

## Book Review

**Mahesh Chandra Regmi, *The State and Economic Surplus: Production, Trade and Resource Mobilisation in early 19th Century Nepal*, Nath Publishing House, Varanasi, 1984, pp. xi + 240, price Rs. 125.00.**

The authentic literature on Nepali economic history is as rare as the serpent in the Iceland. In fulfilment of this obligation, the present book, *The State and Economic Surplus* is second in the series of studying Nepali economic history written by a Ramon Magsasay Award-winner Nepali Scholar, Mahesh Chandra Regmi, the first being his own entitled *A Study in Nepali Economic History, 1768-1846*, published in 1971.

The Book, *The State and Economic Surplus*, is a comprehensive account of how Gorkhali rulers of early nineteenth century Nepal tried to mobilise resources for territorial expansion and unification. In this book, the writer has developed an integrated approach to study Nepal's politics, administration, land tenure and economic activities connected with production and trade, and the fiscal policies of the state. He has also made an attempt to reveal various unidentified aspects of Nepali economic history. On the part of the writer this is an effort to study history as a "dialogue between past and the present... between living present and a past which the historian makes live again by establishing its continuity with the present."

The book is divided into thirteen chapters which include: the description of the Kingdom's geographical historical, and political situation at the beginning of the nineteenth century in the first chapter; while resource mobilisation policies and the nature of administrative machinery available to the state for the implementation of those policies as well as innovations that were introduced during the period have been discussed in the second and third chapters.

The fourth and fifth chapters describe the general pattern of primary production as well as of handicrafts and manufactures. The question relating to the ownership and control of resources has been succinctly described in chapter six. Chapter seven concentrates on the general pattern of regional and export trade in both primary commodities, handicrafts and manufactures. Various types of taxation such as taxation on production, trade and commerce from which state extracted a large part of the economic surplus, have been considered in chapters eight and nine. Chapter ten includes personal obligations and commodities supplied by the producers to the state. The last chapter being a retrospect, chapters eleven and twelve

deal with the different methods by which the state accumulated the surplus through the process of exchange and transfers without *quid pro-quo*.

The Nepalese economic history of the early nineteenth century is interesting not only from the perspective of mobilising resources in money and commodities from the production of farms, mines and forests by the Gorkhali rulers for territorial expansion and unification, but also susceptible to the prevailing circumstances and objectives set by the then authorities. This book is the first detailed exposition of the economic activities carried on by the nineteenth century Nepali subjects. At many places, the writer with sufficient critical acumen, has raised very delicate issues. For example:

“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 Kathmandu-based aristocracy and bureaucracy, who were invariably of hill region, than as a constituent unit of the newly-founded Kingdom. The question is not merely one of the equality of status and privilege with the rest of the Kingdom, but basically of the economic integration of the nation” (p. 13)

During the period the Gorkhali rulers had at their command a vast area of 2,000 kilometers ranging from the *Tista* river in the east to the *Sutlej* in the west - the empire never ruled by any other successive ruler in the history of Nepal. The concept of greater Nepal lost its prominence after the debacle of 1846 through which the Britishers annexed and ruled most of the fertile plains of the Tarai region, reducing the size of the Kingdom to a half of its origin. Perhaps it was this limitation that the Gorkhali rulers of early nineteenth century Nepal mobilised economic resources not only to sustain their monopoly of political power but also to regain their past glory. In this regard, the writer seems to be more critical of the policy adopted by the then rulers of the Kingdom. He writes:

“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 bureaucracy. This was done through *Birta* and *Zagir*, given in appreciation of the services to the State; the recipients included priests, religious teachers, soldiers and the members of Royal family. (p. 19)

Towards understanding the economy and the economic life of the people of early nineteenth century Nepal, this book is a memento which clearly explains that the policies belonging to the category of transfers were aimed at extracting the economic surplus generated by producers and traders without a *quid pro quo*, on the one hand, and 'revenue from the use of agricultural land resources occupied a lower priority' minimising the magnitude of the surplus which, otherwise, would have been a substantial contribution to the treasury, on the other.

