

A STUDY OF THE TRADE RELATIONS BETWEEN THE INDIAN BROKER  
AND THE EAST INDIA COMPANY ON THE WEST COAST OF INDIA  
IN THE SECOND HALF OF THE EIGHTEENTH CENTURY

A DISSERTATION SUBMITTED TO THE JAWAHARLAL NEHRU UNIVERSITY  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF PHILOSOPHY

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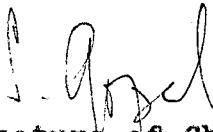
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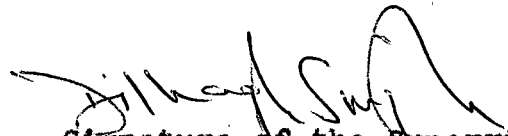
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I. certify that this dissertation entitled 'A Study of the Trade Relations Between the Indian Brokers and the East India Company on the West Coast of India in the second half of the 18th century', submitted by Monica Bakshi, is in partial fulfilment of the requirement for the Degree of Master of Philosophy (M.Phil) of the University, is a bonafide work to the best of my knowledge and may be placed before the examiners for their consideration.



Signature of Chairman



Signature of the Supervisor

14/1/81

Dated:



Signature of the Student

### ACKNOWLEDGMENT

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(MONICA BAKSHI)

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ABBREVIATIONS:

GBP	:	Gazetteer of Bombay Presidency
EG	:	Gazetteer of Bombay
GBC & I	:	Gazetteer of Bombay City and Island
GBT & I	:	Gazetteer of Bombay Town and Island
CDD	:	Commercial Department Diaries
PDCL	:	Public Department Courts Letters
PDD	:	Public Department Diaries
IHR	:	Indian Historical Review
IESHR	:	Indian Economic and Social History Review

## INTRODUCTION

An attempt has been made in this study to evaluate trade relations between the Indian merchant-brokers<sup>1</sup> and the East India Company on the western coast of India in the second half of the 18th century. This work may be treated as a preliminary study because though the general evolutionary development of the brokers has been researched to some extent, relatively little attention has been paid to the conflicts that arose between the Indian merchant community on the west coast and the East India Company. It is in order to try and fill up some of these gaps that this study has been made.

The problem this work takes up is to analyse the role and nature of the Indian merchant-brokers as co-traders of the East India Company in the export trade of the western coast of India. In the course of this study emphasis will be laid on the pattern of trade relations between the East India Company and the Indian merchant-broker. The circumstances under which these trade relations developed will be explained in order to understand how the merchant-broker became dependent on the Company for benefits

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1. The term merchant-broker as employed by V.I. Pavlov in his work Historical Premises for India's Transition to Capitalism (Moscow 1978), p.83, is henceforth used to denote those Indian persons dealing in the export trade and being in direct contact with the East India Company, without ignoring their role and status as independent merchants.

accruing to him through this trade. Further, stress will also be laid on the fact that the fortunes of the Indian merchant-brokers dealing with the Company came to be so closely linked with those of the Company, that the role of the brokers will have to be studied in the narrow context of their relations with the East India Company.

✓ The western coast of India had been the nerve centre of trade since the earliest periods of history. It was thus nothing new for the merchants capital to be involved in trade. In comparison to the Europeans, the Indian merchant-broker was in no way less sophisticated in his trade dealings. But in the 17th century the advantage of the European trader was that he came from a trade oriented political and economic background. This eventually gave a political thrust to an economic desire. In the 18th century when the English firmly established themselves on the west coast of India by virtue of their superior military force, they came to be universally accepted as masters at sea thereby taking military control of a trade carried largely by sea. The English thus posed a threat to the long established interest of the Indian merchants in this trade, who then became involuntarily restricted to managing the export trade largely as brokers to the English Company. In this the merchant faced the disruption of his own export trade and subservience to a foreign trader. It is to understand the merchants position in such a situation that this study has been undertaken.

✓ There are certain valid reasons for selecting the western coast in the latter half of the 18th century for this study. English<sup>2</sup> trade on the western coast never really picked up till the late 18th century. Political imbalances had delayed the development and expansion of trade in this area. The superior military position of the English was realized in the second half of the 18th century. It was only after solving their political problems could the English pay greater attention to development of trade. Thus a study of the trade on the western coast of India in the late 18th century gives us an idea of the trade relations which had developed for a century and were in a sense, at their climax. It must be remembered that this period falls immediately before the political and therefore economic subjugation of this area in the early 19th century. It is pertinent to discuss the relations of trade between the English and Indian merchants at this stage to understand the nature of conflict and co-operation.✓

In order to better understand the trade relations greater emphasis has been laid on the last two decades of the 18th century. In this period certain developments took place which directly affected the growth of trade. First, the order issued by the Pitts India Act of 1784, clause 34, stated that the authorities in India henceforth were to try and maintain peace

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2. "English" is used to denote the East India Company.

in order to facilitate trade. By this injunction and with the end of the first Anglo-Maratha war, a concerted effort was made by the senior officials of the Bombay Presidency to improve trade prospects on the western coast. Secondly, the sudden demand for raw cotton in China gave a boost to the cotton trade of Gujarat. The cotton famine of 1780 in China led to the growing importance of cotton in intra-Asian trade for the last two decades of the 18th century. Thirdly, the wars in America and Europe generated a demand for piece-goods. This led to an increase in the export trade of India from the western coast and as a consequence, brought into closer contact the two trading communities handling the trade. It is to see what effects this interaction had upon the relations between the English and the Indians that this study has been made.

In order to elaborate these issues this work has been divided into four chapters. The first chapter attempts at studying in general the role and position of the Indian merchant-broker in the organization of trade. This study is made largely with the help of secondary sources in the form of works of modern historians as well as certain facts found in primary source material of this period. The chapter is a general resume of the activities of the brokers to show their importance in society. It also highlights the reaction of the British to the position the merchant-brokers enjoyed in this trade and their desire to do away with the system of brokerage. The second chapter conveys a general idea of the magnitude of the trade which existed on the western coast. It also discusses

the broad framework of trade organisation and the participation of the merchant-broker in this trade. The third chapter, as a sequel to the second, takes up in greater detail the organisation of the trade in three commodities, namely piece-goods, cotton and pepper. These three items comprising the bulk of the export trade receive ample mention in contemporary records enabling us to get a fair idea of the trade organisation and the relations existing between the English Company and the Indian brokers. The fourth and concluding chapter critically analyses the account of trade given, sifting material to sum up the study.

The data for this study has been collected from the Maharashtra State Archives, Bombay. The Archives hold the Public Department Diaries maintained by the Bombay Council which extensively record the various aspects of English dealings in India from 1720 onwards. These Diaries comprise of the correspondence between the Court of Directors and the Bombay Council as well as letters exchanged between the Bombay Council and its subordinate factories. The minutes of meetings of the Council at Bombay give details of policies both political and economic. Under the same series the most informative of all are the Commercial Department Diaries maintained from 1786 onwards which record exclusively the commercial dealings of the English on the western coast. These diaries hold letters regarding commercial transactions of the English in all the factories under the Bombay Presidency such as Bussora, Bushire,

Mahe, Tellicherry, Anjengo, Surat and Cambay. Thus they cover a large area of activity and at the same time give extensive references of the actual dealings of the English in the Indian export trade. In fact, the emphasis laid on studying the last two decades of the 18th century is primarily to make use of this valuable material. These diaries suffer from the major draw-back of not giving enough weightage to the Indian merchant-broker's view-point but project only English interests. For instance, in discrediting the merchant-broker for a short supply of demand, these accounts hardly ever mention the brokers reasons for not being able to meet the demand. However, all these records put together give us a good account of the organisation of trade relations in India.

There are also a number of travellers accounts which throw light on the subject. Oriental Memoirs of J. Forbes, Oriental Commerce by W. Milburn and Bombay in the Days of Queen Anne by J. Burnell are some of the more important accounts which help us to substantiate the material collected from the Commercial Department Diaries. But these accounts are often repetitive and limited in perspective.

Of the secondary source material the Gazetteer of the Bombay Presidency, the Gazetteer of Bombay City and Island, the Statistical Account of Bombay and Rise of Bombay by S.M. Edwards are helpful in giving us a general idea of the period. Recent works like Historical Premises for India's Transition to Capitalism by V.I. Pavlov and Trade and Empire in Western India

1784-1800 by P. Nightingale greatly assist in understanding the history of the western coast in a broad perspective, while the more general works of R.C. Dutt: Economic History of British India 1757-1837; S. Gopal: Commerce and Crafts in Gujarat and S. Chaudhuri: Trade and Commercial Organization in Bengal 1650-1770; have delineated aspects of the economic and social background to this study.

It must be remembered however that these books do not deal with the problem in the same perspective as it has been dealt with here. Trade relations between the English and the Indian merchant-brokers have not been examined in depth in any of the above mentioned works.

It would be prudent to point out at this stage, that this M.Phil Dissertation does not resolve an issue, it only raises some pertinent questions. This study has been limited to studying the role of the Indian merchant as a broker to the East India Company. The merchant played a vital and multifarious role in the export trade of India. Thus he was a broker, banker, money changer and money lender, all rolled into one. His role in trade can only be appreciated by closely studying his various activities. However, due to the gargantuan nature of the project itself, the decision was taken to examine only the role of the brokers dealing directly with the Company.

Finally, a few points need to be emphasized. First, although the study spans the latter half of the 18th century, greater stress has been laid on the last two decades for reasons



mentioned earlier. Second, this is only a study of the brokers role in commodity procurement and distribution and ignores the issue of banking and finance altogether. Third, this study is an attempt to show the relations which existed between the Company and the Indian merchant-brokers in the late 18th century. It is on this note that we proceed to further discussion and analysis.

## CHAPTER I

### A GENERAL STUDY OF THE ROLE OF THE INDIAN BROKER

This chapter is divided into three sections. The first part makes a general study of the role of the Indian merchant as a broker to the East India Company. For this reason his role as a banker and a financier is not touched upon. The second section studies the brokers importance in society and in this context analyses the reaction of the English to the institution of brokerage and their attempts to do away with it. The last section of this chapter focuses on the positive developments which arose from the interaction between the foreign trader and the Indian broker.

#### I

The Indian merchant had since long held a well established and important role in the Indian economic and social framework. The role of this class became explicit with the establishment of the cash nexus and the penetration of the money economy into medieval Indian economy. The spread of large scale trade and petty commodity exchange widened and confirmed the role and importance of the merchant in the Indian economy. The importance of this class increased and its role became more diversified due to the contact it made in the 17th and 18th centuries with

the European trading communities. This contact at first revolutionized merchant capital and later was responsible for subjugating it to a superior foreign trading partner.<sup>1</sup> It will be worthwhile to study the role of the broker in the context of his relation to the East India Company to analyse the impact this trade had on the broker.

In tracing the rise of the Indian merchant, it becomes clear that the realisation of the full potential of the Indian merchant and the widening of the social base of this community was largely a phenomenon of the period from the 16th to the 18th centuries. The Indian merchant-brokers were responsible for handling all the goods for export till they delivered them into the hands of the Europeans to be shipped abroad. The bulk of this trade had been handled by the Marwari and Gujarati Baniyas who had lived along the trade route from Agra to Gujarat in Mughal times. It was these communities which spread to Bengal and Bombay. The merchant community was comprised of mainly Jains, Parsees,<sup>2</sup> Armenians and Muslims. These social groups, being free of religious and social constraints, were able to pursue this very lucrative profession.

The activities of these merchants can be traced from the 12th century and with better effect, from the 17th century

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1. Irfan Habib: "Potentialities of Capitalist Development in the Economy of Mughal India", Enquiry, Winter 1971, p.56.
  2. The entry of Parsees into trade was significant as they gradually became the leading merchants on the western coast.

onwards. Maritime and inland trade carried on by the Indian merchants had covered a large area. It covered the entire Indian sub-continent, extending as far as the east coast of Africa and to the Gulfs of Persia and Arabia. In due course the Indian merchants realizing the futility of fighting piracy and military power at sea, directed their efforts largely to handling the inland export trade. Their independence in this area remained unchallenged till the end of the 18th century.

Driven off the sea the Indian merchants virtually controlled the inland trade which catered to the export trade. The Europeans being unfamiliar with the conditions of the Indian market depended on the Indian merchants who now came to play the role of brokers to the Company.<sup>3</sup> All commodities for export were received by the Europeans through these brokers. The merchant-broker represented the link between the producer and the buyer. The Company admitted that they could not work without the help of the broker.<sup>4</sup> Bombay brokers figure as having played a leading part in the foreign commerce of western India.<sup>5</sup> In order to meet the demand of the market and draw

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3. A. Das Gupta in his book Malabar in Asian Trade (London 1967), p.215 says that,

"The broker was not an institution invented for the convenience of the European, who did not know the country, but the ordinary indigenous institution through which all exporters could work. The amount of dependence upon the broker of course would vary according to the experience the exporter had of the local conditions and related factors". Since the English had no knowledge or experience of the Indian market they were forced to depend on the Indian broker", also V.I. Pavlov: Historical Premises for India's transition to Capitalism (Moscow 1978), p.226.

4. BG; Vol.XIII, part II, p.483.

5. GEC & I; Vol.II, p.66.

profits from this trade these brokers had a highly stratified and diversified organisation. The essence of this organisation was its ability to meet the needs of the European traders and in a sense keep them away from entering the production centres directly. These brokers thus became indispensable to the Europeans for their export trade.

By the end of the 18th century the export trade of the western coast incorporated a vast number of people living in this region.<sup>6</sup> Regarding the nature of this trade organisation we can note that the merchant had wide spread links all over the country as well as a vertical hierarchy from merchant-broker to petty paikars or dalal.<sup>7</sup> There existed a vast network of brokers who organised and directed the trade for export. As the organisation became diversified a hierarchy of

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6. A.I. Chicheroy in his book India-Economic Development of Commerce and Industry 16th -- 18th centuries (Moscow 1971), p.160, says that the rise of the merchant class was a consequence of a class deprived of its former source of income. He has not been able to substantiate this view. He also claims (p.107) that the coming of the Europeans gave a boost to trade and directed the surplus appropriated from land to trade.

Irfan Habib, elaborating the theme of the shift of surplus from land to trade says, "the beneficiaries of course were not only zamindars and professional usurers but also merchants and quite generally merchant-moneylenders. In the last case usury could have fed merchant capital and led to expansion of trade". (From "Potentialities of Capitalist Development in the Economy of Mughal India", Enquiry, Winter 1971).

7. V.I. Pavlov: Historical Premises for India's Transition to Capitalism (Moscow 1978), p.83.

traders arose of which the merchant-brokers formed the top rung. This development was a direct result of the coming of the Europeans who gave a sudden boost to trade which led to a greater number of people investing in trade and being assimilated in the ranks of this merchant community.

In the 17th century merchant-brokers had adjusted quickly to the new market conditions in which they now played the role of intermediaries. In their organisation the brokers were highly individualistic unlike the guild formation and joint stock companies of Europe. Business was generally handled by the family. Only when their activities took on too large a proportion did they employ other personnel who were given the job of clerks, petty brokers, that is dallas or paikar, and handymen. The Report of 1794 in the Commercial Department Diaries gives a typical account of a merchant-broker,

"The broker Mayaram employs 300 town merchants of Bora, Bania and Parsi caste whose occupation it is to retain in their constant employ weavers, not only of Surat but several adjacent places. These merchants contract with him. They take the goods to the Company so that the actual contractor never comes into touch with the Company". 8

The broker used to make the contract with the foreign trader and then through his team of employees realize this contract. Since he had such a complete understanding of the market the English were to a large extent dependent on him for procurement

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8. Commercial Department Diaries: 1794, Vol.9, p.136.

of commodities for export. In discussing the need for dependence of Europeans on Indian brokers three reasons have been suggested. First, the production centres were located over a very vast area. Second, the production at each of these centres was low which meant that goods had to be collected from a large area to meet the demand. Thirdly, many centres of production dealt in specialised goods which were known to the merchant-brokers.<sup>9</sup>

In order to procure goods from the production centre the brokers were organised hierarchically into various categories. There was the general broker who provided various commodities. These men were usually financially very sound, had their own private trade and were money lenders too. They sub-let their contract to sub-brokers who could be employed by the general broker or be independent.<sup>10</sup> The sub-brokers were called dallas or paikar. The paikar supplied goods for money advanced to him.<sup>11</sup> It is noted that the general-broker or merchant-broker by virtue of his power, position and enterprise seldom came into direct contact with the producer. He made the contract with the English and then handed over the job to his team of workers or to other petty middlemen. But it must be remembered

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9. A.J. Qaisar: "The Role of the Brokers in Medieval India", Indian Historical Review, Vol.I, no.2, September 1974, pp.220-246.

10. A. Das Gupta: Malabar in Asian Trade (London 1967), p.215.

11. B.B. Misra: The Indian Middle Classes (London 1961), p.8.

that the merchant-broker himself operated in various different capacities. : A division of the categories has been made on the following grounds:-

- (a) There were certain merchant-brokers in the regular employ of the Company and were called chief brokers;
- (b) A second category comprised those who worked for more than one client simultaneously, for instance Rustomji Manockji worked for three different European Companies;
- (c) Another category of brokers took business contracts on an adhoc basis and they were generally independent merchant-brokers without any formal affiliation to the Company;
- (d) The last category of brokers were appointed by the State at ware-houses to keep an account of the trade.<sup>12</sup>

It is our purpose to deal primarily with category two and three, since these brokers were operating in an independent capacity.<sup>7</sup>

By the 18th century there was great specialization

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12. A.J. Qaisar: Art. cit.



in the function of the broker. The English generally gave the contract to a merchant-broker known to possess specialized knowledge of a certain commodity.<sup>13</sup> Once the contract was handed over to the broker it became his sole responsibility to see that the goods were delivered to the Company. The strength of the broker lay in his being able to procure these commodities. The broker was to organise the exchange of money, give loans and advances to the producer and give advice to the Europeans in matters of trade since he was their only link to the internal market. In a certain report the brokers suggested to the Company to delay the copper sale in 1795 as the demand was poor that year.<sup>14</sup> In another case the brokers suggested to the Company to delay sales as broad-cloth bales would not be lifted from the Company's warehouse because of the shortage of money with the brokers.<sup>15</sup> The English needed the brokers judgement on this account in order to gain maximum benefit from this trade. The broker also kept account books for the Company and even negotiated on their behalf with the local officials.<sup>16</sup> At the production centre too, the sub-broker, as a representative of the general broker, was in complete command. The merchant-broker through his wide-spread organisation kept in contact with the production areas in order

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13. K.N. Chaudhuri: Trading World of Asia and the East India Company 1660-1760 (New Delhi 1978), p.131.

14. ODD: 1795, Vol.10, pp.282-283.

15. Ibid., p.149.

16. A.J. Qaisar: Art. cit.

to maintain control over the procurement centres. W. Bolts reported,

"Upon arrival of the Gomastha (representative of the merchant or Company) at the surung or manufactory town, he fixes upon a place of habitation which he calls cutcherry to which by his peons and barcardars he summons brokers called dallal and paikars together with the producer to whom after receipts of money are despatched by his masters he makes to sign a bond for delivery of a certain quantity of goods at a certain time and price and pays them a certain part of the money in advance". 17

The merchant-broker thus had a powerful and well organised set up. It has been remarked that the Indian brokers, were a very influential and powerful class.<sup>18</sup> It is important to note that this was largely by virtue of their capital assets. These merchant-brokers did not have any political backing as did the merchants in England.<sup>19</sup> However, this did not prove to be a handicap for the merchant-broker in exerting his influence. In fact, the well organised set up of the merchant-brokers provided them with high social and economic status.

## II

There is ample material to support the contention that the Indian merchant-broker enjoyed great influence by virtue of

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17. Quoted by V.I. Pavlov: Op. cit., p.77.

18. M.N. Pearson: "Political Participation in Moghul India", I.E.S.H.R., Vol.IX, no.2, 1972, pp.113-131.

19. B.B. Misra: Op. cit., p.8.

his vast trade dealings. In the 17th century Virji Vora, Abdul Gaffoor and Bhimji Parikh had extensive wealth and trade and could match the economic strength of the East India Company. The impact of this trade had on the merchant-broker was that he amassed great wealth which improved his social status too.

Douglas in his account of the wealth of the Bania brokers of Surat says,

"they are each worth 15 to 30 lacs of rupees"<sup>20</sup>

Burnell too remarked,

"the Banias or merchants are not only rich and wealthy, but like the rest of the world are covetous after more, placing the height of their happiness in riches which they scrape together by means and petty offices, some of them amassing prodigious sums of money being account worth Rs.90 or 100 lacs or so many times £ 100,000".<sup>21</sup>

Even if a margin is left for exaggeration a sum half that amount is still very considerable and it is by virtue of this that the broker controlled the trade. It has been said that the trade was largely in the hands of the indigenous merchants. They formed the backbone of this trade at all times. In the 1720's two-thirds of the trading ships were Indian owned and only about one-third of the capital involved in trade at Surat was under the influence of Europeans. The Persian Gulf and

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20. J. Douglas: Bombay and Western India (London 1893), p.134.

