study of different regions and communities in that respect, hence we shall limit ourselves to two contrasting examples : the Newars of Kathmandu Valley and the Meches of the far-eastern Tarai region. The Newars had developed a distinctive urban civilization through the centuries as Kirkpatrick wrote in 1793 :¹

The Newars... appear to be acquainted with and exercise most of the handicraft occupation of their Bihar neighbors. Of cloths, however, they fabricate only a very coarse kind, partly for home use and partly for exportation to the Tibets... They work very well in iron, copper, brass, &c., and are particularly ingenious in carpentry, though it is remarkable that they never use a saw, dividing their wood, of whatever size, by chisel and mallet. They export to the southward some of their brazen utensils; and their cutlery (as swords, daggers, &c.) is by no means contemptible. They have latterly manufactured some fire-arms, but not successfully. They gild exceedingly well, and among the bells they construct for the use of their temples and other religious purposes, some are of a considerable size.

In contrast, the Meches of the far-eastern Tarai region, "keep entirely to the forest in which they make clearances, cultivating crops of rice and cotton with the hoe, and grazing buffaloes," according to an account written by A. Campbell in 1839.² He adds :³

They have no towns, and rarely even live in permanent villages, generally quitting a clearance after having had two or three successive crops from the land, to take up their abodes in a fresh portion of the forest.. In the arts the Meches have made but small progress, they excel in the care of their cotton agriculture, but as they grow only the common annual kind, the produce is not of a superior kind. Weaving is confined to the women as a domestic art. They are not addicted to trade, are averse to military service, have no artisans among them, are truly in a very primitive state of society.

Newars at one end of the spectrum and Meches on the other may be an illuminating study in contrasts, but neither group can be said to be typical of the broad mass of the rural population inhabiting the Kingdom during the nineteenth century. In the hill regions, in particular, a more typical community may be

said to be the Gurungs, "diligent traders and miners" who "employ themselves in weaving blankets with the wool of their 'numerous flocks'⁴ of sheep and "make their own cloths of wool, cotton and hemp, of the coarsest kind."⁵

Categories of Handicrafts and Manufactures

Handicraft production was mainly of two categories. The first category was designed primarily to serve the consumption needs of the household or the village and was not produced on a scale sufficient to make supplies available to other areas. Any exchange in handicraft products of this category, therefore, was of a purely intra-local character and normally not the basis of a regular trade and taxation system. As such, it lies beyond the scope of the present discussion. There was also another category of handicraft production which developed for purposes of trade outside the village. Such production had relatively wide exchange connections based on the localized supplies of raw materials or traditional skills. Because local supplies of raw materials were abundant and also because traditional skills had developed through the centuries in certain areas in the production of specific commodities, supplies were produced in excess of local consumption needs, or even exclusively for trade, with the result that intra-regional or export trade developed in those commodities. It is the manufacture of those commodities that we intend to discuss in this chapter. They include metals and metal goods, cotton and other varieties of cloth, and paper and pulp in the hill regions, and boats and canoes, catechu, and saltpeter in the Tarai region. We shall here describe not only the products, but also, where possible, the techniques of production, so as to lay the ground for making an appraisal of the capital-intensity of production and the stage of technological advancement in nineteenth century Nepal.

Metals and Metal Goods

As noted in an earlier chapter, mining was an important economic activity in the hill regions of the Kingdom. Copper and iron, in particular, were produced in large quantities and the

quality appears to have been sufficiently high to win the appreciation of British observers. According to Kirkpatrick, "the iron of Nepal is not, perhaps, surpassed by that of any other country, and among its copper ores, of which there would seem to be several varieties, some are said to be rich, and of an excellent kind."⁶ Indeed, he goes on to say, European copper did not appear to be of superior quality compared with Nepali copper.⁷ Hamilton has similarly remarked that "the iron of different mines is of very different qualities, some being so excellent that, even without being converted into steel, it makes knives and swords."⁸

The techniques used in the extraction of ore were, however, rudimentary and wasteful, in terms of both labor and the quantity extracted. According to Hamilton, "the ore is dug from trenches entirely open above, so that the workmen cannot act in the rainy season, as they have not even sense to make a drain."⁹ Cavanagh has similarly noted :¹⁰

The Gorkha miners do not in general sink a shaft from which the gallery diverges, but in the first instance run the gallery, or in some cases an open trench, from the surface at an angle of about 45 degrees, and when this is carried to such a depth that it fills with water, having no means of keeping it clear, the mine is deserted.

Even then, the production of both copper and iron appears to have been adequate to meet the domestic demand and even to generate a surplus for export in both crude and manufactured forms. Indeed, neither of these metals was imported during the early part of the nineteenth century¹¹ notwithstanding the heavy domestic demand for the manufacture of household utensils, agricultural implements, *Khukuris*, knives and swords, minting of coins, and production of munitions.

Household utensils and other metal goods were manufactured in all parts of the midlands where copper and iron were available. Pokhara, a "large and well-inhabited"¹² town in Kaski district, was famous for its copper manufactures. Similarly, the

metal-workers of Dhankuta in the far-western hill region “are celebrated for the excellence of their commodities.”¹³ Although Kathmandu Valley itself contained no deposits of either copper or iron, the traditional skills of its Newar craftsmen had made it the center of a flourishing metal goods industry.¹⁴ Lalitpur and Bhaktapur, in particular, were centers of “a very considerable manufacture” of copper, brass, and bell metal goods.¹⁵ Bells manufactured by Newar craftsmen were “much admired” at an exhibition held in London in 1851.¹⁶ Kirkpatrick has also mentioned “the dagger, or knife worn by every Nepaulian, and called *Khookhari*,”¹⁷ the blade of which, according to another British observer, “is unequalled for its temper and keen edge,”¹⁸ There seems little doubt that *Khukuris* were manufactured on a scale larger than the almost total lack of reference to the industry in contemporary official documents suggests.

Finally, Nepal’s abundant resources of copper and iron were used to sustain a large-scale munitions industry. Nepal then depended wholly upon indigenous production for supplies of munitions to the army. In the beginning, the army had depended on what it was able to seize during its victorious encounters with Muslim and British invaders from the south as well as on what it could smuggle from India. The precarious nature of such sources of supply became clear during the 1793-94 Nepal-China war, when the government was compelled to appeal to the East India Company for supplies. The appeal was ignored, but the government had learnt its lesson. Soon after the end of the war, a munitions factory was started in Kathmandu. Factories for the production of rifles, gunpowder, and other supplies were subsequently started in many other areas where metals and other materials were available in sufficient quantities, and their production appears to have met fully the army’s demand for weapons of different categories.¹⁹ A British observer has described Nepali troops during the Nepal-Britain war of 1814-16 in the following words : ²⁰

The men were armed with the talwar or sword, *Khukuri* or curved knife and matchlocks, and the officers carried the

sword and shield, *Khukuri* and bows and arrows, in the use of which they were very dexterous. The sword was sometimes of the peculiar shape known as Kora or bujali, the edge having a curve inward like a reaping hook, but far more straight and very heavy, particularly at the point end, where it is very broad and ends abruptly square.

The account leaves no doubt that all the items mentioned were indigenously produced. As Hodgson noted in 1848: "The large army of the state is furnished with muskets, swords, and *Khukuris* from native ore."²¹

Handloom Weaving

Next to the metals and metal goods industries, handloom weaving was probably the most extensive economic activity in the non-agricultural sector. It will be realistic to presume that cotton cloth was manufactured in almost all parts of the Kingdom at least for local consumption, but in view of the absence of adequate information about the latter we shall confine our attention to the hill region, where almost the entire population was engaged in that activity.²² In Kathmandu Valley, similarly, "the poor manufacture, each family, their own supply of coarse (cotton) goods."²³ Naturally, therefore, the weaving industry received encouragement and patronage at the hands of successive rulers, particularly in Kathmandu Valley. King Mahendra Malla (1560-74) of Kathmandu, for instance, decreed: "Never keep spinning wheels and looms idle." He called for the production of high-quality cloth of standard patterns in order to promote exports.²⁴ Prithvi Narayan Shah advocated a similar policy; a ban on the import of cloth, and production of new varieties for export, so that there should be no drain of wealth from the country.²⁵ He took pride in the fact that he had conquered the principalities of Kathmandu Valley, as well as central and eastern Nepal, while wearing homespun cloth.²⁶

In subsequent years, members of the royal family, as well as of the aristocracy, gradually developed a taste for imported fabrics in defiance of Prithvi Narayan Shah's exhortations. By

the early years of the nineteenth century, the trend had become so pronounced that, in the words of Hamilton, "the whole dress of the higher ranks in Nepal is imported, and consists chiefly of Chinese silks, shawls, and of the low country muslins and calicoes."²⁷ Nearly two decades later, Hodgson noted that "the whole of the middle and upper classes are clad in foreign cottons," thereby indicating that the craze for imported fabrics had percolated deeper into the urban population of Kathmandu Valley.²⁸ The poorer sections of the population, on the other hand, continued to depend on the indigenous production.

The quality of the indigenous cotton manufactures, however, left much to be desired. We have already referred to Kirkpatrick's observation that the Newars of Kathmandu Valley were "acquainted with and exercised most of the handicraft occupation of their Bihar neighbours," but "of cloths, however, they fabricate only a very coarse kind."²⁹ Hodgson has similarly recorded that "Nepal has no native manufacture of any but coarse sorte" of cloth.³⁰ Campbell, referring to "the coarsest and most ungainly produce" of the weavers of Kathmandu Valley, writes :³¹

The ordinary breadth of Nipal cotton is about half a yard, and rarely exceeds two feet. The average length of their web is from 6 to 12 and 1 1/2 yards, and the texture of the finest is not superior to the *dosuti* cloth of Hindoostani, used for house canopies and floor cloths.

Campbell's account of the techniques of cotton cloth manufacture in Kathmandu Valley is sufficiently interesting to merit a quotation *in extenso*. He writes :³²

The cotton is separated from the seeds by the women, whether with fingers or by the help of a most primitive contrivance.... Two rollers of wood, the thickness of a walking stick, and close together, are placed in an upright frame and made to revolve on one another by means of a handle attached (through one side of the frame) to the lower of them. The operator, sitting on the ground, places the

frame between her feet, steadying it with her toes, and applies small portions of cotton to the spaces between the rollers with her left hand, while she plies the revolving handle with the right; in this manner the cotton is drawn between the rollers; the seeds, being too large for the interspace, are separated and left behind.

The spinning is equally primitive... The machine is small and easily portable... The spinner... sits on the ground, with one hand turning the wheel by means of the handle, and with other drawing out the cotton into thread... An iron rod is attached by means of a string to the wheel, and revolves in company with it, on which the thread as spun, is collected.... The spinning wheel may be described by saying that it is but an ancient distaff, improved by the addition of a wheel for keeping it in motion.

When a woman has spun a sufficient quantity of a thread for the warp of a web, she winds it off the iron rods, on which it has been spun, unto large bobbins about nine inches long and fit to hold three or four pounds of thread... With these long bobbins and a few more about three feet long, she repairs to the nearest grassy spot within her village, or to the side of the causeway, if unpaved, and there (sticks) the reeds in the ground (a few feet asunder) to the length of her proposed web... Tying the thread to the reed to her extreme right, she moves rapidly up and down the line, passing the thread (as it comes off the bobbin, revolving on a shaft passed through its axis and held in her right hand) on alternate sides of each reed, until the warp is laid.

The weaving is carried on under a shed, within a small verandah, or in the house, and as the roofs are generally low, the treadles are made to ply in a hollow dug in the earthen floor under the loom. The loom is made of the commonest materials, and very clumsily put together... The Nepal weaver rolls up the warp on its original frame and ties it to a peg driven in the ground close to her feet, while a cross beam in front of her receives the web as it is woven... The weaver,

sitting on a bench, with the loom in front of her, plies the shuttle alternately with her hand, pulling forward the swinging apparatus for laying the woof close to its predecessors, and plies the peddles with her feet.

Dyeing and printing of cloth were ancillary activities, but do not appear to have been highly developed. Campbell has described the Newars of Kathmandu Valley as "miserable artists," pointing out that "they cannot at this day dye a decent blue, although furnished with indigo for the purpose." He adds: "A dirty red (from madder) and light fading green are the colours most commonly dyed by them, but they are not fast and durable; nor elegant when fresh." Consequently, Campbell goes on to say, "the only tolerably good dyeing done in Nepal is by some Cashimiris and people from the plains." Similarly, cloth was printed "in imitation of the chintzes of India and Europe." but, according to the same source, "these imitations are very badly executed, and the colours are not durable." The best varieties of chintz cloth were produced in Bhadgaun, Panauti, and Dhankuta.³³

In the Himalayan region, hemp fiber, as mentioned in Chapter 3, was used for the manufacture of a coarse kind of cloth known as *bhangra* or *bhangela*. According to one account :³⁴

After the plants are cut off at the ground, they must be placed in the sun for eight or ten days, or until they be dried sufficiently. They must then be steeped in water for three days, and on the fourth day the plants must be taken out of the water and peeled. The peelings are to be washed and put in the sun; and when quite dried, they are ready for manipulation. They are then to be torn into thin threads with the nails of the hands; next twisted with a spinning wheel (*likuli*), and when the threads are thus prepared, they are to be boiled with ashes of wood and water in a pot for four hours, and to be washed again for the purpose of whitening. This is the way of preparing *bhangela* thread, out of which sack-cloth is woven.

The products "show strength, divisibility, fineness and softness

of fibre—in fact all the essentially good qualities which a fibre should possess.”⁸⁶

Paper

Paper was manufactured on an extensive scale in the hill region. According to Hodgson, it was manufactured “exclusively in Cis-Himalayan Bhoté...and by the race of Bhotéas” in areas east of the Kali river, although “the greatest part of it is manufactured in the tract above Nepal proper.”³⁶ The inhabitants of Buntang, Khinchet and other villages of Nuwakot district in the hill region west of Kathmandu Valley manufactured paper of very fine quality, which was in great demand in government offices.

British observers have invariably described Nepali paper as of very high quality. Kirkpatrick, for instance, has described it as “strong” and “useful.”³⁷ Hamilton has referred to “a very strong paper, remarkably well-fitted for packages,” made at Bhadgaun in Kathmandu Valley³⁸. Hodgson has noted that “it would probably surprise the paper-makers of England,” to hear that Nepali paper-manufacturers “can make up this paper into fine smooth sheets of *several yards square*.”³⁹ He adds :⁴⁰

The *manufactured* produce of Nepal is for office-records, incomparable, better than any Indian paper, being as strong and durable as leather almost, and quite smooth enough to write on. It has been adopted in one or two offices in the plains, and ought to be generally substituted for the flimsy friable material to which we commit all our records.

There is no evidence that the British Indian government acted upon Hodgson’s advice. Even then, paper procured from Nepal appears to have been used for packing opium meant for internal consumption in Patna.⁴¹

Like handloom weaving, paper manufacture did not require complicated equipment. A brief description of the process by a contemporary British observer is reproduced below :⁴²

Slips of the inner bark of the shrubs are first boiled for about half an hour in a solution of wood ashes until they are quite

soft, they are then pounded to a pulp in a pestle and mortar, the pulp is next mixed with a little water and vigorously churned with a wooden instrument in an open-mouthed vessel, and when considered sufficiently soft and homogenous is placed in a sieve with wide meshes, which is laid on a frame with wooden slides and a cloth bottom, floating on the surface of a cistern of water. Agitation of the frame causes the finer portion of the pulp to pass through the sieve and spread itself over the cloth bottom of the frame, the sieve is removed, and a little more manipulation renders the pulp uniform. The frame is then removed from the water, which drains off through the cloth and the pulp is dried near of fire; it is sometimes polished with a piece of wood.

Paper manufacture was, therefore, concentrated in forest areas where daphne bark, firewood, and water were available in abundant quantities. According to another contemporary British observer, the factories were :⁴³

...mere sheds, established in the midst of the immense forest of Cis-Himalayan Bhote, which afford to the paper-makers an inexhaustible supply on the very spot of the firewood and ashes, which they consume so largely; abundance of clear water (another requisite) is likewise procurable every where in the same region.

Along with the manufactured paper, the pulp too was often an article of trade. For this purpose, it was dried and "made up into the shape of bricks or tiles, for the convenience of transport."⁴⁴ Hodgson sent samples of these bricks to England, where it was "declared by the ablest persons to be of unrivalled excellence, as a material for the manufacture of that sort of paper upon which proof-engravings we take off."⁴⁵ There is no evidence, however, that regular trade developed in pulp bricks with England, or even with the adjoining areas of India, as a result of this initiative.

In some parts of the Himalayan region, the manufacture of pulp from pine or juniper wood was a thriving economic

activity. Both the pulp, and the paper manufactured from it, were meant mainly for export to Tibet. A British observer has described the process of manufacture in Thudam village of the Solukhumbu area in the eastern hill region in the following words. The description relates to the mid--1950s, but it is unlikely that the process was a twentieth-century innovation :⁴⁶

The simple but ingenious pulping machine is driven by water power, and every part of it, bearings, pins, axles and pipework is made entirely from local wood. Water is the only available lubricant for the moving parts. The source of power is a swift flowing stream which has been diverted into a hollow log, placed steeply on the side of a bank like a hydro-electric penstock. A jet of water from the bottom of the log turns a simple water wheel, which in turn connects to a crankshaft mechanism. The log being pulped is attached to the crankshaft, and when the power is turned on, the log is pulled and pushed across a rock at about thirty times a minute, soon wearing down the wood fibres. From the wet pulp which soon covers the rock, the balls (of about eight inches diameter) are made. When they have been partly dried, they are ready for export.

Boats and Canoes

The availability of *sal* timber appears to have made the manufacture of boats and canoes a thriving industry in Morang and elsewhere in the eastern Tarai region. The manufacturers belonged to the Majhi community of Dhankuta, Ilam, and other areas in the interior hill regions.⁴⁷ Two kinds of boats were most commonly manufactured : *Sugi* and *Saranga*. Hamilton, in his account of Purnea district in India in 1809-10, has given the following description of boats and canoes manufactured in Morang district : ⁴⁸

They are exceedingly rude in their shape, ... The tree is flattened on two sides, in one of which the excavation is made... There are two kinds : *Sugis* which are sharp at both ends, and *Sarangas* which terminate in a blunt kind of goosetail head and stern. These last are by far the most common, and by far the greater part of both is made of *sal* timber.

The price of a *Saranga* ranged between Rs 6 and Rs 16, and of a *Sugi* between Rs 5 and Rs 6. Hamilton has described these boats as "most miserable conveyance," which, nevertheless, were in great demand in the adjoining Indian territories.⁴⁹

Catechu

The wood of the acacia catechu tree was used for the production of catechu, a hard brown extract which is used as an astringent in medicine, a condiment taken with betel, and for dyeing and tanning. The manufacture of catechu was the occupation of a class of low-caste people called Khairaha or Khairi. In Morang, according to Hamilton⁵⁰ "a great many people are employed in preparing this drug." Another British source has described the process of manufacture in the following words:⁵¹

One portion of the Khairis is constantly employed in cutting down the best trees, and for these they have to search for in the jungles; only those with an abundance of red heart wood will answer. This is chopped into slices a few inches square. Under two large sheds are the furnaces, shallow and with a slightly convex clay roof, pierced for twenty ordinary sized earthen pots. These are nearly filled with chips, and water is then poured in and boiled until the counters of twenty will only fill two pots. This operation takes place in about an hour and a half. The liquor resembles the light port, and the *Katha* crystallizes on leaves and twigs thrown into it for the purpose. Each pot yields about a seer of an ashy white colour. The work is carried on for twenty hours out of the twentyfour by relays of women and children, the men merely preparing the wood, which, after being exhausted, is made use of as fuel.

Saltpeter

Saltpeter, or potassium nitrate, is an essential ingredient in the production of gunpowder. As noted in Chapter 3, it was produced from the saline earth found in the districts of the eastern Tarai region, as well as in Chitaur. Saltpeter production was

the occupation of a class of people known as *nuniya*⁵² or *looneah*.⁵³ A kind of salt, known as *khari*, was a by-product, which could "never be employed as a seasoning for food, but is highly useful as a medicine for man and beast,"⁵⁴ as well as in tanning hides and skins.⁵⁵ The following is a British account of saltpeter and *khari* salt manufacture in the adjoining Indian areas. There seems little doubt that the same processes were followed in the eastern Tarai districts of Nepal as well :⁵⁶

A quantity of saliferous earth mixed with water is thrown into a pit and allowed to soak for twelve hours, after which the brine is extracted. This is boiled for three hours, and after it cools saltpeter is deposited in a crystalline state. The brine which is left is again boiled, and yields more saltpeter, together with some salt. The quantity of saltpeter and salt which can be daily produced in one pit is variously returned at three *sers* (6 lbs) of saltpeter and one half *ser* (1 lb) of salt and four *sers* (8 lbs) of saltpeter and one and a quarter *sers* (2 1/2 lbs) of salt. The refiners buy the crude saltpeter, collect it in large iron boilers, and having boiled it, carry the brine to vats, where it is cooled and strained. From this process is reduced Kalmi saltpeter. Any brine which still remains is thrown on the earth, which is found in every saltpeter godown. This earth soon becomes sufficiently saliferous to yield saltpeter, and the process adopted by the Nuniyas in making crude saltpeter is again gone through. Both saltpeter and salt are produced, of a finer quality than those yielded by the original process. It is estimated that 100 *maunds* of saltpeter yield 50 *maunds* of refined saltpeter and 2 *maunds* of salt.

Primitive Techniques

The detailed descriptions of the manufacturing processes of different commodities that we have reproduced in the foregoing sections from contemporary British writings reveal two essential characteristics of the production system. In the first place, the techniques of production were primitive when compared with those followed in India and other parts of the world. Campbell,

referring to the state of handloom weaving among the Newars of Kathmandu Valley, writes :⁵⁷

It is a matter of curiosity, as well as of astonishment, that although the Newars claim, and not improbably hold, a title to considerable antiquity as a united people, and have made great advances in husbandry; some progress in literature, and architecture; they have not got up to this day beyond the threshold of civilization in that art which among the rudest nations has been found in a state of much efficiency.

He adds :⁵⁸

It is therefore, evident that in the earliest of the arts, one which must have been practised by all human societies as soon as leaves and skins were deemed unfitting clothings, the Nepalese have been left far behind, by the Hindus of India on one hand and by the Tartars of Bhote on the other.

Campbell makes no attempt to hazard an explanation, but his report highlights another fact that would appear to be of crucial importance in resolving the apparent paradox. He writes :⁵⁹

The craftsman does not generally speaking earn anything in addition to the common wages of agricultural labour or in other words, little more than suffices to fill his belly and that of a wife and children with plain rice and a few spices, and to buy the raw cotton for the manufacture of his and their coarse clothing.

That is to say, even a widespread manufacturing activity such as the weaving of cotton cloth was based primarily on the needs for subsistence. Consequently, there was no scope for profits, no opportunity for the accumulation of capital, and so neither the capacity nor the inclination to improve the techniques of production. The situation might have been different had the political elites invested their income from the exploitation of natural resources in commercial agriculture, manufacturing or trade. But such was by no means the case.

The primitive state of productive techniques is significant in more than one respect. It means, in the first place, that productivity was low and the products of low quality. But of perhaps greater importance was the low degree in which capital was employed in the processes of production, or in other words, the low capital-intensity of production. There was, indeed, no way in which capital investment in the processes of production could be increased, hence no way in which the fixed capital assets of the nation could be augmented.

Stagnation of productive techniques was an inevitable consequence of the low capital-intensity of production. There is no evidence that any of the processes we have described in the foregoing sections witnessed any innovation or improvement throughout the nineteenth century. In 1833, J. Stevenson, Superintendent of the East India Company's saltpeter factories in Bihar, while admitting that the local method of manufacturing saltpeter "although rude, yet (is) very simple," so that, "no manufacturer in Europe can equal it in point of cheapness and simplicity," also stressed its stagnant character.⁶⁰ He writes :⁶¹

Thus the *looneahs* proceed from season to season without the least deviation or alteration in their manufacture. No persuasion, however, reasonable, by way of improvement, will cause them to alter the plans which their forefathers had in practice; and it is probable, that the methods used at present were the same three thousand years ago.

Low productivity due to the low capital-intensity of production, and primitive and stagnant techniques, together with such other constraints as the low purchasing power of the people and lack of broad-based economic integration among different regions of the Kingdom, cumulatively ensured that "manufacturing, even on a traditional cottage industry scale, never reached significant proportions" in Nepal during the nineteenth century.⁶² This conclusion may be substantiated through a reference to the state of handicrafts and manufactures in Kathmandu Valley. The region was well-known for its skilled artisans and craftsmen. Even then, as Campbell noted in 1836, "the population...is almost

entirely agricultural....Every inhabitant is more or less directly engaged in the culture of the soil."⁶³ The situation remained unchanged in subsequent years. About four decades later, in 1877, another British observer, Daniel Wright, similarly noted that "the great bulk of the population is employed in agriculture."⁶⁴ In other words, the bulk of the gross product was derived from agriculture rather than from handicrafts and manufactures. Moreover, large-scale production for a wide market seems to have been virtually unknown, hence simple commodity production, or the production of goods for sale through the personal labor of the craftsman, did not develop into capitalistic enterprise. There is also no evidence that production was ever on such a scale as to foster competition and thereby initiate a process of economic differentiation among the producers.

NOTES

- 1 William Kirkpatrick, *An Account of the Kingdom of Nepaul* (reprint of 1811 ed.; New Delhi : Manjusri Publishing House, 1969), pp. 209-10.
2. A Compbell, "Note on the Mechis, together with a Small Vocabulary of the Language," *Journal of the Asiatic Society of Bengal*, no. 92, August 1839, pp. 623-31.
- 3 Ibid.
- 4 Francis Hamilton, *An Account of the Kingdom of Nepal* (reprint of 1819 ed.; New Delhi : Manjusri Publishing House, 1971), p. 27.
- 5 Brian H. Hodgson, unpublished ms. in India office Library, London, cited in Alen Macfarlane, *Resources and Population : A Study of the Gurungs of Nepal* (Cambridge University Press : 1976), p. 26.
- 6 Kirkpatrick, op. cit. p. 176
7. Ibid
8. Hamilton, op. cit. p. 78.
- 9 Ibid, p. 77.
- 10 Orfeur Cavanagh, *Rough Notes on the State of Nepal* (Calcutta : W. Palmer & Co.; 1851), p. 76
11. These items are not listed in Nepal's imports by either Kirkpatrick (op cit. p. 208) or Cavanagh (op. cit. p. 79).

- 12 H. Ambrose Oldfield, *Sketches from Nipal* (reprint of 1880 ed.; New Delhi : Cosmo Publications, 1974), p 45.
- 13 Brian H. Hodgson, "Route from Kathmandu, the Capital of Nepal, to Darjiling in Sikim, intersperced with remarks on the people and country," *Journal of the Asiatic Society of Bengal*, vol. 17, pt. 2, July-December 1848, p. 642.
- 14 Kirkpatrick, op. cit. pp. 209-10.
15. Hamilton, op. cit. p 232
16. Thomas Smith, *Narrative of a Five Years Residence at Nepal from 1841 to 1845* (London : Colburn, 1852), vol. 1, p. 149. Thomas Smith was Assistant Resident at the British Residency in Kathmandu during this period.
17. Kirkpatrick, op. cit. p 118
18. Smith, op. cit. 148
- 19 This account of Nepal's munitions production during the late eighteenth and early nineteenth century is based on Mahesh C. Regmi, "Munitions Production," *In Readings in Nepali Economic History* (Varanasi : Kishor Vi ya Niketan, 1979), pp. 37-45.
20. Edwin T. Atkinson, *The Himalayan Districts of the North-Western Provinces of India* (Allahabad : North-Western Provinces and Oudh Government Press, 1884), vol. 2. pp. 625-26.
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22. "Royal Order to Weavers in the Eastern Hill Region," *Ashadh Badi* 30, 1868 (June 1811), *Regmi Research Collection (RRC)*, vol. 40, pp 223-24.
- 23, Brian H Hodgson, "On the Commerce of Nepal," in *Essays on the Languages, Literature and Religion of Nepal and Tibet* (reprint of 1871 ed.; Varanasi : Bharat-Bharati, 1971), pt 2, p 107
24. "Regulations of King Mahendra Malla (1560-1574 A. D.) of Kathmandu," *Regmi Research Series*. Year 3, No 5, May 1, 1971, pp. 123-24
25. Naya Raj Panta et. al, *Shri 5 Prithvi Narayana Shahako Upadesha* (Teachings of King Prithvi Narayan Shah), Lalitpur : Jagadamba Prakashan, n.d.), pt. 1, p. 324
- 26 Ibid.
27. Hamilton, op. cit p 232.
- 28 Hodgson, "On the Commerce of Nepal," op. cit p 107.
- 29 Kirkpatrick, op. cit. pp. 209-10.
30. Hodgson, "On the Commerce of Nepal," op. cit. p. 107.
31. A Campbell, "Notes on the State for the Arts of Cotton Spinning, Weaving, Printing, and Dyeing in Nepal," 1836, in *Stiller Typescript*, a typescript of Reel Three of the microfilms preserved in the Tribhuvan University Library of documents in the Archives of India, vol. 2, June 1973, p. 153.

32. *Ibid*, pp. 152-55.
33. *Ibid*, p. 156.
34. Atkinson, *op. cit.* vol 1, p. 805.
35. *Loc. cit.*
- 36 Brian H. Hodgson, "On the Native Method of Making the Paper, denominated in Hindustan, Nepalese," *Journal of Asiatic Society of Bengal*, vol. 1, No 1, January 1832, pp. 8-11.
- 37 Kirkpatrick, *op. cit.* p. 80.
- 38 Hamilton, *op. cit.* p. 232.
39. Hodgson, "On the Native Method.....," *op. cit.*
- 40 *Ibid*.
41. W. W. Hunter, *Statistical Account of Bengal*, vol. 11, (London : Trubner & Co., 1877), p. 153.
42. G.H D Gimlette, *Nepal and the Nepalese* (London : H.F. & G. Witherby, n.d.), p 206). Gavanagh (*op. cit.* pp. 99-100) describes the process as follows : "The pulp, made from the bark of a shrub, of which it is composed, is spread upon a sheet tightly stretched on a frame extended over a small tank, containing sufficient water to cover it; and when it is completely saturated the water is drained off, and the paper dried by artificial heat produced by pans of burning charcoal placed under the frame." Brian H. Hodgson has given a detailed account of the process of paper manufacture as well as of the equipment used Hodgson, "On the Native Method.....," *op. cit.*
43. Atkinson, *op. cit.* vol. 1, p. 797.
44. Hodgson, "On the Native Method.....," *op. cit.*
45. *Ibid*; also : Hodgson's letter to G. Woodcock, Joint Magistrate, Champaran on March 25, 1842 regarding the supply of 24 packages of "Nepalese Paper Pulp" to Calcutta, in "Register of Letters Received from January 1842 to June 1842," pp. 344-45, in Bihar State Archives.
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- 50 Hamilton, *An Account of the Kingdom of Nepal*, *op. cit.* p. 67.
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54. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 550.
55. "Orders Regarding Procurement of Khari Salt for Jangi Magazine," *Ashadh Suti* 14, 1922 and *Shrawan Badi* 9, 1922 (July 1865), *RRC*, vol. 32, pp. 585-87 and 609-11.
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57. Campbell, op. cit. pp. 150-51.
- 58 Ibid, p. 155.
59. Ibid, p. 156.
60. Stevenson, op. cit. p. 27.
- 61 Ibid, p. 26.
62. Bhuwan Lal Joshi and Leo E. Rose, *Democratic Innovations in Nepal: A Case Study of Political Acculturation* (Berkeley: University of California Press, 1966), p. 16.
63. A Campbell, "On the State of Agriculture in Nepal," in *Stiller Typescript* op. cit. p. 172.
- 64 Daniel Wright, ed.; *History of Nepal*: (reprint of 1877 ed.; Kathmandu: Nepal Antiquated Book Publishers, 1972), p. 46. Daniel Wright was Surgeon-Major at the British Residency in Kathmandu from 1863 to 1877. This Book contains an English translation of a Nepali-language *Vamsawali* by Shew Shunker Singh, an employee of the Residency, and Pandit Shri Gunanand, a Nepali "whose ancestors, for many generations, have been the compilers of this History," It includes "An Introductory Sketch of the Country and People of Nepal" by Wright himself,

6

The State and the Producer

Agricultural lands, mines, and forests, the main means of material production in nineteenth-century Nepal, were traditionally regarded as the property of the state and exploited either under its own control or through individuals. At this stage, it is necessary to explore the nature of the arrangements through which these state-owned resources were used as means of production. Arrangements made for the exploitation of these resources in the state sector were relatively simple, inasmuch as exploitation was based on wage labor, and, at times, forced labour as well. In contradistinction, the terms and conditions under which individuals were allowed access to state-owned natural resources for purposes of production, that is, the nature of the tenurial relationship between the state as owner and the individual as producer, was much more complex. During the early years of the nineteenth century, the exploitation of state-owned natural resources for the production of commodities in the state sector was the exception rather than the rule, hence the nature of tenurial relationships between the state and the individual producer will form the subject-matter of this chapter. Our purpose is not to describe these relationships in detail, discuss their origins, or analyze their legal and administrative aspects. Rather, attention will be focussed on those aspects of tenurial relationships that had a direct bearing on the form and

quantum of economic surplus extracted by the state from the producer.

General Characteristics of the Production System

We may begin with a few preliminary observations on the nature of state-owned natural resources of different categories and the evolution of forms of organization of the production function suited to the peculiar physical characteristics of each of those resources : agricultural lands, mines, and forests. As noted in Chapter 4, agriculture is a reproductive activity which provides the basis for a sedentary peasant economy, whereas mines and forests sustain a type of economic activity that is essentially extractive. This fundamental difference between agricultural lands on the one hand and mines and forests on the other has had a profound impact on the nature of the relationships that evolved between the state and the producer in the exploitation of those resources for production. Whereas state-peasant relationship, on agricultural lands usually developed within the framework of long-term tenures, individuals were allowed access to mines and forests mostly under short-term arrangements.

There were also other important differences in the systems of agricultural and mineral production. Agriculture was the chief means of livelihood of the vast majority of Nepal's population, with the exception of some trading communities in the Himalayan region. People belonging to any caste or community, from priest to cobbler, cultivated the land, not excepting communities which professed kinship ties with the ruling classes, such as Chhetri and Thakuri. In contrast, mining encompassed a much narrower field of economic activity. There were two main reasons for this situation. In the first place, mineral deposits were for the most part concentrated in the hill region. Secondly, even in the hill region, the occupation was confined only to particular castes and communities. Traditionally, only such low-status castes and communities as Gurung, Magar, Gharti, and Kami extracted ore and smelted it into metal. They were collectively known as *agri*. There is no evidence that people belonging to high-status castes and communities, such as Brahman and

Chhetri, ever engaged themselves in this occupation. At the same time, there appears to have been no taboo on people belonging to high-status castes and communities working as laborers or porters outside mines.³

Tenurial relationships between the state and individual producers on agricultural lands and mines may be classified into two categories. Peasants and miners received allotments either directly from the state or through an intermediary. The nature of the direct allotment system hardly needs elaborate explanation. Under that system, the producer obtained an allotment-certificate from the state entitling him to the use of specified agricultural lands or mines for purposes of production. For a number of reasons, however, such as the difficulty of superintending a large body of individual producers throughout the Kingdom through the rudimentary administrative machinery at the disposal of the state, agricultural lands and mineral deposits were often allotted to a non-working intermediary who combined the dual roles of a supervisor of production and a revenue collector on behalf of the state. When those resources were made available for purposes of production through an intermediary, rather than directly to the producer, the state shared with the intermediary the amount of economic surplus actually extracted from the peasant or the miner.

