

# A Brief Survey of Nepal's Trade With British India During the Latter Half of the Nineteenth Century

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Due to the peculiar geographical position of the country, the trade of Nepal was confined to India and Tibet, and a few articles passed between Nepal and China via Tibet. The British Indian records of the period under study cast more light on the trade relations between India and Nepal. But there existed no registered trade between the two countries up to 1875, as will be noticed presently. For this reason the volume of the entire annual trade of Nepal with British India and vice versa can not be given. In this brief survey, the discussion is confined mainly to the export and import goods, the duties levied on such goods, and other allied matters relating to trade. Here, I have not tried to propose or to dispose; I have tried only to expose.

For the better understanding of the then existing trade between British India and Nepal, it seems proper to divide the trade traffic into three main channels or sectors. These channels were: trade passing between 1) Oudh and the North Western Provinces and Western Nepal, 2) trade passing between the British Indian districts of Champaran, Mazaffapur, Darbhanga, Bhagalpur and Purnia (all in Bihar) and adjoining Nepalese districts; and finally, 3) trade passing between the British Indian district of Darjeeling and the Nepalese district of Ilam (on the border of Darjeeling).

1. The trade between the North-West Provinces and Oudh and Nepal was the subject of enquiry only in 1876, at the initiative of the then British Resident in Nepal, Charles Girdlestone. Accordingly, reports regarding the then-existing trade between Oudh and Nepal were elicited from the Deputy Commissioners of the districts of Kheri, Bahraich and Gonda, along with the reports of the Conservator of the Forest Department of Oudh and the Superintendent of Excise and Stamps of Oudh<sup>1</sup>. In the Annual Report of the Administration of the Provinces of Oudh for the year 1872-73, it was stated that there was not much trade with Nepal<sup>2</sup>. At the same time it was reported that the figures of the external trade of Oudh could not be considered as accurate due to the multiplicity of trade routes. However, the trade traffic seems to have gradually increased after 1872-73. Not only timber, but also rice and paddy, and metal manufactures were exported in considerable quantities to Oudh and the North Western Provinces from Nepal. Immediately after the death of Jang Bahadur, one statement of the trade traffic passing between Nepal and the North Western Provinces, Oudh included, showed that British India imported goods valued at Rs. 35,22,280 from Nepal, and exported goods amounting to Rs. 17,64,752 to Nepal<sup>3</sup>. This was in the year 1877-78. This is the only statement which stressed the entire annual trade passing between Nepal and the North-Western Provinces and Oudh immediately after Jang Bahadur's prime-ministership. The above-cited trade traffic gives

also some idea of the trade passing through this channel during Jang Bahadur's time. Something may be said regarding the nature of the trade, trade routes and duties levied in various places on the goods passing between the main trading centres, in this direction.

The main places of trade in British India in the North Western Provinces and Oudh from where trade was carried on with the neighbouring Nepalese districts were: Kumaon, Barailly, Kheri, Bahraich, Gonda, Basti and Gorakhpur. The Nepalese districts near these places were Doti and Silgarhi, and various places in the Western Tarai region, which included Banke, Bardia, Butwal and the district of Deokhur. A number of routes existed between the border districts from where trade was carried on. These routes were both by land and water. The most important market-places on the Nepalese side near Kumaon were: Burmadeo, Jhulaghat, Gurjiaghat, Darchula and Bondi<sup>4</sup>. Among these, Burmadeo was the most important. The traffic was carried on across the river Sarada in small boats. On all the routes, tax-collectors and guards were stationed. From these places, goods were carried on to Doti by coolies. The routes for the trade between Bareilly and the Western Tarai of Nepal were Doknabagh, Ghusrighat, Belauri, Nanda, Simari, Doti and Pooryna<sup>5</sup>. Pilbheet, Madho Tanda and Pooranpur were the main places in Bareilly district from where trade passed between the above quoted Nepalese routes and Bareilly. On the Nepal side, there were customs-houses in most of the places. Doti and Poornya were the major places through which considerable timber traffic passed. The trade between Kheri district in India, and the Western Terai of Nepal, was conducted via Satna and Chandighat, Puchperwa, Kakrolighat and Ramnagarghat<sup>6</sup>. The most important market-place on the Nepalese side was Golamandi. The most important items of trade were salt, grain and tobacco. The trade between the Baharaich district in India, and the Western Tarai of Nepal was conducted via Katarniyaghat, Golaria and Bhagoura<sup>7</sup>. The important trading places on the Nepalese side, were Golamandi and Nepalganj (Banke). Both Golamandi and Nepalganj flourished as market-places under the patronage of Jang Bahadur. Banke had one customs-house. The trade between Gonda district in India and the Nepalese district of Deokhur passed over the Danduwa range<sup>8</sup>. There were altogether eleven passes which formed trade routes. The principal marts visited by the Nepalese in the Gonda district were Tulsipur, Puchperwa and Balarampur. The trade was mostly carried on by British subjects. No customs-house existed on the Nepalese side. The trade that passed between the North Western Provinces and the Western Nepalese Tarai was carried on between Basti in India and Butwal in Nepal<sup>9</sup>. Although trade suffered during the rainy season, a considerable amount of business was transacted during the cold weather<sup>10</sup>. There was one customs-house in Butwal along with subordinate Chaukis or posts. There was trade traffic also from Gorakhpur into Butwal which passed through 19 routes, the most important one, on the Nepalese side, being Palhi<sup>11</sup>.