21. J. Burnell: Bombay in the Days of Queen Anne (London 1933), p.110.

Red Sea trade was by and large controlled by the Indians.<sup>22</sup>

Further highlighting the wealth of the brokers, Pavlov quotes W. Coates in saying that during this period the Parsees owned more than twenty big ships mainly built in Bombay.<sup>23</sup> Special reference is made to the Parsees because at this stage they were the most powerful trading group. They represent to a large extent the character of the Indian brokers. Of the Parsees it has been observed that when the west coast came under the British the Parsis at last found opportunity of distinguishing themselves. European travellers had called attention to their capabilities while much of their business was done in the character of agents for the English and other Europeans. They were gradually extending their operations in the direction which they had not previously thought of or attempted. They were by the middle of the 18th century contractors to the English Government for supply of provisions to troops in garrison. And were also largely employed by ship owners and merchants. It brought them wealth and they started to trade on their own account.<sup>24</sup>

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22. P. Nightingale: Trade and Empire in Western India (London 1978), p.17.

23. V.I. Pavlov: Op. cit., p.232; also Two of these ships were of over 1000 tons capacity. A merchant Wadia owned 6 vessels and Readymoney five.

24. D.F. Karaka: History of the Parsis, 2 Vols. (London 1884), p.20.

From then onwards a number of Parsee merchants achieved a high status in society.<sup>25</sup> They traded on their own account

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25. H.D. Darukhanawala: Parsi Lustre on Indian Soil (Bombay 1939), p.89.

The following is a list of Parsi merchants who held importance in this trade.

- (a) Pestonjee Bowmanjee Wadia (1758-1816) was a well known merchant and land owner of Bombay and was a partner in the firm of Bruce Fawcett and Company. He also traded largely on his own account. He owned the largest amount of land in the Fort area and also a number of ships -- the Hero, Anne, Taj Bux, Milford, Bombaniar and the Gangavar. p.89.
- (b) Rattanji Maneckjee Enli (1733-1804) was a very influential and leading merchant of Surat. Joining business at an early age he had to travel to Jeddah and other places of Arabistan and was also connected with the English Factory and Nawab's government at Surat. Cotton was his chief trade. He left an inheritance of half a crore of rupees. p.98.
- (c) Seth Cowasjee Rustomjee Patel (1744-1799). On the death of his father he was made Patel of Bombay. Later when the British took over Bassein and Thana in 1774 he was made Patel of twelve small villages. He was a boat contractor for the East India Company and, as such, supplied various kinds of vessels to the Company. p.336.
- (d) Dadybhoy Noshewanjee Dadyseth (1734-1799). The first Parsi to establish the native trade of Bombay with England. He owned several vessels and established the first cotton screw. His total assets were Rupees 10 lacs. p.494.
- (e) Lowjee Nasserwanjee Wadia, mastership builder. Under him and his sons thirty ships were built in the 18th century. p.494.
- (f) Dorabjee Rustomjee Patel (1754-1804) was the son of Rustom Doram the Patel of Bombay who actively helped the English against Sidi of Janjira. Dorabjee was also made Patel of Bombay. He carried on trade with Bassein, Madras, China,

contd..

and were brokers to the Europeans. They often owned vast fortunes and held important positions in society. This often led to a clash of interest with the English who wanted these big merchants to be reduced to petty brokers.<sup>26</sup> The English did not realize that the merchant had too secure a control over the market to be pushed out by another trader who was, in fact, an alien to these conditions.

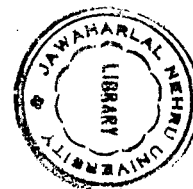
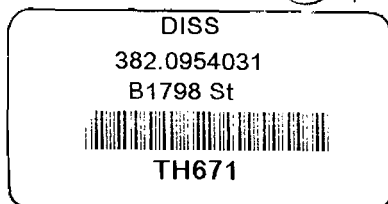
The negative consequence of this virtual monopoly of the merchant-broker over the market was the resentment of the English towards the system of contracts. There arose a conflict of interest on the issue of profit appropriation. It is in the logic of market organisation that the greater the number of contenders for a share of the profit the lower the actual profit accruing to the trader. In order to avoid a fall in the rate of profit there arises a tendency towards the concentration of capital and centralization of trade. In this context in order to conserve profits the English wanted to do away with the institution of brokers, there ~~was~~ a number of

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25. contd.

Pegu, and Rangoon and made three voyages to China. In 1799, on the death of his brother Cowasjee he obtained the contract for supplying boats to the Honourable Company to which he was also the cotton and timber supplier. In 1801 he and his partner Cursettjee Moneckjee Shroff obtained a contract for supplying all kinds of material for the gunpowder factory at Mazagaon. He was the proprietor of two sailing vessels 'Purshottam' and 'Shahjahan'. p.496.

26. GBP; Vol.XXVI, part I, p.268. 311



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reasons for this. The English resented that the broker took away 3% as his brokerage charge on any contract.<sup>27</sup> Burnell has said 1% was taken as brokerage.<sup>28</sup> Besides paying their commission the Company also complained about the broker short-supplying goods, delivering goods of poor quality, quoting high prices and under-cutting the Company's interest to sell goods to the other Europeans for a higher price. The Company wanted to do away with the independent brokers and instead try and employ brokers in the Company's service. The independent broker resented the Company's attempts to employ brokers and often resorted to violence to discourage any such move.<sup>29</sup>

It was as early as 1737 when the Bombay Council wrote to the Directors in London to say,

"having maturely considered the many evils suffered from having an established brokerage, now we should invest by contracting directly as we have never enjoyed free trade. Always being obstructed by the power interest and influence of the broker, it would be better to contract without a broker".<sup>30</sup>

The Commercial Department Diaries of 1795 and 1798 record a very detailed report made on the system of brokerage. This report was prepared by the Bombay Presidency Council for

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27. J. Ovington: A Voyage to Surat in the Year 1689 (Oxford 1929), p.233.

28. J. Burnell: Bombay in the Days of Queen Anne. p.111.

29. A.J. Qaisar: Art. cit.

30. GBP; Vol.XXVI, part I, p.268. The report does not explicitly state what is meant by the word 'direct'. It probably meant to deal directly with the producer in factories and workshops.

the Directors in London, to give them suggestions for the improvement of the brokerage system. The Council put forward three alternatives.

- (i) The first suggestion was to make contracts, with the producers, through the Commercial Resident who was to take the full responsibility of realizing the contract.
- (ii) The second alternative was to continue with the old mode of procurement through general contracts. Special care was to be taken to see that these persons were reliable and responsible, and known to the Company.
- (iii) The last suggestion was to give contracts to various small brokers in the hope that competition would force these brokers to bring down prices and supply goods on time. The system was to work under the supervision of the Commercial Resident who would keep in touch with the market conditions especially the prices of goods.<sup>31</sup>

The Council at Bombay decided to adopt the last option. The first alternative was ruled out as the English were apprehensive about being able to contract directly. Already

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31. CDD: 1798, Vol.17, p.11.



disillusioned by their experiences of the second system the English thought that contracting through petty brokers under the supervision of the Commercial Resident would serve their purpose. This would do away with the 'obstruction caused by the power interest and influence of the broker'. The petty brokers, being men of poor means,<sup>32</sup> would be dependent on the English for advances and in order to secure profits try and please the English by supplying the goods efficiently. However, the English were unable to implement this plan of theirs. Any attempt made to dislodge the merchant-brokers met with failure. In 1794 an extensive report was made regarding the failure of the English to bring to book powerful merchants. This report also expressed the despondency of the English at not being able to deal with the smaller brokers because,

"These under-contractors are people of less money and often abscond".<sup>33</sup>

This probably implied they were unable to fulfil the contract. Therefore, the English had to continue dealing with the merchant-brokers.

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32. CDD: 1794, Vol.9, p.136.

33. Ibid., p.136.

It was not easy for the English to either penetrate or break up such an organisation.<sup>34</sup> All the English could do to reduce their anxiety was to deal with people known to them as being responsible and impose penalties for not meeting the terms of the contract. In denigrating the merchant-brokers the English tended to forget that market conditions were not always conducive to fulfilling the contract. After all, it was a free market and the persons involved in this market could not be made to operate under military threat as was done by the English after 1818. The English were excessively critical of the merchant-brokers and attempted to draw greater advantages from

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34. K.N. Chaudhuri: Op. cit., p.71, gives an explanation for the long survival of the brokerage system as lying in the fact that the merchant exercised a traditional hold over the market. "In organising the supplies the servants in India were under pressure to reconcile a number of different aims which are not always mutually compatible. The price had to be the lowest in the market but the quality kept high. The deliveries were to be regular and punctual and yet the Company reserved the right to make last minute changes in the orders. All commercial risks were to be borne by the Indian merchants and if the latter made a loss on the Company's business they were expected to carry on contracting for goods as before. Without an intermediary or a group acting as intermediaries it was impossible for the Indian factories to function efficiently under reference terms as wide as this. There was also the added disadvantage that few European servants of the Company knew the Indian language well enough to conduct business in the interior of the country and it proved very difficult largely because of the reluctance of the officials themselves to build up a continuous tradition of linguistic skills and local commercial expertise which would have dispensed with the necessity to employ Indians".

this trade than the merchant-broker.<sup>35</sup> The resulting tensions in trade relations were due to the English wanting to control not only the export trade but also the actual inland trade organisation. The Indian merchant was not ready to make this concession and therefore the English got the opportunity when they established territorial control over the area.<sup>36</sup>

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35. By depressing the merchant-brokers price quotation (see Table B below), imposing very high penalties for short supplying, imposing high customs levies and trying to contract directly with the producer, the English tried to draw greater advantage from this trade. See CDD: 1795, Vol.10, pp.64-66. also see Appendix F below for note on Customs levies.
36. It would be interesting to note the benefits accruing to the English from their military victories.
- (a) The defeat of the Portuguese in 1734 secured to the English a war-free zone around the area of Bombay which encouraged trade. It also removed the discrepancy of forcible customs levy enforced by the Portuguese, which was 20% transit duty on all goods passing through Bassein. Bombay then became free of a commercial rival. (GB; Vol.XIII, part III, p.411).
  - (b) From the 1750's onwards Maratha power was on the decline. The various states of Holkar, Scindia and the Rajas of Berar and Gaekwad were constantly at war. The First Anglo-Maratha War ended in 1782 and by the treaty the English gave Bassein back to the Peshwa to placate him and received the islands of Salsette and Karanjia in return. The advantage to the English of owning these islands was that it precluded the possibility of others gaining access to Bombay harbour. The Customs duties collected at these islands could further help to make investments in the export trade.
  - (c) After 1782 the Gaekwad became largely dependent on the English. In 1800 he formally transferred Surat to the English (J. Maclean; Op.cit., p.26.).

III

It would be unfair to ignore the benefits which accrued to the Indian merchant-brokers from this trade. As a result of this trade the Indian traders accumulated vast profits, out of their dealings with the Company and other foreign private traders. Indian capital was channelized into and reinvested in trade.<sup>37</sup> The most concrete evidence of this investment in trade is the rise of the Agency houses in Bombay in the second half of the 18th century. By the year 1805 there were in Bombay sixteen Parsee firms, fifteen Hindu firms, four Muslim firms and two Parsee China agencies<sup>38</sup> dealing in various trading activities. These Agency houses were supposed to ensure the transfer and delivery of goods and also keep accounts. But they carried on extensive first hand buying and selling of commodities and of these agencies it has been said,

"yet without trade they would scarcely gain subsistence. Agency, however, gives them a command over capital which enables them to embrace every favourable opportunity that occurs to forward their commercial pursuits. They give 9% interest for money deposited with them. In War years the fortunes acquired have been considerable and rapid, more particularly among those who were proprietors of ships. The Parsi rank next to the Europeans. They are active industrious and clever people and possess considerable local knowledge. Many are very opulent. Each of the European merchants have one Parsi merchant concerned with them in most of their speculation. They

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37. P. Nightingale, *Op.cit.*, p.21.

38. GBP; Vol.I, p.414.

have become the brokers and the Benians of the Europeans. The factors belonging to these different houses resident in China and Bengal are generally Parsis. The servants attached to Presidencies are also Parsis. Armenian and Hindu merchants also possess great property and are men of integrity". 39

The English traders were thus in close contact with these local merchants. In many a case the Indian merchant-broker took on the entire responsibility for supplying goods into the hands of their employers,

"The commanders and officers of the Company's ships employ one of the principal Parsee merchants as their dubash or agent who had management of their investments and is considered responsible for the goods sold either to European or native shop-keepers, for which compensation is made to them. But they have no fixed rule of charging commission on sales and purchases leaving it to the discretion of their employer what allowances to make them". 40

A very relevant observation regarding the benefits accruing to the merchant-brokers from this export trade was that the Gujarati merchants made large profits from the export trade of the Company.<sup>41</sup>

This statement confirms the contention that the Indian merchant had close links with the East India Company and was dependent on this export trade for his profits. At the same

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39. W. Milburn: Oriental Commerce (London 1813), p.171.

40. Ibid., p.198.

41. V.I. Pavlov: Op.cit., p.234.

time by virtue of their hold over the Indian market the merchant-brokers played a pivotal role in this trade. The network of brokers and financiers provided the 'capital and productive retail organisation' which the English entrepreneurs could exploit. The agency houses had a variety of business contacts which gave them information of markets and exchange, while their partnerships with the 'country chaplains' enabled them to direct trade into most profitable channels.<sup>42</sup> It is disappointing to note that not much material is available to analyse this very significant development of merchants capital. The reason for this lies in the fact that this activity lay outside the purview of the Company's dealings and largely went unaccounted, by the Company.<sup>43</sup> The merchant-brokers benefited directly from the Company on another account. In order to increase its trade the Company provided the broker with personal security, customs concessions and 'every facility and encouragement' possible.<sup>44</sup> Moreover the Bombay Presidency issued an order to protect merchant ships since they, "bring in good money, so to convoy this trade in order to continue it".<sup>45</sup> In another instance special protection was to be extended

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42. P. Nightingale: Op.cit., p.21.

43. However, evidence of the trade of the merchant brokers may be found in the private records of business families.

44. Returns and Statements of External and Internal Commerce 1802-1803, no.18; also see Materials Account of Bombay Town and Island. p.46, 61.

45. PDD: 1740, Vol.14, p.41., also similar orders on p.85,88,89.

to three merchants Bangi Dadiseth, Wadia and Modis Panda because of their China connections.<sup>46</sup> The merchant-brokers benefited from this protection, which the English extended to the brokers in order to promote their <sup>own</sup> trade.

A study of the role and nature of the merchant-broker in India suggests that they played a diverse and specialized role in this trade. The merchant-broker had a very good hold over the internal market and was the vital link between the producer and the foreign buyer. The advantage the merchant-broker had over the sub-contractor was that of owning vast capital resources. The importance of the merchant-broker is substantiated by the fact that even by the end of the 18th century the Company was 'unable to bend to its will the system of commerce and credit which had been established and so was forced to adapt itself to this system when entering into relations with the Indian merchants on legally equitable terms'.<sup>47</sup> The English resented the control the broker had over the market. Thus it is wrong to suggest that in respect of the dependence of the English on the Indian broker, 'especially firm and close links between the Indian and European merchant existed'.<sup>48</sup> The Company wanted to centralize and bureaucratically control a market that was traditionally decentralized and fragmented.<sup>49</sup>

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46. GBP; Vol.IX. part II, p.195.

47. V.I. Pavlov: Op.cit., p.220.

48. Ibid., p.220.

49. K.N. Chaudhuri: Op.cit., p.131.

It is the purpose of this study to highlight the conflicting interests of the two trading partners. The Company was constantly attempting to assume the role of the superior trading partner. Their desire to subjugate the independent brokers was fulfilled only after the Company politically subjugated the west coast in 1818.

Till the English acquired political control over this area. The merchant-broker remained a viable independent operator in the export trade. He was the owner of this capital and had his own trade organisation. This capital determined the scale of the brokers trade. The structure and function of the merchant capital were "determined by the scale and character of the social division of labour, interconnection between the individual spheres of production and consumption the methods of extracting and redistributing the surplus product as well as the specific feature of the process of redistribution".<sup>50</sup> Only if the broker had a good understanding of these conditions could be benefit from this trade. The merchant-broker had to have a good understanding of the specialization and diversification of trade. The broker had to keep in touch with the production centres and understand the consumption market. It is in order to study this awareness of the merchant-broker, that we study his role as a participant in this export trade on the west coast of India in the following chapter.

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50. V.I. Pavlov: Op.cit., p.83.



## CHAPTER II

### NATURE AND DEVELOPMENT OF EXPORT TRADE IN THE WESTERN COAST OF INDIA IN THE SECOND HALF OF THE 18TH CENTURY AND BROKER PARTICIPATION:

The purpose of this chapter is to discuss the nature of trade as it existed in the latter half of the 18th century. In order to understand the nature of this trade it is essential to comprehend the character of the economic and political policies of the East India Company during this period. The first section of this chapter will carry a brief account of the English economic policies in India. It will be followed by an account of the magnitude of the trade which existed under the auspices of the Company to give an idea of how large a trade the Indian merchant-broker participated in. The third section then studies in general the nature of broker participation and trade organisation.

#### I

The aim of the East India Company in its trade with India was the "typical aim of the monopolist companies of merchant capital, to make a profit by securing a monopoly trade in goods

and products of an overseas country".<sup>1</sup> The goods found a ready market in Europe and yielded high profits to the traders.

By the middle of the 18th century the trade of Britain had expanded vastly. This can be attributed directly to the policy adopted by the merchants in the East India Company. The British Government for long had been under the influence of the commercial and manufacturing interests in England.<sup>2</sup> It was these persons who dictated, in effect, the trade and political policies. The precarious condition of the Company in the 1770's greatly alarmed the British policy makers. In 1772 the Company faced the threat of being liquidated. It was not able to honour its bills of exchange in London, ran deficit on its territorial revenue in India and relied heavily on bullion from England to make its investments in the trade.<sup>3</sup>

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1. R.P. Dutt: India Today (Calcutta 1979), pp.99-100.

2. R.C. Dutt: The Economic History of India 1750-1857 (New Delhi 1976), p.6. The growth of a class of British manufacturers was a feature of the 18th century. In 1720 they demanded imposition of protective tariff on all textile imports from the colonies. In 1769, force the Company by law to export British manufacturers. In 1793 forced the Company to grant them 3000 tons of shipping space to transport their personal trade goods, every year.

3. W.J. Barber: British Economic Thought and India, 1600-1858 (London 1975), p.73.

The nature of this problem had been realized in the 17th century itself. But the impending doom aroused a new interest in the issue in the 1770's. It was compactly analysed by Sir James Steuart (1712-1780) a political economist of the times.<sup>4</sup> According to Sir James it was essential to improve the balance of trade to save the Company.<sup>5</sup> Therefore, the Company was to buy from India not luxury items, but 'intermediary' goods which could be recycled for export to America and Europe. This would bring in silver to make further investment in the markets of the East.<sup>6</sup> The other suggestion was that if the Company could attain territorial sovereignty it would be possible for it to finance its trade from revenues collected in India itself.<sup>7</sup> It was realised clearly that business prosperity was closely linked to territorial sovereignty. This thinking provided a rationale for the British Government on which it could base its economic

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4. W.J. Barber: Op.cit., p.76., also EGBC & I, Vol.II, p.439.  
W. Milburn -- Oriental Commerce, p.158.

Table of Revenues and Disbursement

1759-1795 -- Revenues at Bombay Rs. 44,04,997-2a-14p.  
Charges at Bombay Rs. 106,67,886-1a-97p.  
36 Years deficit Rs. 69,98,251

5. Ibid., p.77.  
6. Ibid., p.78.  
7. Ibid., p.78-79.

policy for the Eastern trade. Accordingly the Company was directed to buy ,re-exportable commodities like piece-goods and pepper. Moreover a concerted effort was made to secure monopoly rights in trade by making a bid for territorial sovereignty.<sup>8</sup> The 18th century being a period, marked by political disturbance, gave the foreign trader the opportunity to fight and intrigue for areas of domination in the interest of their trade. Besides this there developed a new trend in British economic policy in the latter half of the 18th century. In the attempt to improve the balance of trade an effort was made to find a market for British manufacturers in India<sup>9</sup>, in fact this policy was forcefully advocated by the manufacturing interests in England. The Company tried to implement these policies in India.

However, the Company did not immediately meet with success. Territorial sovereignty was achieved only in 1818. Shortage of capital for investment and meagre land revenues from the Island of Bombay constantly harassed the English. The Revenue from Bombay did not even meet disbursement costs,<sup>10</sup> the question of surplus for trade then became irrelevant. The English continued to import bullion to Bombay to finance their trade through out the 18th century. In 1798-99 the value of

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8. Ibid., p.38 and p.56.

9. R.C. Dutt: Op.cit., pp.29-30.

10.W. Milburn: Oriental Commerce, p.242; also see table I-c below.

bullion far exceeded the value of goods imported. In 1799-1800 bullion made up half of the total import value.<sup>11</sup> Besides these drawbacks the Company was also troubled by poor market conditions and lack of information of the markets.<sup>12</sup>

✓ Despite these hindrances, the trade on the west coast of India rode the crest of progress. This was largely a result of the effort made by the 'private interest' within the Company to exploit the Indian market.<sup>13</sup> The western coast had been referred to as one of the greatest markets of the world. The produce of Gujarat and Malabar was well reputed.<sup>14</sup> Realizing this, two Directors of the Company in the second half of the 18th century made large fortunes on their private account. Due to the effort of these two men, Francis Pym and David Scott, the British government kept on pumping finances into Bombay to develop the trade on the western coast.<sup>15</sup> The private trade of the Company's Servants in Bengal and Madras had been checked by an official order of Cornwallis, however, Bombay enjoyed this privilege till

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11. Ibid., p.239; also see table I-a below.

12. J. Maclean: A Guide to Bombay, p.103; also see Milburn, Op.cit., p.177.

13. P. Nightingale, p.18, this is the basic contention of P. Nightingale in her book Trade and Empire on the Western Coast.