Forest resources, besides their commercial importance, yield products of indispensable use for the local community, such as building timber, firewood, resinous wood for lighting purposes, *khar* grass used for thatching huts, and fodder for cattle. The local people's access to forest resources for these purposes was usually free in all parts of the Kingdom. As Hamilton has recorded: "In Nepal the pasture and forests are in general common, and any person that pleases may use them"³ In the eastern Tarai districts, regulations were promulgated from time to time directing local authorities to permit villagers to procure timber required for building houses and manufacturing agricultural implements for domestic use without any payment.⁴ The villagers were also permitted access to the forests for meeting

their requirements of fodder and other subsidiary forest products on payment of a tax on each household.⁵ Consequently, access to forest resources for meeting domestic needs was restricted to a lesser extent than a legalistic interpretation of the state's ownership rights would suggest. That is to say, the state might be the ultimate owner, but unless the commercial value of a forest justified the expense of protecting and exploiting it, there was no way the local people could be prevented from utilizing its facilities. Hodgson has mentioned one case in which "a fine forest" of *sal* trees on the banks of the Tadi river in Nuwakot had been reduced "to scrubby brushwood, by perpetual injudicious cutting and defoliation, the leaves being used as plates to eat from, and being perpetually carried to Kathmandu for sale there."⁶ We may assume that this was a typical example of how state-owned forest resources were actually utilized in the hill region.

The forests of the hill region, moreover, constituted a source of raw materials for the production of a number of commodities such as charcoal and paper. The inhabitants of specified villages in the hill region were under the obligation of supplying these commodities to the government either without any payment, or at concessional prices, as we shall see in Chapters 10 and 11. In view of the onerous nature of these obligations, the producers were allowed free access to forest of convenient location, whether owned by the state, or by individuals.⁷ Nor was this all. There were also no restrictions on the extraction of subsidiary forest products such as medicinal herbs by individuals for commercial purposes. Such scrounging provided a supplementary source of money income that helped peasant households partially offset the adverse impact of the imposition of a money tax system on a largely subsistence economy. As the inhabitants of Majhkirat in the eastern hill region stated in a petition submitted to Kathmandu in November 1812: "We procure medicinal herbs from forests and sell them so that we may use the income to pay taxes to the government and maintain our wives and children."⁸

Chapter 4 had listed the main commercial products of forest resources as timber, catechu, medicinal herbs, elephants and

singing birds. As noted above, medicinal herbs were extracted usually by individuals through scrounging, hence there existed no organized system of production for this item during the early years of the nineteenth century. The commercial exploitation of forest resources for the production of the other items, on the other hand, was mostly confined to the districts of the Tarai and inner Tarai regions. The reasons were proximity to the Indian market and the availability of transport facilities by boat or bullock-cart, compared with the lack of both in the hill regions. Although mining and forestry are both extractive occupations, a mineral deposit can usually be exploited for a number of years, whereas a tract of forest, once cleared, can only be used for agriculture. Forests were, therefore, made available to individuals for the extraction of timber or other products through temporary permits or contracts.

We shall now discuss the methods according to which agricultural lands, mines, and forests were exploited for the production of commodities during the early nineteenth century.

A. Agricultural Lands

Inasmuch as our study is concerned with the mobilization of economic resources by the state from the natural wealth of the Kingdom, it will deal only with tenurial relationships between the state and the producer on agricultural lands under the direct control and management of the state, that is, *jagera* lands. Agricultural lands controlled and managed by individual landowners of different categories, such as *birta* owners, *jagirdars* and *kipat* owners, will be omitted from the discussion because the economic surplus generated from the use of such lands for production did not accrue to the state.

What was the nature of the tenurial relationships between the state and the peasant who cultivated *jagera* lands? It is obvious that this relationship can take various forms. The peasant may be a serf, tied to the soil and subject to a multitude of personal obligations, as under European feudalism. Or he may be completely divorced from the possession or control of the means of

production and relegated to the status of a wage-laborer. A third variation is also possible, which is actually a characteristic feature of the socio-economic system of the Kingdom of Nepal during the nineteenth century. This is a system of production by independent producers, who are allowed to use the means of production under certain conditions, subject to the payment of a specified quantity or share of the output in money or in kind to the owner. Such a system of independent producers working with means of production owned by the state implies, in common with European feudalism, personal ties of dependence, but lacks the essential attribute of feudalism : the serf's enforced ties with the soil. Unlike the European serf, the typical peasant in nineteenth-century Nepal was a tenant bound to the state through a system of contractual obligations which he was always free to relinquish. The peasant was thus both a tenant and an independent producer. He was a tenant because he cultivated a piece of land legally owned by the state, but he was also an independent producer in the sense that he possessed his own tools of production and undertook the risks and expenses of cultivation.

The basic unit of agricultural production was the peasant household. That is to say, agricultural lands were usually cultivated in family holdings through the labor of the members. Such holdings could usually be inherited, subdivided, fragmented, or amalgamated. Whether they could also be sold, mortgaged, or otherwise transferred involves a question of juridical right with which we are not concerned in the present study. We are similarly not concerned with the question of whether any peasant had received his holding through allotment by the state or through inheritance. Our objective is to identify the nature of the relationship between the state and the peasant at a particular point of time, rather than to trace the process of the evolution of that relationship over a period of time. Accordingly, it will be sufficient for our purpose to stress the simple distinction between two types of tenure that we have mentioned at the beginning of this chapter : a direct relationship between the state and the peasant, and an indirect relationship with a non-working

landlord as an intermediary. In other words, the state allotted agricultural lands either to actual cultivators directly, or else to intermediaries who reallocated the lands to actual cultivators and assumed liability for the payment of taxes on such lands.

These two categories of agricultural land-allottees may be described as *chuni* ryots and *zamindars* respectively.⁹ The terms were in current usage mostly in the Tarai region, but there is evidence that the groups they represented in that region had their counterparts in almost all other parts of the Kingdom. A *chuni* peasant was an ordinary occupant or holder of land whose name was listed in the official tax-assessment register. The rights of *zamindars*, on the other hand, extended over land occupied by a number of persons. The term, therefore, represented, "a rural class other than, and standing above, the peasantry."¹⁰ It is important to note that such forms of intermediary tenure ordinarily meant not an increasing burden on the peasantry¹¹ but a wide difference between the rate of rent paid by the cultivator and the tax paid by the landlord.¹² Intermediary tenures were, consequently, less satisfactory from the viewpoint of the state in extracting economic surplus from agriculture, but that shortcoming was more or less compensated by the advantages they provided in the collection of taxes. Moreover, these tenures provided scope for individuals with capital and entrepreneurial skill to undertake land reclamation and settlement projects on concessional rates of taxation, particularly in the Tarai region after the Nepal-Britain war. There seems little doubt that in the absence of such favorable terms the agricultural development of that region would have been retarded to a considerable extent.

Intermediary tenures predominated in the Tarai and inner Tarai regions, as well as in the far-western hill region west of the Bheri river. In contrast, the agrarian society of the central hill region, between the Bheri river in the west and the Arun river in the east, including Kathmandu Valley, consisted largely of small self-cultivated allotments received directly from the state. Throughout this period, there is no evidence that the state experi-

mented with agricultural production, especially the production of commercial crops, in state-operated farms or plantations.

B. Mineral Resources

As noted earlier in this chapter, individual producers were provided access to mineral resources for purposes of production in the same way as in agriculture: direct allotments from the state or intermediary tenures as in the case of agricultural lands. However, the extractive nature of the mining industry made possible experiments in short-term supervisory tenures that were seldom paralleled in agricultural production. The systems actually followed for the exploitation of mineral resources during the first part of the nineteenth century may broadly be enumerated as simple allotments of mining lands, long-term contractual allotments to mining communities (*thekbandi*) or individuals (*gharbari*), licenses to individual prospectors and short-term contractual arrangements with individuals (*ijara*). It will be incorrect to assume that the state replaced one system by another in the light of experience on a uniform basis throughout the hill regions. The idea of such a neat chronological sequence would be very far from the reality. The objective of state policy was not to apply a uniform system at any time in all areas, but to introduce appropriate arrangements according to the exigencies of each specific situation. In other words, these systems were used simultaneously in different areas in the hill region, or even for the exploitation of the same mine at different times, according to circumstances.

The Gorkhali rulers inherited a system under which tracts of lands containing mineral deposits were allotted to *agris* for the production of metals. The allottees then extracted as much ore as they could, smelted it into metal, and appropriated for themselves the quantity left after making the prescribed payments to the state.¹³ Such allotments were made to any person who was willing to exploit a newly-discovered deposit under these terms and conditions. However, the allotment system seems to have been unable to meet the growing demand for metals. In the

existing state of technology, allotments were necessarily small and yielded limited quantities of metals. The problem was compounded by the chronic shortage and mobility of people belonging to *agri* castes and communities. Galkot in the western hill region, for example, contained three mines of copper, and one of iron, "which would be very productive, were there a sufficient number of miners (*agri*) but there are only a few, and these have an exclusive right to work the mines."¹⁴ Moreover, as Kirkpatrick noted in 1793: "It would seem that the miners (who are of the Agrye caste or tribe) move from place to place, according as their discoveries occasionally prompt them...working only when stimulated by necessity, or by particularly advantageous offers."¹⁵ This would indicate that not many of them preferred the sedentary life of an allotment-holder.

The chronic shortage of *agris*, and their apparent reluctance to accept the obligations of allotment-tenure, explain the steps taken by the government from time to time to make allotments more attractive. Such steps included the allotment of homesites and agricultural lands along with lands containing mineral deposits. In 1793, for instance, local functionaries at Kitini in Lalitpur district were ordered to allot agricultural land allotments to *agris* employed at the local mines.¹⁶ Other conciliatory measures included exemption from enslavement,¹⁷ and security of tenure on their agricultural holdings.¹⁸ *Agris* were also granted exemption from the common obligation to provide unpaid labor on a compulsory basis for state purposes.¹⁹ Usually, their agricultural lands were taken away from them if they remained absent from work.²⁰

Intermediary tenures were devised with the obvious objective of avoiding the shortcomings of the allotment system. There were mainly two categories of such tenures: *thekbandi* and *gharbari*. Under the *thekbandi* system, a settlement was made with the local community of miners as a whole, under which the state received a stipulated quantity of metal every year in consideration of the right to exploit mineral deposits in the concerned area and appropriate homestead taxes and other levies from the

local inhabitants. The headman of the community was also empowered to administer justice in the area under his jurisdiction and appropriate the fines and penalties collected in the course thereof.²¹ When such settlements were made with individuals, rather than with mining communities on a collective basis, the system was known as *gharbari*.²² Available evidence suggests that *thekebandi* grants were more popular than *gharbari*, particularly in regions situated at a distance from Kathmandu, such as Doti²³ and Jumla.²⁴

The direct allotment, *thekebandi*, and *gharbari* tenures provided little scope for enterprising outsiders who could afford the risk and capital investment involved in prospecting for new mineral deposits and operating on a large scale. The increased demand for metals for production of munitions, therefore, necessitated more pragmatic arrangements for the exploitation of mineral deposits. That need was met through a system of open licensing, which was aimed primarily at mobilizing capital and entrepreneurial skills for such exploitation. According to a notification issued in the western hill region east of the Bheri river in October 1805:²⁵

Because copper, iron and lead are being consumed in large quantities in the munitions factory, we have sent men all over the Kingdom to open up mines. Locate deposits of these metals in your respective areas and show them to these men as soon as they arrive there. If necessary, make compulsory labor available to them for operating the mines. If such men do not arrive there, report the matter to the munitions factory and obtain permits yourselves for this purpose.

On the eve of the Nepal-Britain war, these arrangements were extended to the eastern hill region also.²⁶ Prospectors were thus granted the right to extract compulsory labor from local miners for the exploitation of mineral deposits. Such compulsory labor was, however, not gratuitous, for miners were allowed to retain half of the ore they dug.²⁷

The prospectors' licensing system eventually facilitated the introduction of *ijara* arrangements for the exploitation of mineral

deposits. *Ijaras* were usually granted on the same terms and conditions as *thekbandi* and *gharbari*. The *ijaradar* collected payments from miners in the area under his jurisdiction in the form of ore or metal, as well as homestead taxes and other levies. He also administered justice and appropriated the fines and penalties collected in the course thereof. Moreover, like the *thekbandi* or *gharbari* holder, the *ijaradar* appropriated as his profit the quantity of metal or amount of revenue that he could collect over and above what he had himself stipulated for payment to the state. But the differences between *thekbandi* and *gharbari* tenures on the one hand and the *ijara* system on the other is also important. Whereas those tenures were usually permanent, *ijaras* were granted for short periods of one to three years at a time. The main objective of the *ijara* system was to facilitate the collection of payments in the form of metal from members of mining communities who had been granted allotments of mining lands. The *ijaradar* stipulated a sum of money which he was willing to pay in consideration of the *ijara*; the payment was collected in the form of metals or in cash according to the needs of the government from time to time.

The *ijaradar's* role was, however, not confined to that of an intermediary between mine-working communities and the government for he also exercised revenue-collection and judicial powers over the inhabitants of the mining settlements placed under his control. In addition, he exercised the right to use the compulsory labor of the local *agris* and other people for the exploitation of mineral resources. For the miner, the *ijaradar's* authority thus represented the executive power of the state and the majesty of the law in matters concerning the narrow range of affairs in his small world.

The history of the *ijara* system in the exploitation of mineral resources actually dates back to the closing years of the eighteenth century. By 1786, the western hill region between the Marsyangdi and Bheri rivers, which contained the Kingdom's richest copper deposits, had been brought under Gorkhali control. These deposits appear to have been exploited through individual allotment-

holders as mentioned in the previous section. Because the Gorkhali rulers needed these resources to accelerate their campaign of territorial expansion, they lost no time in reorganizing the system of production. Within a year and a half after establishing their control over the region they centralized the management of all mines in that region under the *ijara* system. In a royal order issued in April 1788, miners engaged in the production of copper, lead, iron, and cinnabar in the Marsyangdi-Bheri region were informed that their allotments of mining lands, as well as their homesteads, rice-fields, and pastures, had been placed under the authority of an *ijaradar*. They were ordered to make customary payments in the form of money or metals through the *ijaradar*.²⁸

The jurisdiction of the *ijaradars* was expanded in subsequent years. His main responsibility was the exploitation of mineral deposits on payment of the stipulated sum of money and quantity of metal, but after 1812, he was also made responsible for minting copper coins, and operating the monopoly trade in copper. These three functions, collection of payments from miners on behalf of the government, minting of copper coins, and monopoly trade in copper, made the *ijaradar* perhaps one of the region's most influential functionaries. His position was further buttressed by his powers to collect homestead taxes and levies from mining households and dispense justice.²⁹

The *ijara* system was used for the exploitation of mineral resources in other parts of the hill region also, but the *ijaradar* was granted neither such extensive territorial jurisdiction nor such commercial functions. Indeed, most *ijaradars* in areas other than the Marsyangdi-Bheri region exercised jurisdiction over only one or two mining settlements each. Their functions were limited to the collection of payments from miners in the form of metals, as well as of homestead taxes and levies, and the administration of justice.³⁰ Difficulties in collecting payments from mines through a large number of such small *ijaradars* led the government in 1813 to introduce a comprehensive *ijara* for the Sanga-Dudhkosi

area of eastern Nepal on the same terms as in the Marsyangdi-Bheri region. That is to say, the *ijaradar* was granted broad authority to collect payments from miners on both their mines and their homesteads, operate copper mines, conduct monopoly trade in copper, and dispense justice.³¹ There is evidence that the step achieved its objective. Before the *ijara* was introduced, the government was receiving 3,710 *dharnis* of copper and Rs 1,631 in cash from mines in the Sanga-Dudhkosi region. The *ijaradar*, however, stipulated Rs 17,632 during the first year,³² and as much as Rs 32,001 when the *ijara* was renewed in 1814, in addition to the 3,710 *dharnis* of copper.³³ In 1817, the area under the jurisdiction of the *ijara* mentioned above was extended to copper mines in the hill region east of Sanga, and iron mines east of the Arun river.³⁴ The government's preference for large and comprehensive mining *ijaras* continued throughout the century.³⁵

Notwithstanding the government's extensive use of the *ijara* system for the operation of mines, the negative features of that system should not be ignored. *Ijara*, in fact, was nothing else than an administrative mechanism devised to extract the economic surplus generated by miners from a state-owned resource. It has no effect on the scale or techniques of production. Indeed, irrespective of the system followed, it was the *agri* who actually entered into the shafts, extracted the ore, and smelted it into metal. *Ijaradars* often did not pay as much attention to the proper exploitation of mineral deposits as the state expected them to do. Often the deposits were gradually exhausted, thereby leaving the *ijaradar* with no alternative but to default on the stipulated payments. There is also evidence that the pressure exercised by the government to stipulate payments at a high level deterred prospective *ijaradars*. As Cavanagh has noted :³⁶

The portion of the profits demanded by the government is so great, and owing to the want of steam power and the mechanical appliances used in Europe, the expenses of working mines is so heavy, that few speculators will come forward to undertake the contract.

If the objective of *ijara* system was to attract capital investment and entrepreneurial enterprise for the development of mineral resources, the brief tenure allowed to the *ijaradar* made its realization virtually impossible. It is evident that no *ijaradar* worth his salt would invest capital or undertake technological innovations when his effective tenure, leaving aside the three or four months of the monsoon when mine-shafts would remain flooded and hence unworkable, was barely eight or nine months in the year. In fact, the *ijara* system actually resulted in speculation rather than productive effort in mining, and an enlargement of the field of competition among prospective entrepreneurs. It may also be true, at least in a few cases, that the real attraction stemmed from the prospect not of exploiting mineral deposits but of farming revenue from a captive community of miners and extorting money from them through the exercise of the right to administer justice.

The Amanat System

In theory, it was possible to eliminate the *ijaradar*-intermediary between the state and the actual producer through state operation of mines under the *amanat* system, thereby ensuring that the economic surplus extracted from the latter was appropriated wholly by the state. *Amanat*, as defined in Chapter 3, referred to a system under which the state collected revenue, or operated any revenue-yielding function, through salaried employees appointed for the purpose. The balance left after deducting the expenses of operation and administrative supervision constituted the profits of the state under that system.

The history of the *Amanat* management of mines began in the first year of the nineteenth century. In that year, the government decided to place mines all over the Kingdom under such management on the ground that *ijaradars* had oppressed miners and failed to operate mines in a satisfactory manner.³⁷ However, the experiment appears to have proved short-lived.³⁸ In actual practice, *ijara* usually fetched higher revenue, or bigger supplies of metals, because *amanat* employees lacked efficiency and

incentive, and administrative expenses under *amanat* management often outstripped actual returns.³⁹

The failure of the 1800 experiment in the *amanat* management of mines appears to have made the government more cautious in subsequent years. Indeed, it avoided the *amanat* alternatives as far as practicable, because it realized that the system did not assure certainty of revenues or of supplies of metals. Mines were thereafter brought under *amanat* management only when *ijaradars* did not work in a satisfactory manner,⁴⁰ or when responsible persons were not available to function as *ijaradars*. *Amanat* was, consequently, only an occasional interlude in the history of mining during the early years of the nineteenth century.⁴¹ We may conclude that state intervention through the *amanat* system was the logical outcome of situations in which the private sector failed to display necessary enterprise and initiative through *ijara* offers. In other words, individuals were free to exploit mineral deposits if they so wanted, and were even granted preference under the *ijara* system, but the state had no alternative but to enter the field under the *amanat* system if individual enterprise was not forthcoming.

Forest Resources

Chapter 4 had listed the main forest products of the Kingdom as timber, catechu, medicinal herbs, elephants and singing birds. The methods actually followed for the production of these commodities were by no means uniform. Timber and catechu were produced under a permit system through individuals, whereas singing birds were caught, trained and sold under the contract system. On the other hand, elephants were captured through the compulsory and unpaid labor of the local people, maintained at state-owned depots, and sold or disposed of on state account. As regards medicinal herbs, there is no evidence that the state earned any revenue from their extraction and sale during this period, with the exception of duties on their export. For the extraction and export of timber, local authorities issued permits to merchants called *kathaiyas*, who mostly belonged to

the adjoining towns of northern India. Hamilton has given the following account of the manner in which the system operated :⁴²

The *kathaiya* about the middle of November goes into the territory of Nepal, and sometimes makes an agreement with the people called Dufadars, who are natives of that country. Each Dufadar engages a gang of workmen (Kularhiyas), and agrees to cut and square the timbers and to place them on the carts of the *kathaiya*, on which they are carried, as soon as cut, to the Kosi or to some branch of that river, such as the Tiljuga, which is capable of floating them.

The cutting season lasted from mid-December to mid-April, when "the *kathaiyas* and their servants retire to conduct their timber to the destined market and the Dufadars and their gangs retire to cultivate their fields."⁴³

Catechu was similarly manufactured under the permit system mainly for export to India. Hamilton has described the organization of catechu production and trade in the eastern Tarai region in the following words :⁴⁴

A great many people are employed in preparing this drug. A few of them belong to the Company's territory (i. e. India), but by far the greater part are the subjects of Gorkha. Each man pays a duty to the Raja, of from three to five rupees, and during the fair season makes from eight to ten *mans* of the Calcutta weight, which is nearly 82 lbs. The merchants, who advance money for subsistence, usually, give the workman four rupees a *man*, that is from 32 to 40 rupees for six months work; but from this the tax must be deducted.

Elsewhere Hamilton writes :⁴⁵

A few of the workmen employed in Morang go from (Purnea) district, ... cut the trees and extract a part of the catechu there, while they bring down some of the wood, from which the extract is made at home. They pay a trifle to the government of Nepal for permission to cut... By far the greater

part, however, of what is made in Morang, is by the people of that territory.

Singing birds such as mynahs and parrots, as mentioned above, were caught and exported under the contract system. Hamilton has given the following account of how the system actually operated :⁴⁶

The right of taking the young birds from the nest is farmed to men, who again employ people to climb the trees, when the birds are first fledged. These people keep the birds for two months, and then deliver one half to the renter, and take the remainder to themselves. Petty dealers come from the low country, purchase the birds, and disperse them through Bengal.

Elephants rarely breed in captivity, and so are hunted and captured alive. Wild elephants were captured in the forests of the Tarai and the inner Tarai regions and maintained at state-operated establishments, called *hattisars*, for local sale and export. Two methods were followed for catching wild elephants : *Khor-Kheddah* and *Jadhiya-Kheddha*.⁴⁷ Under the *Khor-Kheddah* method, the animals were herded into enclosures erected for that purpose and then captured on a selective basis. Under the *Jadhiya-Kheddha* method, on the other hand, they were hunted individually with the help of tame elephants. *Khor-Kheddah* operations were occasionally organized,⁴⁸ but the *Jadhiya-Kheddha* appears to have been more commonly employed. As Kirkpatrick has recorded,⁴⁹ "the animals are not driven into a keddah, or inclosure, but are caught by snares or nooses thrown over their necks by a mahoot seated on a decoy elephant." Cavanagh has described the latter method as "the most exciting, fatiguing, and dangerous sport I have ever witnessed."⁵⁰ He adds :⁵¹

The wild elephants are in the first instance driven by beaters ...toward some well-known pass, at the extremity of which the huntsmen are stationed...As soon as the wild animals are seen, one is separated from its companions and closely followed by the hunters... At last the wild beast is surrounded by the tame ones, and whilst being regularly jostled, some

skilful mahout flings, with the aid of his elephant, a rope round its neck by which it is soon securely fastened, and placed under charge of two others, selected for their size and power... In this way three or four are caught in a single day.

However, the method was both risky and inefficient. According to Kirkpatrick :⁵²

The rope being immediately drawn, the end of it is secured round a tree, from which it is easy to conceive that (the elephants) often break loose, and are not unfrequently strangled in their struggles.

Moreover, the animals that survived the operation were generally young and hence of little value :⁵³

There is, therefore, a double disadvantage, attending this imperfect mode of catching these animals, for while it clearly tends to diminish the breed, it renders the elephants so prematurely caught of little value.

These disadvantages of the *Jadhiya-Kheddah* method led the government to impose a ban on it. For instance, regulations for the western Tarai region, promulgated in 1849, directed the local administrators to organize *Khor-Kheddah* operations from time to time and specifically prohibited the capture of elephants through *Jadhiya-Kheddah*.⁵⁴ The latter method was thereafter used only as a high-class sport.⁵⁵

Irrespective of the method actually employed for catching wild elephants, a large number of people were required to work as beaters, erect enclosures, and perform miscellaneous other menial but indispensable duties. It was impossible to recruit such a large number of people on payment of wages in money. Traditionally, the common people were under the obligation of providing labor services to the state on a compulsory and unpaid basis for public purposes, as we shall discuss in Chapter 10. The government took recourse to this traditional system to employ people to work in *kheddah* hunts without wages.⁵⁶ It did not even bear the

cost of tools and weapons, for the laborers were usually required to bring their own equipment. Such practices reduced the cost of the elephants that were captured and thus maximized profits from *kheddah* operations.

Concluding Remarks

The foregoing account of the organization of agricultural, mineral and forest production in the Kingdom during the early years of the nineteenth century leaves no room for doubt about the predominant role of the private sector. This was quite natural in view of the importance of agriculture in the Kingdom's economy and the role of the peasant household as the basic unit of agricultural production. The situation was more or less similar in the case of non-agricultural production as well. The organization of such production in the state sector was limited to occasional experiments with the *amanat* system in the exploitation of mineral resources and the capture of wild elephants. Agricultural production in state-owned plantations for the cultivation of such commercial crops as tea or cotton had its feeble beginnings only during the latter part of the nineteenth century.

It may be pertinent to ask whether the system followed in the organization of production in the private sector were attuned to the requirements of maximization of output within the framework of available manpower and technology. More specifically, we may ask whether the terms and conditions under which individuals were granted access to agricultural lands and mineral resources provided them with incentive and capacity to expand output. The question of capacity raises the further question of whether the producer was able to retain a part of the economic surplus he generated from the function of production sufficient to make it possible for him to invest it in improving the techniques and expanding the scale of production. However, the amount of economic surplus that the producer is able to retain for himself depends only in part on the nature of his tenure, for, besides the state, money-lenders, revenue-farmers, and other

groups also appropriate shares in such surplus. Any attempt to discuss the question in such broad perspective would thus lead us far astray from our objective of analysing the policies and programs adopted by the state for the mobilization of economic resources from agricultural lands, mines and forests. We shall, therefore, confine ourselves to the question of whether tenures were of sufficiently long duration to make it worth while for producers to make such investments.

So far as agricultural lands are concerned, the question of the tenurial security of the peasant does not permit a clear-cut answer. This is so because of the numerous social and economic forces at work in the agrarian field, often pulling in conflicting directions. For instance, complaints against arbitrary eviction of peasants by intermediary landlords and local administrators were numerous, particularly in the Tarai region. At the same time, the high man-land ratio was also a fact of nineteenth-century life which no student of economic history can safely ignore. It was primarily because of the shortage of manpower that competition between the state on the one hand and *birta* owners and *jagirdars* on the other for prospective settlers was a chronic phenomenon during this period. Indeed, often the competition was even with neighboring states, India and Tibet, as the facilities and concessions made available to prospective immigrants graphically illustrate. One can only conclude that tenurial insecurity was possibly the least important of the problems that the nineteenth-century Nepali peasant had to face, particularly in the Tarai region. The man-land ratio may not have been equally favorable for the peasant in the hill region, particularly during the period after the Nepal-Britain war. Indeed, the growing competition for rice-land allotments, particularly after the mid-1830s, would appear to indicate that it became progressively less so. But such competition prevailed only on *birta* and *jagir* lands, whereas *jagera* lands remained largely unaffected. In any case, the insignificant area of land under *jagera* tenure in the hill region makes the whole question of tenurial security from the viewpoint of the peasant's willingness to invest capital

for improving techniques and expanding the scale of production somewhat irrelevant.

Our general conclusions regarding tenurial security in respect to mineral resources can only be just the opposite. Because such resources were exploited for the most part through intermediary tenures under the *ijara* system, security of the miner's tenure was less important than of the *ijaradar*, who, as entrepreneur and supervisor, was ultimately responsible for the organization of production. The *ijaradar's* tenure, however, seldom exceeded three years at a time. Such short-term tenures deterred long-term investments. A British comment on the working of the mining policy of the Gorkhali rulers in Garhwal, which was under their occupation from 1792 to 1816, is worth citing in this context: "Their suspicious policy prevented them from trusting their own officers, whilst their want of probity precluded any private person from venturing to sink the capital necessary to reopen the mines."⁵⁷ The comment may sound harsh, coming as it does from a hostile foreign source, but it accurately reflects the ambivalence of Gorkhali policy in the exploitation of mineral resources.

NOTES

1. Francis Hamilton, *An Account of the Kingdom of Nepal*, (reprint of 1819 ed.; New Delhi: Manjusri Publishing House, 1971, p. 78. "Each mine is attached to certain families, who seem to be a kind of proprietors, as no one else is allowed to dig. These miners are called Agari."
2. For instance, according to a royal order issued in 1806 to the inhabitants of Kalleri in Dhading district, "Brahmans have traditionally been employed in checkposts. Newars and others whose caste status permits them to work inside mines shall do so, while people belonging to other castes shall be employed in carrying stones, earth and wood outside mines." "Labor obligations of Brahmans, Newars and other communities in Kalleri, Dhading," Poush Badi 5, 1863 (December 1806), *Regmi Research Collection (RRC)*, vol. 5,

- p. 115 In Garhwal, according to a British source : "None of the hill men appear to have any objection to working in the mines as labourers. The mining, or Aguree caste is, it is true, one of the lowest, but Brahmins, Rajpoots and Khasyas do not object to work as labourers in the mines " G S. Lushington, "Report to the Government on Experimental Working of the Copper Mines of Pukhree in Ghurwal, with notices of other Copper Mines." *Journal of the Asiatic Society of Bengal*, vol. 12, January-June 1843, pt. 1, p. 471.
3. Hamilton, op. cit. p. 217,
 4. "Forest Regulation for the Tarai and Inner Tarai Region." Poush Sudi 9, 1885 (December 1828), sec. 5, *RRC*, vol. 43, p. 171.
 5. "Confirmation of 1793 Tax-Assessment Rates in Mahottari," Kartik Sudi 10, 1866 (November 1809), *RRC*, vol. 40, pp. 111-18.
 6. Brian H. Hodgson, "Nayakote and its Tribes," In *Essays on the Languages, Literature and Religion of Tibet* (reprint of 1874 ed., Varanasi : Bharat-Bharati, 1971), pt. 2, p. 65.
 7. In 1804, *Birta*owners in the Kali-Marsyangdi region were ordered to let timber be cut from their forests for operating the local mines. "Royal Order to *Birta*owners in Kali-Marsyangdi Region," Shrawan Badi 8, 1861 (July 1804), *RRC*, vol. 2, p. 120. Similarly, local functionaries in Panchsayakhola and other areas in Nuwakot district were ordered in 1797 to let the paper manufacturers of Buntang village procure the bark of the daphne plant from the local forests without any payment. "Royal Order to the Amalidars of Panchsayakhola," Jestha Badi 13, 1854 (May 1797), *RRC*, vol. 25, pp. 366-67.
 8. "Royal Order to Subba Achal Thapa Regarding Complaints of the people of Majhkirat," Marga Badi 3, 1869 (November 1812), *RRC*, vol. 41, p. 160
 9. For a more detailed exposition of the agrarian structure prevalent in Nepal during the nineteenth century, see Mahesh C. Regmi, *Thatched Huts and Stucco Palaces : Peasants and Landlords in 19th-Century Nepal* (New Delhi : Vikas Publishing House Pvt. Ltd., 1978), pp. 106-20.
 10. Irfan Habib, *The Agrarian System of Mughal India* (Bombay : Asia Publishing House, 1963), p. 141.
 11. This is what Ghosh and Dutt believe happened in Bengal as a result of subinfeudation through the introduction of the Permanent Settlement in 1793 In their opinion, such subinfeudation "meant an increasing burden on the peasantry as intermediaries went on growing more and more duplication of rent collecting staff went

- on." A. Ghosh and K. Dutt, *Development of Capitalist Relations in Agriculture* (New Delhi : People's Publishing House, 1977), p. 11.
12. Barrington Moore, on the other hand, writes : "The older literature on the question of land tenures gives the impression that the burden of rent is heavier on the peasant where there is a large number of intermediaries between the landlord and the peasant who actually cultivates the land. Such is not the case. The large number of intermediaries arises merely from the difference between the rate of rent paid by the cultivators and the revenue or tax paid by the landlord." (Barrington Moore, *Social Origins of Dictatorship and Democracy* (Middlesex, Penguin Books, 1966), p. 362.
 13. "Reconfirmation of Mining-Land Allotment of Irayam Agri in Nisi-Bhuji. Baglung," Shrawan Sudi 11, 1851 (July 1794), *RRC*, vol 1A, p. 1. The allotment had originally been made by King Kirti Bam Malla of Parbat, who had been dispossessed of his Kingdom by the Gorkhalis in 1789, The Gorkhalis themselves made numerous such allotments. Cf. "Allotment of Mining Lands to Indramani Agri in Tistung," Chaitra Sudi 13, 1854 (March, 1798), *RRC*, vol. 23, p. 312.
 14. Hamilton, op. cit. p 275
 15. William Kirkpatrick. *An Account of the Kingdom of Nepal* (reprint of 1811 ed.; New Delhi : Manjusri Publishing House, 1969), p. 62.
 - 16 "Royal Order Regarding Agricultural Land Allotments at Kitini, Lali pur District," Falgun Badi 3, 1850 (March 1794), *RRC*, vol. 5, p. 278.
 17. "Royal Order to the Agris of Parbat," Falgun Sudi 8, 1884 (Margh 1828), *RRC*, vol. 43, pp. 282-83. This order reconfirmed the pre-Gorkhali system of punishing agris in Parbat with fines, rather than with enslavement.
 18. "Royal Order Regarding Facilities for miners in Dhankuta," Ashadh Sudi 3, 1885 (June 1828), *RRC*, vol. 43, pp 106-7; "Royal Order Regarding Facilities for Miners in Salyan," Baisakh Badi 7, 1885 (April 1828), *Ibid*, pp. 86-87.
 19. "Royal Order to Jhara Officials in Eastern Nepal," Marga Badi 1, 1870 (November 1813), *RRC*, vol. 41, pp. 372-73; "Royal Order to Mukhiyas of Paudigaun and Other Villages in Jumla," Aswin Sudi 15, 1890 (September 1833), *Ibid*, vol. 27, pp. 236-37; "Royal Order to Phirya Gharti and Others in Salyan," Magh Sudi 2, 1893 (January 1842), *Ibid*, vol. 31, p. 127.
 20. "Order Regarding Agricultural-Land Allotments of Miners in Kitini," Bhadra Badi 7, 1903 (August 1846), *RRC*, vol. 7, pp. 82-83.

