

CHAPTER THREE

Asian Merchants of Gujarat and Indian Ocean Trade

Introduction

There are two major issues around which the narrative of this chapter is built. The first relates to the relative position of merchants in the political economy of Gujarat and the degree of control they exercised over the economy of the region. The second major concern is to examine the extent to which the evidence of Gujarati merchants' commercial activities in the second half of the eighteenth century validates or contests Ashin Das Gupta's notion of Surat's prosperous world in decline.¹ These objectives are pursued through an analysis of the commercial dynamics of the mercantile communities of Gujarat in the second half of the eighteenth century. This chapter also examines the social organisation of trade and the role of institutions in facilitating merchants' participation in different professional commercial activities. In the following pages, a modest attempt is made to explore the relative position of merchants in the eighteenth-century political economy of Gujarat.

Merchant communities: family, diaspora and network

In any early modern economy, merchants played two distinct yet overlapping roles. First, as commodity merchants they traded along the oceanic and overland routes to numerous destinations from the Mediterranean to the South China Sea. In this capacity, they were mainly involved in importing and exporting merchandise. Second, as facilitators of trade they rendered services which were crucial for the conduct of trade on a large scale. In the capacity of brokers, their services were most sought after by companies and merchants for the procurement of export merchandise and the disposal of imports. As money merchants, they rendered crucial services to all merchants, companies, and a host of others among whom were rulers, administrators, agrarian and industrial entrepreneurs, and artisans, to name only a few, by exchanging coins, lending money on interest or remitting funds. While some merchants combined many of these activities in an effort to spread risk, many specialised in a particular profession. There existed, therefore, a relationship of endorsement and mutual

¹ Ashin Das Gupta's numerous essays on the Indian merchants of Surat have illuminated many aspects of trade and its organisation in the seventeenth and early eighteenth century. See in particular his *Indian Merchants and World of the Indian Ocean Merchant*.

benefits among these merchants as well as between them and political and commercial entrepreneurs.

The merchant community of Gujarat comprised of people involved in various fields of activity. There were merchants who were shipowners, freighters, inland traders, bankers, brokers and suppliers. The range of activities was invariably overlapping and many merchants, especially rich ones, could combine their trading activities with those of banking or brokering.² One group of merchants, mainly Banias and Armenians, engaged in banking, which was a crucial aspect of early modern Indian Ocean commerce. Moneychangers (*sarrafs*) and moneylenders (*sabukars*) facilitated the flow of trade in the Indian Ocean regions that had a variety of currencies based on silver, gold, and copper, by providing services in minting or exchanging coins and by transmitting funds to different parts of the trading network. By the early seventeenth century, there was already a great degree of sophistication in banking services and any merchant could avail himself of the facility of transferring money from one place to the other through risk-bearing bills of exchange (*hundi*).³ The bills of exchange also served as an instrument of credit and merchants in need could raise capital for investment on interest provided they had collateral. There were also merchants who limited their activities to trade only, with varying scales of operation. With low operational costs and content with small margins of profit, even inland traders played a vital role in the trading network of the Indian Ocean by providing essential links between the major trading ports and the interior.

It should be noted that there had existed since the early seventeenth century or perhaps even earlier a great deal of professional specialisation. Even though no branch of commerce was the exclusive domain of any particular ethnic group, some professions certainly had a larger participation of one such group than of the others. Banias, for instance, controlled the money market and dominated the credit and exchange networks as well as the brokering profession. Muslim merchants, likewise, held a predominant position in overseas trade and shipping. With their large economic resources and control over markets, these merchant communities as a whole came to play a dominant role in the political economy of Gujarat.

In the last few decades, the concept of 'diaspora' has been used as a tool of analysis for studying the activities of merchant communities. Borrowing from the anthropologist Abner Cohen, Philip D. Curtin favoured its almost universal application from antiquity to the rise of modern world, which he describes as the period between 1740 and 1860.⁴ As defined by

² Brokers for the European companies, for example, were usually big merchants who not only facilitated their clients' sale and purchase of merchandise, but also at times provided with the capital.

³ Irfan Habib, 'Banking in Mughal India', *Contributions to Indian Economic History*, 1 (Calcutta, 1960); Om Prakash, 'Sarrafis, Financial Intermediation and Credit Network in Mughal India', in H. G. Van Cauwenbergh (ed.), *Money, Coins and Commerce: Essays in the Monetary History of Asia and Europe from Antiquity to Modern Times* (Belgium, 1991).

⁴ Philip D. Curtin, *Cross-Cultural Trade in World History* (Cambridge, 1984), 2, 230.

Abner Cohen, the trading diaspora as ‘a nation of socially interdependent, but spatially dispersed communities’ could be conveniently applied to a variety of trading communities. Most scholars of trading diasporas have emphasised the social, cultural and economic organisation of the community concerned while ignoring the nature and composition of the host societies.⁵ Apart from its inner cohesiveness and the community’s ability to maintain social, cultural, and commercial contacts with its spatially dispersed members, the formation of a diaspora is also the function of a dialectical interaction between it and the host society and is shaped by its response to the challenges from the latter.

The interaction among these merchant groups, each specialising in a certain branch of the commerce or having expertise in a particular profession, was dynamic and the extent of mutual interdependence naturally great. In the conduct of trade, every affluent merchant depended on the services rendered by a host of predominantly Bania brokers and bankers. Under stable market conditions, trust and reliability were not necessarily confined to members of the same ethnic group. Because of this, the notion of a culturally defined merchant diaspora as a theoretical framework against which to study merchants’ commercial organisational structure loses much of its relevance from the economic point of view.⁶ Merchants, however, preferred commercial networks based on intra-community interactions and reliance on communally managed information under all circumstances.⁷ All merchants and companies involved in long-distance oceanic trade employed agents to transact business on their behalf at every major trading station along the Indian Ocean littoral. It was therefore quite logical that kin- and community-based network would have precedence over those of others. This was, however, only one side of the coin; in practice the inter-community economic interactions were quite frequent and common as we will see in the following sections.⁸

⁵ André Wink, ‘The Jewish Diaspora in India: Eighth to Thirteenth Centuries’, *IESHR* 24/4 (1987); Stephen Frederic Dale, *Indian Merchants and Eurasian Trade, 1600-1750* (Cambridge, 1994), especially chapter 1; Scott C. Levi, *The Indian Diaspora in Central Asia and its Trade, 1550-1900* (Leiden, 2002), 86-90. For a recent application of this tool of analysis for a study of the English merchants, see Sören Mentz, *The English Gentlemen Merchant at Work, Madras and the City of London 1660-1740* (Copenhagen, 2005).

⁶ The terms ‘diaspora’ and ‘community’ have been interchangeably used in this book to denote ethnic communities whose members were socially interdependent but spatially dispersed.

⁷ In rejecting the notion of ‘diaspora’ as a theoretical proposition, K. N. Chaudhuri has argued that tendencies like striving to monopolise the trade in certain commodities, possessing a social and political organisation of an informal nature and exchanging commercial information through friends of the same group are not determined by the fact of spatial dispersion but were general characteristics of human behaviour (Chaudhuri *Trade and Civilization in the Indian Ocean*, 224-7).

⁸ For a critical evaluation of merchant diasporas see Pearson, *Indian Ocean*, 100-1; Bhaswati Bhattacharya, Gita Dharampal-Frick and Jos Gommans, ‘Spatial and Temporal Continuities of Merchant Networks in South Asia and the Indian Ocean (1500-2000)’, *JESHO* 50/2 (2007), 94-5. A recent study on medieval Aden (11th-13th centuries) suggests that the Muslim, Hindu and Jewish merchants interacted closely with each other and each

More than diasporas, the concept of commercial networks serves as an analytical tool for understanding the organisational dimensions of long-distance trade.⁹ This was a crucial institutional factor behind merchants' long-term successful commercial enterprises. Families were, however, the basic units of operation and the network was built incorporating members of the extended family as well as people from outside the circuits of ethnic community, religion or region. Unfortunately, our knowledge of familial initiatives, kinship patterns, organisational strategy, succession, and many other aspects of these networks is rather limited. A close reading of the sources, however, yields interesting information on the role of institutions that contributed to merchants' commercial accomplishments. Institutions such as family, marriage, commercial networks, agency, inheritance and adoption were deep-rooted in early-modern Gujarat and played important roles in ensuring intergenerational transmission of mercantile wealth.¹⁰ Even under relatively uncongenial political circumstances in the early eighteenth century, these institutions retained their functions and helped merchants overcome difficulties and ensure intergenerational transmission of mercantile wealth and property. Several merchant-families of Surat were able to maintain commercial fortunes across the seventeenth and eighteenth centuries. In the following sections, I will analyse the nature and scale of familial enterprise in Gujarat in the second half of the eighteenth century.

