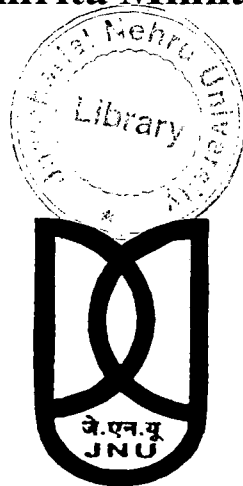


**MERCHANTS, THE STATE AND COMPANIES
DYNAMICS OF
CONTACT, COLLABORATION
AND CONFLICT
IN
17TH CENTURY SURAT**

**Dissertation submitted to the Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the degree of**

MASTER OF PHILOSOPHY

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July 17, 2003

CERTIFICATE

This is to certify that the dissertation entitled “**MERCHANTS, THE STATE AND COMPANIES - DYNAMICS OF CONTACT, COLLABORATION AND CONFLICT IN 17TH CENTURY SURAT**”, submitted by Ms. Amrita Minhas, in partial fulfilment of the M. Phil degree of this university has not been previously submitted to this or any other university and is her original work.

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to my love Manipal

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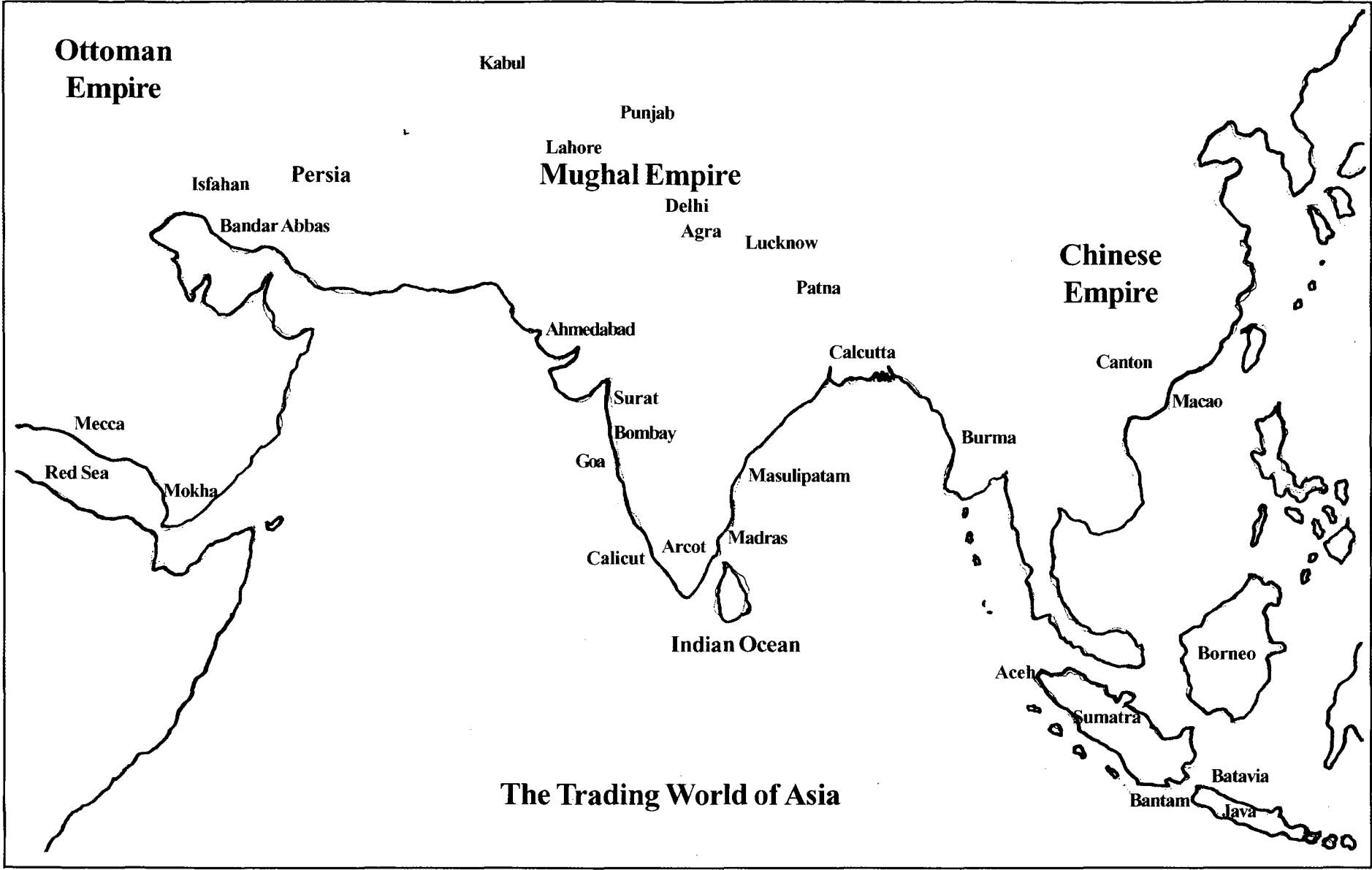
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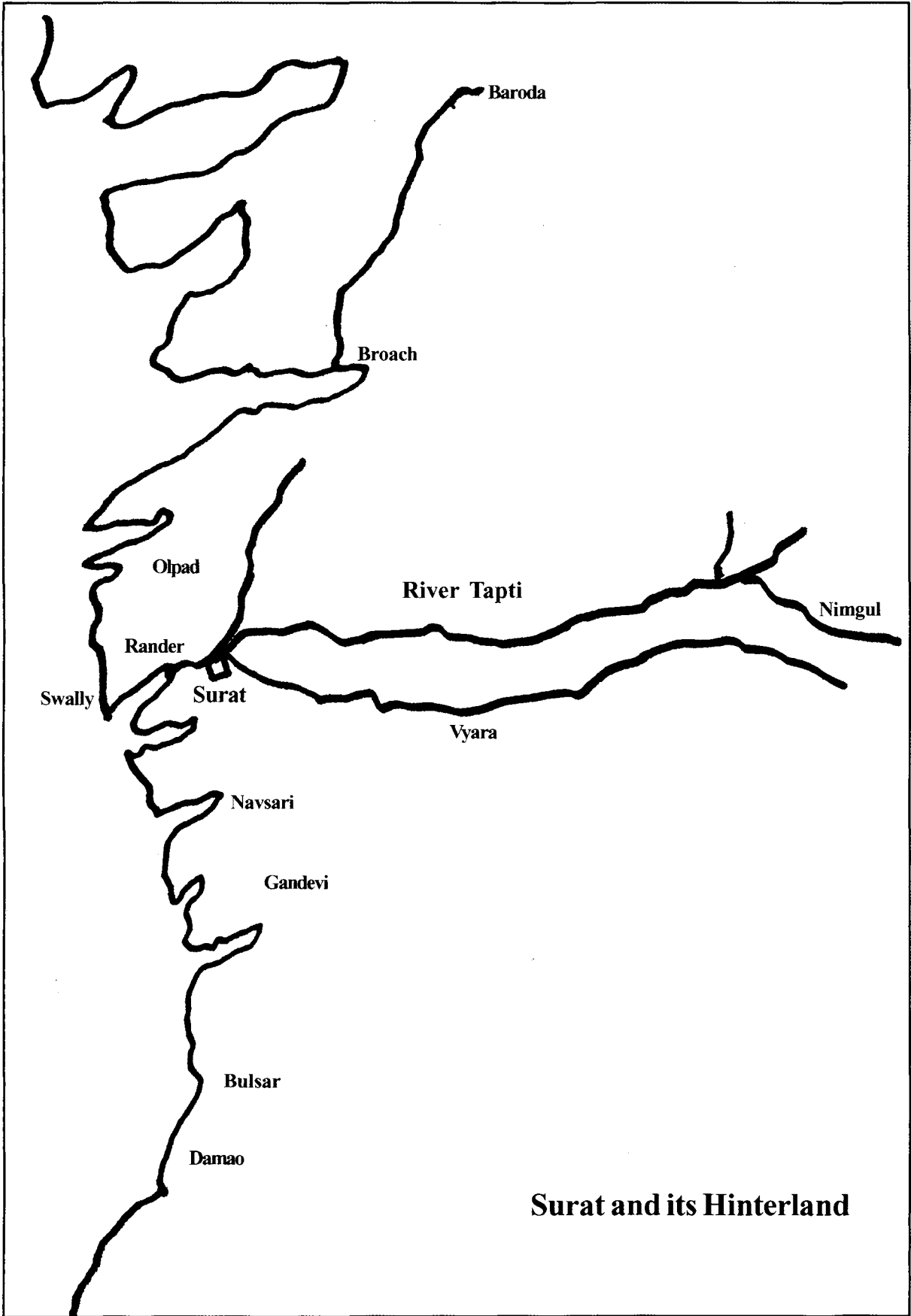
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INTRODUCTION

India by the beginning of the 17th century had become tied to an international system of commercial exchange that embraced Asia and the Atlantic contributing thus, in a crucial fashion to the creation of what Immanuel Wallerstein calls the 'world system'¹. Within India's own geographical or political frontiers an active inter-regional commerce made it possible to sustain a fairly advanced form of economic specialization. The extensive and increasing demand for India's manufacturers and industrial crops, expanded the network of trade in various goods, thereby integrating distant production centres and also stimulated the growth and extension of the existing level of sophistication in financial dealings. The thematic study of the maritime profile of India by various scholars has convincingly established the centrality of India's overseas trade in the commercial grid of the Indian Ocean, the inter-linkages between various littoral economies that sustained exchanges of global proportions and in this scenario the preponderance of Indian merchants in the markets of maritime Asia. It was the activities of the agents of commerce – the

¹ Immanuel Wallerstein, *The Modern World System* (New York 1974-89, 3 vol. to date)



**Representatives of the State,
European Companies and Merchants**

merchants², that provided the material context for the emergence and expansion of India's economy in the 17th century. In the historical study of the phenomena of trade and merchant, it is natural to proceed to the role of state and how its policies affected the former. An integral part of the commercial milieu, were the European corporate enterprises exemplified in the trading companies.

In setting up their trading organization in India, the European merchants made extensive use of the indigenous commercial institutions; and their relationships with the Indian merchants provide important insights into different forms of economic behaviour. Recent historical literature tends to underplay the centralizing tendencies of State in the medieval, pre-colonial periods and has revealed a variety of regional systems and sub-systems that operated in the so-called empires of the time. The sphere of commerce between coastal ports and overseas destinations, and between littoral and hinterland was one such area of regulating existence. Consequently, it is the Mughal port-city of Surat which forms the backdrop of the dissertation. The attempt therefore shall

² The term 'merchant' is used in a broad sense. One is not oblivious to the various types of merchant groups, which shall be illustrated later.

be to examine the politico-economic cartography of the period filled by myriad colours of protection, collaboration, conflict, negotiation, adjustment and co-existence, between the three aforementioned players of the 17th century, namely the Merchants, the State and European trading Companies.

In any discussion of the relationship between the state and commerce, it is necessary to explore whether there was a concept of separation of spheres of activity and what freedom of commerce meant, if the state itself was an active participant in the commerce. The underlying thread of the entire project in mind is to examine issues such as :- whether the state was a union of despotism and bureaucracy?; whether the emphasis on either element was dependent at any given time on personal character of the ruler?; was the Mughal state totally land-based and revenue-oriented, who failed to demonstrate any serious inclination for policing the seas or ensuring freedom of navigation?. But if answered in the affirmative, these questions have the inherent implication that the Indian merchants had to negotiate with Europeans at seas, and Mughals on land for their own autonomous space. The modern day examples

recognize the fundamental importance of a stable and powerful state in providing long distance trade, both overland and sea borne, with a supportive political structure in terms of the infrastructural facilities extended. In the period of our study, the aforementioned may be translated to mean an improved trading network in terms of secure transportation of both goods and self. It would not be out of context to look at the various ways, some historians have perceived the relationship between merchant and state in our period of study.

W.H. Moreland³ saw the state as being a union of despotism and bureaucracy, and the emphasis on either element being dependent at any given time on the personal character of the ruler. Further, he views the Mughal state as being totally land based and revenue oriented. The Indian merchants of the 17th century, remained shadowy figures who beat a hasty retreat before the naval might of the European Companies, resisting only occasionally European demands when these interfered with the free navigation and shipping in the Western Indian Ocean. It appears that Moreland was aware of the wholesale market being entirely commanded by the

³ W.H. Moreland, From Akbar to Aurangzeb, A Study in Indian Economic History, pg. 48-49, pg. 234.

Indian enterprise, yet the reality of Indian participation in the actual carrying trade of Indian Ocean escaped his attention perhaps.

M.N. Pearson⁴, presents the Indian merchants as being exposed to the insular attitude of the Mughals (the ruling sovereigns over the land of Gujarat) to the world of maritime trade. The Mughal sovereigns in terms of Pearson's study appear to be strictly land-lubben, who failed to demonstrate any serious inclination for policing the seas, or to ensure freedom of navigation. The inherent implication is that the Indian merchants had to negotiate with Europeans at sea, and Mughals on land for their own autonomous space. Pearson, however recognizes the fundamental importance of a stable and powerful state in providing long distance trade, both overland and sea-borne, with a supportive political structure in terms of the infrastructural facilities extended-an improved trading network and safety of goods. In another writing Pearson⁵ seeks to demonstrate that there did exist other participants in the Mughal political system apart from the nobles. Merchants (a host of other

⁴ M.N. Pearson, *Merchants and Rulers of Gujarat: The Response to the Portuguese in the 16th century* (1976).

⁵ M.N. Pearson, "Political Participation in Mughal India", *Indian Economic and social History review*, 1972.

people, such as sufi-pirs), other religious leaders, Zamindars and street chief) were actively and influentially involved in matters of concern to themselves and occasionally even in noble level matters. Pearson characterises this as 'political participation'.

Ashin Das Gupta⁶, subscribes to Pearson's view that the imperial government was largely indifferent and neutral. As he puts it:

“the Mughal government must not be thought of as the guardian angel of Indian trade, nor was it a dreaded foe of the Indian merchant”

Das Gupta carries his argument into the early part of the 18th century and notices a perceptible change as the period of Mughal decline set in. Lines of communication were affected by regional disturbances leaving the deputies without effective support in the face of external threat, and local merchants, and other relatively affluent groups, vulnerable to both the external plunder and to the local

⁶ Ashin Das Gupta, *Indian Merchants and the Decline of Surat, c 1700-1740* (1979), pg. 13-14.

squeeze by the officials. Basically, Das Gupta examines in detail the nexus between the maritime trade of the period and hinterland politics, and seeks to situate the decline of Indian mercantile activity firmly in the logic of Mughal decline.

S. Arasratnam⁷ in his recent monograph on maritime India in the 17th century, opines that the Mughal state and its political elites had a substantial orientation towards maritime mercantile activity. He suggests that in the Indian subcontinent, commerce was looked upon as an area of activity intricately linked to states concerns. Talking about the role of Indian merchants, he is of the opinion that there was a strong degree of collaboration between political elites and merchants, which provided a new found clout and much needed support to mercantile groups “commercial matters were brought to the forefront of state policy, previously unknown. This growing nexus, infact enabled merchants to become instruments of state power”⁸.

⁷ S. Arasratnam, *Maritime India in the 17th century* (1994), pg. 234.

⁸ The argument of Arasratnam has been effectively questioned. For details see Yogesh Sharma, *Book Review of S Arasratnams, Maritime India in 17th century*, *South Asia* 1996. The review points out the contradiction in Arasratnam’s work exhibited in statements as ‘most states of the Indian subcontinent were primarily occupied by the military and revenue concerns of vast continental interior and ‘The littoral was somewhat remote from

The multiplicity of paradigms and conflicting interpretations⁹ of data regarding the relationship between the merchants of 17th century Gujarat and the state has made our task an essential desideratum. The basic point that justifies a fairly extended discussion of general state-economy connections is that trade, and by extension merchants, cannot be taken as discrete economic category. A survey of primary source material¹⁰ reveals that in the 17th century the Mughal state and its political elites had a substantial orientation towards maritime – mercantile activity. A certain degree of

their attention and ports tended to be self-contained entities administered by appointees with little or direct control from the centre’.

⁹ Das Gupta’s formulations on the whole, stood the test of micro studies as well as the more fashionable theorisations that have cropped up in recent years, about the nature of pre-modern state and its involvement with trade & commerce. However it would do well to remember that Mughal authority was at the local level arbitrary leaving merchants profoundly insecure of its intent. Perhaps a look at Banarsidas autobiography ‘Aradh – Kathanak’ would reveal the insecurity that a trader had to experience from time to time in the Mughal system, on account of local officials. Nor were these occasions infrequent.

¹⁰ For the economic historian the records of the English East India Company provide one of the comprehensive sources of information for the reconstruction of the commercial history of India in the pre-modern age. From the historical information contained in the mainly epistolary collection, considerable light can be thrown on, the nature and character of India’s foreign and external trade. The factory documents reveal Indo-European interaction in the context of the level attained by local Indian economies and the nature of local business communities. The English East India Company’s officials were prolific writers of letters, memoranda and diaries. These are in the main records that contain private deliberations and inner considerations of the decision makers on commercial, political and social matters.

The accounts of foreign travellers of the period also provide interesting insights.

Further the indigenous records such as autobiographies of merchants through rare are very helpful. It may be pointed out that merchants and business organisations rarely preserve their records for the benefit of posterity. Once the practical reason for record-keeping is removed, commercial documents were either destroyed or deposited with law courts or religious foundations according to social usage of the time. To family inheritors even when they were engaged in trade the business papers of another generation made little sense. Further, the surviving documents remain difficult to interpret to this day, due to the use of secret codes and signs.

collaboration between political elites and merchants did provide a certain amount of support to mercantile groups. But whether one can subscribe to say what social scientists like Arasratnam says about 'merchants becoming instruments of state power', is subject to debate and discussion.

The matter of terminology needs to be explicitly addressed and here what we mean by 'merchant', 'business' and 'state' in the context of western India in the 17th century. The term 'merchant' as such is a very general one. A close examination of India's trading structure suggests a high level of development and specialization that compares favourably even with European stereotypes. Merchants in 17th century India were a diverse group divisible into many categories on the basis of ethnic and caste origins, nature of commercial operations, area of activity and commodities traded in. Merchants as such were a highly cosmopolitan group with constant movement in and out of the profession and a high degree of spatial mobility. As such merchants, brokers and shroffs find an important mention in the dissertations first chapter. This is not to suggest that these categories were watertight compartments that were mutually

exclusive. There was a great deal of overlapping. While some merchants were engaged in handling a large number of commodities, others concentrated on particular/specific lines of business. Some invested in shipping and combined trade with ship owning, while yet others were content to supply the exporters at the ports. Then there were the brokers who were absolutely invaluable to the European trading companies operations in India, as were the money merchants.

‘What is business’?¹¹ , is a difficult question to answer. It is difficult to determine who is doing business or merely performing his professional duties or just following a traditional occupation. Perhaps it would be helpful for the present discussion to regard business as an activity that involves commercial, trading, financial and industrial transactions to provide goods and services. The rise of business, the part it played in the economy, attitudes towards it by the society at large are all of great relevance to understand the economic and social changes in that society over long periods.

¹¹ Dwijendra Tripathi (ed), *Business and Politics in India – A Historical Perspective* (1991), article by A Ambirajan “Changing attitudes towards business in India” pg. 1-pg.17.

It would appear that much before the of the sixteenth century, business had come to occupy a significant place in the Indian society, and businessmen were treated with respect and civility. Very often the leading merchants were close to the king and acted as his advisers and were regarded, because of their philanthropy, as an instrument of social good. Indeed, an archaic Tamil term for merchant (ilamkokkan) also signifies the son or younger brother of a king. And the small merchant and the artisan in the vast countryside had a symbiotic relationship with agriculturists, who was regarded as the lynchpin of society.¹²

The three hundred years roughly between 1500 to 1800, witnessed many changes that altered the social attitudes towards business almost radically. This was the period of the glory and decline of the Mughal Empire followed by the time when India became the happy hunting ground of various European mercantile

¹² The literary sources are too varied to be documented. Among the secondary works which throw light on the subject are: N Subramanyam, Sangam Polity; E.H. Washington, The Commerce between the Roman Empire and India; T.W. Rliys Davids, Buddhist India; Pushpa Niyogi, Contributions to the Economic history of Northern India from the Tenth to the Twelfth Century A.D; R.N. Saletore, Early Indian Economic History; A. Appadorai, Economic Conditions in Southern India, 1100-1500 A.D, Meera Abraham, Two Medieval Merchant guilds of South India; G.L. Adhya, Early Indian Economics, Studies in the Economic Life of Northern, c 1200 BC to 300 AD

adventurers. An attempt has also been made to examine the uniqueness of the Indian situation, given its multi-communal social structure, commercial conventions, morality, which were deeply stratified by the general value system introducing complexities that did not stem from economic considerations alone. Businessmen, conscious of their power and importance had a positive attitude about their own class. This self-confidence is an extremely important aspect of the role of business in the economic history of India.

The next chapter deals with the phenomena called 'state' and its role in the commerce of the period. In India, unlike western Europe where local authorities and autonomies were curtailed or ended by advancing central governments, inspite of the presence of a centralizing agency in form of the Mughal Empire, local power figures could still act independently often in fact in defiance of the central government. This was most notably witnessed in fiscal matters such as collecting illegal tolls and transit duties. To be sure the Mughal Empire tried to curtail this, but often then efforts merely resulted in their recognizing that sort of rights, which had been bestowed earlier. The obvious query would be to examine whether the Mughal Empire

with its surplus revenue and organised treasury, at its zenith interacted with the mercantile class. It would not be off the mark to point out that while the relationship between various business groups and ruling power in the age of the Great Mughals depended primarily on the whims of the officer on the spot, the merchant emerged as a major force in the innumerable principalities that arose in the wake of the disintegration of the Mughal power. Did he (the merchant) prop up native regimes as long as they served his purpose or did he become a lynchpin in the political convulsions, which paved the ground for the rise of the English East India Company as the paramount political power. How was it that the merchant communities out of which the future business class would be fashioned never exhibited the desire or will to mould a regime in which they would be centre stage. Was the period between the fall of the Mughal Empire and the end of the East India company regime witnessed a spectacle of shifting allegiance on their part to whosoever in their judgement was better placed to safeguard their interests.

Commerce both overseas and inland was driven by economic incentives. Ports, markets and producing centres had an existence of

their own, and could not be directed by the state. The multiple outlets of commerce and their interlinked character in one way infested them with a certain independence from direct state interference. Yet, the state and its activities did have an impact on commerce in various ways. The chapter explores the sort of role the Mughals and its network of subordinates, who controlled an area which acted as the fulcrum of a vast trading network all over the Indian Ocean, play.

Spatially the study seeks to cover Surat and its hinterland. Gujarat contained the busiest, if not the most important ports of 17th c India; certainly it had the most important ports of the Mughal Empire¹³. After Akbar's conquest of Gujarat in 1572, its ports became much better integrated with the cities of the Mughal Empire. From about the middle of the 16th century for about 250 years, the city of Surat in the Subah of Gujarat attained a position of commercial eminence well-defined and well-travelled land routes leading north and east from these ports through Rajasthan and Malwa to Agra,

¹³ W.H. Moreland, *India at the Death of Akbar*, pg 204-5, M.A.P. MeilinkRoelofz, *Asian Trade and European Influence in the Indonesian Archipelago between 1500 and about 1630*, pg 37, Ashin Das Gupta, "The Merchants of Surat, c 1700-1750", in *Elites in South Asia*, eds Edmund Leach and S.N.Mukherjee, pg 201; Jean Baptiste Tavevier, *Travels in India*, ed. William Crooke, trans V. Ball 2 Vol., Vol. 1, pg 30.



The City of Surat

Delhi and the Punjab, and by way of Agra to the production areas of Patna and Bengal, brought considerable amounts of India's products to the main port of Surat¹⁴. Surat grew rapidly at the cost of Cambay and also of Ahmedabad, which came to play a subordinate role in the triangular exchange of bullion and commodities between Ahmedabad, Surat and Agra.

Surat itself was not a primary production centre, but an entrepot in the true sense of the word. Caravans carrying supplies for export from India arrived from farther North and from the production areas near Broach, Baroda, Ahmedabad and other areas in Gujarat itself. At the same time ships disgorged products from all parts of Asia and Africa and after the arrival of the Portuguese in the early 16th century, from Europe as well¹⁵. In an earlier period, Gujarati merchant vessels could be found in great numbers trading eastward to Malacca; from the middle of the sixteenth century as a result of Portuguese incursions the primary routes followed by

¹⁴ J.N.Sarkar, *Studies in Economic Life in Mughal India*, pg. 34, 92-98; William Foster ed, *The English Factories in India*, 13 vols, vol. 2 : 1618-1621, pg 191-93; Alexander Hamilton, *A New Account of the East Indies*, ed. William Foster, 2 vols, vol 1 pg 87-89

¹⁵ Foster, *English Factories*, Vol. 1 pg 50; Ashin Das Gupta, "Trade and Politics in Eighteenth Century India", in *Islam and the Trade of Asia " A Colloquim, Papers on Islamic History*, ed. D.S. Richards, Vol. 2 pg. 187

Gujarati traders had shifted to the west of Mocha and Red Sea¹⁶. In 1500 most of the shippers between Gujarat and Malacca had been Gujarati's; as a result of the Portuguese conquest of that port in 1511 and their subsequent policy of coercion and high tariffs, only a limited number of Gujarat based ships could be found in the East by 1700, mainly at the new port of Achin on the north coast of the Island of Sumatra. At Achin, the Gujarati Merchant was supplied with East Asian spices and Chinese and Japanese products and in turn vended the cotton goods produced in Gujarat and other products brought from farther west in Africa and West Asia¹⁷.

The ports and lands of the Red Sea and the Persian Gulf became the primary focus of Gujarati trading activity. The Gujarati merchant's chief sales in Persia, in addition to spices were cotton goods, fine silk rugs, saltpetre, satins, diamonds and other precious

¹⁶ For an analysis of the Gujarati merchants response to the Portuguese presence, see Michael N Pearson, *Merchants and Rulers in Gujarat*, MeilinkRoelofz, *Asian Trade*, pg. 37, 62, K.N. Chaudhuri, *Trade and Civilization in the Indian Ocean: An Economic History from the Rise of Islam to 1750*, pg. 100.