It is worth mentioning the main import and export goods passing between Oudh and the North-Western provinces and the Western Tarai of Nepal. Drugs, dyes, fibres, grains, spices, oil-seeds, hides, cattle, timber and firewood and metal were the major items of export from Nepal to India. Timber and rice constituted the major articles of export from Nepal to India. In 1876, the conservator of Forests of Oudh estimated that Nepal received about Rs. 600,000 from timber export to India from the forests lying between Bhagoura Tal and Arra Nulla, which was ceded to Nepal by the British in 1860<sup>12</sup>. The report on the foreign trade of the North Western Provinces and Oudh with Nepal in timber for the year 1877-78 was valued at Rs. 548,193<sup>13</sup>. The same report shows that, during 1877-78, 6,61,986 maunds of grain valued at Rs. 12,25,584, were exported to India from the Nepalese Tarai. Out of this, 501,390 maunds consisted of rice alone (husked and un-husked). In his 'Monograph' on trade and manufactures in Northern India, which was published in 1880, William Hoey, officiating City Magistrate for Duty License and Tax Affairs, reported that, forty years before, Oudh drew all its brass, copper and iron from Nepal<sup>14</sup>. But the imports declined partly because of poor means of communication and partly because of restrictions put on exports from Nepal. In spite of this ban, the total export of brass, iron, and copper from Nepal, in 1877-78, was 3302 maunds, valued at Rs. 43,275. Out of this, iron fetched Rs. 36,956. Other metals valued at Rs. 17,222, were exported to India in 1877-78<sup>15</sup>.

Cotton manufactures (both Indian and European), salt, spices, tea, tobacco, and other articles like ghee, sugar (refined and unrefined) were the major exports from the North West Provinces and Oudh to Nepal.

The trade transacted at the Burmadeo market in Nepal, at the border, was both in the hands of British and Nepalese subjects. The internal trade of Nepal and places near Kumaon was managed by the Nepalese themselves<sup>16</sup>. The trade between Nepal and the Barailly district was carried on by the Nepalese up to their own border from where it was carried on by the British subjects. The trade passing between Kheri and Bahraich and the Nepalese territory of Naya Muluk, was conducted by Brahmans, Baniyas, and Muslims, all British subjects. As Nepali subjects were prevented by the Nepalese government from crossing into Indian territory to sell, Indian merchants visited the Nepalese merchants of Banke and Golamandi in Nepal. The trade between Gonda and the adjoining Nepalese markets was mostly in the hands of British subjects. The British Indian subjects were whole-sellers and the Nepalese were retailers. The trade of the districts of Basti and Gorakhpur and the Nepalese market-place of Butwal was carried on by the Irakees, Baniyas, Kalwars, Telis and Tharus. The British Indian merchants had their agents at Butwal. The territory of Naya Muluk, which was restored to Nepal by the British in 1860, flourished under the care of Jang Bahadur. Two important market-places were established by Nepal. One was Nepalganj, in the Banke district, and the other, called Golamandi, was at Golaghat in the same district. In order