- 21 "Thekbandi Grant to Mukhiya Harkya Kami and Others in Pokhara," Ashadh Sudi 13, 1895 (June 1838), *RRC*, vol. 38, p. 372.
- 22 "Gharbari Grant to Dirgha Singh Gharti in Dolakha," Jestha Badi 7, 1862 (May 1805), *RRC*, vol. 20, p. 172.
- 23 "Administrative Regulations for Doti," Marga Badi 14, 1883 (November 1826), sec. 8, *RRC*, vol. 42, p. 454.
- 24 "Royal Order Regarding Collection of Revenue from Mines and Other Sources in Jumla," Kartik Sudi 14, 1888 (October 1831), *RRC*, vol. 31, p. 390. The local administration was instructed to make direct arrangements for mines that had not been placed under *thekbandi* management.
- 25 "Public Notification Regarding Mining in the Kanaka/Tista-Seti Region," Baisakh Sudi 1, 1869 (April 1812), *RRC*, vol. 41, pp. 114-15
- 26 "Royal Order to Lama Shahi Regarding Copper Mines in Tibrikot," Marga Badi 14, 1891 (November 1834), *RRC*, vol. 1, pp. 545-46.
- 27 "Ijara Grant to Ramachandra Padhya and Mahindra Simha Jaisi in the Chepe/Marsyangdi-Bheri Region," Baisakh Sudi 9, 1845 (April 1788), *RRC*, vol. 1A, p. 216.
- 28 "Mining in the Chepe /Marsyangdi-Bheri Region," *Regmi Research Series*, Year 12, no 7, July 1, 1980, pp. 97-104.
- 29 Cf "Ijara Grant to Jasmardan Thapa for Mines in Pangu and Other Areas," Chaitra Badi 4, 1863 (March 1807), *RRC*, vol. 5, p. 146; "Ijara Grant to Deva Sharma Dhamal for Mines in Kitini," Jestha Sudi 3, 1864 (May 1807), vol. 20, pp. 343-44.
- 30 "Ijara Regulations for Mines in the Sanga Dudhkosi Region," Falgun Sudi 10, 1869 (March 1813), *RRC*, vol. 39, pp. 532-34.
- 31 "Ijara Grant to Hanumanta Singh for Mines in the Sanga-Sudhkosi Region," Chaitra Badi 4, 1869 (March 1813), *Ibid*, pp. 546-47.
- 32 "Ijara Grant to Hanumanta Singh for Mines in the Sanga-Dudhkosi Region," Chaitra Badi 8, 1871 March 1815, *RRC*, vol. 41, pp. 505-6.
- 33 "Ijara Regulations for Mines and Mints in the Eastern Hill Region," Jestha Badi 4, 1874, *RRC*, vol. 41, pp. 666-67, and Baisakh Sudi 7, 1892 (April 1835), *Ibid*, vol. 45, pp. 74-76.
- 34 In 1878, the management of mines in the hill regions of the Kingdom was reorganised under two separate *ijaras*, one for the east and the other for the west. "Order Regarding Three-Year Contract for

- Baiskhani Mines," Baisakh Sudi 15, 1942 [April 1885], *RRC*, vol. 52, p. 210.
35. Orfeur Cavanagh, *Rough Notes on the State of Nepal* [Calcutta : W. Palmer & Co., 1851], p. 76
36. "Orders Regarding Introduction of Amanat System in Different Areas," Falgun Badi 13, 1856 [February 1800], *RRC*, vol. 24, pp. 118-20, "Notification to Miners from Kumaun to the Tista River," Magh Sudi 7, 1856 [January 1800], *Ibid*, pp. 87-88.
- 37 There is evidence that the government resumed *ijara* grants in 1804-5 after a gap of about four years. Cf. "Ijara Grant to Bhim Narayan Newar for Mines in Palanchok", Ashodh Bedi 7, 1861 (June 1804), *RRC*, vol. 2, pp. 96-98; "Ijara Grant to Balasundar Thapa for Mines in Panga and Other Areas," Bhadra Sudi 2, 1862 (August 1805), *RRC*, Vol. 6, pp. 369-71.
38. For instance, in 1898 *amanat* operation of copper and lead mines in the Khikamachha area of Majhkirat in the eastern hill region yielded a gross income of Rs 6,893, whereas administrative expenses were nearly twice as much and totalled Rs 13,007. Understandably, the government sanctioned *ijara* arrangements for operating the mines as soon as it received an offer of Rs 10,348 a year from a prospective *ijaradar* "Contract for Mines in Listi and Other Areas," Aswin Badi 9, 1957 (September 1900), *RRC*, vol. 70, pp. 451-64.
39. In early 1807, for instance, mines in the Chhintang Village of Dhankuta were brought over from *ijara* to *amanat* management because they were not being operated satisfactorily. "Royal Order to Dittha Balabhadra Padhya Regarding Management of Chhintang Mines," Magh Sudi 11, 1863 (February 1807), *RRC*, vol. 5, p. 129.
- 40 Copper mines in the Chepe/Marsyangdi-Bheri region were operated under the *ijara* system since 1788, but in 1812 they were temporarily brought under the *amanat* system "Arrangements for Amanat Operation of Copper Mines in Chepe/Marsyangdi-Bheri Region," Baisakh Badi 10, 1869 [April 1812], *RRC*, vol. 41, pp. 91-94.
41. Baburam Acharya, *Shri 5 Badamaharajadhipaja Prithvi Narayana Shaha* [The great King Prithvi Narayan Shah , Katmandu : His Majesty's Principal Secretariat, Royal Palace, 2024-26 [1967-69], Pt. 4 p. 682.
42. Francis Buchanan (Hamilton), *An Account of the District of Purnea in 1809-10* [Patna : Bihar and Orissa Research Society, 1928], p. 563.
- 43 Loc. cit.
44. Hamilton, *An Account of the Kingdom of Nepal*. op. cit. p. 67.

45. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 559
46. Hamilton, *An Account of the Kingdom of Nepal*, op. cit. p. 68.
47. "Administrative Regulations for Salyan," *Baisakh Sudi 15*, 1866 (May 1809), see, 9, *RRC*, vol. 6, pp. 103-4.
- 48 "Orders Regarding Jhara Labor for Elephant Hunt in Chitaun," *Marga Badi 11*, 1853 (November 1796), *RRC*, vol. 20, pp. 176-78.
- 49 Kirkpatrick, op. cit. p. 18.
- 50 Cavanaga, op. cit. p. 72.
51. Loc, cit
- 52 Kirkpatrick, op. cit. p. 18
- 53, Loc. Cit.
- 54 'Regulations for the Western Tarai Region,' *Kartik Sudi 4*, 1906 (October 1849), sec. 7, *RRC*, vol. 64, pp. 422-23.
- 55 Cf Henry Ambrose Oldfield, *Sketches from Nepal* (reprint of 1880 ed.; Delhi: Cosmo Publications, 1974), pp. 201-6; Pudma Jung Bahadur Rana, *Life of Jung Bahadur* [reprint of 1909 ed.; Kathmandu: Ratna Pustak Bhandar, 1974), pp. 246-58.
56. For instance, orders were issued in 1803 to the headmen of Sipa, Sindhu and several other villages in Sindbupalchok district in the hill region east of Kathmandu Valley to round up *ijara* laborers and assemble them in Chitaun for an elephant hunt. The headmen were specifically ordered to see that the laborers brought along with them muskets, bows and arrows, picks, pick axes, hoes, Khukuris, and knives. "Orders Regarding Jhara Labor for Elephant Hunt in Chitaun," *Kartik Badi 10*, 1860 (October 1803), *RRC*, vol. 19, p. 135. This was a normal practice throughout the nineteenth century.
57. Edwin T Atkinson, *The Himalayan Districts of the North Western Provinces of India* (Allahabad: North-Western Provinces and Oudh Government Press, 1882), vol. 1, p. 274.

7

The Pattern of Trade

Chapters 4-6 contained a general description of the Kingdom's natural resources: agricultural lands, forests, and mines, and the pattern of production based on those resources, both in primary form and in the form of handicrafts and manufactures. We shall now describe the general pattern of trade in such commodities.

In the functional sense, the term trade embraces "all operations involving exchange between the different elements of the economy and therefore ultimately between producers and consumers."¹ Such exchanges may be intra-local, involving transactions between households within the same village, as when peasants sell their crops to their moneylenders, or between different villages or regions inside the country, or even beyond the frontiers. We shall exclude intra-local trade from our discussion for a number of reasons, including an almost total lack of documentation. In particular, such trade does not lead to the outflow of the economic surplus beyond the limits of the village. For the same reason, we shall also omit any discussion of *hats*, or periodic village fairs, which offered opportunities for the sale or barter of commodities needed by rural households,² and concentrate attention on inter-regional and export trade in primary produce, handicrafts and manufactures.

Inter-Regional Trade

An almost total lack of trade and other intercourse between the eastern and western parts of the Kingdom has been an outstanding feature of Nepal's economy through the centuries. Both parts are nearer to both India and Tibet than to each other, and contacts among their inhabitants were probably limited to Kathmandu, which, as the capital, played a centripetal role in respect to all parts of the Kingdom. For instance, Kathmandu attracted large quantities of cotton from the adjoining hill regions³ and metal utensils from as far as Dhankuta in the eastern hill region.⁴

Another significant characteristic was the almost total lack of commercial intercourse between the hill region and the Tarai. The two regions had almost nothing to offer in exchange to each other. The surplus production of the Tarai region consisted mostly of agricultural commodities and timber, in which the hill regions themselves were more or less self-sufficient. Moreover, any potential demand for such products of the Tarai region was scotched by the costs and difficulties of transport. To be sure, the Tarai region accommodated a number of market towns where the inhabitants of the hill regions exchanged their primary produce for salt, cloth, and other essential supplies. Often traders from the southern regions visited interior hill areas for exchanging goods of Indian origin with those of the Himalayan region of Nepal or Tibet. Hamilton has recorded in his description of Jumla that these traders "carry up metals, spices, and cloths; and bring down cow tails, salt, borax, a woollen cloth called pheruya, medicinal herbs, musk, etc."⁵ But seldom do we find any evidence that the products of the Tarai region found a regular market in the hill regions. In early 1796, for instance, a royal order to local administrators and revenue functionaries in the Thankot-Hitaura-Parsa region noted that foodgrains and other essential commodities "have so far not been supplied from the Tarai region," hence prices had gone up very high in Kathmandu Valley. The order attributed the absence of trade between the Tarai region and the hills to the system of collecting transit

duties and accordingly decreed the abolition of those duties.⁶ There is no evidence, nevertheless, that regional trade in such commodities developed as a result of that measure.

There appear to have been mainly two exceptions : buffaloes and goats. Because of unfavorable climatic conditions, and the scarcity of pasturage facilities, buffalo-breeding does not appear to have been a profitable occupation in most parts of the mid-hill region. In Kathmandu Valley, for instance, "there are a few horses, as well as some cows and buffaloes, kept by the better classes of people all the year round, but there is no general system of cattle keeping by the farmers.⁷ Consequently, as Hamilton has recorded, "buffaloes are brought from the low country and fattened for slaughter, but are not bred."⁸ Goats were similarly imported "from the low country."⁹ Indeed, Kathmandu Valley provided a good market for goats procured from both the hill regions and the Tarai,¹⁰ although people who could afford them preferred the big and fleshy gelded goats of the Tarai to the small and stringy animals of the hill region.

The Indian Market

Buffaloes and goats apart, the Indian market was the magnet that attracted the surplus production of all regions of the Kingdom, including the Himalayan region. But whereas the production of the Tarai could be exported only to India, the hill regions had direct access to markets in Tibet as well. It is not intended to suggest that both India and Tibet competed for the surplus production of the hill regions. The categories of commodities that were exported from there to those two regions were too different to warrant such a conclusion. Moreover, Nepal's export trade to India constituted the mainstay of the nation's economy, whereas exports of primary produce and handicrafts to Tibet were largely a matter of border trade. Hodgson's observations, made in 1831, underscore the importance of the export trade to India :¹¹

The open low lands of Nepal have been wonderfully resuscitated by the continued peace and alliance with our govern-

ment and energy of the Nepalese administration since 1816. No regular troops are maintained there by the government, and the civil establishment is on a very moderate scale, nor do any of the mountaineers holding lands reside there. The whole net produce of the land, consequently, is exported to Patna, &c., and chiefly on Government account. It is paid for in money, therefore, and these low lands not only supply the government of Nepal with bullion for its currency, but enable it to furnish itself with the luxuries of the plains, and to maintain the balance of a trade which, so far as the hill produce is concerned, is always apt to be against Nepal.

Trade between Nepal and India was important not only for the government but also for the common people. It was conducted between people separated from each other by an artificial political boundary and thus rooted in the needs of their day-to-day life. Consequently :¹²

A very large traffic is everywhere carried on along the frontier between the Nepalis and British subjects... Markets are held at countless villages along the boundary, for the exchange of rural produce and articles of daily consumption; and many cartracks cross the line from (the Indian) side, to lose themselves in the Nepal Tarai.

In any case, the general pattern of Nepal's export trade with India seems to have remained more or less unchanged throughout the nineteenth-century. In 1790, the Collector of Tirhut reported that imports from Nepal consisted of "timber, ready-made woodwork, rice and paddy, other grains, Bhutan blankets, cotton, large cardamoms, oranges, wax, madder, drugs, lac, catechu or Terra Japonica, frankincense, iron, rhinoceros horn and hides, mainas, parrots, and falcons."¹³ A century later, in 1893, another British source listed the principal items as foodgrains and oil seeds, cattle, timber, and horns, in addition to musk, borax, *chireta*, madder, cardamoms, chauris or yak-tails, ginger, *balchar* or scented grass, furs, and hawks.¹⁴ Nepal thus remained an unchanging source of primary materials to India throughout the century.

The list of the products of the Himalayan region that were exported to India is not very long. It comprised mainly *chares*, musk, woolen blankets, hawks, and horses. Hawks, in particular, appear to have had a wide market in India. In his account of the district of Gorakhpur, Montgomery Martin has recorded that "the finest hawks come from Nepal."¹⁵ Indeed, hawks exported from Nepal were "by far the best known to Indian falconry, and (are) sent all over the Deccan, as well as Hindostan."¹⁶

The hill region exported a wide variety of commodities to the markets of northern India. The list included agricultural commodities such as cotton and cardamom, forest products such as medicinal herbs, copper, iron, and other metals, and handicrafts and manufactures, including cotton textiles, woolen goods, iron, copper and brass utensils, *Khukuris*, shoes, glass bangles, and paper.¹⁷ Cotton was exported from several areas in the hill region, particularly the far eastern hill region. Purnea district of Bihar obtained from "the hills subject to Nepal" its supply of cotton of Kukti variety, "which is the most remarkable, its wool having the colour of the Nankeen cloth, and it seems in fact to be the same material with what the Chinese use in the manufacture."¹⁸ Cardamom exported from Nepal was sold in Mirzapur, Murshedabad and other Indian towns.¹⁹ Hamilton has listed several herbs and drugs which were "imported from these mountains into the Company's territory."²⁰

Copper, both in the form of primary metal and as coinage, was exported to India on a large scale. Kirkpatrick has recorded that "Oude was formerly supplied with this metal from Nepaul."²¹ Although he has claimed that such exports were gradually being superseded by European copper, the evidence furnished by more knowledgeable European observers does not support his claim. In 1806, for instance, "the copper, copper-vessels, and copper-coin, all come (to India) from the dominions of Gorkha, being the produce of the mines of Palpa, Malebum &c."²² Indeed, Nepal supplied copper currency "to the whole tract of the plains between the Ganges and the Hills, Monghyr and Pillibhet,"²³ so that the adjoining market-towns

of northern India were virtually "deluged" with Nepali copper coins.²⁴ Iron and iron goods similarly found a ready market in India. In the Indian district of Gorakhpur, "the iron comes mostly from Nepal," in addition to iron vessels.²⁵ According to Hodgson, Nepal exported much "coarse hardware" made of iron to the adjoining areas of northern India,²⁶ but "none in the unwrought state." The reason was, in his opinion, that "from defective smelting the ore becomes hardened by the accession of the fumes of charcoal, and is thus rendered unfit for those uses to which soft iron is applied."²⁷

Rice was the most important item of export from the Tarai region to India. In his account of the district of Purnea, Hamilton has recorded that "the rice that is imported comes mostly from the territories of Nepal."²⁸ Indeed, approximately half of Nepal's exports consisted of rice and other foodgrains. Timber came next in the list. During the early part of the nineteenth century, however, two varieties of timber extracted from the forests of the Tarai and inner Tarai appear to have been of commercial value: *Sal* (*shorea robusta*) and *Khair* (*terra japonica*). *Sal* wood was "the most extensively employed of all timbers in northern India,"²⁹ hence it had a virtually unlimited market in that country. As Hamilton has observed:³⁰

The timber comes mostly from the dominions of Nepal. That country produces many fine kinds, valuable for their scent and the polish which they well receive, as well as for being strong and durable, but *Sal* or *Sekhuya* (*shorea robusta*) is almost the only one in request.

Sal timber exported from Nepal to the adjoining Indian district of Tirhut was "reconsigned in about equal proportions to Patna and Calcutta."³¹ According to British sources, "these timber logs are among the most valuable of the district exports."³² *Khair* was similarly in great demand, either in the form of wood or of the catechu extracted from it for use as a condiment with betel and also for dyeing and tanning. Because the domestic demand for the product was low, "the greater part is sent to Patna and Benares."³³ Proximity to the markets of northern

India made timber an important item of production and trade in the eastern Tarai region. The volume of timber exports remained high during this period because of the large-scale reclamation of forest lands.³⁴ The domestic demand for timber was mostly limited to building construction and the manufacture of agricultural implements, hence the bulk of the production had necessarily to find a market in India.

Before the Indian railway system touched trade centers near the Nepal-India border during the last quarter of the nineteenth century, river navigation played an important role in the export of such bulky primary produce as foodgrains and timber from the Tarai region to India.³⁵ All the major rivers that flowed toward India, the Kosi, the Gandak, and the Karnali, as well as many of their tributaries, were used for the transportation of goods,³⁶ although some were navigable only during the monsoon season. As Hamilton has noted, rivers in the Tarai region "when they are swollen by rain, become navigable, and enable the farmer to send the produce of his fields to a good market."³⁷ The major rivers, on the other hand, appear to have been navigable all the year round. In Morang, for instance, "boats of four or five hundred *mans* can frequent this part of the (Kosi) river at all seasons."³⁸ The Kankai was similarly navigable all the year round. Hamilton records how "in the dry season, I found in its mouth several boats waiting for a cargo, and several floats for timber."³⁹ He adds, "The Kankai at all seasons admit boats of 200 *mans* burthen, and in the floods it will receive those carrying 1000 *mans*."⁴⁰ According to another contemporary British account of Nepal's trade with India through the district of Champaran adjoining Bara, Parsa and Rautahat :⁴¹

Chumparan is a strip of country running north-west and south-east. Its southern and south-western boundary is the Guanduck, a river navigable at all times of the year. Water carriage is much cheaper than land carriage & is always used in preference. During the cold season the road leading from the Ghauts on the Gunduck into the district and Nepaul are

covered with carts, ponies and donkies while the main road to Tirhoot is comparatively little used.

Because of the extensive use of river navigation, boats and canoes were manufactured in large numbers in Nepal and so were "a considerable article of export" from the eastern Tarai region "to various places down the Mahananda and the Ganges" in northern India.⁴²

Thanks to the facilities of river navigation, the foodgrains, timber, and other bulky produce of the Tarai region were dispatched by boat to Patna, Murshedabad, Calcutta and other destinations in India.⁴³ The city of Patna, in particular, was then "a place of considerable importance as a commercial depot" because of "its central position at the junction of three major rivers, the Son, the Gandak and the Ganges." It was in Patna that "the traffic of north-western provinces (of India) meets that of Bengal, and...branches off to Nepal."⁴⁴ The distance between Kathmandu and Patna city was about 100 miles, the main trade route lying through Hitaura and Motihari. Nepal's commercial links with the city had, therefore, a long history.⁴⁵ Hamilton, in his account of the districts of Bihar and Patna in 1811-12, noted that "the Raja (of Nepal) has a kind of factory at Patna for supplying his court with luxuries, but the agents sell some of the productions of their country."⁴⁶

Elephants were exported to India from all parts of the Tarai region.⁴⁷ We shall see in Chapter 12 that their capture and export were under the exclusive control of the state. The progressive clearing of forests seems to have had an adverse impact on the elephant trade over the years. In 1793, Kirkpatrick had estimated that 200 to 300 animals were caught each year in the Kosi region alone,⁴⁸ whereas in 1851 Cavanagh put the figure at about 200 for the entire eastern Tarai region.⁴⁹

Market-Towns on the Nepal-India Border

Trade in the primary produce of the hill regions was conducted at several market-towns near the Nepal-India borders. Butaul in western Nepal was one of the oldest of these towns. According

to British official sources, traders visited that town for "the sale of gold ore, brass, iron, copper, borax, bees-wax and many other productions of the northern countries,"⁵⁰ and used the proceeds to buy cotton, cotton goods and other articles. Often the inhabitants of the hill regions themselves visited the Indian markets for such exchange. According to Hamilton, "poor people... loaded with goods even from the distant hills of Malebum" in north-western Nepal were a familiar sight in the Indian town of Gorakhpure.⁵¹

The diversion of trade in primary produce from markets situated on Indian territory to newly-developed centers within the frontiers of the Kingdom was a prime objective of official policy. Indian traders were encouraged to open their establishments at these centers and promised liberal facilities and concessions. In 1797, for instance, local administrators in the far-eastern hill region of Pallokirat were instructed to procure traders from India to handle the trade in agricultural and other primary produce.⁵² Similarly, in 1809 the local authorities were instructed to procure "affluent" traders from India and recommend appropriate facilities and concessions for encouraging them to set up their establishments at state-operated markets in Saptari.⁵³

In the eastern hill region, primary produce and handicrafts were exported to India through centers known as *golas*, a term of northern Indian origin which has been defined as "a grain or salt store or market; a place where it is sold wholesale."⁵⁴ In Nepal, it was used to denote a place where customs duties were collected. Hamilton has described one such custom house as "a square surrounded by buildings, in which the traders and their commodities are received."⁵⁵ *Golas* were essentially centers for transit of goods and located at strategic points on the main trade routes for facilitating the collection of duties and the control of trade in goods supplied from the mid-hill region and the Himalayan hinterlands to the southern plains. They were of two categories: those that were under the control of Limbus under the *kipat* system of local autonomy, and those that were operated by the

government directly or under the *ijara* system. Under the *kipat* system, Limbu headmen were permitted to appropriate revenue from a number of local sources, including the trade and transit of goods in *golas*.⁵⁶ They were also encouraged to establish new *golas* wherever feasible, and collect duties on goods exchanged at or transported through these *golas*.⁵⁷

Hamilton has recorded that the *golas* of eastern Nepal "are frequently changing, and, of late, have mostly been placed near the frontier, and removed from the hills."⁵⁸ The statement is significant in more than one respect. It means, of course, that old *golas* were relocated from time to time in response to the changing pattern of trade. But it was not simply a matter of shifting a *gola* from one place to another. Of greater importance in the context of the present study was the change in the pattern of administrative and revenue control that followed such relocation. Revenue from *golas* was traditionally included as part and parcel of the rights and privileges of the Limbu headman under the *kipat* system, but his right to appropriate revenue from any *gola* came to an end as soon as it was wound up. The new *gola* that was set up elsewhere in its stead might have attracted trade from the same hinterland areas. However, it operated under the control of the government, rather than of the concerned Limbu headman. For this reason, the government was able to specify in royal charters reconfirming *kipat* rights that those rights extended only to "old" *golas*, not to newly-established ones.⁵⁹ Often existing *golas* were detached from Limbu control and brought under governmental control.⁶⁰ *Golas* that had passed into the control of the government by the first decade of the nineteenth century included, according to Hamilton, those at Vijayapur, Raksa, Letang and Ratuwa in Morang district. In addition, there was a *gola* at Chatra in Morang district under the jurisdiction of a local monastery.⁶¹ Several other *golas* appear to have been added to the list by the middle of the nineteenth century: Ambarpur, Siswa, as well as Tarkanha, Harinagar, Sitapur and Laxmipur in Saptari district.⁶²

In far-western Nepal, before the restoration of the Tarai

territory in 1858, trade between the hill regions and the southern plains was conducted through towns known as *mandis*. Brahmadeo was the most important of the *mandis*, the other being Sainya, Kalapani, Bedupani, and Machheli.⁶³ These centers served as trade outlets for large areas in the north-western Himalayan region and the hill region, including Doti, Dadeldhura, and Achham.

From early in the nineteenth century, restrictions were imposed on the movement of trade from the interior areas in the mid-hills and Himalayan regions in an attempt to ensure that commodities were exported to India through these *mandis*. Regulations were promulgated from time to time specifying areas in the mid-hill and Himalayan regions which were to serve as hinterlands for specified *mandis*. For instance, the inhabitants of the mid-hills and Himalayan regions west of the Bheri river were ordered to trade only through the five *mandis* mentioned above.⁶⁴ The arrangement was manifestly impracticable, because it sought to divert the major part of the north-south trade in that region westward toward Brahmadeo and the other *mandis* and compelled the inhabitants of Jajarkot, Dailekh and Jumla to cross the Karnali river to reach those market-towns. The difficulty was removed to some extent during the mid-1830s, when new *mandis* were established in Sunar and Surkhet in the western Tarai region. The inhabitants of areas west of the Karnali river were then allowed to trade through Brahmadeo-Mandi, of Dullu and Dailekh through Surkhet, and of Pyuthan and Salyan through Sunar, and those of other parts of the far west hill region through any market convenient to them.⁶⁵ Such restrictions prevented producers and traders in the Himalayan region from selling their commodities at markets where prices were higher, or which were nearer or more conveniently located.

There is no evidence, however, that these restrictions were strictly enforced. For instance, the inhabitants of Jajarkot continued to visit the adjoining Indian markets. When a fresh

attempt was made in 1850 to compel them to trade in Brahmadeo-Mandi, they complained :⁶⁶

We have never visited Brahmadeo-Mandi to sell our produce. This year, however, we were ordered to do so and forbidden to visit the Indian markets for this purpose. Brahmadeo-Mandi lies at a great distance, and we have neither time nor money to go there. How then are we to pay our taxes and support our families ?

The government then issued an order permitting them to sell their commodities as usual.⁶⁷

The Himalayan Border Trade

Trade with the southern plains through *golas*, *mandis*, and other market-towns was only one part of the commercial activity of the hill region. Of perhaps greater importance for the local economy was the border trade that the inhabitants of the region conducted with the adjoining areas of Tibet in the north. As noted in Chapter 3, the climate and topography of the Himalayan region provided little scope for a peasant economy based on agriculture. Consequently, trade, rather than agriculture, was the main occupation of its inhabitants. As a royal order to the inhabitants of Jumla stated in 1812 :⁶⁸

You live in a Himalayan region where the produce of rice lands and homesteads is not sufficient to meet your requirements. You have been maintaining your livelihood, and paying your taxes, solely through trade.

The importance of trade in the economy of the Himalayan region is illustrated by regulations promulgated in 1830 prescribing that homestead taxes in Jumla be assessed on the basis of the income earned by each household from that activity,⁶⁹ rather than of the size of their homesteads as in the hill region.

A glance at the map will show that the Himalayan region is ideally located for border trade with Tibet. The region comprises a number of passes connecting the southern slopes of the

Himalayas in the mid-hill region with the arid Tibetan plateau. Diversities of climate and topography contributed to diversities in the pattern of production and made commercial exchanges between these two regions not only feasible but even indispensable. The inhabitants of Tibet did not grow sufficient foodgrains for their consumption, but produced abundant quantities of salt and wool. On the other hand, the hill region of Nepal had a surplus production of foodgrains, but lacked sources of salt supply. The inhabitants of the Himalayan region, therefore, traditionally functioned as middlemen in the exchange of the foodgrains of the hill region with Tibetan salt and wool.

Border trade with Tibet not only supplemented the local people's meager income from high-altitude agriculture but even enabled them to attain a standard of living far above that of their neighbors in the mid-hill region. In Solukhumbu, for example :⁷⁰

The Sherpas' favourable position as middlemen in the trade between Tibet and the lower-lying regions of Nepal enabled them to attain a standard of living far above that of most other Nepalese hill people, and in particular that of their southern neighbors, the purely agricultural Rais. Though the latter dwell in country of milder climate and richer soil, they possess none of the luxury goods found in many of the more prosperous Sherpa houses and have nothing to match the cultural achievements of the inhabitants of the cold, wind-swept highlands of Khumbu.

Even though border trade with Tibet was thus of considerable importance for the inhabitants of the Himalayan region, limitations on such trade must be kept in mind. The Tibetan areas bordering on the Himalayan region of Nepal were sparsely populated, hence there was a limit to the quantity of foodgrains and other primary produce of Nepal that the Tibetan border market could absorb. Similarly, there was a limit to the quantity of surplus foodgrains that the hill region could make available for export. Short of a miracle that would result in a simultaneous leap in agricultural production and the demand for salt in that

region, as well as in population growth and salt production in Tibet, the volume of the Himalayan border trade had perforce to remain in a state of stagnation over the years.

Under these circumstances, border trade was subject to keen competition. It was regarded as a privilege and customarily restricted to particular communities in most areas of the Himalayan region. For example, in the eastern hill region, the Sherpas of Khumbu, where the main settlements are situated at an average altitude of 3,600 to 4,000 meters, traditionally enjoyed a monopoly in the trade with Tibet. The inhabitants of Solu, an agricultural area with broad valleys and extensive forests, naturally resented the monopoly and in 1810 even succeeded in having it abolished. A royal order issued in that year ruled that the inhabitants of Khumbu should be allowed to trade as far south of Namche Bazaar as they could, and those of Solu as far north as they could.⁷¹ However, the new arrangement proved short-lived. Another royal order, issued in October 1829, decreed: "The inhabitants of the Solu region shall not conduct trade with Tibet through any place other than Namche Bazaar."⁷² They were not allowed to trade directly with Tibet, beyond purchasing necessities for their own use. Each household was thus allowed to visit Tibet and bring one load of salt a year, but not goods meant for resale on the backs of porters or pack animals.⁷³ In Jumla in the Himalayan region, trade with Tibet was usually conducted according to a customary system of *rekh* rights under which communities living in specified areas participated in the trade in specified seasons.⁷⁴ There are numerous examples of such restrictions, but it may suffice to mention only one. The inhabitants of four divisions of Jumla, Asi, Panchsaya, Chaudhabis and Tibrikot, traditionally enjoyed the right to conduct barter trade in salt in Tarap village in the Chharka-Bhot region. In consideration of that privilege, they paid a fee of three *pathis* of foodgrains on every 20 *pathis* they exchanged for salt in that village. The villagers of Tarap, on their part, supplied 15 *pathis* of salt in exchange for 10 *pathis* of foodgrains, as well as the free services of three porters. People from other parts of

Jumla, as well as from Bajhang, were prohibited from engaging in the salt trade in Tarap village, but were allowed to visit Taklakhar and three other villages for that purpose.⁷⁵ There were similar restrictions on the flow of trade between the Himalayan region and the midhill and inner Tarai regions in the south. For instance, a royal order issued in 1815 reconfirmed the traditional system under which the inhabitants of Asi and Panchsaya in Jumla were allowed to trade only in Dang and Salyan, and those of Gam only in Achham and Bajura.⁷⁶

Kathmandu Valley's Trade With Tibet

Kathmandu Valley, in the central hill region, was for several centuries a center of the entrepot trade between northern India and central Tibet. Indeed, the region's comparative affluence has been associated with its position in a well-developed trans-Himalayan trade system. The trade was mostly in the hands of Newar merchants, who had been permitted to open establishments in Tibet and granted exemption from payment of customs duties and other charges since the mid-seventeenth century. Muslim traders from Kashmir and Gosain traders from northern India were also actively engaged in the entrepot trade.

The Kathmandu-Tibet trade link is important in the present study chiefly from the viewpoint of exports of indigenous primary produce and handicrafts, for entrepot trade as such lies beyond its scope. Trade in such commodities was, however, a mere appendage to the entrepot trade. British official accounts of the later years of the eighteenth century contain a very short list of export items : rice, coarse cloth, copper and iron,⁷⁷ evidently the products of the hill areas situated along routes leading to Tibet. Other sources mention metal goods⁷⁸ and handicraft and artistic goods, obviously manufactured in Kathmandu Valley, as well as chillies and stones of the *lapsi* fruit,⁷⁹ hardly the basis of a large-scale or growing export trade. From the viewpoint of the number of people involved and the volume of trade, therefore, it would seem reasonable to assume that the Kathmandu-Tibet trade in Nepal's agricultural, mineral and handicraft

products was less important during this period than the Himalayan border trade.

Concluding Remarks

The foregoing review of the pattern of trade in primary produce and handicrafts reveals a number of outstanding characteristics. In the first place, trade across the frontiers was of greater importance in the nation's economy than inter-regional trade. The geographical shape of the Kingdom, which makes eastern and western Nepal nearer both to India and to Tibet than to each other, furnishes only a part of the explanation. Of perhaps greater importance is the fact that the Kingdom was actually "a land broken up into tiny pockets separated from one another by mountain barriers that discourage communication."⁸⁰ Such geographical isolation had an adverse impact on the development of inter-regional trade. Indeed, "there is probably no country in the world which has so few means of intercourse between its various areas."⁸¹ It was inevitable under these circumstances that inter-regional trade should have occupied a place of minor importance in the economy of the Kingdom. However, the predominant role of trade across the frontiers in the economy of different regions of the Kingdom molded the pattern of production in a characteristic manner. Northern India, for instance, needed the primary produce of Nepal to a greater extent than its handicrafts and manufactures. Even in the case of exports to Tibet, handicrafts came in order of importance only after such primary produce as foodgrains. It may, therefore, be correct to state that throughout the nineteenth century Nepal remained important mainly as a source of industrial and other forms of primary produce for India, with whom the bulk of its export trade was conducted.

NOTES

1. Karl Christian Behrens and Berta Backe-Dietrich, "Trade" in *Marxism, Communism and Western Society: A Comparative Encyclopedia* (New York: Herder and Herder, 1973), vol. 8, p. 202.

2. Brian H. Hodgson has described one such village fair in Nuwakot, in the hill region west of Kathmandu Valley, in the following words: "The commerce and manufactures of Nayakot are too inconsiderable to claim specific notice; but in the cold season, in this, as in all other smaller valleys of Nepal, booths are erected on the riverside by traders and craftsmen from the great valley who reside there for the four coldest and salubrious months (December to March inclusive), exchanging grain for rock salt with the Bhotias, both Cis and Trans-Himalayan, dyeing the home-spun cloths of the neighbouring hill tribes with the madder supplied by them and the indigo of Tirhoot, and tinkering and pedlery, and huckstering, for the assembly collected at this petty sort of fair." Brian H. Hodgson, "Nayakote and its Tribes," in *Essays on the Languages; Literature and Religion of Nepal and Tibet* (reprint of 1874 ed.; Varanasi: Bharat-Bharati, 1971), pt. 2, p. 60
3. Hamilton writes, "The cotton grows in the hilly parts of the Kingdom, and is sufficient for the consumption; but none is exported from Nepal Proper," (Francis Hamilton, *An Account of the Kingdom of Nepal*, (reprint of 1819 ed; New Delhi: Manjusri Publishing House, 1971), p. 232. The commodity was supplied to Kathmandu Valley from the adjoining hill regions in both the east and west. "Order Regarding Collection of Kapas-Bhansar," Magh Sudi 3, 1860 (January 1804), *Regmi Research Collection* (RRC), vol. 5, pp. 456-57.
4. According to Brian H. Hodgson, in Dhankuta, "Provisions are plentiful and cheap, and the workers in Kansa (mixed metal) are celebrated for the excellence of their commodities, many of which find sale so far off as in Kathmandu." "Route from Kathmandu, the Capital of Nepal, to Darjiling in Sikim, Interspersed with Remarks on the People and Country," *Journal of the Asiatic Society of Bengal*, vol. XVII, pt. II, July-December 1848, p. 642.
5. Hamilton, op. cit. p. 284.
6. "Royal Order Regarding Abolition of Jagat Duties on Essential Commodities," Poush Sudi, 1852 (January 1796), *RRC*, vol. 9, p. 28.
7. Alan Campbell, "Report on the State of Agriculture in Nepal," 1836, In *Stiller Typescript*, a typescript of Reel Three of the microfilms preserved in the Tribhuvan University Library of documents in the Archives of India, vol. 2, June 1973, p. 183.
8. Hamilton, op. cit. p. 76.
9. Ibid, p. 217.
10. Brian H. Hodgson, "On the Commerce of Nepal," in *Essays on the Languages...* op. cit. pt. 2, p. 118.