¹⁷ W H Moreland, *From Akbar to Aurangzeb*, pp. 82-83. For a discussion of the Portuguese and Dutch impact on trade in the Indonesian Archipelago, see Meilink Roelofz, *Asian Trade* especially chapters 6 and 10, pg. 116-36 and 239-69. The best accounts of the Portuguese and Dutch overseas commercial activities are presented by C.R. Boxes, *The Portuguese Seaborne Empire: 1415-1825* and *The Dutch Seaborne Empire: 1600-1800*. For a discussion of the spice trade, see Tavernier, *Travels in India* Vol. 2, pg. 10-11; B.G. Gokhale, "Some Aspects of Early English Trade with Western India", *Journal of Indian History*.

stones, tobacco and to some extent grain from the Konkan coast and Bengal¹⁸. Further west, the Red Sea, ports of Mocha and Aden and Mecca's port of Jeddah served the Arabian Peninsula where the Gujarati merchant carried his ubiquitous cotton textiles and spices. Many of these products were destined for the pilgrimage markets at Mecca, where they may have made their way northward to Syria and the Levant¹⁹.

Food, cotton, she, indigo, opium, tobacco and saltpetre were produced for both internal consumption and export. In Gujarat, calico, muslin, and indigo were cornerstones of Gujarati export production²⁰. On his return from the Red Sea and Persian Gulf, the merchant carried horses, dates, pearls, Persian silks and drugs, but most especially, he brought back gold and silver²¹. Except for the horses, which were considered far superior to those found in India,

¹⁸ Moreland, *From Akbar to Aurangzeb*, pg. 80-81, Pelsaert, pg. 59 trans W.H Moreland and Pieter Geyl, pg. 46.

¹⁹ Ashin Das Gupta, "The Maritime Merchant c 1500-1800", Presidential Address, Thirty Fifth Annual Session.

²⁰ John Fryer, *A New Account of East India and Persia being Nine Years Travels 1672-1681*, ed. William Crooke, 2 vols. Vol. 1, pg. 86; W.H. Moreland, *From Akbar to Aurangzeb*, pg. 55; Pieter van Den Broeke, *Diary*, trans W.H. Moreland as "Pieter Van Den Broeke at Surat 1620-29". *Journal of Indian History* 10 (1931) pg. 245; Stewart Gordon "Burhanpur : Entrepot and Hinterland 1650-1750", *Indian Economic and Social History Review*, 25, 4(1988), pg. 425.

²¹ Fryer, *New Account*, Vol. 1, pg. 282; Pearson, *Merchants and Rulers*, pg. 13; Tavernier, *Travels*, Vol. 2, pg. 1-21.

India could have survived without most of these products. Consequently, one article was readily exchangeable for Indian goods – bullion either gold or silver²².

The western ports of the Indian ocean especially those in Persia and Arabia had consequently become the primary focus of western India's merchants. It was to these ports that these merchants consigned their most lucrative cargoes. We find Pieter van Den Broeke, the Dutch director at Surat from 1620 to 1629, remarking in his diary that:

“Most of the goods made here (Baroda) are suitable for Mocha and the Red Sea and are brought by the Surat merchants and dispatched by the Kings or Prince's ships.”²³

Although officers of the administration or the Court of Mughal India did not often enter any phase of mercantile endeavour, one of the largest ships in use during the 17th century belonged to the

²² Pelsaert, *Remonstrantie*, pg. 40

²³ Van Dan Broeke, *Diary*, pg. 245.

Emperor Jahangir's mother²⁴. Its main function was to carry pilgrims to Mecca, although merchants also shipped on board in order to take advantage of the favourable customs rates usually accorded a ship belonging to a royal personage²⁵. Whenever an "imperial" ship was dispatched to the Red Sea or to Mocha, merchants would consign their goods thereon in preference to ordinary vessels. On occasion these royal ships were the targets of reprisals by the European companies for assumed wrongs done to the company or to one of its merchants in India²⁶.

Being essentially a port-city, based on mercantile economy, the administration of Surat, was in many ways, different in its spirit and functions from other metropolitan administrations. The administration of Surat was directly appointed by the imperial government, working under the provincial governor; with the coupled fact of it being assigned as a revenue fief to a member of the imperial

²⁴ F.C. Danners, ed., *Letters Received by the English East India Company from its servants in the East*, Vol. 1 : 1602-13, pg. 164.

²⁵ Das Gupta, "Maritime Merchant", p. 10

²⁶ In 1610, the English Company's chief in India had several Gujarati ships, including the Mughal Queen Mother's ship seized in order to secure permission to enter the same market as the Gujarati's. Surendra Gopal, "Gujarati Shipping in the Seventeenth Century", *Indian Economic and Social History Review*, 8m, 1971, pg. 32-33 also throws some invaluable light on this aspect.

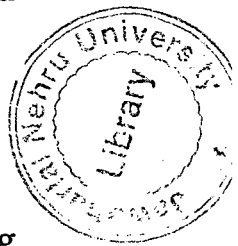
family. This special administration's arrangement was obviously based on Surat's importance as the premier port city of the empire. The most obvious manifestation was the fiscal policies of the state and the resulting impact on commerce. In particular the Mughal administration in a bustling port-city like Surat, seems to have been well-aware of the fact eg. Custom posts²⁷. For instance if they wanted to encourage import and export from a particular port, they would abolish or reduce customs at that port. The Mughals now and then also asserted prescriptive rights over certain sectors of trade, these were as has been noted often sporadic and never at any time embraced overwhelming parts of the Empire. There are innumerable examples of restrictive regulations being issued. One purpose of such regulations was to give preference to producing centres to certain exporters favoured by the Mughals, or even to Moghul imperial trading interests²⁸.

²⁷ The custom posts were solidly built such as the one at Surat. The Shahbunders were the port officers and the office of a Shah bunder was often farmed out to the highest bidder; and some of the Governors of the city were former Shah Bunders. The major work of the office was the assessment and collection of customs dues on the import and export of goods and bullion. All European visitors from Sir Thomas Roe laments upon the severity of the examination in 1615 to Qvington, practically at the end of the century.

²⁸ In 1619 and again in 1632, the Gujarat administration proclaimed orders prohibiting the English and Dutch from buying cloth in Broach and Baroda, to ensure that Indian merchants had enough to export and the Dutch were banned from producing any.

The next aspect, which comes up is whether the state interference, particularly state and official participation in trade was a disincentive to trade? How were the merchants affected by such policies? The issue is made difficult by the nature of evidence, which mostly comes from European companies and is condemnatory of such policies. The attempt to set up monopolies by the state through its officials to appear as sole buyers or sole sellers of commodities did exist.

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The next chapter moves on to the operation of foreign trading companies which contributed materially to the prosperity of Surat and which did to a degree indigenise in their working and adapting to local conditions, but which yet remained alien in their outlook and their goals, with little stake in the long term perspectives contributing to both the well being of the town and its uncertainties. The behaviour of their officials, their prevarications in dealing with Indian brokers and the complex situations of the time, are facets of a conflict when these companies particularly their officials, intent on personal gain operated from positions of strength.

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In the first three decades of the 17th century the Mughals engaged in some tightrope walking to deal with a difficult situation, confronting the trade of Surat and Gujarat. They had to move delicately between the three aggressive European trading power, the Portuguese, the Dutch and the English, each of which would have desired the domination of that trade. They sought to utilize each of these powers at different times against the others, and came through the crisis, a fearer trade emporium than before. By the 1630' the Mughals were convinced that the trade of the two company powers was beneficial to Surat, but that at the same time they should be extremely vigilant to keep them both within proper bounds. Thus, for instance they never permitted the slightest attempt to fortify the company's residences or to carry arms around on the person of company servants.

The Mughal Empire, as the most powerful entity with control over resources much desired by Europeans was able to dictate terms on which it was to open doors to foreign commerce. With abiding commercial interests of its own, it was quick to respond to any threats to these interests and utilize its enormous power within the land for

this purpose. It was therefore remarkably successful in keeping trade free and open throughout the century and it did not allow any group or body to turn the terms of trade unfavourable to its own interests. These formulations are further substantiated in the following chapters by citing several instances.

By the end of the 17th century, two circumstances which were to have a profound effect upon Indians of all ranks and communities, had begun to be visible to those who were resident in the subcontinent. The decline of central control by the Mughal Imperial structure and the increase of economic and political power by the English East India Company were changing the parameters within which trade and other relationships could be conducted. Although the Portuguese had altered the structure of trade during the 16th century, and the English and Dutch had conducted trade from Indian ports for almost a hundred years before 1700, the fundamental arrangements for exchange of commodities produced in India and the Indian Ocean area had not altered. After 1700 in little more than a single generation, the axioms by which the Indian merchant and his European counterpart, ordered his commercial affairs, were to be

affected by forces over which the Indian merchant had little control, and which brought changes more profound than any his grandfather had faced.

As the Empire declined and controlling and supporting mechanisms atrophied, throwing local deputies more and more on their resources in precarious and threatening situations. As their thoughts turned more and more to first saving and next to perpetuating themselves, a less benign and more oppressive system came into being. An extended network of trade (foreign) without state support was to use Trevelyan's expression 'a castle built in the air and inhabited at peril'. Neither the Mughals nor any of the other Indian states seem to have paid sufficient attention to the defence of port-cities.

This aspect can be seen in two ways. One the lack of any Mughal navy, arguably a post-effective decision did mean that the Europeans could use selected naval action to get advantages or secure redress. But the companies also had the onus to produce armed escort vessels and their crews were used to beat off pirates. However, the lure of land to compel the Europeans to patrol the sea was at best

a short-sighted policy which could never form the base of an extended maritime system. It is not without significance that continental powers in pre-industrial ages have failed to develop significant maritime commerce through their shores housed prosperous and bustling commercial towns. Surat ,infact was the repetition of a pattern albeit on a larger scale of a process previously enacted on the Western Coast.

Europeans as such learnt to live with the system as it operated in the states with which they were trading. Reading the records of the company officials, one may get the impression that the companies were perennially in conflict with indigenous institutions, be it merchant or state. This was not really the case and both the aforementioned protagonists worked out solutions to problems as they arose.

The fourth and final chapter seeks to present Virji Vora the merchant prince of Surat in the 17th century, as a bridge to link up the three major institutions discussed before the indigenous merchants, the Indian state and the European trading Companies. Virji Vora commanded a multi-faceted influence at Surat from around

1618-19 by virtue of being a monopolist trader and establishing an elaborate system of credit and organisational control that also enabled various foreign trading commercial systems to function efficiently. Questions such as whether a man like Vora whose net worth at the time of his death equalled that of the fortunes of the English East India Company, actually welcomed the presence of European merchants in the markets. Could the Europeans sideline him and do business with other merchants? What sort of influence did Vora exercise as the head of a Mahajan? In the context of the socio political structure of 17th century India, what sort of position did Vora occupy? If he had political connections, did he use them to merely acquire commercial advantages or had other aims? Was his role as a merchant clearly distinguished from other areas of his social or individual action? What were the cultural situations in which he developed multiple roles of comparable importance?

Thus, the dissertation in its entirety may be seen as an attempt to examine the commercial contours of 17th century Sura represented by the merchants and European trading companies, and by extension

its interaction with the political ones, represented by the Mughal Empire.

CHAPTER I

MERCANTILE RUBRIC

Historical writings on the trading profile of the pre-colonial Indian economy, have over the past three decades, evolved considerably in both scope and size. The thematic study of the maritime profile of India, by various scholars has convincingly established the centrality of India's overseas trade in the commercial grid of the Indian Ocean, the inter-linkages between various littoral economies that sustained exchanges of global proportions and in this scenario, the preponderance of Indian merchants in the markets of maritime Asia. An elaborate social and economic structure supported India's external and internal economy, which subsumed multiple levels of commercial services and operations¹. Merchants form a pivotal group in understanding Indian commerce in the 17th century.

As has been pointed out earlier the city of Surat, in the Subah of Gujarat, from about the middle of the sixteenth century, for about two hundred years was the major port of the Mughal Empire.

¹ Lakshmi Subramanian, "India's International Economy 1500-1800", in the Indian Historical Review 1999 (Jan) pg 38-39.

Through this port much of northern and western India maintained cultural, political and commercial connections with Eastern Asia, the Indonesian world, areas of the Persian Gulf and Red Sea. By the turn of the 18th century, if not earlier, the city was the home of the largest commercial marine in India. Without a doubt the most striking feature of the city of Surat was its own mercantile community, which was large and professionally skilled.

The place of mercantile activity in the evolution of India's social and economic structure, over the early modern period – the early sixteenth to the early nineteenth century is one of the most contentious questions, the historian of the area has to grapple with. It presents one simultaneously with an entry into a number of specialised fields, such as 'pre-colonial Asian trade', 'European penetration and the transition to colonialism' and 'state formation'. At this juncture an attempt has been made to take stock of a plethora of debates, questioning old assumptions and axioms, while suggesting new terms of reference and analysis in their stead, to map the changing frontiers of India's economic history, as it has been understood through a continuous process of interpretation and reinterpretation.

The formulations of Van Leur and W.H. Moreland in a very real sense, set the agenda for India's early maritime historians who took it on themselves, to set India's international trade in proper perspective and detach it from the Euro-centric bind that European historians had cast it in. Moreland² while rightly emphasizing the agrarian orientation of the Indian economy from Akbar to Aurungzeb, had little to say about its maritime profile or commercial potentialities. The Indian merchant for him remained an inconsequential figure, who could not stand up against the naval might of the Europeans. On the other hand, he elaborated on the traffic of the Portuguese and the European East India companies, in the 16th and 17th centuries and on the endless problems the European companies faced at the hands of the ruling administration whose caprice and excesses thwarted commercial operations. Equally significant for him was the impact of the European factor on Indian coastal trade and shipping both which sustained reverses. He argued that Indian owned shipping as a whole lost ground, not withstanding important regional variations.

In Gujarat for instance, it gained ground over the years but failed to retain it in Bengal, and lost quite unmistakably on balance in the Coromandel ports. The Dutch handled all or nearly all the new

² W.H. Moreland, *From Akbar to Aurungzeb : A study in Indian Economic History*, pg 48-49

Asiatic trade that they had created, and the Dutch and the English between them took over an undetermined but substantial portion of the trade, which had existed before their arrival in India. Moreland, thus found it both logical and valid to infer that Indian merchants who were also ship owners suffered by the advent and expansion of the European East Indian Companies³.

And yet Moreland was able to identify the basic contours of India's International economy, that had coalesced on the basis of a global division of labour and extreme specialization making international exchanges between regional economies of the Indian Ocean possible. At the core of India's International trade stood calicoes – items that were in great demand in practically all the marts and markets of Maritime Asia, and whose traffic brought India all the bullion she needed. As Moreland, emphasized correctly that the most “conspicuous feature of India's foreign commerce was the absorption of the precious metals” – a fact that was explicable in view of limited market potential for imported goods. As William Hawkins put it

³ Ibid, pg 81-87

“India is rich in silver, for all nations bring coin and carry away commodities for the same and, this coin is buried in India and goeth not out”.⁴

In fact, the silver imports constituted the lifeline of the Mughal Monetary System that turned out an impressive range of coins – silver & bronze in particular with some gold, which in turn sustained the annual revenue payments and internal commerce. The European Companies themselves were hardly able to control the Indian markets in any manner. Moreland was aware of this and on more than one occasion pointed out that the wholesale market was almost entirely commanded by Indian enterprise.⁵ The reality of Indian participation and presence in the actual carrying trade of the Indian Ocean, however escaped Moreland’s attention. While conceding to the expanding volume of the country trade of the Dutch in the 17th century which progressively expanded the Asian markets for Indian textiles, he maintained was difficult to correlate the expanding trade of the Dutch with a net increase in business; “the question is whether the increased Dutch exports represent new business or merely a change in carrying agency?”

⁴ Ibid, pg 53

⁵ Ibid, pg 73

Moreland, was thus making a number of fundamental points about India's international economy, her merchants and markets when he explicitly stated that Europeans were the principal carriers of trade in the Indian Ocean, and that Asian markets did not sustain in the 17th century a perceptible expansion with the solitary exception of the Indian subcontinent which absorbed bullion in enormous quantities. The Indian shipper-cum-merchant did not fire Moreland's imagination. It was the European powers with their navies, which held the reins of maritime power. The Indian market, however remained outside the ambit of European control. Moreland was aware of the fact that the market was not a site of Arcadian simplicity, and in fact was determined by the continual intersection of supply and demand.

The mercantile rubric underpinning the Indian market was sophisticated, and subsumed a wide spectrum of financial and commercial services and functions performed by Indian mercantile castes, who enjoyed both status and wealth. These virtues were somewhat cancelled by the countervailing pressures of official intervention and extortion – the tyranny of the Mughal bureaucrat who made it his business to engross and monopolize lucrative commodities such as indigo, cotton goods, spices and even food

grains⁶. Moreland arrived at these conclusions from a reading of contemporary English Factory Records and travel accounts which, as Kate Telscher⁷ has recently argued, set out the principles of a new discourse on the trading practices of the orient more as a means to confirm their sense of national prestige to save their skins from the disapproval of the Court of Directors, rather than to create categories of empowerment or even moral relativization.

To the risk of official interference, which had to be taken into account by private merchants was added the question of time and cost of transport. The physical isolation and distance of the various markets, meant that it was impossible to predict market demand with any degree of certainty. A large measure of uncertainty was thus built into the international trade of India - a feature of which did not, however, detract from the sophistication of the Asian trading economy, which accommodated multiple levels of trading and traders.

Moreland, in some ways prepared the way for Van Leur, the Dutch sociologist who shared some of the propositions regarding the fluctuating nature of Asian markets.⁸ Van Leur, did not suffer from

⁶ Ibid, pg 148-49, 154

⁷ Kate Telscher, *India Inscribed: European and British Writing on India 1600-1800*, pg. 14-16

⁸ J Van Leur, *Indonesian Trade and Society*.

the Euro centric syndrome, and argued quite conclusively that the European impact upon the trading structure of Asia was marginal. But he too found Asian trade to be changeless, done mostly by petty traders or peddlers and characterized by the exchange of luxury goods – small in bulk, high in value, and dominated by politically powerful coastal lords. Asia trade in the sociological scheme of Van Leur remained essentially a peddling trade, distinguished by extreme fragmentation, multiplicity of markets, instability and wildly fluctuating prices. The fragmented nature of the Indian Ocean markets, given the seasonality of traffic determined by the monsoon currents and the sheer physical distance separating them and the commodity composition of the traffic, which was made up principally of luxuries, impacted upon prices rendering them volatile. The hegemony of the merchant princes, the patricians of the ports, was matched by the ubiquity of the peddler who swarmed the markets of maritime Asia. This led Van Leur, on the basis of selective evidence, to conclude that Asian trade was in the final analysis and aggregate of peddling activities. Van Leur's thesis in this context, has recently been strongly reinforced by Danish historian Niels Steensgaard in his book, Carracks, Caravans and Companies.

The significance of these formulations has not been lost even now, when the fundamentals of the Van Leur thesis and Eurocentrism have been questioned and invalidated. Both authors were aware of the global dimensions of Asian trade in the Indian Ocean, and in which the Indian subcontinent played a central role given its geographical location, and its range of manufacturing products. Their work set out the contours and complexity of India's international economy over a span of three or more centuries, which operated through interlocking regional economics in the Indian Ocean.

Moreland, was able to identify broad stretches in the Indian Ocean, where diverse merchant communities operated exchanging Indonesian spices and Malabar pepper, which the Arabs transported from the Red Sea ports to the Levant to be picked up by the Italians. Also Moreland, was unlike Karl Polanyi, against the notion of administrative trade, although he too paid much attention to elements in the administration which had an adverse effect on trade. There was never any question of the administration or of the European merchants dominating the market.

Both, Van Leur and Moreland, were aware of the multiple categories of merchants operating the Indian Ocean trade. Their

descriptions of the seventeenth century Jain merchant Virji Vora, our protagonist in the fourth chapter of this dissertation, amply illustrated the strength of Indian merchant capital; while Van Leur himself, carefully distinguished the small peddling trade and large wholesale merchants who co-existed in China and India. Where their analysis went off the mark related to the commodity composition of the traffic, which they stressed, was made up of the exotic but trifling luxuries with little social value. Besides, Moreland was unable to evaluate the strength and resilience of Asian shipping in the Indian Ocean – a factor that inhibited the manoeuvres of the European East Indian Companies for more than a century, until political control decisively edged out the Asian mariner from the waters of the Ocean. Not without reason, therefore subsequent historical scholarship on India's international trade has tended to recast it within new paradigms of Asian centrism and market autonomy.

The researches undertaken by a generation of scholars – Meilink Roelofz, Holden Furber and C.R. Boxer followed by Ashin Dasgupta, M.N. Pearson, S. Arasaratnam, K.N. Chaudhuri and more recently Sanjay Subrahmanyam and Kenneth Mc Pherson among others, effected a substantial modification of Van Leur's formulations and worked out the rhythm and ramifications of Asian trade. Working

within the constraints of European sources, their enquiries none the less brought into focus the world of the Asian/Indian merchant as he plied the seas, exchanged his goods, performed the Haj, and continually negotiated for space when the European Companies made their presence felt in the sixteenth and seventeenth centuries. Their researches challenged the stereotypical attributes of Asian trade, particularly its so-called luxury component and demonstrated the internationality of Asian trade that indirectly served markets as far afield as Europe and Japan.

India's location was in this maritime network a central one as Indian merchants drove a vigorous trade in a range of goods that could hardly be classified as luxuries. Textiles coarse and fine, constituted the single largest export item of the Asian trader, who exchanged calicoes for spice in South-East Asia and transported them to the markets of West Asia and East Africa as well. Food items like grain and sugar were important exports, and as Kenneth McPherson emphasizes the differentiation between luxuries and necessities in pre-capitalist cargoes across the Indian Ocean, became less clear over time and that increasingly bulk cargoes of farm produce and raw materials were carried on long haul voyages as the main source of profit. The dependence of most of the West and South East Asian

economies on Indian textiles, necessarily invested Asian trade with certain regularity notwithstanding the seasonality of the commerce in the age of sail.

M. N. Pearson,⁹ in his work on merchants and rulers in Gujarat stressed the fact that descriptions of Asian trade had to take into account not only the visible component of spices and Arab carriage bound for Europe, but also the intra-Asian trade in textiles that Gujarati's operated in increasing imports. As early as 1500 India's international economy had assumed definite shape and dimensions, with a number of important ports and littoral entrepots in Gujarat supporting and impressive and far flung maritime network, that was operated by a variety of indigenous mercantile groups. Gujarat's maritime profile derived from the productivity of the region, which produced a variety of cotton cloth and indigo both of which enjoyed sufficient demand in the markets of West and South-East Asia, and enabled her merchants and mariners to exchange them for spices and silks in Malacca, the great South-East Asian entrepot.

The working of Indian's international economy was largely determined by the burgeoning demand for the subcontinents exports, that were marketed in the port cities of both West Asia and the

⁹ Ashin Das Gupta, *Merchants of Maritime India, 1500-1800*: Also see M. N. Pearson and Ashin Das Gupta, *India and the Indian Ocean 1500-1800*.

Indonesian archipelago, as well as by the bullion requirements of the Indian economy under the Mughals. As the researches of Das Gupta and Pearson, have unmistakably demonstrated India's major export was textiles of the coarser variety as well as food items like rice, pulses and sugar, a fact suggestive of bulk trading in cheap goods and necessities. Das Gupta, also argues that the pattern of Indian exports remained by and large stable, and that the trade in the Indian Ocean remained until the mid-eighteenth century, firmly in the hands of Indian ship owning merchants.¹⁰

This brings us to the inevitable question regarding the status and category of Indian merchants. Were they peddlers in the classic Van Leurian sense – small, solitary men who travelled with a bale or two, haggled over small profit margins and flooded the markets during the peak seasons. Or were they peddlers in the sense of mercantile operators, unable to predict the market and calculate and plan their ventures accordingly. The distinction is valid if one remembers that markets in maritime Asia were opaque, and not easily penetrated. The seasonality of commerce whose cadence depended on the mausim winds and the dispersed location of the markets, separated from one another by vast stretches of land and

¹⁰ Ashin Das Gupta, *Merchants of Maritime India, 1500-1800*; Also see M. N. Pearson and Ashin Das Gupta, *India and the Indian Ocean 1500-1800*.

sea, necessarily invested Asian commerce with a degree of uncertainty that affected all categories of merchants big or small. But to argue India's international trade was but an aggregation of peddling activities would be far-fetched.

It would perhaps not be out of context and specify our understanding of a market. A market may be defined first of all as a form of economic behaviour. It is also a locus in space where the physical process of exchange takes place. A market can be taken as a sociological phenomenon in which various social groups performing differentiated functions. The relationship between merchants and brokers, or the peddlers and householders all fall within the last category and such relationships apart from raising purely economic issues also involve wider questions of power and social stratification.

Karl Polanyi,¹¹ made the most explicit examination of these ideas by making a distinction between trade, which was conducted through economic calculations, and that which was an expression of political or social will. He defined market trade, as a double movement of goods in opposite directions passing through a supply-demand price mechanism. The movement was regulated by prices,

¹¹ Karl Polanyi

and these in turn were the function of the market. But institutional trading was independent.

K.N. Chaudhuri,¹² in this connection contends that the scale and dimensions of the Pre-Industrial Revolution market, whether in Asia or in Europe were basically small and speculative. This derived from large price differentials between various regional markets on account of transportation costs relative to the total transaction. In other words, a certain margin of price differential was an essential pre-condition of medieval and early modern trade, even in cases where competition among merchants had narrowed the levels of profit. To quote Chaudhuri¹³

“If we start with the assumption that pre-modern trade was independent of the economies of scale and that instability of prices was a feature of the best regulated markets, it becomes easy to comprehend why the very small trader could theoretically co-exist with merchant princes”.

In a sense ,all merchants great and small ,were hostages and held at ransom by the unpredictability of the market. Very often in

¹² K. N. Chaudhuri, *The Trading world of Asia and the English East India Company*, pg. 137

¹³ *Ibid*, pg. 137

the contest, the small men, as Das Gupta points out “because they were small, investing less and profiting less ,could never be driven out of business and the power of the great was circumscribed by the ubiquity of the small”. Steensgaard,¹⁴ however emphasised the opaqueness of the markets, which made all Asian trade a peddling one. The trade itself could and did deploy sophisticated commercial methods but this did not detract from its quintessential peddling character. In his view ,the ordinary entrepreneur operated on the peddling level and there was nothing to suggest in the sources to “indicate the existence of comprehensive ,co-ordinated organisations of an Armenian, Turkish or Persian version of a Fugger, Cranfield or Tripp”.