to bring the entire Naya Muluk under cultivation and rehabilitation, the Nepalese government induced and encouraged British Indian subjects to settle in the new territory, by giving them many concessions like free grants of land, the exemption of taxation on goods sold for a particular year, etc<sup>17</sup>. With a view to populating the market-places at Banke, the Nepalese governments forbade its subjects to visit India to sell their goods. It also compelled British Indian subjects to go to the new Nepalese markets to dispose of their goods. An order issued to the merchants and other people of Jajarkot, Salyan, Dang, Phalebang, Pyuthen and Udayapur, required them to sell their goods in the Nepalganj market and not to visit Indian territory<sup>18</sup>. To compel Nepalese traders to sell their goods in the Nepalese markets, the government imposed a heavy duty on articles for export. A levy of 6 pais per rupee was imposed on all valuable articles, live-stock and other goods, besides a tax called chungu<sup>19</sup>. In addition, an export or transit duty called Mahsuli Nikasi was levied on goods exported to India<sup>20</sup>. The result of this policy created hardship for Nepalese traders who used to sell hill-products in the Indian markets freely before the opening of these markets in Banke district. This policy, on the contrary, forced the Indian merchants to visit and to live in the Nepalese markets to get the hill-products which were in great demand. Consequently, the Indian traders had to live permanently in Nepalganj and Golamandi, deserting their former shops in British territory<sup>21</sup>. The Nepalese government seems to have earned the following average income through various dues<sup>22</sup>.

- i. Chungu (cess) from hillmen bringing their goods in the mart-Rs. 4,000/-
- ii. Mashuli Niksai (export or transit duty) paid chiefly by British traders Rs. 41,000/-
- iii. Chungu on English goods taken from British territory (exports) Rs. 3,000/-
- iv. Baithaki Mahsul (or permit to admit as traders) Rs. 500.
- v. Rent paid for shops by British traders located at Nepalganj and Golamandi Rs. 15,00.

According to one British trader, who used to trade at Golamandi, Rajapur, and other places in Naya Muluk, the import charge taken by Nepal on European cloth was 3 percent ad valorem<sup>23</sup>. The duty on country or Indian cloth per piece or Than was between Rs. 1 and Rs. 3.24. The export duties on goods like red-pepper and catachu were between Rs. 1 and Rs. 6 per Nepali maund. The ad valorem import duty at Butwal ranged between 1 to 9 percent<sup>25</sup>. It was confined to cotton goods. The duty on goods exported from Nepal to India through Butwal was not precisely recorded, became export trade from Butwal was discouraged by the Nepal government<sup>26</sup>. Although the detailed tables showing the export and import duties are amply available particularly relating

to the then existing trade between Oudh and the territory of Naya Muluk, they cannot be produced here for want of space.

2. The trade between Bengal and Kathmandu was conducted via Champaran, Mazaffarpur, Durbhanga, Bhagalpur and Purnia in India and the Nepalese districts of Chitwan, Bara, Rautahat, Sarlahi, Mahottari, Janakpur, Morang, etc. The trade which passed between these districts is sometimes referred to as Bengal trade in the British records. It was this trade which gained importance in the Kathmandu Valley and eastern Nepal, from where it passed to Tibet. In other words the products of the Kathmandu Valley, along with the principal items of export from the eastern Nepalese Tarai, passed along these routes. Likewise, British goods that were imported into Nepal from Bengal and Bihar, passed through the border districts of Nepal. It is surprising to note that before 1875, no attempt was made even by the British government to register the amount of trade traffic passing through this sector. Due to paucity of records, it is very difficult to say whether the Nepalese government even attempted to register its trade with British India, though there were customs-houses in most of the border districts on the Nepalese side. In August 1875, the Financial Department, Government of Bengal, passed a resolution with a view to registering the trade passing into Nepal via Bengal. The resolution read:<sup>27</sup>

"There has hitherto been no organised attempt made to register the amount of traffic between Bengal and Nepal. It is believed.... that traffic at certain seasons of the year is considerable, and it had recently been decided that a beginning should be made of registrating this traffic.....".

Acting in accordance with the view expressed in the above-quoted resolutions, the Bengal government brought out a significant report based on data regarding the then existing trade between Nepal and Bengal. The trade registration from the 4th quarter of 1875 to the 2nd quarter of 1876, shows the total value of trade as Rs. 67,33,635 for nine months<sup>28</sup>. Out of this trade, the traffic from Bengal to Nepal amounted to Rs. 32,33,496. Traffic into Bengal from Nepal was worth Rs. 34,80,129: the balance being Rs. 2,26,633. This shows that Nepal exported to Bengal more than it imported from there. The principal items, prominent in the list of exports from Bengal to Nepal, included raw-cotton, salt, sugar, cattle, and so on. Wheat, grain and pulse, rice, oil-seeds, timber, cattle, etc, were the principal items exported from Nepal which were responsible for the balance of trade in favour of Nepal in terms of money.