Some prominent merchant families of Surat

The development of the spectacular commercial empires of Rudraram Raidas and Mancherji Khurshedji, the brokers of the Dutch Company at Surat in the second half of the eighteenth century, represents this dynamic. Both were under the protection of the Dutch Company and, by virtue of being men of credit and capital, were entrusted with the responsibility of broker. The fact that they were contact persons in all aspects of trade and politics put enormous pressure on them; this position nevertheless assured them better commercial prospects. The family fortunes of these men were built upon the combination of trade and

trusted the other in commercial transactions (Roxani Eleni Margariti, *Aden & the Indian Ocean Trade: 150 Years in the Life of a Medieval Arabian Port* (Chapel Hill, 2007), 155-8, 178-81, 213-14).

⁹ Calude Markovits, *The Global World of Indian Merchants, 1750-1947: Traders of Sind from Bukhara to Panama* (Cambridge, 2000); Bhattacharya et. al, 'Spatial and Temporal Continuities', 95-7. The inadequacy of the notion of diasporas as an analytical tool for explicating the nature of interaction among trading societies has also been underscored by other scholars (Chaudhuri, *Trade and Civilisation in the Indian Ocean*, 223-4. Sanjay Subrahmanyam's analysis of the Iranian immigrants and their integration into the local systems of trade and administration also debunks the notion of diasporas (Sanjay Subrahmanyam, 'Iranians Abroad: Intra-Asian Elite Migration and Early Modern State Formation', *Journal of Asian Studies*, 51 (1992)).

¹⁰ Nadri, 'Maritime Merchants of Surat: a Long-term Perspective'.

brokering. The family of Rudraram Raidas was a prominent one in Surat and his ancestors held the position of broker to the Dutch Company since the 1650s. In 1727, Rudraram Raidas was the fifth in his family to have occupied this position.¹¹ Mancherji joined him as the second broker in 1750, after the death of Kishordas Wanmalidas in November 1749. Since this position was offered to the most promising merchants who had both potential and desire to work for the Company, it may be presumed that, by the time of his appointment, Mancherji was a man of considerable fortunes. While the former was mainly involved in inland trade, Mancherji built his fortune through investments in shipping and overseas trade.¹² Both of them bought merchandise in Surat and consigned it to their agents, who were spread across a large part of Gujarat and overseas destinations and who took care of the goods and disposed of them. The assumption of this office enabled them to exert influence and manipulate the Dutch Company's sale of imported goods in such a way that they turned out to be the sole buyers throughout their term of office.

Rudraram Raidas conducted trade quite smoothly buying merchandise at Surat and disposing of it all over Gujarat and beyond. From 1727 till his death in 1762, he was a prominent merchant of Surat. From 1750 onwards, he and Mancherji Khurshedji bought most of the Dutch imports. Govindram Rudraram succeeded his father Rudraram Raidas in 1762 as the broker of the Company, a position he held until the mid-1780s.¹³ Despite the alleged rivalry and enmity between the commercially hostile 'sects', the Bania and the Parsi, father and son enjoyed a good working relationship with their co-broker Mancherji.¹⁴ The idea of such interfaith incompatibility seems to be a delusion of the Dutch authorities at Surat as apparently commercial interests transcended all religious and sectarian barriers. The episodic rivalry between the house of Rustam Manakji and that of Bhimji Parekh for the coveted position of the English Company's broker should not be interpreted as an outcome of an inherent hostility between the two communities. The long-term trade partnership between Mancherji and Rudraram and the latter's son Govindram vindicates the fallacy about sectarian hostilities. It is not my contention here that inter-sectarian alliances completely undermined sectarian loyalties. What is proposed is that the merchants' community or caste identity allowed them a wide margin to play different roles without causing a clash with or damage to the interests of the community as such.

¹¹ Ibid. 241-3, 256. *See* the family tree of some merchant families including that of Rudraram Raidas in Appendix 3.

¹² In 1749, he invested money on bottomry (TNSA 1644, doc. no. 32, Surat, 10 Feb. 1749, pp. 127-9).

¹³ Govindram could assume official position of a broker only after his father's death in 1762, and since then he is always referred to as the 'second' broker. He was thus neither a co-broker in the 1750s nor was he senior to Mancherji as Torri has suggested (Torri, 'Mughal Nobles, Indian Merchants', 263-4, 281-2).

¹⁴ HRB 838, *Memorie van Overgave*, Jan Schreuder, pp. 353-8; VOC, 2786, *Resoluties*, Surat, 17 Jan. 1750, pp. 312-13.

At a quite critical moment in the late 1740s, when Surat was gripped by a wave of political crises, Mancherji Khurshedji sought protection from the Dutch Company which was eventually granted in 1748. From 1750, when he was appointed as the second broker of the Company, till his death in the early 1780s, Mancherji Khurshedji played a crucial role in the Company's sale of imports and carried on his shipping and overseas trading activities on a large scale throughout the period. Being close to the local political authorities, he could exert his influence in numerous ways. To some extent, this also helped him negotiate the terms of his relationship with the Company. After the English takeover of Surat Castle in 1759, his political adversaries came to exercise power and this had serious consequences for his career which came under threat from various directions.¹⁵ He did not, however, succumb to these pressures; his trade continued flourishing even after the so-called castle revolution. He owned many ships that plied between Surat and the Red Sea, the Persian Gulf and Siam and many other destinations along the Indian Ocean rim. Two of his ships were engaged mainly in commercial voyages to Siam and Batavia. They carried a cargo of freight in addition to his own goods.¹⁶ Another ship called *Mubarak Faizrasan* sailed between Surat and the ports of the Persian Gulf and the Red Sea.¹⁷ His other ships were used in local coastal navigation, chiefly on routes connecting Surat with Bhavanagar on the western side of the Gulf of Cambay, and Thatta and Sind to the northwest of the Gulf of Kachh, carrying his own goods as well as those belonging to other merchants of Surat.¹⁸

As noted earlier, there existed in Gujarat a good infrastructure facilitating all kinds of services required for the conduct of trade. A host of individuals or sometimes groups offering services like those of agents, suppliers, sub-brokers and transporters could be employed by a merchant at Surat. These were crucial services upon which depended the commercial fortunes of most of the Surat merchants. Rudraram and Mancherji could run

¹⁵ As happened in 1764 when one of his employees was beaten up on the street by the employee of Dhanjishah Manjishah and the local administration put him under house arrest and placed troops at his house (Ghulam Ahmad Nadri, 'The Commercial World of Mancherji Khurshedji and the Dutch East India Company: a Study of Mutual Relationship', *MAJ* 41/2 (2007), 315-16).

¹⁶ In 1757, his ship the *Faiz Bahsh* sailed to Siam via Malacca where his agents bought another ship, called *Faiz Bahadur* (INSA 1654, doc. no. 40, Surat, 1763; doc. no. 55, Surat, 1763, pp. 91-2). Another ship named *Emmudi* sailed to Siam in 1760 (INSA 1654, doc. no. 56.) In 1760, the *Faiz Bahadur* sailed to Siam and returned with a cargo consisting of his own goods as well as freight goods belonging to other merchants of Surat (VOC 3026, Resoluties, Surat, 6 Nov. 1760, pp. 298-300). In 1769, another ship called *Kbuda Bahsh* was sent to Batavia that also contained goods belonging to A. J. Sluijsken, Second and in charge of the Warehouses of the Dutch Company at Surat (VOC 3268, Directeur en Raad van Surat aan GG&R, 15 Dec. 1769, ff. 7^r-9^r, 13^v)

¹⁷ HRB 844, Memorie van Overgave, Louis Tallefert, pp. 86-7.

¹⁸ VOC 2863, Resoluties, Surat, 14 Oct. 1754, p. 147; VOC 2863, Resoluties, Surat, 18 Nov. 1754, pp. 176-7; VOC 3155, Resoluties, Surat, 7 Feb. 1764, pp. 79-80; VOC 3576, Resoluties, Surat, 6 Oct. 1780, ff. 251^r-251^v; SFD 15/II (1759-61), Surat to Bombay, 8 March 1761, p. 274.

their extensive commercial empire only with the help of this auxiliary mechanism. Besides, there were also groups of merchants spread all over Gujarat which came to Surat every year during the trading season when European ships arrived at the Surat bar.¹⁹ These merchants depended for the acquisition of merchandise on the big entrepreneurs of Surat. Since the European companies preferred to dispose of their imports to someone who bought the total import or at least a major part of it, brokers usually pooled the orders (and money) from numerous buyers. These merchants possibly registered with the brokers the required quantity of goods determined on the basis of a rough assessment of demand and in accordance with the prevailing circumstances in the interior. Both these factors made it convenient for the brokers to order particular merchandise from the Company and then to contract for its purchase. The brokers therefore tended to create a clientele of merchants who were, in a way, bound to trade only with them. There were merchants who had substantial dealings with the brokers, purchased goods from them and sold them to other merchants on a regular basis. Around 1780, Nandram Bhatt and Kishandas Kishordas acted as intermediary merchants buying goods from the Dutch brokers and selling them to other merchants, without even bothering to collect goods from the Dutch warehouses.²⁰

Another merchant, Ratanji Gokul, reportedly bought goods, especially spices, from these brokers.²¹ These wholesale merchants and a multitude of others from the interior constituting their clientele played a crucial role in the conduct and sustenance of the extensive commercial empires of both the brokers. Decisions regarding the prices and quantity of goods to be bought depended on the network that kept them informed of the latest trends and of the activities of other merchants and companies. They were quite prompt in gathering information about the arrival of ships and commodities, the nature of the market and the prospective sale of different commodities in Surat and elsewhere. The vagaries of the market made it essential for entrepreneurs like them to have a good overview of the situation while taking decisions in matters of price and choice of goods. A slight miscalculation could ruin even a rich merchant. Given the uncertain political situation in the region, the amount of success achieved by the merchants of Gujarat in the eighteenth century seems spectacular and must be attributed to their expertise in assessing the markets and determining the quantity of goods and the levels of prices.