It is now imperative to take a peak into the world of the Indian merchant. This ‘World’ as such may point towards the following –
Firstly the economic network of trade; secondly the social organisation within which the merchants functioned ,and thirdly of the relationship between the merchant and state. Trading mechanism of 17th century Surat, was anything but primitive. It was based on a high productivity of cash crops and artisan manufacture, and organized according to traditional and emergent norms on a subtly

¹⁴ Neils Steensgard, Carracks, Caravans and Companies. The structural crisis in the European Asian Trade ,in the early Seventeenth Century.

modulated financial and credit system both complex and sophisticated.

In the historical study of the phenomenon of trade, it is natural to proceed from trade to the market, and hence to the merchant. To such theorizing,¹⁵ exchange occurs between 'Amateurs' and the merchant is either ignored or not recognized as 'legitimate'; there are consumers and producers but no special group of exchangers. When one turns to historical evidence this turns out to be an uncomfortable and rigid set of categories, since we know of the existence of persons who specialize in exchange and who are often recognized in terms of social sets about which economics has little to say – mercantile communities. Understanding the process of economic change in the pre-industrial period depends, it is often argued upon a comprehension not only of the "growth of the market" or "the growth of the World economy" – familiar themes today in economic history – but also upon understanding several other things, such as how the market-place functioned in those societies; the place of individual merchants as well as of mercantile communities as harbingers, agents and victims of change in such a context; and how trade and exchange informed the societal processes of the times.

¹⁵ Sanjay Subrahmanyam (ed), *Merchants, Markets and State in early modern India*, pg. 2.

By the late seventeenth century a variety of specializations and ethnic groups, were represented among the thirty thousand merchants of Surat. There were Hindus, Jains, Armenians, Parsis and a diverse group of Muslims, both Indian born and immigrants – Arabs, Turks, Persians, Bohras (Ismaili shi'is) and Khojas (Ismaili shi'is who recognized Aga Khan as their head. There appears to have been a rough specialization according to community, although no one community monopolized any function within the structure of trade. For instance, the positions of broker and sarraf (money changer) were filled primarily by Hindus, ship owners were Muslims, and the two religious communities shared commodity trade with the Jains.¹⁶ A large majority of the Indian merchants of this period were Hindus, while Muslims pursuing business as a career were much fewer in number, but equally prosperous.¹⁷

The social composition of a very large segment of Indian business, thus was by and large in conformity, with the occupational

¹⁶ Alexander Hamilton, *A New Account of the East Indies*, ed William Foster, 2 vols, vol-I. Pg. 90-97. Jean Baptiste Tavernier, *Travels in India*, ed William Croke, trans V Ball, 2 Vols, Vol 2, pg. 30.

¹⁷ M.N. Pearson *Merchants and Rulers*, pg 26; Ashin Dasgupta, "The Merchants of Surat, c 1700-1750, in *Elites in south Asia*, eds Edmund Leach and S. N. Mukerjee, pg 205; According to Michelguglielmo Torri, 224 Muslims, 56 Hindus, 28 Parsis, 11 Armenians, 8 Jews and 1 Portuguese were active in trade to the Red sea and Persian Gulf after the creation of the "Dual government" in Surat and by which time considerable structural changes had occurred in the trade of Surat.

division envisioned in the varnashrama scheme. Of course not all members of the merchant castes were traders by profession, nor were all traders members of these castes.¹⁸ But the single autobiographical account¹⁹ of a medieval Indian merchant that has come down to us does indicate that social ideology, expressed often as pressure from the family and kinship group, did imply a measure of compulsion to follow the ancestral profession for men born into such castes. In other words, for many, trading as an occupation was not a matter of choice, but simply an inherited and virtually inescapable way of life and the only possible means of livelihood.

On the face of it, this seems to substantiate the position of the cultural determinist,²⁰ who attributes the slow transformation of Indian business to the allegedly non-materialist character of Hinduism. Apart from theoretical difficulties, and the fact that Hinduism, like all major religions of the World places equal stress on material and non-material sides of life,²¹ available empirical evidence

¹⁸ For details see Dwijendra Tripathi and M. J. Mehta 'Class Character of the Gujarati Business Community' in *Business Communities of India - A Historical Perspective*, ed by Tripathi, pg. 151-72.

¹⁹ Banarsidas Jain, *Ardha - Kathanak* ed Mataprasad Gupta, Ramesh Chandra Sharma Trans "The *Ardha Kathanak*, a neglected source of Mughal history" *India* 7.1/2 (1970). All references to the *Ardha-Kathanak* are to the Translation.

²⁰ The goal of life, according to Hindu ethos are dharma (virtue), artha (material well being), kama (sensuous pleasure) and moksha (ultimate salvation).

²¹ This concept of cultural determinism put forth by Max Weber and his followers. See H.H. Gerth and Wright Mills (ed), *From Max Weber: Essay in Sociology*, pg 412-13. Among the recent works on Weberian lines is K.W. Kapp, *Hindu Culture, Economic Development & Economic Planning in India*.

about the behaviour of Indian businessmen during this period militate against such a proposition. The ruthless business practices of the Jain merchants as Virji Vora and Shantidas Zaveri, or the Hindu traders in South Indian or the Muslim merchants of Surat like Abdul Gaffur, would find little support in their religious prescriptions. A number of European travellers, who visited India at this time, felt that the Indian merchants were as shrewd as the devil, and that they were nowhere behind their Western counterparts in business acumen and judgement.²² There is little reason to doubt that a very substantial, perhaps even the bulk, of mercantile endeavour in pre-colonial India can be explained with reference to theories of maximisation. Vast fortunes were not accumulated without careful calculations, which maximised profit. Yet, not as an exception, but with a fair degree of regularity, the merchant, big or small, got involved in activities or developed aspirations not congenial to profit maximisation.

True, the mercantile interests, like the rest of Indian society, clung to religious rituals in their personal lives, but as far as their business practices and activities concerned, they deviated

²² For a general description of the methods of Indian businessmen and the opinion of European travellers about them see Moreland, *India from Akbar to Aurungzeb*, pg. 145-85, see also S. Arasratnam, 'Indian Merchants and Their Trading methods - c 1700, *Indian Economic and Social History Review*, Vol 3, No 1 (1966); Ashin Dasgupta, 'The Merchants of Surat, c 1700-50 in *Elites in south Asia*, ed by Edmund Leach and S. N. Mukerjee.

considerably from the spirit of their faiths or reinterpreted it to justify the deviations as legitimate. In other words, there was a wide gap between the normative precepts and actual practices.²³ Thus, if the business behaviour of the mercantile interests did not exhibit a great deal of activity and the non-mercantile communities, by and large, remained confined to the occupational boundaries imposed by the caste system and sanctified by the scriptures as well as tradition, the explanation must lie, not so much in the religious and cultural constraints as in some other set of factors.

D.R. Gadgil observed that India developed a member of business communities rather than a business class.²⁴ A number of scholars have followed his line of thinking and discussed the evolution of the Indian business with reference to the role of the so-called business communities.²⁵ None of the scholars in this genre, has

²³ This kind of contradiction was not peculiar to Indian Merchants. The behaviour of businessmen in other parts of the world justifies the impression that their business methods do not necessarily conform to their religious values. John D Rockefeller, for instance, in his personal life was a deeply religious man but utterly ruthless in his business dealings. Likewise Andrew Carnegie, well known for his charities, adopted dubious means in his dealings with the labour. For details see Allan Nevins study in power: John D Rockefeller, Industrialist and Philanthropist; Burton J. Hendrick, The life of Andrew Carnegie.

²⁴ D. R. Gadgil, Business communities in India, Preface. Though he did not state explicitly, he perhaps implied that this development in India differed markedly from the development in Europe and other countries where capitalistic enterprises flourished.

²⁵ See for instance Helen B Lamb, "Indian Business Communities and the Evolution of an Industrial class", Pacific Affairs, XXVII Vol-16 and "Business Organisation and Leadership in India Today" in Leadership and Political Institutions in India, ed by R. Park and I. Tinker, pg 251-67; P.B. Medhora, "Entrepreneurship in India", Political Science Quarterly, LXXX, pg 558-80; T. A. Timberg, The Marwaris: From Traders to Industrialists, tilt towards the community view. V.I. Pavolv, The Indian Capitalist class: A Historical study,

explained adequately the precise meaning of the term "Community"
, or what distinguishes a community from a class. Ethnicity, mother
tongue, religion and regional affiliation are the basic characteristics,
which seem to have been used to divide businessmen into various
categories. In the opinion of these analysts, it appears the term
'business community' denotes a group of businessmen who, in
addition to their common occupational affiliation, share certain social-
cultural features inherited from birth. An indispensable common
feature of these communities, their separate distinguishing
characteristics notwithstanding, is that their members belong to the
traditional trading castes or groups. In fact at least one analyst has
used the term community as a synonym of caste.²⁶ The composite
effect of all their, the approach implies, was that a member of
different socio-cultural pluralities, though wedded to a common
occupation, failed to evolve into a composite collectivity held together
by a community of economic interests.

Though there is no doubt that a large majority of businessman
in the 17th and 18th century Gujarat belonged to the vaishya stock, yet
as the examples given below will illustrate that a number of persons

which presents a marxist perspective, has not been able to extricate itself from the
community framework.

²⁶ Pavlov, *The Indian Capitalist Class*, refers to 'The Gujarati, Marwari and other castes of
merchants pg 44. For the differences among the sociologists and anthropologists, about the
definition of the term "community" see B.E. Mercer, *The American Community*, pg 25-27;
also *Encyclopaedia American*, VII, pg 420; *Encyclopaedia of Anthropology*, pg 84.

deviated from the pre-ordained occupational pattern, to take advantage of the burgeoning economic opportunities. Prospects of material gain generated by flourishing opportunities for inland as well as foreign commerce, had created what one may call a 'business culture'. Folk tales were woven around "Shah Sodagars" or great businessman, and merchants and traders occupied a place of honour in popular imagination. A modern writer has rightly observed:

"Its (Gujarat) traders and financiers not its royal officials nor its landholders and chieftains nor even its Brahmins, set the tone of society in Gujarat long before modern times and made business valued more than normally respected for all."²⁷

Referring to this aspect of Gujarati life Abbe Dubois, a French traveller and scholar, wrote in the early years of 19th century that trade was never taboo in Gujarat and in fact Gujarat Brahmins were "excellent men of business".²⁸ Numerous references to Brahman businessmen are contained in a group of documents known as khatpatras.²⁹ One of these mentions that in 1642 one Trikamlal Bhatt, a Brahman, sold his shop at Mangalore, in Surat district to a

²⁷ Kenneth Gillion, Ahmedabad: A study in Indian Urban History, pg 3.

²⁸ Abbe J. A. Dubois, Hindu Manners, Customs and Ceremonies, pg 292.

²⁹ A Large member of these quasi legal documents pertaining to transactions in real estate are preserved in the library of the Gujarat Vidya Sabha at Ahmedabad. For value of these documents for historical research see Markand Mehta, "Khatpatras as a source of Urban History", Indian Archives XXX, pg 22-29

utensil manufacturer. Another Brahmin businessman has been mentioned in a Khatpatra of 1656 which records that Kalyan Joshi of the Srimali Brahmin caste sold his shop in the Manek Chowk area of Ahmedabad to a Jain businessman.³⁰

Similarly in the records of the English East India Company, we come across some instances of Brahmins and Kshatriyas, having taken to trading and money lending in Surat in the 17th Century. Somji Chitta and Chottadas Thakur, who served the English as brokers, came from the Rajput stock, whereas Venidas and Dayaram, belonging to the same profession, were Nagar Brahmins.³¹ Likewise according to a newspaper report of the 19th century, the Travadis were the first bankers of the East India Company.³² These are admittedly stray examples, but they are nevertheless illustrative of a trend of a certain degree of occupational mobility.

Let us now try to distinguish various sub-groups or types within the rather amorphous heading of merchants. A close examination of India's trading structure, suggests a high level of

³⁰ Khatpatras nos 96 and 106, B.J. Institute of Research and Learning, Ahmedabad.

³¹ Markrand Mehta, "Some aspects of Surat as a Trading Centre in the 17th Century", *Indian Historical Review*, 1974, pg 249; also Govinddas Gopaldas Shah, "Purana Gujarati" in *Shri Pune Gujarati Bandhu Samaj Suvarna Mahotsana Smrutigranth*, 1913-63 (in Gujarati, Pune 1964)

³² *Bombay Gazette*, Sept 10, 1881; also see B.A. Saletore "Forgotten Gujarati Brahmin Banker, 18th Century", *Indian Historical Records Commission, Proceedings XXX*, 1964, pg 157-60.

development and specialization that compared favourably even with European stereotypes. India's mercantile marine,³³ the carrying agency of international trade was predominantly Muslim, which meant that both ship owners and seamen were Muslims. Among the Muslims the members of the Vohra community played an important role in Surat's commercial life, and some of the ship-owners and merchants like Abdul Gaffur, Kasim Bhai, Haji Kadir, Haji Kasim belonged to this community. The social fragmentation of Muslim domination in the high seas matched by Hindu hegemony, over shore based business had developed in maritime India during the five centuries prior to the arrival of the Portuguese in the Indian Ocean as a result of Islamic Conversion along the Indian littoral.

Ship owning merchants themselves fell into distinct categories – there were what Das Gupta calls “substantial merchant” who travelled in style with their valuables, cargo, and elaborate retinue of domestics. J Albert de Mandelslo, a German traveller who visited Surat in 1638, wrote that the Muslims had an aversion to trade and commerce, and they preferred government position.³⁴ It is true that most of the key administrative positions (in the Surat customs house,

³³ W. Foster ed, *English Factories in India (EFI)* see EFI, 1665-7, pg 88, 202; EFI, 1622-3, pg 161. Few Hindu merchants figure during this period as shippers like Banaji Revdas who 'owned' vessels, but he sold or leased them after buying and renovation. Tapidas Gangaji of Cambay owned two ships.

³⁴ John Davies, *The Voyages and Travels of the Ambassadors*, pg 24

for instance) were held by the Muslims, and they seldom operated as professional bankers or moneylenders.³⁵ Bureaucrats and officials, who thus occasionally combined their administrative responsibility with trade, fell into this category as well – the so called *sauda-i-khas*, which emperor Aurungzeb often deplored and even prohibited, yet official participation was not the dominant feature of Asian trade which was operated by independent and affluent merchants, who despite political connections and networks operated on their own.

One of the greatest muslim merchants of the times was Haji Zahid Beg.³⁶ In 1629 he is called “our” new Shah *bunder* and “especial friend” to whom the English owed a debt of 6000 pounds. Also known as *Masih-uz-Zaman*, he owned a ship ‘*Salamati*’, a significant name in view of the increasing piratical activities on the high seas, which plied to Aden & Basra. In 1664, his house along with *Vora*’s, was plundered by the Marathas. His house was located near the *sarai* and not too far from another, specially meant for Persian and Turkish merchants in the North-Western part of the city. Zahid Beg and his successor his son *Mirza Masum* who took over in 1669, must have amassed millions

³⁵ Apart from religious considerations one possible explanation of this phenomenon was the lack of interest along the Muslims in accounts. The European travellers who speak eloquently about the arithmetical skills of the Hindu traders and *shroffs* seldom, if at all, refer to the Muslims in this connection. John Fryer alludes to this point, when he states that the management of financial transactions, was solely in the hand of the Hindus in William Crooke ed, *A New Account of East India and Persia Being Nine Years Travels 1672-1681* by John Fryer, pg 295.

³⁶ *EFI*, 1634-6, pg 168

of rupees, worth of wealth and apart from dealing in a wide range of commodities from broadcloth to quick silver and tin, they also lent money. This must have entailed charging interest, which would show that such a practice, though contrary to laws of orthodox Islam, was not uncommon among the Muslim mercantile community.³⁷

Abdul Ghaffur was undoubtedly one of the richest merchants of Surat, rumoured to have left eight and a half million rupees in cash. Manucci³⁸ spoke of him as ‘the most powerful merchant at Surat, and owns over 20 ships of his own.’ Abdul Ghaffur by all account was a great shipping magnate and his family had between 1707 and 1736, some 34 ships, trading extensively with the Red Sea area and Malaya. Of these one was the Hussaini of 400 hundred tons and mounted 25 guns.³⁹ What Das Gupta says about Ghaffur is indeed prophetic and reflects the insecurities faced by other leading merchants of the time.

“A man like Ghaffur was the inhabitant of some sort of a beehive. He had his own cell and no matter how reach he was, he could not break through to others. It was a paradox. He was powerful

³⁷ EFI, 1624-1629 pg 330, 1634-1636, pg 301, EFI- 1642-1644, pg 161, 257, 274, 294, EFI 1646-1650, pg 169; EFI 1161-1664, pg 313, EFI 1665-1667, pg 148

³⁸ Irvine, W (Trans), Manucci, Storia Do Mogor, 4 vol. 2 vol, pg. 292.

³⁹For details of Abdul Ghaffurs career see Commissarait, A History of Gujarat, Vol II, pg. 391; H. Das, The Norris Embassy to Aurungzeb 1699-1702, pgs 36,62, 205, 249; Ashin Das Gupta, The Merchants of Surat, 1700-50, in Leach & SN Mukherjee (ed), Elites in south Asia, pg. 208-209, and , Indian Merchants and Decline of Surat C 1700-1750.

and he was weak; he was rich but his money bought him some things, not others. He could never get the better of peddlers. He tried often and he tried hard to run the small merchant out of the Red Sea trade, where he craved a monopoly. He ruined several of the small fry but the myriad of travellers from whose ranks he, Ghaffur had himself risen, were there to stay. They invested little and for the most part they wanted little there was not much Ghaffur could do to them. In fact as the giants of the Indian Ocean trade faded from the scene during the 18th century, the peddler inherited the world”.⁴⁰

The second rung in the mercantile marine, according to Das Gupta,⁴¹ was made up by the agents or Nakhudas of the principal merchants, who were businessmen themselves. The third set comprised smaller businessmen who inevitably provided the ship with the bulk of the crew. These men were the immortal “peddlers” of Van Leurs scheme who could not be driven out of business, given their low margin of profit expectations and capital investment. Further as Das Gupta says, all seafaring merchants as a rule combined their annual pilgrimage with trade. The significance of the Haj was instrumental in lending a focus and unity to seafaring ventures of Asian merchants in the Indian Ocean, rendering the trading world of

⁴⁰ Ashin Das Gupta, Presidential Address, Indian History Congress 1972, pg 107-110.

⁴¹ Ashin Das Gupta, “Indian Merchants and the western Indian ocean”, in *Merchants of Maritime India, 1500-1800*, opp. cit.

the Ocean a culturally cohesive and economically integrated one. Kenneth Mc Pherson, illustrates this point, when he identifies the principal ports of the Ocean as active centers of muslim communal life and “ part of the muslim intellectual and cultural world which stretched from the Pacific to the Atlantic”.⁴²

Surat, was also home to a number of Armenian merchants, among whom the most prominent one of our period under study, seems to be Kwaja Minaz. The English refer to him as “the President for the Armenians” which implies that the Armenian merchants like the Baniyas, had their own organization looking after their mercantile interests and serving as a liaison between them and the other mercantile communities as well as the government. Described as an able and well-reputed Armenian merchant, Mirza had a ship called St. Michael, which sailed to Mokha and other ports in the region.⁴³

The Parsis were mainly involved in agriculture, weaving & crafts such as embroidery, ivory work, cabinet making and carpentry.⁴⁴ John Fryer who was in Surat in the 1670's, writes that the Parsis were “rather husbandmen than traders... they supply the

⁴² Kenneth MC Pherson, *The Indian Ocean : A History of the people of the Sea*, pg. 131-35.

⁴³ EFI 1661-1664, pg 207; EFL, 1665 – 1667, pg 61, 70; EFI 1668-1669. pg 184, 195, 204. Surat consultations, April 17, 1670; B.G. Gokhale, *Surat in the seventeenth century*, pg. 126.

⁴⁴ M.J. Mehta “Some Aspects of Surat as a trading center in the 17th century”, *Indian Historical Review*, 1974, pg. 248.

marine with carts drawn by oxen, the ships with wood and water.”⁴⁵ The Parsis by second half of 17th century, began to participate in commerce in a significant way during the second half of the seventeenth century, and were in the forefront of the shipbuilding industry in Surat. The two most renowned shipbuilders, during the latter part of the 17th century were Cursetji and Khurshed.⁴⁶ A few parsis⁴⁷ like Rustamji Manekji, Hira Vora, Nanabhai engaged in trade as brokers and money lenders.

An elaborate social and economic structure supported India's international economy. This subsumed multiple levels of commercial services and operations. Ship owning merchants depended on inland merchants and brokers, who specialized in supplying a port with a range of commodities. General brokers who operated from major towns had access to networks of contacts and procurement that stretched far into the producing areas of the hinterland. These networks were operated by sub-brokers, whose services were essential for both procurement of export staples as well as marketing of imports. Sub-brokers maintained direct contacts with the producers,

⁴⁵ William Crooke (ed), *A new account of East-India and Persia being nine years travels 1672-1681* by John Fryer, pg. 295.

⁴⁶ Charles Fawcett (ed) *EFI 1670-7, I* (New series pg. 233; Ardeshir Wadia, Bombay dockyard and the wadia master builders, pg. 24.

⁴⁷ *Ibid*, *EFI 1670-7*, pg 355

the weavers and artisans and made cash advances available to them as and when necessary.

The business of brokerage was by and large confined to the members of the Hindu and Jain trading castes. Contemporary documentation makes frequent references to the term "Banias". The term essentially seems to have indicated an occupational category drawing in a cluster of Hindu and Jain castes specializing in commercial activity, although contemporary Europeans were by no means clear whether the term Banias was coterminous with a specific caste group or with a profession. Ovington, the English traveler visiting Surat in 1689 found among the Banias 24 castes who refrained from an indiscriminate mixture in marriages & even dining in common, but whose common vocational pursuit was trade.⁴⁸ Walter Hamilton at the turn of the nineteenth century associated the term with both Hindus & Jains, when he described the "Vaneeya" as a numerous tribes of Hindus separated into many subdivisions in addition to the Awaks or seceders from brahmanical doctrine i.e. Jains.⁴⁹

These social differences did not however constitute the deciding factor of Banias identity. As such it was a functional category meaning

⁴⁸ John Ovington, *A Voyage to Surat in the year 1689*, ed by H.G. Rawlingson, pg. 165.

⁴⁹ Walter Hamilton, *Geographical, Statistical and Historical Description of Hindoostan & the adjacent countries in two volumes*, pg. 612.

trader, and one applied to members of other castes who were traders by profession.⁵⁰ The influence of the Gujarati Bania community of Surat as elsewhere, derived from the variety of commercial functions they performed and their control of the money market and credit structure. Controlling the supply trade at crucial intermediary levels from the primary production areas to the principal distribution centers inland and on the coast, they accounted for a sizeable and probably the most influential section of Mughal Gujarat's commercial population. Swarms of Banias frequented the European establishments working as brokers, modis (stewards) who were responsible for the smooth running of the household, supervising the weighers, peons, skimmers, mazurs and messengers. Each European house maintained on its staff a number of its own brokers who performed a variety of essential tasks; circumventing governmental restrictions being one of them. Prominent among them were Tulsidas Parekh, Bhimji Parekh, Somji Chitta, Chota Thakur, Benidas etc.

Let us examine the Parekh family associated with the English factory at Surat throughout the 17th century, and whose successes and difficulties are generally characteristic of the mercantile broker community of the time. Tulsidas Parekh served the English from

⁵⁰ R.E. Enthoven, *The tribes and castes of Bombay*, vol 3, pg. 412-22.

around 1636 to 1667, dealing in coral, textiles and large amounts of money. The latter always show him in debt and we come across, numerous documentation recording his problems.⁵¹ "Tulsidas... a faithful and industrious servant of the honourable Company, his deplorable condition, that having lived many years in great repute, abounding with riches, much respected for his faithful dealing, he is reduced now to so great poverty he depends on the small profit he makes in the service of the Company..."⁵² Later his son Bhimji Parekh, took over and was even given a medal & a chain of gold for his service to the company.⁵³

Yet, there were other brokers like Somji Chitta and Chota Thakur who committed a number of irregularities and added to the image of the Bania, as being deceiving and thrifty, never missing an opportunity to make an extra profit at the expense of his client. Somji Chitta for instance in 1633 was held responsible for some calico stolen by the wrappers, but was released later.⁵⁴ In December 1662, Somji was discussed and his kinsmen, it was alleged, tried to set fire to

⁵¹ EFI 1634-36, pgs 183-184, 287; EFI 1637-1641, pgs 164, 183, 204, 301; EFI 1642-1645, pg 210; EFI 1646-1650, pg 36; EFI 1651-1654, pg 42, 100-107; EFI 1655-1660 pg 117, 118, 119, 142, 150; EFI, 1661-1664, pg 89-90, 117, 122, 318, EFI 1665-1667, pgs 7-8, 24, 150, 151, 168; EFI, 1668-1669 pgs 21, 32.

⁵² EFI, 1630-1633, pg. 328-329.

⁵³ EFI, 1661-4, iii (New Series), pg. 346

⁵⁴ EFI, 1665-67, pg. 21, 33, 208.

English warehouses. He is alleged to have committed fraud in buying cotton yarn. The English report states:

“It is made or spun in the out villages by the poorest sort of people from where it is gleaned up by persons that trade in it with whom two of your brokers relations we joined that are partners. These drive the same trade of giving out old worm eaten decayed corn in the several neighbouring villages, which they take out in yarn, and in parcels bring it to your workhouses to sell, where these two forenamed kinsmen of Somji Chitta’s set as buyers in your behalf thereby making what prices pleases them for their own goods.⁵⁵

The centrality of the broker was matched only by the intervention of the banker or sarraf, as he was known in Mughal and later European documentation. The possession of capital, distinguished a merchant from a shroff. The shroffs who came exclusively from the vaishya castes, handled exchange business in money involved a plurality of services like money changing, assaying, minting, issuing and discounting of bills or hundis. The importance of banking services derived from the fact that the Mughal state placed

⁵⁵ EFI, 1624-29, pg. 300.

an excessively high premium on the regnal coin - the only legally admissible tender. This necessarily meant that all coin or bullion had to be converted into the ruling sikka - a process that technically belonged to the jurisdiction of the Mughal mint, but in fact rich and regular importers enjoyed preferential treatment, thereby avoiding the long delays and queues at the beginning of the trading season. Under the circumstances private minting facilities offered by the bania sarraffs were crucial for traders. Sarrafs had by custom and convention appropriated the rights of money changing and assaying, a right that was recognized and respected by the political authorities. The actual running of the Mughal mints was in their hands, a privilege that gave the community the authority to determine the rates of exchange and discount on old and foreign coins.