14. BG; Vol.XII, part II, p.412.

15. P. Nightingale. Op.cit., p.18.

1806. Thus the private interests within the Company sustained the trade development.<sup>16</sup>

In order to make the conditions in India more conducive to trade the British desired structural change.<sup>17</sup> The Company wanted to do away with the Indian bankers, shroffs, merchants and brokers, by establishing their own organisation of banks, mint and contracting directly with the producer. They also wanted to sell British manufactures in India to improve the balance of trade and collect revenues in India to finance their trade. The only concrete and rapid solution to these problems was territorial sovereignty. Thus it was this policy which the Company embarked on with great fervour in the latter half of the 18th century, wasting large sums of money in war. But the singular desire of the Company was to expand the trade at any cost.

In their attempt to achieve territorial sovereignty the English were faced with considerable difficulty. The 18th century was marked by political disturbances. These disturbances resulted in insecurity of trade and loss of goods.<sup>18</sup> In accordance

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16. GBP; Vol. XXVI, part I, p. 268; also see P. Nightingale. Op.cit., p. 24.

17. W.J. Barber: Op.cit., p. 82.

18. CDD: 1789, Vol. 4, p. 89. Sales of broad-cloth fell to 499 bales in the war year of 1779-80 from 715 bales in 1777-78.

CDD: 1795, Vol. 10, p. 186. In 1766 merchants complained of the warring activities of Hyder Ali and said that it resulted in loss of trade to them.

BG; Vol. XIII, part II, p. 409. A complaint was made that Maratha wars checked the sale of goods.

with the English economic and political policy the Council at Bombay fought the various wars to secure their trade on the western coast. The main enemies of the Company in the second-half of the 18th century were the Portuguese, the Marathas, the pirates and the various petty kings of the Malabar country. It was not till the middle of the 18th century that the English could assert their military power to organize their trade. In 1734, the Portuguese had been effectively defeated at Bassein and ceased to be of any consequence henceforth. The Sidi of Janjira had been destroyed in this same war. In 1756 the Company <sup>along with</sup> <sup>the</sup> <sup>Marathas</sup> attacked the stronghold of Angria, the Maratha chief of Colaba, and defeated him. Angria had over the years made himself formidable and caused great disturbances in the coastal trade.<sup>19</sup>

The Maratha power was on the decline by the middle of the 18th century. The various states of Berar, Indore, Gwalior, Baroda had emerged under independent chiefs. There was great rivalry among these rulers. In 1780, the English were involved in the first Anglo-Maratha war. By the treaty of Salbai in 1782, the Company received the islands of Karanjia and Salsette and a promise from Scindia not to make an alliance with any foreign power. Thereby keeping the other foreigners out of the export market. The Gaekwad too put Surat virtually in the hands of the Company.

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19. J.M. Maclean: A Guide to Bombay, (Bombay 1880), p.19. Maclean says, "Vessels of all nations were attacked and few of the defenceless mercantile towns, from Travancore to Bombay escaped a visit from these depredations".

Commercial interests had always played an important part in Bombay Council's relations with the west coast powers. This was particularly marked by the Presidency's policy towards Haider Ali and Tipu Sultan. By the settlement of Tellichery the Company made alliances with some of the rulers of the spice growing kingdoms and had promised them help if they were attacked. But the Bombay Government calculatingly deserted them when Haider Ali in 1766 promised to allow the Company sole purchasing and exporting rights for all the pepper. The same consideration made the Company give arms to Haider when he was faced by a Maratha attack in 1765. In 1784 the Company made peace with Tipu in order to protect their trade. This policy was advocated by the Company to expand their trade.<sup>20</sup>

By 1782 the Company had established military supremacy at sea along the west coast and Malabar. At this stage Bombay became the main port for the export and import trade, it drew trade from Gujarat, Deccan and Malabar.<sup>21</sup> It is essential to point out that the English were desirous of sorting out the political tensions in order to further their trading interests and not spend their capital resources in war. War and political disturbances kept away merchants. 'It was only in the security offered by the settlement of Bombay could local, particularly Parsi, enterprise come into its own, and then it was natural that it should do so in partnership with the English'.<sup>22</sup>

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20. P. Nightingale: Op.cit., p.34; J. Maclean: Op.cit., p.41.

21. BG; Vol.XIII, part II, p.408.

22. GBC & I: Vol.I, p.194; also see P. Nightingale. Op.cit., p.22, Vol.I, p.194.



II

Despite the political problems faced on the western coast the Company's trade was gradually picking up in the second half of the 18th century.<sup>23</sup> The western coast of India had first made contact with English trade in the beginning of the 17th century. It is generally held that the trade in this area picked up only from the 1750's onwards. The trade was considerable by itself, yet small as compared to that of Bengal.<sup>24</sup> However, of the trade that existed, Bombay drew to itself goods from as far as Agra.<sup>25</sup> The world market demanded from India piece-goods, raw-silk, indigo, salt-petre, pepper and drugs.<sup>26</sup> Encouraged by the demand from Europe there developed along this region important trade centres such as Surat, Bombay, Cochin, Cambay, Mahe and Anjengo. Towards the middle of the 18th century Bombay came to be the nerve centre of this trade. The island was kept free from political rivalries and under the auspices of the English was being developed primarily for trade.<sup>27</sup> ✓

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23. J. Maclean: Op.cit., p.19.

24. K.N. Chaudhuri: Op.cit., p.215.

25. J. Maclean: Op.cit., p.102; also W. Milburn: Op.cit., p.173.

26. W. Milburn: Op.cit., pp.202-214; also see table II below.

27. GBC & I: Vol.II, p.46.

✓ The western coast enjoyed all the advantages available to other commercial regions. There existed an active business community, ample raw material and labour and the ability to create agricultural surplus.<sup>28</sup> Besides these factors to help this trade along, two important developments took place in the international trade which have been referred to as being of great significance and gave a tremendous boost to the Indian market.<sup>29</sup> In 1780 China suffered a drought which ruined her cotton crop and the government there directed food grains to be grown on cultivable land. It enable Indian cotton to be exported to China. In 1784 the British Government reduced the tea duty from 115% to 12½%. This put an end to smuggling of tea into England and opened up the tea trade to a larger number of people. Both these developments put together gave a new dimension to trade. Cotton was sent from India to China and the proceeds from its sales financed the tea trade in China. The tea fetched tremendous profits in Europe and these profits were re-channelized to India to make new investments. The wars in Europe and America further generated a demand for piece-goods.<sup>30</sup> Since the prosperity

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28. K.N. Chaudhuri: Op.cit., p.249.

29. P. Nightingale: Op.cit., p.23., also see J. Maclean. Op.cit., p.105.

30. P. Nightingale: Op.cit., p.23.

of the Indian broker depended to a large extent on the demand from abroad, these developments became highly beneficial to the broker. The English being apprehensive of political disturbances and ignorant of the local market conditions left to the broker the job of procuring the bulk of these commodities.<sup>31</sup> The merchant brokers participating in this export oriented market came to understand the working of this market and their activities became highly specialized.<sup>32</sup> The merchant-broker was responsible for handling this voluminous trade at its base. In order to gauge the enormity of the brokers activity it will be necessary to take a view of the magnitude of the trade which came to exist on the west coast of India by the end of the 18th century. Of the trade in this period it has been rightly said,

"the bulk and value of Commerce that floats on the Indian waters is beyond all precedent. The Indian merchant carried on the tradition of Abdul Gaffoor and Virji Vora".<sup>33</sup>

The total trade at Bombay; both first order and transshipment in the year 1802 amounted to Rs.30,786,498 worth of imports and Rs.26,627,449 worth of exports inclusive

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31. J. Maclean: Op.cit., p..102-104.

32. W. Milburn: Op.cit., p.171.; also see K.N. Chaudhuri: Op.cit., p.171.

33. J. Douglas: Bombay and Western India (London 1893), p.132.

of goods and treasure.<sup>34</sup> The total value of British goods imported into Bombay in 1797-98 was Rs.2,98,424 inclusive of goods, stores and bullion and the value of exports for the same year was Rs.32,21,302.<sup>35</sup>

The goods were received from a wide spread area. Basra, Muscat, Ormuz and other ports in the Persian Gulf furnished the western coast with luxury items such as pearls, raw-silk, carmenia, wool, dates, dried fruit, rose water and attar. Arabia supplied Bombay with Coffee, gold, drugs and honey. A number of ships annually freighted cotton and bullion to China and returned laden with tea, sugar, porcelain, wrought silk, nankins, and a variety of useful and ornamental articles. From Java, Malacca, Sumatra and neighbouring places Bombay vessels brought spices, perfumes, arrack and sugar. Cargoes from Madagascar, Commore Islands and Mozambique and other ports on the east coast of Africa consisted of ivory, slaves and drugs. These goods were partially for consumption in India and partially for transshipment to Europe.<sup>36</sup>

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34. W. Milburn: Op.cit., p.214, also see table II and III below to understand the type of goods coming in and leaving Bombay from the entire world including the hinterland of Bombay. The <sup>value of</sup> exports are less than the imports because imports included a vast amount of treasure.

35. Ibid., pp.239-240; also see table I a and I b below.

36. BG; Vol.XIII, part II, pp.412-413. also see table II below.

For exports the various districts of western India produced Cotton, Silk, Muslin, Pearls, Diamonds, Precious Stones, Ivory, Sandalwood, Pepper, Cassia, Cinnamon and other luxuries.<sup>37</sup> The goods imported into India from Britain by the Company were English woollens, copper, iron and lead.<sup>38</sup>

Bombay itself could not furnish any article for export which made the role of the merchant-broker more important. For, within Bombay the English could have managed to procure goods directly from the producer but it was not easy to do so from such a wide spread market.

### III

It was only a shrewd understanding of the market and experience which would enable the merchants to make good profits from this trade. The Indian brokers were indispensable to the export trade. The Company did not interfere in the local trade as the brokers were well versed with the export trade and being highly skilled they learned to live with the political and organisational discrepancies.<sup>39</sup> The merchant-broker had good reason to develop his interest in this trade since it fetched

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37. Ibid., p.413; also see table II below.

38. J. Forbes: Oriental Memoirs-I, p.154.

39. GBC & I: Vol.II, p.66; W. Milburn: Op.cit., p.181. also see K.N. Chaudhuri: Op.cit., p.149.

him lucrative profits. When goods are supplied for a market, the bulk in which these goods are supplied depends on the demand for these goods and the comparative advantages the supplier draws from their sale. The expanding demand for exports in the course of the 18th century made the merchant-broker expand the field of his activity. There developed organisational diversification and complexities. The market became largely export oriented and was characterized by 'extreme fragmentation, multiplicity of markets and unstable prices and supply'.<sup>40</sup> In such a market the broker had to have an understanding of the role of the foreign buyer as well as that of the producer of the goods. He was also to make profits by understanding the nature of demand and supply. Now, in so far as the demand was concerned the merchant-broker was dependent on the Company to render its specifications. But when it came to determining his profits the broker was dependent on certain critical subjective variables. These variables were the various problems posed by the market, like procurement of commodities of quality and quantity, availability of raw-material, labour and capital, and problems of transportation.<sup>41</sup> The broker had to operate within the specifications of the Company and the constraints of the local market conditions.

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40. K.N. Chaudhuri: Op.cit., p.136.

41. CDD: 1790, Vol.5, p.108; also see K.N. Chaudhuri: Op.cit., p.305.

How the broker handled the market will be elaborated in the next chapter. As a prelude to that a general account of the nature of trade organization is furnished in this chapter. Each variable which determined the nature of the trade had separate implications for the broker. In order to conserve his profits and keep his prices low the broker had to know the working of the production centres thoroughly. The production centres the merchant selected had to be well supplied with raw-material and labour and were also selected for being close to the place where the goods had to be delivered. The broker had to know which area produced the best and cheapest type of goods, in order to make the investment in the right place.<sup>42</sup> These conditions the broker knew rather well being long familiar with the market. But he had to take care to see that goods were procured on time and were of the required specifications.

In dealing with the Company certain other problems arose which made the merchant unpopular with the Company. The broker first made a contract with the Company to supply the goods. In this contract the price of the goods, the quality and quantity specifications were laid down. Besides the amount of advance, the date of delivery, the penalty for short supplying were also stipulated. The merchant was then onwards responsible for the entire operation of procurement of goods till he supplied them to the Company at their warehouse either in Bombay or Surat.

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42. K.N. Chaudhuri: Op.cit., p.241.

Thus the English rid themselves of the problem of procuring, freighting, transportation and paying of customs on these goods. Even after this the goods were accepted at the warehouse only after passing muster.<sup>43</sup>

So far as the quality and quantity were concerned it could well happen that abnormal weather conditions would result in both short supplying as well as producing goods of poor quality which the English would reject.<sup>44</sup> For quoting the prices in the contract the broker had to make shrewd calculations. The price had to suit the English as well as protect the brokers profit margin. The important part of the system of contracting was that brokers would come to the factory where bargaining took place. The price paid by the Company depended on timely delivery and the quality on the stuff supplied.<sup>45</sup> The price quoted in the contract was inclusive of the charges of customs levy, insurance and transportation.<sup>46</sup> This often pushed the price too high, which would result in the English refusing to pay the price.<sup>47</sup> Natural calamities and political disturbances could also push up the costs of the goods. Above all, the time

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43. CDD: 1790, Vol.5, p.65.

44. CDD: 1792, Vol.7,p.92.

45. CDD: 1792, Vol.7, pp.46-47; also see K.N. Chaudhuri: Op.cit., p.306.

46. CDD: 1789, Vol.4, p.142; also see table I below.

47. CDD: 1792, Vol.7, p.92; also see table B below.



lag between the investment and delivery was of almost a year or more, and in an abnormal year or in the face of high demand the prices could fluctuate drastically.<sup>48</sup> When the English refused to compensate the broker for this fluctuation, the broker was tempted to undercut the interest of the Company and sell his goods to the other Europeans in the market who paid higher prices for the goods.<sup>49</sup> It was in the interest of the broker to maximise his profits by selling to the person offering the highest price but this greatly annoyed the English.<sup>50</sup> Even on the issue of 'dadni' or advances there was cause for tension. Advances were given to the broker in order to facilitate investment. Merchant brokers were advanced money according to their financial standing.<sup>51</sup> The English being short of cash in Bombay often delayed these advances. This was to the great consternation of the brokers for whom this advance was in a sense a security against the contract.

All these things put together created tensions between the Company and the Indian broker. It was the failure of the working of these terms of trade which led to conflicts between two trading partners. In order to draw advantages from this

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48. CDD: 1794, Vol.9, p.200.

49. CDD: 1793, Vol.8, p.479.

50. CDD: 1792, Vol.7, p.92.

51. CDD: 1795; Vol.10, p.300; also see K.N. Chaudhuri: Op.cit., p.308.

trade the broker had to try and override these constraints and limitations. While protecting his interest the broker came into conflict with the vested interest of the Company.<sup>52</sup> It was not in the logic of the system to allow two trading partners to strike an equal balance of trade relations, despite their need for mutual dependence.

It was a situation where the broker had to survive an attempt of subjugation by a stronger trading partner. The extensive and complex organization of the trade discouraged the English from participating in this trade directly. But it did not stop the English from wanting to utilize the expertise of the merchant in altered conditions, where the English could dictate terms. The intention of the Company was overtly exploitative. The Company wanted to make the broker a tool in their hands and this is what they were driving towards. The English did not want to share the profits of this trade with the Indian brokers.

In the following chapter while discussing in detail the trade organization of four different commodities the issues above mentioned will be elaborated and supported with relevant evidence. It will help us to establish explicitly the nature of tensions arising out of the trade relations and explain why the English wanted to do away with the institution of the broker.

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52. GBP; Vol.XXVI, part I, p.268.

### CHAPTER III

#### A DETAILED STUDY OF THE ORGANISATION OF COMMODITY TRADE:

In this chapter we take up in great detail the organisation of the trade of four particular commodities. Of the imports woollen cloth trade was the most important and piece-goods, cotton and pepper made up the bulk of the export trade on the western coast. The analysis of the working of the trade in these commodities will lead to a better understanding of the actual working of trade and thereby better explain the nature of trade relations which existed between the Company and the merchant-brokers. These commodities are widely referred to in the records of the Company giving a wide perspective of the trade.

It was to the great consternation of the Company that the balance of trade lay in favour of India. There was scarce a commodity which England could provide to India to even out this imbalance. The goods purchased in India had to be paid for by importing bullion from England. In Bengal matters had been sorted out to a certain extent with the 'gift' of Diwani to the English. For they could now use the territorial revenues to finance atleast a part of the trade in Bengal. On the west coast the Company was unable to generate enough revenue to finance this trade. However towards the second half of the 18th century, in order to improve the balance of trade, the Company

gave into the textile industry lobbyists' demand to sell English manufactures in India.

IMPORT TRADE: (comprising of English manufacture)

The goods imported into India consisted of woollen cloths, lead, silver, quick-silver, zinc, steel, copper, red lead, white lead and iron.<sup>1</sup> The total value of imports from England inclusive of goods, stores and bullion in 1800 stood at Rs.304598. There was considerable fluctuation in the quantity of imports probably due to the uncertainty of demand in India.<sup>2</sup> Woollen cloths, popularly referred to as broad cloths comprised the major portion of this trade. In 1802 the total value of woollen cloths imported was Rs.2,30,738.<sup>3</sup>

The trade in woollen cloths can best explain the nature of the import trade. The woollen cloths were first landed at Bombay and taken to the Company's warehouse. The General Sales Officer, through a public notice announced the date of auction. The idea behind auctioning these goods was to be able to get the best price for the goods. The terms laid down by the Company were such that, "would give satisfaction to the merchants, yet

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1. See table IV and V below.

2. W. Milburn: Oriental Commerce, p.239; also see table 1(a) below.

3. Returns and Statements of External and Internal Commerce 1802-3; also see table V.

as far as possible do not endanger the Honourable Company's interests". The Company held the auction generally in November and gave time till the following October, to have the goods cleared from the warehouse by the Indian merchant-brokers. The goods were sold only to responsible persons known to the Company. The Company also stated that one yard in every piece of cloth was to be kept as custom duty. If goods were damaged or under weight the price was accordingly reduced. The terms of payment were such that if the broker did not pay all the cash at the time of the auction he would have to pay an added amount of 9% per annum interest on the money due to the Company. The goods could be lifted from Bombay or at Surat, according to the wishes of the broker.<sup>4</sup> The Company bore the storing charges till the goods were cleared from the warehouse. But before taking away the total quantity the broker had to clear all outstanding debts on the sale.<sup>5</sup>

Response to these sales, however, seems to have been very poor. In general the import sales were very poor. In 1796-97 goods worth Rs.2,16,834 were imported. Of this goods, worth Rs. 1,26,115 remained unsold in the warehouse. In fact the unsold goods often amounted to over 50% of the total quantity.<sup>6</sup>

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4. GBT & I; pp.117-118.

5. PDD: 1734-35; pp.227-229.

6. Milburn: Op.cit., p.239; also see table 1(a) below.

Of the broad-cloths sales, in an exceptional case, goods bought in 1743 were left uncleared in the warehouse till 1786.<sup>7</sup> In another case, of 966 bales of broad cloth worth Rs. 2,74,128 sold in 1795, bales worth Rs. 1,65,672 were not lifted by the broker.<sup>8</sup> The delay in clearing goods was quite a normal feature of this trade. The Company tried to improve sales by offering benefits to the brokers. On all cash-down payments made at the time of sales the broker was given a discount on the price of the goods. The Company also offered that persons lifting stocks within six months of the auction would receive a 9% discount on total costs and those lifting within 12 months would receive a discount of 6%.<sup>9</sup> The problem of delay arose because of the market conditions. To illustrate this constraint, cited below is a petition from purchasers of broad-cloth and perpets that,

"due to the war and the rainy season we have not been able to dispose off the bales and 1300 remain in the warehouse. We request for a discount of 6% on total costs and time of 6 months (to clear the goods)".<sup>10</sup>

At the first instance this request was rejected. But the Committee of Sales reported that brokers refused to lift goods unless they were offered the terms demanded by them. The Company

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7. CDD: 1786, Vol.1, p.35.

8. CDD: 1795, Vol.10, p.149; also see table VI below.

9. CDD: 1786, Vol.1, p.52.

10. Ibid., p.53.

was thus forced to concede the demands.<sup>11</sup> The Indian broker was not trying to blackmail the Company, he was driven to this because of the nature of the market. The Indian climate did not allow the use of woollen cloth. Most of the import items like woollen cloth, iron, lead, copper were largely used in war. Thus in a war torn economy iron and lead could be absorbed by the market. From 1778 to 1780 with the break out of the Anglo-Maratha war the demand for certain articles increased three fold. The sale of iron in the peace years of 1777-78 amounted to Rs.4787 and in the war years of 1779-80 it went up to Rs.12558. The Red-Lead sales in 1777-1778 were valued at Rs.383 only and in 1779-1780 it went up to Rs.3398.<sup>12</sup> To further substantiate this a reference is made to a letter of the Court of Directors asking for a report regarding the generally poor sales of broad cloth in 1777-78. The report tendered stated that due to the Sircar (the Peshwa government) not paying the cavalry regularly the potential of sales had fallen, whereas earlier the Sirdars (Maratha Warriors) had bought cloth for saddle briddles, now they were unable to do so. For about two years the "subjects of the Ghats were in various conditions for want of cash and so use chintz instead the purchasers being in doubt of being able

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11. Ibid., p.53.