Writers like Daniel Wright and Clement Markham state that Jang Bahadur imposed a 12 to 14% duty on British goods<sup>29</sup>. These views have been denied by Resident Girdlestone. In 1839, Hodgson estimated that for the main route, that is from Sugauli to Kathmandu, the duty was from 7 to 10% all round<sup>30</sup>. But in 1875, when the entire trade traffic became a subject of enquiry, the views

held by the above-quoted writers were falsified by the official documents. The duty levied on the Indian goods imported into Nepal from Oudh and the North Western Provinces has been given above. The main complaint against the high duty concerned the trade passing between Bengal and the Kathmandu Valley. In 1876, commenting on the duty levied on British Indian goods passing via Sugauli, the then Collector of Champaran stated that the rates (duties) between Champaran and Nepal were "so light as to be quite unfelt"<sup>31</sup>. It may also be pointed out that, barring the trade traffic between Bengal and the Kathmandu Valley, nothing was known about the trade traffic passing between Western Nepal and Oudh before 1875. It was only in 1875, that the British government took the first step to register the trade between Nepal and India. In the light of this documentary evidence, the veracity of the annual trade figures given by Hodgson in 1831 should be questioned<sup>32</sup>.

The import and export trade passing between Bengal and Nepal was conducted both by British and Nepalese subjects. Thus the trade which passed between Champaran, in India, and Chitwan, in Nepal, was in the hands of Irakees, Kashmiris and Newars. The usual routes for trade between Champaran and Chitwan were via Tribeni, Raxaul, Sugauli, Kutnenwa and Chorasani. Trade between Mazaffarpur and the adjoining Nepalese Tarai districts of Bara, Rautahat, Sarlahi and Mahottari was conducted by the Marwaris and the Newars. The trade passing through Bhagalpur to Nepal was in the hands of Bengalis, Kulwars and Marwaris. Telis, Kulwars and Kayestha were engaged in the trade conducted between Purnia in India and Morang in Nepal. Timber was floated down the rivers Gandak, Kamla and Kosi, from Nepal to India<sup>33</sup>.

3. Trade passing between Darjeeling and the border district of Ilam in Nepal, was not so encouraging. According to the information given by the Deputy Commissioner of Darjeeling (H.C. Wake) in 1864, the trade return between Nepal and Darjeeling for four years (1860-1863), amounted to Rs. 96,960. This resulted mainly from the sale of Nepalese goods. Out of this figure, the total export to Nepal from Darjeeling in the four years was Rs. 4,000, that is, Rs. 1,000 a year. The main items of export from Nepal to Darjeeling were blankets and cattle, which found a ready market in Darjeeling. The articles exported from Darjeeling to Nepal were various kinds of chintz. A small duty was levied at the frontier on the articles exported from Nepal. There were three main routes frequented by Nepalese traders to Darjeeling. The first route was via Ilam garhi in Nepal to a place called Nagree across the river Mechi. The second route was via Mayoong in Nepal to Goong, on the other side of the border. The last route was via Toonglong and Fulaloong in Nepal, to Samaboong across the border. In order to give a general idea regarding trade between Darjeeling and the border district of Nepal, two tables showing the export and import are given here, for the years 1860 to 1863<sup>34</sup>.

## Survey of Nepal's Trade with British India 193

### List of Articles Exported to Nepal

Names of articles :	1860	:	1861	:	1862	:	1863	:	Total
Various kinds of Chintz.	Rs. 1000		1000		1000		1000		4000

### List of Articles imported from Nepal

Year	1860		1861		1862		1863		Total	
Names of articles	Qty	Price Rs.	Qty	Price Rs.						
Cows	300	2700	300	2700	300	2700	300	2700	1200	10800
Blankets	600	1800	800	2400	1300	3900	1300	3900	4000	12000
Oil(mds.)	250	3750	250	3750	250	3750	250	3750	1000	15000
Sheep	375	1500	375	1500	375	1500	375	1500	1500	6000
Goats	250	1250	250	1250	250	1250	250	1250	1000	5000
Pigs	125	250	125	250	125	250	125	250	500	1000
Knives	500	1000	500	1000	500	1000	500	1000	2000	4000
Ghee	500	6500	500	6500	500	6500	500	6500	2000	26000
Pieces of cloth measuring 16 yards	500	750	500	750	500	750	500	750	2000	3000
Iron	12	240	12	240	12	240	12	240	48	960
Copper plate	50	3300	50	3300	50	3300	50	3300	200	13200
<b>Total</b>		23040		23640		25140		25140		96960
<b>Exported</b>		1000		1000		1000		1000		4000
<b>Net export in money</b>		22040		22640		24140		24140		92960

The trade position between Darjeeling and the border district of Ilam in Nepal is not known after the above-mentioned years. In 1876 it was simply reported to be of "a very insignificant nature"<sup>35</sup>.