The synoptic view of Nepali economic history includes:

Early nineteenth century Nepal was essentially an agricultural country with a rich heritage. Rice was the chief agricultural produce throughout the eastern Tarai whereas cash crops like tobacco, cotton, sugarcane, jute, mustard, wheat, millets and oilseeds were also grown in the different parts of the Kingdom. The inner Tarai however, was largely uncultivated during the period. In the hilly region, the cultivation may be said to consist in transplanted rice and cardamom was the most valuable article produced in the region. Southern and eastern Tarai and inner Tarai regions were of considerable importance from commercial point of view. The forest resources were very rich. *Sal* trees in Tarai were well known for their value. Since Nepal was a producer of copper, iron, lead and other metals, mining was an important activity, second only to agriculture.

The Newars of Kathmandu valley and Meches of the far eastern Tarai region had a flair for handicrafts and manufactures. Hand-made paper was manufactured on the large scale. As Hodgson noted, "the manufactured produce of Nepal is for office-records better than any Indian paper, being as strong and durable as leather almost, and quite smooth enough to write on". As Hamilton described it there was total lack of trade and commercial inter-course among the hill regions and between the Tarai and hill regions of the Kingdom. The surplus was diverted to bordering Indian markets and border trade with Tibet also flourished.

In Nepal, agricultural lands, forests including mines have traditionally been considered part of state property. Private ownership was confined to agricultural lands and forests, in the form of a privilege granted to the subjects by the state. Ownership rights especially of agricultural lands were transferred to individual and communal groups for political purposes. In many a case, Gorkhali rulers of early nineteenth century Nepal made a hasty compromise with different principalities to pacify their grievances. It was said that the Gorkhali rulers did not achieve political unification solely through military conquest but also by granting political and social favours. The *Kipat* system in the eastern hill region and *Rajya* system of the western hill region are instances in point.

Lands were often endowed by the state for temples and monasteries and also for religious and charitable institutions, under the *guthi* system. The *Ijara* system was the prime innovation of the Gorkhali rulers of the early nineteenth century, introduced for the collection of revenue. *Amanat* arrangements were made when *Ijaradars* were not available. In the hills, the tradition of *thek-thiti* was reconfirmed.

The large amounts of revenue were spent before they found their way to the treasury. In addition to land-tax, commercial taxation was one of the means through which the state extracted a part of the economic surplus generated by producers and traders. Compulsory and unpaid labour was exacted under the *jhara* system—another form of exploitation. Caste and communal obligations are other examples of this kind.

The writer has described many of the economic activities carried on during the period

and also pointed out that the Gorkhali rulers of nineteenth century Nepal introduced a command economy - a *Ijara* system to mobilise the resources especially towards meeting political obligations and personal achievements. The surplus extracted by the state was truly meagre. However, the only outstanding achievement of the then Gorkhali rulers was that they did not turn the country into a thoroughfare for the intruders. This was a remarkable glory in the history of Nepal-a fact which has been missed in the book. In spite of the author's sincere efforts to portray a full view of nineteenth century Nepali economy there are formidable weaknesses in the book.

Nowhere in the book do we have a discussion on the borrowing and money-lending system of that period. It also does not cover the interest-system followed by the then rulers. A small note on the currency system does not suffice to represent the monetary system of the country. The most conspicuous part is that the sources quoted from Hamilton's *An Account of the Kingdom of Nepal* have been unaccounted for. In the whole book the main focus is on the revenue side, neglecting expenditure part. The writer has failed to add anything regarding military expenditure for which the Gorkhali rulers innovated various strategies to mobilise the resources during the period.

The title of the book is symbolic. The author seems to have been susceptible to the Marxian theory of Surplus value in the selection of the title. In his view the surplus is defined as:

"The difference between the new or additional exchange value the producers and traders create through the production and exchange of commodities, and their expenses and the costs of subsistence 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, labour and capital, may prove unrealistic for an analysis of trends in a pre-industrial economy such as that of Nepal during the 19th century. Accordingly it may be preferable to use the term economic surplus (p. 22).

In spite of the shortcomings discussed above, the writer has shown tremendous courage to present an unbiased picture of the economic history of early nineteenth century Nepal. The style in which facts have been presented is admirable. The book is highly useful for researchers, academicians, and national and foreign scholars interested in Nepali economic history. Moreover, the subject will remain incomplete without going through this book. It would be most appropriate if *The State and Economic Surplus* is included in the M.A. (History) syllabus of Tribhuvan University. Mahesh Chandra Regmi deserves credit for his scholarly contribution to this field. It has certainly added a new feather to his cap.

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