One of the most effective ways in which the Surat banias, put a check on the European companies was through money lending. In view of the fact that these companies made large investments to buy goods in India, and had little to offer in terms of goods, they were compelled to borrow large sums. Persons like Virji Vora, Hari Vaishya, Tapi Das, Beni Das, and the Parekhs, loaned money ranging from a few thousands rupees to several lakhs. They took full advantage of the Company's need and charged interest, which varied

according to the changes in the supply and demand factors. As President Blackman and council reported to the company:

“Having done their best to reduce the rate of interest paid by the company and as no satisfactory arrangement could be made with Tapi Das, they approached Beni Das, who has agreed to furnish them with money upto Rs 200,000/- at 5/8 percent per months.⁵⁶

Hundi, a typical Gujarati method of financial transactions, was extremely useful in view of the insecurity on inland routes. The hundi network was pervasive and stretched right across the subcontinent, connecting one nodal point to the other allowing traders to remit their proceeds and profits, to finance long distance trade, thereby facilitating traffic and extending credit operations. The importance of Surat in the maritime commerce of the period, also led to the growth of shipping insurance business, albeit prone to great fluctuations. For instance in 1643, the rate of freight insurance shot up from three percent to 30 percent following the rumour of a ship being captured on sea.⁵⁷

⁵⁶ EFI, 1642-45, pg. 92.

⁵⁷ Ali Muhammad Khan, *Mirat-i-Ahmadi*, trans by M.F. Lokhandwala, pg 145.

Reminiscent of the ancient trade guilds “mahajans” were an essential element of the business life in every urban center of Gujarat in the 17th and 18th century. The guild system secured firm footing and achieved multilateral growth during the Mughal period. Abul Fazl in his *Ain-i-Akbari* has referred to the mahajans while documenting the duties of kotwal. He writes that “kotwals while recording a case should enter the name of guild master (sar-i-girdh) of every guild (juki) of artisans.”⁵⁸ The guilds as such were of two types (i) those of the merchants and financiers were known as mahajans and their heads were called sheths (2) the panchs or the artisan guilds had patels as their heads.⁵⁹ The panch was concerned with practically all aspects of life, social as well as economic, of the members of a caste came under the purview of its panch. Most of the panchs represented the artisan castes whose members carried on their business on the basis of skills handed down from one generation to the other such as goldsmith, blacksmith, carpenter etc. Practical difficulties in acquiring the craftsmanship, that characterized these castes, must have made entry into their professions by other castes extremely difficult. This coupled with low expectancy of economic reward in

⁵⁸ For details see Shirin Mehta's, “The mahajans and the business communities of Ahmedabad” pg 173 – 183, in Dwijendra Tripathi ed., *Business communities of India*.

⁵⁹ Government of Bombay, *Gazetteer of Bombay presidency*, vol IV, Ahmedabad, pg 113-13; also D.Tripathi and M.Mehta, “The Nagarsheth of Ahmedabad: History of an urban institution in a Gujarat city” *Indian History Congress, proceedings*, 39th session, pg 481-96; Sushil Chaudhary, “The Gujarat Mahajans”, *Indian History Congress, proceedings*, 41st session,, pg 357-65.

their profession, and their low position in the caste hierarchy, helped the artisan castes to retain their homogenous character in social as well as occupational sphere.⁶⁰

In contrast to the panchs, the mahajans were predominantly occupational bodies representing those who were engaged in a particular occupation. Much more heterogeneous in character they had little to do with the socio cultural problems of their members. They were mainly concerned with the problems facing the occupation in question. The head of the jewelers Mahajan in Ahmedabad, in the first half of the 17th century was Shantilal, a Jain merchant, who traded in various commodities and also acted as a broker to the Mughal emperors and banker to the English East India company. Headed by the nagarsheth, who acted as the link between the city and the State, using his influence to settle disputes between various mahajans, and on occasions conferred with the heads of other Mahajans with a view to evolving a common strategy towards specific problems facing the city or businessmen.

Yet, the merchants in Surat unlike the ones in, Ahmedabad lacked a viable organization, which could insulate them against hostile

⁶⁰ D.Tripathi, The dynamics of a tradition: Kasturbhai Lalbhai and his Entrepreneurship, pg 22-30.

elements. The federation of mahajans with nagarseths as its head covered Hindus and Jains only; the great ship owners of the period were beyond it. The foreign Companies which had their establishments in Surat could hardly be less interested in the promotion, of common interests, they felt as outsiders and remained outsiders. No broad based front, emerged to protect the merchants when the Maratha raids began, both protection and ransom were individual and isolated. Thus, it can be argued that within the city of Surat and the incessant search for gain which had formed its persistent activity, there were antithetical elements, in built in the system itself which in the long run spelt a breakdown.

CHAPTER II

THE STATE

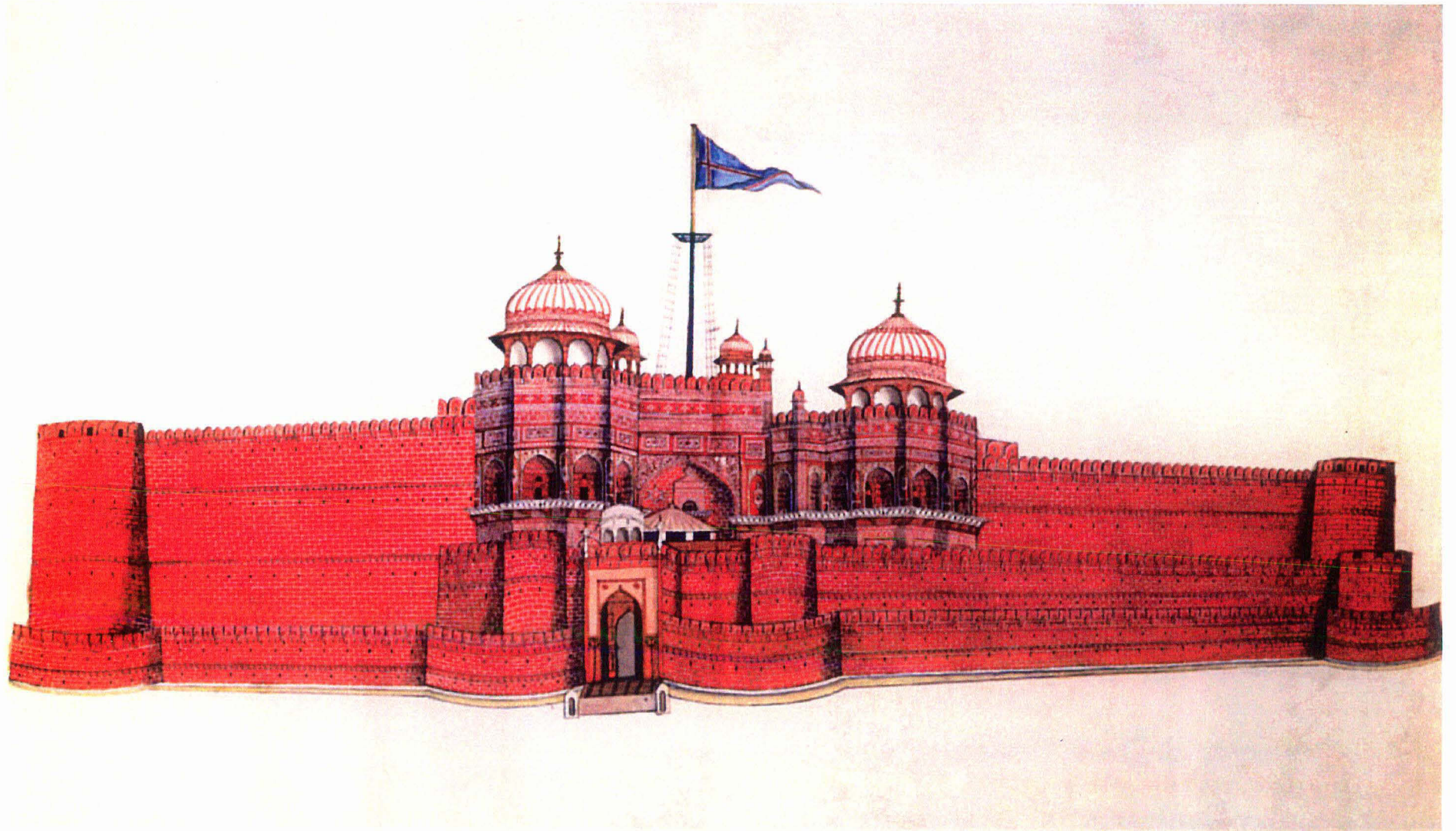
The Mughals were the first to establish a well-organized and consolidated empire in India. In the opinion of a number of scholars, their highly centralized state with its close-knit bureaucracy proved to be a major obstacle in the growth of trade and commerce in the country.¹ It is stated that the Mughal state was an insatiable leviathan and the conquerors of the 16th century had an almost primitive urge to acquire and consume what was available to them in the subcontinent.² With practically no programme for the welfare of their subjects, their approach to economic questions was rather simplistic³. The questions such as 'How is it that the Mughals had no commercial policy?' or 'Did the Mughals have any commercial policy at all?' heard very often, echo similar views.⁴

¹ D. Pant, *The Commercial Policy of the Moghuls*, pg. 90-91

² T. Raychaudhuri & Irfan Habib (eds.) *Cambridge Economic History of India*, Vol. I, pg. 172. Henceforward CEHI -I

³ *Ibid.*

⁴ Pant, *Commercial Policy*, pg. 5



The Delhi Gate of the Red Fort at Agra

Proponents of such views feel that none of the four great emperors (from Akbar to Aurangzeb) had any constructive policy for encouraging or expanding trade and commerce in India. Some go to the extent of asserting that the Mughals were rather the enemy of the Indian commerce.⁵ Their excise policies were not clear and their taxation history is a record of confusion worse confounded.⁶ It is also held that owing to the lack of basic infrastructural facilities, the avarice of the rulers and their nobles, and interference with the freedom of commerce by many Mughal officials, who had established their own monopoly in various lines of trade within the areas under their jurisdiction, mercantile pursuits were hindered in innumerable ways.⁷

On the other hand, there is an opposite view that holds that during the Mughals age both inland and foreign trades expanded considerably, creating large internal markets for goods and services.⁸ This school emphasizes that the peace and order established by the

⁵ Ibid.

⁶ Ibid., pg. 81-89

⁷ W.H. Moreland, *India at the Death of Akbar*, pg. 35-52; M.D.Morris "Towards a Reinterpretation of Nineteenth Century Indian Economic History", *Indian Economic and Social History Review*, Vol. V-I 1968), pg. 22-35; Dwijendra Tripathi, "Indian Entrepreneurship in Historical Perspective : A Reinterpretation", *Economic and Political Weekly*, Vol. VI-22, pg. M 59-M 66. For a different view, see Irfan Habib, "Potentialities of Capitalistic Development in the Economy of Mughal India", *Enquiry*, New Series, Vol.III-3 1971), pg. 47-48

⁸ Habib, *Potentialities of Capitalistic Development* (n. 7), pg. 46-50; CEHI-I pg. 188-91.

Mughals in most parts of the subcontinent,⁹ the uniformity in state regulations within the empire, the royal patronage to certain craft industries, the establishment of royal karkhanas (workshops) in the imperial capitals, and the maintenance of a large salaried class comprising soldiers, retainers and other¹⁰ led to the growth of the market economy. The process was further aided by the expansion of urban activities resulting from the monetization of the economy on one hand and the collection of enormous revenue from the agricultural sector and its concentration in the hands of the ruling class on the other. The champions of this view do concede that the commercial structure of the Indian economy during this period largely depended on direct agrarian exploitation, which was bound to tell heavily on the health of the agricultural sector, leading to a crisis in agricultural production which in turn shook the entire political and economic foundation of the empire¹¹. They at the same time emphasize that the decline of the Mughals was not accompanied by a general decline of the economy. For, the 18th century does not present a dismal picture of economic ruin the subcontinent. On the contrary, new provincial centers seem to have

⁹ CEHI-I pg. 184.

¹⁰ Ibid., pg. 179

¹¹ Habib, *Potentialities of Capitalistic Development* pg. 55.

provided fresh economic opportunities to the displaced moneyed classes of imperial origin¹².

Let us now discuss the nature of the Mughal State and its own conception of its duties and responsibilities. Abul Fazl, who can be considered an official historian of the empire, comes to our help in this task. According to him the “currency of means of subsistence rests on a two-fold basis, viz., the justice of sovereign monarchs and regard to the welfare of well-disposed dependants.” He further states, that “...just monarchs exact not more than is necessary to effect their purpose and stain not their hands with avarice.”¹³ For him, the progress and prosperity of mankind demand the presence of a strong and just monarch, or else “... mankind under the burden of passion and lust, fall into the pit of destruction.” If these statements represent the position of the sovereign, it is clear that the authority of the Mughal state was subjected to ideational though not institutional checks, and that public good occupied a reasonable high position in its priorities.¹⁴

¹² CEHI-I pg. 192-93

¹³ Sec Francois Bernier, *Travels in the Mughal Empire*, pg. 226; Niccolao Manucci, *Storia do Mogor or Mughal India* tr. and ed. by William Irvine, Vol. III pg. 46.

¹⁴ Abul Fazl, *Ain-i-Akbari*, Vol. II, trans. by H.S. Jarrett pg. 56.

Abul Fazl, of course, insists that the interests of the nobility are supreme in the society; the interests of other sections are just subordinate to them. The soldiers and the nobles deserve higher ranks in the society and they should get ample earning opportunities in the empire¹⁵. He, however, warns; “Without honest coadjutors, abundant accessories of state and a full treasury even he [kind] could effect nothing and the condition of subserviency and obedience would lack the bloom of discipline.”¹⁶ It is, therefore, “obligatory for a king to put each of these (different ranks in the society-warriors, artificers, merchants and the learned and husbandmen) in its proper place, and by uniting personal ability with due respect for others, to cause the world to flourish.”¹⁷ It is unlikely that the Mughal emperors always acted on these precepts and extended equal protection to all sections of the society but there is little doubt that dominant social groups succeeded in securing various kind of privileges from the rulers. The traders and merchants were one of such groups. Their wealth and financial power helped them to emerge as an influential pressure group. It has been rightly said that the traders, unlike the peasants, were able to improve

¹⁵ Ibid., pg. 57

¹⁶ Ibid., pg. 55-56

¹⁷ Abul Fazl, *Ain-i-Akbari*, Vol. I, trans. by B.Blochmann, pg. 4.

their position through contacts, bribes, organized actions and, perhaps above all, the spendthrift *amirs'* dependence on credit.¹⁸

The result was that the "bania", a generic name given to all those engaged in commercial pursuits irrespective of their caste affiliations, emerged as an important factor in state politics. Leading businessmen in western India, for instance, had an effective voice in the regional and imperial courts. Shantidas Jhaveri, a wealthy and influential merchant in Ahmedabad acted as the leader of the entire city. Although he enjoyed no formal powers, he formed a link between the general populace and the state.¹⁹ Virji Vora of Surat ,also acted in similar fashion.²⁰ Before 1732 Mulla Muhammad Ali²¹ had become a very powerful merchant on the western coast, who effectively used the instrumentality of merchant guild to protect the interests of its members *vis-à-vis* the local administration.

¹⁸ CEHI-I, pg 190-91.

¹⁹ Dwijendra Tripathi, Dynamics of a Tradition: Kasturbhai Lalbhai and His Entrepreneurship, pg. 22-39; also Dwijendra Tripathi and M.J. Mehta, "Nagarsheth of Ahmedabad: The History of an Urban Institution in a Gujarat City". Indian History Congress, Proceedings, Vol. I, 1978, pg. 483-89

²⁰ M.N. Pearson, "Political Participation in Mughal India", Indian Economic and Social History Review, Vol. IX-2 pg. 113-31.

²¹ M.P. Singh, "Mulla Muhammad Ali, the Merchant Prince of Surat", Indian History Congress Proceedings, 1977 pg. 291-96

The commerce , both overseas and inland – was driven by market forces of demand and supply. The forces that went into production of exportable goods had to be driven by economic incentives. Ports, markets and producing centers had an existence of their own and could not be directed by the state. The multiple outlets of commerce and their interlinked character made them immune from direct interference. Yet, the state and its activities could and did have an impact on commerce in important ways.

What sort of role did the Mughals, who controlled an area which acted as fulcrum of a vast trading network all over the Indian Ocean, play?. The revenue needs²² of the Empire, vast though they were, could be met from massive amounts of land revenue collected by a rather articulated and efficient chain of government officials. What could be easier than to tax the peasant population numbering many tens of millions, who by definition had to stay put and so could be easily taxed. Merchants by nature mobile, were much less easy to get at. There is agreement that the state did extract vast amounts as was witnessed by

²² The amounts of revenue collected are a rather of debate. The majority of the Aligarh School claims that the state extracted a colossal $\frac{1}{2}$ of the agricultural product. How far one can depend up on inscriptions (which serve as the major source material for such estimates), which are normative accounts of officials, who could have been expressing aspiration rather than real accomplishment, is something to think state power was geographically specific, in the sense that areas near the centre, the drab in Northern India, were much less tightly controlled and taxed than were more remote and less productive areas.

the obvious wealth and ostentation of court, on which 17th century European visitors commented in awe, and by the way vast resources of billion could be released as military needs became more pressing in the 17th century later.

About 80% of the revenue²³ collected by the state never went near the central treasuries, but instead was allocated to office-holders as their salary and to enable them to keep up with their fixed quota of troops. From most of the land of the Empire, revenue was collected from Zamindars, by agents of office holders, in accordance with centrally defined norms, and in cooperation with centrally appointed lower officials. And the office-holders spent about 2/3rds of their receipts on maintaining their contingents. It became infact, a circular and essentially unproductive process, where revenue was used to pay troops who ensured revenue was collected.

The basic point that justifies a fairly extended discussion of general state- economy connections is that trade and by extension merchants, cannot be taken as a discrete economic category.

²³ Our best quantitative evidence comes from Shireen Moosvi, The economy of the Mughal Empire, she finds that of the total agrarian surplus, zamindars took about one-fifth. The state took 60% of the total claimed land revenue with the rest going to the other right holders, i.e. zamindars primarily and the costs of collection.

Government attitudes to it were conditioned, by often generally the same, as their attitudes towards the economy generally.

What role did merchants play in all this? Wolf's²⁴ sketch of 'tributary mode of production', whereby political and military rulers extracted a surplus from primary producers, who in return for tribute were allowed access to means of production, is a rather interesting theoretical framework, which can be useful to us. An important modification is the distinction between tribute and revenue payment with the latter representing a considerable advance in terms of regularity and efficiency. The elite very seldom consumed all the surplus, and similarly it was very unusual for officials to do all the actual collection, and transfer was where commercial intermediaries played their role.²⁵

Mughal India was probably more bureaucratized than other states with tributary modes (so that for example, at its height tax -farming was not common) and this decreased role of merchants. They played a part in collecting the revenue, in that they converted the actual crop into

²⁴ Eric R. Wolf, *Europe and the people without History*.

²⁵ M.N. Pearson, "Merchants and states", pg 52-53 in James D Tracy ed *Political Economy of Merchant Empires* (1991).

money with which peasants could pay their tax, they moved necessities like food around the Empire, imported bullion, provided luxuries for the court (significantly referred to in the English records as toys) and they functioned in the interstices of the system to provide occasional financial services for the elite. All of these functions, however were undertaken for sound commercial reasons. Though some had implications for the state, these did not establish any connection between economic and political power similar to that emerging in Western Europe at the same time.

Their major role (of merchants) was not directly linked with the state. In their basic activities of exchanging, financing and trading, they operated under conditions of freedom by and large. In these mercantile activities they often did very well indeed. For instance merchant magnates like Virji Vora of Surat in 17th century, commanded a significant influence over different branches of a commercial nature, which could pertain to either the external or the internal market. 17th century European accounts expatiate on the probity and on the wealth of India's great merchants, some of whom like Virji Vora could have bought and sold the European trading companies of the time.

Throughout the seventeenth century, Surat was one of the major urban centers of Mughal India. Being essentially a port city, based on mercantile economy, its administration was, in many ways, different in its spirit and functions from other metropolitan administrations. The government of Surat, in a sense, displayed most of the strengths and weaknesses of the system of city administration under the great Mughals. Since its annexation in 1573 by Akbar, Surat was constituted into a sarkar (administrative division) of the Subah, (province) of Ahmedabad or Gujrat. The administrators of Surat were directly appointed by the imperial government and worked under the control of the provincial governor. Secondly, Surat was usually assigned as a revenue fief to a member of the imperial family; it was first assigned to Prince Pervez, and after his death to prince Khurram (the future Emperor), and during Shahjahan's reign it was assigned to his oldest daughter Jahanara Begum.

This special administrative arrangement was obviously based on Surat's importance as the premier port-city of the empire. Manucci states that the "governors sent by the King to Surat, are persons of rank, men highly thought of and favored by the King." Governmental authority in Surat based on Mughal policy of administrative efficiency

and checks and balances, was divided between two separate officers, one being the Mutsaddi or the Governor and the other the Qiladar or Commander of the fort. Fryer,²⁶ Thevenot²⁷ and Ovington²⁸ mention other important officers as the Shah Bunder, the mint-master, the Kotwal and the Qazi.

The provision of infrastructure that could lead to the smooth functioning of Commercial transactions was one of the many ways in which the state could have an impact upon commerce. In general, Indian states did not realize the importance of infrastructural development. This is best seen in their attitudes to the development of ports in their territories. While the Mughal state attempted to provide an efficient administration in the ports, very few of them show any waterfront buildings of importance that could facilitate trade. In Surat there is some evidence of attention to water outlets and estuaries to facilitate movement of loading barges from the ships on the roads. There are some examples of the construction of causeways and bridges that carts could bring nearer to the wharves sufficient attention seems to have been paid to storage facilities. And yet in 1630-1632, when the

²⁶ Crooks W.C. ed, A new account of East India and Persia – being Nine Years Travels (1672-1681) by John Fryer, pg, 246.

²⁷ Sen S.N. ed, Indian Travels of Thevenot and Careri, pg 26.

²⁸ Rawlinson H.G. ed, J Ovington, A voyage to Surat, pg 136

rains failed in Surat and famine stalked the city, Mir Musa the Governor is reported to have cornered the supplies of wheat along with a few rich merchants and sold the cereal at an unconscionable profit when scarcity threatened the people under his care. Perhaps the modern day political-business clique can be traced to an earlier period.

In India²⁹ unlike Western Europe when local authorities and autonomies were curtailed or ended by advancing central governments, in spite of the presence of a centralizing agency in form of the Mughal Empire, legal power figures could still act independently often, in fact in defiance of the central government. This was most notably witnessed in Fiscal Matters such as collecting illegal tolls and transit duties. To be sure the Mughal Empire tried to curtail these, but often these efforts merely resulted in their recognizing these rights, in other words bestowing them on people who had them already. There is a large difference between a right created by a government, and a right recognized either tacitly or more explicitly, by it, just as a clear distinction must be made between the position of a local authority figure who was appointed from alone and from the outside, as compared with

²⁹ M.N. Pearson "Merchants and states", in James Tracy, *Political Economy of Merchant Empires*, pg 43-44.

an existing locally rooted authority who was recognized by some central power.³⁰

The Mughal Fiscal System had two distinct elements. The first, being the 'imperial', wherein taxes were authorized and sanctioned by the court; the court even laying down the exact percentage to be taken. However, we shall see in the course of the essay that local officials enjoyed considerable discretion and freedom of action. The other element being 'local' where a large number of cesses not sanctioned by the imperial court were realized from the merchants. Declared illegal by the court these cases were realized not on the force of imperial edicts, but on the force of custom and tradition, though personal factors also had an important role to play in determining their nature and magnitude. It appears from Khafi Khan that the imperial court itself, especially during and after Aurangzebs reign was not quite concerned with ensuring their prohibition, for ever as these cesses were declared illegal they continued to be included in the jagir -orders (Parwana -i-jagir) through which the salary claims (talab) of the jagirdars were met.³¹

³⁰ Ibid.

³¹ Khafi Khan, *Muntakhab-ul-Lubab* (Calcutta, 1870), pg 87-90.

One of the first cesses to be realized from a ship unloading at Surat was haq- i-langar (anchorage ship dues). This was followed by another cess mentioned in the Persian sources as "naul". Our information about both these cesses is rather scanty. Haq - i - langar was an 'illegal cess', prohibited by the imperial court but nevertheless exacted by the port officials; naul, it seems, was an authorized cess sanctioned by the court. The second difference is that while the former was a cess on the ship, the latter was a cess on the freight goods of the merchants.³² The rate at which these were collected or the amount that was realized from them is not mentioned in the sources. Yet, from the fact that the sources make very few references to these cesses, it may well be presumed that the amount exacted from them was not very considerable. From documents that relate to Bengal and Orissa, it appears that orders were repeatedly issued commanding the port-officials (Mutasaddis) not to exact haq-i-langar from the English, it being an illegal cess but in most cases these orders were quite ineffective.³³ One would do well to remember that in issuing these orders the Mughal governors were not granting a 'recession' or a 'privilege' to the English, but more simply reiterating the

³² For references to haq-i-langar see British Museum (hereafter B.M.). Addl. 24039 ff 7, 11 and 17; for naul see Bibliotheque Nationale (hereafter, B.N.). Supplementary person, 482, ff. 36(b), 135(a), 183(a). From Farhat Hasan's, "The Mughal Fiscal System in Surat and the English East India Company, in *Modern Asian Studies*, 1993.

³³ B.M. Addl. 24039, ff 7-II, opp cit.

imperial position vis-à-vis the 'illegal' local levies that held good for all merchants. Only the English however might have been better placed to demand that the illegal dues be not exacted from them.