11. Ibid, p. 121.
12. W. W. Hunter, *The Indian Empire, Its People, History and Products* (London, W. M. Allen & Co. Ltd. 1893), p. 691.
13. W. W. Hunter, *A Statistical Account of Bengal*, (London : Trubner and Co., 1876), vol. 4, p. 380.
14. W. W. Hunter, *The Indian Empire*, op. cit. p. 691.
15. Montgomery Martin, *The History, Antiquities, Topography and Statistics of Eastern India* (reprint of 1838 ed.; Delhi : Cosmo Publications, 1976), vol. 2, p. 504.
16. Hodgson, "On the Commerce of Nepal," op. cit. p. 118; "Order Regarding Purchase of Hawks by Nawab Faiz Mohammed Khan," *Jestha Badi* 10, 1886 (May 1829), *RRC*, vol. 44, pp. 14-15.
17. This list has been compiled from the customs tariff schedule sanctioned by the Government of Nepal in 1861 for the *golas* of eastern Nepal. "Customs Regulations for Eastern Nepal," *Marga Badi* 6, 1918 (November 1861), sec. 8, *RRC* vol. 10, pp. 213-17; Also : "Order Regarding Transit Duties on Commodities Exported Through Pyuthan," *Baisakh Sudi* 14, 1845 (May 1788), *RRC*, vol. 5, pp. 711-12.
18. Francis Buchanan (Hamilton), *An Account of the District of Purnea in 1809-10* (Patna : Bihar and Orissa Research Society, 1928), pp. 383 and 571.
19. Ibid, p. 559.
20. Hamilton, *An Account of the Kingdom of Nepal*, op. cit. p. 86.
21. William Kirkpatrick, *An Account of the Kingdom of Nepaul* (reprint of 1811 ed.; New Delhi : Manjusri Publishing House, 1969), p. 176.
22. Martin, *Eastern India*, op. cit. vol. 2. p. 567.
23. Hodgson, "On the Commerce of Nepal," op. cit. p. 119.
24. Orfeur Cavanagh, *Rough Notes on the State of Nepal* (Calcutta : W. Palmer, 1851), p. 77.
25. Martin, op. cit. p. 568.
26. Hodgson, "On the Commerce of Nepal." op. cit. p. 119.
27. Hodgson, "Route from Kathmandu...", op. cit. p. 642.
28. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 556.
29. George Watt, *The Commercial Products of India* (reprint; New Delhi : Today & Tomorrow's Printers and Publishers, 1966), p. 991.
30. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 151.
31. W. W. Hunter, *A Statistical Account of Bengal* (London : Trubner & Co.; 1877), vol. 13, p. 142.
32. Loc. cit.
33. Hamilton, *An Account of the Kingdom of Nepal*, op. cit. p. 67.

34. Mahesh C. Regmi, *Thatched Huts and Stucco Palaces: Peasants and Landlords in 19th Century Nepal* (New Delhi, Vikas Publishing House Pvt. Ltd., 1978), pp. 141-42.
35. Martin, op. cit. p. 299.
36. For a brief description of river routes from Nepal to India, see Jahar Sen, *Indo-Nepal trade in the Nineteenth Century* (Calcutta: Firma KLM Private Ltd.; 1977), pp. 63-70.
37. Hamilton, *An Account of the Kingdom of Nepal*, op. cit. p. 65.
38. Buchanan (Hamilton), *An Account of the District of Purnea*, op. cit. p. 15.
39. Ibid, p. 32.
40. Loc. cit.
41. Letter No. 13 of 21 May 1800 from the Collector and Magistrate of Saran to the Superintending Engineer, Bihar Circle, Gaya, in *Champaran District Records*, Bihar State Archives, Patna.
42. Buchanan (Hamilton) *An Account of the District of Purnea*, op. cit. p. 570. In *An Account of the Districts of Bihar and Patna* (op. cit. p. 705), Hamilton writes that in Patna, "a very few canoes are used, and come from Nepal. They are large, carrying 40 or 50 mans of grain, or from 312 to 390 lbs."
43. Buchanan (Hamilton), *An Account of the District of Purnea* op. cit, p. 589.
44. W. W. Hunter, *A Statistical Account of Bengal*. op. cit. vol. 11, p. 154.
45. Jagadish Narayan Sarkar, "Patna and its Environs in the Seventeenth Century: A Study in Economic History," *Journal of the Bihar Research Society*, vol. 34, pts. 1-2, March-June 1948, pp. 147-48.
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48. Kirkpatrick, op. cit. p. 18.
49. Cavanagh, op. cit. p. 72.
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52. "Administrative Regulations for Pallokirat," *Chaitra Sudi 13, 1853* (April 1797), sec. 11. *RRC*, vol. 1A, p. 17.
53. "Regulations for Management of Bhangaruwa Market in Saptari," *Marga Sudi 3, 1866* (November 1809), sec. 1. *RRC*, vol. 41, p. 14f.

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55. Hamilton, *An Account of the Kingdom of Nepal* op. cit. p. 126
56. "Thek-thiti Arrangements in Chhathar, Chhampur," Falgun Sudi 3, 18 4 (February 1838), In Itihasa Prakasha Mandala, *Itihasa Prakasha* (Light on history) (Kathmandu : The Mandala, 2012 (1955), p. 77.
57. "Thek-thiti Arrangements with Subba Tihangkarna and Others," Aswin Sudi 2, 1904 (September 1847), *RRC*, vol. 35, pp. 455-56. In 1828, Kaji Ghukla Thup, a Sikkimese Lepcha chief who had been granted asylum in Nepal, was granted authority to reclaim a forest tract near Islimba in the Kanaka-Mechi region and revive two *golas* which had once been operated there. "Royal Order to Kaji Ghukla Thup," Baisakh Badi 7, 1885 (April 1848), *RRC*, vol. 43, p. 83.
58. Hamilton, *An Account of the Kingdom of Nepal*, op. cit. p. 163.
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60. "Thek Arrangements for Ratuwa-Singimadi Gola," Baisakh Badi 30, 1904 (April 1847), *RRC*, vol. 35, p. 346; "Thek Arrangements for Golas at Mewa Dobhan and Elsewhere," Baisakh Badi 30, 1904 (April 1847), *ibid*, p. 361.
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62. "Revenue and Expenditure of the Government of Nepal," 1908 (1851-52) in *Regmi Research Collection (Miscellaneous)*.
63. "Ijara Grant for Revenue Collection in Brahmadeo-Mandi and Other Mandis," Aswin Badi 10, 1893 (September 1836), *RRC*, vol. 43, pp. 589-90. Brahmadeo-Mandi was open only during the dry months from November to May. During the monsoon, Nepal-India trade in this sector was conducted through Jhulaghat, Asgad, Aulyang and Darchula. "Order to Captain Bhawanishankar Swanr Regarding Collection of Customs Duties at Jhulaghat and Elsewhere," Jestha Sudi 7 1924 (May 1867), *RRC*, vol. 49, pp. 752-54.
64. "Royal Order to Chautariya Daksha Shah Regarding Trade Through Brahmadeo-Mandi," Baisakh Badi 1, 1892 (April 1835), *RRC*, vol. 43, pp. 520-21.
65. "Order Regarding Trade Through Newly-Established Market at Sunar," Falgun Badi 9, 1893 (February 1837), *RRC*, vol. 35, p. 82;

- "Order Regarding Trade Through Surkhet," Jyestha Badi 30, 1894 (May 1837), *RRC*, vol. 26, pp. 642-43; "Order Regarding Trade Outlets for the Bheri-Mahakali Region," Falgun Badi 9, 1893 (February 1837) *RRC*, vol. 43, p. 619
66. "Order Regarding Complaint of People of Jajarkot," Poush Badi 1, 1907 (December 1850), *RRC*, vol. 81, pp. 25-27.
67. *Ibid.*
68. "Order Regarding Trading Rights in Jumla," Shrawan Badi 4, 1879 (July 1812), *RRC*, vol. 43, pp. 323-24.
69. "Revenue Regulations for Jumla," Chaitra Badi 8, 1886 (March 1830), sec. 8, *RRC*, vol. 34, p. 57.
70. Christoph von Furer-Haimendorf, *Himalayan Traders* (London: John Murray, (1975), p. 60.
71. "Order to Inhabitants of Solu Regarding Trading Rights Beyond Namche," Jyestha Sudi 5, 1867 (May 1810), *RRC*, vol. 49, p. 209.
72. "Thak-Thiti Arrangements for *Kipat* owners in Different Areas of Solu," Kartik Badi 7, 1866 (October 1829), *RRC*, vol. 27, pp. 20-28.
73. Furer-Haimendorf, *op. cit.* p. 60.
74. Cf. "People from outside Jumla district shall conduct trade only in those areas where they have been customarily doing so. They shall not encroach upon the *rekh* trading rights of the inhabitants of Jumla and Humla." "Miscellaneous Regulations of Jumla," Chaitra, Sudi 7, 1900 (March 1844), *RRC*, vol. 34, pp. 615-16.
75. A reference to the traditional system is contained in: "Abolition of *Rekh* Trading Rights in Jumla," Jyestha Badi 30, 1936 (May 1879), *RRC*, vol. 82, pp. 449-57.
76. "Royal Order to the Inhabitants of Asi and Panchsaya in Jumla," Falgun Badi 11, 1871 (February 1815), *RRC*, vol. 24, p. 645.
- Rekh* trading rights in Jumla were finally abolished by the Rana government in 1871. The justification given for this step was as follows: "Arrangements made during the reign of the Kings of the Kalyal dynasty (who ruled Jumla before the Gorkhali conquests) can no longer be recognized. For His Majesty's Government, the ryots are all equal. Everybody is free to trade wherever he likes, in Tibet, in the southern plains, or in other parts of Jumla. Any person who prevents others from engaging in trade in the name of *rekh* rights will be punished according to the law," "Abolition of *Rekh* Trading Rights in Jumla." 1879, *op. cit.*
77. Memoranda on trade with Tibet submitted to Governor-General Warren Hastings of the East India Company by George Bogle and Samuel Turner in 1774 and 1783, cited in Schuyler Cammann, *Trader's Through the Himalayas* (Princeton University Press, 1951), pp. 62 and 163

78. "Ijara Arrangements for Collection of Revenue from Miscellaneous Commercial Sources," Marga Sudi 5, 1860 (November 1853), *RRC*, vol. 19, pp. 18-61. The document mentions fees for stamping metal utensils exported to Tibet as one of these sources.
79. Baburam Acharya, *Shri 5 Badanaharajadhiraja Prithvi Narayan Shah* (King Prithvi Narayan Shah) Kathmandu: His Majesty's Press Secretariat Royal Palace, 2024 (1967), pt. 1, p. 205.
80. Ludwig F. Stiller, *The Silent Cry* (Kathmandu; Sahayogi Prakashan, 1976), p. 12.
81. Government of Nepal, *Draft Five-Year Plan: A Synopsis* (Kathmandu: the Government, 1955), p. 39.

8

The Taxation of Production

Having delineated the general pattern of production and trade in the Kingdom in the previous four chapters, we have now set the stage for our discussion of policies and programs adopted by the state to mobilize resources from those economic activities. As noted in Chapter 2, a part of the economic surplus generated by producers and traders was transferred to the state through taxes or other means. Such taxes were based either on production or on the exchange of commodities. Taxes on production will form the subject-matter of this chapter, while commercial taxation will be discussed in Chapter 9. The main questions that we shall explore in this chapter concern the nature and quantum of the producer's fiscal obligations to the state and the role of production-tax revenue in the overall fiscal system. The discussion will be confined to agricultural and mineral production, both of which were usually conducted in the private sector. Arrangements under which the state derived revenue from forest resources will be included in the discussion of monopolies and the state-trading system in Chapter 12.

It is necessary to explain two basic points before commencing the discussion. The first relates to the nature of the payment, in money or in kind, that the state received from individuals who used state-owned resources for the production of commodities.

Such payment may be described as rent or tax, depending on whether one studies the question from the viewpoint of law or of practical administration. Inasmuch as the distinction between rents and taxes disappears where private property rights in natural resources are absent,¹ we shall use the term tax to denote all such payments to the state. The term rent is more appropriately applied to payments made by producers to private landlords, but such payments lie outside the scope of our study.

The second point that needs to be elucidated relates to the basis of tax-assessment. The taxes that peasants or miners paid to the state in consideration of the use of state-owned agricultural or mining lands for the production of agricultural commodities or metals were ultimately paid out of the income generated from such production, but the basis of assessment was not identical in all cases. Taxes on production were assessed either on the actual quantity of agricultural commodities or metals produced, or on the unit of area used for purposes of production, such as a *bigha* or a *ropani*, or an entire holding of agricultural or mining lands. Because of problems of collection and storage, the second method was more commonly employed. Taxes on production, consequently, assumed the form of taxes on the natural resources used as means of production.

The Fiscal System

In order to make our discussion of the methods followed for the mobilization of economic resources more comprehensible and meaningful, it seems necessary to begin with a brief note on the fiscal system. The main subject of interest in this context is the amount of revenue deposited at the central treasury in Kathmandu in each year. There has been much speculation on this subject in the writings of British observers. In 1793, for instance, Kirkpatrick saw "tolerable good grounds for believing" that the revenue "never exceeds thirty lacks of rupees, fluctuating at all times, between that sum, and twenty-five lacks."² At the middle of the nineteenth century, Cavanagh believed that the

revenue "has materially increased within the present century, and may now be justly calculated as at the least, 50 lacks."³

The amount of revenue credited to the central treasury was not, of course, an accurate index of the actual amount of real resources available to the government. There were several reasons for the discrepancy. Firstly, the *jagir* system was used on an extensive scale to remunerate government employees instead of paying them cash salaries from the treasury. That is to say, incomes from *jagir* lands were used by the state to remunerate its employees, but such incomes were never directly credited to the treasury. As Cavanagh pointed out in 1851 :⁴

Of the revenues of Nepal, I regret to state, it is out of my power to afford any certain information. I doubt, in fact, whether an accurate statement could be framed even from the records possessed by the Durbar, as the Civil and Military Establishments being paid almost entirely by *jagirs*, or assignments of land the sums actually realized at the Public Treasury must be far less than the real value of the land tax, which forms the most considerable item in their accounts..."

Secondly, large amounts of revenue were spent before they actually reached the treasury because of the absence of a centralized disbursement system.⁵ Yet another reason for the discrepancy between actual collections and treasury receipts was the absence of any accounting of expenditure incurred on local administration. In other words, such expenditure was not charged on the central treasury in Kathmandu. The nominal amounts of both revenue and expenditure would have been much higher had all actual collections been credited, and all disbursements debited, at the central level, as is the practice under modern fiscal systems. Finally, the state mobilized considerable resources in the form of commodities rather than in money, as we shall discuss in detail in Chapters 10 and 11, but the value of such commodities was seldom credited to the accounts of the central treasury.

In the light of these qualifications, we shall now analyze official statistics of revenue collected by the government of Nepal in the year 1853, which would appear to be typical for the first half of the nineteenth century before reforms introduced by the Rana government had time to have effect. The revenue receipts of the state in that year totalled Rs 961,375 in different Indian rupee units, worth Rs 1,182,491 in Nepali rupees at the official exchange rate of 100:123. Receipts in different Nepali rupee units amounted to Rs 959,103, thus making a total of Rs 2,141,594 collected as revenue from different sources by the government and deposited at the central treasury in Kathmandu in that year.⁶ With that figure as the yardstick, we shall analyze the role of taxes on production and exchange, as well as revenue from state trading and monopolies, in this and subsequent chapters.

A. Agricultural Land Taxation

As noted in earlier chapters, the nineteenth-century Nepali state did not exercise its rights of ownership and taxation on the entire cultivated area for large areas of agricultural lands were granted to individuals and institutions under systems of local autonomy as *rajya* and *kipat*, or under tax-free forms of tenure such as *birta* and *jagir*. Consequently, the state was able to collect taxes only on those agricultural lands that were located outside the jurisdiction of *rajas* and *kipat* owners, and had not been granted to individuals under *birta* or *jagir* tenure on a tax-free basis. Such lands, known as *jagera*, constituted a very insignificant percentage of the total cultivated area in the hill region, including Kathmandu Valley. Indeed, the far-eastern hill region beyond the Arun river, and the western hill region beyond the Bheri river, contained almost no agricultural lands under *jagera* tenure. *Jagera* lands were confined mainly to the central hill region, that is, the region situated between the Bheri river in the west and the Arun river in the east, as well as in the Tarai and inner Tarai regions.⁷ We shall here discuss only the taxation of agricultural lands under *jagera* tenure, omitting any reference to payments collected by *birta* owners, *jagirdars* and other

landlords, for such payments did not accrue to the state. Even in the limited field of *jagera* land taxation, we shall discuss only the actual form and level of tax payments, without dilating on methods and problems of assessment.

If *jagera* land tax revenue from the hill region formed a negligible percentage of the total revenue, this was the consequence not of fortuitous circumstances, but of a deliberate policy. *Jagir* assignments to government employees resolved the problems of land-tax collection in a region where problems of transport and communications, as well as of administrative supervision, outstripped the potential benefit of a direct-land tax collection system. Consequently, agricultural lands in that region remained under *jagera* tenure usually by default : Such lands were either of too poor quality to attract prospective assignees, or the administrative delay involved in the reassignment of any land as *jagir* after the death or termination of service of the outgoing *jagirdar* made inevitable a transitional period under *jagera* tenure.

At the same time, the low importance of *jagera* land taxation as a source of revenue in the hill region set off a vicious circle which had an adverse impact on the revenue receipts of the state. The state was unable to finance a land administration system because the amount of revenue that could be collected through *jagera* land taxation was limited, but the absence of a local land administration system *per se* precluded measures to exploit *jagera* lands as a source of revenue. The problem had essentially two aspects. In order that *jagera* lands might yield revenue, it was necessary to check the unauthorized reclamation of such lands for agricultural production and to impose taxes in the event of such reclamation. However, the Gorkhali government was unable to organize effective administrative measures to ensure that these two tasks were actually accomplished. Large areas of *jagera* lands were therefore reclaimed in the hill region without making any contribution to the state exchequer.⁹ Although the state initiated measures from time to time for the registration of

such lands, the objective was to gain state control over them for assignment as *jagir*, rather than to raise revenue in money.

In the Tarai region, on the other hand, the area of lands under *jagera* tenure, already large at the beginning of the century compared with the hill region, progressively expanded through the reclamation of waste and forest lands. *Jagera* lands in that region, therefore, constituted an important source of revenue. Indeed, *jagera* land tax revenue was the biggest single source of revenue for the Kingdom as a whole. In 1853, as much as 67.6 percent of the total revenue receipts of Rs 2,141,594 was derived from that source. Other sources were not only much less important, but even inconsequential. In 1809, Hamilton noted that in addition to land tax revenue :⁹

...the only other public revenues are the fines levied from offenders, which are sometimes considerable, the customs, which are very trifling, and some small profits arising from the mines, from elephants, and from the sale of Sal or Sakhya timber, from the forests below the mountains.

The relative importance of other sources underwent changes in the light of the changing economic situation, but the predominant role of land tax revenue remained unaffected in subsequent years.¹⁰

Regional Statistics

The regionwise breakdown of *jagera* land tax revenue in 1853 is as follows :

Table 1 : *Jagera* Land-Tax Revenue, 1853

Region	Amount	Mohar Rs Percentage
Eastern Tarai ..	Rs 1,169,811	80.7
Western Tarai ...	Rs 242,787	16.7
Chitaun ...	Rs 25,666	1.7
Hill Regions ...	Rs 10,124	0.6
Total	Rs 1,448,388	

We shall now undertake a brief survey of the *jagera* land-tax systems followed in each of these regions.

1. The Eastern Tarai Region

These statistics show that the bulk of the *jagera* land-tax revenue was traditionally derived from the eastern Tarai region. To be sure, extensive areas of agricultural lands had been granted as *birta* and *jagir* in that region also, but the total cultivated area under *jagera* tenure was sizeable enough to yield a higher amount of revenue to the state than other regions of the Kingdom.

The system of agricultural land taxation in the eastern Tarai region was modelled on the Mughal revenue system in India.¹¹ Under that system, after lands were reclaimed and an initial period of tax-exemption was over, taxes were assessed according to the number of ox-teams employed to cultivate each holding. The rates of taxation were progressively increased during a prescribed number of years. The land was thereafter measured and taxes were assessed at different rates for different crops on each bigha of land. However, the Mughal system was followed only to the extent of using the nature of the crop and area sown as the basis of tax assessment; there is no evidence that assessments were made in the eastern Tarai region of Nepal at the same rates and on the same crops as those of the Mughals.¹² The following schedules of tax-assessment rates for Morang and Saptari-Mahottari districts in 1812-13, as given by Hamilton, illustrate the nature of the system :¹³

Table 2 : Agricultural Land-Tax Schedule in Some Eastern Tarai Districts, 1809

Crop		Morang	Rate per bigha
			(in Patna rupees) Saptari/Mahottari
Rice	...	Rs 3-5	Rs 4-10
Mustard	...	Rs 2-11	Rs 3-10
Cotton	...	Rs 2-4	Rs 3-12
Garden and indent tobacco	...	Rs 5-0	Rs 5-0
Sugarcane	...	Rs 4-0	-

The schedules only indicate the general pattern of agricultural land taxation in the districts of the eastern Tarai region; the rates were different for different parts of even the same district. There were also concessional rates for newly-reclaimed lands. Such details, however, will only clutter up the discussion without making any significant impact upon the outline of the basic system.

Revenue was collected from different sources in the eastern Tarai region by an *ijaradar* appointed by the state for that purpose. Taxes from *jagera* lands was one of the sources assigned to the *ijaradar*, hence it is not possible to ascertain separately the actual amount of revenue collected from that source. Hamilton has given a breakdown of the different sources exploited by *ijaradars* in Morang and Saptari/Mahottari districts for the year 1809-10, but comparable statistics are not available for other years. We can, therefore, only compare his figures with those for the year 1853 under the Rana government after the *ijara* system had been abolished in the eastern Tarai region and replaced by the *amanat* system, which was operated by salaried employees of the state. The figures are actual receipts in both cases. Hamilton's figures are obviously in Indian rupees; in 1853 the revenue was collected partly in Nepali rupees, but they have here been converted into Indian rupees at the exchange rate of 123:100 to facilitate comparison. The figures are as follows :

Table 3 : Jagera Land Revenue in Some Eastern Tarai Districts 1809-54¹⁴

District	1809	1853	In Mohar rupees, % of increase
Morang	... Rs 54,025	Rs 124,807	231.01
Saptari-Mahottari	... Rs 68,957	Rs 545,031	790.39
	Rs 122,982	Rs 669,838	544.06

These statistics show that during the 44-year period between 1809 and 1853 *jagera* land tax revenue in these districts increased by nearly five and a half times. The district-wise breakdown is

more revealing. Collections increased by 231 percent in Morang district, but in Saptari and Mahottari districts by nearly eight times. Indeed, these two districts contributed 31.3 percent of the total revenue receipts of the government during 1853 through *jagera* land taxation alone.

2. Western Tarai Region and Chitaun

In the western Tarai region, comprising the districts of Palhi, Majhkhand, Khajahani, and Seoraj, as well as in the inner Tarai district of Chitaun, agricultural land taxes were usually assessed under the *halbandi* system.¹⁵ *Hal* is the local term for a plow, hence *halbandi* meant a system under which the tax was assessed on each plow-team used by the cultivator, rather than on the area of land actually tilled. In actual practice, the tax was paid for the area of land "which is considered equal to the tillage of a plough,"¹⁶ irrespective of whether or not the land was actually cultivated. In Seoraj, for instance, a royal order issued in 1800 prescribed a rate of Rs 5 1/2 per plow during the second year after any land was brought under cultivation, and Rs 17 during the third and subsequent years.¹⁷ In Chitaun, similarly, a tax of Rs 9 per plow was collected at the beginning of the nineteenth century. The rate was reduced to Rs 6 1/2 in 1803 to encourage settlement. New settlers paid Rs 1 per plow during the first year, and Rs 3 thereafter.¹⁸ There is no evidence that agricultural lands were measured in these districts, and taxes assessed on each bigha as in the eastern Tarai region. Table 1 shows that a little less than one-fifth of the total *jagera* land tax revenue was derived from the western Tarai districts and Chitaun at the middle of the nineteenth century.

3 The Central Hill Region

The hill regions were the least important from the viewpoint of *jagera* land taxation. In 1853, as Table 1 shows, they yielded a revenue of only Rs 10,124, or approximately 0.6 percent of the total *jagera* tax revenue in that year. Because *jagera* lands on which the amount was collected were located mainly in the central hill region, our description of the land tax system in the

hills will be confined to that region. It may be recalled that agricultural lands were retained under *jagera* tenure in the hill region only when it was not possible to assign them to *jagirdars* for any reason. Consequently, the area of *jagera* lands, and tax-revenue from that source, fluctuated from year to year. In 1851, for instance, *jagera* lands in the hill regions did not contribute a single rupee to the state exchequer.¹⁹

In the hill regions, agricultural lands were traditionally divided into two categories for the purpose of tax-assessment : dry lands, or *pakho*, and rice-lands, or *khet*. *Pakho* lands meant unirrigated lands situated at high altitudes or on hill sides, on which crops such as maize and millets, which do not require flooding, are grown. *Khet* lands, on the other hand, meant lands on which irrigation facilities, whether natural or artificial, were adequate enough to permit the cultivation of rice during the monsoon season. Often wheat was grown on such lands in winter, or else the lands were left fallow.²⁰

Pakho lands were seldom measured for the purpose of tax-assessment. Instead, an approximate estimate of the size was made on the basis of the number of ox-teams required to plow each holding in one day. In general, three such units were recognized for purposes of taxation : *Hale*, *Pate* and *Kodale*. *Hale* meant a holding which could be plowed by one ox-team in one day; half of such a holding was known as *pate*, while *kodale* holdings were too small to be plowed by an ox-team and so were tilled by hand with a spade.²¹ Taxes on *pakho* lands were known as *serma*, which, in the majority of cases, was collected in cash, and usually amounted to a rupee on each *hale* holding. The rates on holdings of *pate* and *kodale* categories were proportionately lower. *Serma* taxes were not assessed according to the size of the holding. There were, of course, three tax categories of holdings and separate rates of taxes, but those categories were by no means uniform. No two *hale* holdings were equal in size, and the same might safely be said about *pate* and *kodale* holdings as well. Often *kodale* holdings in areas with low population density

were bigger than *hale* holdings elsewhere. According to more recent evidence, some *hale* holdings contain more land than others, whereas in some cases a *kodale* holding is actually larger than a *hale* holding."²² In any case, there seems little doubt that all these three categories of *pakho* holdings contained much larger areas than the simple definitions based on the possibility of using ox-drawn plow teams would imply. According to one source, for example, occasionally a *hale* holding actually comprises 10 or 12 *bighas* of lands.²³ The conclusion that may be drawn from this situation in the context of the present study is that *serma* taxation absorbed only an insignificant portion of the economic surplus generated by the peasant from his *pakho* holding.²⁴

Taxes on *khet* lands were invariably assessed on each unit of area, usually the *muri* in the hill region, and the *ropani* in Kathmandu Valley.²⁵ *Birta* owners and *jagirdars* usually collected rents on *khet* lands either under the *adhiya* system, in which the produce was shared equally between the cultivator and the landlord, or under the *kut* system, in which rents were assessed at a specified quantity of produce, or a specified sum of money, irrespective of the actual output.²⁶ Because collection of taxes in the form of agricultural commodities on state-controlled *jagera* lands would have been a difficult task, taxes were most commonly assessed under the *kut* system. That is to say, taxes were collected from *jagera* lands as a resource used for agricultural production, rather than on the actual output. But in-kind *kut* taxes still made it necessary to arrange for the safe storage of the produce that accrued to the state, for its disposal at favorable prices, or else for its transportation to places where it was needed for meeting the requirements of the state. *Kut* taxes on *jagera* lands in the central hill region were, therefore, usually commuted into cash.²⁷ In 1852, the total area of *jagera* rice lands in the hill region amounted to 65,120 *muris*, on which the state collected *kut* taxes amounting to Rs 16,734. The average incidence was thus approximately a quarter-rupee per *muri*.²⁸

B. Taxation of Mineral Production

Agricultural lands are more or less uniform in nature, subject, of course, to diversities caused by such factors as soil, topography and altitude, and can usually be divided into a few categories based on productivity for purposes of tax assessment. In contradistinction, each mine contains characteristic features in respect to the size and richness of the deposit. Taxation of mineral production can, therefore, seldom be based on well-defined principles as in the case of agricultural taxation. In other words, there can be no general or uniform rate of taxation of mineral production; consideration must be paid to the special features of each individual mine while fixing the amount of tax. Primarily for this reason, taxes on mineral production were usually not fixed according to the actual output or according to the size of the mining area. Instead, the rate of payment was fixed on an *ad hoc* basis in each case, presumably taking into consideration such factors as the life and potential productivity of each mine, its accessibility, and, perhaps most important, the extent of competition among prospective allottees and *ijaradars*. Any generalization about the rates at which mineral production was taxed would, therefore, be unrealistic. One can only say that because *ijaras* were usually issued for short terms, ranging from one to three years, their renewal provided an opportunity to the government to push up the rate of payments where possible. It is also not possible to estimate the amount of resources that the state raised from mineral production. Payments were collected mostly in the form of metals and used for minting coins or manufacturing arms and ammunition, but no consolidated statement of the value of such supplies is available. Available statistics of revenue from mines and mints similarly do not make any distinction between revenue derived from the taxation of mineral production and profits earned from minting and the monopoly trade in copper. These statistics should, therefore, more appropriately be included in our discussion of monopoly trade in Chapter 11.

Concluding Remarks

Taxation of production occupied a place of considerable importance in the fiscal system. Compared with the taxation of agricultural and mineral production, the quantum of resources that the state garnered through commercial taxation and the other forms of resource-mobilization policies as enumerated in Chapter 2 would appear to be meager. We have seen that in 1853 taxes on *jagera* lands alone contributed approximately two-thirds of the total amount of revenue deposited at the central treasury. Of greater significance is the fact that the bulk of the revenue was derived from the Tarai region. This fact substantiates the truth of the observation made by a British observer after the Nepal-Britain war that without the Tarai, "the Nepalese could never have risen to the greatness which they had attained."²⁹ While *jagera* land taxation provided the state with cash revenues, the taxation of mineral production ensured the supply of copper, iron and other metals on a scale sufficient to make the Kingdom almost self-sufficient in munitions and coinage.

NOTES

1. "The rent of land is derived from the use and enjoyment of land, made secure by property relations which give security of expectation regarding the indefinite residuum of opportunity to use the land. Property, and consequently rent, are deductions from sovereignty when viewed from the public perspective of history. The distinction between rents and taxes disappears when private property in land is wiped out along with the indefinite residuum of opportunity for the independence exercise of the will." Kenneth H. Parsons, "Agrarian Reform Policy as a Field of Research," in *Agrarian Reform and Economic Growth in Developing Countries* (Washington : US Department of Agriculture, 1962) pp. 19-20 .
2. William Kirkpatrick, *An Account of the Kingdom of Nepal* (Reprint of 1811 ed.; New Delhi : Manjusri Publishing House, 1969), p. 211.
3. Orfeur Cavanagh, *Rough Notes on the State of Nepal* (Calcutta : W. Palmer & Co., 1851), pp. 70-71.
4. Loc. cit.

5. Cf. "Payment of Allowance to Narasimha Malla from Revenues of Patan," Baisakh Badi 1, 1888 (April 1831), *RRC*, vol. 44, p. 238.
6. "Revenue and Expenditure of the Government of Nepal," 2010 (1953), *Regmi Research Collection (RRC) (Miscellaneous)*.
7. Mahesh C. Regmi, *Land Tenure and Taxation in Nepal* (reprint of 1963-68 ed.; Kathmandu: Ratna Pustak Bhandar, 1978), pp. 467-68.
8. Mahesh C. Regmi, *A Study in Nepali Economic History* (New Delhi: Manjusri Publishing House, 1971), pp. 46-48.
9. Francis Hamilton, *An Account of the Kingdom of Nepal* (reprint of 1819 ed., New Delhi: Manjusri Publishing House, 1971), p. 218.
10. "Revenue and Expenditure of the Government of Nepal," 1910 (1853), *op. cit.* The figures are in different currency units which have been converted into the Mohar rupee.
11. Hamilton, *op. cit.* p. 150.
12. Mahesh C. Regmi, *Landownership in Nepal* (Berkeley: University of California Press, 1976), pp. 124-25.
13. Hamilton *op. cit.* pp. 154 and 162. Hamilton does not specify the currency, but the figures are evidently in Patna rupees.
14. *Ibid.*, pp. 153 and 163. Figures for 1853 have been obtained from "Revenue and Expenditure of the Government of Nepal," 1910 (1853), *op. cit.* As mentioned in n. 10, figures in different currency units have been converted into the Mohar rupee.
15. Regmi, *Landownership in Nepal* *op. cit.* p. 125.
16. This observation has been made on the basis of practices followed on the Indian side of the border. J Hooper, *Final Report of the Settlement of the Basti District* (Allahabad: North-Western Provinces and Oudh Government Press, 1891), p. 37.
17. "Royal Order Regarding Land-Tax Assessment Rates in Seoraj", Poush Sudi 5, 1856 (January 1800), *RRC*, vol. 24, P. 31.
18. "Royal Orders Regarding Land-Tax Assessment Rates in Chitaur", Marga Sudi 4, 1857 (November 1800), *RRC*, vol. 19, p. 19, and Ashadh Badi 9, 1860 (June 1803), *ibid.*, vol. 20, p. 99. At times, the concessional rate amounted to as little as 4 annas per plow. "Waste-Land Allotment to Dharma Rai and others in Chitaur", Magh Sudi 5, 1857 (January 1801), *ibid.*, vol. 19, p. 37; see also "Land Tax Assessment Rates in Chitaur," *Regmi Research Series*, Year 3, No. 4, April 1, 1971, pp. 85-86.
19. "Revenue and Expenditure of the Government of Nepal," 1908 (1851), *Regmi Research Collection (Miscellaneous)*.
20. Regmi, *Landownership in Nepal*, *op. cit.* pp. 125-26.
21. *Ibid.*, pp. 126-27.
22. Regmi, *Land Tenure and Taxation in Nepal*, *op. cit.* p. 66.

23. Ibid, p. 65.
24. According to a British observer, "The lightness of the rent for hill-side land has been a great factor in the extension of the cultivation of land of poor quality or of difficult access." Percival Landon, *Nepal* (reprint of 1928 ed.; Kathmandu : Ratna Pustak Bhandar, 1978), vol. 2, p. 206.
25. During the nineteenth century, the actual area contained in each *muri* of rice-land in the hill regions depended upon the grade, such lands being divided into the four grades of *abal*, *doyam*, *sim* and *chahar* in terms of productivity. A *muri* of rice-land of *abal* grade encompassed 1190.25 square feet. The figure was 1338.9 square feet for *doyam* grade, 1487.6 square feet for *sim* grade, and as much as 1785.37 square feet for *chahar* grade. The obvious idea was to define a *muri* as a unit of fixed productivity, for which a progressively larger area was required as the quality of the land declined. This system of land measurement dated back to the reign of King Jayasthiti Malla (1332-97) of Kathmandu. Nayanath Paudel, ed., *Bhasha Vamshawali* (Genealogy in the Nepali language) Kathmandu : Nepal Rastriya Pustakalaya, Department of Archeology, 2023 (1965), vol. 2, p. 38. It was retained by the Gorkhali rulers and formally reconfirmed in 1853." "Jagga Jaminko" (On land), sec. 40, in Ministry of Law and Justice, *Chri 5 Surendra Bikram Shah Devako Shasan Kalma Baneko Muluki Ain* (Legal code enacted during the reign of King Surendra Bikram Shah Dev) Kathmandu : the Ministry, 2022 (1965) p. 28 The system was replaced in 1907 by a standard *muri* of 1369 square feet, irrespective of the grade. Government of Nepal, "Jagga Jamin Goswaraka" (On miscellaneous land matters) sec. 5, in *Muluki Ain* (Legal Code) Kathmandu : Bhagawati Press, 1975 (1918), pp. 47-48.
26. Mahesh C. Regmi, *Thatched Huts and Stucco Palaces : Peasants and Landlords in 19th Century Nepal* (New Delhi : Vikas Publishing House Pvt. Ltd., 1978), 54-57.
27. "Tax-collection on jagir lands," *Regmi Research Series*, Year 12, No. 6, June 1, 1980, pp. 92-95.
28. Regmi, *Land Tenure and Taxation in Nepal*, op. cit. p. 467.
29. James Baillie Fraser, *Journal of Tour Through Part of the Snowy Range of the Himala Mountains and to the Sources of Rivers Jumna and Ganges* (London : Rodwell and Martin, 1820), p. 9.