Making good use of the available infrastructure and exerting political influence, both broker families carried on and expanded their enterprises with a great deal of success. Mancherji in particular exercised a near-monopsonistic power over the purchase of the

¹⁹ This can be gauged from several instances in which the Dutch authorities attributed the deflationary tendencies and their inability to sell merchandise to the fact that merchants from different part of Gujarat were unable to come to Surat for various reasons (HRB 848, *Memorie van Overgave*, C. L. Senff, pp. 14-15).

²⁰ FRS 59, *Proceedings*, Surat, 18 July 1781, pp. 154-9.

²¹ *Ibid.*

Company's imports. It was alleged by the Dutch authorities that he prevented other merchants from bidding for goods at the public auctions. Although the terms of the contracts stipulated a definite time frame within which goods had to be collected from the Dutch warehouses and payments made, the brokers could hardly comply with these requirements. In the late 1760s, they became indebted to the Company as they could not pay for the goods on time. To Mancherji, the mounting debt was not a major worry; rather it became a source of expression of his powers. Until his death in the early 1780s, he contracted to buy merchandise from the Company together with Govindram Rudraram.²² A concatenation of unwelcome developments, like the Anglo-Maratha wars in the 1770s, which gripped a large part of Gujarat and the south-western Deccan plateau, and the Anglo-Dutch war of 1781-3, which aggravated the crises in the interior, created uncongenial circumstances for even the most powerful merchants. It became increasingly difficult for them to maintain the same scale of commercial activities as before. Mancherji gradually lost some of his ships and his trading empire began to decline. Govindram Rudraram also died during the fourth Anglo-Dutch war. The Company, after being restored to the pre-war position in 1784, had to appoint new brokers. Whereas Premshankar Govindram succeeded his father in 1785, Mancherji's adopted son, Bahmanji Kowasji could not get to the cherished position despite all his willingness and efforts.²³

Mancherji's is the best example of a category of merchant-families whose members were eager to maintain the family fortunes through different means. His brother, Kowasji Khurshedji was under English protection while his second brother was a merchant who did not seek protection from any of the Companies and rather depended on the local government's support (*inlandse protectie*)—apparently a survival tactic that achieved the same goal through different, but complementary business methods. Apparently the Khurshedji brothers pursued independent businesses. Each was therefore free to choose his sphere of activities and protector. Our knowledge of the brothers' commercial activities and mutual competition and rivalries is quite limited. Yet, theirs seems to represent a typical example of spreading the extended family's risk, every nuclear family assuming an economic role of its own. Mancherji adopted Bahmanji Kowasji, his nephew and son of Kowasji Khurshedji, as his heir-apparent. During his lifetime, he launched Bahmanji as his successor and the future broker of the Dutch Company. The latter also learnt Dutch in order to carry out his

²² In 1780, he concluded the contract with the Company to buy most of the imports (VOC 3576, Resoluties, Surat, 11 Dec. 1780, ff. 298^{r-v}). This is perhaps the last contract he made before the Dutch establishments were taken over by the English. Mancherji Khurshedji died before the Dutch could resume their commercial activities at Surat in 1784.

²³ He was not allowed to succeed largely on account of huge debts and falling credibility of the house of Mancherji (VOC 3670, Directeur en Raad van Surat aan GG&R, 16 Jan. 1785, f. 72^{r-v}, 95^v-98^r; VOC 3670, Resoluties, Surat, 4 Nov. 1784, ff. 193^r-195^v; VOC 3670, Resoluties, Surat, 5 Dec. 1784, ff. 220^r-225^v).

responsibilities more effectively and to negotiate with the authorities with greater ease and confidence.²⁴ Several factors, however, worked against him: the family's mounting debt—to the value of about Rs 600,000—and the consequent loss of face and credentials; the fact that he was the son of a merchant under English protection; and above all rivals for the position of broker to the Dutch. The latter, possessing large capital, were more promising to the Dutch than Bahmanji.²⁵ The pressure from the creditors who with the connivance of the English authorities were bent upon recovering their money, forced Bahmanji to retire to Ceylon, leaving his brother as his representative and caretaker of the property of the deceased Mancherji. From circumstantial evidence, it seems Mancherji did not leave behind much wealth.²⁶ His widow later had to seek Dutch intervention in persuading his adopted son to provide means of subsistence to her.²⁷

Premshankar Govindram, although he was retained as a broker, was not usually the principal buyer of the Dutch imports. In 1786, the three brokers Lala Ramnarain Shivnarain, Tarachand Nagardas and Premshankar Govindram bought the merchandise from the Company.²⁸ In subsequent years, other merchants of Surat bought the Company's imports.²⁹

²⁴ The knowledge of the Dutch language was perhaps considered an added advantage for this kind of position. Govindram Rudraram knew the language and could converse with the Dutch authorities.

²⁵ VOC 3670, Directeur en Raad van Surat aan GG&R, 16 Jan. 1785, ff. 95^v-98^r.

²⁶ In 1775, a Dutch traveller, Stavorinus, found him commercially in much reduced state (Stavorinus, *Voyages to the East Indies*, III, 171; Torri, 'In the Deep Blue Sea', 269). He was insolvent when he died and the property he left behind was not sufficient even to meet the demand of the creditors (VOC 3670, Directeur en Raad van Surat aan GG&R, 15 Jan. 1785, ff. 5^v-6^r; VOC 3670, Directeur en Raad van Surat aan GG&R, 16 Jan. 1785, f. 72^{r-v}, 95^v-98^r)

²⁷ With a great deal of effort, Bahmanji could be persuaded to provide a monthly stipend of Rs 40 apart from Rs 300 for the marriage expenses of the two daughters (VOC 3899, Directeur en Raad van Surat aan GG&R, 15 Dec. 1790, ff. 72^r-73^v; VOC 3899, Resoluties, Surat, 19 July 1790, ff. 210^r-212^r; VOC 2983, Resoluties, Surat, 3 May 1792, p. 111.

²⁸ See copy of the sale contract (VOC 3728, Resoluties, Surat, 27 March 1786, 184-5).

²⁹ Contracts of purchase from the Company show that the buyers were mostly other merchants and the brokers simply enjoyed their commission. In November 1786, Lala Haridas bought the merchandise imported in *De Gerechtigheijd* (VOC 3728, Resoluties, Surat, 11 Nov. 1786, pp. 455-7). In 1787, Jayanath Mancharam and Lala Haridas were the buyers (VOC 3805, Resoluties, Surat, 3 April 1787, pp. 106-8; VOC 3805, Resoluties, Surat, 24 Dec. 1787, pp. 325-6). Subsequently, some other merchants such as Bhaidas Kashidas, Kautji Rustam, Deepchand Kishorchand, Stevanus Aghabab, Wallabhai Kishordas, Devichand Wanmali, Godje Fanus, Navalshah Miaramshah, Miaram Asharam and Belsali Manikchand were among the principal buyers of the Company's imports at Surat (VOC 3853, Directeur en Raad van Surat aan GG&R, 19 Dec. 1789, ff. 94^r-95^r; VOC 3854, Resoluties, Surat, 14 Nov. 1789, pp. 156-8; VOC 3854, Resoluties, Surat, 20 Nov. 1789, pp. 164-5; VOC 3854, Resoluties, Surat, 5 Dec. 1789, pp. 184-6; VOC 3899, Resoluties, Surat, 25 Feb. 1790, ff. 151^v-152^r; VOC 3899, Resoluties, Surat, 18 May 1790, f. 201^r; VOC 3899, Resoluties, Surat, 14 Aug. 1790, 213^v-214^r; VOC 3899, Resoluties, Surat, 30 Sept. 1790, ff. 219^v-222^r; VOC 3900, Directeur en Raad van Surat aan GG&R, 24 Jan. 1791, f. 10^v; VOC 3982, Directeur en Raad van Surat aan GG&R, 31 Jan. 1792, f. 152^r; VOC 3982, Directeur en Raad van Surat aan GG&R, 3 March 1792, f. 161^r).

Bahmanji returned to Surat in the 1790s and, to some extent, revived the family's business. It seems, however, that the trading empires of the two families had shrunk considerably. In the present state of our knowledge it is difficult to form any clear idea about the fate and fortunes of these families after the dissolution of the Dutch Company in 1795.