The merchandise, having been brought on shore, was carried to the customs house (furza) for assessment of the customs-dues (Ushur/Ushr /Mahsul). Customs post well solidly built, such as the one at Surat. The Shah Bunder was the port officer and his office was often farmed out to the highest bidder, and some of the governors of the city were former Shah bunders. Often some of the leading merchants were appointed to the post. Some of the occupants have been mentioned in the European accounts and these are Khwaja Hasan Ali (1615 -1616), Ishaq Beg (1616), Khwaja Jalal-ud-din (1626), Mirza Mahmud (1628), and Sayyid Mahmud³⁴ (1673-74). The major work of the office was the assessment and collection of the customs dues on the import and export of goods and bullion. The security of examination is commented upon by all merchants and travelers from Europe, right from sir Thomas Roe in 1615 to Ovington, practically at the end of the century.

³⁴ English Factories in India, ed by W Foster (hereafter referred to as EFI). EFI pg 89,101,123,148. The man wanted to get the French house in Surat for himself as it was in the best location in the town and part. Also see Fawcett C and Burn R (ed) "The Travels of Abbe Carre in India and the Near East, Vol III, pg 76 of and note 1.

Tavernier³⁵ states, “ As soon as merchandise is landed at Surat it had to be taken to the custom house, which adjoins the fort. The offices are very strict and search persons with great care. In their eagerness to detect deception the customs officers stripped travelers almost naked and searched all their baggage thoroughly”.

Fryer³⁶ describes the procedure at the customs, “The custom-house has a good front where the chief customer appears certain hours to chop (chaap), i.e. to mark out the outward-bound and clear those received in, upon any suspicion of default he had a blank -guard that my the chaw buck, a great whip, extorts confession, there is another hangs-up at the daily waiters or meerbars country (mir -bahar harbour master) by the landing place, as a terror to make them pay Caesar his due; the punishment, if detected being only corporal, not confiscation of goods, this place is filled with publicans, waiters and porters, who are always at the receipt of customs, but are a little too tardy sometimes in the delivery of goods, amking the merchants dance attendance till right

³⁵ Travenier, *Travels in India*, (1640-77) Tr. V. Bull, 2nd edition by William Crooke, London 1927, Vol 1 pg 77-78.

³⁶ Fryer, *opp. cit*, pg 247-248. Instances, of corrupt practices shall be highlighted later in the easy.

understanding be created betwixt (between) the Shah Bunder and them, which individuals commonly follow when the first is mollified.

In certain orders issued by the Mughal officials of Bengal and Orissa, during the second half of the 17th century, it is stated that the English enjoyed the privilege of customs exemption all over the Mughal Empire, by virtue of Shah Jahan's Farman of 1650.³⁷ As has been shown elsewhere, neither was such a Farman ever issued nor did the English, at any point of time during the 17th century, enjoy customs-exemption at Surat,³⁸ except once in 1664 for a year, as we shall notice. They did enjoy this privilege in Bengal, not however, on the basis of an imperial order but through sure petitions arrangements and collusion with Mughal officials.³⁹

In Surat, until 1664, English just as the other merchants paid customs at the rate of 2½%. In 1664, as recompense for Shivajis plunder of Surat, Aurungzeb remitted customs for one full year.⁴⁰ The gains accruing to the company from this compensation came to about Rs.

³⁷ B.M. Addl. 24039, ff 6 and 7.

³⁸ Sushil Chaudhury, *Trade and commercial organization in Bengal, 1650-1720* (Calcutta, 1975) pp 28-32. Also see Farhat Hussain, "Conflict and Cooperation in Anglo-Mughal Trade Relation during the reign of Aurangzeb"; *Journal of the Economic and Social History of the Orient*, Oct. 1991.

³⁹ *Ibid.*

⁴⁰ *EFI*, 1661 - 64, pg 311

25,000.⁴¹ The president at Surat in a letter to the company, dated 19 May 1664, said that Aurungzeb was so pleased with the English for the resistance they offered to the Marathas, that “he gave all the favour exprest for a years customs grates and for our other further encouragement, from the expiration of the years (exempted) the half of our customs for ever.”⁴²

But this was clearly an exaggeration. It is clear from the order (hasb-ul-hukum) issued by Jafar Khan, the imperial divan, on the instructions of the emperor, on 14 March 1664 that the reduction was not for half the customs, but for one-half percent i.e. from 2½ percent to 2%. The hasb-ul-hukum (in translation furnished by the English factors) ran:

“The king out of his own favour to the merchants, Mahometans, Hindoes, Armenians, Hollanders, English, Portugez, French and Malabars – for goods that come from other parts to Surat, and for all other goods that are carried out from the happy Hindustan to other places, the whole customs thereof he hath given free for one years. And moreover having regard to the welfare and good condition of the Dutch

⁴¹ Original Correspondence (O.C. henceforth) I Jan, 1666, No. 3594

⁴² EFI, 1661-64, pp 313-14

and English, in the customs which are paid by other merchants and them hath freely rewarded you; for the 2½ percent which you pay the kings custom house he hath wrote a phyrmand to the officers of the bander [port] that they always take 2% upon all your goods.⁴³

However, the contents of a Farman of Aurungzeb issued in 1667,⁴⁴ whose text is not easy to reconcile with those of hakb-ul-hukm, cited above. It is stated in this Farman on the basis of the representation of the English that:

- (a) The English were earlier paying customs at the rate of 3½% (and not 2½% as stated in (husb-ul -hukm).
- (b) As a result of the exemption of one-half percent, presumably granted in 1664, they were then paying 3% (and not 2%)
- (c) The Dutch and the Portuguese on the other hand were paying simply 2% the exemption in their case being 1½%.
- (d) Since this was discriminatory and against the imperial policy of equal treatment to all merchants, the Farman

⁴³ O.C., 7 Nov. 1671, No 3594

⁴⁴ B.M. Addl. 24039, f.15.

orders a similar reduction for the English, so that henceforth the rate of customs-dues, on their merchandise shall also be 2%.

Could it be presumed from the discrepancies in the representation of the English cited in the Farman, that even as the official regulation was for the collection of customs – levies at the rate of 2½% and after 1665-66 at 2% the port officials realized it at 3½% and 3% from the English, disregarding the hasb-ul -hukum of March 1664 ? If this were so it suggests that the port officials enjoyed considerable independence of action in the fiscal administration of the port cities. Nevertheless we find that the Farman was indeed strictly enforced;⁴⁵ clearly then, the imperial court was quite capable of putting constraints on the extent of discretion enjoyed by the port -officials.

The English went on paying customs at the rate of 2% until 1679-80, when Aurungzeb in lieu of Jaziya (poll tax), raised it to 3½%.⁴⁶ This

⁴⁵ EFL, 1668-69, pg 35

⁴⁶ B.M. Addl. 24039 f.28

was indeed a serious increase, and Rolt estimated that it would cost the company about Rs. 20,000 a year more.⁴⁷

This incidentally means that the total annual value of the trade in merchandise conducted by the English was estimated at Rs. 13.33 lakhs. It appears from the English sources that the order again was rigorously implemented, and efforts by the English to get it rescinded, including a combined offer by the English, the Dutch and the Portuguese of a bribe of Rs. 30,000 to the “governor and other high officers at Surat”, proved in vain.⁴⁸ Down to 1717, when Farrukhsiyar exempted the English from customs on the payment of a peshkash (offering) of Rs. 10,000 per annum, this was the rate at which the English were paying it to the port-officials at Surat.

Another development in the taxation system at Surat was the establishment of western post (chowki) at Swally, towards the beginning of the 17th century.⁴⁹ Disputes on the jurisdiction over the Swally

⁴⁷ President Rolt at Surat to the Company, 20th April, 1680 O.C. 4699

⁴⁸ Charles Fawcett, *The English Factories in India* (new series) 1954, pg 255 – 6: O.C., No. 4705

⁴⁹ B.N.

customs between the shiqdar of Olpar (he alleging the port of Swally to belong onto his pregona) and the Mutasaddi of Surat, ultimately resulted in the English and the Dutch having to pay customs at both Swally and Surat.⁵⁰ When the English petitioned to the emperor Jahangir, against the abuse of dual-customs, he issued a Farman on 16 December 1626 ordering that the authorities of Olpar should desist from realizing customs from the English at Swally, for the legitimate claim to the revenues of Swally, belonged to the Mutasaddi of Surat.⁵¹ Another Farman with similar contents was also issued in favors of the Dutch Company.⁵² In this matter only the English and Dutch were involved because Indian ships did not apparently anchor in the Swally Hole, being allowed to come up the river. From the absence of any reference to recurrence of this dispute, it may be surmised that the imperial orders proved quite effective.

The share of the English in the revenues of the port cannot be precisely known, given the constraints of the available evidence. However, it appears from a reference that we have also elsewhere cited, that the English by 1664 were paying about Rs. 25,000, per annum in

⁵⁰ President Kerridge at Surat to the Company, 6 Feb. 1627 and January 1628, O.C. nos. 1250 and 1264.

⁵¹ B.N. Suppl. Persian 482, ff. 88(b) – 89(b).

⁵² *Ibid.*, f-88(a).

customs – dues.⁵³ In 1664 the revenues from the port of Surat came to about Rs. 2,50,000.⁵⁴ Assuming the customs to have remained the same absolute size during the period, the share of the English comes to 10%.

Goods that had once paid the customs – duty were formally exempted from all other cesses or levies. This included the zakat, a cess on the produce and sale of commodities. Goods that were intended for export likewise were not to pay zakat at any place but only the customs – dues at the port of embarkation.⁵⁵ This was, however, a theoretical or ideal position, for in practice, despite repeated imperial prohibitions, the English had paid the custom – dues at either Surat or Broach, they were not to be charged zakat or any other cesses in the imperial dominion.⁵⁶ The same position ,was reiterated by Shahjahan in 1637 and 1650 and by Aurungzeb in 1667 and 1680.⁵⁷ However, by and large the effectiveness of these orders did not go beyond ensuring a temporary relief to the English. The English like the other Merchants, paid this cess at the rate of 2½%. Aurungzeb’s order of 1665 enhancing the rate of

⁵³ O.C., I Jan. 1666, No. 3594.

⁵⁴ Ali Muhammad Khan, *Mirat-I-Ahmadi* (1761), Baroda, 1928, I, p 193.

⁵⁵ *Ibid*, I, p 193-40.

⁵⁶ *EFL*, 1624-29, p. 21.

⁵⁷ B.M. Sloane 409(A), ff. 12-13, B.M. Adll. 24039, ff.5, 15 and 28.

zakat assessment on the Hindu banias to “two-in -forty” (5%)⁵⁸ would have indeed given a notable advantage to the European Merchants (as also the Muslim Merchants) over the Hindus, but then there is no evidence that in practice any such advantage was gained.

Before Aurungzeb’s time little discrimination was practiced on religious grounds in matters of trade. In fact we often come across instances where the Non-Muslim Gujarati merchants were consulted in trade matters by the Mughal authorities.⁵⁹ Pietro Della Valle,⁶⁰ an Italian traveler, observed in 1623 that the Muslims and Hindus “live all mixt together, and peaceably because the grand Mughal, to whom Gujarat is now subject although he be a Mahometan, make no difference in his dominions between the one sort and the others”. The taxation policy of the early Mughals was not influenced by the religious diversities of their subjects, though the Europeans, particularly the

⁵⁸ Mirat-i-Ahmadi, I, pp. 258-60. From the same source we are informed that in 1667 Aurangzeb exempted this tax for all Muslim merchants. This dealer, it seems, was never quite (exempted) implemented and was formally withdrawn in 1681 (ibid. I, pp.265, 298-91).

⁵⁹ Among the prominent merchants were rusticity Nanabhai, Virji Vora, Shantidas and Hari Vaishya Patel, ep. Cet, pp55-60, EFI, 162409, pp 27-50. Dave Namadashankar, Suratri Mukhtes or Hariket (in Gujrati) (Bombay, 1866), pp 1-35.

⁶⁰ Wilfried Blunt, Pietro’s Pilgrimage: A journey to India and back at the beginning of the seventeenth Century (London, 1953), p. 242.

English got certain concessions through diplomatic pressure and bribes.⁶¹

In keeping with Aurungzeb's policies the Surat authorities, persecuted the Hindu and the Jain Merchants who spent large sums to save their places of worship from being defiled or destroyed. In 1669 a nephew of Tulsidas Parekh turned a Muslim, and other banias committed suicide to escape conversion. To protest against these incidents about 8,000 Surat banias left for Broach on 23rd November 1669. Before they took this action these merchants, through the representation of Bhimije Parekh, tried to persuade Gerald Auniger the president of the Surat factory, to allow them to migrate to Bombay. But as that plan did not materialize they ultimately migrated to Broach to compel the government to give up its policy of religious persecution, the Surat Mahajan (Merchant guild) now ordered all its members to stop business and close down their shops. The Mahajan continued its agitation till the government focused no other alternative and had to

⁶¹ MJ. Mehta "Some Aspects of Surat as a Trading centre in the 17th Century', India Historical Review 1974, pg. 257-258.

ask 8,000 banias to return to Surat and promise not to oppress them and the members of their fold.⁶²

The effects of these enactments on the Surat trade could be summed in words of Aungier, who summed it up to the company's directors as follows: "The people in Surat suffered great want.... the tacksall (mint) and custom house shut, no money to be procured so much as per house expenses much less for trade.... to continue till their (Surat merchants who had left for Broach) returne."⁶³

In addition to the cesses mentioned earlier the English had to pay a large member of 'illegal' uses belonging to what may be characterized as the local system of taxation. Transit dues or road tolls (Rahdari) were, perhaps, the most regular and relatively burdensome. Its rate or size varied greatly from place to place and indeed from person to person assessed. The English found it quite harsh, and all through our period complained to the court against its realisation. The court issued orders, one after the other, forbidding its exaction from the English did so for

⁶² Shivaji Tercentenary Memorial series, English Records on Shivaji 1659-1682, I (Poona, 1931), pg 136-7.

⁶³ EFI, 1668-69, p. 205.

example in 1637,⁶⁴ 1638,⁶⁵ 1640⁶⁶ and 1650⁶⁷ yet with not apparently much lasting effect. Another duty belonging to this category was 'cart duty', a levy on the carts deployed by the Merchants for transport of their Merchandise. Imperial orders for its remission for the English were also quite ineffectual,⁶⁸ although from the relatively few references to it in English sources, it might appear that this duty was either considerably not realized consistently, or that it was so small as not to be thought worth complaining from one reference where it is mentioned as 'two rupees per cart', the latter indeed appears to be the case.⁶⁹ The English on several occasions, also had to pay a duty of 1% (sadyak) on purchase and sale transactions (this was in addition to the zakat). The point being sought to be stressed, is that fiscal policies of the state had the greatest impact on commerce, and in particular, the Mughal authorities in a bustling port-city like Surat, seem to have been well aware of the fact.

Rulers as such seem to be aware of the use of fiscal measures as incentives in promoting the growth of particular ports. If they wanted to encourage import and export from a particular port, they would

⁶⁴ English Records on Shivaji, opp cit, pg. 138.

⁶⁵ B.M. Sloane 409(A), ff 12-13; B.M. Addl. 24 0-39, f. 2(b).

⁶⁶ Ibid, f.2.

⁶⁷ B.N. Suppl. Persan ff. 24(a) – 24(b)

⁶⁸ B.M. Addl. 24039, f.s.

⁶⁹ EFI, 1646-50, pg 71.

abolish or reduce customs at that port. Customs duties levied at ports were only one of the more direct benefits accruing to a state from commerce. There were others both direct and indirect. For the movement of goods to and from parts along the highways, there were transit and road duties (rahdari) generally collected by the lessee of the revenues of that district.⁷⁰ As the volume of trade increased, so did the amounts collected. There is a problem here as to whether the multiplicity of these transit collections hindered trade, both by the incidence of taxation and by the delays it caused on the road.

Among indirect benefits from commerce, could be noted the growth in the population of the port and the immediate coastline, and the revenues brought by personal taxation of a variety of service people attracted to it. Artisans such as carpenters, stone masons, goldsmiths and others worked to the ports. All these were taxed on a caste basis, and the caste heads were used in collecting the taxes and paying the state. Arasratnam⁷¹ suggests that indirectly the increase in agricultural production of goods that came into commerce would lead to increases in land revenue in these districts. The benefits of overseas trade, was spread over the entire subcontinent, with consequential effects in other

⁷⁰ EFI 1623-29, pg 301.

⁷¹ Arasratnam, opp. cit, pg 226

sectors of economic activity. Surat and its extensive hinterland into Sind, Gangetic Valley, Baroda and Burhanpur is identified as a major area where states enjoyed increased revenues out of commercial activity at various periods in the 17th century.

Was state interference, particularly state and officials participation in trade a disincentive to trade in that state, and, how were merchants affected by such policies is the next obvious query? This is an important issue in assessing 17th century Indian commerce, but made difficult by the nature of evidence. Almost all the evidence of this aspect of trade comes to us from the European Companies and this is generally condemnatory of such policies. Their injunction to their local servants, was to deal in those commercial affairs where state officials were not involved, as far as possible.

At this junction it becomes imperative to see the level of state participation in trade/commerce first. The Mughals now and then, asserted certain rights, over certain sectors of trade, these were sporadic, and never at any time embraced overwhelming parts of the whole trade. There are numerous examples of restrictive regulations being issued. One purpose of such regulations was to give preference to producing centers to certain exporters favoured by the Mughals, or even to Mughal

imperial trading interests. In 1619 and again in 1632, the Gujarat administration proclaimed orders prohibiting the English and Dutch from buying cloth in Broach and Baroda, to ensure that Indian merchants had enough to export and the Dutch were banned from procuring any. Such restrictions were temporary and soon removed.

An instance mentioned in the English factory records⁷² in 1624 illustrates the point made above. We gather that the native merchants had opposed a passive resistance to the collection of the money exacted from them, while strong representations were made at court regarding the conduct of the English, who were accused among other things of detaining goods seized in the junks. Whether this was true or not, they had certainly been guilty of an affront to the Mughal power in seizing the native traders, and it must have been easy to stir up feeling at court against these daring foreigners. As a result Jahangir issued Farmans to the “apprehending of our persons, restitution of our recoveries and lastlie our expultion (that of English merchants) out of his countrie.” Consequent to the order on Feb. 21, 1624, the English Merchants at Surat were seized and put in irons, their goods confiscated, while threats of torture were used in the hope of extorting hidden treasure.

⁷² EFI 1623-29, pg VI

Seeing no chance of assistance from any direction, President Rastell of the Surat Factory and his companions, signified their readiness to make satisfaction for all that had been taken from the Surat merchants, on condition that the latter should accept payment in goods (pepper, madder, coral, etc.) at rates agreed upon. The English were guaranteed free trade (read unimpeded) everywhere, but they had to give up their demand for fixed custom dues, as also the right to build frigates in the country. It was agreed that in future no Englishman should repair on board the ships without the license of the Governor of Surat.

Another sphere in which the power of the State was used to commercial advantage was in the freight traffic from Surat to the Red Sea and Persian Gulf. It was seen above that the Mughal Emperors and their families engaged in ship-building, in the middle decades of the century with a view to prosecuting the freight traffic to West Asia. This was lucrative but was also becoming competitive, with many private merchant ships, and with the ships of the two European Companies (namely Dutch and English) also engaging in freight traffic to West Asia. In 1651, 1652 and 1654 orders were repeatedly issued by the Surat authorities, prohibiting Dutch and English ships from loading the

freight of Gujrat's merchants until royal ships were fully loaded. In fact, if these ships were freely competing with European ships for freight traffic, they would have probably fared badly.

Indian merchants if they had the freedom would have preferred to load their goods on European ships because of their reputation for safety. But the emperor had invested heavily in shipbuilding to tap the freight traffic and was not going to sit by to let this happen. The Surat mutsuddi would sometimes use a little compulsion to make Europeans carry goods of his merchants favorites. The threat was that he would delay the loading of their ships, which would then lose their sailing schedule.

The ship-owning merchants of Surat drew away from this tradition of reliance on royal shipping or the royal court in the second half of the seventeenth century. Van Santen has noted the petition of the merchants of Surat to Aurganzeb in 1663 for a decrease in the size of the Mughal fleet so that the mercantile fleet of Surat would have greater scope for expansion. The impressive mercantile shipping of the port at the beginning of the 18th century, was the product of the preceding years in the late 17th century Merchant families were holding the hat wearers (a term used by indigenous merchants to refer to the Europeans) to

ransom for any piracies at the end of the century. And the custom of convoy with Dutch or English ships guarding merchantmen of Surat was the outcome of this amiable habit. The Mullas and the Challabis knew how to manipulate with Indian politics to bring this about, and would also not hesitate to manipulate against Indian politics if necessary. But the basic reliance on Mughal power remained, and when the Mughal was no longer there the independent ship-owning merchant had to go.⁷³

Another sphere of interference with trade, was the attempt to set up monopolies by the state, through its officials, to appear as sole – buyers or sole sellers of commodities. Seeing an expanded demand in indigo both for the European trade as well as the trade in West Asia, the state attempted to operate a monopoly in the sale of indigo in Gujarat and North-Western India. In 1663, on imperial orders all merchants were shut out of the indigo trade which became a state monopoly. The right to buy and sell indigo was then sold to a Gujarati Baniya. The monopolist buyer was able to depress purchasing price with the producers and push up substantially the sale price to exporters. The monopolist demanded higher prices from the Dutch and English, who decided to resist this by combined action. They agreed not to purchase

⁷³ Ashin Das Gupta, *Changing Faces of the Maritime Merchant* pg 361, in Roderick Ptak and Dieters Rothermund ed, *Emporia Commodities and Entrepreneurs*.

indigo at this price. Their not coming to the market for two successive years defeated the purpose of the monopoly, which was abandoned in 1636 and trade resumed in the previous mode. However, Mughal rulers could be as thoroughly fiscal as could European rulers.

Prince Khurram, was quoted by an English agent as saying. "He absolutely tould mee wee should not trade to the Red Sea Nor bringe any corral into these partes to sell, and yf (we) would not be contented to have free trade for all but Mocha, wee might go out of the country if we would for (he) must not beggar his people for us." His solicitude for "his" merchants may well have been a gloss to cover his own extensive trading interests; certainly some years later when he was Emperor he used his position to secure a non-commercial advantage.

Many of the Mughal elite traded on these own behalf. This was seen as a quite acceptable way to increase private incomes. Merchants were usually used as agents to handle mechanics of this trade. Nobles and members of royal family as seen above had their own ships. For which of 17th century in Bengal overseas trade was largely in hands of the elite.⁷⁴ The access to goods of foreign origin that were consumed by ruling groups, was a contributory factor to economic activity. Among

⁷⁴ Om Prakash, The Dutch East India Company and economy of Bengal, 1630-1720, pg 229-34

luxury goods of consumption to the affluent elite there were silks, tapestries, carpets, perfumes, porcelain, coral, cut glass and precious stones. Merchants, who traded in this, knew that they had to be made available to rulers and their dependents with or without profit. To merchants, it was sometimes a way of purchasing influence. Also slaves and eunuchs, imported in ships from Africa, through Arabia, were purchased by ruling groups. The numbers were not very large, but there was always demand for them and most ships would carry a few dozen slaves to be sold in Surat.

A very important benefit to the state from overseas trade was the import of bullion through the ports into the interior. Silver and gold, both as precious metal and in the form of specie from deferent regions, poured into India in the 17th century through the medium of trade. This was encouraged and promoted by rulers at every opportunity. In their own way, the Mughal Emperors were as bullionist as were Europeans in the 17th century. They had no theoretical underpinning for this, but were concerned, to see continuous the age-long flow of precious metals, into India. Some 80% of Mughal India's imports were bullion mostly

silver.⁷⁵ To this end, the Europeans in the early, 17th century paid duties of 3.5% on goods, but only 2% on bullion. Too much cannot be made of this, however, the Emperors were also keen to get curiosities from overseas, and the importation of these was also encouraged in much the same way as bullion. This is not some sort of embryonic mercantilism. The Mughals never tried to restrict what export of bullion there was nor indeed any other product, not even food stuffs or military material.

There is the issue of an extortionate state that squeezed merchants at every turn. Again, this a picture that has been made popular from European evidence - largely the accounts of individual travelers, who happened to pass through Mughal territory, not so which of the factory servants of the Companies. Though it is true that sometimes the latter indulged in sweeping assertions of the type.

In many ways Mir Musa, in his personality and official career reflects the strengths and weaknesses of Surat's Mughal governors.⁷⁶ As an avowed friend of the English he connived at their passing their goods through the Surat customs and checked. Such a amour must have been based on anticipations of reciprocation in gifts and business deals. But while the English love to evade payments of custom dues, they wer e

⁷⁵ Shireen Moosvi, opp cit, pg 381.

⁷⁶ EFI 1624-29, pg 21.

averse to the Governor taking whatever he fancied, from among their goods gratis. A classic case of a “holier than thou” attitude, when it came to bribes?

President Wylde and Messrs, Skibbon, Page, Barber, Predys, Suffield, Mountney and Louis at ‘Swally Marine’ to the company, April 13, 1630.

