

Inventive
Peer-Reviewed, Open Access Journal
ISSN: 2773-7977 (Print)
ISSN: 2773-8183 (Online)
Volume 2, July, 2020, PP: 9-16

Nepal's Trade Relations with British India During Rana Period

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Abstract

The trade, which deals with the rate of goods and services exchanged between the two countries, plays a vital role for the economic progress and prosperity of a country. It is also called as an engine of economic development of the nation. There can be the trade links of the respective countries, which are affected by many factors. It is mainly determined by the geographical structure of the country. In this concern, the trade of Nepal directly or indirectly depends on the neighbouring coastal country India. As a landlocked mountainous country, it solely depends upon the frontier for her trade. Her trade has mainly depended on India long since. The Calcutta seaport was the single gateway of Nepal to trade with overseas countries. Because of her unique structure, trade and transit relations are absolutely dependent on India.

Keywords: Trade, treaty, decrease, purchase, goods, monopoly, import

Received 28 April 2020,

Reviewed 24 June 2020,

Published 21 July 2020

Introduction

Indo-Nepal relations have been traditionally close and friendly since ancient time. These relations are religious, political, economic and socio-cultural. These two countries have been strongly tied in trade and transit. Trade relations between India and Nepal have been established long since, but there was no trade treaty signed between India and Nepal before 1792. British India and Nepal signed a treaty as the first Indo-Nepal trade in 1792. But it could not work for a long time because of the Nepalese negative attitude towards British-India right from the Prithvi Narayan Shah's reign. In 1767 British India sent Capt. Kinloch's Expedition to support Jayaprakas Malla against king Prithvi Narayan Shah and to revive Indo-Nepal trade relations which was broken by the Gurkha conquest. But the British expedition failed to attain the goals.

Prithvi Narayan Shah was the first person in Nepal who could really understand the British diplomatic policy, so he having conquered the Kathmandu valley, began to follow his policy of exclusion and expulsion of the Europeans. Consequently, the Capuchin missionaries were expelled; the Kashmiri merchants, Gossains and Faquirs associated with the Bengal trade were also expelled from the part of Nepal. Prithvi Narayan had a cordial relationship with the people of the plains so as to know the details of the rise of the East India Company (EIC) from a commercial concern to a political power and it was his policy to keep scrupulously a loaf from them. He has informed of the fact that with the white traders went the white soldiers and their trade soon degenerated into political intrigues. This attitude was further inhibited by the company's military assistance to Jayaprakash Malla king of Kathmandu, against Prithvi Narayan Shah, king of Gurkha. Yet, they intended to revive trade relations, so they sent James Logan Mission in 1770 and Foxcraft Mission in 1784 to Nepal but failed to accomplish their aim once again. After the death of Prithvi Narayan Shah his successors also carried on his diplomatic policy of negating the British Company in India.

Despite Nepal's unwillingness to seek assistance from British India, it was bound to ask them for support as China favoured Tibet in Nepal-Tibet war 1792. That was a golden opportunity to extend their hands to Nepal on they proposed for the revival of the old trade relations with Nepal. Then they forwarded the treaty of 1792, Nepal signed this treaty in the hope of assistance during the war from their side. Meantime, they could not help Nepal fight against Tibet and China. And Nepal was no longer interested in implementing the treaty. In fact, that treaty was only on paper but not in practice. British India could not help Nepal in time for the war purpose.

The British India attempted to use this treaty in practice. So, they sent Capt. William Kirkpatrick Mission in 1793, Maulvi Abdul Qadir Khan Mission in 1795 and Capt. Knox Mission in 1802 to Nepal, but they failed to maintain a close and friendly relationship with Nepal. After all the hostility between the countries led them to the outbreak of Anglo-Nepal War of 1814-16.

In 1846, there was a drastic change in the polity of Nepal. Janga Bahadur killed his rivals in Kot Massacre of 1846, came in power, became the premier and turned into a superman. In 1856, he consolidated all the powers and changed his surname "Kunwar" into Rana so as to extend their marital relationship with the Royal family. He was the first Rana Prime Minister who started the family rule of Rana in Nepal. The kings were imprisoned in the palace like a parrot in the cage. There was a cordial and friendly relation between Nepal and British India during the reigns of Ranuddip Singh, Bir Shamsheer and Dev Shamsheer. All the Rana Premiers had a close and friendly relationship with British India. Yet, there was no formal trade treaty signed by both countries.