Another prominent ship-owning merchant was Mulla Fakhruddin whose ships sailed from Surat to all major destinations like Mokha, Jeddah, Basra, Bengal, the Malay Coast, Pegu, and China. Coming from a family that had dominated the commercial world of Surat in the late seventeenth and early eighteenth century and whose members had earned the title of *umdat-ut tujjar* (pillar of merchants), Mulla Fakhruddin continued the family business, although he stood nowhere in comparison to his great-grandfather, Abdul Ghafur.³⁰ Perhaps like the other members of his family, Mulla Fakhruddin's father Mulla Muhammad Ali was a portfolio entrepreneur, since he not only exerted his political influence in the 1720s and early 1730s, when he recruited two to three thousand soldiers and fought the governor of Surat, Bahram Khan, but also proposed the name of his son Mulla Fakhruddin to the imperial authorities for the governorship of Surat.³¹ This suggestion boomeranged, however, and Tegh Beg Khan, who entertained high ambitions to assume this position, apprehending Mulla Muhammad Ali's intentions, had him imprisoned and murdered in 1732-3.³² His sons Mulla Fakhruddin and Mulla Aminuddin had to struggle hard to safeguard their familial property, which was exposed to official importunity. They could nevertheless steer the family out of trouble and carried on their commerce. In the book of passes issued to Surat ships in the early eighteenth century, a few ships are recorded as under the joint ownership of Mulla Fakhruddin and Mulla Aminuddin.³³ In 1738, Mulla Fakhruddin managed to secure from the Mughal emperor Muhammad Shah an exemption from customs duties on the export of goods to the value of Rs 200,000, a privilege only few merchants of Surat enjoyed.³⁴ Later, Fakhruddin had to leave Surat for Bombay from where he retired to the Deccan.³⁵ In the late 1740s, he entered into a trade partnership with the then English governor of Bombay, William Wake, and soon built up his fortunes. During the civil war (1748-52), when he appeared again in Surat, he was one of the richest merchants of the city.³⁶

In the second half of the eighteenth century, Mulla Fakhruddin was thus a commercial magnate to be reckoned with. His credentials as an affluent merchant were well-established

³⁰ Gupta, *Indian Merchants*; Nadri, 'Merchants in Late Mughal Gujarat'.

³¹ *Mirat-i Ahmadi*, II, 147-52; Nadri, 'Merchants in Late Mughal Gujarat'.

³² *Mirat-i Ahmadi*, II, 154-5, 168-9.

³³ *Extract Passeboek* (Extract from the book of passes), 20 April 1736, VOC 2390, p. 1209.

³⁴ SFD 16/1 (1761-63), Proceedings, Surat, 10 Aug. 1762, pp. 213-15.

³⁵ *Mirat-i Ahmadi*, II, 177.

³⁶ Torri, 'Mughal Noble, Indian Merchants', 262.

and he was held in high esteem in Surat.³⁷ His ships sailed to different Indian Ocean destinations with his own merchandise as well as with freight goods. His ship called *Fath-i Nusrat* sailed to eastern Indian Ocean destinations like Bengal and the Malay coast, while his other ship reportedly plied the Surat-Mokha/Jeddah run.³⁸ After his death in the early 1790s, his two sons, Mulla Waliuddin and Mulla Abdul Fath, continued the family business jointly.³⁹ In 1795, the Nawab proposed abolishing the tax exemption apparently because the government suspected that the grantee misused this privilege by exporting and importing goods belonging to other merchants.⁴⁰ Such accusations were simply a pretext for withdrawing the exemptions earlier granted to some prominent merchants of the city. Nonetheless, it appears from English reports that the family fortunes declined so far that in 1795 Mulla Abdul Fath was spoken of as having hardly any commercial dealings.⁴¹ In 1796, a family dispute arose when Mulla Waliuddin requested the English chief to persuade the Nawab to continue with the exemption and to separate his share from that of his brother, a proposition with which Abdul Fath was not ready to comply.⁴² Securing it in two shares might have been the family's strategy to retain this privilege. The outcome of these petitions is not known, but the loss of the exemption would have been a substantial loss of incentives to the family and adversely affected its fortunes.

Some merchants of Turkish origin like Mohammad Chalebi, Saleh Chalebi, Usman Chalebi, Abdul Qadir Chalebi, Salim Baghdadi, and Tahar Chalebi owned ships that sailed mainly to Mokha, Jeddah, Basra, Masqat, but also occasionally to Cochin and Bengal.⁴³ Of these, Saleh Chalebi was the richest and one of the principal merchants of Surat.⁴⁴ Being the owner of several ships, he had obtained a Mughal *farman* that entitled him to use his own flag on his ships. He was the owner of *Ganjawar* (more than 100 years old), the famous ship which, according to Stavorinus, was carried down the river by a sudden and violent influx of

³⁷ This appears from the fact that in many disputes among merchants he was chosen as the arbiter by one or another of the parties.

³⁸ FRS 67, Proceedings, Surat, 18 Oct. 1789, p. 342; FRS 69, Resolutions, Surat, 12 May 1791, p. 123; FRS 65, Proceedings, Surat, 13 Oct. 1787, p. 335.

³⁹ FRS 75, Proceedings, Surat, 24 Sept. 1796, pp. 857-8.

⁴⁰ In 1793-94, when Mulla Abdul Fath exported goods worth Rs 135,709 free of customs, the English authorities suspected that the goods belonged to other merchants (FRS 73, Proceedings, Surat, 21 May 1795, pp. 236-47).

⁴¹ FRS 73, Proceedings, Surat, 21 May 1795, pp. 236-47.

⁴² FRS 75, Proceedings, Surat, 24 Sept. 1796, pp. 857-8; FRS 75, Proceedings, Surat, 12 Oct. 1796, pp. 904-06, 908-913.

⁴³ See VOC 3026, Shipping List, 1761, pp. 126-32. In the English factory records pertaining to Surat in the late eighteenth century, several references to the arrival and departure of ships belonging to Chalebi merchants of Surat may be found.

⁴⁴ Stavorinus, *Voyages to the East Indies*, III, 20.

water and dashed to pieces in 1774-5.⁴⁵ In 1774, his ship *Istambul* sailed to Bengal and returned to Surat with a cargo of rice and silk.⁴⁶ His other ship *Faiẓ Alam* sailed to China in 1790.⁴⁷ His ships never hoisted any European flag, but for security he always took passes from the English and the Dutch to obviate any difficulty. In 1780, the *Istambul* sailed from Surat to Basra via Masqat with a cargo of piece-goods. When intercepted by the English, the *nakhuda* was asked if he had an English pass and replied that he had one and that he was not obliged to hoist English flag as he was not under English protection, and furthermore, he had French and Dutch passes as well.⁴⁸ Saleh Chalebi's *Fath-i Ilahi* and *Sulaiman Shah* are referred to as sailing to Basra and China respectively under his own flag.⁴⁹ Whereas his ships were mainly engaged in freight services, he also exported goods especially cotton and textiles to different Indian Ocean markets. That he had an exemption of Rs 2,500 as customs on goods worth Rs 100,000 suggests that his trading enterprise must have been considerable.

Ships belonging to several other merchants of Turkish origin sailed in the western Indian Ocean throughout the period under consideration. Tahar Chalebi's ships *Faiẓ Qadri*, *Faiẓ Subhani*, and *Faiẓ Khudai* usually sailed between Surat and Basra as well as between Surat and Jeddah.⁵⁰ The *Shah Alam* belonging to Ibrahim Chalebi too sailed between Surat and Mokha or Basra.⁵¹ In 1783, it was captured by an English warship commanded by Sir Edward Hughes, and the Dutch director had to intercede for its restitution on behalf of its owner, the senders of respondentia, as well as the insurers.⁵² The Nawabs of Surat, Mir Hafizuddin Ahmad Khan (1763-90) and his son Mir Nizamuddin Ahmad Khan (1790-9), also owned ships which sailed to the ports of Mokha/ Jeddah, and Basra. At least four ships belonging to the family, the *Haidar Bakhsb*, *Khuda Bakhsb*, *Faiẓ Rasool* and a vessel (*ghurab*), are mentioned in the shipping lists as sailing to Basra and Mokha/Jeddah in the 1790s.⁵³ Among

⁴⁵ Ibid., II, 378-9.

⁴⁶ VOC 3408, Shipping list, 1774, ff. 310^r-314^r.

⁴⁷ FRS 68, Proceedings, Surat, 22 April 1790, p. 232.

⁴⁸ FRS 59, Basra Resident to the Chief at Surat, 15 Aug. 1780, pp. 25-6, and Surat to Bombay, 8 March 1781, p. 53.

⁴⁹ FRS 75, Proceedings, Surat, 1 July 1796 (Minutes relative to Gulf freight), pp. 661-2.

⁵⁰ FRS 71, Proceedings, Surat, 14 April 1793, p. 94; FRS 72, Proceedings, Surat, 21 Dec. 1794, p. 318; BCP 57, Proceedings, Bombay, 23 March 1796, pp. 325-6; BCP 58, Proceedings, Bombay, 3 Dec. 1796, pp. 1046-1102; FRS 75, Proceedings, Surat, 1 July 1796 (Minutes relative to Gulf freight), 1796, pp. 661-2.