“(Saltpetre) this commoditie hath this yeare cost us much trouble, being prohibited transportation by order from the king, uppon false information from this governour against ours and the Dutches proceeds in Masulipatna –M, but esppecially thers. Some bribes and extraordinary expense itt hath cost work its release and more wee doubt it will require to regaine our former freedome for buying that commoditie. We have laboured to avoid inconveniences by setting a man in custom house to take notice, but will not bee permitted the Governour reaping a benefit thereby”.⁷⁷

More evidence upon the necessity of giving presents/bribes is forthcoming in the same letter a little later, which goes like this

⁷⁷ EFI 1624-29, pg 21-22

“Some things as (rich cloth of gold) you must send out yearly to give the king etc. amraves (other persons of the importance ‘umara’) our governor and merchants content and worke peaceable and quiett passage to your affaires, and which cannot without many and greater inconveniences bee avoyded. Without presents nothing came bee done with these people. Generall custome amongst themselves makes itt a law to us.”⁷⁸

The Governor by 1632 had not only monopolized trade in lead, but also prevented all other merchants from buying that commodity from any other sources⁷⁹ In 1630 he tried to persuade Virji Vora to make him a partner in some business, which the latter refused. Eight years later Vora had to suffer imprisonment. The same governor (Mir Musa) monopolized trade in pepper and other Deccan goods in 1638.⁸⁰ In 1662 the Governor of Surat not only fixed prices of goods, but also tried to appropriate for himself middle mans profits.⁸¹

The arbitrary actions of the governors partly resulted from the fact that the Surat governorships were formed out by the Emperors since Akbar’s time, and nobles were been to get these lucrative

⁷⁸ Ibid

⁷⁹ Ibid, pg 216

⁸⁰ EFI, 1637-41, pg 108-10

⁸¹ EFI, 1661-64, pg 77

positions. 1638 Muiz-ul-Mulk succeeded in securing the farm of the Surat port, mint and customs house by offering two lakhs rupees more than his predecessor which in mahmudis was 72 lakhs per annum. Soon he realized that he had over estimated the produce of the port for by the middle of 1641, he calculated that he was short of the covenanted sum by 51 lakh mahmudis. Shahjahan ultimately decided to abandon the system of farming the post, and appointed salaried officials to receive the revenues. The mercantile community of Surat, which had long been suffering from the extortions by the governors gratefully welcomed this changed.⁸²

Monopolistic tendencies were not merely the hallmark of the state but in fact reflected the general business environment as well. The organization of rings and commercial monopolies, were in fact the dominant features of the business system at least at the wholesale trade level. It was not un-common for the richest merchants (Indians) to prevent others with less capital from buying and selling goods. The enormous liquid capital, which a few Indian merchants possessed, enabled them to monopolize trade at opportune moments. Various

⁸² EFI, 1637-41, introduction, pg xxvi-xxvii

dealings gave Vora a virtual monopolistic control over the market in pepper, coral, spices.⁸³

In juridical matters also, merchants had considerable autonomy, just as in medieval Europe; enforcement of contracts was done between the parties concerned, or between representative bodies encompassing the parties. The difference is that in Europe guilds were backed up by government, in India merchant groups were not. It was only in extraordinary cases where a resolution was not reached, that the state appointed network of qazis had a role, especially because the vast majority of India's merchants and artisans, like the whole population were not Muslim.⁸⁴

Similarly, the state sometimes tried to provide security for dealers in credit, but here again the main enforcement mechanism did not involve the state. The credit system worked because it depended heavily on a reputation for honesty, rather than any legal system. Nevertheless the transfer of money and the growth of a money market in 17th century was another activity that enhanced the position of merchants with a political dimension. In the Mughal Empire revenue grantees needed to transfer large sums of money from outlying districts granted to them, to

⁸³ EFI, 1624-29, pg 211, 334; EFI, 1646-1650, pg 36, EFI, 1661-64, pg 113.

⁸⁴ M.N. Pearson, *Merchants and Rulers in Gujarat*, see chapters 5 and 6.

the cities where they lived - which were managed by merchant financiers. Closer interaction with the state gave merchants a visibility and profile sharper than they had before. It also gave the ruling elite of a state a new dimension of activity and an enhancement of their power. Yet, the state ultimately had the instruments of coercion in its hands, to which the merchant at times had no answer. Nevertheless, both parties at least in the 17th century, were able to work out this relationship to mutual benefit, to which the great growth of commerce in the subcontinent is a testimony.

In the 17th century Indian merchants were living and operating in two domains – in the larger Indian states to which the ports and hinterland belonged to, and in the small European enclaves which were growing in the last decades of the century. The mercantile rubric underpinning the Indian economy appears to be sophisticated and subsumed a wide spectrum of financial and commercial services and functions performed by Indian mercantile castes, which enjoyed both status and wealth. The Indian merchants were as such a dynamic, mobile group of a plural society, with entrenched features of tradition and custom as well as considerable volatility introduced by elements of political and social change. This necessitated adjustments and redrawing of relationships. However, it is a tribute to Indian

entrepreneurship that this dominance did not decay, albeit at times did show signs of decline/downslide, if anything its resolve was strengthened as history tells us.

The role of the state in view of the above discussion, somehow does not give the appearance of isolation of it from the sphere of commerce. Just as rulers were conscious of the need to protect and where possible expand boundaries of the state, they were alive to the prosecution of commerce, inland and overseas in their states-domains. In case of flagrant cases of abuse there was a fairly effective state authority, and this intervened at best it could to check abuses generally. ⁸⁵

⁸⁵ In Surat around 1670, the governor Mirza Saifulla was so tyrannical, that Abbe Carre says 'no one knew what to do about it'. He was insatiable and instead of being satisfied with rich presents and large sums of money he received, became all the more greedy some of the principal merchants complained to the Mughal authorities, but when were not heard, Migrated an masse to Broach. The Mughal authorities were alarmed at this development and finally sacked, the governor, so that the merchants could carry on their business as usual.

CHAPTER - III

THE EUROPEAN ELEMENT

"The discovery of America and that of a passage to the East Indies by the cape of good hope are the two greatest and most important events recorded in the history of man kind".¹

For the European nations, the consequences of the intercontinental geographical discoveries were to raise the mercantile system to a degree of splendour and glory' ,which it could not otherwise have attained. The object of their mercantile system was to promote economic growth through trade and industry, which received greater encouragement than agricultural improvement. The discovery of the cape route to the Indies created great potentials of market expansion. During the seventeenth and eighteenth centuries, there was a rapid expansion in the European import of a whole range of commodities including Indian cotton textiles, indigo, raw silk, apices, sugar, coffee, tea and tobacco. The pre-condition for this may be looked for in the working of American silver ruins. As long as gold and silver were regarded as universal standards of value, there

¹ Adam Smith, The Wealth of Nations, vol. ii, pg. 139.

existed the inexorable logic of the tremendous impact on world trade of the influx of the newly mined precious metals. The two ends of the international chain of economic links stretched from Asia to the new world, with Europe providing the main force for expansion. While the high tide of the import of American silver into Europe took place during the years 1550 to 1630, the real expansion of European trade with Asia did not begin until the second and third decades of the 17th century.

European maritime expansion, particularly the integration of the New World into the western commercial system acted as a powerful force drawing together the countries of the Indian Ocean and parts of the African continent. In the Indian Ocean area, the diversion of a large proportion of trans - continental trade to the Cape route, the forcible restructuring of the emporia trade, the injection of a huge volume of monetary liquidity in the form of American silver and the rapidly growing demand for Asian commodities after 1600, were all part of the larger global movement. The emerging pattern of long distance trade and of economic exchange and specialization represented the beginning of a world economy.² It has certainly been interpreted as the just stage in the history of capitalism leading

² The term 'World Economy' used in the sense adopted by Fernand Braudel, i.e. a well-defined economic area under the influence of a central region.

eventually to the dominant role of industrial capital and the social transformations of the early nineteenth century. Eli Heckscher has treated this period as a distinct “phase in the history of economic policy with its own theories and characteristic features which prepared the ground for the development of industrial or modern capitalism and he calls it the period of mercantilism.”³

The emerging principle of capitalism can be found in the formal constitution of the monopolistic chartered trading Companies of England and the Netherlands in the opening years of the 17th century. Both the English and Dutch East India companies were incorporated into a form of commercial organization that was quite unique: the joint-stock company, with an incipient separation between the ownership of capital and its management by a professional class of merchants and salaried administrators. After 1600, the trans - continental trade of Eurasia was no longer the exclusive preserve either of royal monopoly such as that of the Spanish - Portuguese crown, or of numerous individual merchants and partnerships functioning as separate entities on an extended geographical distance - scale all the way from Calicut to Venice.⁴ The entry of the

³ Eli F. Heckscher, *Mercantilism*, tr Soderlund, vol I, pg. 19.

⁴ K.N. Chaudhuri , *Trade and civilization in the Indian ocean*, pg. 84.

bureaucratic economic organization signified changes both in the magnitude and structure of trade.

The joint - stock companies discovered very soon that the entire Asiatic region had a structural unity based on the periodic rhythm of the monsoon winds and economic inter dependence between one sector and another. Cotton textiles from the Coromandal coast ,were vital for the purchase of pepper and species in the Indonesian archipelago. Precious metals imported from the Middle East, East Africa and Japan supplied monetary liquidity to the rich and powerful “centralised” empires in Asia. This awareness of an east integrated network of trade and finance induced the joint stock companies to follow the contours of the commercial geography and design a co-ordinated system of operations stretching from the Red Sea and the Persian Gulf to the South China Sea. That they were able to do so successfully was mainly due to the amount and accumulation of capital.

However, the participation of the countries of North Atlantic Europe in the Asian trade changed its structure from what it had been under the control of the Portuguese. The English and Dutch trading Companies incorporated a highly competitive structure both

in the Asian and home markets, as compared to the Portuguese crown monopoly. Their Asian trade was also a clear case of commercial capitalism. The industrial producers of India, for instance along with the agricultural workers growing cash crops had long relied on individual merchants and traders to finance and distribute their products. They were now drawn into an ever-extending vortex of market area through the intermediary of the European East India Companies, which supplied the working capital.

In functional terms the economic developments in Western Europe during the sixteenth and seventeenth centuries may not have been quite so unique. One can find strong parallel developments in Asian regions, which were long associated with emporia and trans - continental trade. Purely internal forces were working towards intensification of the market, development of commercial capital, a greater degree of industrial control exercised by merchants over artisans, and monetisation of state fiscal arrangements.

The basic features pointing towards the emergence of a money economy may be placed under certain broad - ranging categories. Such as the accumulation of merchant capital, the existence of cosmopolitan as well as specialised indigenous business communities,

the growth of towns, urban-based craft industry, production for the market, the putting-out-system, wage-labour, the development of the tastes of the ruling class, and the nexus between the nobility and mercantile interests. All these trades were predominantly at work within the socio economic structure of India. Even before the establishment of Mughal rule and the arrival of European traders in India, the Indian Economy was by no means a simple subsistence economy.⁵

More than any other city in India during the 17th century, Surat proved to be the gateway to European domination. Its strategic location on the west coast, the presence within its gates of a numerous and experienced mercantile class with trade relations not only in the sub-continental interior but also in West and South-East Asia, and its extensive market places in commodities much in demand overseas, made Surat an attractive starting point for the pioneers of European commerce. Speaking of Surat, in 1695, Giovanni Francesco Gemelli Careri, an Italian traveller said that it was a principal mart in the East receiving a large variety of goods from the manufacturing

⁵ This aspect has been brought out fully by Satish Chandra, in 'Some aspects of the growth of a money economy in India during the 17th century', *Indian Economy and Social History Review*, 1966, and in *Medieval India-society, the Jagirdari crisis and the village*; and by Irfan Habib in 'Potentialities of Capitalistic Development in the Economy of Mughal India', *Journal of Economic History*, 1969.

centres of India for export.⁶ The accounts of European travellers who visited Surat in the late 17th century clearly show the existence of extremely rich merchants. The latter supplied goods to European companies and interlopers, traded with Eastern countries, particularly with the Persian Gulf parts and controlled a substantial part of the Indian coastal trade.⁷

Thus, when the European came to Western Indian, Surat was already able to supply their entire immediate commercial needs. Surat also became the meeting ground, during the early 17th century for the Portuguese, the Dutch and the English.⁸ It therefore affords an opportunity to examine intra – European differences within a given environment that was alien to all three European entities (Portuguese, Dutch and the English).

After 1498 the Portuguese supplanted the earlier ‘peddling trade’ which was of a distant and sporadic nature, and began to monopolise the Eastern trade. The example of the Portuguese was not lost upon the other nations of Europe. The Dutch, and then the Elizabethan mariners took up the tale, as neither group was content with its dependence on the Lisbon market for supplies of Eastern

⁶ Foster, *A New Account of the East Indies* by Alexander Hamilton, i, pg. 133.

⁷ S. A. Khan, *The East India Trader in xviith century in its political and economical aspects*, pg. 257-8; Foster, *A new account of the East Indies* by Alexander Hamilton, I, pg. 166-8; *EFI*, 1670-7, pg. 233, Surendranath Sen (ed), *Indian Travels of Thevenot and Careri*, pg. 163-4; Rawlingson, *A voyage to Surat* by J. Ovington, pg. 133.

⁸ D. Pant, *The Commercial policy of the Mughals*, pg. 231.

spices. The Dutch and English entry into the trade of the Indian Ocean was contemporaneous. While the English East India Company was founded in 1600, at this time, the Portuguese were in control of the port Ormuz, Aden, ports of Bengal where they possessed factories, and several places in the Eastern Islands. They could also draw support from the Jesuit diplomats at Agra.

In the seventeenth century, the true heir to the Portuguese claims of a monopoly in the spice trade turned out to be the VOC, when Hendrik Brouwer, who was later to become the Governor General of the Dutch settlements in the East Indies. He declared in 1612 that the Coromandel Coast was the left arm of the Molluccas. He was giving voice to the common Dutch policy. In spite of the strenuous efforts of the English to break into the 'country trade,' the Dutch largely replaced and took over the intra-Asian trade previously carried on by the Portuguese. By 1615, the Dutch already had factories and castles in a number of ports including those at Bantam, Jakarta, Macassar, Siam, Achin, Amboyna, Japan and Banda while the English could boast of no other properly established factory other than that at Bantam. In fact, the result of the Dutch preponderance in the Malay Peninsula and archipelago was the concentration of English attention on Surat and the west coast of India.

Relationships were more often than not a mirror of the political balance of power in Europe. The Thirty Years War (1618-48), pitting European countries against each other largely on the basis of religious differences, was responsible for the English and the Dutch joining hands against the Portuguese, in spite of their own jealousies. Thus the English assisted the Safavid monarchy in driving out the Portuguese from Ormuz in 1622; in return obtaining the promise of one-half of the customs receipts from Bandar Abbas and freedom from payment of customs dues on goods imported by them.⁹ In India also, as the Surat Factory Records show, the English tended to uphold the grievances of the Mughal administration against the Portuguese.

It is undoubted that the, new European naval powers, were seen by the Mughals as a counterbalance against the Portuguese. It is evident that Jahangir had sensed the threat of the Portuguese naval might, and he was convinced by the numerous naval skirmishes that took place in and about 1615 that the English might be effectively used to check the Portuguese.¹⁰ At this period, Nur Jahan and Prince Khurram were also quite favourably disposed towards the English,

⁹ The English, even after thirty years, were not able to enjoy the benefits of this promise. Letters such as those dated Nov, 7, 1656 and Sept, 15, 1657 are evidence of the English factor's preoccupation in this regard.

¹⁰ Wak'i at I Jahangiri, in Elliot and Dowson, *The History of India told by its own Historian*, vol. VI, pg. 337, 340.

and granted them certain trade facilities.¹¹ When Shahjahan came to the throne, he had several grievances against the Portuguese administration in India, as well as against the renegades and adventurers in Bengal. The *Badshahnama*, describes his campaign against the Portuguese settlement at Hugli, where several thousands were imprisoned and brought back to Agra.¹² It is also clearly evident from the Surat Factory Records that the Europeans were well aware of the Mughal Emperor's might and of the vulnerability of their factories in India.

The role played by Thomas Roe's diplomacy at the Mughal Court vis-à-vis the European rivals is well established. Roe, who liked to insist that war and commerce did not mix held very definite views about the Dutch, whom he termed "this maggot," and advised his compatriots that "If they should keep you out of the Moluccas be force, I would beat them from Surat to requite it"¹³ When Shah Jahan came to power in 1627, both the Dutch and the English realised the importance of not alienating the new Emperor, and eagerly tried to convey their attitudes of friendship to the Court.

¹¹ Farhat Hasan, 'The official Documents of Jahangir's Reign Relating to the English East India Company, 1HC 46th session, 1985.

¹² Abdul Hamid Lahori, *Badshahname*, text, pg. 434.

¹³ W. Foster, (ed), *The Embassy of Sir Thomas Roe to India, 1615-19*. 1926, London pg. 453.

By 1630, the immediate preoccupation of the English merchants at Surat was to remove the obstruction of European rivals. In its early formulations at least mercantilism was a defensive doctrine,¹⁴ and this is borne out by the attitude of the English towards the Portuguese. The records of 1631 show the English to be continuing their 'defensive policy' to counter the Portuguese hostilities carried on ever since their arrival in Indian waters. Several of the letters reveal the English factors at Surat to be living in constant dread of the impending approach of the Portuguese frigates under Ruy Freire de Andrade and the Viceroy Conde de Linhares. Skirmishes off the bar of Swally seem to read out of pages of romance.¹⁵

Anglo-Portuguese relations entered a new phase with the signing of the Goa Accord in 1635, which signalled the cessation of hostilities and a phase of mutual assistance. The English gained from the situation by increasing their profits on the intra-Asian carrying trade, and even a few coasters were built for them at the shipyards of Bassein and Daman. Roles were reversed; and for the English the Dutch had now replaced the Portuguese as the "Nation's Enemy"¹⁶

¹⁴ I. Wallerstein, *The Modern world System*, 1974, New York.

¹⁵ Letters such as the one dated October 6, 1630 in the *Surat Outward Letter book Vol. 1*.

¹⁶ Consultation dated January 1660, in the *Surat Factory Diary, No. 1*.

the change epitomised in the shelter given by the English to the Portuguese prisoners and refugees from Ceylon at Bandar Abbas.¹⁷

A Dutch factory, had been established at Surat by Pieter van den Broeke in 1616, and the trend of Anglo-Dutch relations in eastern India was set from this time. This is clearly illustrated by the President of the English factory, Richard Wylde's words, 'we in these parts live upon fair and friendly terms with them; yet do we think it more for want of power to do us wrong than will to effect it; not to say the truth has there been want of will or power in us, had we warrant for our action.'¹⁸ Even while the English and the Dutch were working in seeming harmony against their common 'Enemy' the Portuguese, the English destruction and fear of Dutch prevarication and betrayal is very evident,¹⁹ The English maintained a constant surveillance of Dutch commercial activities in India, west Asia and South-East Asia. The repercussions of the Anglo-Dutch wars in Europe were to be seen in the Dutch blockade of English trade at ports such as Bantam in Java,²⁰ in Persia.²¹ and in the Malabar. ²²When Dirk van Adrichem²³ had negotiated a reduction of customs duty at Surat from 3½ to 2

¹⁷ Letters dated December 15, 1656, in the Surat Inward Letter Book, vol. 1.

¹⁸ William Foster, ed, *The English Factories in India, 1624-29*, 1907, Oxford pg, 309.

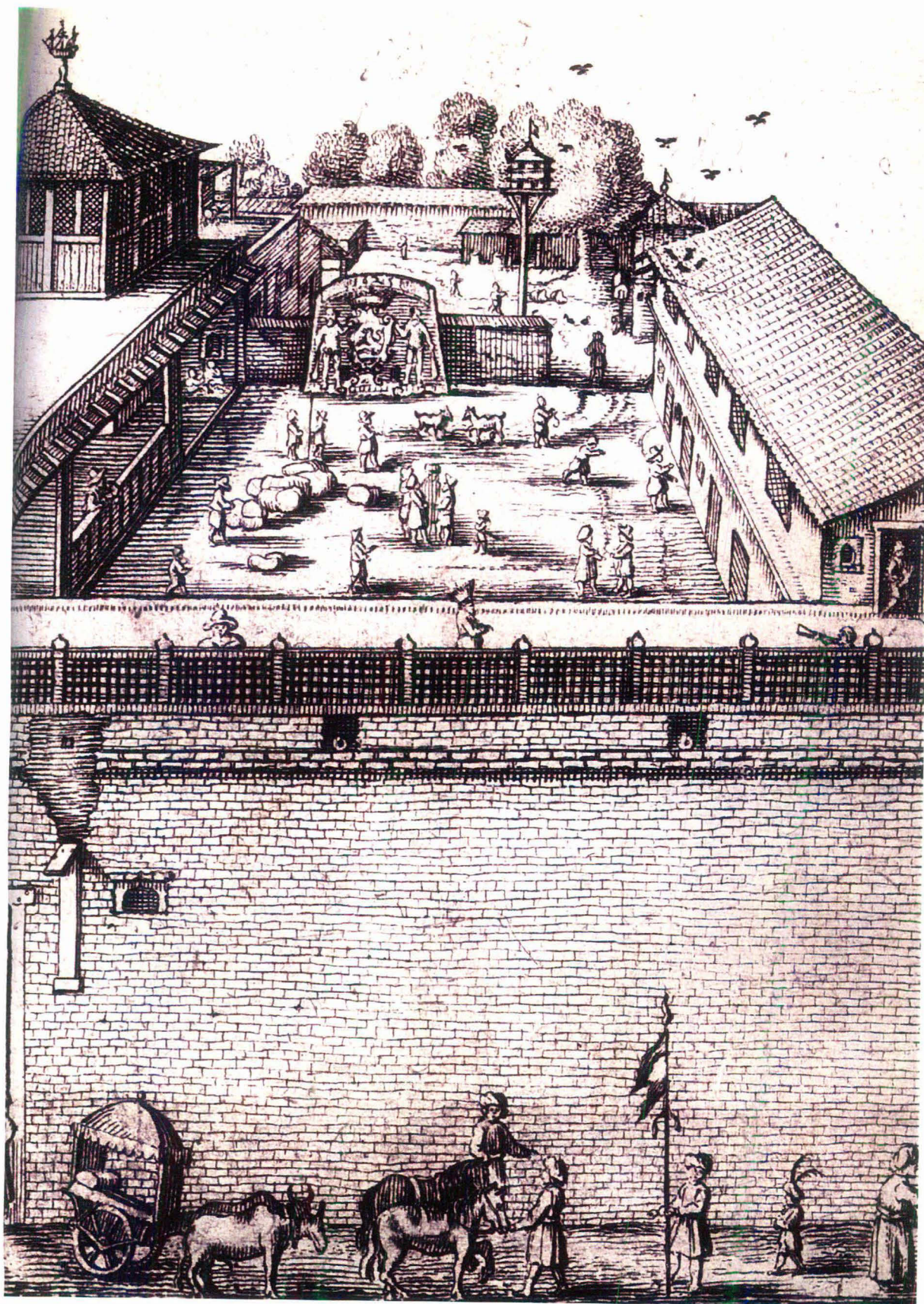
¹⁹ Letters dated Sept. 27, 1630 and October 25, 1630 of the Surat Outward Letter Book, vol. 1.

²⁰ Letter dated July 28, 1657 of the Surat Inward Letter Book, Vol. 1.

²¹ Letter dated September 15, 1657, of the Surat Inward Letter Book, vol. 1.

²² Commission dated October 20, 1666, of the Surat Factory Diary, No, 1.

²³ Chief of the Dutch factory at Surat (1662-65)



Dutch Factory at Surat

percent,²⁴ the English promptly hastened to achieve a parity, and petitioned Emperor Aurungzeb. A 'Farman' granting a similar privilege was obtained by them in 1667.²⁵

The incident at 'Little Damkin' stands out as an example of Anglo-Dutch discord. Mutual accusations of assault, were made by the English and Dutch mariners, and a lengthy inquiry into this incident is recorded in the Surat Factory Diary.²⁶ This scuffle took place on April 6, 1662, near the village Damka, about three miles from Swally, and was caused partly by the ill-feeling generated among the English by the successful Dutch capture of Cranganore.

The rivalry of the European powers, had a significant effect on the Indian market. The most direct one was the forcing up of the price index, such as of indigo. Both the English and the Dutch had access to the demand market for indigo in Persia and Europe. The absence of a co-ordinated effort to stabilize the price of this commodity by not bidding against one another resulted in a ten percent increase of both Sarkhej and Biana indigo between 1633 and 1628. In 1625 an agreement between Pieter van den Broecke and

²⁴ Aniruddha Ray, 'Last Memoir of Francois Bernier from Surat, 1668', PIHCL, 1981, pg. 241-57

²⁵ Translation of Aurangzeb's 'Farman' in the Surat Factory Diary, No, 1 dated June 25, 1667.

²⁶ Surat Factory Diary, No, 1, Consultation 23 to 26.

Robert Young to purchase indigo jointly was moderately successful in stabilizing the price. But by 1630, the English were again accusing the Dutch of causing an upward swing in prices by buying indigo “without fear or wit”.

In the case of pepper, the impact of competition was evident in a tremendous fall in the price, after the Dutch and the English penetrated the monopoly of the spice trade. In the East Indies, the fierce age-old contest was over the mastery of the pepper trade. During the first half of the seventeenth century, pepper was the most important commodity on the import list of all European merchant groups. Pepper was susceptible to violent fluctuations and speculative moves. In 1631 English and Dutch competition led to “a glut in Christendom.”

The English factors also complained of Dutch “corivallship” and “greedy buying” of calicoes which raised the prices. Another repercussion was a decline in the quality of cloth production. Freed from the necessity of producing strictly according to specifications, since the product was sure to be purchased by one buyer or another, the weavers and ‘painters’ no longer bothered to manufacture cloth of the best quality. There were regular complaints from the English

factors regarding the weave and 'shortness and narrowness' of Baftas,²⁷ a problem which remained chronic, and which has been described in detail by Tavernier also.²⁸

One of the direct effects of the power struggle between the three European powers on Indian trade was a decline in coastal trade, due to the discord and unsettled conditions.²⁹ Also, the competition between the Dutch and English inevitably made each of them less influential. Another aspect to be noted, and as is clearly brought out in the records, is that the Dutch and the English, as they attempted to supplant the Portuguese on the west coast of India, became increasingly committed to the protection of indigenous shipping.

This raises the question of the attitude of local merchant communities towards the European powers. Merchant traders of this area were generally apolitical. The judgement as to whether the Portuguese, Dutch or the English should be accommodated varied according to their utility and compatibility vis-à-vis individual commercial families.

²⁷ Letter of October 12, 1630, in the Surat Outward Letter Book, vol. 1.

²⁸ Tavernier, *Travels in India*, tr. Ball, ed. Crooke, vol. ii, 1997, New Delhi pg. 22-25.

²⁹ Even W. H. Moreland admits this.

Comparisons, though insidious, are inevitable. One is tempted to trace common lines of attitude and affinity in the commercial activity and methods of the European powers. Often, attempts have been made to differentiate between the trade practices and ethos of the Portuguese, and the Dutch and the English. However, the characteristic demand of merchant capital was for 'trade without rivals', and all three powers displayed the typical oligopolist's fear of competitors. While the north European trading companies were similar associations of merchant capital, some writers are of the opinion that several of the characteristic features of merchant capitalism were definitely found in Portuguese trade also.³⁰

Like their compeers, the Dutch and the English did not come to the East Indies as mere merchants. As their perception and practice show, they made use of fortified sites, war ships, and garrisons also. Armagon ,was fortified by the English as early as 1625, and fort St. George in 1641. Perhaps less noticed is the fortification of Swally Marine, in 1630, ostensibly as defence against the Portuguese frigates.³¹

³⁰ J. Hamilton, 'The Role of Monopoly in the Overseas Expansion and Colonial Trade of Europe before 1800', *American History Review*, vol. 38, No. 2. pg. 33-53.