12. GDD: 1789, Vol.4, p.89.

to clear goods cannot pay for them".<sup>13</sup> It was only war which generated a demand for these articles the common man having no use for these imported commodities. The poor sales left the Company with large amounts of uncleared goods which took up storage space in the warehouse and were in the danger of spoiling. This involved the Company in financial losses especially at a time when the English were keen to turn the balance of trade in their favour by promoting the sale of imports.

In order to introduce a measure of security into the sale of imported commodities, the Company proposed a new scheme. By this new method, at the time of auction, the merchant-broker had to deposit at Bombay cash amounting to 5% of the total value of goods with the Company and 10% at Surat. By this the brokers would be induced to clear the goods at their earliest in order to recover the deposit. But considering the unstable demand of these goods the brokers resented having their cash tied down unprofitably. The English tried to compromise by offering a nominal interest on this deposit. But the scheme was not acceptable to the brokers and the Company had to withdraw this order.<sup>14</sup>

The bargaining power of the merchant and his non-compliance in this import trade greatly disappointed the English. A letter sent to the Court of Director in 1790 reported,

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13. CDD: 1788, Vol.3, p.236.

14. Ibid., p.236.



"On alternative consideration of our Superiors Commands received by the ships of this season and the well digested report of the special committee of the Court of Directors on the measures most advisable to be pursued to effect the two grand objects of liquidating the bounded debt and restoring to the Company those advantages of commerce which they have of late years been circumvented ..... we observe that it is strongly recommended that their government abroad should dispose of forwith of the woollens on hand even at the expense of foregoing all profits upon them. With recommendations before us and the consideration by our solicitude to dispose off them at profit we have for these past three years been disappointed of selling the woollens and swear that their value will be depreciated the longer they are kept. We are decidedly of the opinion that the propriety of realizing them even at this original cost and for treasure transfers will not admit of a question. It is agreed however, to reconsider the subject at our next meeting and in the meantime to instruct the committee of sales to dispose off copper at the prices offered which exceed the costs and charges at the medium price". 15

The English also complained that the sale of these goods had been left in the hands of 'Hindoo merchants' who prevented the Company from getting experience in this trade.<sup>16</sup> Since the English did not deal directly in this trade, therefore, they could not understand the constraints faced in the internal market. Trade could suffer because of war, shortage of cash,

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15. CDD: 1790, Vol.5, p.225.

16. CDD: 1791, Vol.6, p.42.

poor demand, bad weather conditions. A letter of 1794 from some merchant brokers to the Company regarding the poor condition of the market petitioned thus,

"To the Honourable Company of General Sales is addressed a petition representing that the vend of those goods (woollen clothes, copper, iron, lead) was so very low at this juncture owing to the present scarcity of cash in this place. The principal shroffs become insolvent and return bills for non-payment, also that no purchasers come down from the pepper country on account of wars just broken out between the Peshwa and Nizam Ali. Therefore, the purchasers request the sales be put off till later". 17

There were innumerable such instances either asking for postponement of sales or requesting extra time to clear goods from the warehouse. The brokers faced great difficulty in selling the import commodities. They often never lifted the goods from the warehouse itself if the internal market was not responsive to sales. In an instance of 1783 of the 770 bales of broad cloth sold only 434 bales were cleared in 1784, and of a total of 121 bales of long ells sold only 85 bales were cleared from the warehouse by 1784.<sup>18</sup>

It can be justly concluded that the goods which English tried to sell in India did not find a ready market here. The demand of most of these goods was decided by the internal wars. Iron was used to make war implements, horse stirrups, cart-wheels etc, broad-cloth was used under the bridles of horses.

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17. CDD: 1795, Vol.10, p.149.

18. CDD: 1788, Vol.3, p.237; also see table VII below.

The wear and tear of these things was high only during war. In normal times the necessary goods could well be procured locally. The Company was in fact trying to extend the sale of goods for which the Indian market hardly had any demand. The Company may or may not be aware of this lack of demand for imported items, but when the sales were poor the English met with disappointment, and this often resulted in their blaming the Indian broker for not encouraging this trade thereby creating tensions and friction between the two.

EXPORT COMMODITIES:

In dealing with the export commodities the situation was somewhat different. The demand was very great, and the merchant-broker was well in command of the internal market. It was the brokers responsibility to supply goods to the Company. The English were placed in an ambiguous situation, where they wanted to enter the production market directly. But being faced by constraints of political disturbances, lack of knowledge of the internal market and language problem the English had to depend largely on the brokers. They resented this hold of the broker of the internal market and this became the main cause of friction in trade relations. The nature of this conflict is borne out by examining the organisation of the export trade. The three export commodities; piece-goods, cotton and pepper, have been

selected for the simple reason that these articles made up the bulk of the export trade and receive ample mention in all the records of the period. Piece-goods was one such item which had a constant and stable demand in the English market. Raw cotton did not have a stable demand but its importance draws from the fact that it had suddenly become vital to the intra-Asian trade of the English in the 1780's. Cotton sales in the China helped the English to finance their tea purchases in China till the end of the century. Pepper was the only bulk commodity bought in the south-western coast of India which had a demand in Europe. In the pepper trade the English were greatly disturbed by the role of the brokers. The study of each of these commodities brings to light the nature of relations existing between the English and Indian merchant-brokers in their trade dealings.

PIECE-GOODS:

The demand for Indian piece-goods in Europe, Africa, America had economic repercussions in India. In 1802 the total value of piece-goods exported from Bombay was Rs.18,01,463.<sup>19</sup> The merchant-broker was entirely responsible for organising this trade till he delivered the goods to the Company at their warehouse. The disadvantage of the Company arose from their

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19. Returns and Statements of External and Internal Commerce 1802-3; also see table V and table F. below.

ignorance of the internal markets. Although English enterprise in India was almost two centuries old by 1800 A.D., the Company still hesitated to participate directly in the internal organisation of trade. The English were apprehensive of the law and order problems of the interior and the lack of knowledge of the market. The Company, therefore, depended largely on the brokers to procure goods for them. It was in fact in the interest of the broker to keep the English out of the local market. But as time proved the clash of interests over the appropriation of profits finally made the English enter the indigenous market with the help of the Indian brokers in the 19th century. As a consequence by virtue of political sovereignty the profit margin of the Indian broker was forcibly decided by the English and it hastened the collapse of the traditional market organisation thereby subordinating the indigenous merchant class in the 19th century.

The English had come looking for spices to the west coast of India in the 17th century. Failing to find a good market in pepper the next best prospects were offered by the piece-goods trade. The hinterlands of Gujarat had often been referred to as the most valuable commercial centre of India, which could secure to the English the best manufactures of India.<sup>20</sup> The

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20. J. Douglas: Guide to Bombay, p.132.

chief centres manufacturing piece-goods were Broach, Jambusar, Ahmedabad and Surat. In general this product was referred to as Surat piece-goods. Prior to the development of Bombay the goods were despatched from Surat. They were shipped to Britain and from there reexported to other countries, or directly to Persian and Arabian Gulfs, Africa and the Malay Coast.<sup>21</sup> Late in the 18th century some coarse white piece goods were being manufactured in Travancore and Malabar.<sup>22</sup> In the records of the East India Sales in London in 1798-99 we find that the value of piece-goods sold was £ 193202 and in 1800 it was £ 205283.<sup>23</sup> The demand for piece-goods depended on the conditions in Europe. In 1720's the English government tried to discourage the piece-goods trade by imposing a duty on Indian textiles entering England in order to protect the British textile industry. This should have led to a decline in this trade, but it was difficult for the Company to find a substitute for this cheap and readily available commodity. So the demand was sustained throughout the 18th century and the market too was well organised.

The first step in the organisation of this trade was the auctioning of the contract at the warehouse at Bombay. Each contract was made for the current season only.<sup>24</sup> The

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21. W. Milburn: *Op.cit.*, p.289; also see Returns and Statements of External and Internal Commerce; see table V below.

22. Milburn: *Op.cit.*, p.289.

23. J. Forbes: *Oriental Memoirs*; p.291; also see table F below.

24. CDD: 1796, Vol.12, p.238.

purpose behind auctioning the contract was to receive the lowest price and best terms for the commodity. The terms of the contract were exhaustively written out, thereby settling all matters before-hand according to the terms agreeable to the Company and the broker. The contractor specified the price of the commodity inclusive of the cost of freighting, insurance and customs. In the contract was also stated the amount of money required in advance as well as the terms for making the full payment. The broker stated the time needed to make the delivery and the penalty to be paid in case of late delivery or short-supplying the quantity. The following is a typical example of the auction of a contract between the Company and the merchant-broker. In 1790 the Company received three tenders for the supply of piece-goods to the warehouse at Bombay. Dinjeeshaw Byramkhan and Mallary Sunjee stated that they would charge the Company Rs.2,97,918 for delivering the goods in 18 months. The second tender was submitted by four merchants in partnership. In this Luckmidass Jaggannath had a 5 anna share, Tappydass Lall dass had a 4 anna share, Byramjee Eduljee and Thapssojee Cowasjee had  $3\frac{1}{2}$  anna share each. They promised to deliver the goods within eighteen months. They demanded half the amount of the value of the contract in advance and for every Rs.20,000 worth of goods delivered another advance of half the sum of money due was to be made.<sup>25</sup> The first tender was rejected

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25. CDD: 1790, Vol.5,pp.47-49.

because the time taken to deliver was too long. The second tender was also rejected because the Company feared dealing with too many persons -- especially in the piece-goods trade, it could result in a difference in the quality of goods delivered as well as prove cumbersome to check on the credibility of all four persons. The contract was given to the tenderer of the third contract. Mayaram Atmaram, a man well known to the Company, submitted a tender quoting Rs.3,10,395 as the total value for supplying the piece-goods to be delivered in ten months time. The advance Mayaram demanded was Rs.1,53,692, being half the amount of the total value of goods. For every subsequent lot of goods worth Rs.30,000 that were delivered another Rs.15,000 in advance was to be delivered. The final balance of the payment was to be made to Mayaram only after all the goods were delivered. It was claimed by Mayaram to be his responsibility to see that the goods passed muster and were delivered on time. He also bore all the costs on transportation, insurance, customs and cost of damages till he delivered the goods to the warehouse.<sup>26</sup> This contract was given to Mayaram because he was known to the Company. Besides he agreed to deliver within ten months while the other two tenders had asked for 18 months delivery. The English trusted that Mayaram would fulfill all the terms of the contract. There were certain other terms mentioned in some of the other contracts.

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26. Ibid., p.65.



In the particular contract cited the contractor<sup>ask.</sup> asked for interest on the sum due to him as advance. In 1801 a demand was made for  $\frac{3}{4}$ % interest on undelivered advances.<sup>27</sup> This contract also offered to pay a penalty of 18% on the cost of goods short supplied. A penalty of 9% was more common. The English insisted on including the penalty as it was a measure to ensure timely deliveries. In the contract of 1801, the brokerage charge of 1%<sup>28</sup> was listed separately, but in general it seems to have been added to the cost of the commodity. Thus it becomes clear that the English avoided all responsibility for the commodity till it was delivered to the warehouse. The English took great care to secure their interest by giving the contract to people who were known to them. Besides by imposing penalties on short-delivery, and exercising a strict check at musters the English tried to get the best results from the brokers. The timely deliveries were very important because a delay could mean in actual terms a delay for a whole year in case the ships for the season had already sailed. The brokers, in turn, were also put to inconvenience regarding advances and musters. Thus the actual working of this contract was far from smooth. There were certain spheres of conflict which arose out of this trade and tensions resulted when the two trading partners blamed each other for these delays and disturbances.

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27. CDD: 1801, Vol.27,p.843.

28. Ibid., p.843.

The system of 'advance' or 'dadni' formed an important feature of trade dealings in India. For the brokers it was vital in respect of the fact that it helped finance the large investments and provided a security to the contractor. But the merchant-broker did not always receive this cash on time. It is a widely known fact that the English were always short of ready cash in India till they finally managed enough territorial revenues to finance their trade. In 1781 being short of cash the English suggested bartering copper for piece-goods.<sup>28</sup> In 1793 the Company admitted that they could not furnish advances due to the English treasury being empty.<sup>29</sup> A delay in giving advances led to a delay in making investments. When the contractors did not receive the advance they became sceptical of the soundness of the contract. In many a case they were then unable to muster enough ready cash to make the investment. The producer in turn was completely dependent on the advance from the broker. Being a man of small means the artisan could not execute the contract from his own means. Thus a delay in giving advances set off a chain-reaction of delays in the execution of the contract. Although these merchant-brokers were often men of means they did not invest

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28. CDD: 1797, Vol.15, p.781.

29. CDD: 1793, Vol.8,p.479.

their money because to invest two to three lac rupees and have no security for it was too risky a prospect for the broker. The merchant thus preferred to get the advances well in time. In 1791 a contract was signed on January 14th. The total value of goods to be supplied in ten months time was Rs.1,69,990. The terms of the contract stated that a sum of Rs.60,000 be advanced immediately. However, the money was received only on the following dates:-

TABLE ON THE ADVANCES EXTENDED IN 1791<sup>30</sup>

1791	INSTALMENTS
May 6th	Rs. 50,000
May 7th	Rs. 20,000
June 20th	Rs. 50,000
October 19th	Rs. 15,000
November 3rd	Rs. 18,212
December 3rd	Rs. 15,000
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Total	Rs.1,68,212
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30. CDD: 1793, Vol.8, p.485; CDD: 1795, Vol.10, p.97; also see Appendix E below.

The first instalment advanced three months late fell short by Rs.10,000/-. Thereafter the total money given by the English in December still fell short by Rs.1,700/-. The first delivery of goods was to be made on the 18th of May and the first instalment of 'advance' was received twelve days beforehand. Furthermore in the piece-goods trade especially, the investments had to be made before the rains set in, because the best stuffs were made during the rains.<sup>31</sup> Lack of advances made it difficult to make the investment at the right time which hampered the broker from procuring the required quantity of goods and delayed the delivery of goods.

The other issue of friction was the system of musters at the warehouse. It was stated as a part of the contract that goods would be accepted only after passing muster at the warehouse. The English were very particular about the quality of goods received. In general the goods not passing <sup>muster</sup> made up 30-40% of the procurement. The following is an exceptional case in which rejected goods were almost 45% of the total delivered piece-goods.<sup>32</sup>

Total value of goods	: Rs. 1,13,748-3-20
Goods accepted	: Rs. 69,073-3-35
Goods rejected	: Rs. 44,674-3-85
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31. CDD: 1798, Vol.17, p.58; also see table G below.

32. CDD: 1793, Vol.8, p.479.

The reasons behind rejection of goods could be many. The process of procurement was long-winded and the contract was handled by various persons at different stages. The quality and standard of the goods differed with the effort made by the intermediaries to procure goods stuffs. Weather conditions could also directly affect the quality of the piece-goods. Yarn of good quality and in large quantity was procureable only in a season of good rainfall. A failure of the cotton crop made the yarn both expensive and of poor quality. In 1791 due to famine the cost of yarn went up and there was a shortage of thread. In order to earn profits the weavers were forced to stress on quantity rather than quality, as the latter entailed in the course of production great wastage of yarn. The goods therefore turned out were of poor quality.<sup>33</sup> In certain cases the political conditions also influenced rejection at musters. As early as 1746 when Bombay was preparing for the French attack there was bull-trading going on in the piece-goods market in order to meet the large demand anticipated in Europe. The high demand led to a rise in prices, but the Company received orders from the Directors to reject goods at muster thereby creating a glut in the market and bringing down prices.<sup>34</sup>

Regarding the problem of short-supply of goods there was further reason for tensions between the Company and the broker.

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33. CDD: 1796, Vol.6, p.872.

34. CDD: 1791, Vol.6, p.276.

In normal conditions the goods could be delivered in time but in abnormal times circumstances were not always conducive to procuring the goods. Due to a famine in 1791 many contracts were left incomplete. That year Mayaram Atmaram, a broker had made a contract to deliver piece-goods worth Rs.3,28,981 within ten months time from Surat and eighteen months time from Cambay. But due to the famine he could procure goods worth Rs.40,000 only by November, and was expected to deliver goods worth Rs.1,50,000 by December of that year.<sup>35</sup> Mayaram sent a petition to the English explaining his inability to procure the goods due to famine. Added to this there was another problem hampering procurement. Mayaram reported that the Dutch and French were buying up a great deal of the piece-goods for Africa. He further stated that these other foreign buyers were interested in quantity and not quality. Therefore, even the goods rejected by the Company at musters were resold by the brokers to these foreign factors at a higher price. Realizing this profit potential of these sales the brokers and the weavers connived with each other to produce quantity rather than quality goods. The other Europeans paid 4% more than the price paid by the Company and were less fastidious about the quality of the goods. As a result stuffs demanded by the English could not be supplied.<sup>36</sup> In another case the brokers

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35. CDD: 1792, Vol.7, p.92.

36. CDD: 1792, Vol.7, p.92; also CDD: 1795, Vol.10, p.98; also see Appendix E below.

also complained that the brokers of the Portuguese resorted to violence to have their goods finished before those of the Company.<sup>37</sup> Thus in these years while the Dutch and Portuguese exported large amounts of piece-goods the English could not even meet their annual demand. For the period September 1791 to February 1792 the English exported from Surat piece-goods worth Rs.1,09,758, while the Dutch for the same period took away piece-goods worth Rs.3,77,436 - three times the amount the English exported. In fact it seems that the English received such severe competition from these other European traders that they could not even meet their own demand. In 1795 January the English refused to advertise their piece-goods contracts as the foreigners were in Surat and the prices were very high.<sup>38</sup> Thereby inordinately delaying their investment. The merchant-brokers explained to the Company that while the English ordered highly specialized and standardized goods, the other Europeans came with money and purchased all types of quality in piece-goods. The brokers suggested that the Company should therefore lower its standard of quality and aim at procuring a larger quantity. The Phooza list<sup>39</sup> of 1793 showed that while the exports in piece-goods of the other Europeans amounted to Rs.39,329, the English exports amounted to Rs.23,860

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37. CDD: 1795, Vol.10, p.99.

38. CDD: 1795, Vol.10, p.79.

39. Phooza was the Company's Custom house at Surat.

being part of their total demand of Rs.62,000.<sup>40</sup> The Company did not heed the brokers advice.

Besides the reason of demanding high quality stuffs there was another reason for the English interest suffering in this trade. The Company paid a relatively low price for its purchases. For instance in 1795 the merchant-brokers quoted the rates for Ellachi piece-goods (length 6.22 yards x 1 yard) at Rs.240 per piece, the Company offered to pay only Rs.160. For the Chintz (length 5 yards x 1½ yard) the brokers quoted Rs.80 while the Company offered only Rs.20.<sup>41</sup> This forced the brokers to seek buyers who would pay a better price. The issue of prices created a lot of bad feeling. However, the brokers by and large did not stop supplying to the English. The trade with the English gave the security of providing a regular and somewhat stable demand,<sup>42</sup> while the spot purchasing of other Europeans was erratic and indefinite.

The problems arising out of delayed deliveries, short-supplying, rejection at musters cannot be considered insignificant. Because these problems gave rise to tensions in trade relations. The merchant-brokers informed the English that due

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40. CDD: 1793, Vol.8, p.483; also see table D below.

41. CDD: 1795, Vol.10, pp.282-283; see also table B below.

42. CDD: 1791, Vol.6, p.13.



to the above mentioned problems and competition from other European traders, even at the best part of the season procurement did not go beyond two to three lacs of rupees. In such a situation the brokers felt the English demand of six to seven lacs of rupees was impossible to achieve.<sup>43</sup> The brokers also complained that they had to send their agents to far off areas to procure the goods for the Company and to put up with great inconveniences for fear of loosing the contract.<sup>44</sup> In order to lessen the problems in this trade the brokers submitted a report to the English making the following suggestions:-

".....In Jambusar the merchants from Daman buy up inferior goods.... and send them to Mozambique. They tell the English Agents that they will supply the Company later. The only way is to pay the price equal to that paid by other foreign traders".<sup>45</sup>

But the English refused to recognize this as a problem and did not relax the stringency of their quality and price specifications.<sup>46</sup> As a result they continued to loose trade to other foreign traders and suffer <sup>from</sup> the problem of their demand being disposed off to the Dutch and French. This problem could only be sorted out after the English acquired territorial control of the region.

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43. CDD: 1795, Vol.11, p.1002.

44. CDD: 1801, Vol.27, part II, p.1444.

45. CDD: 1801, Vol.27, pp.1454-1456.

46. Ibid., pp.1454-1456.

Despite these drawbacks the broker benefited from this trade. On an average the piece-goods demand of the Company per year was of the value of ten lac rupees. Of this, goods worth seven lac rupees were of standard quality and goods worth three lacs of rupees made up inferior goods. This trade provided lucrative business to the merchant broker. The brokers made relatively large contracts and charging brokerage from 1% to 3%, as stipulated earlier, could fetch them handsome profits. In 1786 Mayaram Almarain alone supplied a contract of the value of Rs.3,10,395, and in 1790 he again contracted to supply goods worth Rs.3,29,981.<sup>47</sup> Another merchant-broker Bowmanjee Muncheejee supplied goods worth Rs.2,20,000.<sup>48</sup> In 1800 Pestonjee Somanjee and Sarabjee Jevasjee contracted to supply goods worth Rs.10,03,685.<sup>49</sup> In a single season this was by all standards a large contract.

With regard to prices too the broker did not face any major disadvantage. The merchant-broker had to understand the nature of prices to be able to quote his price in the contract. Besides fluctuation caused by abnormal weather or a sudden increase in demand, the prices for this period were generally stable.<sup>50</sup> It is stated that the average cost of a bale stood ✓

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47. CDD: 1790, Vol.4, p.47.