⁵¹ FRS 65, Proceedings, Surat, 12 Sept. 1787, p. 284. In 1788, she sailed to Mokha and Jeddah under English colours (FRS 66, Proceedings, Surat, 3 April 1788, p. 80); FRS 69, Proceedings, Surat, 22 Sept. 1791, p. 223. In 1795, the *Faiẓ Khudai* sailed to Jeddah (FRS 73, Proceedings, Surat, 31 March 1795, p. 178).

⁵² Letters Received 49, Letter no. 2, A. J. Sluijsken to William Hornby, President and the Governor of Bombay, 2 Jan. 1783.

⁵³ VOC 3854, Resolutions, Surat, 26 Jan. 1789, p. 3; FRS 69, Proceedings, Surat, 21 April 1791, p. 84; FRS 72, Proceedings, Surat, 31 March 1794, p. 86; FRS 72, Proceedings, Surat, 17 Sept. 1794, p. 193. See also Torri, 'In the Deep Blue Sea', 277.

other shipowning merchant families, mention may be made of Manik Dada, the *modi* of the Dutch Company, Dhanjishah Manjishah and Dadabhai Manikji under English protection, and Shaikh Mahmud, a Bohra merchant. Their ships sailed to Mokha, Jeddah, Basra and Gombroon (Bandar Abbas) as well as to Bengal.⁵⁴ A number of ships belonging to the Parsi merchants under English protection such as those belonging to Hirji Readymoney, Mancher Readymoney, and others sailed from and anchored at Bombay.⁵⁵

The commercial activities of some prominent merchants and shipowners of Surat discussed above, testify to the commercial vitality of Gujarat in the second half of the eighteenth century. Their involvement in different enterprises shows that the region's commerce revived rapidly after sustaining a major blow in the second quarter of the eighteenth century. While the owners of the ocean-going ships at Surat continued to undertake commercial voyages along almost all major oceanic routes, there were numerous merchants who owned small vessels and boats that mainly plied the coastal waters of Gujarat. To these merchants and a whole host of freighters transacting business overseas, the following section is devoted.

Petty shipowners and freighters

The large number of merchants owning smaller vessels called with different names such as *ghurab*, *dingis*, *haori*, and *batila*, and used in the short-distance coastal traffic, went unnoticed in the contemporary accounts. The number of such vessels engaged in coastal and river traffic was much higher than those in the high-sea trade. Running along different arteries linking Surat with the production centres, these played a crucial role in maintaining the supplies of commodities and provisions to Surat and in the distribution of imported goods to the interior. It was more convenient and safe for merchants to consign their goods to these small vessels than to bear the risks of a tedious, slow and robber-infested land route. Goods from Sind, Kachh, Kathiawar, Cambay, Ahmadabad, Broach, and Baroda as well as from the Malabar Coast were conveyed to Surat in small vessels. It appears that for merchants travelling with their goods or sending them to their agents, small vessels were always

⁵⁴ HRB 844, *Memorie van Overgave*, Louis Tallefert, p. 87. At least two ships the *Manik Sawai* and *Dada Khudai* belonging to Manik Dada are mentioned as sailing to Gombroon and Bengal in 1755-56 and 1757-58 respectively (VOC 2967, *Resoluties*, Surat, 18 Sept. 1758, not foliated).

⁵⁵ See the shipping lists (VOC 3462, 1776, ff. 17^r-19^v; VOC 3490, 1777, f. 40^{r-v}; SFD 17/1 (1763-65), Surat to Bombay, 28 Feb. 1764, p. 208.

available for hire.⁵⁶ Every merchant of some substance having a maritime orientation preferred to have a vessel and some had many. A Parsi merchant Rustam Jessu, owned several small vessels and probably rented them out to the English or otherwise put them on freight to other merchants if he did not find his own cargo sufficient to fill the tonnage.⁵⁷ Among other owners of small vessels, we find reference to Govardhan Jiwan (*Dualy*), Naurozji Nanabhai (*Ruparel*), Haritrimbak Moroji (*Ruparel*), Jannashah Ratanshah (*Faiz Bakhs*). These vessels were mainly deployed in coastal transportation and normally sailed as a part of a convoy led by a European Company's ship, equipped with men and ammunition to protect the vessels from pirates. The north- and southbound convoys connected Surat with Broach, Cambay, Bhavanagar, Kachh, and Sind in the north, and to Bombay, and further south to the Malabar Coast and possibly even around the subcontinent and up to Bengal. In 1776, the Dutch director at Surat, Van de Graaf, reported that around 120 vessels were hit and damaged by a storm.⁵⁸ This testifies to the fact that Surat still harboured a considerable number of low-tonnage vessels. From the numbers of such vessels departing and arriving at Surat, as recorded in the English factory records from Surat, it appears that Surat's mercantile fleet was quite large in the late eighteenth century.⁵⁹ In view of the nautical hazards in the Gulf of Cambay and for reasons of safety, it was in the interest of shipowners to solicit the protection of the English or to entrust their vessels to the Company, which in any case needed them for conveying goods to various destinations. The Europeans often hired private ships not only for local coastal transportation but also for high-sea voyages.⁶⁰ When their own ships were delayed and if the situation so demanded,

⁵⁶ Anticipating a good sale price for *puchuk*, a merchant hired a vessel and came down to Surat in 1762 (Sind Factory Diary 192, Proceedings, Sind, 5 and 11 Oct. 1762, not foliated). Regular shipping between Surat and Bhavanagar, Kachh, Cambay, etc., are well documented.

⁵⁷ At least two of his ships *Salamati Sawai* and *Daulat Rasan* have been mentioned as carrying a burthen of 35 bales and 104 bales of cotton respectively (FRS 61, Surat to Bombay, 18 April 1783, pp. 80-2).

⁵⁸ VOC 3462, Resoluties, Surat, 12 June 1776, f. 372^v.

⁵⁹ In 1790, for instance, 131 vessels sailed to the northward and 109 to Bombay (FRS 68, Proceedings, Surat, 5 March & 4 April 1790, pp. 143, 203). In March 1793 similarly, 169 vessels sailed to northward while 161 sailed to Bombay (FRS 71, Proceedings, Surat, 19 and 31 March 1793, pp. 73, 82). In April the same year, again 183 vessels sailed to Bombay (ibid.; FRS 71, Proceedings, Surat, 18 April 1793, p. 102). In 1795, too, a convoy of 113 vessels sailed to northward (FRS 73, Proceedings, Surat, 7 April 1795, p. 186).

⁶⁰ In 1767, a ship belonging to a Turkish merchant was hired by the English to sail to Jeddah with a freight cargo (N.A. Collectie Alting, No. 59, Memorie wegens der chiappen der goederen (Report concerning the marking of the goods), anno 1767, not foliated). In 1780, the Dutch Company hired a ship of Saleh Chalebi that sailed to Canton, where it was seized by the English commander Captain McLary during the Anglo-Dutch war in 1781 and later on sold by the owner to a Portuguese merchant (HRB 864, A. J. Sluijsken, Opperkoopman en secunde van Surat aan GG&R (A. J. Sluijsken, the upper-merchant and second at Surat to Governor General and Council), n.d. 1782. See also Om Prakash, 'Cooperation and conflict among European traders in the Indian Ocean in the late eighteenth century', *IESHR* 39/2-3 (2002), 136-9).

Dutch authorities at Surat would despatch Europe-bound goods to Ceylon on hired ships. The rent, in all cases, was determined in accordance with the risks involved in the proposed voyage. The cargo, the time, and other requirements of the ships were clearly laid down in the contracts.⁶¹

Such small vessels could also be hired by merchants who needed them for commercial voyages overseas. In 1749, a merchant of Surat, Aminuddin, put his small vessel named *Dolla* with an intake capacity of a little more than five *candies* on rent for a period of four months and five days to a Jewish merchant, Joseph Cobain, against the payment of 1,301 Surat silver rupees.⁶² The agreement was put on paper as a formal contract signed by both parties. The shipping enterprise also depended much on the availability of merchants either willing to entrust their goods to the owners of ships or to travel with their goods aboard the ship. Freighters were quite numerous at Surat and in other parts of Gujarat. This category was predominantly composed of Muslim merchants and the flow of trade was mainly towards West Asia.⁶³ The considerable trade along the Surat-Mokha/Jeddah and Surat-Basra/Bandar Abbas axes throughout the seventeenth and eighteenth centuries was carried on through networks of merchants and agents. The agents took care of the goods, disposed of them, and found out means to transfer the sale proceeds, or if directed by their principals, arranged for the return cargo. All substantial merchants having diverse engagements could manage their extensive operations through a network of trusted and reliable agents at different destinations. The Bohras, the Parsis, and all other rich merchants with multidimensional enterprises depended upon such networks formed preferably but not necessarily of a close group of persons belonging to the same family, clan or community. That the Armenian merchants of Surat had their representatives in China from their own community, or that the Parsi merchants Dadabhai and Edul Dada, the two contractors for the English investment for much of 1760s and 1770s, depended for the actual procurement of goods on Rustam Jessu, a Parsi, is as evident as the dependence of Mancherji Khurshedji, who was not a Bania, on his Bania merchants and brokers.⁶⁴

The Parsi purveyor of the Dutch Company, Kallabhai Sorabji, had a Parsi merchant Cowasji Bahmanji as his agent at Broach engaged in procuring cotton and other piece-goods for the Company.⁶⁵ On the other hand, Bhimji Hirji and Mowji Rowji, the Parsi merchants of Masqat, had Raghunath Nandu, a Bania, as their agent to take care of the dhows and *dingis*

⁶¹ TNSA 1644, doc. no. 16, Surat, 10 Sept. 1749.