³¹ Letter of Nov, 2, 1630, in the Surat Outward Letter Book, vol. 1.

European piracy began in the Indian waters with the Portuguese, who were well known for this activity along the coasts of Gujarat and Malabar, and also in Bengal. The Dutch and English followed assiduously in their footsteps. They did not hesitate to use piratical measures in seizing Indian ships at sea. This is evident clearly in the records where the commanders of English ships are given definite injunctions to attack and seize all 'Malabari' vessels. Throughout the sixteenth century, the Portuguese's had treated merchant ships from Calicut, which they called 'Malavares' as pirates and attacked them on sight.³² Another inheritance from the Portuguese was the system of 'cartazes' This system of licences or passes was the main instrument of control and perhaps the only direct means of influencing indigenous commerce. Any ship sailing in Indian waters without one of these documents was liable at best to be confiscated: and at worst sunk with all hands. In return, a ship carrying a pass would be protected against pirates. The importance given by the English, to the pass is evident from the conflict between the Surat President Sir George Oxinden and the Governor of Bombay Henry Gary, as to who had the authority to issue them.³³ The practice of the Dutch and the English escorting richly laden Indian merchant

³² M.N. Pearson, 'Cafilas and Cartazes' PIHC, 1968, pg. 203.

³³ Consultation of August 25, 1668 in the Surat Factory Diary, No. 1.

ships, such as Shah Jahan's vessel 'Shahi' was also in imitation of the portuguese organisation of 'cafilas'.

In the matter of private trade, merchants of all three nations were equally enthusiastic. The Portuguese officials themselves started the illegal sale of pepper, cinnamon and other commodities of high values.³⁴ As early as 1611, private goods in the Dutch trade were detected and confiscated. By 1640, there was much private trading among the Dutch, as confirmed by Tavernier. Orders sent out by Amsterdam also suggest that the Dutch factors were transacting business through English intermediaries. As far as the English were concerned, it was one of the primary preoccupations of the Court of Committees to forbid, or at least, keep a check on the prolific private trade of the Company's servants.

The system of factories itself was not a novel one for the Dutch and the English. The practice of trading in the East through the fort and factory, *fortaleza e fetoria*, was derived from the Portuguese example. It was on the Dutch pattern that the English consciously modelled their organisational system in India. In 1630 Thomas Rastell and Johann van Haselt occupied almost identical positions as

³⁴ Fyrard, *Travels of Francois Pyrard of Laval*, Hakluyt Society, vol. ii, pg. 43-47.

President and Director of their respective factories. As described by Thevenot, both the Dutch and the English had similar warehouses at Swally, even gardens on the seaside, and each had a little port where the factors kept their boats. "Our design on the whole," wrote the Court in 1687, "is to set up the Dutch government among the English in India (than which a better cannot be invented) for the good of posterity."34

Even while the Dutch and the English were at daggers drawn in the commercial field, the social relations among the merchants remained surprisingly on a cordial level. John Albert de Mandelslo, who visited Surat in the 1630s, wrote, "The President, who spoke Dutch very well, told me I was very welcome; that in the country where we then were, all Christians were obliged to assist one another". English letters were regularly sent to England on board Dutch ships.

But it becomes clearly evident that the colonial ambitions of the English were less obvious in 1631, than that of the Portuguese and the Dutch. The Dutch were the stronger rival in the first half to the seventeenth century. The difference in the attitude of the English, as compared to that of the others, may have been partly due to the fact

that the English, as private traders, with little effective support from home, were conscious of their own weakness. The Dutch were in a very real sense the representatives of their government and felt able to adopt a high tone. Also, the Dutch carried on their business as a trained disciplined team, while the English operations were based largely on individuals. The second half of the century saw the growing decline of Dutch trade; one of the reasons for this may have been the weaker position of the Dutch merchant bourgeoisie as compared to their English counterparts who were rapidly developing and consolidating their position.

Unlike the Portuguese, the Dutch and the English effectively entered the internal markets. Their purchases and sales undoubtedly stimulated production and affected prices. However, it must be remembered that this trade was conducted within the existing indigenous commercial practices and economic structures. All the European powers did business through local 'compradores' or middlemen, as their knowledge of both markets and languages was inadequate. All of them were short of ready cash and borrowed from the local merchants. Even though the Europeans' involvement in the 'country trade' increased, neither the East India Company nor the

VOC could disrupt the traditional trading patterns, nor replace the Asian traders during this period.

In the first these decades of the 17th century, the Mughals engaged in some tightrope walking to deal with a difficult situation confronting the trade of Surat and Gujarat. They had to move delicately between the three aggressive European Trading powers, the Portuguese, the Dutch and the English, each of which would have desired the domination of that trade. They sought to utilize each of these powers at different times against the others, and came through that crisis as a freer trade emporium than before. By the 1630's, the Mughals were convinced that the trade of the two Company powers was beneficial to Surat but that, at the same time, they should be extremely vigilant to keep them both within proper bounds thus, for instance they never permitted the slightest attempt to fortify the company's residences or to carry arms around on the person of company servants.

Thomas Kerridge to Ishaq Beg, Governor of Surat, September
14,1619:

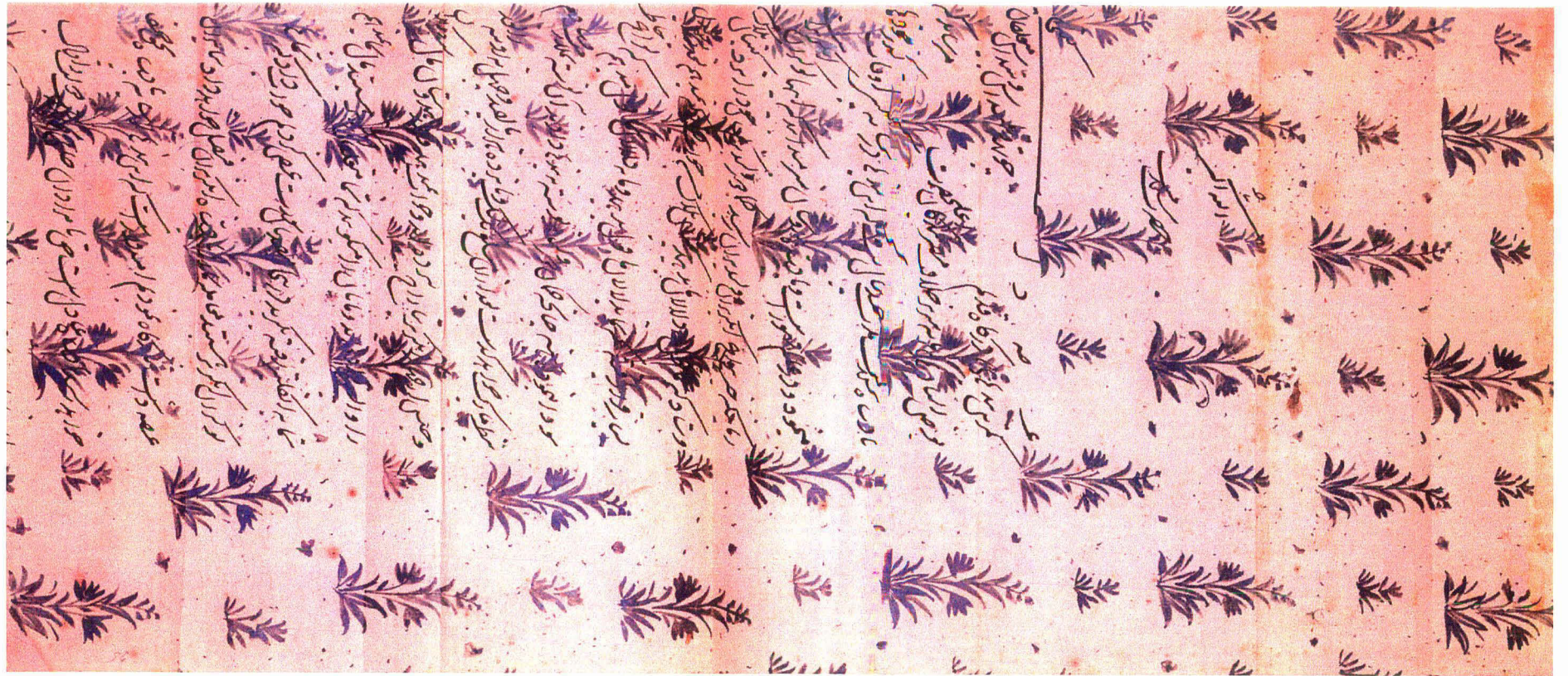
“He reminds the Governor that they have hitherto to complain regarding his non-provision of a suitable dwelling for them and hopes that steps to content them will be taken immediately.”³⁵

The English merchants consequently petitioned to Prince Khurram “with due accustomed reverence, do with all humilities, to the high mightie, verturous and resplendent prince, the master of the world and for whose increase of felicity we always pray.”

The Mughal empire, as the most powerful entity with control over resources much desired by Europeans, was able to dictate terms on which it was to open doors to foreign commerce. With abiding commercial interest of its own, it was quick to respond to any threats to these interests and utilise its enormous power within the land for this purpose. It was therefore remarkably successful in keeping trade free and open throughout the century, and it did not allow any group or body to turn the terms of trade unfavourable to its own interests.

The biggest crisis that faced the Mughal Empire in respect of freedom of navigation was in 1640's, when the Dutch attempted to take on the mantle of the Portuguese naval domination to control and redirect the trade of the Indian Ocean. It was directed at both the

³⁵ EFI 1618-1621, pg 114, 120.



Petition from three Gujarati merchants of Surat to Oliver Cromwell, written in Persian in January 1655, claiming compensation for Josses during war with the Dutch. Petition from three Gujarati merchants of Surat to Oliver Cromwell, written in Persian in January 1655, claiming compensation for Josses during war with the Dutch.

east and west coast trading ports and if successful, would have led to the collapse of India's overseas trade. The Dutch denied ships leaving the ports of Gujarat and Bengal passes to sail to south East Asian ports on the ostensible grounds that they were at war with the Sultanates of Atjeh, Perak and Kedah. The long-term aim was that Indians would be discouraged from trading eastwards so that they could engross all those markets for themselves and be the sole suppliers of Indian goods.

It was Mughal resistance over a number of years, from 1648 to 1652, which forced the Dutch to abandon the policy. The Dutch showed they meant business by blockading Surat and seizing ships as prizes. The Mughals retaliated on land against the Dutch, that if they were to continue to be permitted trade privileges in Mughal territory, they had to respect the right of Mughal subjects to sail the seas. Imperial directives had been sent out to obstruct Dutch trade. These were, followed by all regional offices. The Mughals were however anxious that the issue should be settled soon. The Dutch held some of Indian ships and cargo and with every delay in sailing, valuable profit was being lost. So the Emperor settled with the Dutch, granting them with a Farman in which he assured them the Surat ships would not be said to Aceh. This was, however a ploy, and as soon as the Dutch blockade was lifted Surat ships began to sail to South East Asia.

Imperial officials put great pressure on the Dutch for passes both in Gujarat and in Bengal. By 1652 the Dutch had given in and issued passes freely, trade resumed again.

The Mughal state was troubled by European hostility again in the 1680's and 1690's, when it had to act to defend its maritime interests and its freedom of trade. A number of disputes over customs and trade in Bengal led the English to declare war on Mughals. Their navy blockaded Surat and seized a number of ships, attacking some Mughal ports on the Gangetic delta. The crisis of the 1690's was serious in that it was caused by European pirates and therefore was not the responsibility of the company. The Mughals were helpless against these pirates, as could not proceed against them on land as they did against the Companies. They adopted the only strategy³⁶ open to them, which was to hold the Companies responsible and thrust onus of ridding pirates (some of whom belonged to their nationality) on them. The Companies were forced to sign a memorandum taking responsibility for the safety of shipping in various sectors of the Ocean.

Neither the Mughals nor any of the other Indian states seem to have paid sufficient attention to the defence of port cities. This aspect

³⁶ S. Arasratnam, *opp cit*, pg 231

in fact went both ways. The lack of any Mughal navy arguably a cost effective decision, did mean that the Europeans would use selected naval actions to get advantages or secure redress. But the other side was as seen in agreement above, when the Companies had onus to provide armed escort vessels, and their crews were to beat off pirates. In return they got 40,000 for each ship, one half coming from Surat customs house, and one half from merchants whose ships were thus protected.

The Dutch and English realized that they were not dealing with petty port controllers, but with a fairly vast Empire. Hawkins on the third English voyage was told in 1607, that though local officials could allow his ships to trade on a one time basis, continuing trade needed permission from the emperor. He therefore went off to talk to Emperor Jahangir. What he and his successors wanted was not just permission to trade, but more extensive privileges. They hoped to gain from the Mughals, the sort of advantages they had at home. They were prepared to pay money in return for getting privileges. They wanted formal binding treaties that would regulate and recognize the trade of their Company in Mughal territories, later they asked for lower customs duties and no payment of internal duties.

For instance – Sir Thomas at Ahmedabad to the Company,
February 14, 1618:

“Roe has asked to compound for the customs, for a fixed annual payment, but the terms demanded were too high.”³⁷

At first these sorts of claims were met by an incomprehensional court . The Mughals as such had no concept of making treaties for trade at all and certainly not with a group of merchants; as the Portuguese took great delight in pointing out at court, this was as compared with their status as representatives of a real king, all that the Dutch and English were. For this reason the Companies used ambassadors accredited by their rulers, though they were by, and large acting on behalf of the Companies.

The Mughals were happy enough to see foreign traders call at their ports, but request to make treaties with them and later give them rights that were not available to local traders, were incomprehensible. Mughals had for this sort of privilege for money equivalent, no precedent, that had for so long been the basic merchant - ruler connection in Europe. Nor do the early English embassies figure at all largely in the Indian accounts, even if we have voluminous documentation from the English side. Emperor Jahangir's copious

³⁷ EFI 1618-23, pg 106.

Memoirs make hardly any reference at all to these early English Embassies. And even the English accounts make clear the lack of interest of the court in their presence, much to the disgust of the all-important Sir Thomas Roe. He spent two years and nine months trailing around India, with the court in the end getting only a Farman, an order that gave good conditions for trade, but which, as they (English) later found out had currency only for the reign of the Emperor who had issued it and which was not always observed anyway.

A continuing problem was to get local officials to agree to concessions acquired at court; this problem became greater as central authority declined. Partly as a result of this decline, the English in 1717 secured major advantages from the Emperor. These can be seen as the achievement by the Company, of privileges comparable to those they enjoyed at home: concessions in return for money. They got the right not to pay duties on both external and internal trade, in return for the payment of fixed sums each year of Rs 10,000 at Surat and Rs. 3,000 in Bengal. However, getting local authorities to agree to this took extra effort; the Governor of Surat had to be given in 70,000 rupees before he could confirm this concessions. Such port officials and also the myriad collection by officers (inland duties etc) were obviously detrimentally affected by these imperial concessions and

had to be put right before they could agree to enforce them, all the more so as unscrupulous Europeans often sold off their rights to Indian colleagues too.

Europeans as such generally learnt to live with the system as it operated in the states with which they were trading. Reading the records of the Company officials one may get the impression that the Companies and Indian states were perennially in conflict. This was far from being the case. Company and state officials in every trade locality worked out the problems as they arose. Europeans learnt to use the apparatus of conflict resolution then prevailing, peshcash, nazar, appeal to a patron, and influential intermediary and the ultimate embassy to the ruler himself. The naval blockade was always a weapon that lay hidden in the background. The States could counter this by moving against European assets and persons stopping their trade. It was then a war of attrition to see who made the first move to compromise. Often there were people in the middle who worked to bring the two sides together namely the indigenous merchants, who stood to lose the most by this stand off.

CHAPTER IV

VIRJI VORA : The Institutional Link Between Merchants, The State and Companies

If there is one figure that dominates the commercial and urban history of Surat in the 17th century, it is that of Virji Vora. His commercial activities were as ubiquitous as was his power overarching. Also known as the merchant prince who commanded a multifaceted influence at Surat from around 1618-19, by virtue of being a monopolist trader and establishing an elaborate system of credit and organizational control that also enabled various foreign trading companies commercial system to function efficiently. For a man of such vast commercial power and far-flung interests, little has been written about his career and activities, beyond general descriptions. It is therefore the life and times of the merchant magnate, Virji Vora that we shall seek to trace in the course of this chapter and thereby highlight how Vora served as an institutional link between the merchant community, the State and the European Trading Companies in 17th century Surat.

The list of commodities he traded in is endless and the amounts of money he handled run into millions of rupees. His agents roamed through all the major trading areas of India, from Calcutta to Agra and from Surat to Bihar. His commercial interests also extended from Malaysia and Sumatra in the South, to Gombroon and Mokha in the North. The English records are replete with references to him reflecting the varying attitude of frustration, anger and admiration for the man, without whose assistance and cooperation, the English could have found it easy to function in Surat.

The commodities of the Indian Ocean sold in three types of markets and were handled by several different classes of trader.¹ The great commercial Emporia of Asia had their counterparts in the imminently rich merchant comparable to territorial nobility. These merchants were multi-functional in their activities, dealing in a wide range of goods, and spreading the financial risks in a dozen different directions. A man like Virji Vora belonged to this category. (b) Below this typology there were markets and traders who were still large, but specialized in particular goods or commercial services (c) At the bottom of the scale the urban bazaars and weekly country fairs,

¹ K.N. Chaudhuri, Trade and Civilization in the Indian Ocean, pg.202.

supplied goods to the consumers at the retail level. These markets were supplemented by the business carried on by peddlers.

The earliest reference to Virji Vora is in the year 1619, when one of his employees 'Hacka Parracke' in charge of a Surat vessel obtained a recommendation to courteous usage on the part of English ships.² This was in the nature of a permit or a pass, to authorize Indian merchants or their agents, to visit English ships for purposes of commercial transactions.

By 1623, Vora had already become influential with Ishaq Beg, the Mughal Governor of Surat and Thomas Rastell, President of the English factory there.³ The English had considerable difficulties in dealing with the customs and port authorities as well as the Mughal Governors of Surat (which has been discussed at some length in the previous chapter also). In 1623-24 matters between the English and the Mughal governor, assumed serious proportions and the Mughal Emperor Jahangir (1605-1627) ordered restrictions to be placed on English persons, activities and properties throughout his dominion in retaliation for English strong arm methods in seizing Indian ships and their cargo for redressing wrongs done to them in Surat and

² W. Foster (ed.), *English factories in India*, (hereafter referred to as *EFI*), 1618-1621, pg. 86.

³ *EFI*, 1622-23, pg. 276.

elsewhere. An agreement was signed between the English factory and the Surat authorities on September 7, 1624. Among the names attached to the agreement appears the name of Virji Vora reflecting his importance even then.

By 1625 Virji Vora seems to have risen high enough in stature, to prompt the English to refer to him as the “prime merchant of this town”⁴ who had cornered all the pepper brought in by the Deccan merchants and had forbidden them to sell it to anyone else. The English tried to negotiate with Vora to buy 10,000 Mahmudis, but Vora demanded a fraction higher in price and also required that the English sell him 25 chests of the best coral they had brought out of Europe. The English attempted to circumvent his authority by sending their own broker to the Deccan, to buy whatever pepper he could. But the English broker reported failure from the Deccan, as Vora had offered a higher rate than the English. This led the English who out of fear of the Dutch taking advantage of the situation, chose to be close to Virji Vora.⁵

Various other dealings gave Vora ,a virtual monopolistic control over the markets in spices. The volume of his dealings is brought to

⁴ For details of dispute see EFI-1624-29, introduction. “The agreement between the English and the Surat authorities.”

⁵ EFI, 1624-29, pg. 211.

light by the following figures. In April 1629 he sold the English 20,000 mahmudis worth of pepper. In 1642 he had contracted to provide them with substantial quantities of pepper, but found himself unable to deliver it in Calicut. In 1648 the English found themselves incapable of supplying cloves lower than 62 and 65 rupees per maund. The rate at which Virji Vora and some other merchants sold the following illustrates this:

".... this is the rate at which Virji Vora and some other merchants which annually engross all that comes predispose them, who are said to pay out the Dutch no more than 45 rupees and if I can possibly acquire them at that rate you shall not faile to bee furnished."⁶

Further in 1649 Virji Vora brought up all the available quantities of mace and nutmeg. The English speculated that they could have got small quantities from Virji Vora at 98 rupees per maund for the mace and 28½ rupees for the nutmeg, judged these prices too high, especially as both sorts were "very meane and bad".⁷ The inference, which may be drawn, is that by becoming a monopolist, one could also administer prices.

⁶ EFI, 1646-1650.

⁷ EFI, 1646-1650, pg. 257

Coral was in great demand in India at this time; and Virji Vora the most important customer for the coral brought in by the English and the Dutch. In 1629 Virji Vora bought off all the Coral from the English at 36% and rest at 26% below the value fixed in the customhouse, which was double the invoice price.⁸ Virji Vora also bought amber beads and fine coral at the rate of 6½ Rs per maund.

In 1642 the English complained that as regards coral Virji Vora, who is in great favor with the present Governor of Surat and consequently awing all other banian merchants, to do his observance, is treating for its purchase, but in so dilatory a fashion.....' In 1644 the English, reported that Vora bought up the coral brought by the 1642 English fleet. Such was his control on the market in coral that in a letter of 1644, the English complained that they could not sell their coral at Surat as Virji Vora "our almost only merchant had a large stock on hand and was unwilling to take more unless at very low prices.

The situation repeated itself in 1646 when it was reported that the 'coral brought to Surat by the Eagle was offered to Viji Vora, "Our

⁸ EFI, 1624-29, pg. 334.

almost only merchant” but he “refused” it on the ground that he had large quantities in stock pretending also that Deccan and those adjacent countries are abundantly supplied from Goa, and that other merchants of this place have received some quality of coral from Mocha, but chiefly we believe because he cannot, engross all into his own hands.⁹

It therefore appears that up to the 1650's, Virji Vora was the only merchant in Surat, who could buy and stock up commodities as pepper and coral. The records also show him as buying or selling various other commodities as gold and silver, lead, ivory, opium and practically everything, which changed hands in the Surat wholesale market. His dealings were on a large scale and syndicates dominated by him were ready to buy entire cargoes, valued at from five to ten lakhs of rupees. Such purchases naturally, secured a temporary monopoly of certain commodities.

As time went on his power in the market increased, to a point which W.H. Moreland¹⁰ calls “irksome for the English factors.” From being the “usual merchant” he became “the sole monopolist of all European commodities” and in 1634 he was “observed to bear such

⁹ EFI, 1646-1650, pg. 36.

¹⁰ W.H. Moreland, *op cit*, pg. 154-55.

sway amongst the inferior merchants of this town (Surat), that when they would often times buy and give greater prices they are still restrained, not daring to betray their intents to his knowledge and their own sufferance, so much that the time and price is still his will and at his own disposal".

Vora also dealt in bullion. In 1633 he offered to buy 12,000 tolas of gold brought in by the English fleet that year at the rate of 21½ mahmudis a piece; for the Dutch riders and 20 mahmudis a piece for the 20 shilling piece. The money was to be paid in a month and a half either in mahmudis or rupees.¹¹ In 1650 when the shroffs of Surat refused to take the English silver ingots, Vora bought them at the rates prevalent in the previous year. He also bought quantities of quicksilver in 1668 with another merchant Haji Zahid Beg, enough to supply the whole country for many years. Quicksilver was used widely in the process of refining gold and in its conversion to vermilion, was used in great quantities in Hindu-Jain households and religious establishments for ritual purposes.

To force the English to sell him coral and other commodities on his own terms, Virji Vora prevented all other merchants from visiting

¹¹ EFI, 1630-1633, pg. 262.

the English factory. The English were not sure whether a few merchants who did visit their factory were not really Virji Vora's own confidential agents.¹² The eagerness to get exclusive information, manipulating things and anticipating business trends were indeed the necessary aspects of large-scale transactions. As M.J. Mehta points out:

“...that neither the English joint stock organization, nor the Indian and Asian merchants who traded on a large-scale could afford to ignore this significant aspect of the Surat trade,”¹³

Unlike the merchant magnate of south (Coromandel) Kasi Viranna, whose commercial dealings were confined mainly to the English Company, Virji Vora had business dealings with a number of competing European Companies (Dutch and French) and Asian buyers. It is suggested that this may have been so as Surat was an open cosmopolitan, port located in Mughal territories and frequented by traders from many regions; Madras on the other hand, was an English enclave, exclusively catering to the commercial interests of the English company.¹⁴

¹² EFI, 1642-1645, pg. 262.

¹³ M.J. Mehta, "Some aspects of Surat as a trading center in the 17th Century" *Indian Historical Review*, 1974.

¹⁴ Yogesh Sharma, 'A life of many parts, Kasi Viranna-A seventeenth century South Indian Merchant Magnate', *The Medieval History Journal*, 1998, pg. 266.

Vora also had a vast network of subordinate business associates, agents, and numerous functionaries, servants who were employed and controlled by him. Agra the imperial capital and center of the indigo area had his agent's there working for decades. The English in Surat often used Vora's facilities for transmitting large accounts of money from Surat to Agra through hundis. Vora on his part, influenced the activities of English brokers there, through his agents for his own benefit.¹⁵ Likewise, he had his agents in Burhanpur the major transportation and textile center on the route between Agra and Surat. In the Deccan and Goa, his agents bought spices especially pepper and cardamom and from Goa, he used the Malabar frigates for his coastal trade.

Outside of India, Vora's trading interests extended to Mokha and Gombroon in the Persian Gulf, Red Sea and Malaya and Sumatra in South-East Asia. Often the English had to accommodate him in transporting his goods at the cost of displacing a part of the regular English cargo, and at times even to carry his goods free of freight charges.

¹⁵ EFI, 1624-1629, pg. 190.

"When some of the merchants asked leave to send goods in the Anne to Batavia, pointing out that the Dutch had granted them similar privileges, it was decided to consent. The parties were among others Virji Vora, "The greatest banian merchant... These courtesies have been repaid by officials and promote the peaceful passage of business."¹⁶

In another instance Virji Vora along with Hari Vaishya, threatened that unless their goods were transported to Persia along with the English ones, they would ask for the payment of their (meaning the English) debts¹⁷ (which cannot be paid owing to want of cash). Seeing this the English had no option, but to defer dispatch of Hart to England, and send her to Persia to carry the surplus goods.