48. CDD: 1801, Vol.27, p.6.

49. Ibid., p.6.

50. CDD: 1795, Vol.10, p.78; also see table A below.

Rs.287 for the years 1777 to 1781 and in 1781 the price dropped to Rs.285 on account of danger of decay of produce as regular contracts were not being made.<sup>51</sup> The rise in prices came in the famine year of 1791. It took nearly three years for its effects to wear off. In 1790 for a contract of 17300 pieces the price quoted was Rs.28,000 and in 1794 for the same contract the price was Rs.58,950.<sup>52</sup> Besides this abnormal fluctuation the prices were quite stable.

As a result of the problems arising out of the trade the English wanted to do away with the brokers. The Company resented the benefits the broker drew from this trade. But they realized that it would be difficult to do away with the brokers till the Company had established direct contact with the production centres. In order to avoid dealing with the broker the Company tried to buy directly in the market from 1781 to 1787. The Company wanted to reduce purchasing costs and being in a difficult position financially could not give advances to the brokers. By buying directly the Company also tried to solve the problem of brokers undercutting the Company's interest in favour of other European buyers. However, the Company was unable to meet their demand without the help of the brokers, and resumed buying through brokers in 1787.<sup>53</sup>

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51. CDD: 1793, Vol.8, p.500; also see table A and E below.

52. CDD: 1794, Vol.9, p.200; also see table C below.

53. CDD: 1793, Vol.8, p.500.

In fact in order to facilitate their trade the English often extended help to the brokers. It became part of the English policy to buy up as much of the years produce as possible in order to encourage brokers and weavers to send fresh produce to the warehouse in the hope of getting better quality stuffs.<sup>54</sup> In 1797 when the brokers complained of the Nawab of Surat levying the mocaut tax for war expenses, the Company successfully requested the Nawab to withdraw this tax.<sup>55</sup> On their part too the brokers extended financial help to the Company when it was short of cash.<sup>56</sup>

The issues revolving around supply of inferior goods delay in delivery, rejection at musters, problem of prices led to friction and tensions. Despite the fact that the Company and the brokers were dependent on each other, due to the conflict of interests they could not resolve the tensions. This tension manifested itself in the Company's desire to do away with brokers. The Company's desire was realized very early in the 19th century when the brokers became mere tools in the hands of the British.

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54. CDD: 1796, Vol.12, p.51.

55. CDD: 1796, Vol.14, p.488.

56. CDD: 1797, Vol.17, p.649.

COTTON TRADE

The last quarter of the 18th century witnessed a sudden demand for export of raw cotton as has been mentioned earlier. Nightingale has pertinently observed that with Pitt's Commutation Act cotton trade on the west coast jumped from 30,000 to 21,60,217 bales within three years. Between 1775 and 1800 Gujarat provided almost half the trade to China and to the merchant it meant increase of commerce, ship-building and private wealth.<sup>57</sup> In 1802 this trade was valued at Rs.53,25,407.<sup>58</sup> The cotton trade was largely carried on private ships, the Company not being able to handle these large consignments on its own.<sup>59</sup> However, it is disappointing to note that there is no mention in the records consulted of what percentage of this trade was carried on Indian ships, if at all. The Company was very keen to exploit the Indian cotton market. Cotton trade increased in importance as it became the 'working' commodity in the China tea trade, but this demand was short-lived. Around 1800 A.D. China once again started growing sufficient cotton for its consumption and cotton was replaced by

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57. P. Nightingale: Trade and Empire, p.53.

58. Return and Statements of Internal and External Commerce 1802-3; also see table V.

59. W. Milburn: Op.cit., p.218.

opium. Cotton continued to be exported to England in a smaller quantity, providing raw material for English textile industry. But for these twenty years the cotton trade gave a boost to the trade of the western coast.

In India the cotton market was organised under the auspices of the Indian merchant. The main production centres were Surat, Broach, Jambusar, Amod, Baroda and Kathiawar. This area provided the best quality cotton. In 1805 about 86,500 bales of cotton were expected. Of this 10,000 bales were to come from Surat, 1500 from Broach, 8000 from Jambusar and Amod, 13000 from Baroda and 40,000 bales from Kathiawar.<sup>60</sup> The greatest hindrance to cotton production was the incessant war carried on by Maratha factions in this area. Surat was controlled by the Nawab and the English. Broach lay with the Company. Jambusar and Amod were under the Peshwa, and Baroda under the Gaekwad.<sup>61</sup> In 1782 the English tried to restore some kind of peace by the treaty of Salbai. The effect of war on cotton production was that there was a decline in both quality and quantity and was therefore supplied late and sold at a high price.<sup>62</sup> In their respective areas of control the Maratha Chiefs hampered trade by seizing the produce and controlling the price offered to the growers.<sup>63</sup>

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60. Ibid., p.208.

61. Ibid., p.208.

62. Ibid., p.190.

63. Ibid., p.53, 208.

It was against these odds that the merchant had to carry on this trade for the demand had increased but the supply was threatened by war.

Bombay, in the course of time became the sole out-let for the cotton exports of Gujarat. The first large export consignment of cotton seems to have been made in 1770.<sup>64</sup> Before 1770 the cotton trade was mainly of an inter-coastal dimension carried on at the merchants initiative. After 1770, the export market consumed most of the surplus production. This growing,

"importance of the cotton trade from the great number of ships it employs and the large sums of which it throws into the Company's treasury at Canton are so well known and generally admitted that an attempt at the truth of assertion would be unnecessary".<sup>65</sup>

It was thus in the interest of the Indian broker to develop a good knowledge of this cotton trade in order to be able to procure the goods and get the maximum profits.

The greatest advantage the merchant broker derived from this trade was due to the cheap rate of production. According to the Ricardian theory of comparative costs this is the advantage which encourages commerce between nations. The cost

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64. GBC & I; p.430.

65. CDD: 1787, Vol.II, p.70.

of picking and cleaning cotton was one pence in India as compared to three pence in England for every hundred weight of cotton.<sup>66</sup> The cost of a candy<sup>67</sup> of cotton was in the range of Rs.80 to Rs.90. However, owing to the reasons discussed below the fluctuations in cotton prices were very great. This required that the broker have a very good understanding of this market.

In order to maximize profits and minimize losses the broker bought the greatest part of the demand during the time the cotton prices were lowest. According to the directions given by the Company to the brokers the cotton was to be bought only after the China ships sailed as the prices were lowest then.<sup>68</sup> The contract was generally made some time in January or February. The system of contracting was the same as for piece-goods trade and was also affected by similar problems of delay in advances and rejection at musters. To elaborate quoted below is an account of tenders presented to the Company's warehouse<sup>69</sup> for a cotton contract of 1000 candies on 14th February 1792, --

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66. W. Milburn: Op.cit., p.279.

67. A candy was equal to  
Bombay candy = 560 lbs  
Surat candy = 746 lbs  
Tellichery  
candy † = 600 lbs  
Anjengo = 560 lbs

from W. Grose: A Voyage to East Indies 1750-64. (London 1766), p.284.

68. CDD: 1789, Vol.4,p.55.

69. CDD: 1792, Vol.7, pp.46-47.



Nagardass Cussondass, a merchant, agreed to furnish the goods at Rs.125 per candy of cotton. It would be delivered before April 15th. The cotton would be brought to the warehouse loose, that is, not tied in bales and the advance demanded was to be furnished on the day the contract was signed reserving Rs.10 per candy to be paid on full delivery.

Mayaram Atmaram offered cotton at the rate of Rs.118 per candy to be delivered before 15th April. The cotton would be loose. If it was cleared at the warehouse inspection it would then be bound in bales. The advance was to be given on the day the contract was signed. He also demanded an interest of  $\frac{3}{4}$ % per annum on the sum, which was not advanced.

Dhackjee Dadajee promised to deliver the said amount at the pier at Bombay only if he was not charged customs. The price he quoted was Rs.125  $\frac{1}{4}$  per candy. The delivery would be made before 25th April of only 1000 bales the rest would be delivered by 15th May. The advance demanded was all the money save 10%.

Cursettjee Moneckjee agreed to deliver the same at Rs.124 per candy taking an advance of rupees one lac. He offered to give a bond for Rs.20,000. Hormanjee Barmanjee would stand surety for the advance.<sup>70</sup>

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70. CDD: 1793, Vol.8, p.28; For detail of Contract see Table K below.

It was clear that the English could choose from these tenders the one which suited their terms best. The contract in his case was given to Cursettjee Moneckjee, the reason being that he was known to the Company as being a reliable broker. At the same time he also offered a bond of Rs.20,000. Mayaram's tender was rejected because of the demand of  $\frac{3}{4}\%$  interest on cash not advanced. Dhackjees' demand was rejected for demanding customs exemption at Bombay. The Company was not desirous of encouraging such trends. The offer of giving a bond as well as having some one stand surety held great importance for the English. In another case the contract was given to a certain Nagardass for giving a deposit of Rs.20,000 as security bond to the Company on a contract for 475 bales of cotton.<sup>71</sup> The security bond system was prevalent in the cotton trade because of the erratic nature of procurement of both quality stuffs and quantity of produce. The brokers also received an interest or commission on these securities.<sup>72</sup>

When the merchant-brokers' agent purchased the cotton he consigned it to the merchant-broker at Bombay. There was a muster held and all the cotton passed in this was then tied up in bales by the merchant-broker. The bales not meeting the muster requirements had to be made good. In general the Company

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71. CDD: 1790, Vol.5, p.186.

72. CDD: 1788, Vol.3, p.70.

records say that the cotton sent to Bombay from Gujarat was of poor quality. The soil conditions were poor and made worse by the ravages of war. As a result, when stipulated supply fell far short of demand the brokers occasionally resorted to fraud to meet the pressures of demand. Goods being in short supply and the brokers unable to procure the required quantity of cotton, led to adulteration of cotton with excessive quantity of seed or making it wet so that it may weigh more.<sup>73</sup> A report in the Commercial Department Diaries says,

"Owing to the uncommon demand for cotton at Canton for the 2 years last the merchants at Bombay, by their agents made contracts in 1785 with the Hong merchants for delivery of very large quantities on the part of the merchants here. These contracts were duly filled but by no means to our (English) satisfaction or that of the Chinese merchants as to the quality owing to the contractors at Surat and Broach taking advantage of the increased demand from hence and leaving much too large a quantity of seeds, leaves and dirt in the cotton than had even been customary. Broach and Jambusar cotton has at all times had a larger quantity of seed mixed with it than that of the production at Bhavnagar and Cutch. For many years past the quality of Surat never exceeded (seeds) 5-7 seers per bale, but last season it was 50-60 seers per bale which led to objection on both ends. This year the demand is even greater but bad quality continues. Of a bale  $\frac{1}{3}$ rd to  $\frac{1}{4}$ th is seed. If per candy contains 5 to 4 maunds seed it means a loss of Rs.27 per candy and for 30,000 bales the loss would be 4-5 lacs of rupees. 74

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73. CDD: 1790, Vol.5, p.237.

74. CDD: 1787, Vol.2, p.70.

This well explains the resentment of the English to the fraudulent activities of the brokers in the Cotton trade.

The consequence the broker faced was rejection of goods at the time of muster. Of a contract of 740 bales supplied by Mooteram Beharimal only 361 bales were selected. He was asked to pay back the advance on the goods short supplied to the Company. Another merchant-broker Cursettjee was asked to make good the rest of the contract within 15 days.<sup>75</sup> In the same way from a consignment of 1040 bales only 639 bales were accepted. The accepted bales were of fresh cotton 'being that years product and free from seed'. From another lot of 1019 bales only 769 were accepted.<sup>76</sup> The incidence of rejection at muster was quite high. It was no fault of the English considering the methods adopted by merchant-brokers to meet demand. Even supplying the cotton of the year before was not acceptable since the fibre lost its elasticity due to lack of areation over time.<sup>77</sup> Thus the English had to bear these discrepancies arising out of a high demand and low supply ratio.

The other problem the merchant-brokers faced was from the highly flexible price index of cotton. The demand and the nature

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75. CDD: 1793, Vol.8, pp.190-191.

76. Ibid., p.103.

77. CDD: 1789, Vol.4, p.201.

of climatic conditions largely determined the fluctuation of the prices. The following is a table showing price fluctuations from the year 1791 to the year 1796.<sup>78</sup>

TABLE SHOWING RISE OF THE PRICE OF COTTON

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Year	Average price in rupees per candy
1791	112
1792 *	126
1793	124
1794	125 increased to 137 by year end
1795	88
1796	105 fell to 91 by year end

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The sudden rise in prices in 1792 was due to the famine of 1790-1791. In fact in December 1790 a candy had sold at Rs.200. But in 1795 there was a good crop so the prices fell even as low as Rs.88 per candy.<sup>79</sup> Besides the year to year fluctuation there was a monthly fluctuation depending on the market conditions. In 1789 March, the price per candy was Rs.95,

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78. CDD: 1797, Vol.15.

\*. CDD: 1792, Vol.7, p.13.

79. CDD: 1794, Vol.9, p.4.

in April it went up to Rs.98 and in May it fell to Rs.88.<sup>80</sup> The reason was that the China ships having bought cotton from February to April sailed off. It was the order of the English to the brokers to buy cotton after the China ships had sailed when there was a marginal decrease in prices. In May the threat of the rains led to a sudden dip in prices, in order to be rid of the stocks before the rains spoilt it. The broker had to be aware of this rise and fall in prices in order to be able to avoid incurring losses on the price quoted in the contract.

The merchant in giving the final price in the contract to the English had to add the cost of bowing, cleaning and packing the cotton. In 1795 when the prices per candy stood at Rs.98 the merchant-brokers in their tenders quoted prices ranging from Rs.127 to Rs.131. The English refused to buy at this rate, what they did not realize was that the overheads could amount to anything between Rs.30 to Rs.40.<sup>81</sup> The following is a table on the break-up of the charges, of cotton export.

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80. CDD: 1789, Vol.4, p.150.

81. Material Account of Bombay Town and Island, Vol.II. Also see Table H below.

CHARGES ON A BALE OF COTTON FOR EXPORT

IN RUPEES

Head of Account	Year			
	1788	1789	1790	1791
Cost of candy	90	108	109	112
Bowing and Cleaning	26-0-0	26-0-0	26-0-0	26-0-0
Dungaree for Inner-Wrapper	2-0-66	2-0-66	2-0-66	2-0-66
Coolie	0-2-0	0-2-0	0-2-0	0-2-0
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Total	118-3-66	136-3-66	137-3-66	140-3-66

Besides freighting these goods from Surat to Bombay by sea cost Rs.12 and by land Rs.15.<sup>83</sup> This increased the total costs greatly. It then often happened that the company would refuse to contract at this price. Besides in view of the fluctuations it left the broker at a great disadvantage having to supply the goods to the Company at the lower price. In 1790 Mullick Chand Motichand supplied inferior cotton to the Company. He could not meet the demand due to excessive rising costs. He could not supply the 3927 bales of cotton he was supposed to deliver. His explanation was that the price was

<sup>83</sup>. CDD: 1789, Vol.4, p.142; also see Table I below.

not stationary and in three weeks had increased from Rs.110 to Rs.125. At the same time he complained that the,

"Venders expose cotton to heavy rains and do as they please. While the broker buys at Rs.118 or Rs.125 and pays a heavy package and transportation costs and has to deliver at Rs.112". 84

In the face of such odds the merchant-broker had to drastically reduce operational costs. He had to buy the cotton where it was cheapest and also keep in mind that the place of purchase was close to the place delivery to cut down transportation costs. The price itself varied from place to place. In Jambusar cotton sold at Rs.144-2-10 per candy. In Bhownagar it was Rs.138-0-65, in Broach Rs.147-3-65, in Surat Rs.144-1-40, in Cutch Rs.134-1-20.<sup>85</sup> The merchant had to employ much of his effort in order to make a good profit.

In this period cotton had become an important export commodity. In 1789 of 43,000 candies procured 34,000 candies were exported.<sup>86</sup> The demand anyway far out-stripped the supply capacity which in itself led to disorders. But this trade soon came to an end due to a decline in demand from China as her own production picked up. There was constant friction regarding prices and short supplying which could not

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84. CDD: 1790, Vol.5, p.108.

85. CDD: 1800, Vol.26, p.507.

86. CDD: 1789, Vol.4, pp.141-142; also see Table J below.



be sorted out while the demand lasted. This was cause enough to aggravate tensions in a highly competitive market. After the political subjugation of this area the Resident started buying cotton directly in the market. The merchant-broker had been accused in 1789 of charging a profit of Rs.1½ on every bale.<sup>87</sup> By removing the broker the Company could save directly. The logic of competition in any market does not allow two equal partners to trade on equitable terms. Through some form or other one would get the upper hand over the other. In this case it was the English who became the masters, by virtue of their superior military strength in the 19th century.

#### PEPPER TRADE

The pepper came mainly from the Malabar country. India was the main source of supply of pepper for the English. In 1805 the pepper being sent from Bombay was valued at Rs.3,03,210.<sup>88</sup> The great draw-back the pepper trade faced during this period was from the political disturbances raging in the area, the merchant-brokers found it difficult to operate in these conditions and often asked the Company for

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87. CDD: 1789, Vol.4, p.166.

88. W. Milburn: Op.cit., p.287.

protection. On the south western coast of India the pepper of the Travancore kingdom was under the monopoly of the Raja; and the Company procured pepper directly from the Rajas agent.<sup>89</sup> The situation in Mysore was in a fluid state. The English had been able to defeat Haider in 1781, yet they were not in a position to control the trade effectively till the death of Tipu in 1799. The Mysore wars greatly disrupted trade. In 1766, the brokers had complained against the warring activities of Haider and requested the English to protect them.<sup>90</sup> In 1795, the brokers again petitioned the Company to make peace with Tippoo as war was delivering the pepper trade into other peoples hands, namely the soldiers of Mysore who through brute force appropriated the produce.<sup>91</sup> The Company considered it safe to deal only at Calicut, Mahe and Tellicherry in the Malabar where they exercised political control from 1784 onwards.<sup>92</sup> These centres in the Malabar became vital procurement points.

The system of contracting for pepper was similar to that for other commodities. In the pepper trade too the Company faced the problem of competition from other European buyers, shortage

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89. CDD: 1795, Vol.10, p.58.

90. PDCL: 1765-68, Vol.7, p.326.

91. CDD: 1795, Vol.10, p.186.

92. CDD: 1795, Vol.10, p.67.

of cash to give advances, exercising of monopoly by the pepper brokers and quoting of high prices by the brokers.<sup>93</sup> Beyond this in the terms of contract the Company, was insistent on receiving a surety from the contractor in each deal. This was primarily to secure the interests of the English in a politically disturbed economy. In general, in each contract the broker quoted his price, the need for advance and the date of delivery. It appears that the broker asked one of his kinsmen to stand surety rather than ask strangers.<sup>94</sup> The merchants thus operated independently coming together only when need arose to make demands from the English or to fix the price of the commodity amongst themselves to avoid undercutting their own interest through competition.<sup>95</sup> The Company avoided giving too large a contract to a single broker for fear of the broker not being able to procure the goods due to wars. The Company generally dealt with persons known to them as being responsible in order to reduce the risk in trade. A contract of 1790 for 2000 candies of pepper worth Rs.1,04,500 was divided up amongst four persons.<sup>96</sup> The English expected that being in competition these brokers would meet the demand efficiently. The Company also tried

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93. Ibid., pp.64-66; also see Appendix A below.

94. CDD: 1798, Vol.18, p.35; also see Appendix B below.

95. CDD: 1795, Vol.10, p.60; also see Appendix A below.

96. CDD: 1790, Vol.5, p.30; also see CDD: 1800, Vol.26, pp.615-617, 620.

to develop good relations with their brokers. Choacara Moussa because of his tremendous influence in the country was responsible for procuring at times two-thirds of the annual demand of the Company. The English took great care not to alienate Choacara Moussa as, "he supplied annually so large a quantity for the last season at the present reduced priced, an interference with his purchase would be impolite and frustrate its own interest".<sup>97</sup>

Further precaution was taken by the Company to secure their trade. The Company imposed a high penalty for delay in delivery. In one case it was Rs.15 per candy<sup>98</sup> and in another it was as high as Rs.72½ on a candy of Rs.195.<sup>99</sup> Despite the high penalty contracts went unfulfilled. In 1795 the Company had paid an advance of Rs.2,58,739 to a broker for a pepper contract but the contract was not fulfilled.<sup>100</sup> The English were so dependent on the merchant-brokers that they had to suffer these vicissitudes. In areas other than the Rajas territory the brokers controlled the entire pepper trade.<sup>101</sup> The English were very keen

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97. CDD: 1798, Vol.18, p.35; also see Appendix B below.

98. CDD: 1795, Vol.10, p.96-97; also see Appendix C below.

99. CDD: 1795, Vol.10, p.207.

100. Ibid., p.365

101. CDD: 1795, Vol.11, p.657.

to do away with the monopoly of these middle men in order to improve procurement and profits.

The brokers were often faced by problems in the market which the English refused to acknowledge. The broker did not have control over natural factors and a good crop depended on a season of good rainfall. The inordinately high pepper price of May 1795 was due to the failure of the crop at Anjengo and also due to a large number of free traders in the market. Of the latter it was said,

"We must premise our information on the subject assuring you that for a long time past private adventures and foreign Companies have offered and given a much higher price for those articles of trade that which we are restricted too, of course, it becomes more the merchants interest to sell to them". 102

In the face of this, when the English gave lower prices the brokers refused to comply or supply contracts. Even the scheme of giving small contracts to a number of persons proved to be detrimental to the Company. Although the Company divided up the contract amongst three or four brokers, these brokers became sure of their standing with the Company and quoted high prices since they were faced with no other competition.<sup>103</sup>

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102. GDD: 1791, Vol.6, p.13; also see Appendix D below.