⁶² Ibid.

⁶³ A certificate given to the English was signed by more than fifty prominent merchants of Surat, predominantly Muslims, some Parsis and a few Armenians (SFD 17/I (1763-65), pp. 210-11).

⁶⁴ FRS 60, Proceedings, Surat, 28 March 1782, 'Petition from the seven Armenian merchants', p. 70; FRS 58, Proceedings, Surat, 25 April 1780, pp. 116-17.

⁶⁵ FRS 62, Broach to Surat, 28 Nov. 1784, pp. 324-5.

that arrived at Surat, and to look after their business.⁶⁶ When bankrupt, Raghunath was finally replaced by a Parsi, Manikji Pestonji, the chief consideration being that the latter was under English protection and therefore their goods could be imported and exported in the latty.⁶⁷ Most of the freighters to West Asian ports were Muslims and had their agents at those places. Mancherji Khurshedji and numerous other merchants had their representatives everywhere to take care of the business. Since many ships and merchants from West Asia visited Gujarat to procure goods, mainly cotton textiles, it is quite probable that some merchants at Surat also acted as commissioners for the West Asian merchants based at ports on the Arabian Sea. Some Arab merchants at Surat are spoken of as agents of the merchants of Red Sea ports and of owners of ships that annually called at Surat.⁶⁸ Apart from carrying trade in their private capacities, merchants of Surat like Raghunath Nandu and Manikji Pestonji also rendered agency services to West Asian merchants.

The European companies sometimes extended respondentia loans which enabled freighters to raise initial capital for investment. In 1759, the English Company at Surat extended such loans to freighters to the value of Rs 200,000 on the ship Harcourt intended to Mokha.⁶⁹ This enabled them to buy export goods and send them to Mokha at a freight charge of Rs 120 per hundred *corgis* of goods. They also agreed to pay the principal amount at Mokha at the rate of 55.5 Spanish dollars per Rs 100. The freighters issued bonds to the Company to the value of 111,000 Spanish dollars full weight on their representatives at Mokha.⁷⁰ The merchants freighting goods to Mokha were again predominantly Muslims. Out of forty-one merchants receiving the loans, thirty-eight were Muslims and many of them were of Arab or Turkish origin in so far as their names indicate.⁷¹ That they issued bonds in favour of the Company on their agents at Mokha illustrates the kind of arrangements that they had for the conduct of overseas trade. The English provided such loans whenever they were short of capital for investment at Mokha. It happened in 1784, when the merchants of Surat trading to Mokha declined to supply money on bills either at Bombay or Surat forcing the English to lend the amount they received as freight charges as respondentia loans to Surat merchants.⁷² Moreover, these loans also served the Company to ensure substantial freight money as well as the advantages of favourable exchange between Surat Rupees and

⁶⁶ FRS 67, Proceedings, Surat, 13 April 1789, 'Petition of Bhimji Nunji to the President at Bombay', pp. 138-9.

⁶⁷ Ibid.

⁶⁸ FRS 75, Proceedings, Surat, 1 July 1796 (Minutes relative to Gulf freight), pp. 673-4.

⁶⁹ SFD 15/I (1759-61), Surat to Bombay, 21 Dec. 1759, pp. 19-20; SFD 15/I (1759-61), Surat to Bombay, 25 Dec. 1759, pp. 20-1; SFD 15/I (1759-61), Bombay to Surat, 5 Jan. 1760, p. 29.

⁷⁰ SFD 14/II (1758-59), Proceedings, Surat, 11 Nov. 1759, p. 445. The supercargoes were given a list of such merchants from whom the amount was to be recovered at Mokha.

⁷¹ SFD 15/I (1759-61), Surat to Bombay, 25 Dec. 1759, pp. 20-1.

⁷² FRS 62, Proceedings, Surat, 8 and 21 March 1784, pp. 62-4, 91, 97; FRS 62, Surat to Bombay, 7 April 1784, p. 109.

Spanish dollars needed for investment at Mokha. For merchants such arrangements implied freedom from the worry of raising initial capital, arranging cargo space, unfavourable market conditions at Mokha and fluctuating prices. The Company would take every care that the cargo safely reached the Mokha agents upon whom they depended.

Surat's trade with the East African coast also continued on a considerable scale in the late eighteenth century. Merchants fitted out ships of smaller tonnage for Zanzibar, Mozambique and other ports of that coast to exchange textiles for ivory.⁷³ The rise of the 'Omani commercial empire' under the al-Busaidis (since 1749) in the second half of the eighteenth century, accompanied by a 'commercial renaissance' on the Swahili coast, inspired confidence among merchants and created an atmosphere conducive to trade between Gujarat, the Omani port of Masqat, and the East African ports.⁷⁴ The Arab merchants of Oman kept for themselves a major share in the commercial boom by dominating the lucrative trade between Gujarat and the Persian Gulf and became actively involved in the exchanges of African ivory for Indian textiles.⁷⁵ Merchants of Gujarat also took advantage of this development and took an active part in this branch of trade. Masqat became an important commercial mart for the merchants of Gujarat and many of them even settled there and carried on trade between Gujarat and the Persian Gulf. The Parsi merchants of Gujarat Bhimji Hirji and Mowji Rowji, as mentioned above, were settled at Masqat and conducted trade through agents living at Bombay, Surat and many other places. Merchants based at Surat also maintained trade links with the East African Coast. In 1795, some elephant tusks were brought from Zanzibar to Surat on account of a merchant Bhimji Chandu.⁷⁶ The Gulf of Kachh possibly appropriated the largest share in the trade with East Africa during this period. This we discern from the fact that most Indian merchants at

⁷³ Several vessels reportedly sailed to the East African ports. A vessel belonging to Dhanjishah Manjishah sailed to Zanzibar and on the way back to Surat was captured by the Portuguese (Home Misc. 108, Extract of the general letter from Bombay to the Court of Directors of the United East-India Company, 22 Dec. 1771, pp. 151-2; Home Misc. 108, Extract of Bombay General Consultations, 27 March 1772, pp. 165-9). In 1798, a *ghurab* belonging to Morad Khan sailed from Bhawnagar to Zanzibar and returned with a cargo consisted of tusks worth Rs 11,000 and a quantity of cowries and false amber worth Rs 2,000 among other things (FRS 77, Proceedings, Surat, 16 April 1798, pp. 330-2).

⁷⁴ Abdul Sheriff, *Slaves, Ships and Ivory in Zanzibar: Integration of an East African Commercial Empire into the World Economy, 1770-1873* (Nairobi, 1987), 20; M. Reda Bhacker, *Trade and Empire in Muscat and Zanzibar: Roots of British Domination* (London, 1992), 25-7.

⁷⁵ Sheriff, *Slaves, Ships and Ivory*, 20-1. Masqat grew as a major commercial entrepôt which gave access to the highly lucrative trade in Yemeni coffee, and a large part of the demand for Eastern goods from the Persian Gulf and particularly Iran began to be catered to by the merchants based at Masqat (Bhacker, *Trade and Empire* 26-7).

⁷⁶ FRS 73, Proceedings, Surat, 22 Oct. 1795, p. 619.

Zanzibar were from Kachh and Sind and that in the early decades of the nineteenth century Indian trade with East Africa was predominantly carried on from Kachh.⁷⁷

The composition of freight bound for the south and southeast was more heterogeneous than that bound for the west. Here Armenians, Muslims, Banias, and Parsis participated in the flourishing trade between Surat and Bengal and Southeast Asia. Bengal in particular was an important component of Gujarat's subcontinental trade. For a long time, there had been some complementarities between Surat, which required raw silk and piece-goods, and Bengal, which needed cotton from Gujarat.⁷⁸ A considerable trade was carried on between the two regions as can be gauged from the account of merchandise imported from Bengal at the English customhouse at Surat between 1730-1 and 1788-9.⁷⁹ A number of merchant ships in the list of vessels bringing goods from Bengal can be identified as belonging to merchants of Surat and Bengal.⁸⁰ A large proportion of this trade was conducted by merchants freighting goods from one place to another. Whereas many merchants personally travelled with their cargo, as was the case with some Armenians, others conducted their business through agents at the other place. Most of the merchants engaged in this branch of commerce were under English protection. Such merchants availed themselves of the freight and convoy facilities and paid a convoy duty of 1 per cent.⁸¹ The so-called 'Mughal' merchants, too, seem to have taken advantage of these facilities but paid customs on the imports at the *furza*. This lucrative branch of trade dwindled, as it appears from the account of Surat-Bengal trade mentioned above, in the last quarter of the century. This reduction may be attributed to two major factors, namely expanding cotton cultivation in Bengal and

⁷⁷ Sheriff, *Slaves, Ships and Ivory*, 83-84. Kachh imported twice as much ivory as the British ports of Bombay and Surat and she supplied as late as 1839 about three times as many cotton goods (*ibid.*).