9

Commercial Taxation

Commercial taxation, as mentioned in Chapter 2, was one of the means through which the state extracted a part of the economic surplus generated by producers and traders. The process of such extraction was one of transfer, rather than of exchange.

For the purpose of the present study, commercial taxes may be defined as taxes collected by the state on the transit, export, and sale of commodities. The definition is narrower than what the conventional use of the term would suggest. Customs duties on goods imported from other countries, for example, are usually included in the category of commercial taxes, but lie outside the purview of our study. We shall similarly omit any discussion of duties on goods of Indian or European origin reexported to Tibet through Kathmandu Valley. We are thus excluding from our discussion several important forms of commercial taxation without an adequate study of which it may not be possible to develop an understanding of the economy of the Kingdom during the nineteenth century in broad perspective. The conceptual framework we have chosen for the present study, however, leaves us with no alternative but to lower our sights. We are here concerned with the mobilization of resources from production and exchange based on the products of agricultural lands, mines, and forests, rather than with economic activities in general.

We shall similarly ignore the levies that *birta*owners and *jagirdars* usually collected on commodities that passed through areas under their jurisdiction, because the proceeds did not accrue to the state treasury, but constituted the personal income of the concerned *birta*owner or *jagirdar*. Hodgson, for instance, has recorded that in the Tarai region "tolls are levied by every jageerdar on the transit of goods through the lowlands."¹ We may assume that the term *jagirdar*, as used by Hodgson, included not only government employees who were assigned agricultural lands in lieu of emoluments, but all categories of privileged landowners. Nor is there any difficulty in assuming that such a state of affairs prevailed not only in the Tarai region, but in all parts of the Kingdom which produced a marketable surplus of commodities. Indeed, such infra-state levies on the transit of commodities predated those imposed by the state, so that *birta*-owners and *jagirdars* often regarded the latter as an encroachment on their privileges. How otherwise can we explain royal orders issued in early 1808 to *birta*owners and *jagirdars* in the central hill region reminding them that their rights were limited to the land, and warning them not to obstruct the collection of transit duties imposed by the state in the areas under their control?²

General Characteristics of the Commercial Tax System

In the light of the definition given above, we shall deal with three main categories of commercial taxes : transit duties, taxes on sale and purchase, and duties on exports. It may be noted that the distinction between transit duties and export duties emerged only during the later years of the nineteenth century; the traditional practice was to collect duties at ferry-points, trade centers, and market-towns irrespective of whether the commodities so taxed were destined to another place inside the frontiers or exported.

Different terms were used to denote transit and export duties in different regions of the Kingdom. *Jagat* was the generic term used to denote such duties in the hill region. It is a corrupt form of the Arabic *Zakat*,³ which was applied loosely in India to

denote a transit duty on goods, "which on frontiers and in particular towns is fixed and instituted in accordance with imperial orders."⁴ In the Tarai and inner Tarai regions, the term *sair*, also of Arabic origin, was used in an equivalent sense.⁵

The *jagat* system was based on custom, rather than on command. That is to say, *jagat* duties were usually collected at customary rates at places where they had customarily been collected, rather than at rates or places sanctioned under the authority of the central government or local authorities. For instance, *jagat* duties on commodities supplied by the traders of Jumla to the Indian town of Bahraich were traditionally collected at Dailekh. In 1815, the local authorities made an attempt to collect such duties at a ferry point on the Bheri river also, but the central government intervened with the order that "*jagat* duties shall be collected only at those places where they have been collected from former times."⁶ Similarly, the inhabitants of Khinchet in Nuwakot district were traditionally exempt from the obligation to pay *jagat* duties at the local customs post; the privilege was reconfirmed in 1858 when the customs authorities made an attempt to collect such duties from them.⁷

Indeed, there exists considerable evidence to show that people resisted any attempt to introduce *jagat* duties on a *de novo* basis, or to withdraw customary *jagat* exemptions, and that the government invariably reaffirmed customary arrangements and privileges. The converse was equally true. Occasionally, the government asserted the right to resume collection of *jagat* duties at places where it had been discontinued for any reason. At Samar in the Barhagaun area of Mustang, for instance, collection of *jagat* duties had been discontinued in the wake of the administrative confusion that followed the Gorkhali conquests. In 1805, Kathmandu decided to resume collection on the ground that such duties had been customarily collected there.⁸ In another case, during the revenue settlement of 1846, some people succeeded in obtaining a contract for the collection of *jagat* duties at a village in Mugu, although no such duties had ever

been levied there. When the local traders complained, Kathmandu decreed :⁹

The inhabitants of Jumla and Humla need not pay *jagat* duties at any place where they have not been doing so from former times. They shall pay such duties only at those places where they have been customarily doing so...With full assurance, observe the traditional arrangements pertaining to *jagat* taxation.

The sanction of custom applied not only to the places where *jagat* duties were collected, but also to the rates of collection. In other words, duties were collected at customary rates, rather than at rates fixed by the government. To be sure, the government promulgated orders from time to time reconfirming customary rates. For instance, a royal order promulgated in 1838 to local authorities at Tibrikot decreed that “*jagat* duties on salt, wool, cloth, goats and blankets shall be collected, and paid, at customary rates” and strictly forbade any departure from custom in any matter relating to *jagat* taxation.¹⁰ However, such orders were issued only when people complained that local functionaries were collecting *jagat* duties at arbitrary rates. There is no evidence that the government took any direct initiative in such matters, or exercised its command authority to alter the rates of *jagat* duties.

Regional Variations

The nature of the commercial taxes collected in different regions was determined primarily by historical and traditional considerations, rather than by any consideration of the state's need for increased revenues, or the revenue potential of any particular commercial tax. Consequently, the form and level of these taxes more or less remained unchanged for long periods of time, ignoring occasional modifications in the light of administrative exigencies. Any changes in the amount of commercial tax revenue were due mainly to changes in the volume of trade, rather than in the basic structure of the commercial tax system itself. A brief survey of systems of commercial taxation prevalent in different regions is given in the following section.

(a) The Central Hill Region

Although *jagat* duties appear to have been collected in the traditional manner at different places in the central hill region, information about the rates is meager. Paucity of documentary evidence in this regard may be due to the fact that *ijaradars*, through whom these duties were usually collected, were expected to collect only what was customarily due. Only rarely were *ijaradars* instructed to collect *jagat* duties at rates sanctioned by the central government. For instance, *jagat* duties on the Kathmandu-Tibet trade that passed through Listi were prescribed at the following rates in 1818 :—

Table 4 : Jagat Duties on Kathmandu-Tibet Trade Through Listi, 1818¹¹

Commodity	In 16-anna rupees. Rate of Duty
Foodgrains, crushed rice, salt	... 2 manas on each load
Flour	... 1 mana do.
Gur, yak-tails, lac	... 10 annas do.
Blankets, borax, scrap copper, ghee, oil, paper, medicinal herbs	... 8 annas do.
Iron, other commodities	... 2 annas do.
Musk	... 10 annas per seer
Sheep	... 2 annas each and 1 animal on each flock of 20
<i>Chyangra</i> goats	... 1 anna each and 1 animal on each flock of 20.

It is possible that this was the general pattern of *jagat* taxation in other areas also of the central hill region, but in the absence of adequate documentation it is difficult to make any definitive statement.

In the central hill region, particularly in Kathmandu Valley and the adjoining hill areas, internal trade had developed sufficiently to warrant the imposition of transit duties of separate designations on separate lines of commercial activity. There were at least three categories of such duties : *kapas*, *kirana* and *bhainsi*. *Kapas* denoted duties levied on raw cotton supplied to

Kathmandu Valley from the adjoining hill regions. The customary rate was Rs 2 on each load, but Rs 6 if the material had been ginned.¹² The term *Kirana* literally means "groceries";¹³ and in Nepal it referred to duties levied on miscellaneous commercial commodities other than foodgrains. No information is available about the rates at which *kirana* duties were collected. We only know that copper produced in the Marsyangdi-Bheri region paid Rs 1 1/4 on each load containing 22 *dharnis* as *kirana* duty.¹⁴ *Bhainsi* means a buffalo, hence the term was used to denote transit duties on these animals. Such duties were collected only in Kathmandu Valley, with the exception of the town of Thimi, as well as in Palpa in the western hill region, for reasons which are not clear. The duty amounted to Rs 1 1/2 on each animal. There was also a tax of Rs 2 on each animal slaughtered for meat.¹⁵

In addition to the transit duties mentioned above, there was a tax known as *nirkhi* on actual transactions. Originally collected in almost all parts of the Kingdom¹⁶, the *nirkhi* tax was abolished some time around the end of the eighteenth century, but revived in a modified form in 1805 in the central hill region, with the exception of Palpa, Gulmi, Argha and Khanchi, again for reasons which are not clear.¹⁷ Commodities on which the *nirkhi* tax was levied, and the rates of the tax, were as follows:¹⁸

Table 5 : Rates of Nirkhi Tax in the Central Hill Region

	In 16 anna rupees.
1. Precious stones, pashmina, satins and other cloth, hawks, horses and elephants	1 1/2 <i>ad valorem</i>
2. Dry fruits, buffaloes, homespun cloth, tea, borax, wax, yarn, etc	6 annas on each load
3. Iron, tobacco, medicinal herbs and paper	4 annas do.
4. Raw cotton and salt	1 1/2 paise do.
5. Copper	12 anna do.
6. Yak-tails, <i>chares</i>	Rs 1-4 on each load
7. Musk	10 annas per seer
8. Sheep and goats	One animal from a flock of 50

Statistics of revenue collected in different years from *kapas* and *bhainsi* duties, as well as from the *nirkhi* tax, are given in the following table. No such information is available for *kirana* duties.

Table 6 : Revenue from Kapas, Bhainsi, and Nirkhi, 1805-51

	1805	In Mohar rupees.	
		1831	1851 ¹⁹
<i>Kapas</i>	17,001 ²⁰	27,651 ²¹	15,000
<i>Bhainsi</i>	N. A. ²²	21,502 ²³	14,000
<i>Nirkhi</i>	15,001 ²⁴	N. A. ²⁵	13,501

These figures show that revenue from all these three categories of commercial taxes, *kapas*, *bhainsi* and *nirkhi*, increased during the first quarter of the nineteenth century but declined steeply thereafter. Revenue from *kapas* duties, for instance, increased by 162.6 percent between 1805 and 1831, but declined to 88.2 percent of the 1805 figure by the middle of the century, possibly because of the declining volume of internal trade in cotton.

These taxes and duties were collected under the *ijara* system. That is to say, the right of collection was farmed out to individuals for a stipulated sum of money. The *ijaradar* for *Bhainsi* duties, in particular, was allowed to appropriate income from several other additional sources, such as a levy on new-born buffalo calves, a tax on milk and yoghurt vendors, and fines and penalties from buffalo-owners in the event their animals caused physical injuries to any person. He was also granted the right to dispense justice to people belonging to the *kasai* and *pode* communities and appropriate income from fines, penalties, and escheats.²⁶

There was a separate *ijara* for collection of revenue from *jagat* duties and miscellaneous other commercial sources in central Nepal. The individual who held this *ijara* was granted authority to collect customs and transit duties on goods traded with India and Tibet, operate monopolies in such commodities as borax, gur, indigo, hides and skins, *chares*, wax and cardamom, affix

seals on payment of fees on consignments of metal utensils exported to Tibet, as well as on homespun cloth, and also exercise judicial and revenue authority on Newars living in the Marsyangdi-Bheri region. Not all these sources come within the ambit of the commercial-tax system as defined in this chapter, but it is not possible to ascertain actual amounts collected from specific sources. The total amounts of revenue stipulated by the *ijaradar* in different years between 1785 and 1831 were as follows :—

Table 7 : Revenue from Miscellaneous Commercial Sources in the Central Hill Region, 1785–1831

		In Mohar rupees.
1785	...	Rs 11,001 ²⁷
1805	...	Rs 40,001 ²⁸
1816	...	Rs 44,501 ²⁹
1831	...	Rs 72,705 ³⁰

The amount of revenue thus increased by 263.6 percent between 1785 and 1805, and by 63.3 percent between 1816 and 1831. In contrast, the percentage of increase between 1805 and 1816 was only 11.2, obviously because of the inhibiting effect of war and territorial expansion. Comparable figures are not available after the 1830s, because the *ijara* was split into smaller units, some of which were taken over for *amanat* management. For example, as Hodgson recorded in 1831: "The duties upon the Bhote (i. e. Tibetan) trade are levied by government through its own officers, not farmed."³¹

(b) Far-Western Nepal

In the far-western hill region beyond the Bheri river, *jagat* duties were similarly collected on commodities traded with Tibet, as well as on those supplied to the markets of the southern plains.³² There were also separate duties on horses, hawks and musk, and a fee for the stamping of homespun cloth.³³ An outstanding feature of the commercial tax system in that region was the differential rates charged on local residents and outsiders. As

shown in Chapter 3, the *thek-thiti* system was followed in the Bheri-Mahakali region, under which the headman of each village stipulated the payment of a certain sum of money every year on behalf of the village community. The amount so stipulated was based on an estimate of collections from different sources, including the commercial taxes mentioned above. The village community assumed liability to pay that amount irrespective of the actual amount collected. The surplus or deficit, as the case might be, was shared equally by each household in the village. So long as the stipulated amount was realized from each household, the actual revenue collected from commercial taxes and other sources was immaterial.

An example from a revenue settlement made at the village of Ludkugaun in the Sija division of Jumla district in 1846 will help to illustrate the nature of the system. The village comprised 41 households, the total amount assessed from different sources being as follows :³⁴

Table 8 : Tax-Assessments for Ludkugaun Village in Sija, Jumla District, 1846

Source	In 16-anna paisa rupees Amount ₹
Homestead Tax	Rs 26-12
Saunefagu tax on roofs	Rs 5-2
Rice-land taxes	Rs 138-10 1/2
Water mills	8 annas
Duties on hawks, horses and musk, and fee for stamping cloth	Rs 5-2
<i>Walak</i> levies	Rs 1-14 1/2
Judicial fees and fines	Rs 29-7
Total	Rs 207-8

So long as the 41 households of Ludkugaun village paid about five rupees each a year in fulfillment of their *thek-thiti* obli-

gations, the commercial-tax component of that payment, and the actual rates of taxation, mattered little.

However, not all the trade that passed through Jumla and other districts in the far-western hill region was handled by the local inhabitants themselves. Traders from Tibet, as well as those from other adjoining districts such as Doti, Dullu and Achham, visited Jumla for trade. These traders did not have any fiscal obligations under the local *thek-thiti* arrangements, hence separate arrangements were necessary to collect taxes on the commodities they bought and sold in Jumla. Separate tariff schedules were, therefore, prescribed for them. The following schedule was introduced in Barhabis division of Jumla district in September 1846.

Table 9 : Jagat Duties in Barhabis, Jumla, 1846

Description		In 16-anna rupees. Rate of Duty
Horses	...	1 rupee each
Hawks		
Sahi (female)	...	1 rupee each
Jurra (male)	...	8 annas each
Musk	...	1 anna per pod
Blankets	...	1 paisa each
<i>Khandi</i> cloth	...	1 paisa per piece
Wax	...	1 anna per <i>dharni</i>
Other commodities	...	1 anna for each load.

Irrespective of whether commercial taxes were collected from local residents or from outsiders, the proceeds were appropriated by the concerned headman in the first instance and used to meet the fiscal liabilities he owed under the *thek-thiti* system.

As noted in Chapter 7, commodities exported to India from the far-western hill region passed through one of several *mandis*, including Brahmadeo-Mandi. At these places, export duties were collected on "horses, hawks, and other commodities" on

which *jagat* duties had been paid previously.³⁶ The rates of export duties on horses and hawks are not available. According to a royal order issued in May 1831, the rate was one rupee for every five seers of weight, irrespective of the category.³⁷

(c) Eastern Nepal

The eastern hill region beyond the Dudhkosi river was an important source of primary commodities and handicrafts exported to India. Inasmuch as intra-regional trade in that sector was insignificant, transit duties do not appear to have formed a component of the commercial-tax system. Instead, duties were collected at *golas*. As noted in Chapter 7, *golas* were originally controlled by Limbu headmen under the *kipat* system of local autonomy. They were under obligation to pay a stipulated sum of money to the government in consideration of the fiscal and judicial privileges that such autonomy provided. So long as that obligation was met, the government saw no reason to interfere by prescribing the rates of duties to be collected at the *golas*. Even after a few *golas* were wrested from Limbu control and placed under the control of *ijaradars*, the government was cautious enough to issue instructions to the effect that "the traditional customs and privileges of ryots and traders" should be retained,³⁸ obviously meaning that duties should be collected at customary rates.

Commercial Tax Revenue

We have so far described the system of commercial taxation followed in different regions of the Kingdom during the nineteenth century, but it is not possible, in the present state of our knowledge, to make an estimate of the commercial tax revenue that was actually credited to the central treasury. Chapter 8 had discussed some of the reasons for a discrepancy between the amount of revenue actually collected from producers and the amount deposited at the central treasury in Kathmandu. Two more may be added in the context of commercial taxation: contractual systems of collection, and extra-legal collections by revenue functionaries.

Commercial taxes, like most other taxes, were collected under different systems of a contractual nature, such as *ijara* and *thek-thiti*. Under these systems, the *ijaradar* or the village headmen paid to the government only the amount he had stipulated in advance for the right to collect and appropriate taxes; the amount that he was able to collect in excess of the stipulated figures constituted his profit. The amount of commercial taxes paid by traders through *ijaradars* and village headmen, consequently, was not credited in full to the central treasury. In other words, commercial taxes were shared by the government with individuals and functionaries charged with the responsibility of collection. The circle was indeed a vicious one. Because the government lacked the necessary resource base, it entrusted the task of collecting commercial taxes to individuals and functionaries, leaving it to them to extract their share of economic surplus themselves from traders. At the same time, because it relinquished a sizeable percentage of commercial tax revenue in this manner, it lacked the resource base to appoint salaried employees for the purpose.

The discrepancy between the commercial tax revenue of the central government and the amount actually paid by traders was due also to the scope for extra-legal collections that was inherent in the *ijara* and *thek-thiti* systems. Abuse of authority was the invariable rule rather than the exception, but the common people had no effective protection against this evil. Traders, in particular, were more vulnerable to such abuse of administrative authority, inasmuch as they held their wealth in such mobile and hence easily extractable forms as money and goods. Consequently, complaints against the arbitrary collection of taxes from traders by *ijaradars* and other tax collection functionaries were a chronic problem in almost all parts of the country.³⁰ Between the arbitrary action of local functionaries and the prohibitory orders of the central government, however, lay an interval of time and space which added to the tax burden of the trader without any effective remedy.

Finally, it may be recalled that the term commercial taxation has been used here to denote only taxes on the transit, export and

sale of commodities produced from the Kingdom's agricultural lands, mineral resources and forests. Available statistics of commercial tax-revenue will not, therefore, indicate the amount collected from commodities of these categories. The following statistics of commercial-tax revenue deposited at the central treasury in Kathmandu in 1853, for instance, relate to revenues collected from transit and customs duties and sales tax on both imported and exported commodities :⁴⁰

Table 10 : Commercial Tax, Revenue, 1853

Source		In Mohar rupees Amount
<i>Golas</i> of eastern Nepal	...	Rs 19,584
Butaul	...	Rs 49,132
<i>Mandis</i> of far-western Nepal	...	Rs 24,926
Central region :	...	Rs 109,829
<i>Sair</i> duties at Chisapani	...	Rs 9,540
<i>Kapas</i> duties	...	Rs 16,227
<i>Nirkhi</i>	...	Rs 14,954
<i>Bhainsi</i>	...	Rs 16,717
<i>Kirana</i>	...	Rs 52,391
	Total	Rs 203,471

Commercial taxes of all categories thus yielded Rs 203,471. The figure may be contrasted with the amount of Rs 1,448,388 collected as taxes on *jagera* lands in different regions of the Kingdom during the same year. The conclusion is inescapable that Nepali economy during the nineteenth century was largely a subsistence economy with a low marketable surplus of commodities, hence an undeveloped commercial system and an insignificant amount of commercial tax revenue.

NOTES

1. Brian H. Hodgson, "On the Commerce of Nepal," in *Essays on the Languages, Literature and Religion of Nepal and Tibet* (reprint of 1874 ed.; Varanasi : Bharat-Bharati, 1791), pt. 2, p. 97.

2. "Notifications Regarding Collection of Kirana Duties," separate notifications for the Chepe-Marsyangdi-Bheri and Dhobikhola-Dudhkoshi regions, Jetha Sudi 13, 1865 (June 1808) *Regmi Research Collection* (*RRC*), vol. 36, p. 113.
3. H. H. Wilson, *A Glossary of Judicial and Revenue Terms, and Useful Words Occurring in official Documents Relating to the Administration of British India* (reprint of 1850 ed.; Delhi : Munshiram Manoharlal, 1968) p. 562; R. P. Tripathi, *Some Aspects of Muslim Administration* Allahabad : Central Book Depot, 1964), 344-45.
4. Irfan Habib, *The Agrarian System of Mughal India* (Bombay : Asia Publishing House; 1963), pp. 65 and 67.
5. Wilson, op. cit. p. 254; Habib, op. cit. p. 243.
6. "Order to the Amali of Dullu-Dailekh Regarding Collection of Jagat," Falgun Badi 11, 1874 (February 1815), *RRC*, vol. 24, p. 647.
7. "Order Regarding Collection of Jagat Duties at Khinchet," Ashadh Badi 12, 1915 (June 1858), *RRC*, vol. 81, p. 338
8. "Order Regarding Collection of Jagat at Samargaun," Baisakh Sudi 5, 1802 (April 1805), *RRC*, vol. 20, pp. 226-27.
9. "Order Regarding Collection of Jagat Duties in Jumla and Humla," Baisakh Badi 13, 1907 (April 1850), *RRC*, vol. 80 p. 602.
10. "Order to Thanu Bishnudatta Padhya and Others Regarding Collection of Jagat at Tibrikot," Baisakh Sudi 10, 1895 (April 1838), *RRC*, vol. 26, p. 273; "Order to Thituwa Bista and Others Regarding Collection of Jagat in Kegbeni and Elsewhere," Chaitra Badi 9, 1856 (March 1800), *ibid*, vol. -4, p. 160.
11. "Order Regarding Jagat Duties at Listi," Poush Badi 4, 1875 (December 1818), *RRC*, vol. 42, pp. 468-69.
12. "Order Regarding Collection of Kapas Duties in Bishnumati-Tri-shuli Region," Marga Badi 6, 1859 (November 1802), *RRC*, vol. 24, p. 625.
13. Wilson, op. cit. p. 290.
14. "Arrangements for Amanat Operation of Copper Mines in Chepe-Marsyangdi-Bheri Region," Baisakh Badi 10, 1869 (April 1812), *RRC*, vol. 41, pp. 91-94.
15. "Ijara Arrangements for Collection of Bhainsi Duties," Bhadra Sudi 5, 1870 (August 1813), *ibid*, pp. 350-51.
16. "Order Regarding Collection of Nirkhi Tax in Different Areas," Shrawan Badi 3, 1853 (July 1798), *RRC*, vol. 24, pp. 654-56. According to regulations promulgated in the eastern Tarai region for the collection of revenues other than those assigned to the district-level *ijaradar* : "Nirkhi tax shall be collected at the rate of 1 percent each of the value of the transaction from both the seller and the purchaser on commodities sold and purchased in the Tarai region, other than

- those supplied to Kathmandu Valley or procured from there,'
 'Revenue Regulations for the Eastern Tarai Region,' Falgun Badi 5,
 1855 (February 1799), sec. 7, *ibid* p. 705
17. "Order Regarding Imposition of Nirkhi Tax" Bhadra Badi 9, 1862
 (August 1805), *RRC*, vol. 19, pp. 227-28.
 18. *Ibid*.
 19. Figures for A. D. 1851 obtained from "Revenue and Expenditure of
 the Government of Nepal," 1908 (1851), *op. cit*.
 20. "Appointment of Shyam Sundar Newar as Ijaradar for Collection of
 Kapas Duties," Bhadra Badi 1, 1802 (August 1805), *RRC*, vol. 6,
 pp. 305-8.
 21. "Appointment of Bhawani as Ijaradar for Collection of Nirkhi Tax,"
 Baisakh Badi 6, 1888 (April 1831), *RRC*, vol. 44, pp. 248-49. These
 orders permitted the *ijaradar* to collect the *nirkhi* tax in areas situa-
 ted east of the Kali-Modi rivers and west of the Kanaka-Tista rivers,
 that is, in the eastern hill region also. There is no evidence, how-
 ever, that the *ijaradar* was able to exercise his jurisdiction in that
 region. Obviously, such jurisdiction conflicted with that of Limbus
 and *ijaradars* of *golas* in that region.
 22. Statistics of revenue collected from *bhainsi* duties in 1805 are not
 available. Revenue from this source amounted to Rs 6,701 in 1780.
 "Appointment of Mahindra Simha Jaisi as Ijaradar for Collection of
 Bhainsi Duties," Falgun, 1836 (February 1780), *RRC*, vol. 36,
 pp. 474-75.
 23. "Appointment of Bhawani as Ijaradar for Collection of Bhainsi
 Duties," Baisakh Badi 6, 1888 (April 1831), *RRC*, vol. 44, pp. 245-47.
 24. "Appointment of Mahindra Simha Newar as Ijaradar for Collection
 of Nirkhi Tax," Bhadra Badi 9, 1862 (August 1805) *RRC*, vol.,
 19, pp. 229-31.
 25. Statistics of revenue collected from the *nirkhi* tax in 1831 are not
 available. Revenue from this source amounted to Rs 17,501 in 1816,
 "Appointment of Hanumant Simha as Ijaradar for Collection of
Nirkhi Tax," Bhadra Badi 2, 1875 (August 1818), *ibid*, vol. 42,
 pp. 352-54).
 26. "Ijara Arrangements for Collecteon of Bhainsi Duties." 1813,
op. cit.
 27. "Ijara Arrangements for Collection of Revenue from Miscellaneous
 Commercial Sources," Poush Badi 9, 1842 (December 1787), *RRC*,
 vol. 25; pp, 26-27.
 28. *do.*, Shrawan Sudi 14, 1862 (July 1805). *RRC*, vol. 6, pp. 308-13.
 29. *do.*, Poush Badi 4, 1873 (December 1816), *RRC*, vol. 36 pp. 339-43.
 30. *do.*, Baisakh Badi 6, 1888 (April 1831), *RRC*, vol. 44, pp. 242-45.

31. Hodgson, "On the Commerce of Nepal," op. cit. p. 103
32. "Trade and Commercial Taxation in Jumla," *Regmi Research Series*, year 12, no. 3, March 1, 1980, pp. 33-42.
33. Ibid; "Thek-Thiti Arrangements for Gam, Jumla District," Chaitra Sudi 7, 1900 (March 1844), in Naraharinath Yogi, *Itihasa Prakasha* (Light on history) (Kathmandu : Itihasa Prakasha Mandala, 1012-13 (1955-56), vol 2, bk, 2, pp. 273-84.
34. "Thek-Thiti Arrangements for Sija, Jumla District," Srawan Badi 4, 1903 (July 1846) RRC, vol. 80, pp. 389-436,
35. "Rates of Jagat Duties in Barhabis, Jumla District," Bhadra Sudi 9, 1903 (August 1846), RRC, vol. 80, pp. 502-3.
- 36 "Ijara Arrangements for Revenue Collection at Brahmadeo-Mandi," Aswin Sudi 5, 1882 (September 1825), RRC, vol. 34, pp. 110-11.
37. "Royal Order to Ijaradar of Brahmadeo-Mandi Regarding Collection of Customs Duties," Baisakh Badi 10, 1888 (April 1831), RRC, vol. 44, p. 274.
38. "Ijara Arrangements for Ambarpur and Other Golas," Chaitra Badi 11, 1890 (March 1836), RRC, vol. 43, pp. 563-67.
39. For instance, customs officials at Sindhuli-Gadhi were instructed in 1808 not to appropriate anything while examining goods brought by traders from the plains, and not to hold up consignments on the ground that there was any discrepancy in passports or other documents, thereby hinting that such malpractices were commonly practised. "Royal Order to Customs Officials at Sindhuli Gadhi," Baisakh Badi 12, 1865 (April 1808), RRC, vol. 36 p. 78. Local authorities in that area were also ordered not to loot or assault traders, but to insure their safe movement. "Royal Order to Local Authorities in the Bhadgaun-Sindhuli-Gadhi-Janakpur Region," Falgun Sudi 8, 1871 (February 1815), RRC, vol. 46, p. 491. Similarly, customs officials at Chisapani-Gadhi were ordered in 1824 not to charge duties from traders in excess of the prescribed rates, or to collect duties on goods which were traditionally exempt. "Regulations for Chisapani Gadhi," Bhadra Sudi 7, 1881 (August 1824), sec. 10 RRC, vol 40, p. 511.
40. "Revenue and Expenditure of the Government of Nepal," 1910 (1873), *Regmi Research Collection (Miscellaneous)*. Different currency units have been converted into mohar rupees at the current official rates to facilitate comprehension.

10

Personal Obligations and the Supply of Commodities

The previous two chapters dealt with taxation as a means whereby the state extracted a part of the economic surplus generated from production and trade in the private sector through the process of transfer. At the same time, the transfer of commodities from producers to the state in fulfillment of personal rather than tenurial obligations was yet another way in which the surplus was extracted. We shall now discuss the nature of those obligations, commodities that producers supplied to the state without any payment while fulfilling them, and the role of transfers in the resource-mobilization policies of the state.

Producers supplied commodities to the government without any payment in fulfillment of personal obligations under two main systems. The first system concerned the general obligation of all subjects in the Kingdom to provide unpaid labor on a compulsory basis for public purposes. It was in fulfillment of that obligation that people were taken into the army, employed in munitions factories, or forced to work as porters for the transportation of mail and military stores. The state also impressed labor services under this system to construct and repair forts, bridges, and irrigation channels, reclaim waste lands,

capture wild elephants, and supply fuelwood, fodder, charcoal and other materials required by the royal household as well as by the civil and military establishments of the government. This system of compulsory and unpaid labor was known as *jhara* when exacted on a casual basis, and as *rakam* when exacted on a regular basis. For instance, compulsory and unpaid labor was exacted under the *jhara* system for the construction and repair of forts, and under the *rakam* system for the regular transportation of mail and military stores along prescribed routes, as well as for the regular supply of fuelwood and charcoal to the royal household or to munitions factories.¹ In the context of the present study, we shall confine our attention to *jhara* and *rakam* labor services exacted for the supply of commodities to the state. Under the second system, members of specific castes and communities supplied to the state without any payment commodities produced by them in the course of their traditional occupational activity. *Sarkis* (leather-workers), communities which were engaged in hunting as an occupation, or who customarily ate the flesh of dead cattle, and *kamis* (blacksmiths) were the most prominent among these caste and communities.

Supply of Commodities

Chapter 5 had discussed how state-owned agricultural lands and mines were exploited through individuals for purposes of production, whereas forest resources were exploited under the direct control of the state. Such exploitation was mainly confined to the Tarai and inner Tarai regions. In the interior areas of the hill region, on the other hand, the exploitation of forest resources under the direct control of the state was not a viable commercial activity, mainly because of transport and marketing problems. At the same time, the forests of the hill region contained many raw materials used for the processing or manufacture of products needed by the royal household, or by the civil and military establishments of the government. The state could have granted individuals access to such raw materials on a commercial basis and subsequently purchased their products.

However, such an exchange nexus presupposes the development of a market economy and a well-organized system of public finance which the Kingdom did not possess during the nineteenth century. The state, therefore, took recourse to the *jhara* and *rakam* systems for processing forest products and producing commodities needed by it.

It seems necessary at this stage to understand correctly the nature of the product transferred by the producer to the state in fulfillment of unpaid-labor obligations. What the producer actually transferred to the state was not a commodity produced by him with his own labor and resources for sale in the market, but what he was commissioned by the state to produce through his state-owned labor-power. The *jhara* and *rakam* systems thus resulted in the production of commodities that otherwise might not have been produced at all. It may, therefore, be argued that no transfer of the economic surplus generated by the producer is actually involved. Two points must be stressed in this connection. In the first place, the products of state-owned forest resources would have acquired no use-value had not the producer's labor been impressed under the *jhara* and *rakam* systems to extract or process them. Secondly, the state's right to employ unpaid labor and the use of that right to produce commodities with materials obtained from state-owned resources should not be treated as two discrete economic institutions. When both these points are taken into consideration, it would become clear that the *jhara* and *rakam* systems compelled the producer to supply commodities to the government without payment in fulfillment of unpaid-labor obligations, and thus prevented him from appropriating in full the economic surplus he had generated through their production.

The chief forest products that were supplied to the government under the *jhara* and *rakam* systems were fodder, firewood, and charcoal. Fodder was supplied under these systems for bulls, elephants, and horses kept at the royal household. In 1804, for instance, the inhabitants of Handigaun Village in Kathmandu were ordered to supply 15 loads of grass, each load containing 16 *dharnis*, to the royal stables.² In subsequent years, specified

households in several villages of Kathmandu Valley, including Kirtipur³ and Chapagaun,⁴ were enrolled under the *rakam* system to supply fodder in this manner. These arrangements continued throughout the rest of the nineteenth century. At times, inadequate supplies from this source made it necessary for the government to purchase fodder. In 1804, for instance, a sum of Rs 2510 was allocated from the revenues of Bhadgaun town to finance the purchase of grass for the royal bulls for a one-year period.⁵ Grass cutters who supplied the commodity under the *jhara* or *rakam* systems were naturally unable to take advantage of this procurement arrangement and obtain payments for their supplies. This example underscores the significance of the free supply of fodder to the royal stables as a method of extracting the economic surplus generated by grasscutters.

Firewood was similarly supplied to the royal household as well as to munitions factories under the *rakam* system. At the village of Chapagaun in Lalitpur district, for instance, sixteen households had been enrolled at the middle of the nineteenth century for the supply of twelve loads of this commodity every month to the royal household.⁶ The obligation was often commuted into a cash payment of 2 annas a load.⁷ Each household thus supplied firewood worth at least Rs 1 1/2 every month, or Rs 18 every year, without any payment. At the same time, it was granted free access to the local forests for supplies of the commodity.

Charcoal was possibly the most important commodity supplied to the state without payment in fulfillment of labor obligations. During the late eighteenth century, it was supplied on an *ad hoc* basis whenever the government needed it.⁸ The development of the munitions industry in Kathmandu and elsewhere in subsequent years increased the demand for charcoal and necessitated systematic arrangements to ensure adequate and uninterrupted supplies through recourse to the *rakam* system.⁹ Some quantities of charcoal were also supplied to the royal household, and even the British Resident at Kathmandu received free supplies of this commodity under that system. The scale of production and supply of charcoal under the *rakam* system is truly impressive.

For instance, in 1800 all households of Thecho Village in Lalitpur were placed under the obligation of supplying one *dharni* of charcoal every day, or 360 *dharnis* every year, to the munitions factory at Kathmandu.¹⁰ The obligation continued throughout the remaining years of the nineteenth century.¹¹ By 1893, the number of households in that village who supplied charcoal under this system had gone up to 305. The total quantity supplied every year by these 305 households, at the rate of 360 *dharnis* each, thus amounted to 109,800 *dharnis*¹² or approximately 250 tons. The total quantity of charcoal supplied to the state without any payment under the *rakam* system from numerous villages in and around Kathmandu Valley can be easily imagined.