The present study has endeavoured to meet the goals of Indo – Nepal trade as well as the Rana's trade relations with India basically with the help of the secondary data and partially with the help of the primary data. The trade relation between these two countries has accelerated the

tempo of economic development. It is important not only between Nepal and India, but also between other countries. Prithvi Narayan Shah had a negative attitude towards British India. So, British India failed to make the trade relations with Nepal. Later on, Rana Prime Minister avoided the Prithvi Narayan Shah's policy and made the trade relations with British- India. Therefore, this study is concentrated about the trade relations with India during the Rana period.

Jang Bahadur's Trade relations with British India

In the history of Nepal, there was apparently no powerful ruler like Jang Bahadur to succeed Prithvi Narayan Shah. The Ranas neither lead the nation in consonant with the spirit of the founder King of Nepal nor could they carry on his foreign policy and trade relations with the foreign countries. They would rather involve themselves in the power struggle in the capital. There were several family groups of Pandey, Basnet, Thapa and Kunwar [Ranas] with interlocking hostilities among themselves. They were actively struggling for post and power in the critical period of the nation.

As a matter of fact, there was a drastic and dramatic change in the national political scenario in 1846. Jang Bahadur Kunwar [Rana] attained the power after the Kot massacre. He killed most of his opponents and silenced some of the important personalities. He became the Prime-Minister and prevailed a stable reign in the country. His dynasty ruled the country from 1846 to 1951. It was the dynamic leadership of the Prime-Minister. The King remained a nominal head of the nation during the Rana reign. Almost all the Rana rulers had a close relationship with the EIC. Indo-Nepal trade relations became stronger during this period.

Jang Bahadur was the first Rana Prime Minister who ruled the country from 1846 to 1877. During his premiership there was no special progress in Indo-Nepal trade relations, because he also followed the 'exclusion and expulsion' policy of Prithvi Narayan Shah to the Europeans. He was absolutely against trade relations with British India (Tyagi,1974:100). He did not like the Europeans to enter Nepal. Without his wish and permission, the resident could not visit any part of Nepal. The British Government was eager to develop trade relations with Nepal. For that purpose, the British Government requested Jang Bahadur's permission to allow Cameron, a British trader to visit Nepal. At the time he replied "*You are like a lion, we are like a cat. The cat will scratch if it is driven into corner but the lion would soon kill the cat.*" He also said that, "*we never want to interfere with other country; we had preserved our independence so that Mr. Cameron visited Nepal informally as a guest. He did not allow them to engage in trade, and make inquiries about resources.*" Jang Bahadur did not allow Colonel Walker and his party to visit Nepal even on exploratory mission (Sen,1977:185).

Nepal remained a country in Indian sub-continent where Europeans could not enter for the trade. Jang Bahadur never wanted to have the trade relations with British India. He would harass the Indian traders by imposing extraordinary taxes and restrictions. Furthermore, he imposed a special tax of "Chamounee" on Indian goat traders. When the British timber trader William Norris

asked for the price of timber, he quoted a high price and rejected the timber trade with Nepal (Upadhaya,1992:104). Thereafter they never intended to enter into trade with Nepal.

After the territory of Naya-Muluk was restored by Jang Bahadur from the British Government, he imposed very light import duty on British goods imported to Nepal and heavy duty on the exported goods from Nepal (Upadhaya,1992:108). He also had all the foreign traders put their signature (public statement) on the "Muchulka" as their consent to give their goods in cash, not for credit. If they did not sign the Muchulka, they would be expelled from valley. In response to the request to change the trade policy with British India and follow an open door and free trade policy, Jang Bahadur replied:

"The two countries cannot be compared, you have thousand sources of wealth, we do not have and our people are ignorant and unenlightened. If I were to make any change as your desire, I would lose my premiership" (Ramakant,1968:321).

The British Government got tired of Jang Bahadur's trade policy. It still did not want to raise trade issue with him. Jang Bahadur was the founder of firm relations between Nepal and British Government (Majumdar,1973:8). During his tenure, there was no significant development in Indo-Nepal trade relations, because he never accepted the British trade proposal to increase trade between the two countries. Instead of developing trade relations, he discouraged the foreign traders. The European traders were never allowed to enter Nepal (Husain,1970:123). With such a trade policy, the Indo-Nepal trade remained stagnant in his time. The British Government's desire for trade was never fulfilled by him. Jang Bahadur was, thus, successful in maintaining a strict policy and restricted relations of trade with British Government.