⁷⁸ The cotton trade with Bengal was so brisk that the Batavia Government instructed the Dutch authorities at Surat to export cotton to Bengal to the volume of 500,000 ponds annually (VOC 3063, Directeur en Raad van Surat aan GG&R, 27 April 1762, pp. 85-6).

⁷⁹ FRS 68, Proceedings, Surat, 2 Aug. 1790, pp. 379-85. Unfortunately, we do not have corresponding figures for the *furza* or Mughal customhouse where all merchants who were not under English protection paid duties. Taken together, the total volume of trade, it may be presumed, must have been quite large.

⁸⁰ Ships and vessels like *Shah Alam*, *Faiṣ Ilahi*, *Mokha Merchant*, *Judda Merchant*, *Faiṣ Alam*, *Murshidabad*, *Fath-i Daulat*, *Salamati Savai*, *Fath-i Da'd*, *Emmoody*, *Fath-i Bakhsb*, *Hormuzyar*, *Sulemani*, *Fath-i Murad*, *Kbuda Bakhsb*, *Faiṣ Islam*, *Dariya Daulat*, *Fath-i Mubarak*, all belonging to Asian merchants frequently sailed between Surat and Bengal (*ibid.*).

⁸¹ *Ibid.* Merchants like Mary Pross, Zakeria Avanjani, Macartiz Maliknaas, Casper Joans, Cojah Fanus Simon, Nagar Kishandas, Mohammad Yusuf Alibhai, Badruddin Mohammad Yusuf, Visbukandas Tapidas, Kalyanji Serpat, Nanabhai Bahmanji, Bahmanji Khurshedji, and others, all under English protection, were mainly engaged in importing raw silk and piece-goods to Surat.

the English policy of demanding 6 percent import duties at Bombay on all Bengal goods destined for Surat.⁸²

Further east, Surat's merchants conducted trade ventures to a number of ports in the Malay-Indonesian Archipelago and the South China Sea. Many Surat ships belonging to the Parsis, Chalebis, and Bohras sailed to the Malay Coast, Pegu, and up to Canton (Guangzhou) in China.⁸³ These provided freight services to merchants willing to trade along these coasts. The English took great interest in the highly profitable trade between Surat and China and often carried freight on their ships. As the paucity of funds did not allow the Company to export cotton and other goods to China on its own account, English private traders were the ultimate beneficiaries of this booming business. From some references of freight contracts it appears that Indian merchants took an active part in freighting their cargo of cotton to China on English ships. In 1788, a Parsi merchant at Bombay, Dada Nausherwanji, consigned a cargo of cotton on an English ship called *Minerva*, to his agent at Canton by paying a freight of Rs 50 per Surat *candy*.⁸⁴ In 1789, Mohammad Hossein contracted to freight 794 bales of cotton, containing 400 Surat *candies*, at the rate of Rs 90 per *candy* on conditions that the freight money would be paid sixty days after the arrival of the ship at Canton and that the Company would bear the charges of packing and screwing the cotton.⁸⁵ The rates varied according to the condition stipulated in the contract. As can be seen in the two contracts mentioned above, the first contractor agreed to provide 6,000 *taels* to the Company's treasury at Canton (possibly an interest-free loan) apart from the freight money, whereas the other had the liberty to pay it after a period of two months. The Dutch claimed a freighters' preference for their ships over those of the English in the same way as the latter flattered themselves by claiming the same for their ships.⁸⁶ Despite all efforts to induce merchants to opt for English ships, freight goods were still available to all other shipowners in Gujarat.

A number of merchant ships also sailed from the Gulf of Kachh to West Asian ports carrying cargoes of freight goods. This traffic between Kachh and Mokha, Jeddah, Basra, and Masqat was quite significant and sometimes even frustrated the commercial designs of the European companies. In 1753, the arrival of at least twenty-five ships from Kachh at Mokha frustrated Dutch efforts to acquire gold ducats because of an allegedly indiscriminate

⁸² This is evident from the declining value of imports of Bengal goods at Surat from at least 1770 onwards (*ibid.*); Torri, 'Trapped inside the Colonial Order', 381-2.

⁸³ Nadri, 'Commercial World of Mancherji Khurshedji'.

⁸⁴ Letters Received at Bombay 49, Bombay to London, 1 Jan. 1789, p. 3; Letters Received at Bombay 49, Bombay to London, 20 Jan. 1789, p. 59; Letters Received at Bombay 49, Proceedings at Bombay, 27 Feb. 1789, p. 85.

⁸⁵ Letters Received at Bombay 49, Proceedings at Bombay, 16 June 1789, pp. 174-5. (When loaded into a ship, cotton bales were compressed by means of giant screws.)

⁸⁶ VOC 2823, Resoluties, Surat, 14 Oct., 1753, pp. 221-2.

buying of this specie by the Kachh merchants.⁸⁷ Annual shipping and freighting from Kachh to West Asian ports continued and attracted merchants and merchandise from other parts of peninsular Gujarat such as Porbandar and Navanagar. In 1759, the Dutch carried out an expedition in the Gulf of Kachh and took possession of a vessel returning from Mokha with a cargo mainly consisting of the sale proceeds.⁸⁸ A petition signed by twenty merchants demanding restitution of the vessel and goods belonging to them was made to the Raja of Kachh and conveyed to the Dutch authorities.⁸⁹ Shipping and freighting by the merchants of Kachh all along the Malabar Coast reportedly grew in the second half of the eighteenth century.⁹⁰

The port of Cambay was also an abode of merchants and their vessels. Victims of an uncongenial political climate in the early seventeenth century, Cambay merchants nevertheless continued to engage in local coastal trade connecting their town to ports along the Kathiawar peninsula and the Gulf of Kachh, and Surat. A number of merchants had trade connections with West Asian ports as well. Cambay merchants and their merchandise constituted an important element of the annual sailing from Surat to Mokha/Jeddah and Basra. The Anglo-Dutch competition to secure freight goods for their respective ships sometimes worked to the advantage of merchant freighters. In 1752, exactly for this reason and also at the request of merchants, the Dutch authorities at Surat had to send a ship to Cambay to bring freight from there to be conveyed to West Asia.⁹¹ The ruling family of Cambay also owned ships and, as alleged by English officials, the Nawab used his powers to procure the most advantageous freight for his ships.⁹² Ports like Bhavanagar, Goga, and others on the Kathiawar peninsula attracted trade and traders largely on account of Kathiawar being a cotton-producing region. Bhavanagar became a major entrepôt in northern Gujarat from where Surat's north-bound goods found their way to the interior.⁹³

⁸⁷ VOC 2842, Resoluties, Surat, 26 Sept. 1753, Captain Joachim Ontjes (after his return from Mokha) to J. Pecoock, Sept. 1753, pp. 341-5.

⁸⁸ VOC 10429, 'Dagregister van zodanige voorvallen als er in het uijtvoeren van de commissie om represailles van den Radja van Kets te neemen, gepasseert zijn' (Diary of such incidents as occurred in carrying out the commission to take reprisals against the Raja of Kachh), pp. 26-46; Also a copy in VOC 2995, 'Bijlagen gehorende tot de Resolutien d' anno 1759' (Appendices to the Proceedings of the year 1759).

⁸⁹ VOC 3026, Resoluties, Surat, 9 Feb. 1760, pp. 29-30. One of the signatories of the petition was a merchant of Porbandar.

⁹⁰ Ashin Das Gupta, *Malabar in Asian Trade, 1740-1800* (Cambridge, 1967), 25, 91-93.

⁹¹ VOC 2803, Resoluties, Surat, 9 March 1752, pp. 462-3.

⁹² Nawab Momin Khan's family owned at least five vessels (FRS 61, Cambay to Surat, 25 March 1783, pp. 52-3; FRS 61, Cambay to Jambusar, 4 April 1783, pp. 68-9).

⁹³ The brokers of the Dutch Company often consigned a part of the merchandise they purchased to these regions for distribution in the interior. Mancherji's vessels frequently sailed to Bhavanagar, Kachh, Thatta and Sind carrying his own goods as well as those belonging to other merchants buying from him (VOC 2863, Resoluties,

Merchants of Gujarat freighted their goods to West Asia, Bengal, island Southeast Asia, Siam, and China. Unfortunately, the rates at which goods were carried to all these places are not known. These depended on the routes taken, the amount of risk involved during the trip and, of course, on the mutual bargain. For Mokha, the freight rate charged by the Dutch in 1751 was Rs 125 per hundred *corgis* of textiles and Rs 55 per *candy* of cotton yarn.⁹⁴ The rates also depended on the availability of freight goods, the number of ships intended for the destination concerned, and the circumstances prevailing at the other end. In 1753, the rate to Mokha was as low as Rs 105 per hundred *corgis* since the English that year fitted out three ships for freight.⁹⁵ In 1759, the freight rate for the ship *Harcourt*, intended for Mokha, was fixed at Rs 120 per hundred *corgis* of merchandise.⁹⁶ Apparently the merchants trading to Mokha benefited from the competition amongst ship-owners. We do not have the rates available over the years to see the extent to which freight rates were influenced by this competition. Since a great deal of risk was involved in the high-seas voyages (loss of the ship and merchandise), the pursuers of participants in this trade devised mechanisms to ensure security and safety for the maritime investors. Respondentia and bottomry were two major forms of insured maritime investment. Whereas the former implied insurance of ships including cargo, under the latter arrangement only ships were insured.⁹⁷ The evidence we have tends to suggest that these were the means of extending loans or of accumulating capital for investment.