In the absence of the *rakam* system, munitions factories, as well as the royal household, would have been forced to buy supplies of charcoal in the market, and producers would have benefitted from the exchange. This actually happened once during the 1855–56 Nepal-Tibet war. Because charcoal was needed in quantities in excess of what could be supplied under existing *rakam* arrangements, the government offered to buy additional supplies at the rate of 1 *anna* a *dharni*.¹³ Charcoal producers, consequently, obtained a price for their product that they had been denied under the *rakam* system. The official procurement price may have been less than the current market price, but it may be used as a basis to calculate the approximate amount of economic surplus that the government was able to extract from charcoal producers in fulfillment of their compulsory and unpaid labor obligations. The 109,800 *dharnis* of charcoal that the 305 households of Thecho Village in Lalitpur district supplied every year to the government was thus worth at least 109,800 *annas*, or Rs 6,862 1/2.

In addition to their regular obligations under the *rakam* system, peasants were often required to supply specified commodities for the use of the royal household. These commodities were usually the products of forests and rivers to which access was free. For

instance, in July 1807, local administrators in all the districts of the eastern Tarai region were ordered to supply specified quantities of such commodities as medicinal herbs, lac, rhinoceros horn, ivory, deerskins, and bile of fish and bear.¹⁴ The labor involved in the extraction and collection of these commodities was obviously exacted on a compulsory and unpaid basis from the local peasantry, hence the government was able to meet its requirements without the use of money. Arrangements were made for the purchase of medicinal herbs required for the royal household only when these were not available in local forests.¹⁵

Caste and Communal Obligations

As noted at the beginning of this chapter, caste was another factor, besides tenure, that had a bearing on the nature of the producer's economic obligations. Nepali society has traditionally been based on caste. Even when communities which customarily were not divided on the basis of caste were brought under Gorkhali rule, an intricate framework of caste relationships was devised which relegated to each a definite place in the over-all caste hierarchy. At a relatively low stratum of that hierarchy came such occupational castes as *sarki* (leather-workers) and *kami* (blacksmiths). Such low-status, untouchable castes enjoyed a monopoly in their occupations, but were at the same time subject to obligations, both customary and statutory, to transfer to the state a part of their production without any payment. A dependent tenurial status and an inferior caste status had thus much the same impact on the nature of the producer's economic obligations to the state.

It fulfillment of personal obligations based on caste or communal status, hides and skins were made available free of cost to munitions factories. The obligation was imposed on people belonging mainly to three categories. *Sarkis* or leather-workers comprised one of these categories, and people who engaged in hunting as a means of livelihood comprised another. The third category comprised people belonging to communities who customarily ate the *sino* or flesh of dead cattle, such as Bhote,

Hayu, and Gurung. The Gorkhali rulers imposed an absolute ban on cow slaughter in the areas they brought under their control, but tolerated the practice of *sino*-eating. At the same time, in an attempt to discourage the practice, they granted exemption from the hides and skins levy to any person belonging to these communities who pledged to renounce it. Many people belonging to the Gurung and other communities in the hill regions took advantage of this offer to avoid the levy. Subsequent events proved, however, that the abnegation was a matter of expediency rather than of principle. Once the exemption was formally announced, they reverted to their normal way of life and continued to take the flesh of dead cattle. The recalcitrant individuals were punished with fines and their obligation to supply hides and skins to the munitions factory without any payment was restored.¹⁶

The history of the obligation imposed on these communities to supply hides and skins without any payment dated to the early 1790s after a munitions factory was established in Kathmandu. Between 1794 and 1799, each household belonging to the *Sarki* community in the central hill region was ordered to supply two pieces of cattle or buffalo hides, or bear, tiger, or deer skins, for use in the factory every year. The obligation could be commuted into a cash payment of 2 *annas* from each *sarki* household. People belonging to hunting and *sino*-eating communities supplied only one piece of hide or skin, or else paid 2 *annas* each in lieu of that obligation. In 1804, these arrangements were extended to the far-eastern hill region.¹⁷ Presumably because the current price of hides and skins was higher than the official commutation price of 4 *annas* each, *sarkis* and other communities appear to have preferred to have their obligations commuted to a cash payment. In 1851, only 722 pieces of hides and skins were actually supplied to the Kathmandu Munitions Factory; nearly 18,500 pieces were commuted to a cash payment totalling approximately Rs 4,625.¹⁸

Kamis, or blacksmiths, were similarly required to make free supplies of charcoal to state-owned munitions factories and other

military establishments.¹⁹ The charcoal requirements of the munitions factory at Pyuthan, for instance, were met wholly by selected *Kami* households in the Bheri-Mahakali region.²⁰ *Kamis* thus discharged not only general obligations under the *jhara* system, but also special obligations pertaining to the nature of their occupational activity. As some *Kamis* of the Pyuthan area complained in 1874 :²¹

We have been providing porterage services for the transportation of money as well as of iron to Dailekh, Silgadi, Dadeldhura and Jhulaghat. Moreover, 140 *kami* households of this area have each been supplying 126 *dharnis* of charcoal every year. Now we have been ordered to transport barrels required for rifles. How can we discharge such multiple obligations ?

The government remitted the newly-imposed obligation, but left unchanged the traditional obligation of the *Kamis* to supply charcoal.²²

Concluding Remarks

Compared with the taxation of production and trade, the supply of commodities in fulfillment of personal obligations under the *jhara* and *rakam* systems, or of caste and communal obligations, was certainly not an important means through which the state used the process of transfer to extract a part of the economic surplus generated by producers. It must be borne in mind, nevertheless, that these systems ensured the regular supply of such essential materials required for the production and transportation of munitions as charcoal, and hides and skins. In the absence of those systems, the state would have had to take recourse to arrangements for the procurement of such commodities on a scale that would have been formidable from both administrative and financial viewpoints. Moreover, without the element of coercion that was an integral aspect of personal obligations of both these categories, there was no certainty that people would engage in the production of commodities that the state required for its munitions factories and other establishments. The free:

supply of commodities in fulfillment of personal obligations, therefore, supplemented rather than conflicted with the taxation of production and trade as means to extract economic surpluses from the private sector through the process of transfer.

Chapters 8–10 discussed the different systems under which the state extracted a part of the economic surplus generated by producers and traders without any *quid pro quo*. These systems, taxation of production and trade, and the free supply of commodities in fulfillment of personal obligations under the *jhara* and *rakam* systems as well as of caste and communal obligations, come under the general category of transfers as defined in Chapter 2. The following two chapters concern the systems under which the state achieved the same objective, that is, extraction of the economic surplus generated from production and trade, through the process of exchange, rather than through transfer.

NOTES

1. For a detailed exposition of the compulsory labor system, see Mahesh C. Regmi, *Land Tenure and Taxation in Nepal* (reprint of 1963–68 ed.; Kathmandu : Ratna Pustak Bhandar, 1978), pp. 504–18; and *Thatched Huts and Stucco Palaces, Peasants and Landlords in 19th Century Nepal* (New Delhi : Vikas Publishing House Pvt. Ltd., 1978), pp. 89–103.
2. Regmi, *Land Tenure and Taxation*, op. cit. p. 511
3. "Ghansi Rakam Land Allotments in Kirtipur," *Shrawan Sudi* 12, 1912 (July 1855), *Regmi Research Collection (RRC)*, vol. 11, pp. 90–91.
4. "Ghansi Rakam Land Allotments in Chapagaun," *Baisakh Sudi* 12, 1911 (April 1854), *ibid.*, pp. 106–7.
5. "Royal Order Regarding Purchase of Grass for Royal Bulls," *Jestha Badi* 1, 1861 (May 1804), *RRC*, vol. 2, p. 58.
6. "Daura Rakam Land Allotments in Chapagaun," *Chaitra Sudi* 9, 1910 (March 1854), *RRC*, vol. 11, pp. 113–14.
7. *Ibid.*
8. "Royal Order Regarding Supply of Charcoal from Kahule and Other Areas," *Poush Sudi* 5, 1849 (January 1793), *RRC*, vol. 25, p. 276.

9. "Royal Order Regarding Supply of Charcoal from Bungmati," Magh Badi 9, 1856 (January 1800), *RRC*, vol. 24, p.69.
10. "Royal Order Regarding Supply of Charcoal from Thecho," Falgun Badi 3, 1856 (February 1800), *ibid*, p. 107.
11. "Royal Order Regarding Supply of Charcoal from Thecho," Kartik Sudi 8, 1869 (October 1812), *RRC*, vol. 41, p. 136.
12. "Gol Rakam Land Allotments in Thecho," Poush 1950 (December 1893), *RRC*, vol. 11, pp. 241-44.
13. "Order Regarding Supply of Charcoal and Other Materials," Baisakh Badi 1, 1912 (April 1855), *RRC*, vol. 56, pp. 270-71.
14. "Royal Orders Regarding Supplies of Specified Commodities from Bhirkot and Other Areas," Aswin Badi 11, 1853 (September 1796), *RRC*, vol. 23, pp. 128-52; "Royal Order to the Amalidars of Saptari and Mahottari," Shrawan Sudi 9, 1862 (July 1805), *RRC*, vol. 20, p. 361.
15. "Royal Order to Subba Harikrishna Das of Saptari-Mahottari," Bhadra Badi 4, 1860 (August 1803), *RRC*, vol. 20, p. 127.
16. "Reimposition of Hides and Skins Levy in the Chepe-Bheri Region," Aswin Badi 1, 1860 (September 1803), *RRC*, vol. 19, p. 119; "Regulations Regarding Punishment of Gurungs and Lamas in Areas East of the Trishuli River," Poush Badi 12, 1867 (December 1810), *RRC*, vol. 38, pp. 696-97.
17. "Royal Orders Regarding Imposition of Hides and Skins Levy in Different Hill Areas," Bhadra Sudi 1, 1851 (August 1794), *RRC*, vol. 5, pp. 745-46; Aswin Badi 11, 1852 (September 1795), *RRC*, vol. 23, p. 155; Kartik Sudi 9, 1856 (October 1799), *ibid*, pp. 441-45; Aswin Sudi 15, 1861 (October 1804), *RRC*, vol. 2, pp. 174-75; Bhadra Badi 6, 1879 (August 1812), *RRC*, vol. 48, pp. 330-31; Magh Badi 2, 1884 (January 1828), *ibid*, pp. 267-68; and Aswin Badi 3, 1892 (September 1835), *RRC*, vol. 45, pp. 166-67.
18. "Revenue and Expenditure of the Government of Nepal," 1908 (1851), *Regmi Research Collection (Miscellaneous)*. |
19. In 1804, for instance, Kami house-holds in the Arun-Tista region were each ordered to supply 20 *dharnis* of charcoal for the construction of a fort at Chainpur. "Royal Order Regarding Supplies of Hides and Skins, Charcoal, Etc. at Chainpur," Aswin Sudi 15, 1861 (October 1804), *RRC*, vol. 2, pp. 174-75; "Order Regarding Supply of Charcoal to Munitions Factory in Salyan," Ashadh Sudi 3, 1886 (June 1839), *RRC*, vol. 27, p. 12.
20. "Order Regarding Supplies of Hides and Skins, Charcoal, etc. to Pythan Munitions Factory," Marga Badi 3, 1872 (November 1815), *RRC*, vol. 42, p. 125. This order required each Kami household in Salyan to supply 18 *dharnis* of charcoal every month to the

Pyuthan munitions factory. The system was prevalent throughout the Bheri-Mahakali region. "Obligations and Facilities of Kamis of Bheri-Mahakali Region," *Marga Sudi 3, 1903* (November 1846), RRC, vol 62, pp. 597-600, and *Chaitra Sudi 3, 1935* (March 1879), RRC, vol. 67, pp. 534-39. Such a practice deprived the local villagers of the essential services that Kamis provides. In one village in Galkot, all available Kamis were recruited for the manufacture and supply of charcoal to that factory, with the result that nobody was left to manufacture agricultural tool and implements for local use. "Order Regarding Complaint of Mukhiya Hari Narayan Padhya and Others of Galkot," *Magh Badi 10, 1907* (January 1851), RRC, vol. 8 , pp. 51-54; "Order Regarding Labor Obligations of Kamis in Kali, Modi-Bheri Region," *Chaitra Sudi 1, 1907* (March 1851), *ibid*, p. 94.

21. "Order Regarding Labor Obligations of Kamis in Salyan and Pyuthan," *Chaitra Badi 12, 1930* (March 1874), RRC, vol. 68, pp. 374-79.
22. *Ibid*.

The Procurement of Commodities

Chapter 2 had listed compulsory procurement, monopoly trade, and state trading as the main means adopted by the state to extract a part of the economic surplus generated by the producer and the trader through the process of exchange. The economic surplus extracted in this manner assumed two forms: commodities required by the state for its civil and military establishments, and revenue in money. We shall now discuss separately these two objectives of surplus-extraction policies based on the process of exchange. That is to say, our discussion will be focussed on the objectives rather than the means of surplus-extraction, so as to facilitate a comprehension of these policies in a broad perspective. Policies followed for the procurement of commodities will be discussed in the present chapter; and those aimed at raising revenue in money through monopolies and state-trading arrangements in Chapter 12.

The systems of compulsory procurement and monopoly trade that the state followed with the objective of procuring commodities required for its civil and military establishments supplemented systems of commodity supply through the process of transfer. Chapter 8 discussed how the state met a part of its needs for copper, iron and lead through in-kind taxes on mineral production. Similarly, Chapter 10 described how the state used

its traditional authority to impress labor from the people on a compulsory and unpaid basis under the *jhara* and *rakam* systems, as well as in fulfillment of caste and occupational obligations, to meet its needs of charcoal, hides and skins, and other commodities. Because of such factors as the expanding size of the army and the administration, the state was unable to meet fully its needs through such transfers alone. Consequently, commodities were also procured directly from producers and traders against payments in money. To be sure, this did not mean that the state made payments for commodities at prices determined by demand and supply, for this would have made it necessary to spend larger sums of money than warranted by its available revenues. The state, therefore, took recourse to its coercive powers to manipulate the terms of trade in such a manner that procurement prices were cheaper than those current in the market.

For the procurement of commodities on favorable terms, the state exercised its coercive powers under two systems : compulsory procurement and monopoly trade. Under both these systems, producers and traders were compelled to sell to the state specified commodities in quantities and at prices dictated by the state itself. The difference between the price that the state or its agents paid for supplies of the concerned commodity, and the price that the producer and the trader would have been able to secure in the market in the absence of compulsory procurement or monopoly trade arrangements, constituted the indirect payment of a tax on that commodity, through which the state was able to extract a part of the economic surplus. The distinction between the two systems hinges on the question of how trade was conducted in the excess quantity left after meeting the requirements of the state. Under the compulsory procurement system, producers and traders were free to sell the excess quantity in the market without any interference from the state. On the other hand, under the monopoly trading system, the state assumed the exclusive right to buy all available supplies, thereby leaving no scope for private trade in that commodity except under state control. Moreover, the monopoly trading system was much wider in scope than the

compulsory procurement system. Whereas the latter was used only for the procurement of commodities, monopolies were often also introduced for raising revenue. There were thus two categories of monopolies, one for procuring commodities and the other for raising revenue; we may designate them as procurement monopolies and revenue monopolies respectively. Procurement monopolies will be discussed in the present chapter and revenue monopolies along with the state-trading system, in Chapter 12. It must, however, be stressed that monopolies often did not fit into a clear-cut classification, but presented a combination of procurement and revenue objectives. Such composite monopolies enabled the state to procure supplies of the concerned commodity, or to collect payments in cash in the light of its changing needs, and so were more flexible arrangements than compulsory procurement.

The system actually adopted by the state for the procurement of any specific commodity, whether compulsory procurement or monopoly trade, depended mainly on two considerations; the availability of sufficient supplies and the extent of the demand in the private sector. If the commodity was available in relatively abundant quantities, the state procured necessary supplies from producers and traders under the compulsory procurement system. Often scarce commodities too were procured under this system if there was no demand in the private sector and hence no private trade. On the other hand, if supplies were relatively scarce, whereas the demand in the private sector was quite big, the state imposed a system of monopoly trade in the concerned commodity, thereby permitting private trade only after its own needs were met in full. For instance, the government met its requirements of foodgrains and clothing for the army through compulsory-procurement arrangements, but preferred to procure supplies of copper under the monopoly system. The state's demand for those commodities outstripped the private demand, so that the state was in any case the biggest buyer. The state, therefore, found it expedient to move from a position of predominance to one of monopoly in the trade in such commodities.

The commodities that the state procured under the compulsory procurement or monopoly trading systems may be placed in two broad categories. The first category consisted of commodities required for military purposes, such as copper, iron, lead, saltpeter, wax and other materials used in munitions production, as well as food and clothing for the army. Commodities required for miscellaneous non-military purposes may be placed in the second category. They included writing paper used in government offices, rice needed for feeding state-owned elephants, and sacrificial buffaloes required for state religious ceremonies.

A. Military Supplies

1. Supplies for Munitions Factories

By the early years of the nineteenth century, factories had been started in Kathmandu and several other parts of the Kingdom for the production of cannon, rifles, gunpowder, and other munitions. Those factories consumed copper, iron, lead and saltpeter in large quantities, in addition to such other materials as wax. Accordingly, arrangements were made for their procurement under the compulsory procurement or monopoly trading systems to supplement supplies made in fulfillment of tenurial obligations.

Copper, in particular, was in demand for many purposes. It was used in the manufacture of household utensils and in casting bells and images. The metal was needed by the state in large quantities for coinage, and mixed with zinc to produce brass for casting cannon. Copper, consequently, was a more prized metal compared with either iron or lead. No doubt, all these metals had vital strategic uses, but copper formed the basis of the coinage system as well. This difference perhaps explains why the Gorkhali rulers brought the copper trade under a state monopoly, but limited themselves to the compulsory procurement of iron and lead.

Chapter 6 had described the organization of copper production under the *ijara* system. The *ijaradar*, under that system, con-

trolled not only the production of copper but also its trade. That is to say, he collected from miners the half-share of their output that they owed to the state in consideration of the right granted to them to use state-owned mineral resources, and moreover, exercised an exclusive right to buy the balance that the miners were allowed to retain as their own share.

The main features of the copper monopoly may be illustrated with reference to regulations enforced in the Marsyangdi-Bheri region. Those regulations, first enforced in 1812 when copper mines in that region were taken over for *amanat* management, were retained in substantially the same form after they were placed again under the *ijara* system in 1814. They prescribed :

A monopoly has been introduced for copper mined in the Marsyangdi-Bheri region. Procure supplies needed for minting coins at the mints of Beni and Baglung. Do not let surplus quantities be smuggled to the south. In case miners, traders, or other persons make an attempt to smuggle copper in contravention of these regulations, confiscate the materials and punish the guilty persons.

The system of monopoly trade in copper was actually less monolithic than these formal arrangements suggest. There were weak links in the structure, primarily because the volume of production outstripped the financial resources available to *ijaradars*. Attempts were made to solve the problem in an ingenious way by permitting private trade under licenses issued by the *ijaradar*. Traders purchased copper from miners against such licenses, and resold it to the *ijaradar*, if he chose to buy it, or else minted it into coins on payment of a fee. They were not allowed to export the metal in crude form. As the regulations stated :³

The *ijaradar* shall invest his own funds for purchasing copper mined in the Marsyangdi-Bheri region. In case he is not able to procure sufficient funds, he may issue licences to traders to purchase copper from miners. However, such copper must be supplied to the mint. The *ijaradar* shall purchase copper supplied by traders in this manner at reasonable prices, or

mint it into coins on payment of the prescribed fees if they so request. In case traders do not supply their copper to the mint, but sell it elsewhere, the *ijaradar* shall confiscate the metal and punish the guilty persons.

The inability of the *ijaradar* to procure sufficient funds to operate the monopoly was not the reason why private trade in copper was permitted notwithstanding the monopoly. Yet another reason was the need to meet the demand for the metal for the manufacture of household utensils. Inasmuch as coppersmiths lacked the means to procure necessary quantities directly from miners or from the *ijaradar* and hold stocks, traders were permitted to operate in the capacity of middlemen. The regulations, therefore, added :⁴

The *ijaradar* shall supply copper at current prices to traders for the manufacture of household utensils for use inside the Kingdom. If copper supplied to traders for this purpose is smuggled to the south, the *ijaradar* shall confiscate it and punish the guilty persons.

But though exports were prohibited, there seems to have been no restriction on the outflow of the metal to India in the form of minted coins. One might indeed suspect that the real intention was not to check the export of copper, but to raise revenue from minting fees.

It is significant that the price of copper for procurement under the monopoly system never appears to have been officially fixed. *Ijaradars* were only instructed to purchase the metal from producers and traders at a reasonable price, rather than at any specific price. It goes without saying that as the single buyer of the commodity, the *ijaradar* was usually able to dictate the price. The government realized the possibility of the monopolist buying the metal at a "confiscatory" rate, rather than at the current rate, and prescribed penalties for such offenses.⁵ Whether such warnings were really effective is, of course, another matter.

Ijaradars usually stipulated the payment of a specified sum of money to the state, rather than the supply of a specified

quantity of copper. The following table gives statistics of payments stipulated by *ijaradars* for the monopoly trade in copper in the Chepe/Marsyangdi-Bheri region in different years between 1794 and 1852 :

Table 11 : *Revenue from Mines in the Chepe/Marsyangdi-Bheri Region 1794-1851*

Year	Amount In Mohar rupees.
1794	Rs 8,001 ⁶
1803	Rs 12,001 ⁷
1814	Rs 34,001 ⁸
1824	Rs 37,001 ⁹
1836	Rs 44,002 ¹⁰
1851	Rs 28,002 ¹¹

Such arrangements for fulfilling *ijara* obligations through payments in money should not be interpreted to mean that the *ijaradar* used the entire available quantity of copper to mint coins. Such was not the case. Rather, the state appears to have reserved the right to demand the supply of copper whenever it so needed,¹² The *ijaradar* was then ordered to supply the required quantity of the metal, and the value of such supplies was adjusted against the amount due from him.¹³ The monopoly was thus a flexible arrangement; it enabled the state either to procure copper in quantities actually required by munitions factories, or to collect payments in money according to its needs at any time. Copper supplied in this manner was then transported to Kathmandu and other destinations through relays of porters.¹⁴ If it was not possible to procure supplies of copper in this manner, arrangements were often made to make collections in cash on the basis of prices prevailing in the Kathmandu market.¹⁵

In contradistinction to the monopoly trade in copper, no restrictions appear to have been imposed on private trade in the share of iron that producers and *ijaradars* retained after meeting

their obligations to the state. The demand of munitions factories for the metal was almost wholly met through supplies made by producers in fulfillment of tenurial obligations. In extraordinary circumstances, arrangements were made to procure the miners' share under the compulsory procurement system. Such a situation arose in early 1805, a few months after fighting had been resumed on the Kumaun-Garhwal front, when miners in the hill regions adjoining Kathmandu Valley were instructed :¹⁶

Iron is being consumed in large quantities in the munitions factory. You are, therefore, ordered to work hard and increase production. Supply the stipulated quantity of the metal to the munitions factory. Do not sell the remaining quantity elsewhere so long as the government is willing to purchase it. Obtain payments from the government and supply iron to the munitions factory at locally current prices.

Local administrators in the hill districts were similarly ordered to purchase iron under the compulsory procurement system, recruit local ironsmiths on *jhara* basis, and manufacture cannon-balls.¹⁷ Nevertheless, the use of iron for the manufacture of cannon-balls was a costly affair. As Cavanagh has noted, "(the Nepalis) are unable to cast iron," hence "(cannon-balls) made of (that) metal are beaten, and a single ball fully requires the labour of three men throughout the whole of one day, ere it is fit for use."¹⁸ Cavanagh, therefore, estimated that each ball, if made of iron, would cost a rupee, including the expense of charcoal.¹⁹ It is possible that iron was used for this purpose notwithstanding the cost because lead, although cheaper, was relatively scarce, and exigencies of war made considerations of cost irrelevant. One may assume that lead, rather than iron, was used to the extent of its availability.²⁰ All available supplies of lead were, therefore, earmarked for state procurement, thereby leaving no scope for either internal trade or export. As Hamilton has recorded: "All the metal is reserved for the Raja's magazines."²¹ According to regulations promulgated in 1803 in the name of the *Kapardar*, or Chief of the royal household :²²

Metal and other payments due from lead mines anywhere in the Kingdom shall be supplied to the royal palace through the *Kapardar*. No sale of lead shall be permitted without the permission of the palace.

Miners who supplied their production of lead to customers other than the state were threatened with severe punishment.²³

Wax was used by munitions factories for casting cannon. Some quantities were also used for the manufacture of candles required for the royal household. Arrangements were made to meet these needs by bringing the wax trade under a state monopoly which actually operated through an *ijaradar*. The monopoly trade in wax dated back to the early 1790s, presumably after the establishment of the Kathmandu Munitions Factory in 1793. The wax monopolist, whose jurisdiction extended over the entire Kingdom, was placed under the obligation of supplying a specified quantity of the commodity to the state rather than money.²⁴ He was required to make purchases "with cash in one hand and the commodity on the other" at locally current prices, and exports were banned.²⁵ Preparations for war in 1805 gave a further impetus to these procurement arrangements. In order to maximize procurement of wax to meet the growing needs of the munitions factory for the casting of cannon, the monopolist was placed under the obligation of procuring maximum possible quantities, rather than a specified quantity stipulated in advance. In view of this open-ended nature of the monopoly, he was allowed a commission of 2 *annas* on each *dharni* of wax he was able to procure.²⁶ In subsequent years, these monopoly arrangements for the procurement of wax were used mainly to ensure a regular supply of candles to the royal household.²⁷

Salt peter, which was required for the manufacture of gunpowder, was another commodity covered by the compulsory procurement system. As noted in a previous chapter, it was extracted from a kind of saline earth in some parts of the eastern Tarai region, as well as in the inner Tarai area of Chitaur. The manufacturers were under obligation to supply half of their output to the state

without any payment. This was collected on behalf of the government by *ijaradars*, who in addition, procured the balance on a compulsory basis at a price fixed by the government. The procurement price was Rs 5 a maund in 1782. It was reduced to Rs 3 1/2 in 1799²⁸ and remained at that level for several decades. The *ijaradar* then supplied the stipulated quantity of saltpeter to the government at specified destinations in return for specified privileges and concessions. It should be noted that saltpeter was not a commercial commodity; the domestic demand was confined to the government, and compulsory procurement arrangements made exports out of the question.

The following example illustrates the manner in which the *ijara* system was applied for the compulsory procurement of saltpeter. In 1809, Benudatta Thapa and Narajit Gurung were granted a three-year *ijara* for the compulsory procurement of saltpeter in about 63 villages of Saptari, Mahottari, Rautahat, Parsa and Chitaur districts. They were required to supply 1,545 maunds of refined saltpeter at Hitaura and Sindhuli for onward transmission to Kathmandu. In consideration of that obligation, they were permitted to appropriate revenue from agricultural lands, forests, and other sources, and also granted authority to administer justice in the villages placed under their jurisdiction. The *ijaradars* were also allowed to collect the state's share of saltpeter production, as well as to procure the manufacturers' share at the official price.³⁰

There were several important centers of gunpowder production in the hill regions also, where local supplies of saltpeter were inadequate. Pyuthan, in the south-western part of the Kingdom, was one of these centers. Oldfield has noted that "saltpeter abounds in the neighbourhood" of Pyuthan³¹ but apparently not on a scale sufficient to meet the requirements of the local gunpowder factory. The problem created by the shortage of saltpeter in Pyuthan was solved in an ingenious way. The inhabitants of neighboring villages were placed under the obligation of supplying saltpeter at a fixed price. Instead of paying them in cash, the government adjusted the cost of the supplies against the homestead-

tax revenue due from them.³³ The villagers had to procure surplus from as far as Nepalgunj in the far-western Tarai region, and at times even from the adjoining areas of India. The difficulty they faced in transporting supplies over long distances was compounded by the state procurement rate of 7 *dharnis* of saltpeter per rupee, which was first fixed in 1807, and remained unchanged until the entire arrangement was abolished more than half a century later in 1864.³³

2. Food and Clothing for the army

The need to feed and clothe troops stationed in different parts of the Kingdom gave an additional dimension to the compulsory procurement system. Such procurement arrangements were made in the far eastern and western parts of the Kingdom where large contingents of the army were stationed. *Jagir* lands in most of these districts yielded incomes in cash rather than in commodities. It was, therefore, necessary to purchase foodgrains from local producers and traders. The need was met by compelling producers to supply specified commodities at statutory prices in partial fulfillment of their fiscal obligations. In other words, commodities were procured from producers, and their value, as determined on the basis of procurement prices fixed by the government, was adjusted against the tax due from them. In Jumla, for instance, a part of the revenue assessment was actually paid in commodities such as foodgrains, salt, ghee, oil, and cotton and woolen goods at prescribed conversion rates.³⁴ The keynote of these arrangements was the differential between the current market rates and the procurement prices of the commodities procured from producers on a compulsory basis. Such a differential was unavoidable, as otherwise the compulsory procurement system would have lost its rationale. In Morang district, according to Hamilton, the *ijaradar* "... incurs a heavy expense in furnishing the regular troops with provisions, which he must do at a price fixed by the government, and which is always far below the market price; but he squeezes a great part of this from the neighbouring tenantry."³⁵

Because *jagir* lands in the central hill region yielded rents in the form of commodities to military personnel stationed at Kathmandu, the food-procurement arrangements described above had no parallel. However, cotton cloths of different varieties used in military uniforms were procured in the eastern hill region on a compulsory basis. Such uniforms were made of European broad-cloth,³⁶ but indigenous materials were used for lining and other purposes.³⁷ The procurement prices fixed for different varieties of cotton cloth in that region in 1811 were as follows :³⁸

Table 12 : Procurement Prices of Handloom Cloths in the Eastern Hill Region, 1811

Description	Specifications	In 16-anna rupees
		Price (per lenght)
<i>Chyanga, Khandi</i>	$20 \times 1\frac{1}{2}$ cubits	One rupee
do.	$24 \times 1\frac{1}{6}$ cubits	do.
<i>Khandi</i>	5×3 cubits	8 annas
<i>Chint</i>	$16 \times 1\frac{1}{6}$ cubits	One rupee
<i>Durkeah</i>	5×3 cubits	do.
<i>Panga</i>	$16 \times 1\frac{1}{6}$ cubits	do.

In order to facilitate procurement, weavers were required to manufacture cloths according to prescribed specifications.³⁹

B. Non-Military Supplies

Paper, foodgrains, and sacrificial animals were the main commodities procured for non-military purposes under monopoly and compulsory procurement systems.

The expanding size of the civil and military establishment of the Gorkhali rulers led to a progressive increase in the demand for paper. For Kathmandu, the main source of supply was the Khinchet area of Nuwakot district, where paper of exceptionally good quality was manufactured. Since the late eighteenth century,

paper manufactured in Khinchet was procured on a compulsory basis to meet the requirements of government offices. The local paper manufacturers were, under that system, compelled to sell their entire output to the government at the official price.⁴⁰ No private trade was allowed in paper manufactured in that area. As the number of government offices proliferated, Khinchet alone could not meet the growing demand in full. Measures were, therefore, taken to open up new sources of supply in the hill areas east and west of Kathmandu Valley. The simple compulsory procurement arrangements that had been introduced in Khinchet were obviously not suited to the expanded sources. Accordingly, during the 1820s, trade in paper manufactured in other parts of the central hill region, between the Marsyangdi river in the west and the Dudhkosi river in the east, was brought under a monopoly. The monopoly had a two-fold objective; to facilitate the collection of revenue from this source and ensure cheap supplies of the commodity for the use of government offices. Under the terms of the monopoly, producers and traders in the Marsyangdi-Dudhkosi region were under obligation to sell paper only to the monopolist, who paid a stipulated sum of money every year to the government, and supplied paper to government offices at specified prices, or the actual market prices, whichever were lower. The procurement price was fixed at 16 *dheps* (1 *dhep* : 20 sheets) a rupee, which remained unchanged throughout the rest of the nineteenth century.⁴¹ Besides meeting the needs of the government at a concessional price, the paper monopoly fetched a revenue of Rs 1,501 in 1828.⁴² The figure declined to Rs 938 by the middle of the nineteenth century,⁴³ presumably because growing quantities were supplied to meet the government's requirements.

Usually, rice needed for feeding state elephants was collected in the form of rents from agricultural lands assigned for the purpose both in the Tarai districts⁴⁴ and in Kathmandu Valley.⁴⁵ When supplies obtained from that source proved insufficient, or when it was not practicable to assign lands, the state resorted to the compulsory procurement system to procure what it needed.⁴⁶

Male buffaloes required for ritual sacrifice at the royal palace during the *Dashain* festival were similarly purchased under the compulsory procurement system from about 140 villages around Kathmandu Valley. The official procurement price for one "large, pure-bred animal, free from any major physical defect," was two rupees each. Approximately 200 buffaloes were procured each year in this manner.⁴⁷

Concluding Remarks

The compulsory procurement and monopoly systems were based on the principle that the state possessed the right to procure commodities for its use at prices below those prevailing in the market. As stressed at the beginning of this chapter, these systems would have lost their rationale in the absence of this price differential. At the same time, one may be justified in wondering why prices, once fixed, remained unchanged for long periods of time. We have noted how the official price of paper, first fixed at 16 *dheps* a rupee during the 1820s, was retained at that level for the rest of the nineteenth century. The example of wax, saltpeter, and other commodities covered by state monopolies and compulsory procurement arrangements is no different.⁴⁸ Surely it would have been possible to make an upward revision in procurement prices from time to time, particularly when military needs were less urgent at the middle of the nineteenth century than during the early years.

Obviously, the supplier faces greater problems when he is a trader rather than a producer, for, in the event that commodities are procured from a trader at prices fixed arbitrarily by government employees, he suffers a direct loss of capital. This seems to have been the problem faced by traders who supplied "ghee, oil, rice, goats and buffaloes" to military personnel stationed in Dhankuta during the 1830s. They complained that "because the local authorities pay for such supplies at prices lower than what we have to pay to the ryots, we are suffering losses."⁴⁹ The government thereupon ordered the local authorities "to pay for supplies at prices which the suppliers themselves pay to the

ryots, and not harass them by causing them losses." It is difficult to believe that the order acted as a brake on the highhanded behavior of the local authorities. In any case, the order was unrealistic, because it failed to provide for a margin of profit to the supplier.

The compulsory procurement system, in particular, opened up the doors for abuse and corruption, and was frequently abused by local functionaries and other influential people for personal benefit. For instance, complaints were received from Rautahat in 1812 that local civil and military personnel "pay only twelve *anna* in the rupee while purchasing rice, pulses, goats, cloth, and other goods."⁵⁰ Similarly, in 1841 the inhabitants of Panauti in the eastern hill region complained that local officials and functionaries procured buffaloes, goat, sheep, ducks and chicken from them without any payment, or, at times, at half the current prices.⁵¹ The highhanded behaviour of the procurement officials aggravated the difficulties of the producers. The peasants of Bara district, for instance, complained in 1828 that employees who received rice supplied for state elephants under the compulsory procurement system "forcibly underweigh the supplies and impose fines even if there is a delay of only two days."⁵² Moreover, *hattisar* functionaries procured supplies at the official price not only for the elephants but also illegally for themselves.⁵³ Indeed, the burden of supplying foodgrains for state-owned elephants at the official procurement prices was considered so onerous that in 1849 inhabitants of newly-settled villages in the eastern Tarai region were exempted from that obligation as a special concession.⁵⁴

Given the scale on which commodities were procured for meeting the requirements of the state, such abuses were perhaps inevitable. The government made attempts to check them whenever it received complaints from the victims. In the Bheri-Mahakali region, according to regulations promulgated in 1835:⁵⁵

Local headmen and ryots shall supply foodgrains to visiting officials and military personnel at reasonable prices. No one shall collect anything forcibly. Those who do so, as well

as ryots who refuse to supply foodgrains in their possession, shall be punished.

Similarly, regulations were promulgated for Patan town in 1843 directing local functionaries not to appropriate goats, sheep and buffaloes without any payment for the use of the state, but to pay reasonable prices for these animals. The forcible appropriation of animals kept by the local people for their own sacrifices was also prohibited.⁶⁶ In the absence of effective enforcement measures, however, one can hardly expect such well-intentioned regulations to have had much practical effect.