Ranuddip Singh's Trade Relations with British India

Ranuddip Singh succeeded Jang Bahadur in 1877. He followed Jang Bahadur's trade policy with British Government. Consequently, Indo-Nepal trade declined, but he could not remain firm in his decision to the last. British Government put a pressure on him to change the trade policy. Ranuddip Singh made some concessions to the British traders in Nepal, and Indo-Nepal trade relations improved to some extent during his tenure.

At first Nepalese traders had right to sell their commodities in the trading centres of Sirsia, Butwal, Banke, Golamandi and Dhankhanabagh. Except for those trading centres, Nepalese traders had no right to sell their goods elsewhere. This restriction was lifted by Ranuddip Singh and the traders were free to sell their commodities as they wished. He also allowed the Indian traders to come to Nepal and sell their commodities. To protect their goods from accidents like fire, rain and theft, the Indian traders were given special right to open their shops, i.e. pukka shops. Other trading centres were also established where trade between the two countries was expanded. British India wanted to improve its trade with Nepal. With that intention, the British Resident Girdlestone gave four recommendations to Ranuddip Singh (Ramakant 1968:167).

- *improvement of Nepalese roads connecting Indian roads with the trading centres of Nepal.*
- *more freedom to the merchants of the respective countries to contact each other.*
- *the methods of farming and collection of revenues from the farmers.*
- *acknowledgement by the Resident of duties and customs levied by the Nepal Government.*
- *detailed information about the timber trade.*

He could not fulfill all the British demands but gave information on the rate of custom duties and timber trade of British Government. Due to Ranuddip Singh's liberal policy, the Indo-Nepal trade developed during his time.

Bir Shamsher's Trade Relations with British India

Bir Shamsher became the Prime Minister of Nepal in 1885. In his time, he deprived the policy of exclusion and expulsion and implemented the liberal trade policy with British Government. Since he tried to strengthen trade relations with them, Indo-Nepal trade flourished during his period. Bir Shamsher launched direct gold and silver trade with India. When the price rose up, he sold gold in large quantity and when the price decreased, he purchased more from India. Moreover, much attracted by the western luxurious goods, he had his own palace well decorated and furnished by European goods.

In 1893 gold became expensive in India. So, he managed to sell gold worth Rs. 7,50,000 in Calcutta. He had purchased gold at the rate of Rs. 21 or 22 per tola (Singh,1976:146). He made much profit from the gold trade. In 1896 the value of gold went down in India, and he sent Rs. 20,00,000 to Calcutta to purchase gold. He also desired to buy silver worth Rs. 18,00,000 which he had deposited money in the Bank of Bengal (Singh,1976:145).

Bir Shamsher was educated in Doveton College, Calcutta and had also worked as the Nepalese representative in Calcutta. He had a great fascination for foreign goods, and as such imported expensive goods made in India and Europe (Gimlette,1993:81). Many Indian traders, especially Muslims and Kashmiris, were engaged in trade. Though costly, they brought high quality European and Indian goods of luxury to Nepal (Upadhaya, 1992:122). His trade policy was thus not in favour of Nepal, but foreigners only. Nevertheless, Indo-Nepal trade was prosperous during his reign.

Chandra Shamsher's Trade relations with British India

Chandra Shamsher became the Prime Minister of Nepal after the death of Bir Shamsher in 1901 and developed cordial relations with British Government. He gave a new dimension to the Indo-Nepal trade.

For the direct operation of trade with Tibet, the British Government sent Young-husband Mission to Tibet in 1903 (Upreti,1980:123). With the co-operation of Chandra Shamsher, the

Mission reached Tibet in 1904. He provided yaks, saddles, gothals, and armed troops (Singh,1996:149), assisted Younghusband to march to Tibet. In addition to this, he helped British troops in Lhasa Convention which brought Tibet and British India closer to each other.

The British Government constructed the road in Gyantse, Gantok and Yalong (Sanwal,1965:156), for direct access to Tibet. The British also started their trade with Tibet through that route (Sharma,1968:67). It deliberately broke Nepal's entrepot trade centre for Tibet and India, bringing to an end Nepal's trade monopoly with Tibet established since long. Nepal lost the entrepot trading rights, which directly affected the national economy. Chandra Shamsher, in the expectation of achieving political gains, made the state lose beneficial trade with Tibet. As a result, Nepal's trade with Tibet almost ended, and her foreign trade was confined to India.