One of the most effective ways in which Virji Vora exercised control over and put a check on the European companies was through money lending. As has been pointed out earlier, it was the possession of capital, which distinguished a merchant from a Shroff. Virji Vora acted as a banker, but was no mere shroff. The English heavily depended on him to bale them out from any financial crises. B.G. Gokhale ,opines that the major source of Vora's strength and power,

¹⁶ EFI, 1624-1629, pg. 211.

¹⁷ M.J. Mehta, opp cit, pg. 250

however lay in his remarkable ability to marshal large amounts of cash at various points simultaneously. He exacted heavy batta (discount) or difference in exchange rates between various currencies which varied between 4 mahmudis to 13 to 14 mahmudis per 100 rupees, and 9% to 10% between Surat and Masulipatnam for sending mahmudis, pagodas and other assorted currencies in rupees.

His letters of credit bailed the English out at many a time. "They will require from Agra a larger stock of indigo than usual and for this purpose they enclose a bill of exchange for Rs. 25,000 drawn on Bhimji Kaka, the vaquil of our ancient acquaintance Virji Vora, who hath furnished us with a letter of credit to the amount of Rs. 25,000 for your further supplies upon all occasions."¹⁸

"The town is very empty of money. Virji Vora is the only master of it and he is so close fisted that for the consideration of no interest, it cannot yet be before procured of him, that if the sooner we are not enabled to pay your debts, we shall be weary of our lives."¹⁹

Yet, it was Virji Vora alone on whom the English could depend for financial survival. On 27th Jan, 1642 Swally wrote to London, "in

¹⁸ EFI, 1630-33, pg. 56.

¹⁹ EFI, 1655-60, pg. 215.

these necessitous and calamitous times, your greatest creditor Virji Vora whose indeed requiry of his monies brought first you credit in question in Surat undertook own relief by offering a loan of rupees. 1,00,000 payable in Ahmedabad which enabled provision of a lading for the London.” Likewise in 1650, Vora offered Merry, President of Surat rupees. 100,000, whenever needed; and in 1647 the English investment in Persia was kept alive only with monies borrowed from Vora.”²⁰

Another noteworthy contribution of Vora to the English commercial investments in India, was his financing the company's voyage to Peguin Burma in 1647 for which he advanced 10,000 old pagodas (about \$ 6,000 at Golconda at 1 1/6 per cent per month. In 1650 the English office records:

“A dispute seems to have arisen over the amount to be paid for some coral and quicksilver which Virji Vora brought from the English, and on which he claimed a rebate amounting to 25,001.”²¹

President Blackwell before leaving Surat, persuaded him to pay over the money, and to leave to the Company at home the decision

²⁰ EFI VII, pg. 5, VII pg. 5, 88-89, 275.

²¹ EFI, 1630-33, pg. 56.

whether the whole or any part thereof should be refunded.²² The Company however decided that no abatement could be made, as the long period for which the money had been owed, had caused considerable loss. However, to manifest, their appreciation of his (Virji Vora) friendly behavior and their desire to maintain friendly relation, “they as well become us to give and be worthy of your acceptance.” Accordingly, by the Eagle they dispatched several pieces of broadcloth and satin, two large looking glasses and a piece of double gilt plate engraved with the company's arms. From later references it becomes clear that he was for from satisfied with the result of his appeal written on 25 January, 1655 in English, signed in Gujarati and preserved still among the India office records.²³ In 1660,²⁴ for instance one comes across correspondence which says “none but Virji Vora hath money lend or will lend, all but he having been so abuseth by particular persons and not paying.”

Virji Vora also lent money to individual Englishmen to finance their own private trade, a practice so often denounced by London, as it affected the Company's corporate profits a great deal. These loans, according to Gokhale, went a long way in establishing close relations between prominent English factors and Vora and his agents. For

²² EFI, 1660, pg. 16-17.

²³ EFI, 1660, pg. 360.

²⁴ Ibid, pg. 368.

instance in 1630 Wylde is suspected of underhand dealings with Virji Vora to the company's detriment.

The question arises whether a man in Virji Vora's position, welcomed the presence of European merchants in the market. According to W.H. Moreland the facts appear to justify an answer in the affirmative, so far at least the English are concerned, for he willingly financed their transactions during a long period in the course of which he could probably have driven them out of the country. He however, took regular interest and raised the rate when market conditions justified this of course.

Another inference, which may be drawn from his conduct, relates to the importance of personal credit in this period. The records do not show that he asked for security for his loans, and it is tolerably clear that such a request would have been futile, because the English had nothing tangible to offer, their local assets consisting at most of a stock of goods, which were temporarily unsaleable. Moreland suggests that in conditions, which prevailed in Gujarat, money might be lent by the lakhs as a business transaction, if the borrower's personal credit appeared to justify the venture.

The English endeavored to maintain amicable relations with him practically till the end of his career. In the event the English captured an Indian junk, which had Vora's cargo on it, the English quietly restored his goods and gave their own safe conduct passes.²⁵ “...to nominate none unto us but such as shall be known to Virji Vora who informs into whom we may without danger give our passes.” In another instance, the English factory records mention that, “they cannot refuse to help Virji Vora.” The Surat Factory writing to its agents in Persia in 1631, expressed disapproval of marking some bales belonging to Virji Vora with English letters, though it was alone without prejudice to the company's freight as such a practice could lead the Surat government to suspect the English of smuggling Indian owned goods.²⁶

Yet, the council was aware of the fact that Virji Vora was a competitor, and declared itself weary of his unprofitable correspondence, which they intended to shake off by degrees and incline to others that promise more fairly. In 1664, a tender from Virji Vora was rejected and the tender of Cojah Minaz 'an able and well reputed Armenian merchant was accepted'. His waning strength is reflected in an English report of march 12, 1665 “your old customer

²⁵ EFI, 1650-55, pg. 330.

²⁶ EFI, 1660-65, pg. 207.

Virji Vorah, hath now left you, or rather we him, having found another way to supply your occasions more reasonable though we believe he would now abate you something to have your custom again, for he loses not only the loan of his money, but the carrying away of many a good parcel of goods out of your warehouse when he found he had got an advantage of you."²⁷

Another case of cold shouldering Vora comes in 1666, evident from the following "The Commissary according, to order from Batavia sold off in a lump together to Hodjee Zaid Beaque, baulking their former merchant Virjee Vora who usually was their customer and this was occasioned by acquainting the general of Batavia of the abuse putt on him the last year, who not withstanding he preferred more than Virjee Vorah, was not suffered to have the bargain the Dutch Commandore and Vijee Vora better understanding one another."²⁸

As far as Khwaja Minhaz is concerned, the English obviously supported him to undermine the influence of Virji Vora. His rise was short lived however. The Governor of Surat became displeased with Minhaz because of his close ties with the English and began to harass

²⁷ EFI, XII, pg. 3.

²⁸ EFI, 1665-70, pg. 148

him in various ways. In 1678 Minhaz was in a terrible plight and had fallen in heavy debt and by 1680 he had gone bankrupt.²⁹

The attempted sidelining of Virji Vora by the English, is not to suggest that he was finished. In 1669 the English still owed him substantial debts, and in 1670 he had enough influence to try to stop the lading of French ships, because of their outstanding debts to him. Possibly the last reference to Vora, is from 1670 when Khwajah Mihaz took delivery of some broadcloth on his behalf and Nanchand his grandson, bought some tin and copper.

The business activities of Vora, reveal that Virji Vora was eminently a merchant i.e. to say a buyer and seller of commodities, and his business extended to any class of goods, in which there might be hopes of profit, but at the same time, he freighted ships, he acted as a banker, he received deposits and he arranged remittances by means of bills or letters of credit on his branch houses.

Virji Vora was the head of the Mahajan at Surat and possibly its nagarsheth (Leading merchant). 'Mahajan' means different things in different parts of India, it can refer to an individual banker, a money

²⁹ EFL, 1670-77, pg. 192.

lender, a merchant or an unspecified "great man". In Gujarat, it usually meant a body, representing a group of people engaged in the same commercial occupation, a growing council with an elected or occasionally hereditary headman. The Mahajan was ordinarily concerned solely with commercial matters as prices, adjudicating disputes within the occupational group, and representing its disputes with other Mahajans.³⁰

Virji Vora in his role as the head of a Mahajan, acted as the ultimate authority within his group (though usually by means of promoting a consensus rather than by obligate), and also on occasions as intermediaries between their members and the government. As we shall see below, the Mahajan may be viewed in the interests of the business communities, in setting internal trade disputes, as also a kind of 'lobby' or 'pressure group' that could call a boycott, and suspension of general business or even mass migration to other areas in protest governmental economics, social or religious oppression.

In 1639, Virji Vora, was summoned to court by Shahjahan to give an account of the grievance he and other merchants had against a Governor of Surat. In 1650 the English were worried about which

³⁰ M. N. Pearson, *Merchants and rulers in Gujarat*, pg. 123, "Political Participation in Mughal India," *Indian Economic and Social History Review*, 1972, pg. 120

Malabari merchants they should give passes to, as sometimes they mistakenly gave them to people who turned out to be pirates. To avoid this they got the Governor of Surat to nominate to them for passes only those Malabaris known to Vora. In this commercial matter, the Governor was to use Virji Vora, as an intermediately, an interpreter for him of merchant affairs.³¹

Seven years later, Shahjahan fell ill and his fourth son, Murad Baksh who was Subahdar of Gujarat revolted and prepared to seize power. As sinews of war he got a loan of Rs. 5,00,000 from the merchants of Surat. Virji Vora, and another merchant on behalf of all Surat's mercantile community advanced this sum.³²

Again in 1664, he was acting with others as a representative of Surat's merchants. This was the year of Shivajis first raid on Surat, and Shivaji presented his ransom demands to the Governor of the town; and the three leading merchants of Surat one of whom was Virji Vora. Following the raid, there is a report that Virji Vora and

³¹ EFI, 1637-41, pg. 108-9; 1646-50, pg. 331.

³² Jadunath Sarkar, History of Aurungzeb, 5 vol., See vol. II, pg. 298-99.

another merchant, went to Aurungzeb to ask for better protection for the town.³³

In 1662 when two brokers working for the Surat factory, Somji Chitta and Chota Thakur were dismissed for alleged dishonest acts, they turned to Vora for redress. Vora on his part did his best in forcing economic sanctions against the English by trying to defeat Surat merchants, from buying copper brought in by English ships and also hindered sale of their coral.³⁴

Virji Vora generally maintained amicable relations with the local authorities with his commercial interests often being complementary to them eg Mirza Arab and Muiz-ul-Mulk. They needed Vora's assistance and most of the time worked on favorable terms with him, with the result that Vora secured special concessions from them is reflected in the frequent English complaints against Vora's over whelming postures, because of his friendly relations with the local Mughal government.

³³ See K.H. Kamdar, "Virji Vora Surat Millionaires Mahajan," *Journal of the Gujarat Research Society*, XXXI, 4, 1968, pg. 277-9, in M. N. Pearsons, *Rulers and Merchants in Gujarat*.

³⁴ EFI- 1661-64, pg. 102.

Powerful as he was, Virji Vora was not always able to disregard the local authorities. In 1630 we find him apprehensive of the Governor's intention to join him in a partnership, which might appear to 'ensnare him to his abuse' and a later Governor Maish-uz-Zaman, appears to have judged that he was ripe for extortion, for at the end of the year 1638 he was experiencing "most for barbrous tyuranny" in the Surat prison. The particular charge made against him is not stated, and we do not know whether it was true or false, but the proceedings appear to have been irregular for the Diwan, the provincial representative of the Imperial revenue authorities reported the matter to the Emperor. Virji Vora was summoned to court to answer in person, and eventually Masih-uz-Zaman was removed from his post. By 1642 he was once again in a position to awe "all other Banian merchants to his observance."

The name of Virji Vora, comes up for the first time in the English records in the year 1619. Kamdar states by the year of Shivaji's attack on Surat in 1664, Vora was already quite old. Moreland surmises that the year of death of the merchant prince was around 1677. If the year of the birth of Virji Vora is taken as 1600, according to Lotika Vardarajan,³⁵ he would have been around 19, in

³⁵ Lotika Vardarajan, "The Brothers Boras and Virji Vora", *Journal of the Economic and Social History of the Orient*, XIX/II (Zeiden 1976), pg. 224-227.

1619. This was the year in which Vora (or rather his agent) was given a pass to visit the English ships for purpose of commercial transactions. This coupled with the fact that he provided substantial credit in the year 1630, presupposes that he should have been well established by this date. He could have achieved this position by the age of 30 and even today, in India, 64, the age he had probably reached in 1664 is considerably advanced. Based on the memoirs of Francois Martin, Vardarajan says it is possible to stretch the year of the date of Virji Vora's death to around 1685, a decade beyond what Moreland said.

The community to which Virji Vora belonged is a matter of interest. In his memoirs, Francois Martin is found to refer to members of the Muslim Bohra community also as 'Boras'. This could lead to the assumption that Virji Vora was in fact a Muslim. Satish Chandra³⁶ has advanced a view that Virji Vora was a Bohra called Bahaji Bohra. K.H. Kamdar basing himself on materials from the Bombay archives and Jain documents in Surat and Baroda, conclusively proved that Vora was a Sthanakavasi Jain of Lonkagarchiya group, and may hence have been a member of the Srimali Oswal Porwal caste grouping. Besides his commercial

³⁶ Satish Chanda, IESHR, III, 4, 1966, pg. 327.

activities Vora was deeply involved in religious affairs and was a lay leader (Samghpati Saghani) of his community. No one could be admitted to ordination in its monastic organization, unless the samghpati was satisfied that the applicant possessed adequate knowledge of the Jain lore. This would indicate that Vora himself possessed a proficiency in Jain learning.

In its behavioral aspect, the Jain faith enjoys austerity in those who are dedicated to be its cultural bearers. In fact the value systems had come to be inbuilt in the personality system of these men, they may have used devious means in their struggle to augur wealth. For Virji Vora, there is some testimony in English records. For instance in 1664³⁷ Oxenden was quite indignant at being offered a bribe of a diamond worth Rs. 1000 by Smith, the two partners of Smith were later found to be Virji Vora and Chotta Thakur. But as S.C. Misra³⁸ suggests that like the militarist ethos of the landed interests condoned indulgence, the commercial ethos of the trade did not take a hypercritical view of a doubtful practice.

Vora was also an economically wealthy man. An estimate of Virji Vora's personal wealth may be gathered from the records

³⁷ EFI, 1663, pg. 207.

³⁸ SC Misra, 'The Medieval Trader and his social world' in D Tripathi, ed Business Communities of India, pg. 49.

pertaining to Shivaji's attack on Surat in 1664. His home along with those of other rich merchants was plundered on Jan 7, 1664. Shivaji's men carried away an enormous booty comprising gold, pearls, diamonds, rubies, emeralds and a large amount of cash. Estimates of Vora's loss during the raid vary, and undoubtedly lost a large part of his accumulated treasure. But Vora was by no means finished. An English letter in 1664, says that Haji Zahid Beg and Virji Vora, the two greatest merchants of this town, hold up their heads still and are for great bargains so that it seems, Shivaji hath not carried away all, but left them a competency to carry on their trade.

This may have been possible as Vora had his liquid assets distributed at a number of centers such as Broach, Baroda, Ahmedabad, Agra which were not affected by the Maratha raids. Another reason suggested by B.G. Gokhale that Vora and most other Hindu Jain merchants in the Mughal Empire, had learnt the act of survival against the expropriating rapacity of Mughal officials and the vicissitudes of dynastic fortunes, by hoarding and secreting a significant part of the total assets in gold, silver and precious stones, which was in the nature of an insurance. It must be noted that all such wealth was lost to circulation investment and further returns. S.C. Misra opines that the vesting of political power in a land oriented

nobility with a highly militarist ethos, their perpetual shortage of cash, financial squeeze and the possibility of squaring up the latter at higher levels, if things came to crisis and not always contribute to an equitable climate for acquiring wealth and displaying it.

As far as Virji Vora family is concerned it seems that by 1670 his grandson Nanchand had begun to operate the family business. Lotika Vardarajan³⁹ basing herself on Francois Martin's memoirs says that Virji seemed to have a younger brother, who was a junior partner in the business. Some entries of Martin referring to the two Bora brothers are as follows :

“The creditors of the company were pressing for repayment of their loans ... we could not avoid paying Rs. 7000 to the brothers Boras to whom we owed the most.” “I (Martin) invited the elder of the two brothers to come to the lodge”

To draw a character sketch of Virji Vora, from our scattered sources is no mean task. That he had become well established and respected at quite an early age seems to be evident from early references in the English factory records 1619 to be precise). Vora

³⁹ Lotika Vardarajan, op cit, pg. 224-225.

seems to have been a true businessman, who did not leave any opportunity for making a quick profit, even if he had to resort to devious means at times. A reference to a letter written in English to the Surat factors of English East India Company and signed in Gujarat by Virji Vora indicates that he was literate; whether he knew English or any other language is open to discussion. The fact that Vora was able to maintain cordial relations with the English in Surat for a long time, would perhaps be indicative of his congenial, amicable or shrewd nature, being a true businessman who knew which side the bread was buttered. Also his taking up cudgels for the cause of the mercantile community as seen in the dismissal of Chotta Thakur and Vora's resistance to this act by the English, are also brought to light.

It may be asked that why despite the presence of enormously wealthy men like Virji Vora, whose personal wealth at time of his death was estimated to be 80 lakh rupees, capitalism did not arise in the 17th century in India? Recently we have had the Russian historian A.I. Chicherov arguing among other things that the capital accumulated by the Indian merchants was on the point of transforming the Indian economy, when the British intervened. And indeed if one looks at the wealth and prestige of Vora or the Jagat Seths, one is inclined to take such proportions seriously. However,

the problem lies in the paradoxical situation of merchant princes. By any standards they were wealthy and powerful, no one could fault them in the drive for maximum possible profit.

But as Ashin Das Gupta suggests that these merchant princes like Virji Vora belonged to the fringe of a vast continental society, which they were unable to influence that they lived in a world fragmented itself and was unable even to rise to an awareness of its own identity, and the fact is that they knew such terrible uncertainties that they were content to live from one to the next, without dreaming strange dreams.

Traditional though they were, yet to be fair to men like Virji Vora they did have the quality of entrepreneurship which is defined, in terms of taking calculated risks, professedly legitimate and socially sanctioned in search of profit and gain. The very fact that they operated in a setting which could be potentially explosive and in a market which was wholly open and competitive with high risks, the fact that Virji Vora could advance heavy loans to English, which remained largely unpaid suggest an ability to take high level risks. Moreover, they ventured into far off lands ranging from West Asia to Philippines. The monopolistic tendencies reduced the risk and

thereby the transaction costs and thus, far from being disturbing elements they fulfilled an important function in the pre-industrial market. Thus, the operation of monopolistic market forces Surat may be seen as an advance over primitive market forces.

But men like Virji Vora remained traders and merchants, who could not effect the great leap forward. The transformation of their mercantile capital into industrial and finance capital was beyond their capacity, and was largely influenced by the limits set by their own social organization and the state under which they lived and functioned. There was a general failure in evolving an alliance between feudalism and nascent mercantile capitalism, and under such conditions, men like Vora could be little more than episodes in the economic history of India, rather than harbingers of significant change leading to the emergence of a modern age.

The Indian merchants and intermediaries ,were a dynamic mobile group of a plural society with entrenched features of tradition and custom, as well as considerable volatility introduced by elements of political and social change. The merchants used their basic resource capital to safeguard their own interests, seek redress, when they felt they were being attacked and participate in political

activities at the country level. For instance in 1669 the heads of Surat bania families numbering 8,000 left Surat for Baroach en masse, due to communal prejudice by the Governor, and petitioned the Emperor for redress. Only on receiving a reassuring reply did they return back to Surat.

The merchant's sphere of operations had expanded in the 17th Century and their customary expertise appears to have been stretched to the limit. Commerce no doubt had expanded, but it had also become very competitive with a new dimension introduced by European enterprises, which necessitated adjustments and redrawing of relationships.

It is in such a milieu that we have tried to trace the life and times of our main actor Virji Vora. He was a business magnate whose activities spanned more than half a century of commercial manipulations and financial skills. There is no doubt that Vora greatly benefited by his association with European trade in India and made vast fortunes. Yet, it would be simplistic to view him merely through the prism of European presence. He was not subordinate to them and dealt with them on equal terms and was often a competitor. The commercial standing and personal influence of Virji Vora was multi-faceted. The activities and abilities of a business tycoon like

Virji Vora who succeeded in establishing an elaborate system of organizational and credit control, trading networks as far as West Asia and South East Asia and emerged as one of the key figures in the commerce of not only Surat, but also India in 17th century leads one to conclude that he is highly deserving of such epithets as the merchant prince.

CONCLUSION

The seventeenth century registered a phenomenal expansion in the volume of India's international trade and mercantile activity. The rise of her merchants then the freedom in volume of bullion inflows into the subcontinent that the export trade generated, and the resultant expansion of cash crops and manufactures, and the expansion of indigenous credit networks in Hindustan, are testimony to India's eminence in the international economy. This impressive performance was made possible by a conjunction of several factors such as the smooth operation of trade routes, the accessibility of credit and the volume of internal traffic. The available evidence suggests quite unmistakably the intervention of an integrated and price responsive market, covering extensive parts of Hindustan, Rajasthan, Malwa, Gujarat, Bengal and the Deccan. Inland trade fed into the port towns that operated India's international economy.

The dissertation is set in this aforementioned milieu and is an attempt to explore the dynamics of contact, collaboration and conflict between the Merchants, The State and European Companies (mainly the

English East India Company). For this purpose we have chosen the port-city of Surat to serve as the kaleidoscope, to view the changing parameters and equations between the three components. The city of Surat through a major part of the seventeenth century was able to maintain its position as the premier trading entrepot of the country.

Nowhere else is found a concourse of merchants as varied as that at Surat from Armenians to Arabs to Malays; Nowhere else too, do merchant houses show the capacity to defy the great suzerain power, the great Mughals, and effectively demonstrate to them where their sway ended. The pattern of competitive trading relative *laissez faire* in trade with no holds barred in Surat, was replicated in other parts of the country. The impossible scenario of a merchant prince actually planning to establish an armed bastion at the Piram Island speaks of an extraordinary age, which could not and did not last.

Yet, the trading caste with profit as their motive and liquid capital as their assets and mostly being urban based, were in no position to alienate the ruling elite. They needed a relatively stable political system, by which law and order was maintained and a regular and

reliable system of transport and communication was stabilized. Only thus, could they serve their primary and secondary life goals, gain resources by trade and commerce, and then serve familial and commercial culture system.

Traditional though they were, yet it appears they did have the quality of entrepreneurship, if entrepreneurship is defined in terms of taking calculated risks, professedly legitimate and socially sanctioned, in search of profit & gain. The very fact that they operated in a setting which could be potentially explosive, and in a market which was wholly open & competitive with high risks, the fact that Virji Vora could advance such a heavy loan to the English, which remained largely unpaid, do suggest an ability to take high level risks. Moreover, they ventured into far-off lands ranging from West Asia to the Philippines, a tradition which held since the age of the Solankis.

But traders & merchants they remained; they would not effect the great leap forward. Why they could not do so, is probably another large question; which goes beyond the scope of our study. After all, as Marx has noted, merchant capital, cannot by itself generate the

capitalist breakthrough – if by the capitalist is meant industrial capitalism engaged in production not circulation.

The major role of merchants was far away from the state. In their basic activities of exchanging, financing and trading they operated under conditions of freedom by and large. Market forces of demand and supply drove the commerce, both overseas and inland. The forces that went into production of exportable goods had to be driven by economic incentives. Ports, markets and producing centers had an existence of their own and outlets of commerce and their interlinked character made them immune from direct interference. Yet, the state and its activities did have an impact on commerce in important ways. The Mughals now and then, asserted prescriptive rights over certain sectors of trade these were sporadic and never at any time embraced overwhelming parts of the whole trade. In spite of this we cannot ignore the role played by the State in commerce of 17th century.

This brings us to ask whether we can label the Mughal state as being despotic or interventionist?

The discussion seems to show both colors. Positively it brought about numerous benefits – like capital into commerce, enlarged shipping capacity, provided protection when necessary, and generally promoted a climate favorable to commerce. It gave merchants a degree of access to political influence, to persuade the political rulers to act in the interests of commerce. However the creation of monopolies, policy of pre-emptive buying, forced sales, extortions and bribes by officials, disturbed both the market and trade. No Indian state during this period, with the exception of Malabar, could give its undivided attention to the littoral. State capitals were located into the interior, and states had pre-occupations in various parts of their inland domains. If one were to sum up in a single phrase the relationship between merchants of 17th century Gujarat and the Mughal state, it would perhaps be ‘opportunistic intervention’, which operated in a largely free and unhindered competitive environment of commerce. Perhaps this seems to reflect the states role in the economy generally, a role that was at best facilitative, helpful, but not determining or interventionist, at least not on the basis of any coherent body of doctrine like mercantilism.

The commercial activities of the European companies during the 17th centuries altered, the traditional patterns of trade, which in the

course of time came to change the occupational patterns, livelihood and exert a larger influence on the various littoral communities. The nature of change in these economic activities causes the larger process of adjustments to be interpreted not only in the economic context but also in a wider perspective of alteration involving the society of the littoral and its organization. These adjustments that the economy of the Indian Ocean underwent altered the nature of the relationship between the people of the littoral and the sea and the livelihood they earn from it. The European presence in the Indian Ocean was an economic element that came to assume political power through the end of the 18th century. The dynamics of relationships between the Merchant, the State and the Company witnessed the transition from an essentially market determined commercial encounter between Europe and India, to the beginnings of a colonial relationship between Britain and the Sub - continent.

APPENDIX - I

1. Map 1 : The Trading World of Asia
2. Map 2 : Surat and its Hinterland

APPENDIX - II

1. Picture 1 : Source Anthony Farrington, Trading Places The East India Company and Asia, 1600 - 1834.
2. Picture 2 : The City of Surat, From a Dutch engraving reproduced in John Ogibly's Asia, London, 1673.
3. Picture 3 : The Delhi Gate of the Red Fort at Agra, by an Indian artist, early nineteenth century.
4. Picture 4 : Detail of the Dutch Factory at Surat.
5. Picture 5 : Petition from three Gujarati merchants of Surat to Oliver Cromwell, written in Persian in January 1655, claiming compensation for Josses during war with the Dutch.

Note: Pictures taken from Anthony Farrington's , TRADING PLACES, The East India Company and Asia.

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