The compulsory procurement and monopoly trading systems were perhaps indispensable in the circumstances prevailing during the early nineteenth century. The Kingdom was then still engaged in the campaign of territorial expansion, and it would be too much to expect the Gorkhali rulers to have depended on the open market for the supply of essential materials. The normal considerations of social and economic justice can hardly apply in a situation in which the primary motivation of the state stemmed from such extra-economic objectives as war and territorial conquest. If, therefore, these systems prevented producers and traders from obtaining the same prices for their commodities that they would have been able to obtain in the open market in the absence of state intervention, their loss must be regarded as a part of their contribution to the war effort. However, the burden of such contributions was not shared proportionately by all classes in the society. One may also wonder why the restrictions were retained long after the campaign of war and territorial expansion had come to an end after the Nepal-Britain war.

NOTES

1. Orfeur Cavanagh, *Rough Notes on the State of Nepal* (Calcutta : W. Palmer & Co., 1851), p. 15.
2. "Ijara Regulations for Mines and Mints in the Chepe-Marsyangd Bheri Region," Baisakh Badi 9, 1871 (April 1814), secs. 1 and 4 *RRC*, vol. 41, pp. 534-38.

3. *Ibid*, secs. 2 and 5, pp. 537-38.
4. *Ibid*, sec. 8, p. 539.
5. "Order Regarding Supply of Copper from Jhimkhani Mines," Kartik Sudi 9, 1856 (October 1799), *RRC*, vol. 23, pp. 443-44.
6. "Ijara Grant to Jitaram Newar for Copper Mines in the Chepe/Marsyangdi-Bheri Region," Shrawan Sudi 11, 1849 (July 1792), *RRC*, vol. 25, pp. 219-20. This *ijara* was valid for a three-year period.
7. "Ijara Grant to Kriparam Newar for Copper Mines in the Chepe/Marsyangdi-Bheri Region," Kartik Badi 10, 1860 (October 1803), *RRC*, vol. 19, pp. 141-42.
8. "Ijara Grant to Prahlad Thapa and Mahabir Karki for Copper Mines in the Chepe/Marsyangdi-Bheri Region," Baisakh Badi 9, 1871 (April 1814), *RRC*, vol. 41, pp. 534-40.
9. "Ijara Grant to Kulanand Jha for Copper Mines in the Chepe/Marsyangdi-Bheri Region," Jestha Badi 11, 1880 (May 1823), *RRC*, vol. 43, pp. 442-44.
10. "Ijara Grant to Ram Padhya for Copper Mines in the Chepe/Marsyangdi-Bheri Region," Jestha Badi 11, 1893 (May 1836), *RRC*, vol. 43, pp. 577-79.
11. "Revenue and Expenditure of the Government of Nepal," 1908 (1851), *Regmi Research Collection (Miscellaneous)*.
12. "Royal Order to the Agris of Parbat," Baisakh Badi 3, 186 (April 1805), *RRC*, vol. 20, p. 135; "Royal Order to Subedar Ramajit Bhandari," Ashadh Sudi 1, 1864 (June 1807), *ibid*. p. 413.
13. "Royal Order to Ijaradar Bishnu Singh," Magh Badi 12, 1888 (January 1832), *RRC*, vol. 45, p. 18.
14. "Arrangements for Transportation of Copper from Chisankhu Mines," Marga Badi 1, 1862 (November 1805), *RRC*, vol. 19, p. 386; "Arrangements for Transportation of Copper from Rukum," Shrawan Sudi 1, 1864 (July 1807), *Ibid*, vol. 20, p. 464.
15. "Royal Order to Balabhadra Upadhyaya," Shrawan Badi 1, 1864 (July 1807), *RRC* vol. 20, p. 428.
16. "Royal Orders to Miners in the Bishnumati/Trishuli and Sanga-Sindhu-Tamakosi Regions," Jestha Badi 10, 1852 (May 1815), *RRC*, vol. 20, p. 209.
17. "Royal Order to Ditha Bishram Khatri Regarding Manufacture of Cannon-Balls," Marga Badi 7, 1862 (November 1805), *RRC*, vol. 6, p. 658.
18. Cavanagh, *op. cit.* p. 14.

19. Loc. cit.
20. "Royal Order to Dhanaraj Rana Regarding Manufacture of Lead Balls in Dhurkot," *Marga Sudi* 15, 1849 (December 1792), *RRC*, vol. 5, p. 232.
21. Francis Hamilton, *An Account of the Kingdom of Nepal* (reprint of 1819 ed; New Delhi: Manjusri Publishing House, 1971), p. 70.
22. "Regulations in the Name of Kapardar Dhana Simha Ojha," *Baisakh Badi* 5, 1860 (April 1803), sec. 15, *RRC*, vol. 5, p. 372.
23. Loc. cit. The official procurement price was 1 1/2 *dharnis* of lead a rupee in the Dang-Salyan region in 1840. "Royal Order to the Mukhiyas of Salyan," *Marga Sudi* 2, 1897 (November 1840), *RRC*, vol. 3, p. 252.
24. "Appointment of Jaya Narayan Newar as Ijaradar for Procurement of Wax," *Shrawan Sudi* 11, 1851 (July 1794), *RRC*, vol. 5, p. 740.
25. "Royal Order Regarding Procurement of Wax," *Magh Badi* 9, 1856 (January 1800); separate orders for Dhobikhola-Kanaka-Tista and Bishnumati-Bheri regions, *RRC* vol. 24, pp. 63-70; *Kartik* 10, 1807 (October 1810), *ibid*, Vol. 38, pp. 594-95, and *Baisakh Badi* 10, 1874 (April 1817), *ibid*, vol. 41 pp. 652-53.
26. "Royal Orders Regarding Procurement of Wax," *Ashadh Badi* 13, 1862 (June 1805), separate orders for the eastern and western hill regions, *RRC*; vol. 6, pp. 93-94. No information is available about the procurement price during 1805. During the 1820s, the price was fixed at one rupee a *dharni*. "Order Regarding Procurement of Wax in the Sindhukhola-Ankhu Region," *Baisakh Sudi* 2, 1881 (April 1824), *RRC*, vol. 40, p. 543.
27. "Ijara Grants for Procurement of Wax," *Magh Badi* 12, 1887 (January 1831), *RRC*, vol. 44, pp. 187-88, and *Kartik Sudi* 3, 1888 (October 1831), *ibid*, pp. 377-78.
28. "Ijara Grant to Sonai Mehrari for Procurement of Saltpeter in Mahottari" *Falgun Badi* 1, 1833 (February 1782), *RRC*, vol. 5, pp. 640-42.
29. *do.*, *Falgun*, *Sudi* 11, 1856 (February 1800), *RRC*, vol. 24, pp. 239-41. The government was not averse to paying as much as Rs 4 a maund for saltpeter imported from India, possibly because of its higher quality. "Royal Order to Subba Kulanand Jha Regarding Saltpeter Imports," *Chaitra Badi* 2, 1839 (March 1833), *RRC*, vol. 43 p. 519.
30. "Ijara Grant to Benudatta Thapa and Others for Procurement of Saltpeter," *Jyestha Badi* 9, 1869 (May 1809), *RRC*, vol. 40, pp. 31-34.
31. H Ambrose Oldfield, *Sketches from Nepal* (reprint of 1830 ed.; Delhi: Cosmo Publications, 1974), p. 25.

32. "Arrangements for Procurement of Sulphur and Saltpeter for Pyuthan Gunpowder Factory" Shrawan Sudi 9, 1864 (July 1807), *RRC*, vol. 20, pp. 374-75; Jestha Sudi 9, 1895 (June 1838), *ibid*, vol. 34, pp. 447-52 and 459-68; and Falgun Badi 30, 1807 (February 1851), *ibid*, vol. 81, pp. 69-71.
33. *do.*, Jestha Badi 11, 1921 (May 1864), *RRC*, vol. 49, pp. 205-17.
34. "Royal Order Regarding Tax Payments in Humla and Jumla," Ashadh Badi 5, 1893 (June 1836), *RRC*, vol. 40, pp. 491-95.
35. Hamilton, *op. cit.* p. 154.
36. *Ibid*, p. 232
37. "Procurement of Khandi Cloth in the Eastern Hill Region," Ashadh Badi 4, 1874 (June 1817), *RRC*, vol. 43, p. 7.
38. "Procurement Prices for Cloths in the Arun-Kanaka/Tista Region," Ashadh Badi 30, 1868 (June 1811), *RRC*, vol. 40, pp. 216-17. *Chyanga* and *Khandi* were coarse varieties of cotton cloth. According to Hamilton (*op. cit.* p. 232): "Two kinds of coarse cotton cloth, called *khandi* and *changa*, are woven by the Newar women of all ranks, and by the men of the Parbatiya cast, called Magar," *Chint* was an imitation of Indian chint, of which several varieties were produced. *Durkeah*, a variety of *chint*, was "worse and heavy," and used for linings and also worn as dresses. *Panga* was another variety of coarse cotton cloth. For a list of the principal cotton price goods manufactured in the Kingdom during the nineteenth century, see Alan Campbell, "The State of the Arts in Nepal," 1836, cited in Ludwig F. Stiller, S. J., *The Silent Cry* (Kathmandu : Sahayogi Prakashan, 1976), pp. 149-52.
39. "Judicial Regulations for the Dudhkosi-Tista Region," Poush Badi 12, 1868 (December 1811), *sec.* 13, *RRC*, vol. 40, pp. 525-26.
40. "Royal Order Regarding Supply of Paper from Buntang," Jestha Badi 13 1854 (May 1797), *RRC*, vol. 25, pp. 367-68.
41. "Ijara Arrangements for Procurement of Paper," Bhadra Sudi 5, 1885 (August 1828), *RRC*, vol. 43, p. 28; Baisakh Sudi 11, 1890 (April 1833), *ibid*, vol. 26, p. 293; Baisakh Sudi 13, 1892 (April 1835), *ibid*, vol. 45, p. 85; and Baisakh Sudi 10, 1893 (April 1836), *ibid*, p. 457.
42. "Ijara Arrangements for Procurement of Paper," Bhadra Sudi 5, 1885 (August 1828), *RRC*, vol. 43, p. 128.
43. "Revenue and Expenditure of the Government of Nepal," 1908 (1811), *Regmi Research Collection* (*Miscellaneous*).
44. "Order Regarding Cultivation of Hattisar Lands in Sarlahi," Ashadh Sudi 7, 1885 (June 1828), *RRC*, vol. 43, p. 110.
45. "Ijara Arrangements for Cultivation of Hattisar Lands in Tokha," Shrawan Badi 2, 1874 (July 1817), *RRC*, vol. 43, p. 22.

46. "Arrangements Regarding Procurement of Rice for State Elephants in Bara," *Marga Padi* 1, 1885 (November 1828), *RRC*, vol. 43, pp. 150-51.
47. "Royal Orders Regarding Procurement of Buffaloes," 1853 (July 1796), *RRC*, vol. 23, pp. 53-56; *Bhadra Padi* 30, 1867 (September 1810), *ibid*, vol. 39, p. 369-72. Sheep and goats were procured for state religious ceremonies under a similar system. "Royal Order Regarding Procurement of Sheep and Goats in the Gandi-Seti Region," *Shrawan Badi* 10, 1892 (July 1835). *RRC*, vol. 45, pp. 137-38.
48. Another example of how procurement prices were left unchanged for long periods of times is furnished by arrangements for the procurement of rice in Dullu-Dailekh for feeding the army. In that area, the price was fixed in 1812 at 10 *pathis* a rupee from October to March, and at 8 *pathis* during the rest of the year, "except in times of famine." "Arrangements Regarding Taxation, Judicial Administration and other Matters in Dullu-Dailekh," *Aswin Sudi* 4, 1879 (September 1812), *RRC*, vol. 43, pp. 360-62. The local people apparently found the price of 10 *pathis* unremunerative, but it was only 17 years later, in 1829, that the government decreed a uniform price of 8 *pathis* a rupee throughout the year. "Royal Order Regarding Procurement price of Rice in Dullu-Dailekh," *Marga Sudi* 5, 1886 (November 1828), *ibid*, p. 644.
49. "Order Regarding Procurement of Commodities for Army in Dhan-kuta," *Jestha Sudi* 7, 1896 (May 1839) *RRC*, vol. 38, p. 45.
50. "Royal Order to Military Personnel in Rautahat," *Baisakh Sudi* 9, 1869 (April 1812), *RRC*, vol. 41, pp. 108-9.
51. "Royal Order to Local Functionaries in Panauti," *Marga Sudi* 5, 1898 (November 1841), *RRC*, vol. 31, p. 102.
52. "Arrangements Regarding Procurement of Rice for State Elephants in Bara," 1828, *op. cit.*
53. "Arrangements Regarding Procurement of Rice for State Elephants in Chitau, Poush Badi 12, 1885 (December 1885), *RRC*, vol. 43, pp. 156-57.
54. Regulations for the Eastern Tarai Region," *Kartik Sudi* 4, 1906 (October 1846), *sec. 7*, *RRC*, vol. 64 pp. 448-49.
55. Administrative Regulations for the Bheri-Mahakali Region," *Aswin Badi* 3, 1892 (September 1836), *sec. 10*. *RRC* vol 49, pp. 174-75. The abuse of the compulsory procurement system for rice required to feed state elephants was also prohibited. *Amanat Regulations for Saptari and Mahottari*," *Poush Badi* 11, 1892 (December 1835), *sec. 9*, *RRC*, vol. 44, pp. 414-15.

56. "Regulations for Patan Town," Bhadra Sudi 8, 1900 (August 1843), *RRC*, vol. 31, pp. 278-79. Regulations promulgated for the Bheri-Mahakali region in 1835 prescribed; "Local administrators shall not procure goats and buffaloes from villagers at arbitrary Prices. They shall pay Rs. 1 1/2 for a one-years old male buffalo and 8 annas for a small goat, and proportionately higher prices for larger animals, in such a manner that the seller is satisfied. No person shall forcibly appropriate milk-goats and stud buffaloes." Regulations for the Bheri-Mahakali Region," Aswin Badi 3, 1892 (September 1835), *RRC*, vol. 45 pp. 157-58.

Revenue Monopolies and the State Trading System

As stressed repeatedly in previous chapters, state intervention in production and trade was aimed primarily at raising resources in the form of commodities and money. Procurement of commodities under the compulsory procurement and monopoly trading systems formed the subject matter of Chapter 11. We shall now discuss the systems that enabled the state to raise resources in money : revenue monopolies and state trading.

Monopoly trade was defined in Chapter 11 in the context of arrangements for the procurement of commodities. Under that system, the state assumed the exclusive right to buy any specified commodity, thereby eliminating private competition in trade in that commodity. We shall here deal only with revenue monopolies, that is, monopolies aimed at raising revenue rather than procuring commodities. Monopoly trade in timber and other forest products, which were produced under a system of state control and supervision, may also be placed in the same category. State trading, on the other hand, meant a system under which the state assumed the right to buy and sell commodities at specified markets for raising revenue. That right was usually preemptive : the state released commodities for private trade in such markets only after procuring sufficient supplies for its own dealings.

The history of both revenue monopolies and state trading goes back to the last quarter of the eighteenth century. The Gorkhali rulers, whose territorial ambitions always outstripped the economic resources at their disposal, suffered from a chronic scarcity of cash revenue; hence the exploration of new sources was an integral aspect of their economic policy. State intervention in production and trade, apparently suggested by the commercial operations of European trading companies in India, particularly the British East India Company, was an outcome of such efforts. The Gorkhali rulers did attain some measure of success in raising revenue from monopolies and state trading. They were nevertheless unable to exploit fully the revenue potential of those sources partly because of their imperfect administrative control over their newly-acquired territories. As outlined in Chapter 3, the Gorkhali administrative system was characterized by fragmentation of authority at different levels. As a result, the state depended on *ijaradars* for the collection of revenue, rather than on salaried employees. *Ijaradars* derived their authority usually under short-term, and often *ad hoc* arrangements. Their emphasis was on the quick collection of whatever lay within the sphere of their authority, rather than on the careful development of revenue sources capable of yielding revenue on a sustained basis.

A. Revenue Monopolies

Revenue monopolies are usually viable only if certain minimum conditions are fulfilled. In particular, the volume of production and trade in the concerned commodity must be relatively large, but not so large as to make monopoly control beyond administrative and managerial feasibility. Indeed, available evidence indicates that monopolies were most affective and profitable when they covered luxuries rather than the basic necessities of life. Consequently, the list of revenue monopolies during the first half of the nineteenth century comprised only a few commodities produced in the hill and Himalayan regions, chief among which were *chares* and cardamom. The *chares* monopoly was first introduced in the

hill region from Kaski to Syangja soon after the region was brought under Gorkhali occupation during the early 1780s.¹ The cardamom monopoly similarly appears to have been in force only in the western hill region east of the Bheri river.² No information is available about the amount of revenue collected from these monopolies, for they were included in a number of revenue sources assigned to a single *ijaradar*, who stipulated a specified sum of money for all of them collectively.

The cardamom monopoly did not extend to the eastern hill region, mainly because lands on which the commodity was produced, as well as the *golas* where it was traded, were both in the hands of Limbu *kipat* owners, thus leaving little scope for a government monopoly. In those *golas* that the government had succeeded in wresting from Limbu control, cardamom appears to have been traded without any restriction in the same manner as other commodities.³ *Ijaradars* of such *golas* could buy and sell cardamom for profit, like any other commodity, and their transactions may well have preempted those of ordinary traders. However, these rights pertained to his operations at the *golas* rather than to specific monopoly rights in the cardamom trade.

The monopoly trade in forest products, such as timber, catechu, singing birds, and elephants in the Tarai and inner Tarai regions was a more important source of revenue than the *charas* or cardamom monopoly. These products, with the exception of elephants, were exported to India through individuals under contractual arrangements of various forms that have been described in Chapter 6. Hamilton's accounts of the production and export of timber and catechu in Morang district, as noted in that chapter, show that revenue from the exploitation of forest resources in the eastern Tarai region was relatively meager. It was limited to permit fees, and export and transit duties. A duty of about Rs 7 was collected on each cartload of timber exported, and Rs 4 on each boatload. These charges were "the only price given for the timber to the owner of the soil."⁴ He adds: "The duties, the trifle paid to the wood-cutters, and one-half of the gain on the carts are all for which credit can be given to Nepal."⁵

Hamilton has also given an estimate of the actual amount received by the Nepali authorities on each boatload of timber exported from Morang. According to his estimate, each boatload involved costs amounting to Rs 609, including duties amounting to Rs 42 paid to the government, or less than 7 percent of the total cost. The *kathaiya* delivered the timber to merchants in Calcutta at a total price of Rs 1,028, including Rs 296 as cost of transport to that town. His profit thus amounted to Rs 123.⁶ To be sure, a considerable portion of this profit comprised interest on capital and compensation for risks, but the amount certainly constituted an economic surplus that the state could have tapped more fully had its administrative organization been stronger.

Elephants were captured by the state through compulsory and unpaid labor and kept for sale at state-operated establishments, known as *hattisars*, in different parts of the Tarai region. The procedure usually followed in the sale of these animals does not appear to have been conducive to the growth of a healthy export trade. Elephants were captured while quite young⁷ and their height was overstated for calculating their value. The official sale price was "200 mohars, or 86 rupees, for every cubit of their height," but "five cubits of the royal measure are only six English feet," according to Hamilton,⁸ rather than the 7 1/2 feet Kirkpatrick believed them to be.⁹ Hamilton adds :¹⁰

As few merchants are willing to give this price for elephants which have not been seasoned, the Raja generally forces them on such persons as have claims on the court, who sell their elephants in the best manner they can.

Most of them were, accordingly disposed of "in presents, or in commutation of occasional services and pecuniary demands."¹¹ Top-ranking officials were occasionally granted elephants in settlement of claims for the payment of salaries.¹² Another way of disposal was to barter elephants for horses. As Hodgson has recorded, "the court makes large and regular purchases (of horses), and pays usually, not in money, but in elephants, the

produce of the Tarai territories.”¹³ In any case, trade in elephants was a monopoly of the state. *Hattisars* possessed the exclusive right of sale and export, and elephants purchased by individuals from other sources were confiscated.¹⁴ However, a ban on imports from India was abandoned after a three-year experiment in early 1829.¹⁵

B. State Trading

State trading was defined at the beginning of this chapter as a system under which the state assumed the right to buy and sell commodities at specified markets for raising revenue. In contradistinction to revenue monopolies, therefore, state-trading was conducted in specific markets, rather than in specific commodities. For instance, cardamom was under a state monopoly in the western hill region, hence the state, or an *ijaradar* appointed by it for the purpose, had the exclusive right to buy and sell that commodity at all places in the region. In eastern Nepal, on the other hand, cardamom was not under a state monopoly, but was bought and resold by the state, or by an *ijaradar* acting on its behalf at specified *golas* under the state-trading system.

State-trading ventures were used to earn revenue in two ways : by monopolizing the local trade in essential commodities, or by intercepting the export trade in primary produce from the hill regions to the markets of the southern plains. In the circumstances prevailing during this period, state trading offered a better revenue potential when applied to the growing export trade in primary produce to India, compared with the control of local trade in essential commodities in minuscule internal markets. Consequently, state-trading in essential commodities was limited to a few centers. One of those centers was located at Vijaypur in Morang district, where local administrators were instructed to procure rice and resell it to the local people at fixed prices, and the latter were forbidden to procure supplies for personal consumption at other places.¹⁶ Such ventures were more effective when aimed at meeting the requirements of a captive market. In 1807, for instance, construction of forts at Chisapani-Gadhi led to the concentration of a large number of laborers in that area. The

local administrator, Subba Dasharath Khatri, was, therefore, ordered to operate a *gola* at Hetaura, procure supplies of rice, pulses, salt, oil, tobacco and gur at local prices, sell such supplies to the laborers, and transmit the profits to the government.¹⁷

State trading ventures for intercepting the north-south trade in primary produce were started as early as during the last years of the eighteenth century. In 1797, for instance, military authorities in the Pallokirat region of eastern Nepal were instructed to engage in trading in "timber, wax, musk, and other commodities" and use the profits to finance the salaries of military troops stationed in that region.¹⁸ In 1813, similar arrangements were made to open a state-operated market in Chainpur to conduct "trade in all commodities, including salt, rice, yak-tails, musk and wax" that were supplied from the hill regions to the markets of the southern plains.¹⁹

Perhaps the most ambitious state-trading venture during the early nineteenth century was started at Bhangaruwa in Khalisa, Saptari district, in 1809. The regulations promulgated in the name of the chief of the market, Subba Achal Thapa, illustrate not only the manner in which it was operated, but also the state trading policy in general. The substantive provisions were as follows :²⁰

1. Procure well-established merchants from India and have them open their establishments at Bhangaruwa market.
2. Invite merchants from the hill regions and the plains and purchase commodities from them at current rates.
3. Use revenues (collected from specified sources in Saptari and Morang) to purchase commodities. At the end of three years, submit statements of profits gained from their resale. Do not succumb to greed or temptation while buying and selling commodities, and function on a commercial basis.

The regulations also enjoined on the Subba not to oppress the local people, and not collect unauthorized levies from them. At

the same time, his revenue-collecting authority was buttressed by judicial authority, evidently with the intention of placing him in unfettered control over the local people.²¹ Local *birta* owners and *jagirdars* were ordered to supply unpaid labor on a compulsory basis for the construction of warehouses and other buildings for the market.²² With the objective of attracting trade, producers living within a radius of about 16 kilometers were ordered to bring their commodities to Bhangaruwa; in more distant areas the market authorities were instructed to send purchasing agents and transport supplies in bullock-carts requisitioned from local *birta* owners.²³

In addition to Bhangaruwa, state-trading operations were conducted at several other *golas* in eastern Nepal that the government had succeeded in gradually bringing under its control. At the middle of the nineteenth century, these *golas* included Vijayapur, Letang, Ratuwa and Raksa in Morang, Siswa and Sikharmadi in Majhkirat, and Ambarpur, Tarkanna, Kashipur, and Laxmipur in Saptari district. In addition, there was a *gola* at Chatra in Morang owned by a local monastery, which was actually controlled by the state.²⁴ Though these *golas*, commodities produced in the entire hill region east of the Dudhkosi river found their way to the market of northern India.

The following order to functionaries in charge of the Siswa and Sikharmadi *golas* in Majhkirat in early 1813²⁵ illustrates the manner in which state-trade operations were expected to be conducted at *golas* :

Attract merchants to set up their establishments at these *golas*. Make sure that commodities are supplied there only through prescribed routes. Collect duties at customary rates on commodities exported by merchants through the *golas*. Do not collect anything in excess of those rates. Do not prevent merchants from proceeding to the Ambarpur *gola*, but let them go there as usual. Any person who does anything that will harm the *golas* of Amarpur, Siswa and Sikharmadi will be severely punished.

The order does not specifically mention that commodities should be bought and sold on state account. The reason is clear. The primary objective of the government was to ensure the development of the *golas* as market-towns by attracting traders and expanding the volume of trade. The *ijaradar* possessed the right to collect duties on commodities that passed through the *golas*. He had also the implied right to conduct trade on his own account if he so desired, but the government was apparently not much concerned with this aspect of his activities so long as he paid the stipulated revenue. That the buying and selling of commodities were legitimate state-trading operations of *golas* is proved by regulations promulgated in April 1849, soon after the emergence of the Rana regime, which required *ijaradars* to buy and sell commodities at *golas*. The regulations also made it obligatory for producers to supply cardamom, wax, and other produce of the hill region to the nearest *gola* "at prices current from time to time."²⁶

The Ijara System

State trading operations and monopoly trade in timber and other forest products, with the exception of elephants, were conducted under the *ijara* system. Inasmuch as the state exercised little control and supervision over the operations of the *ijaradar*, he could, if he chose, engage himself in actual commercial operations. The *ijaradar* of Morang district, for instance, "keeps the Catechu at his own disposal, and, besides the duties, has probably much profit on this article as a merchant."²⁷ He appears to have been engaged in the timber export trade also, sending his agents to the adjoining Indian towns to finalize deals.²⁸ Such activities were hardly surprising, inasmuch as *ijaradars* at that time were often traders and financiers, rather than administrators.²⁹ When *ijaradars* had no such trading connections, they left trade in the hands of merchants and remained content with duties on exports. At times, they appointed sub-*ijaradars* for the collection of such duties, thereby imposing one more intermediary stratum to partake of economic surplus. Hamilton has given the following account of the operations of

Subba Achal Thapa, who had been appointed *ijaradar* of Saptari and Mahottari districts for a three-year period from 1807⁸⁰ before taking over as chief of the Bhangaruwa market in 1809 :⁸¹

The duty on those who make catechu is farmed in Saptari for 1015 rupees, and in Mahatari for 1212 rupees. The duties on timber are farmed in Saptari for 2462 rupees, and in Mahatari for 2225 rupees. The duties on boats loaded with timber are farmed in Saptari for 2441 rupees, and in Mahatari for 345. The duty on birds for both is farmed at 698 1/2 rupees. The duties levied at the *Golas*, or custom-houses, have been farmed for three years at 100,000 rupees ...”

Hamilton has also given a detailed account of how the *ijara* system actually operated in the district of Morang, which then extended from the Kosi river in the west to the Mechi river in the east, and thus included the modern district of Jhapa. The *ijaradar* had stipulated a payment of Rs 80,000 a year, but his actual receipts from different sources totalled Rs 131,425 in 1809-10. The breakdown was as follows :⁸²

Table : 13 *Ijara Revenues in Morang District, 1809-10*

		In Patna rupees.
Land Taxes	...	Rs 54,025
Customs duties	...	Rs 7,500
Pasturage taxes	...	Rs 24,000
Duties on catechu	...	Rs 3,000
Timber exports	...	Rs 38,000
Duties on birds	...	Rs 500
<i>Gola</i> revenue :		
Vijayapur	...	Rs 2,000
Raksa	...	Rs 800
Letang	...	Rs 600
Ratuwa	...	Rs 1,000
Grand total		Rs 131,425.

In subsequent years, the government detached the monopoly trade in timber and other forest products, as well as state trading at *golas*, from the jurisdiction of district-level *ijaradars* and placed them under separate *ijaras*. There was thus one *ijaradar* for the timber export trade, one for *golas*, and another for other sources of revenue. This step seems to have had little impact on revenue from the timber export trade in Morang district. In 1809–10, as mentioned above, the *ijaradar* had collected Rs 38,000 from that source. Figures for subsequent years are given in the following table :

Table 14 : Revenue from the Timber Export Trade in Morang, 1828–51

Year	In Kaldar rupees Amount
1828	Rs 40,001 ³³
1833	Rs 38,001 ³⁴
1851	Rs 25,001 ³⁵

Forests in Morang district thus yielded less revenue in 1851 than in 1809–10.

The Tarai and inner Tarai areas west of the Kosi river, comprising the districts of Saptari and Mahottari, contributed even less to the state exchequer in the form of revenue from the timber export trade. At the middle of the nineteenth century, these areas contributed only Rs 5,001.³⁶

The exploitation of the timber resources of the eastern Tarai region was not left solely to *ijaradars*, for occasionally the state negotiated contracts for extraction and export directly with Indian and British merchants. In Morang, at least two such contracts were negotiated in early 1818 permitting the merchants to export timber to India on payment of Rs 45 for each cartload.³⁷ In Mahottari district, similar arrangements were made with one British merchant for nearly twenty-one years between 1826 and 1847.³⁸ Such arrangements enabled the state to maximize revenue from the exploitation of forest resources, but administrative problems necessitating continued dependence

on *ijaradars* prevented them from being applied on a more extensive basis.

In contradistinction, the institution of separate *ijaradars* for the management of *golas* led to a gradual increase in revenue collections. The following statistics of revenue collected in three *golas* in Morang and Saptari districts during 1836 and 1851 will make this clear :

Table 15 : *Revenue from Some Golas in Eastern Nepal, 1836-1851*

<i>Gola</i>	1836 ³⁸	In Mohar rupees 1851 ⁴⁰
Ambarpur	Rs 4,000	Rs 6,000
Vijayapur	Rs 3,601	Rs 6,000
Siswa-Sikharmadi	Rs 1,801	Rs 2,201
Total	Rs 9,402	Rs 14,201

The *gola* of Vijayapur thus fetched Rs 6,000 in 1851, whereas in 1809 Hamilton has given the figure at no more than Rs 2,000.⁴¹ During the fifteen-year period from 1836 to 1851, the amount of revenue collected at these three *golas* increased by about 51 percent.

Concluding Remarks

Revenue monopolies and state trading, as actually operated under the *ijara* system, created a situation in which demand for commodities was restricted to the *ijaradars*, whereas supply remained dispersed in the hands of numerous producers. Producers and traders, therefore, had little protection if the *ijaradar* offered them lower prices for their commodities than they would have received had trade been free from such restrictions. These systems, consequently, intended the extraction of economic surplus from production and trade at the cost of producers and traders without commensurate benefit to the state. In other words, although the *ijara* system may have been a more or less effective means of extracting the economic surplus generated from production and trade through revenue monopolies and state-

trading operations, as well as of maximizing revenue from the exploitation of forest resources in the state sector, the lion's share of the benefits accrued to the *ijaradar* rather than to the state. We have seen above how in Morang district during 1809-10 receipts from land and pasturage taxes alone were more than sufficient to meet the fiscal obligations of the *ijaradar*. Income from other commercial sources, including state-trading and the timber export trade, constituted his profit.

The manner in which the Bhangurawa market was operated sheds ample light on the impact of such enterprises on the local economy. In 1812, for instance, the inhabitants of Majhkirat complained to Kathmandu that the authorities purchased cardamom, herbs and drugs, and other commodities from them at very low prices. Abuse of authority by the *ijaradar* for his personal enrichment made the situation even worse. Subba Achal Thapa, chief of the market, was charged with having exacted unauthorized levies from producers and traders in the areas that had been placed under his jurisdiction. Fines were collected from people who refused to pay these unlawful exactions, so that "the ryots have fled to India and the country is being ruined."⁴² Significantly, Subba Achal Thapa was instructed to confine the procurement of commodities for the Bhangaruwa market from lands under *birta* and *jagir* tenures. Commodities produced on *jagera* lands, which yielded revenue to the government, were kept beyond his jurisdiction lest their procurement should similarly ruin the country and affect the tax-paying capacity of the peasant.⁴³

Monopolies introduced wholly or partially with the objective of raising revenue were perhaps even less justified. One cannot deny the Gorkhali government's need for increased revenues, but revenue monopolies led to harassments and sufferings for producers and traders on a scale quite disproportionate to the amount of revenue they contributed to the state exchequer.

Such criticism should not lead us to ignore the fact that the monopoly system has traditionally been followed by most governments in the world as a legitimate means to raise revenue. It

would be unfair to single out the Gorkhali government as our target. Criticism will perhaps be more appropriate if directed not against the monopoly system as such but against the manner in which it was administered in Nepal during this period. We have noted that monopolies were usually administered through individuals under the *ijara* system. The state thus shared with the *ijaradar* the amount of economic surplus that it extracted from producers and traders. In other words, what the producer and the trader lost through this system was not entirely the state's gain.

We may conclude that difficulties of administration hampered the government's objective of maximizing revenue from state intervention in production and trade. Far-reaching changes were introduced in the administrative system after the emergence of Rana rule in 1846. Simultaneously, there was an expansion of production and trade, particularly in the Tarai region, as a result of changes in the Indian economic scene. Official policies aimed at maximizing revenue through state intervention in production and trade were thereafter formulated and implemented within an economic and administrative framework basically different from that which existed during the first half of the nineteenth century. The nature of those changes, both in Nepal and in India, their impact on production and trade, and the Rana government's response to that impact, will hopefully constitute the subject-matter of a separate volume.

NOTES

1. "Ijara Arrangements for Collection of Revenue from Miscellaneous Commercial Sources in Seti-Kali Region," *Jestha Badi* 13, 1845 (May 1788), *Regmi Research Collection (RRC)*, vol. 5, pp. 713-14
2. "Ijara Arrangements for Collection of Revenue from Miscellaneous Commercial Sources," *Poush Badi* 9, 1842 (December 1785) *RRC*, vol. 25, pp. 26-27; *Marga Sudi* 5, 1869 (November 1803), *ibid*, vol. 6, pp. 308-13; *Poush Badi* 4, 1873 (December 1816), *ibid*,

- vol. 36, pp. 339-43; and Baisakh Badi, 6, 1888 (April 1831), *ibid*, vol. 44, pp. 242-45.
3. "Ijara Arrangements for Ambarpur and Other Golas," Chaitra Badi 11, 1892 (March 1836), *RRC*, vol. 43 pp. 563-67, "Order Regarding Supply of Commodities to Golas in Eastern Nepal," Baisakh Badi 3, 1906 (April 1849), *ibid*, vol. 64, pp. 368-69.
 4. Francis Buchanan (Hamilton) *An Account of the District of Purnea in 1809-10* (Patna. Bihar and Orissa Research Society, 1928), p. 569.
 5. *Loc. cit.*
 6. *Ibid*, pp. 563-569.
 7. William Kirkpatrick, *An Account of the Kingdom of Nepal* (reprint of 1811 ed.; New Delhi. Manjusri Publishing House, 1969), p. 18.
 8. Francis Hamilton, *An Account of the Kingdom of Nepal* (reprint of 1819 ed.; New Delhi: Manjusri Publishing House, 1971), p. 63.
 9. Kirkpatrick, *op. cit.* p. 18.
 10. Hamilton, *op. cit.* p. 63.
 11. Kirkpatrick, *op. cit.* p. 18. For instance, in 1799 payment was made in elephants for horses and bulls supplied from Lucknow by Maulvi Abdul Kadir Khan, who had earlier been sent to Nepal as an agent of the East India Company to discuss trade relations "Royal Order to Daroga Dayaram Padya and Others," Marga Badi 3, 1856 (November 1799), *RRC*, vol. 23, p. 503.
 12. In 1796 Kaji Karbir Sen received a part of his emoluments in elephants. "Royal Order to Subba Ranjit Kanwar," Kartik Sudi 7, 1853 (October 1796), *RRC*, vol. 23, p. 173.
 13. Brian H. Hodgson, "On the Commerce of Nepal," in *Essays on the Languages, Literature and Religion of Nepal-Tibet* (reprint of 1874 ed.; Varanasi. Bharat-Bharati, 1971), pt. 2, p. 111; "Royal Order to Daroga Balabhadra Jaisi and Others," Shrawan Badi 1', 1875 (July 1818), *RRC* vol. 42, p. 341.
 14. "Notification Regarding Trade in Elephants "Ashadh Badi 1, 1885 (June 1825), *RRC*, vol. 43, p. 99.
 15. "Royal Order Regarding Elephant Imports in Morang," Chaitra Sudi 9, 1885 (March 1839), *ibid*, pp. 197-98.
 16. "Royal Order to Kaji Ajambar Pantha and Sardar Angad Khawas," Baisakh Sudi 9, 1867 (April 1810), *RRC*, vol. 39, pp. 186-87.
 17. "Royal Order to Subba Dasharath Khatri," Shrawan Badi 8, 1864 (July 1807), *RRC*, vol. 20, p. 447.
 18. "Pallokirat Administrative Regulations," Chaitra Sudi 13, 1853 (March 1797). sec. 9. *RRC*, vol. 1A, p. 17.