Nepal's relation with British Government became much closer. In quick succession the "Treaty of Friendship" in 1923 was signed which further strengthened Nepal's trade relations with British. The Treaty consists of seven articles and two articles viz. Articles V and VI are related to trade and transit relations between the two countries (Atchison,1863:178). Arms and ammunitions were imported through the British Government for the security of Nepal and the custom duty at British Indian ports. Nonetheless, Nepal had to assure that it would not endanger the British Government by crossing the border of Nepal. No customs duty would be levied at British Indian ports on public goods.

British India's long expected trade monopoly in Nepal was accomplished during Chandra Shamsher's time. With these articles British Government secured their trade in Nepal, as they prevented from importing commodities from the third countries. Nepal needed British Government's permission for the purpose and Nepali traders were expected to trade with only British Government. The provision in the treaty helped the British goods enter the markets of Nepal. On the contrary, it badly affected the small cottage industries of Nepal. Nepalese national industrial products could not compete with British goods. Gradually, local industries declined because of the open market of British commodities.

Chandra Shamsher was a strong supporter of the British Government for his personal interest, for which he was ready to sacrifice the national interests. Because of his pro-British policy, Nepal had to lose the centuries old position of enterpot trade between Tibet and India. While assigning the Treaty critically, it can be said that it was in favour of British Government. Under the treaty, Nepal's trade was confined to British Government. As a result, British monopolized Nepal's foreign trade. Ultimately, British Government succeeded in their attempts to trade with Tibet as well as Nepal. On the other hand, Nepal suffered economic reverses due to the Rana Prime Minister's selfish motives.

Bhim Shamsher, Juddha Shamsher, Padma Shamsher and Mohan Shamsher's Trade Relations with British India

During Bhim Shamsher's tenure, there was no progress in Indo-Nepal trade. Trade relations between the two countries were normal. After him, Juddha Shamsher geared up the trade relations with British Government to some extent. The latter exported goods worth Rs 202 crores to Nepal in 1936-37 which was 136 crores in 1932-33 (Rawat 1974:64). There was no progress in trade relations, because Nepal was facing internal political crisis; British Government was actively involved in the Second World War and India was actively participating in the national movement against the British rule. Nepalese people also raised their voices against the Rana rule. Moreover, the Rana rulers were engaged in family conflicts.

During Padma Shamsher's tenure, India was declared independent from the British rule in 1947. India then established its trade relations with Nepal in a different way. During Mohan Shamsher's time, the movement against the "Rana Regime" reached its peak, and finally the Rana government toppled down in 1951. Then the two free countries of the Asian sub continent extended their cordial relationship and established Indo-Nepal trade relations for mutual interest and benefit.

Conclusion

Nepal's trade relation with India, which began from the ancient period, was developed by every ruling dynasty of Nepal. The flourishing trade between the two countries during the period of Shah rulers relieved temporary setback caused due to Prithvi Narayan Shah's strict trade policy towards the EIC. British India tried to avoid Nepal's policy of exclusion and wanted to develop trade relations with Nepal. For that purpose, it sent several mission to Nepal, but they were ineffective. They were outraged by the policy of Nepal, and declared war in 1814. After the Anglo-Nepal war (1814-16) the British Residency was opened in Nepal. Through the Residency, the Company gradually promoted its trade with Nepal.

During the Rana period, Nepal's entrepot trade between Tibet and India became closed. Nepal's ancient trade with Tibet ceased to operate and Nepal's foreign trade was confined to India. The 1923 treaty guided Indo-Nepal trade relations till 1950. Indo-Nepal trade was, significantly developed during the Rana Regime. Economically speaking, the treaty of 1923 was in favour of the British Government. It neither protected the Nepalese trade nor promoted the export trade of Nepal. It was exclusively meant for import trade.

Even the import facilities were restricted by the British Government. Nepal was not allowed to import any commodities from any foreign country via Indian ports except British permission. The provisions in the treaty were meant for the betterment of British trade. British commodities got free entrance to the market of Nepal; as such Nepalese local products could not compete with British goods even in quality. The closure of the free trade with Tibet adversely affected the Nepalese economy. The 1923 treaty made Nepal the monopoly market of the British Government.

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