103. GDD: 1800, Vol.26, p.260.

The merchant-brokers on their part avoided dealing with the Company because the Company offered low prices for superior quality pepper. The Company demanded only garbled pepper. In 1791 the Company offered Rs.150 per candy for garbled pepper while on ungarbled pepper the broker was receiving Rs.180 from other foreign buyers.<sup>104</sup> In fact, the free traders readily lifted the ungarbled pepper. The merchant-broker thus found dealing with the Company unattractive.

The competition offered by the foreigners other than the Company also led to a rise in the price of pepper. In 1745 the price per khandi was Rs.70, in 1787 it rose to Rs.105 per khandi and by the end of 1795 the price was Rs.235 per khandi.<sup>105</sup> The Company refused to pay this price. But it is interesting to note that the merchant-broker was selling pepper to the Company's servants privately at a cost of Rs.117 per khandi while the Company was buying in the open market at Rs.189 a khandi in 1795.<sup>106</sup>

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104. CDD: 1791, Vol.6, p.13; CDD: 1795, Vol.10, p.61; also see Appendix D below.

105. For details see table L below.

106. CDD: 1795, Vol.10, p.365. The explicit reason for the brokers selling pepper privately to the Company's servants has not been mentioned. However it can be surmised that in order to derive certain advantages from the Company the broker tried to please the Company's servants who could influence a decision in favour of the broker.

The Company's irrational stand on prices led to their interest being undercut from within its ranks. It also heightened the friction between the merchant-brokers and the Company.

A direct consequence of this friction was the sincere endeavour to do away with the services of the broker. None of the other records stress this point as much as is done in the reports on the pepper trade. The Company was very keen that advances be given directly to the cultivators in order to avoid the trade of pepper passing through the hands of the broker. In 1795 the Resident at Mahe stated that he did not have sufficient cash to advance to the brokers. So he suggested that the pepper be bought first hand which would be so much cheaper and also cut out the ignominy of dealing with the broker. It was presumed by the Company that the broker bought pepper from the Ryot at a very low price and by confederating together the broker sold it to the Company at as high a price as possible. The condition approaching a near monopoly.<sup>107</sup> It was suggested by the Resident that the Company should buy up all the products of the vine at a fixed moderate price.<sup>108</sup> However it was not possible for the Company to make this change. For dealing directly with the cultivator meant knowing the intricacies of the

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107. CDD: 1795, Vol.10, pp.64-66.

108. CDD: 1800, Vol.26, pp.615-617.

market. In a war-torn country-side the conditions were not as yet conducive to the Company's desire. In justification of their resentment against the broker the English said that even while giving the merchant protection against dangers of war, and offering security of contracts, the merchant made no concessions for the Company by way of lowering of prices or giving priority to the Company's demand.<sup>109</sup>

Hard driven by these problems the Company issued the following instructions to tighten its authority over the brokers dealing in the pepper trade:-

- (a) To improve procurement and not to give advances to contractors on loose and easy terms.
- (b) The merchants dealing with the Company were to give priority to the contract made with the Company and not deal with other merchants even with the Company's own servants having private trade.
- (c) A fair price was to be offered to the merchants and cultivators and no monopoly to be entertained by any merchant. The smuggling of pepper to the French and Portuguese buyers was to be stopped.

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109. GDD: 1791, Vol.6, p.31.



- (d) The Raja was not to interfere with the taxes fixed by the supervisor. So the merchant could no longer give the excuse of high taxes while raising their prices.
- (e) A duty of 20-30% to be levied on pepper being exported on accounts other than that of the Company so that foreigners are discouraged from buying pepper.
- (f) Piece-goods were to be supplied to cultivators at a cheap rate, which they otherwise receive from the merchant at a high price as take in exchange of peppers.<sup>110</sup>

These measures could not be easily implemented. In the pepper trade too, the issue of friction in trade relations was resolved by the English politically subjugating the broker in the 19th century. The above study gives an idea of the problems and tensions between the Company and the brokers. From the available data it is known that the Company resented the part played by the broker in this trade and this only confirmed their desire to do away with the broker or rather exercise a hold over him.

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110. CDD: 1795, Vol.10, p.300.

## CHAPTER IV

### CONCLUSION

In the 18th century the trade relations existing between the Company and the Indian merchant-broker were marked by considerable friction. The purpose of this study has been to bring out the nature of this friction. It can be firmly stated that the consequence of this friction was manifested in the desire of the English to do away with the system of brokers. However till the very end of the 18th century the broker continued to operate within his traditional framework. There occurred hardly any change in the organisational set-up of trade. The change, when it did come was virtually forced upon the merchant-broker due to the political subjugation.

The role of the Indian brokers was developed and confirmed with the development of the export trade. The English had entered this trade without knowing anything of its working. This was the greatest advantage accruing to the Indian broker. Constrained by the problems of political disturbances, lack of knowledge of the market as well as the language made the Company rely on the brokers for procuring goods for export. This gave the brokers an unobstructed control of the internal market and allowed them to become very influential in the trade set up. The Company relied

heavily on the brokers for information regarding the demand of imported commodities and supply of export commodities, and procurement and distribution of goods. The English in order to expand their trade were forced to offer facilities and incentives to brokers as well as protection of their life and property.

The point to be noted is that although the English were dependent on the brokers yet they resented the hold of the broker over the internal market. There thus existed an ambiguity in the English policy. The English wanted to control the internal market, they wanted to promote the sales of their own commodities being brought from Britain, and they wanted to finance their trade from profits acquired in India, but they could not do this till they acquired territorial sovereignty early in the 19th century. So in the meanwhile, during the 18th century the English made the best use of available facilities. Thus they continued dealing through the Indian brokers till they were in a position to dictate terms to the brokers. It was to make use of the brokers vast knowledge and resources that the English tried to co-operate with them.

The broker was the back-bone of this trade. He was responsible for handling the bulk of this trade till he delivered the goods to the Company at the warehouse from where they were shipped abroad. The nature of the trade was such that for the goods imported from Britain to India there was

hardly any demand in India while the export commodities enjoyed a large demand. In the trade organisation we see that the broker was bound to the Company by the terms of the contract. The long process of contracting, investing, procuring and delivering of goods was the responsibility of the broker. Thus it was the broker who had to face the discrepancies which arose from a situation where the market could not meet the specific demand. The hold over the market should have in fact put the broker in an advantageous position, but this was not so. The Company being a major buyer of these goods negotiated with the brokers on terms which would suit it. This was the advantage the Company drew from its near monopoly position in the export trade of India. The brokers accepted the terms of the Company for two reasons. They were dependent on the Company to a large extent for the sale of their commodities and secondly the brokers did not want to lose the steady and secure trade offered by the Company.

However in the actual organisation there arose certain insoluble problems resulting in friction between the Company and the Indian brokers. The major problem arose on the issue of quality and quantity procurement of commodities. Poor weather conditions or political disturbances could result in a fall in the quality and quantity of goods. This in turn led to the rejection of goods at muster. When the Company refused to relax its specification of quality and quantity the brokers

tried to make good their losses from rejection at muster by selling the goods to other European buyers. It is also possible that in order to minimize losses expected from rejection at musters the broker quoted a higher price for the commodity and on this basis the English offered lower prices for the goods. The Company greatly resented this attitude of the brokers. Yet it refused to heed the brokers suggestion to relax its quality specification, in order to better meet the demand.

On the issue of advances too the brokers were largely dependent on the Company. A delay in giving advances could lead to a delay in the entire procurement procedure. This resulted in short supplying for which the broker then had to pay a penalty. On the other hand placing the orders late often led to a short fall in quality and quantity specifications which again angered the English.

The broker also had to bear with the Company for not always paying the best price for the commodity. It forced the broker to resort to fraud by supplying poor quality stuff or selling his goods to other European buyers who paid a higher price than the Company. The contradiction in the situation was that the Company was interested in paying a lower price than other Europeans for the goods while procuring the best quality goods. The Company refused to heed the advice of the brokers to pay a better price for the goods.

The role of the English in the export trade of India has to be viewed in the wider perspective of the economic compulsions

they faced in developing this trade. The Company imposed customs levies and collected revenues to defray the costs of war. In fact most of the bullion available was used to meet war expenses. It must be remembered that the wars were fought to promote the trade of the Company. It therefore falls to reason that the Company was always short of capital and wanted monopoly hold of the trade to avoid facing problems on this account. It cannot be ignored that the role of the broker was crucial in helping the English exploit the market to the maximum. The brokers helped the English understand the character of the market. The English were able to secure the best terms of trade and receive goods of quality through the contract system. In fact contracting through brokers the Company avoided the responsibility and ensuing encumbrances of procuring goods from a wide spread market. Despite these advantages the Company resented the influence exerted by the broker in the internal market and wanted to be rid of him.

The broker on the other hand was by and large dependent on the Company for the sale of his goods. He had to face the inconvenience regarding the issue of musters and quality control, meet the specific demands of the Company, bear the vicissitudes while procuring and above all face the displeasure of the Company. The broker in a sense tried to adjust to these conditions valuing greatly the security in trade offered by the Company. The Company however was not ready to compromise on these areas of conflict and the question of monopoly in trade

became a vital issue in formulating the policy of territorial conquests.

Instead of apprising themselves of the real problems of the market the Company laid the blame on the merchant-broker for being unable to execute the contract smoothly. The brokers greatly benefited from this trade despite the odds faced by them as a result of the Company's rules and regulations. The English were resentful of the advantage and influence the broker exerted in the internal market. Without monopoly of this trade the Company could not secure its aims of selling British goods in India, exporting raw material from India and acquiring greater profits in India out of this trade to reinvest it in trade. The English therefore tried to contact the production centres directly and employ brokers to procure goods. The most conclusive proof of the English desire to do away with the brokers is manifested in the various reports made on the subject. The two communities were mutually dependent on each other for the benefits accruing from this trade, yet the clash of interests could not be resolved. The conflict arose from the fact that while the English were controlling the export market the Indian broker was controlling the internal market. In order to draw full advantage from trade the Company wanted to extend monopoly control over the internal market too.

The Company thought it expedient to do away with the broker to solve the problems of procurement of goods. In this the English wholly misjudged the situation. The firm hold the

merchant-broker had over the internal market could only be shaken by acquiring territorial and thereby political control of the region, and the war policy of the Company was expounded in order to secure the trading interests of the English.

It falls to reason that two complimentary interests could not strike an equitable balance. It was in the interest of a growing colonial power to restrict the base of profit seekers. This kind of development found rationalization in unbalanced trade relations in which the Company wanted to acquire a monopoly hold over a trade held by a large indigenous trading community. There arose fewer vistas of co-operation but greater scope for tensions and conflicts. This study tries to prove that the merchant-brokers fell prey to the dysfunctional interests of the Company. The oncoming trading community with its characteristic of unequal distribution completely subordinated the economy it penetrated leading to a structural crisis in the sense of retarding the subverting the growth of the Indian economy later in the 19th century. The 18th century in a sense was transitional, leading towards and confirming this trend. In the 19th century there existed no objective political conditions for the development of the Indian merchant community. The Company to secure its trade and to avoid the frustrations arising out of the day to day working of this trade carried out the plan of politically subordinating the west coast. By making the merchant-broker subserve the interest of the Company in due course of time, the English solved the problems arising



out of a conflict of interests. It was the Company's desire to use the broker as a subordinate in a monopoly trade in the hands of the Company.

APPENDIX - A

A Report on the Pepper trade in the Malabar country from the President of Council in Bombay to the Court of Directors at London.

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Source: COMMERCIAL DEPARTMENT DIARIES 1795 Vol.10, pp.55-72.

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In the 13th Paragraph of our address dated 23rd September last we acquainted your Honourable Court of the orders we had given to the Commercial Resident at Mahe and Calicut to receive proposals for any quantity of pepper so far as 6000 candies of did not exceed Rs.180 per garbled candy.

The President at Calicut acquainted Bombay on the 13th of October that he had received our commands and that he had lost no time in making the following advertisement as public as possible throughout the province, which he trusted would need withoutour approbation.

Notice is hereby given that John Agnew Esquire: The Resident of Calicut will receive sealed proposals from any person or persons willing to contract for delivery of any quantity of pepper to the Company to be delivered into the Warehouses at this place, Tellicherry and Mahe by June 1795. The price must not exceed Rs.180 per candy that they will be paid in ready money for the same as soon as it is weighed and delivered -  
signed J. Agnew.

The President observed he hoped he might be permitted to give his opinion that the mode we had pleased to resolve upon for furnishing the honourable Company Pepper for the approaching season appeared in every respect the most judicious and he was in the hope that by limiting the price of Pepper to Rs.180 per candy that the merchants would be forced to furnish it at that rate. Though they might stand out probably for some time to bring them to a speedy conclusion. The Resident however, conceived that for whatever quantity of Pepper they might contract to deliver at the regulated price or under it, that they should be paid half the amount in advance upon their giving the usual security and as inducement to the proprietors and tenders of the Pepper vines in the interior parts of the country to bring their pepper at once the Honourable Company's warehouses then without its going through the heads of the merchants and brokers on the sea coast. That for whatever quantity they so bring let it never be so small they should be paid in ready money as soon as it was weighed. That was the practise which the merchants at Mahe had invariably pursued and by that means had obtained their pepper cheap.

We acquainted the Presidents of Mahe and Calicut that we were extremely surprised to observe that they had advertised our instruction to them to receive any quantity of Pepper that might be offered not exceeding Rs.180 per candy as they were meant for their guidance only and not for the regulation of merchants in their tenders, because it was their duty to have made their purchases as cheap as possible instead of which they

had declared to the public that they would take any quantity of pepper at Rs.180 per candy which entirely counter-acted our instructions as the Presidents had not waited to receive proposals.

We likewise observed that in their advertisement they had omitted to mention that the pepper was to be garbled which is a very material circumstance as it is customary unless such a condition is stipulated for the merchants to make their tenders for ungarbled pepper.

On the 7th August last the President, at Anjengo informed us of having, entered into engagements with Raja of Travancore's agent for commercial affairs at Alleppy for the delivery of 1250 candies of pepper on account of the Company by the 10th May 1795 for due performance of which the Diwan had become surety.

The President said it was impracticable to prevail on the Diwan to contract with him in his own name observing that the Rajah had last season furnished the Company with the extra quantity of 1000 candies and that to comply with the Presidents request for next season would be introducing a precedent which in course of time might be confirmed on a demand.

The President, remarked that the next circumstance to be adverted to was the price viz Rs.165 that he essayed all that was possible to diminish it, but they heard Rs.200 was given in the province making one candy turn out Rs.175 and they had in season sold pepper for Rs.180 which were arguments too powerful

to combat with success. The first was that, that pepper was the Rajahs but for reasons above assigned it was contracted for in the name of the agent at Alleppy, the circumstances of the Diwan becoming surety for it and annexing a penalty for every candy short delivered together with the retention of a sum tantamount to the contract out of the money due to the Rajah in April next, which the Resident conceived as fully secure to the Company as if the Diwan had himself fixed his signature in attestation of Principal in the transaction.

The President trusted it would always be in his power to secure to the Company an extra quantity on one or two thousand candies in case the cash should be previously furnished, and no persons were sent from the provinces to make purchases in Travancore. The great prejudice the latter would occasion was too obvious to stand in need of remark. Foreigners particularly the Dutch and the Danes came to the market with cash in hand which they delivered a year in advance, to supplant whom it was necessary to be on a footing with them in that particular at least.

The President concluded with observing that when it was considered that the above mentioned agreement was concluded for Surat rupees whereby a saving was made of 5% at the lowest computation that the payment of customs had been evaded and that pepper turned out to be Rs.10 per candy less than that purchased in the Province, after the respective Calicut and Anjengo candies were brought to a common standard he was forced to hope for our approbation.

We acquainted the Resident that we highly approved of his conduct in entering into engagement with the Raja of Travancore's agent at Alleppy for the delivery of 1250 candies of Pepper on account of the honourable Company.

We also approved of the Residents specifying Surat rupees in the contract which he had concluded and of his doing so i.e. all future engagements. We were likewise extremely pleased to observe that the Resident trusted it always would be in his power to secure the Company an extra quantity of one or two thousand candies of pepper in case the cash be previously furnished and in consequence of this assurance we informed the Resident we should make the necessary supplies every year at the opening of the season and that we should direct the supervisor of Malabar and the Commercial Resident of Mahe and Calicut, to discourage as much as possible persons being sent from the provinces to make purchases of pepper in Travancore.

Having refused a copy of earlier paragraphs to the supervisor of Malabar, he acquainted us that he observed that the result of the proposal of Chocava Mousa and the circumstances attending his offer to contract for 6000 candies of pepper, were so fully detailed in the report of the Commissioner in paragraph 141 and 142 that he deemed it only necessary to inform us thereto.

Under the 14th of November the Resident at Calicut informed us that he had little doubt of the merchants contracting to

deliver about 4000 candies of pepper into the Company's warehouses there at the limited prices and he had great pleasure i.e. being able to affirm from undoubted information that the publications he had circulated through the country had been the principal cause of inducing the merchants to come to reasonable terms from a dread that if they stood longer out, the pepper might be brought at once to the Company's warehouse at Calicut by the proprietors and cultivators, without their having any concern or participation in the advantages generally arising from that traffic and the only thing which prevented the giving in their tenders was their well being aware that the Resident had not sufficient cash in his treasury to make the necessary advances which at all times was a great inducement to them to contract with the Company.

We acquainted the Resident in reply that there was nothing we were so desirous of as to encourage the proprietors and cultivators of pepper to bring it to the Company's warehouses by which means we should purchase it at the first hand and consequently much cheaper and the Ryots would no longer be at the mercy of the merchant. That we were negotiating with the merchants here to furnish him with necessary supply of money to make the advances for pepper which we have since affected.

Shortly after we received a letter from the Resident at Mahe selling forth that grand object he had in view by issuing. The publication for pepper and which he conceived to have been

our instruction was to install into the minds of the inhabitants in General over the Malabar province the idea that they should consider themselves as free to dispose of their property as they pleased to effect that it was necessary they should be acquainted with the price that would be paid for their pepper if brought to the Company's bank sales, and that price being considered more than they could expect from interested merchants. The Resident concerned that made to be most effectual he could devise to answer the purpose intended. The Resident also begged leave to mention that the Malabar is in general were yet in a very barbarious and rude state which it appeared to him they would require much indulgence and attention to emerge from, a circumstance however, much to be wished for that must proceed but slowly and it might be fairly inferred that in proportion to the increased confidence the inhabitants have in the safety of their property so would the charge increase of bringing the price of pepper to a just medium. The merchants and contractors have long been accustomed to take the produce of the poor ryot at a very inferior price and by confederating together to sell it to the Company at as high a rate as possible that practise approaching to a monopoly the Resident apprehended was our wish to abolish. The Malabar, country being become our own the productive value of it to the Company must be in proportion to the success and welfare of its inhabitants. Had no price been specified in the publication issued by the Resident at Calicut and himself he was thoroughly convinced the demands of those who might have offered



to contract for pepper would, if they did not exceed, at least have equated last years price, but by fixing it to a limited sum there was a probability of their being brought to that standard, on that head the Resident begged leave to state that since this letter of the 15th November he had received information that two Danish and two Portuguese ships would be on this coast this season in search of pepper the Resident observed it was unnecessary to point out how very difficult if not totally impracticable it must be in such an extent of coast to prevent smuggling as a practise which was rooted in the hearts of the Malabari when they had the smallest prospect of gain but that subterfuge there was no necessity of their having recourse to unless to escape paying the duty. As they might dispose of their pepper to foreigners or to whom so ever they pleased, the observation therefore, which had been so frequently made must still hold good namely that the highest trader would be successful and the most trifling advantage would even make the balance preponderate to our disadvantage. The Resident said he thought it his indispensable duty thus briefly to give us a general idea of the principles on which he acted and to assure us that it would be in his unremitting study to attend to the interest of his employers as well as the orders we might give him, he therefore, most earnestly requested we would consider the situation he was placed in should a rivalry happen in consequence of the foreign ships expected on the coast and that we would give him our directions whether he was in that case to

adhere to the price of Rs.180 per candy and the Resident remarked that from every information he could procure the crops of pepper then on the ground would in quantity come up to what it was last year.

The Resident at Calicut again acquainted us at the same time that he was very sensible of it being his duty to make his purchases of pepper as cheap as possible which he had constantly studied to do, and he with pleasure and confidence relied upon the result proving clearly that his best endeavour had been used to effect it. The idea alone of his having misunderstood our orders and counteracted our intentions must be particularly distressing to one i.e. his situation who he was conscious having studied to obtain our approbation by conforming strictly to our commands and if he had unfortunately incurred our displeasure he earnestly entreated us to grant him our usual indulgence and to forgive what he did from the best motives and with a view of carrying our intentions into execution instead of counter-acting them.