FOOTNOTES

1. Revenue A, August, 1877 (Trade between British India and Nepal), No. 13 National Archives of India (N.A.I.) New Delhi.
2. 'Annual Report of the Administration of the Province of Oudh for the year 1872-73'. Lucknow: Oudh Government Press, 1873, p. 72, (Para 253).
3. 'Report on the Foreign Trade of North Western Provinces and Oudh during the year 1877-78' Allahabad: Oudh Government Press, 1878. (Trade with Nepal), Page 4 (Para 7).

Also see the 'Statement' of Import and Export goods from either country included in the same report.

4. Revenue A, August, op. cit., No. 22 (N.A.I.).
5. Ibid.
6. Ibid.
7. Ibid.
8. Ibid.
9. Ibid.
10. 'Report on the Foreign trade of North Western Provinces and Oudh during the year 1877-78' op. cit., p. 2 (Para 4).
11. Revenue A, August, op. cit., No. 22.
12. Ibid., No. 17.
13. 'Report on the Foreign Trade of North West Provinces and Oudh during the year 1877-78', op. cit., p. 7 (Para 10).
14. Hoey, William, A Monograph on Trade and Manufactures in Northern India. Lucknow: 1880, Part I, p. 10.
15. 'Report on the Foreign Trade of the North Western Provinces and Oudh during the year 1877-78', op. cit., p. 6 (Para 10).

See also the 'Statement' included in the same report.

16. Revenue A, August., op. cit., No. 22 (N.A.I.).

Survey of Nepal's Trade with British India 195

The method of conducting trade, as discussed above, is based on this source.

17. See (i) An order from Prime Minister Jang Bahadur to Lieutenant Buddhinath Upadhyaya, regarding rehabilitation of the district of Kanchanpur. This order is dated Jestha Sudi 7, 1920, Vikram Sambat (V.S.). Refer to Register for V.S. 1920, kept in the Kausi Tosa Khana. ii) 'Annual Report on the Administration of the Provinces of Oudh 1861-76'. Section X-Political, p. 46 (Para 108).
18. See: An order issued by Prime Minister Jang Bahadur to the people of Jajarkot, Salyan, Dang, Phalabang, Piuthan and Udayapur. This order was issued on Baisakh Badi 7, V.S. 1920. Refer to Register for V.S. 1920, kept in the Kausi Tosa Khana.
19. Revenue A, August, op. cit., No. 15 (N.A.I.).
20. Ibid.
21. Ibid.
22. Ibid.
23. Ibid.
24. Ibid.
25. Ibid.
26. Ibid.
27. Ibid., No. 7. (Extract from the Proceedings of the Government of Bengal in the Financial Department).
28. Ibid., No. 22 (P. 31). External trade between Bengal and Nepal: Detailed statement showing the total exports and imports during the 4th quarter of 1875 and 2nd quarter of 1876.
29. i. Wright, Daniel, Sketch of the portion of the country of Nepal open to Europeans. Calcutta: Office of the Superintendent of Government Printing, 1872, p. 28.  
  
ii. Markham, C.R. Narratives of the Mission of George Bogle to Tibet and Journey of Thomas Manning to Lhasa. London: Trubner and Co., 1876, p. 158.
30. See: 'A copy of the statement of all the Custom and Transit duties leviable on imports and exports from and to the plains on the road via Hetounda and Bichakoh and at the capital,

received by the Resident from the Durbar, 3rd October, 1839'. This statement is incorporated in Resident George Ramsay's despatch of 18th February 1862. Refer to: Political A, December, 1862, Nos. 389-400 (N.A.I.).

31. Revenue A, August., op. cit., No. 22 (N.A.I.).
32. Political Consultation, 2 December 1831, Nos. 4-9. ("Report on the Trade of Nepal" prepared by officiating Resident, B.H. Hodgson, 28 October 1831). N.A.I.
33. Revenue A, August, op. cit., No. 22 (N.A.I.).
34. This information is based on the Despatch from the Deputy Commissioner of Darjeeling to the Under Secretary to the Government of Bengal, No. 277, 30th June 1864.  
  
See: Political A, August 1864, No. 95 (N.A.I.).
35. Revenue A, August, op. cit., No. 22 (N.A.I.).