19. "Order Regarding Establishment of New Gola at Chainpur," Shrawan Badi 8, 1870 (July 1813), *RRC*, vol. 41, p. 291.
20. "Regulations for Bhangaruwa Market," Marga Sudi 3, 1866 (November 1809) *RRC*, vol. 40, pp. 41-45.
21. *Ibid.*
22. "Order to Birtaowners, Jagirdars and Others in Saptari," Marga Badi 9, 1866 (November 1809), *ibid.*, pp. 139-40.
23. Order to Meghraj and Other Merchants in Saptari," Marga Badi 9, 1866 (November 1809), *ibid.*, pp. 136-37; "Order Regarding Supply of Commodities to Bhangaruwa Market," Jestha Sudi 5, 1867 (May 1810), *RRC*, vol. 39, p. 208.
24. "Revenue and Expenditure of the Government of Nepal," 1908 (1851), *Regmi Research Collection (Miscellaneous)*.
25. "Royal Order to the Amali of Chaudandi and Ambarpur Golas," Chaitra Sudi 13, 1879 (March 1813), *RRC*, vol. 43, p. 429-30.
26. "Order Regarding Supply of Commodities to Golas in Eastern Nepal," 1849, *op. cit.*
27. Hamilton, *An Account of the Kingdom of Nepal*, *op. cit.* p. 153.
28. "Complaint of Raman Giri Regarding Misappropriation of Timber Supplied to Maqsoodabad, India," Ashadh Badi 13, 1857 (June 1810), *RRC*, vol. 39, p. 238.
29. For instance, Harikrishna Das, who was appointed *ijaradar* for revenue collection in Saptari and Mahottari districts in 1803, was an agent of an Indian merchant of Varanasi from whom ex-King Ran Bahadur Shah had borrowed money during his exile. "Appointment of Harikrishna Das as *Ijaradar* of Saptari and Mahottari" Magh Sudi 9, 1859 (February 1803), *RRC*, vol. 20, p. 2; Mahesh C. Regmi, *A Study in Nepali Economic History, 1768-1846*, (New Delhi : Manjusri Publishing House, 1971), p. 50. Often the *ijaradars* were gosains, members of an ascetic sect who have been described as "the trading pilgrims of India." They had been engaged in the Kathmandu Valley entrepot trade with Tibet since pre-Gorkhali times. Schuyler Cammann, *Trade Through the Himalayas*, (Princeton : University Press, 1951), pp. 61-62; Clements R. Markham, *Narratives of the Mission of George Bogle to Tibet and of The Journey of Thomas Manning to Tibet* (London : Trubner & Co., 1879), pp. 124-27. Members of this sect who were appointed as *ijaradars* for revenue collection in the eastern Tarai districts during the early years of the nineteenth century included Gosain Laxman Giri, Swarup Puri, and Shiva Bux Puri.
30. "Appointment of Achal Thapa as *Ijaradar* of Saptari and Mahottari," Baisakh Badi 10, 1854 (April 1807) *RRC*, vol. 20, pp. 279-80.

31. Hamilton, op. cit. p. 163
32. Ibid, p. 153.
33. "Ijara Arrangement with Subba Prayag Datta Jaisi for Timber Export Trade in Morang," Bhadra Sudi, 1885 (August 1828), *RRC*, vol. 43, pp. 126-28. This *ijara* had been finalized for Rs. 32,001 with the same individual one month previously, on Shrawan Sudi 1, 1885 (July 1828), *ibid*, pp. 115-17.
34. "Ijara Arrangements with Subba Prayag Datta Jaisi for Timber Export Trade in Morang," Shrawan Badi 1, 1890 (July 1833), *RRC*, vol. 26, pp. 331-32. In 1831, the *ijara* had been granted to Sriharsha Jaisi for Rs. 35,001 a year for a three-year period. "Ijara Arrangement with Sriharsha Jaisi for Timber Export Trade in Morang," Bhadra Badi 8, 1888 (August 1831) *RRC*, vol. 44, pp. 345-47.
35. "Revenue and Expenditure of the Government of Nepal," 1908 (185), op. cit.
36. Ibid.
37. "Royal Order to Wanson Firangi Regarding Timber Export from Morang," Jestha Sudi 3, 1875 (May 1818), *RRC*, vol. 42, pp. 301-2; "Royal Order to Kadir Bux," Jestha Badi 9, 1875 (May 1818), *ibid*, p. 314.
38. "Royal Order to Subba Kulananda Jha Regarding Permission to Captain Mosley to Export Timber," Marga Badi 7, 1885 (November 1828), *RRC*, vol. 43, p. 153; "Forest Regulations for the Tarai and Inner Tarai Regions." These regulations, first promulgated on Poush Sudi 9, 1885 (December 1828) (*RRC*, vol. 43, pp. 169-76), remained in force until Magh Badi 9, 1903 (January 1847), *RRC*, vol. 62, pp. 609-17.
39. "Ijara Arrangements for Management of Ambarpur and Other Golas," Chaitra Badi 11, 1892 (March 1836), *RRC*, vol. 43, pp. 563-67.
40. "Revenue and Expenditure of the Government of Nepal," 1908 (1851), op. cit.
41. Hamilton, op. cit. p. 41.
42. "Order to Subba Achal Thapa to Refund Unauthorized Collections," Chaitra Badi 8, 1867 (March 1811), *RRC*, vol. 41, pp. 12-14.
43. "Order to Subba Achal Thapa Regarding Jurisdiction Over Raikar Lands," Chaitra Sudi 5, 1868 (March 1812) *RRC*, vol. 40, p. 409.

A Retrospect

Our study of policies followed by the Gorkhali rulers during the first half of the nineteenth century with the objective of extracting resources in money and commodities from the nation's natural resources, agricultural lands, mines, and forests, is now complete. It started with a description of the Kingdom's geographical, historical, and political situation at the beginning of the nineteenth century. A conceptual framework was presented to facilitate an analysis of resource-mobilization policies under the two categories of transfer and exchange. This was followed by an examination of the nature of the administrative machinery available to the state for the implementation of those policies, as well as of the innovations that were introduced in that field. The nature of primary production, as well as of handicrafts and manufactures, and questions relating to the ownership and control of means of production (agricultural lands, mines, and forests) and the organization of the production function were also discussed. The study thereafter examined the general direction of regional and export trade in primary commodities and handicrafts. It described the main means through which the economic surplus generated by producers and traders was extracted by the state through the process of transfer (taxes on production, commercial taxes, and the supply of commodities in

fulfillment of personal labor obligations), as well as through the process of exchange (compulsory procurement, monopolies, and state trading). In this final chapter, some broad conclusions will be presented on the nature of production, trade and resource-mobilization in Nepal during the early nineteenth century.

The significance of the study stems from the growing need for economic resources in both money and commodities after the political unification of the Kingdom. As noted in Chapter 3, Gorkhali rule marked the emergence of a command-economy superimposed on the customary economy of their predecessors. The Gorkhali rulers, "by virtue of their positions within the structures of their societies and their general political orientations"¹ evolved new general goals, among which territorial unification and expansion occupied pride of place. The campaign of territorial unification and expansion was, however, a prolonged affair. It began with Gorkha's conquest of Nuwakot in 1744 and ended in 1816 in a war with the British. For almost three quarters of a century, therefore, military objectives dominated the policies and programs of the Gorkhali rulers. They had to maintain an army, assign lands to military personnel as emoluments, install factories for the production of munitions, and make arrangements for metals and other supplies. The civilian needs of the new state were no less important. A growing number of officials and employees had to be appointed and paid remunerations through land assignments as in the case of military personnel. It was also necessary to sustain the power base of the new regime by making liberal grants of lands to the nobility and other groups of the political elite. All this had a far-reaching effect on resource-mobilization policies.

These policies have been described under the two broad categories of transfer and exchange. Policies belonging to the category of transfers were aimed at extracting the economic surplus generated by producers and traders without a *quid pro quo*. They were based on the state's sovereign authority, interlinked with its role as ultimate landlord, and included taxes on production and

trade, and supply of commodities in fulfillment of personal obligations. The process of exchange was utilized to meet the commodity needs of the state only to a limited extent, for those needs were met for the most part through transfers, such as the supply of copper, iron and other metals in fulfillment of tenurial obligations, and of charcoal, hides and skins, and other commodities required for the manufacture of munitions in fulfillment of personal obligations. Similarly, the bulk of the state's cash revenue was derived from the land tax, which provides yet another example of the transfer of resources from the producer to the state without a *quid pro quo*.

Two other aspects of the resource-mobilization policies of the state merit equal emphasis. In the first place, the state's need for strategic materials such as copper and iron outweighed its need for cash revenue. The state would have been able to increase its revenue to a considerable extent had not its strategic needs made it essential for it to accept commodities rather than cash in fulfillment of tenurial and labor obligations. Revenue similarly occupied a lower order of priority in respect to the state's use of agricultural land resources. Indeed, it was seldom the chief objective of the land-tenure policies of the Gorkhali rulers. Because large areas of agricultural lands were granted on a tax-free basis to the elite strata of the society in the form of *birta* grants and *jagir* assignments, the state was unable to mobilize resource from such lands through taxation and other means. The Gorkhali rulers sustained their monopoly over political power by sharing the economic benefits of that power with the aristocracy and the bureaucracy in this manner. Those groups, consequently, appropriated a part of the economic resources that otherwise would have accrued to the state.

The relative proportion of money or commodities extracted by the state through its resource-mobilization policies is a question of only peripheral interest in the present study. If the state attached greater importance to the procurement of commodities than to the collection of revenue in cash, or preferred to grant agricultural lands under *birta* and *jagir* tenure to members of the

aristocracy and the bureaucracy rather than collect revenue directly on such lands, such a course of action was certainly no more and no less than what the exigencies of the current military, administrative, and political situation dictated. The question that is of greater relevance is not what considerations shaped the pattern of the state's resource-mobilization policies, but the extent to which these policies were effective in ensuring the fulfillment of its general goals. That is to say, was the state able to procure-sufficient supplies of strategic commodities through the resource-mobilization policies discussed in the present study ?

One cannot deny that this is a ticklish question. It is difficult to imagine that the Gorkhali rulers were ever able to sit back in a state of smug satisfaction believing that their munitions factories were overflowing with copper and iron, saltpeter, hides and skins, or wax. The evidence, in fact, points in the opposite direction. The Gorkhali rulers faced a chronic shortage of all such strategic materials, as their repeated exhortations to their procurement officials and functionaries to increase the scale of procurement or the frequency of despatch graphically underscore. It is important, nevertheless, to determine the chain of causation on realistic lines. If the Gorkhali rulers faced a chronic shortage of strategic materials, the blame more appropriately lies in the imbalance between the volume of production and the scale of consumption, rather than in the effectiveness of their resource-mobilization policies as such. At the same time, it is a fact substantiated by several western observers that throughout the early nineteenth century, during which the Gorkhali rulers fought the most serious war in their 40-year campaign of territorial expansion, the Kingdom was more or less self-sufficient in munitions. Indeed, at the middle of the century, a British observer has testified that "in case of emergency, the (Gorkhali) government could supply muskets and accoutrements sufficient to equip upwards of 100,000 men."² There is no evidence that munitions production, even on such a scale, was sustained with supplies of copper and iron imported from abroad. It would, therefore, appear correct to conclude that the resource-mobilization policies

followed by the state were sufficiently effective to ensure an adequate supply of munitions manufactured through indigenous materials.

The effectiveness of the resource-mobilization policies of the Gorkhali rulers in sustaining their munitions industry, however, concerns only one aspect of the problem. It was, of course, important for the Gorkhali rulers in the course of their campaign of territorial unification and expansion. From a twentieth-century perspective, however, the impact of those policies on the process of economic growth and on the economic condition of the producer and the trader would appear to be of far greater significance. A realistic evaluation of this impact depends on a clear understanding of at least two other issues. One concerns the basic objective of resource-mobilization policies, and the other the nature of the administrative machinery used for the implementation of those policies.

What was the basic objective of the resource-mobilization policies followed by the Gorkhali rulers during the early years of the nineteenth century? The Gorkhali rulers mobilized resources primarily to ensure the success of their general goal of territorial expansion. That is to say, the resources that they mobilized were used to sustain a standing army of growing size, manufacture cannon, muskets, gunpowder and other munitions, and, in addition, meet numerous civilian needs. The phase of territorial expansion ended with Nepal's defeat in a war with the British in 1816, but the pattern of resource-mobilization and utilization remained more or less unchanged. The desirability of territorial expansion through military means as the primary goal of the state is an issue that an economic historian is not competent to discuss. But the fact that war, or preparations for war, lead to an unproductive use of economic resources is self-evident. An economic historian's task is to establish causative links, rather than to pass judgments on matters of extra-economic significance. We can, therefore, only point out that such a use of the economic surplus drains off resources from economic activities connected with production and trade and so is inimical to the process of economic growth.

The second issue concerns the nature of the administrative machinery that the Gorkhali rulers devised for implementing their resource-mobilization policies. As stressed in Chapter 3, these policies were mostly a manifestation of the command-economy character of Gorkhali rule, and the Gorkhali rulers never succeeded in devising a permanent and institutional administrative machinery to implement them. It is indeed a fact of profound significance that there was no institutional link between the state on the one hand, and producers and traders on the other. In practical terms, this meant that the state lacked an administrative machinery to mobilize resources from the economic surplus generated by those groups. Consequently, the Gorkhali rulers depended primarily on the *ijara* system for the discharge of the command-economy functions they undertook with the objective of mobilizing resources in the Tarai region and the central hill region, which were then the most important region of the Kingdom from the standpoint of economic activity and generation of economic surplus. Such dependence was an inevitable corollary of their inability, as in any pre-industrial society, to extract enough resources from the population to appoint salaried employees for implementing resource-mobilization policies.³

This lacuna provided the *raison d'être* of the *ijara* system. Under that system, state-controlled economic functions such as the collection of taxes or the management of monopolies were performed not by salaried employees of the state, but by an individual appointed by the state for a specified period for that purpose. That individual, or *ijaradar*, was not selected in consideration of his administrative capacity or probity. The criterion was, in fact, more mundane. It was his ability to stipulate a higher payment for the *ijara* rights than other prospective aspirants, and to make payments even in advance of collection if the government was in need of funds. Inasmuch as scarcity of cash was a chronic problem, individuals who succeeded in acquiring *ijaras* were primarily wealthy financiers and speculators who more often than not possessed little knowledge or

experience about the specific economic function for which they offered bids.

Ijara, however, was a wasteful system. It superimposed a layer of interests between the state on the one hand, and the producer and the trader on the other to partake of a share in the quantum of economic resources squeezed from the latter through the coercive apparatus of the state. The system, consequently, siphoned off a part of these resources that otherwise would have accrued to the state. To be sure, a regular administrative machinery, had the state created one at the local level in lieu of the *ijara* system, would also have absorbed a part of the economic surplus garnered by the state from the producer and the trader. Nevertheless, there seems reason to believe that it would have cost much less than the *ijara* system and insured more efficient mobilization of resources.

Mainly because of the *ijara* system, the pattern of agricultural production in the Tarai region remained insulated from the commercial trends that emerged in the adjoining areas of British India. During the first half of the nineteenth century, British colonial rule transformed India into a primary producing country.⁴ As part and parcel of this trend, commercial crops such as indigo began to be cultivated extensively in Bihar and Bengal. The East India Company provided direct encouragement for the cultivation of those crops, initially to enable its employees to remit their earnings to Europe in a "legal, advantageous and adequate"⁵ manner through the export of these commodities, and subsequently as a form of "investment" for transmitting its own surplus revenues to England.⁶ Thanks to such encouragement, indigo was produced on a scale sufficient to sustain at least 77 factories in the district of Purnea alone.⁷ Similarly, Bihar was then "the province in which opium of the best quality and greatest quantity was produced," and Patna, with which the eastern Tarai region of Nepal had long had extensive commercial contacts, had become "the most celebrated place in the world for the cultivation of opium."⁸ However, these developments had little impact on the agricultural economy of the Tarai region of

Nepal. There is indeed no evidence that either indigo or opium was cultivated in that region during the early part of the nineteenth century. Land taxes in the eastern Tarai region were assessed separately for each crop during that period, but the tax-assessment schedules make no reference to either of these crops. Moreover, neither Kirkpatrick nor Hamilton has included indigo and opium in his lists of exports from the eastern Tarai region to India.⁹ There is evidence that the government of Nepal was aware of the commercial prospects of at least the indigo crop. In 1798, for instance, it instituted an *ijara* for the cultivation of indigo in some districts of the eastern Tarai region,¹⁰ but the experiment appears to have been short-lived. Foodgrains, timber, and other commodities continued to be exported in large quantities during this period. It is, therefore, inconceivable that indigo and opium too could not have found a market in India.

A brief survey of the conditions under which indigo and opium were produced in Bihar and Bengal appears necessary to explain the reasons for Nepal's inability to grow these commercial crops. There the development of indigo and opium cultivation as part and parcel of the East India Company's investment policy was due primarily to European enterprise sustained through coercive measures.¹¹ The factories obtained their supply of indigo plants mostly from peasants who cultivated the crop in their own holdings on contract under the *raiya* system. To meet the expenses of cultivation, advances were made available to the peasants at the rate of about three rupees a bigha.¹² Although it has been claimed that under this system, "the *raiya*, under no compulsion, puts a portion of his land in indigo and sells to the factory the plant...either on a valuation of the standing crop or measurement of the amount cut,"¹³ European planters often resorted to force in an attempt to compel peasants to grow indigo, and "oppression and lawlessness remained associated with indigo plantations."¹⁴ In any case, the crop was certainly not cultivated under free market conditions where the peasant could decide whether or not to cultivate it solely with

consideration to the returns. On the contrary, the price at which indigo factories procured indigo from the cultivator was too low to yield him a return commensurate with the profit he could earn from the production of other alternative crops.¹⁶ The story of opium cultivation in India is similar. As early as 1773, the East India Company assumed the right to the exclusive manufacture of opium, but the right was farmed to individuals. Such an arrangement may have lightened the administrative responsibilities of the Company and ensured it a steady income, but it considerably increased the hardships of the cultivators.¹⁶ We may conclude that the production of both indigo and opium in Bihar was sustained through a system of forced cultivation and arrangements for the supply of credit to the cultivator.

The system of revenue administration followed in the eastern Tarai region made such credit supply arrangements virtually out of the question. As shown in Chapter 3, it was mainly based on *ijara* arrangements. *Ijaradars*, however, were appointed on brief tenures, hence they had little incentive to engage in investments and innovations for the development of agriculture. Moreover, their authority undermined the position of the traditional *zamindar* class and deterred it from financing agricultural development schemes lest increased affluence should invite additional exactions. The cultivated area increased significantly, but mainly through increased immigration from India attracted by the facilities and concessions offered by *birta* owners outside the ambit of the *ijara* system. Increased agricultural production due to such extension of the cultivated area was limited to traditional crops such as rice, lentils, and oil-seeds, and little progress was achieved in the production of commercial crops. The development of commercial agriculture in the adjoining areas of India, and resource-mobilization policies and programs based on such development, consequently, bypassed Nepal.

We may conclude our study as follows : The mobilization of economic resources in the form of money and commodities assumed a new importance in Nepal after the emergence of

Gorkhali rule during the latter part of the eighteenth century. That development was followed by the emergence of a command-economy with territorial expansion as the main objective of state policy. Traditionally, resources were mobilized mainly through the process of transfer in the form of taxes on production and trade. The Gorkhali rulers extended this process to ensure the supply of commodities in fulfillment of traditional labor and caste obligations. Simultaneously, they introduced a number of measures for the mobilization of resources through the process of exchange (compulsory procurement, monopolies, and state trading). However, the Gorkhali rulers were unable to devise a viable institutional machinery to implement those measures. Instead, they depended mainly on the *ijara* or revenue-farming system. The *ijara* system, however, proved to be inefficient and wasteful. It reduced the quantum of resources mobilized by the state, subjected producers and traders to arbitrary and extortionate control, and thereby had a depressing effect on economic activity in general.¹⁷ Moreover, the resources mobilized by the state from production and trade were used primarily for military purposes, thereby making such resources unavailable for use as capital for augmenting production and improving techniques. Extraction of economic surplus through *ijaradars*, and use of that surplus for non-economic purposes, may, therefore, be regarded as key links in the complicated chain of historical causation that explains in part Nepal's economic backwardness during the early nineteenth century.

NOTES

1. S. N. Eisenstadt, *The Political System of Empires* (New York : Free Press, 1963), p. 117.
2. Orfeur Cavanagh, *Rough Notes on the State of Nepal* (Calcutta : W. Palmer & Co., 1851), p. 17.
3. Barrington Moore, *Social Origins of Dictatorship and Democracy* (Middlesex : Penguin Books, 1966), p. 172.

4. K. N. Chaudhuri ed.; *The Economic Development of India Under the East India Company, 1814-1858* (Cambridge: University Press, 1971), p. 2. Indeed, in a petition to the British Parliament in 1840, the East India Company claimed with a considerable measure of self-satisfaction that it had "succeeded in converting India from a manufacturing country into a country exporting raw produce." (Ibid, p. 27).
5. George Watt, *The Commercial Product of India* (reprint of 1908 ed.; New Delhi: Today and Tomorrow's Printers and Publishers, 1966), p. 668.
6. Narendra Krishna Sinha, *The Economic History of Bengal* (Calcutta: Firma K. L. Mukhopadhyay, 1961), vol. 1, p. 6; H. R. Ghosal, *Economic Transition in the Bengal Presidency*, (Calcutta, Firma K. L. Mukhopadhyay, 1961, chaps 4 and 6.
7. Francis Buchanan (Hamilton), *An Account of the District of Purnea in 1809-10* (Patna: Bihar and Orissa Research Society, 1928), p. 588.
8. Watt, op. cit. pp. 846-48. A detailed account of the conditions under which indigo and opium were cultivated in the neighboring district of Champaran in Bihar Province is given in Girish Misra, *Agrarian Problems of Permanent Settlement, A Case Study of Champaran*, New Delhi: People's Publishing House, 1978, chap. 4.
9. William Kirkpatrick, *An Account of the Kingdom of Nepal* (reprint of 1811 ed.; New Delhi: Manjusri Publishing House, 1969), pp. 205-6; Buchanan (Hamilton), op. cit. pp. 556-76. Hamilton has recorded that the district of Purnea received its supply of opium from Patna, (ibid, p. 557), thereby implying that Morang district in Nepal had not then started exporting that commodity. Similarly, Brian H. Hodgson has described both indigo and opium as imports into Nepal from India. He has recorded that "Nepal and Tibet are always very inadequately supplied with good indigo." About opium, he writes: "Opium is in great demand in Tibet just now. A very insufficient quantity gets there via Nepal at present. It is procured by the Nepalese furtively, in the Tarai, from our ryots between the Narayani and the Bagmati." (Brian H. Hodgson, "On the Commerce of Nepal," in *Essays on the Languages, Literature and Religions of Nepal and Tibet* (reprint of 1874 ed.; Varanasi: Bharat-Bharati, 1971), pt. 2, p. 109.
10. "Royal Order Regarding Operation of Indigo Monopoly," Marga Badi 9, 1856 (November 1799), *Regmi Research Collection* (RRC), vol. 23, p. 507. This document gives the impression that the government desired to have the crop cultivated under a system then called *raiya* in India. Sinha, op. cit. p. 79. Under a system, payments were made to cultivators in advance, and adjusted against the

- value of the crop after it was delivered. Also : "Order Regarding Supply of Indigo from Mahotari to the Tosakhana in Kathmandu," Shrawan Sudi 3, 1860 (July 1803), *RRC*, vol. 20, p. 114
11. In Bihar, particularly in the districts of Champaran, Muzaffarpur, Darbhanga and Saran, where "the cultivation of indigo reaches the highest development" (Watt, op. cit. p. 673), indigo factories were mostly under European management. Buchanan (Hamilton), op. cit. p. 588.
 12. Ghosal, op. cit. p. 79.
 13. Watt, op. cit. p. 672.
 14. Sinha, op. cit. p. 210.
 15. In Purnea district, Hamilton observed that the price of indigo "seems totally inadequate to induce the farmers to cultivate the plant." Consequently, indigo cultivation was not a profitable field of agricultural activity and peasants were reluctant to cultivate it. He writes : The land..... on which indigo is raised is in general poor and low rented, and where it is the only crop, does not pay more than four anas a bigha, or one quarter of the produce. Still, however, the rice is no doubt a more profitable cultivation; and in fact, the farmers (except on the poor sandy land that will not produce rice) are exceedingly backward to undertake or continue the cultivation : and many of the landlords discourage their tenancy from engaging in it, by every means in their power." Buchanan (Hamilton), op. cit. pp. 392-93.
 16. According to one account : "In spite of all the regulations that could be framed, the system of farming became oppressive. Cultivators were often compelled by the contractors to grow the poppy when they had no desire to do so. The contention was advanced that the contractors must have an assured production, and hence, they said, once land came under opium, it had throughout the period of contract to continue to produce it. If the owner cultivator of opium land objected, he should, they said, be compelled to vacate it and allow some one willing to grow poppy to be placed in charge." Watt, op. cit. p. 84.
 17. As Max Weber has pointed out : "A state which collected money taxes by tax farming is a favourable environment for the development of politically oriented capitalism, but it does not encourage the orientation of profit-making to the market." Max Weber, *The Theory of Social and Economic Organization*, (New York : The Free Press, 1964), p. 315.

Appendix

Currency Systems in Nineteenth-Century Nepal

During the early nineteenth century, different monetary units were in circulation in different Parts of the Kingdom of Nepal. These were the *Mohar* rupee, the *paisa* rupee, the *Gorakhpuri* rupee, and Indian rupees of different categories.

(a) The Mohar rupee

Before the political unification of the Kingdom, the Malla rulers of Kathmandu Valley used to mint silver coins called *mohar*. The Gorkhali rulers continued the practice. They adopted the rupee, worth 2 silver mohars each, as the standard unit of account, hence it was officially called the mohar rupee. A mohar rupee consisted of 16 *annas* or *gandas*, each worth 4 copper coins called *paisa*. A mohar rupee was thus officially worth 64 *paisa*. However, its actual value was different in different parts of the Kingdom, depending mainly on the relative values of silver and copper. According to Hamilton¹ : "The coin called a Mohur varies in its rate of exchange, but is commonly worth 34 Paisah," so that each mohar rupee was actually worth 68 *paisa* or 17 *gandas* in Kathmandu. It was worth 52 *paisa* or 13 *gandas* in Jumla² and 80 *paisa* or 20 *gandas* in the eastern hill region.* An attempt was made in early 1826 to standardize the conversion rate of the mohar rupee at 20 *annas* or 80 *paisa* in two-*paisa*

(*dhyak*) coins, and 18 *annas* or 72 *paisa* in *paisa* coins.⁴ However, the rising price of copper made such measures difficult to enforce. As A. Campbell has noted;⁵ "In 1816, copper coin sold at 22 *gundahs* per rupee, now (1836) a rupee will not fetch more than 20 *gundahs*, a rise in copper or fall in silver of 10 percent during the interval alluded to." He adds: "Copper coin has occasionally been as high as 18 *gundahs* per rupee."

(b) The Paisa Rupee

Because *mohar* coins were scarce, *paisa* coins appear to have been the sole currency in most areas of the Kingdom. In ordinary commercial transactions and tax payments, therefore, an amount of 64 *paisas* or 16 *gandas* was treated as one rupee.⁶ It was designated as *paisa* rupee, an imaginary unit of account, to distinguish it from the *mohar* rupee. There were also *paisa* rupees of 20 or 22 *gandas* in certain parts of the Kingdom.

(c) The Gorakhpuri Rupee

At several places in western Nepal, *paisa* coins were mined on the model of those minted at Gorakhpur in India. These were known as Gorakhpuri. Customarily, 48 Gorakhpuri *paisa* coins, and, at times, even 72 such coins, were treated as 1 Gorakhpuri rupee, another imaginary unit of account.

(d) Indian Rupees

The circulation of the *mohar* and *paisa* rupees was mainly confined to Kathmandu Valley and a few other areas in the hill region and, indeed "is far from being common even there."⁸ Indian rupee coins were in wide circulation in all parts of the Kingdom and were actually accepted in the collection of government revenues throughout the Tarai region and in many parts of the hill region. However, the Indian rupee itself was not a standard unit during the nineteenth century. Nepali official documents mention several different units in which taxes were collected in the Tarai region. Chief among these units was the Patna rupee, the *kaldar* rupee, the *Farrukhabadi* rupee, the *sicca* rupee, Lathshahi rupee, the Kampani rupee, and the Rikabi rupee. Among them, the Patna

rupee appears to have been in widest circulation, obviously because the bulk of Nepal-India trade through Kathmandu Valley and the eastern Tarai region was channelled through that Indian town at that time.

The actual market value of each of these Indian rupee units was different in terms of the mohar rupee. The exchange rate between Patna rupees and mohar rupees was officially fixed at 100 : 123 during the early years of the Rana regime⁹ and has been used in this study for purposes of conversion during the earlier period as well for want of more precise information. During the early 1850s, the revenues of the Government of Nepal were collected in nine different currency units, namely, Patna, Farrukhabadi and Lathshahi rupees of India, mohar rupees, *paisa* rupees of 16-*ganda*, 20-*ganda*, and 22-*ganda* value, and *Gorakhpuri* rupees of 12-*ganda* and 18-*ganda* value. Needless to say, such a multiple currency system gave rise to considerable inconvenience.

Notes

1. Francis Hamilton, *An Account of the Kingdom of Nepal* (reprint of 1819 ed., New Delhi : Manjusri Publishing House, 1971), p. 214.
2. "Royal Order Regarding Tax Payments in Jumla and Humla", Ashadh Badi 5, 1893 (June 1836), *Regmi Research Collection* (*RRC*) vol. 40, pp. 491-96.
3. *Regmi Research Series*, Year 5, No. 2, February 1973. p. 40.
4. "Royal Order Regarding Standardization of Currency Units," Magh Badi 4, 1881 (January 1826), *RRC*, vol. 26, p. 145.
5. Alan Campbell, "Notes on the Agriculture and Rural Economy of the Valley of Nepal," February 20, 1937, in *Stiller Typescript*, a typescript of Reel Three of the microfilms preser-

- ved in the Tribhuvan University Library of documents in the Archives of India, vol. 2, June 1973, p. 220.
6. As early as 1797, a royal order to the traders of Palpa noted that "the 16-ganda paisa rupee is in circulation all over our territories." "Royal Order to the Traders of Palpa," Falgun Sudi 9, 1853 (March 1797), *RRC*, vol. 25, p. 322.
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 8. W. Kirkpatrick, *An Account of the Kingdom of Nepaul* (reprint of 1811 ed.), New Delhi : Manjusri Publishing House, 1969, p. 217.
 9. "Order to General Bhaktabir Kunwar Rana and Major Captain Mehar Man Singh Rajbhandari of the Sadar Mulukikhana," Poush Badi 13, 1918 (December 1861), *RRC*, vol. 33, pp. 146-47.



Glossary of Nepali Terms

(In the sense used in the text)

Agri	A miner.
Amanat	A system under which revenue was collected, or sources of revenue exploited on behalf of the state by salaried employees.
Bhainsi	Buffalo; transit duty on buffaloes.
Bhangela	A coarse cloth made from hemp (<i>cannabis sativa</i>) fiber.
Bigha	A land measurement unit in the Tarai region, comprising an area of approximately 90,000 square feet. The actual area was different in different parts of the Tarai region.
Birta	Land grants made by the state to individuals, usually on a tax-free and inheritable basis.
Chares	The resinous substance extracted from the hemp plant, used as a narcotic.
Dharni	A unit of weight used in the hill region, equivalent to 3 <i>seers</i> or 5 lbs.
Gharbari	Mining land allotments to individuals.
Gola	A customs post; a market.
Guthi	Land endowed by the state or by individuals to finance religious or charitable functions.
Hale	A <i>Pakho</i> holding in the hill region which can be plowed by an ox-team in one day.

Ijara	Revenue-farming; a system under which revenue was collected, or sources of revenue exploited, by an individual on contract on behalf of the state.
Ijaradar	A revenue-farmer; holder of an <i>ijara</i> .
Jadhiya-Kheddah	An elephant hunt in which the animals were chased for capture.
Jagir	Lands assigned to government employees in lieu of emoluments.
Jagirdar	A government employee; the holder of a <i>jagir</i> .
Jagat	Customs or transit duty in the hill region.
Jagera	Lands other than <i>jagir</i> , which were retained by the state for direct appropriation of taxes.
Jhara	Compulsory, unpaid labor exacted for state purposes.
Kami	A blacksmith.
Kapas	Cotton; transit duty on cotton.
Kapardar	The chief of the royal household.
Khairaha	Catechu manufacturer.
Khari	A kind of coarse salt obtained as a by-product during the manufacture of saltpeter.
Khukuri	A curved steel knife used in the hill regions.
Khor-Kheddah	An elephant hunt in which the animals were driven into an enclosure for capture.
Kipat	A form of communal land tenure prevalent among some groups of Mongoloid origin, such as the Limbu of Pallokirat in the eastern hill region.
Kirana	Miscellaneous commercial commodities other than foodgrains; transit duties on such commodities.

- Kodale** A *Pakho* holding in the hill region which was smaller than a *pate* holding.
- Looneah** A saltpeter manufacturer; also *nuniya*.
- Mandi** A market-town in far-western Nepal.
- Maund** A unit of weight used in the Tarai region. comprising 40 seers.
- Muri** (1) A volumetric measure for grains, equivalent to 2.40 bushels. A *muri* is equal to 20 *pathis*, with 8 *manas* to a *pathi*.
- (2) A measure of rice-land ranging in area between 1190.25 and 1785.37 square feet according to the grade in the hill region.
- Nirkhi** A tax on the sale of commodities.
- Nuniya** See *Looneah*.
- Pakho** Unirrigated land in the hill region on which only maize, millet, and other dry crops can be grown.
- Panchashala-thek** A system of land-tax collection introduced in the eastern Tarai region in 1828 under which local functionaries were granted five-year contracts.
- Pate** A *Pakho* holding which is half of a *hale* holding.
- Raja** Chief of a feudatory state.
- Rajya** A feudatory state in the western hill region.
- Rakam** An obligation imposed on peasants to supply specified commodities or provide specified labor services.
- Rekh** Customary trading privileges of individuals or communities in the far-western hill region.

Sair	Customs or transit duties in the Tarai Region.
Saranga	A kind of boat.
Sarki	A leather-worker.
Saunefagu	A tax on roofs in the hill region.
Serma	A tax on homesteads in the hill region.
Sino	Carcasses of cattle.
Sugi	A kind of boat.
Thekbandi	A system of mining-land allotments on a contractual basis.
Thekdar	A revenue contractor under the <i>Panchshela-Thek</i> system.



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