The Resident observed after the experience he had and knowing the price of pepper upon the coast both old and new he would venture to affirm that under a lower price than Rs.180 per candy none would be contracted for and if there was he would very willingly submit to the most severe reprehensions, there was not a native at Calicut who would not support his assertions and he was willing to abide by their discussions or go through

the strictest examination which we might be pleased to institute. Though he must rest his principal vindication upon his having acted as he conceived in the way best adopted for obtaining the Honourable Company pepper investments on moderate terms and if he had misunderstood our order he could only again say that it was completely unintentional. The Resident noticed that no tenders were made last season under Rs.200 per candy none had been hitherto made this season under that price and it was but reasonable to suppose he ought to derive some knowledge from experience and when a latitude was given him to act he ought to avail himself of it, that experience informed him, to a certainty that unless he had inserted in his public notices the limited price which the Company would give that not a tender would have been made lower than last years but probably higher from a notion, which all the merchants had got that the Company must have pepper sooner or later whatever the price ought be, and the Resident concluded by saying he did not hesitate to think that if the Company could obtain their pepper at Rs.150 per candy it would be a most important point gained and impressed with that idea he confessed he expected our approbation and not our censure.

We acquainted the Resident of Mahe and Calicut that they ought to have waited a reasonable time to receive tenders from the merchants and if none had been made they should have represented it to us and recommended the offering the merchants

a price in the manner which they took upon themselves to do. However, as the tender they made to the merchants was irrevocable we could only express a hope that the good purpose which they expect from it will be fully attained, but we could not on any account consent to thus giving a higher price than Rs.180 per candy as your Honourable Court were very sanguine in your expectations of purchasing pepper at a moderate price and we are apprehensive that you will be much disappointed as the price of pepper keeping up so high notwithstanding there is no competition with the French who were your great rivals.

APPENDIX - B

Report of the Commercial Resident of Mahe and  
Tellichery 1798. on Pepper

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Source: On the Pepper Trades. COMMERCIAL DEPARTMENT DIARIES  
1798, Vol.17, p.35.

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The first question the Commercial Resident answered that the present pepper contractors were universally deemed responsible people on which account no security had been taken from them nor did they conceive any requisite. If insisted they could give their nephew a persons of their own family but would never submit to ask any stranger to be bound for them. With regard to penalties it was the greatest difficulty that Mr. Taylor could prevail on inserting in their agreements, the trifling one of Rs.5/- and higher than that sum they would on no account admit this appeared to be a custom of which they were tenacious and if real good contractors are only dealt with, there was not occasion far any, but the Resident promised that the contractors should in future specify the pepper to be of Malabar growth.

The Resident gave it on his decided opinion that it was totally impossible to present, and would be for some years to purchase the investment from the pepper cultivators, his predecessor had given the plan his utmost attention and experienced the improbability of it, a few candies in a season might be procured for ready money in hand as had been last year, but not

a rupee cheaper, than the contract price. Moussas influence throughout the Northern District was well known to be universal, it procured him 2/3 of the produce and as he supplied annually so large a quantity and for the last two seasons at the present reduced price at interference with his purchase would in the Residents opinion be impolite and frustrate its own interest.

The Resident added that his exertions should not be spared either to decrease the price of the pepper or to increase the supply for the Honourable Company but he begged to be indulged with time to ascertain the crop before he spoke decidedly on either of these two points.

APPENDIX - C

Contract for Pepper made by Eussoph Arab on 30th  
December 1795:

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Source: COMMERCIAL DEPARTMENT DIARIES; Vol.10, 1795, p.96-97.

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"Know all men by these presents that I Eussoph Arab merchant of Calicut do agree with John Agnew Esq., the Commercial Resident at Calicut to deliver into his warehouse at the Palace between this date (30th December 1795) and 1st Day of June ensuing, 2500 candies of ungarbled heavy pepper at the rate of Rs.108/- per candy of 13,640 pounds on the following conditions viz., one half of the amount of cost of pepper or Rs.2,25,000 to be paid to me so soon as this tender is accepted of by the Resident upon my delivery<sup>in</sup> half the pepper or 1250 candies another advance of Rs.1,12,500 and upon my delivering a further quantity of 625 candies of Pepper then the sum of Rs.1,12,500 to be paid to me. Thereby, completely the whole sum of Rs.4,50,000 and I do hereby declare that I will fulfill this contract under Penalty of Rs.15/- per candy to be paid to the Honourable Company in case of non-performance of any part of the same of which I shall give good security if required.

APPENDIX - D

A letter from the Resident at Mahe giving an account of the Procurement of Pepper in Malabar.

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Source: COMMERCIAL DEPARTMENT DIARIES: Vol.6, 1791, p.13.

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We have been honoured by your commands on the subjects of pepper, cardamom and sandalwood dated the 23rd and in reply think it necessary to lay before you the mode in which these articles were procured formerly, and the manner in which we may expect in future to be supplied in order that you may judge how far our endeavouring to excite jealousy and competition between the Raja and Merchant will answer any purpose.

We must premise our information on this subject assuring you that for a long time past private adventurers and foreign Company's have offered and given much higher price for those articles of trade that what we are restricted to; of course it becomes more the merchants interest to sell to them than to us from the circumstances. The last years contract for pepper and Cardamom was made almost upon compulsion and the representing to the merchant the protection and security they enjoyed under the Company's Government which they could not expect under that of any country power and considering the extraordinary expense this put the company which they bore no part it was but equitable that they should furnish the Company with better articles and at a cheaper more moderate rate than they supplied



to others to whom they owed no obligation on whatever. The merchants on the other hand opposing this the extreme hardship they suffered by being obliged to dispose off their goods at so much less than they can procure elsewhere affirming that when the Company could give only Rs.150/- per candy for garbled pepper they could get Rs.180/- for ungarbled, that they ran great risks and often lost considerable sums by advances of money in a country where one authority did not extend under these circumstances was the last years contract made which the merchants declared was done in order to show their readiness to comply with the Company's wishes. Last years pepper was bought in by agents employed by merchants and ordered by Tipu to carry all the Pepper to Mahe.

APPENDIX - E

Letter from Mayaram Atmaram reporting the delays and impediments in procuring Piece-goods for the Company.

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Source: COMMERCIAL DEPARTMENT DIARIES 1795, Vol.X, pp.96-99.

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I have received a letter regarding my contract with the Company and am sorry to observe that they think I have not done my utmost to fulfill my engagements, but I trust, the reason I have to urge in extenuation of the apparent failure agreeably to the strict letter of the contract will be fully satisfactory and convince them that I am equally desirous now to serve the Company as I was when I fully accomplished my engagement with them for piece-goods investment in 1787 and that of cotton in 1789.

First I beg leave to observe that when the contract was in agitation I expressed my apprehensions that the periods stipulated for the delivery of the goods were too short and desired that they might be extended but the Chief told me that the Company wanted the goods by the ships of the season and desired in order to meet their wishes as much as possible that I would deliver the goods within the time he pointed out. I confess that although I showed my desire to forward his and the Company's views that I was fearful I should be able to fulfill my promise, yet had not the numerous impediment occurred

I think I should not have failed doing it. These impediments Honourable Sir you must be sensible have been principally occasioned by the Company. The first of those impediments was particularly untoward. By agreement I was entitled to advance of Rs.153697-2-00. The 4th May last the day the contract was executed but you know gentlemen I did not receive even a part there of for a month. On the 28th, I received from the treasury one lac rupees and it was the 4th of August following before I was advanced the amount. This retarded in making the necessary advances". (He had to take from his own pocket but fell short of cash).

The Warehouse keeper further reported that instead of delivering Rs.2 lac worth of goods Mayaram delivered only Rs.1,30,000 worth of goods. And goods worth Rs.75,000 of these had been rejected although most were near equal to the muster. This is because different workmen make it resulting in a variance of standards. Some made in dry winds were not as good as these made in rains. Mayaram pleaded that he could not deliver during the rains as advance was not received, and then the alteration in the fineness of Byrampants the most material article in the investment which was not finally put in hand till middle of the rains and you know how much time was lost by taking off the workmen from ready prepared and working to make alterations ordered by the company of the pieces that have been rejected and none have been received that could have been rejected and not a single piece but has been eagerly bought up

by other purchasers the number of which in Surat equal to the workmen, you cannot be ignorant also of the very great encouragement given by foreign nations - Dutch, French and Portuguese, as well as native merchants to workmen to fail in their engagements with the Company. For pieces, inferior in every respects and particularly in point of dimensions, wherein the Company are so very strict, they will any time give even 4% more than the Company's price, by which it becomes of advantage to the weaver to have their goods rejected. So much was this, the case at the end of the last rains, that warehouse keeper found it necessary to retain the rejected goods, for some time in the Company's warehouse in order to intimidate, the weavers. Further the impediment occurred upon the death of Rai Gaikwad as the Byrampants made at Baroda were immediately detained until by application from the chief they were allowed to pass as belonging to the Company and a similar obstacle occurred at Nowsarry and again within this three months the Marathas prevented the Chintz, carried out of the town to be washed, from returning. I also experienced interruption and considerable disturbance from the brokers belonging to the Portuguese factory who insisting on their masters goods being dyed first and using violence occasioned the dyers to run away till assured the Chiefs protection.

APPENDIX - F

A survey of the custom imposition at Bombay conveys an idea that the customs, collected were meant to defray any abnormal expenses the English might incur in the course of trade. In the 1670's the Company had started out by giving custom concession on all goods in order to attract trade to Bombay. In 1685, they imposed a blanket 5% custom rate on all goods and from 1720's onward the Company charged 2% on all goods as consulage for making up the cost of Rs.10,000 peshcash they had to pay the Mughals for exemption of customs.<sup>1</sup> Another factor which determined custom levy was the need of the Company to encourage certain articles of trade. These articles were imported free of duty, the other goods paid a high rates of duty.

Timber	- free of duty essential To Company
Grain	- " "
Jewels	- " "
Plate	- " "
Tobacco	- 9% duty
Haises	- 6%
Soap	- 9%
Opium	- 9%
Country Iron	- 9% (protect own sales of iron)

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1. Materials Account Bombay Town and Island, p.321.

The duties it was claimed were laid on by the President and Council who do not pretend to dispute the Honourable Company's power of levy and courting what duties they please on the island.<sup>1 2</sup>

In 1720,<sup>3</sup> the Custom levy was divided up accordingly -

Bombay Custom	3%
War Duty (Angria)	2%
Duty for Wall Around Bombay	2%
Custom's at Surat and Cambay	2%
-----	
Total	9%
-----	

In 1744<sup>4</sup> the break up of a total levy of 7%

Bombay Customs	3%
For Town Ditch	1%
For over Custom House	$\frac{1}{2}$ %
Ships having paid 2% at Surat pay at Bombay	2 $\frac{1}{2}$ %
-----	
Total	7%
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2. Gazetteer of Bombay City and Island, p.463.

3. PD; Vol.1 of 1720, pp.118, 123, 129.

4. PD; Vol. of 1742-44.

The English could not get away with such an unfair treatment. In 1772 there was a petition sent by the Gentoos, Mohommadens and Parsis, "that your Honours petitioners with greatest respect present that they are already paying General duties (additional fortifying duty tax of 1% on landed estates, wall of city, town ditch). These are very hard upon your petitioners. As your petitioners have met with many losses they are unable to pay expenses of Ditch etc".<sup>5</sup>

The greatest injustice with regard to customs was in pepper trade. In the early years of 18th century the Pepper duty was raised from 10½% to somewhere between 20-30% in 1737. The purpose of this levy was to discourage private trade in this commodity. But a report said that "It has been taken in a more unlimited sense. For this duty is collected on all pepper sold by the (English) private traders in any of the Company's settlements brought from such parts of the Coast as in no way, interferes with the Companys trade". This was considered unfair, for all merchants had right to buy from Onor, Karwar, Cochin and sell anywhere in India without paying additional duties.<sup>6</sup>

The natural consequence of such high custom levy was evasion of duty. Either the Cotton bought in parts of Gujarat

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5. PD; 61 of 1772, p.631-632.

6. Gazetteer of Bombay City and Island, p.447.

would be taken via Cambay to Bombay, or goods being carried up from south taken directly to Surat to avoid duties at Bombay.

The first custom regulation was passed in 1737. There by all goods imported and sold at Bombay were to pay a custom duty of 3% unless they have already paid at Surat or Cambay. The only exception to this 3% being in the case of Sundry articles - (grain, Timber, jewels plate) - "whose importation being judged important is free and restrict those goods unfavourable to the Company's trade by imposing high duty". Secondly all goods weighed and measured at the custom house pay  $\frac{1}{4}$ % on their value over and above the customs. The Company esteemed these terms to be highly reasonable, being same as at any other ports in India.<sup>7</sup> But they were comparing it to other English ports where too the merchants felt that these duties were exploitative. For the English, these revenues meant some cash to carry on their trade.

In 1766 to avoid the merchants evading customs while going from Surat to South or vice versa a system of certificates was introduced. Whereby Merchants going from Surat were to show their certificates at Bombay. But the merchants complained that even without landing their goods the customs officials exploited them to pay the Bombay duty as well. Merchants from

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7. Gazetteer of Bombay City and Island, p.447.



the South carrying goods to Surat were to show their Bombay certificate at Surat or pay a fine of 6% duty.<sup>8</sup> These high duties greatly discouraged trade and encouraged fraud by way of landing goods at other ports. Its final result was loss of customs revenue to the English.

In 1796, there was a suggestion to reduce custom duty at Surat to 2½%.<sup>9</sup> But the final relief came in 1799 at the instance of the Regulation discussed and passed in 1795, in pursuance of orders of the years preceeding, from the Courts of Directors and with various subsidiary rules now reduced into form. Under the regulations - on all imports a duty of 2½% was levied on manifest prices with an established advance grain was exempted from duty. Export duties were withdrawn. Thereby all goods imported a duty of 2½% was levied.

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8. PD; Letters to the Court; Vol.13 of 1766. pp.86-87.

9. Returns and Statements of External and Internal Commerce 1802-1803.

TABLE 1: TABLE TO STUDY EXPORTS, IMPORTS AS COMPARED TO  
REVENUES AND DISBURSEMENTS AT BOMBAY

A: COMPANY'S IMPORTS FROM EUROPE:

					IN RUPEES
YEAR	GOODS AND STORES	BULLION	TOTAL	SUMS RECD FOR SALE OF IMPORTS	INVOICE REMAINED IN WAREHOUSE
1796-97	216834	--	216834	94445	126115
1797-98	256377	42047	298424	242930	17960
1798-99	291294	504564	795858	186993	160262
1799- 1800	203881	100697	304598	256444	183104

B: COMPANY'S EXPORTS TO EUROPE:

YEAR	PRIME COST	COMMERCIAL CHARGE	TOTAL
1796-97	1027304	75687	1102991
1797-98	3093125	128178	3221303
1798-99	1086111	123531	1211642
1799-1800	2251940	94748	2346688

Table 1 contd.

C: REVENUES AND DISBURSEMENT: (at Bombay)

YEAR	REVENUES I	CHARGES II	INTEREST ON DEBT III	TOTAL OF II+III	DEFICI CIENCY IN RE- VENUE	DEBT
1796 - 97	305937	894192	37482	932394	616457	835619
1797 - 98	338189	950511	47658	998169	659980	890675
1798 - 99	374587	1223208	57107	1280315	905728	1136276
1799- 1800	415663	1494811	82371	1557182	1161519	1497134

Debt in 1800 = 1497134

Assets of Company = 1392300

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Total Debt = 104834  
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Source: Milburn: Oriental Commerce, pp.239, 240, 242.

TABLE II: LIST OF AMOUNT OF MERCHANDISE AND TREASURE

EXPORTED FROM AND IMPORTED TO BOMBAY:

1802 A.D. FROM SURROUNDING AREAS

1: GUJARAT AND NORTHERN PARTS:

	IN RUPEES		
	MERCHANDISE	TREASURE	TOTAL
IMPORTS	9049517	303618	7353135
EXPORTS	4385624	1691754	6077378

The articles imported consisted of cotton piece-goods, ghee, grain, seeds, sandal oil and tobacco. The piece-goods from Broach, Cambay and Bhownagar amounted to Rs.6 lacs. Other goods were hemp, soap, shawls, opium, lac and sundries.

The articles exported to this area from Bombay were Betelnut, woollens, copper, cochineal, cocoanuts, dates, grain, iron, piece-goods, pepper, raw silk, sugar, copra, steel, wires, spices, liquors and drugs.

2: SURAT AND ADJACENT VILLAGES:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	1361788	110216	1471994
EXPORTS	1759730	574971	2334701

Table II contd

The goods imported from Surat were largely cotton amounting to Rs.10,000 and piece-goods from Surat of Rs.7 lacs and, from around Surat, Rs.2 lacs. Besides this there was hemp, shawls, silk works, tin, indigo and treasure.

3: COROMANDEL:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	161629	6750	168379
EXPORTS	62160	Nil	62160

Imports included piece-goods, lac and spices, Exports were piece-goods, raw cotton, grain and sundries.

4: MALABAR AND CANARA:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	1121650	50483	1172133
EXPORTS	745832	6995	752827

Imports consisted of crops, coconut, pepper, sandal wood, betelnut, piece-goods, coir, cardamom, ghee, grain, timber, arrack, candies, chilli, pepper, sugar, sandal oil, turmeric and treasure.

Table II contd

Exports were apparel, cotton, iron, piece-goods, wine, copper, brass, horse grain, glass, oil, sugar, shawls, tea, tin spices, woollens, drugs and treasure.

5: BENGAL:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	3843206	18000	3861206
EXPORTS	456791	Nil	456791

The goods brought in from Bengal were raw silk amounting to Rs.18 lacs. Grain worth Rs.14 lacs, books, piece-goods, worth Rs.14 lacs, spice, sugar, drugs, liquor, ghee, hemp, gunny and indigo.

Exports consisted of copper, coral, dates, tea, vermillion beads and horses.

Bengal was importing but a few articles from West Coast and practically no treasure.

6: BRITISH ASIA:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	14604515	496700	15101215
EXPORTS	9332849	2273720	14606569

Table II contd

7: GULF OF ARABIA:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	195212	2230225	2425437
EXPORTS	177202	---	1771702

Imports from Arabia consisted of treasure worth Rs.23 lacs, small luxury goods almonds, cloves and dry fruit.

Exported to Arabia were grain, piece-goods, iron, shawls, silk, tobacco, ginger, vermillion and China goods.

8: GULF OF PERSIA:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	646325	1222919	1869244
EXPORTS	165877	---	1650177

The treasure imported was Rs.18 lacs.

9: CUTCH AND SIND:

	MERCHANDISE	TREASURE	TOTAL
IMPORTS	1260717	24733	1285450
EXPORTS	973894	228003	1201897

Table II contd

Imports included cotton worth Rs.15 lacs, ghee, oil, piece-goods, indigo, shawls and drugs.

10: CHINA:

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	MERCHANDISE	TREASURE	TOTAL
IMPORTS	4018265	603954	4622219
EXPORTS	6581492	9000	6590492

---

Imports were camphor, piece-goods, Chinaware, tutenage, drugs, sugar, raw silk and treasure worth Rs.60 lacs.

Exports were mainly cotton worth Rs.64 lacs and sandalwood of Rs.2 lacs. The Company ships carried some cotton and most of it went in the ships of private traders. That is why in the statement of Returns and Investment in the year 1802-1803 the figures given for private trade to China are the same as in this account.

11: FOREIGN ASIA:

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	MERCHANDISE	TREASURE	TOTAL
IMPORTS	8439214	465066	13589280
EXPORTS	13486630	420718	13907348

---



Table II contd

12: WORLD:

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	MERCHANDISE	TREASURE	TOTAL
IMPORTS	25157039	5629459	30786498
EXPORTS	23933011	2694438	26627449

---

Imports included cotton yarn worth Rs.72 lacs, dyes and drugs worth Rs.11 lacs; grain worth Rs.34 lacs; piece-goods worth Rs.48 lacs; raw silk worth Rs.21 lacs; sugar worth Rs.25 lacs.

Exports were piece-goods worth Rs.52 lacs; sugar worth Rs.27 lacs; raw silk worth Rs.22 lacs; raw cotton worth Rs.85 lacs; drugs and dyes worth Rs.10 lacs; metals worth Rs.11 lacs and treasure worth Rs.39 lacs.

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Source: Milburn: Oriental Commerce, pp.202-214.

TABLE III: EXTERNAL COMMERCE OF THE PRESIDENCY OF BOMBAY:  
EXCLUSIVE OF THE HONOURABLE COMPANY'S INVEST-  
MENT OF 1802-3

Place	IN RUPEES			
	BOMBAY		SURAT: At Custom House	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS
London	1801914	614237	---	5301
Lisbon	169278	234146	---	---
Copenhagen	124811	81516	---	---
Is. of France	---	---	62351	66457
China	4622219	6590492	---	---
Siam	---	---	---	53851
Batavia	313660	5000	89926	65402
Bengal	3067468	66791	73738	---
Coromandel	168379	62160	---	---
Penang and East Islands	61530	511	3893	---
Ceylon	58155	40743	---	---
Malabar and Canara	1141252	724107	30881	18720
Goa and Konkan	1564929	1511701	---	---
Villages around Surat	---	---	197651	11607
Bassein and South of Surat	215269	169529	50745	79162
Bombay	---	---	1076203	1881969
Surat	1214353	2323014	---	---
North parts of Gujarat	577911	4839986	1580024	1237392

Table III contd

Place	BOMBAY		SURAT: At Custom House	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS
Kashmir and Punjab	---	---	221	---
Deccan	---	---	24432	39254
Jaipur	---	---	30212	16872
Khandesh	---	---	99338	---
Sind and Cutch	1270875	1196100	14575	5797
Persian Gulf	1744469	1236207	94775	404255
Arabian Gulf	1270147	462609	1155290	1318808
Mozambique and East Africa	123364	19226	158171	155017
America	---	178332	---	---
<b>TOTAL</b>	<b>25289027</b>	<b>21267425</b>	<b>5497471</b>	<b>5360024</b>
<b>GRAND TOTAL</b>			<b>+ 3420000</b> <b>from collectors records</b>	

IMPORTS = Rs.34206498

EXPORTS = Rs.26627449

Signed Office of Reporter General 1st September 1803

Source: Returns and Statements of External and Internal Commerce 1802-3.

TABLE IV: TABLE OF IMPORTS AT BOMBAY IN 1802-3 RECORDING  
THE PLACE THEY ARE RECEIVED FROM

IN RUPEES			
COMMODITY	TOTAL VALUE	PLACE: IMPORTED FROM	VALUE
WEARING & APPAREL &	104267	London	87532
		Copenhagen	6484
		Bengal	4645
		Malabar, Ceylon, Konkan	7000
		Surat	2513
ALUM	286175		
BETELNUTS	252984	Malabar, Goa, Penang	---
CANVAS AND CORDAGE &	107595	London	84894
		Copenhagen	15198
COCHINEAL	354535	London	224954
COPPER	204000	London	191896
COCOANUTS	346996	Malabar	319994
		Konkan	---
GLOVES	238474	China	57700
		Penang	30255
		Bengal	28000
		Coromandel	112018
		Malabar	---

Table IV contd

COMMODITY	TOTAL VALUE	PLACE: IMPORTED FROM	VALUE
COTTON		Malabar	3333
		Konkan	19815
		Bassein	6801
		Surat	361020
		North Gujarat	36143084
		Cutch and Sind	823431
		China	149307
CAMPHORE	154270	Penang	3552
		Surat	1331
		China	118731
CHINAWARE	118973	China	118731
DATES AND OTHER FRUIT	102418	Persia	1003
		Arabia	1229
ELEPHANT TEETH	123096	Penang	---
		Bengal	6243
		Malabar	5004
		Konkan	7690
		North Gujarat	4357
		Cutch and Sind	8431
		Persian Gulf	4255
		Africa	81225

Table IV contd

COMMODITY	TOTAL VALUE	PLACE: IMPORTED FROM	VALUE
GHEE	257172	Malabar	11048
		Konkan, Bassein, Surat	8000
		North Gujarat	162930
		Sind	73384
GRAIN	2102860	Bengal	867040
		Malabar	8479
		Konkan	385129
		Bassein	19859
		Surat	6518
		North Gujarat	744581
		Sind	69058
		Persian Gulf	571
IRON	199442	London	168305
		Bengal	22460
OPIUM	142359	Konkan	1633
		Surat	11295
		North Gujarat	129145
		Persian Gulf	150
		Arabian Gulf	136

Table IV contd

COMMODITY	TOTAL VALUE	PLACE IMPORTED FROM	VALUE
PIECE-GOODS	2706440	China	338253
		Bengal	1049069
		Coromandel	37705
		Malabar	20616
		Konkan	220205
		Bassein	11437
		Surat	545424
		North Gujarat	457440
		Sind	23807
RAW SILK	1307098	China	553750
		Bengal	753100
		Sind	248
SUGAR	1990622	China	1546415
		Batavia	285640
		Bengal	48538
		Malabar	3517
SANDAL-WOOD	113283	Malabar	93165
		Konkan	19691
		Surat	342
SPICES	140749	China	140749
TIN	144362		

Table IV contd

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COMMODITY	TOTAL VALUE	PLACE: IMPORTED FROM	VALUE
TUTENAGE	352284	China	352284
TIMBER AND PLANK	188927	Malabar	25228
		Konkan	79483
		Bassein	74216

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Source: Returns and Statements of External and Internal  
Commerce, 1802-3.



TABLE V: TABLE OF EXPORTS FROM BOMBAY IN 1802-3  
RECORDING THE PLACE THE GOODS ARE SENT TO

COMMODITY	TOTAL VALUE	PLACE: EXPORTED TO	VALUE
ALLUM	151519	Bengal	1500
		Malabar	3134
		Konkan	88704
		Bassein	6682
		Surat	11095
		Northern Gujarat	34693
		Sind	1366
		Persian Gulf	4345
BROAD CLOTH	230738	Malabar	---
		Bassein	---
		Konkan	123930
		Surat	---
		Northern Gujarat	65416
		Cutch, Persian And Arabian Gulf	0
BEETLE NUT	229635	Konkan	28102
		Bassein	3865
		Surat	51424
		Northern Gujarat	106619
		Persian Gulf	2330
		Sind	37301

Table V contd

COMMODITY	TOTAL VALUE	PLACE: EXPORTED TO	VALUE
COTTON	5325407	London	195935
		Lisbon	52000
		Copenhagen	5200
		China	4727749
		Bengal	6250
		Ceylon	15600
		Malabar	45835
		North Gujarat	240
		Persian Gulf	2300
		Arabian Gulf	18762
		Africa	440
America	197260		
CLOVES	128860	Copenhagen	1800
		Malabar	3497
		Konkan	51841
		Surat	2115
		North-Gujarat	62191
		Sind	3856
		Arabian Gulf	2500

Table V contd

COMMODITY	TOTAL VALUE	PLACE: EXPORTED TO	VALUE
COPPER	340924	Bengal	19373
		Malabar	59550
		Konkan	42081
		Surat	18301
		North Gujarat	159432
		Sind	44129
		COCOANUT	315906
Konkan	---		
Bassein	---		
Surat	---		
Sind	---		
Persian and Arabian Gulf	---		
COCHINEAL	507503		
		Gujarat	277639
		Sind	---
		COPRA	122977
Surat	---		
Gujarat	---		
Sind	---		
Persian Gulf	3325		

Table V contd

COMMODITY	TOTAL VALUE	PLACE: EXPORTED TO	VALUE
DATES AND OTHER FRUITS	105407	Penang	---
		Bengal	---
		Coromandel	---
		Konkan	57545
		North Gujarat	27859
GRAIN	380389	China	20538
		Malabar	42530
		Konkan	---
		Surat	---
		North Gujarat	---
		Persian Gulf	139162
		Arabian Gulf	24860
		IRON	322343
		Ceylon	---
		Malabar	26923
		Konkan	23300
		Bassein	---
		Surat	---
		North Gujarat	133194
		Sind	---
		Persian and Arabian Gulf	---

Table V contd

COMMODITY	TOTAL VALUE	PRICE: EXPORTED TO	VALUE
OPIUM	117265	China	---
PIECE-GOODS	1801463	London	91300
		Lisbon	55715
		Copenhagen	17076
		China	6358
		Bengal	1922
		Malsbar	86427
		Konkan	247883
		Surat	254654
		Gujarat	98501
		Sind	43927
		Persian Gulf	456638
		Arabien Gulf	256557
		Africa	7061
		America	9837
RAW SILK	1169589	Konkan	---
		Surat	531421
		North Gujarat	495867
		Sind	83927

Table V contd

COMMODITY	TOTAL VALUE	PLACE: EXPORTED TO	VALUE
SUGAR	2026011	Konkan	121328
		Malabar	281655
		Gujarat	842073
		Surat	281655
		Sind	412318
		Persian Gulf	283943
		Arabian Gulf	24156
SANDAL-WOOD	225021		
TUTENAGE	295604	Malabar	---
		Konkan	---
		Sind	---
		Bassein	---
		Persian and Arabian Gulf	---
		North Gujarat	126361
		TIN	155252
		Malabar	---
		Konkan	---
		Sind	---
		Gujarat	---
		Surat	---
		Persian and Arabian Gulf	---

Source: Returns and Statements of External and Internal  
Commerce, 1802-3.

TABLE VI: LIST OF IMPORTED GOODS SOLD AND REMAINING  
IN THE WAREHOUSE

IN RUPEES			
GOODS	TOTAL VALUE	SOLD	REMAINING
966 Bales of Broad Cloth	274128-0-34	108458-2-52	165672-1-82
122 Bales of Long Ells	85514-0-00	45322-2-00	40191-2-00
500 Kg of Steel	14662-2-00	---	---
1346 Copper Plates	76467-0-46	6067-0-50	70399-3-90
3500 Copper fine Plates	227850-0-00	66256-3-00	161593-0-90
Japan Copper	111915-1-84	15928-2-27	95986-3-62

Source: Commercial Department Diaries 1794, Vol.10, p.149.

TABLE VII: SALE OF BROAD CLOTH AND LONGELLS-1783-88

IN BALES					
YEAR	SOLD		CLEARED FROM WAREHOUSE		
	BROAD CLOTH	LONG ELLS	YEAR	BROAD CLOTH	LONG ELLS
1783	770	121	1784	434	85
1784	727	120	1785	338	81
1786	110	9	1787	110	9
1787 (February)	105	73	1788	100	66
1787 (October)	665	125	1788	578	109
<b>TOTAL:</b>	<b>2377</b>	<b>448</b>		<b>1557</b>	<b>350</b>

Source: Commercial Department Diaries Vol.3, 1788, p.237.



TABLE A: PRICES OF PIECE-GOODS FOR THE YEARS 1737, 1789,  
1791, 1794 - A COMPARATIVE STUDY

		IN RUPEES			
PIECE-GOODS		1737	1789	1791	1794
Neccanees- large	0 0	69	72	73	71
Neccanees- small	0 0	52	54	56	54
Tapseils-large		75	80	83	81
Tapseils-small		52	52	55	58
Chelloes-Blue- 11 yards	0 0	90	91	95	95
Chelloes-Blue- 9 yards	0 0	80	87	87	--
Chelloes-Red		108	94	113	108
Bejutapauts- Blue	0 0	--	85	85	84
Bejutapauts-Red		--	89	90	--
Negampauts		--	97	98	97
Byrampauts-Blue		90	85	86	84

Source: Commercial Department Diaries, Vol.10, of 1795, p.78.

TABLE B: ACCORDING TO MUSTER PRICES OFFERED BY PURBOODASS

JAGJEEVAN RAM, LUCKMIDASS SHAMJEE, PURSHOTTAMDASS

NATHOOBHOY

GOODS IN YARDS	RATES OF MERCHANTS		COMPANY'S PRICE	
	LEX B	BOMBAY		SURAT
Eltachi 6.22 x 1		240	300	160
Pallampores 2 $\frac{3}{4}$ x 2.4		60	90	50
Pallampores 2 $\frac{3}{4}$ x 2.2		45	65	30
Chintz 5 x 1 $\frac{1}{2}$		80	110	20
Petticoats ↓ Ahmedabad ↓ 3 $\frac{1}{2}$ x 1 $\frac{1}{2}$		60	70	28
Ginghams 7 x $\frac{3}{4}$		35	41	25
Handkerchiefs mixed, washed, ↓ glazed, red 9 x $\frac{3}{4}$ .4		80	100	35
Handkerchiefs 10 ↓ in a piece ↓ 7 x $\frac{3}{4}$ .4	52.2		60	25
Handkerchiefs in ↓ a piece ↓ 7 x $\frac{3}{4}$ .4	110		120	30
Collia Ahmedabad 2 $\frac{1}{4}$ .4 x 2	66		60	20
Sajal 4 $\frac{1}{2}$ x 1.2	45		60	12-2-0
Chintz Gujarat 4 $\frac{1}{2}$ x 1	75		50	20
Silk-Surat 6.22 x 0.23	120		160	--
Cotton Surat 17.30 x 0.35	90		140	--
Cotton 2 pieces ↓ sewed together ↓ -2.20 x 2.25	40		50	--

Source: Commercial Department Diaries Vol.10 of 1795,  
pp.282-283.

TABLE C: COMPARATIVE STATEMENT OF INVESTMENT FOR 1789 WITH  
THE CONTRACTORS OFFER FOR THAT OF 1791

SPECIES	IN RUPEES				
	1789	1791			
	PIECES ORDERED	PRICE PER PIECE	AMOUNTS	PRICE PER PIECE	AMOUNT
Neccanes-Large	400	72	28800	73	29200
Neccanes-Small	75	54	4050	56	4200
Tapseil-Large	150	80	12000	83	12300
Tapseil-Small	50	52	2600	55	2750
Chelloes-Blue 11 Yards	450	91	40950	95	42750
Chelloes 9 yards	300	87	26100	87	26100
Chelloes-Red	25	94	2350	113	2825
Bejutapauts-Blue	400	85	34000	85	34000
Bejutapauts-Red	250	89	22250	90	22500
Negampauts	250	97	24250	98	24500
Byrampauts-Blue	750	85	63750	86	64500
Chintz	25	150	3750	155	3875
			264850		279500
Chintz-Ahmedabad	25	105	2625	117	2775
Boral Chadder	200	35	7000	37	7400
Candy Chintz	10	100	1000	104	1040

The prices went up in 1791 due to the famine.

Source: Commercial Department Diaries: Vol.6 of 1791, pp.57-58.

TABLE D: EXPORTS OF PIECE-GOODS AT PHOOZA - COMPARATIVE  
ACCOUNT OF GOODS EXPORTED BY FOREIGNERS AND  
COMPANY

IN RUPEES				
SPECIES	EXPORTS AT PHOOZA			
	FOREIGNERS	ORDERED BY COMPANY	CONSIGNED TO COMPANY	DEFICIENCY OF COMPANY
Byrampauts	10440	15000	4500	10500
Bejutapauts	3930	13000	6540	6460
Chelloes	8219	15500	6800	8700
Neccanees	11940	9500	2160	7340
Negampauts	1480	5000	1320	3680
Tapseils	3320	4000	2540	1460
-----				
TOTAL:	39329	62000	23860	38140

Source: Commercial Department Diaries: Vol.8 of 1793, pp.483.

TABLE E: LIST OF NUMBER AND VALUE OF BALE OF PIECE-GOODS  
PROVIDED FOR COMPANY AT SURAT: MAY 1777 TO  
APRIL 1793

YEAR STARTING APRIL 30TH	BALES	VALUE IN RUPEES
1777	606.3	169687-3-90
1778	685	215834-1-30
1779	364	103089-0-31
1780	660	189467-3-60
1781	600	159440-3-59
1782	209	50297-0-00
1783	114	11972-0-00
1784	292	78302-0-00
1785	-	---
1786	-	---
1787	1127	287972-3-25
1788	719	201348-2-60
1789	-	---
1790	487	140350-3-00
1791	587	158078-3-40
1792	373	109758-3-00
1793	976	288169-2-00

Average - 1777-1781 -- Rs.287 per Bale

1781 -- Rs.285 per Bale

Source: Commercial Department Diaries Vol.8, 1793, pp.500.

TABLE F: THE FOLLOWING IS A STATEMENT OF THE QUANTITIES OF  
SURAT PIECE-GOODS IMPORTED AND SOLD AT THE EAST  
INDIA COMPANY SALES FOR 20 YEARS:

<u>YEAR</u>	<u>PRICES</u>	<u>SALE AMOUNT</u> <u>IN £</u>
1771	131198	91300
1772	147029	87176
1773	58138	65231
1774	38366	54798
1775	47405	62355
1776	18822	13308
1777	83024	48468
1778	61285	32207
1779	31525	13230
1780	18605	11349
1781	33144	23129
1782	36597	29403
1783	82966	79944
1784	31130	22607
1785	26767	18963
1786	---	---
1787	41882	28560
1788	41806	29937
1789	44715	33357
1790	33131	9639

Source: J. Forbes: Oriental Memoirs: p.290.

TABLE G: REMARKS ON THE PROVISION OF SURAT PIECE-GOODS (Report to the Company made with the good understanding and insight the merchants have of this trade)

SPECIES	PLACE OF MANUFACTURE	IN RUPEES			
		1786	1787	1789	1791
Neccannees Large length 14 ft	made in many parts of Gujarat Best in Surat	71	67	72	73
Small length 10½ yards					
Coarse 13 yards		51	54	56	--

Time when best made: The earlier in the year these these goods are ordered the better as they are closer and finer in every respect when wholly finished before the dry winds set in, in November. The time therefore for making of them is from February to October. The quantity that can be made in a season will depend consequently upon the time they are put in hand, which for the Company's investment must never be later than April if their demand is at all to be considered.

Table G contd

SPECIES	PLACE OF MANUFACTURE	PRICES			
		1786	1787	1789	1791
Tapseils Large 14 yards	Made only in Surat	76	85	---	82
Small 14 yards					
Bejutapauts Blue 18 yards	made in Surat and Bussora	82	79	85	88
Red					
Chelloes Blue 18 yards	Surat and Nowsarry	94	92	91	95
Red 18 yards					
Small					
		---	---	110	113

Best time for manufacturing during prevalence of damp winds and rainy weather. But as these goods are made especially fine for the Company so red yarn coloured best in April.

SPECIES	PLACE OF MANUFACTURE	PRICES			
		1786	1787	1789	1791
Negampauts 18 yards	Surat	---	---	97	98
New Muster 18 yards					
Byrampauts Blue 18 yards	Gujarat	80	75	85	86
White					
	Best in Broach	80	75	75	86



Table G contd

SPECIES	PLACE OF MANUFACTURE	PRICES			
		1786	1787	1789	1791
Chintz Surat 18 yards		---	---	150	155
Caddy 18 yards		---	---	100	104
Doongazee		---	---	99	104
Amichaud	Nowarry	---	---	105	111
Cambay Goods	and Surat	---	---	---	---
Guinea Stuffs Red 4½ yards		---	---	---	18½
Dicel Heck 4½ yards		---	---	---	18½
Blue Grown 4½ yards		---	---	---	18½
Chelloe Check 4½ yards		---	---	17	19
Besolal Check 4½ yards	Cambay	---	---	---	18½
Boral Chadder		---	---	35	37
13 vees 4½ length		---	---	---	---
11 vees x 4½		---	---	30	31
9 vees x 4½		---	---	25	26

Manufactured same as Neccanees. Cotton yarn is best in Khandesh and Deccan. The lowest rate is during rains. Source: Commercial Department Diaries: Vol.17 of 1798, p.58.

TABLE H: THE EXPENSE OF BOWING AND PACKING ONE KHANDI  
OF BROACH COTTON FOR WHICH TIME NEEDED WAS

TWO DAYS:

	CHARGES IN RUPEES
Bowing	29 - 0 - 0
Loss of clearing 30 seer to a Khandi at Rs.90 per khandi	3 - 0 - 86
Gunnies 12 pieces at Rs.5 per covit	3 - 0 - 0
Duties 19 yards at 61 res per yard	2 - 3 - 59
Fine Rajapuri Hemp ropes 2 for Re 1 each	2 - 0 - 00
Turne 1 pound saving wrappers	0 - 1 - 0
Packing charges of collie for 2 bales	1 - 0 - 0
	-----
Total:-	Rs. 41 - 2 - 03

Source: Materials Account of Bombay Town and Island Vol.2.

TABLE I: COST OF FREIGHTING BALES TO BOMBAY

PARTICULARS PER BALE	CHARGE BY SEA	BY LAND
Packing and Screw	1 - 0 - 0	1 - 0 - 0
Freight	2 - 0 - 0	5 - 0 - 0
Wrapper and Gunny	2 - 2 - 0	2 - 2 - 0
Custom at Broach	2 - 2 - 0	2 - 2 - 0
Brokerage	1 - 2 - 0	1 - 2 - 0
Ropes	0 - 3 - 0	0 - 3 - 0
Insurance	1 - 2 - 0	1 - 3 - 0
Coolie	1 - 0 - 0	1 - 0 - 0
	-----	
	12 - 3 - 0	15 - 0 - 0

Source: Commercial Department Diaries, Vol.4 of 1789, p.142.

TABLE J: PRODUCTION OF COTTON IN 1789: EXPORT AND  
HOME CONSUMPTION ACCOUNT:

PLACE	PRODUCE	HOME CON- SUMPTION	EXPORT
Surat	5000	2000	3000
Broach	12000	3000	9000
Amod and Jambosar	12000	2500	9500
Bhownagar	14000	1500	12500
BALES	86000	18000	68000
CANDIES	42000	9000	34000

Source: Commercial Department Diaries: Vol.4 of 1789, p.141.

TABLE K: DETAILS OF COTTON TENDER OF CUSSETTJEE MANECKJEE

IN THE YEAR 1793:

In consequence of Government advertisement I beg leave to tender 1000 candies in 2000 bales of Broach or Ahmod Cotton free of dirt as usual and of this years growth on the following terms.

The cotton to be delivered within the 15th of May next at Bombay at Rs.124-2 per Surat Candy. Government to advance to use one lac of rupees as has been last year in cash by order on Bombay treasury or on the Surat treasury if I wanted and the remainder to be paid on completing the delivery. The Honourable the President in Council is to order the Chief and Commodore at Surat as last time for giving their every assistance for convoy on application to be made by my agent at Surat and for the security of the Honourable Company I shall as usual give a bond for the performance of the contract for Rs.20000. Hoping the above meet your Honourable Boards approbation and beg to grant me the preference as I have suffered a great deal loss by completing last contract due to failure of rain and crop being infected with insects.

Signed Cursettjee Maneckjee.

Source: Commercial Department Diaries: 1793, Vol.8,pp.28.

TABLE L: RISE IN COST OF PEPPER PER CANDY FROM 1745 TO 1795

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YEAR	PRICE IN RUPEES PER KHANDI	SOURCE
1745	70	PDCL - 1742 - 51
1749	86	Ibid.
1750	140	PDCL - 1750
1787	105	CDD 1787 Vol.2
1789	150	CDD 1789 Vol.4
1792	160	CDD 1792 Vol.7
1794	200	CDD 1794 Vol.9
1795	180-235	CDD 1795 Vol.10

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Source: Commercial Department Diaries.

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