A respondentia arrangement helped merchants raise capital for investment against a future repayment at the stipulated rate, the goods being the surety for the loans. Bottomry was a form of investment by those who possessed money and were prepared to lend on interest to the owner or the captain of a ship undertaking a commercial journey. The shipowner thus raised money, on the surety of his ship, to buy whatever goods he deemed fit for sale at the intended port of trade. On the successful completion of the voyage, the sum lent was repaid with interest to the lender's correspondent at the destination. Dutch officials at Surat sometimes extended bottomry loans to Dutch captains of ships sailing to Batavia.⁹⁸ There does not seem to have been any standard interest rate for such loans. It rather varied from one arrangement to the other depending upon the credentials of the borrower, the

Surat, 18 Nov. 1754, pp. 147, 176-7; VOC 3155, Resoluties, Surat, 7 Feb. 1764, pp. 79-80; VOC 3576, Resoluties, Surat, 6 Oct. 1780, f. 251^{r-v}).

⁹⁴ VOC 2803, Resoluties, Surat, 10 Dec. 1751, p. 332.

⁹⁵ VOC 2823, Resoluties, Surat, 4 Feb. 1753, p. 287-8.

⁹⁶ SFD 14/II (1758-59), Proceedings, Surat, 11 Nov. 1759, p. 445.

⁹⁷ Subramanian, *Indigenous Capital*, 25; Mentz, *English Gentleman Merchant*, 126-7.

⁹⁸ There are several legal documents containing such arrangements made at Surat in the second half of the eighteenth century. For many Dutch officials, this was also the means of transferring funds from Surat to Batavia (TNSA 1652, doc. no. 40, Surat 1760; doc. no. 116, Surat, 20 Dec. 1789, pp. 299-300; TNSA 1665, doc. no. 123, Surat, 16 Jan. 1790, pp. 315-17; doc. no. 161, Surat, 17 Dec. 1790, pp. 401-3; doc. no. 117, Surat, 7 Jan. 1790).

amount of risk and time involved in the intended voyage. In 1749, the rate at which Mancherji Khurshedji and Lala Shivnarain invested money in the ship *De Hoop* going to Barava Patta and Mombasa was 15.25 per cent for a period of four months.⁹⁹ In 1760, the interest rate on bottomry loans on ships going to Batavia was 7 per cent while in 1790 it was 9 per cent per voyage.¹⁰⁰ We do not have evidence to show whether there were also provisions to insure merchandise sent on a ship by paying a certain premium to the shipowner. This would have been possible through respondentia arrangements. Keeping in mind the normal interest rate of 0.75 per cent per month on ordinary loans, the interests on bottomry and respondentia loans were higher because the creditors bore the risk of losing their investment if the ship or merchandise did not reach the destination safely. However they were sure to get the capital and the interest agreed upon irrespective of the market conditions at the destined port. In cases where the ship-owners lent money to merchants, as in the above mentioned respondentia loans, the merchants had to bear the risk. By issuing bonds to the Company, merchants committed themselves to paying an amount corresponding to the total of the principal amount and interest, at Mokha or elsewhere, irrespective of the actual profits generated by the sales.

Sometimes, the companies needed specific currencies for investment elsewhere, as when they needed gold ducats from West Asia for the procurement of pepper on the Malabar Coast. The Dutch sometimes acquired this specie by contracting with the Mokha/Jeddah-bound merchants of Surat.¹⁰¹ The English used respondentia loans to acquire Spanish dollars from Mokha and Jeddah. In the last quarter of the eighteenth century, these became popular forms of investment and a means of remitting money to Europe for the European merchants to use in Asia. Private European merchants and other Company officials as well lent money to be remitted to Europe even when the rates were very low. The English at Bombay usually lent money to merchants, both European and local, trading with China at a low bottomry, which amount—with interest—was given to the Danish, Swedish, English, or Portuguese merchants in China who needed money on bills (*assignatien*) payable in Europe.¹⁰² The shippers seem to have benefited from these loans. As the flow of such induced trade was mainly eastward, leading ultimately to China, and as this traffic grew to large proportions in 1787, it became increasingly difficult for shippers to obtain money in China; rather they were forced to receive in payment Chinese goods like camphor, spelter (zinc), silk, quicksilver, and sugar.¹⁰³ A larger supply of these goods at Bombay and consequently at

⁹⁹ TNSA 1644, doc. no. 32, Surat, 10 Feb. 1749, pp. 127-9. The term used here is not interest but *opgeld* (*agio*), which means *batta* or commission.

¹⁰⁰ TNSA 1652, doc. no. 40, Surat, 1760; No. 1665, doc. no. 123, Surat, 16 Jan. 1790, pp. 315-17.

¹⁰¹ VOC 2803 Directeur en Raad van Surat aan GG&R, 11 April 1752, pp. 82-4.

¹⁰² VOC 3854, Resoluties, Surat, 24 Oct. 1788, pp. 144-6.

¹⁰³ *Ibid.* In that year nineteen private and seven English Company ships sailed from Bombay to China.

Surat reduced prices, affecting the profits of all the European companies.¹⁰⁴ Asian merchants thus availed themselves of the shipping and convoy facilities of the European companies as well as of the money that the English Company lent them as respondentia loans. They continued to dominate the commodity trade of Gujarat to almost every coastal and high-seas destination.

Financial intermediation

Bankers and brokers, known in medieval Indian common parlance as *sarraf/sabukar* and *dalal*, respectively, played a crucial role in the conduct of trade. The former provided financial intermediation through extending credit and exchange facilities to all merchants and companies. The latter rendered agency services by acting as broker in matters of either investment—that is the procurement of export goods—or in disposing of imports.¹⁰⁵ Money merchants essentially provided two types of services to merchants; money-changing and money-lending and trading in *hundis* (bills of exchange). Men engaged in facilitating trade in exchanging and determining the relative value of coins acted as *sarraf*. As the Mughals did not allow the circulation of coins in their dominion other than the standard silver rupee and its smaller denominations coined in the imperial mints, it was necessary for all merchants with non-Mughal coins to convert them into rupees, or *mahmudis*. The Mughal policy of free minting made it rather easy for everyone to get their coined or un-coined silver re-coined at the imperial mints in almost every major trading city. This process could become easier if one was able to avail oneself of the services of the *sarrafs*, who were well connected with the mints. Since the European companies were the major importers of foreign currencies or bullion, they always needed the assistance of these money-changers. Other merchants trading with the West Asian ports and importing Spanish rials or other silver coins too needed them to be re-minted, often through the agency of the *sarrafs*. These bankers were also indispensable because the Mughal coins had differential values, depending on the year of issue and mint, and therefore only they could establish the real value of a coin by testing its purity and composition of alloys and by determining its wear and tear. Their services were therefore crucial for merchants and the companies.

Beyond simply weighing and assaying coins, the money merchants dealt with bills of exchange which were both a means of transferring money from one place to another and also instruments of credit. In this capacity, these merchants acted as *sabukars* or bankers. At

¹⁰⁴ Ibid.

¹⁰⁵ For a detailed study on the role of brokers in the seventeenth century India, see A. J. Qaiser, 'The Role of Brokers in Medieval India', *Indian Historical Review*, 1/2 (1974).

Surat they issued *hundi* on their correspondents in other cities or discounted bills issued by their correspondents at other places. The issuer received the amount to be transferred plus a commission at the prevailing rate, which depended upon the flow of trade and specie along different routes. On the presentation of a *hundi* by a merchant, the correspondent discounted it and paid the mentioned amount after the expiry of stipulated time. In this case the merchant bore the risk and perhaps paid a low premium as a commission to the banking house. As an instrument of credit, the *hundi* was also a means of extending interest-bearing loans to a merchant who required money at a particular place but preferred to pay the amount with interest elsewhere. The creditor paid the borrower in cash and sent bills to his correspondent to whom the sum lent would be reimbursed. Here the lender bore the risk, but that was compensated for by a guaranteed high rate of interest. Through an extensive credit network Surat was connected with almost every major trade centre of the subcontinent. Surat abounded with banking houses which had correspondents elsewhere and it was an abode of agents and correspondents of numerous other *sarraf* families from other parts of South Asia. Banking in the pre-modern Indian commercial system was fairly developed and sophisticated, and throughout the seventeenth and eighteenth centuries, the European companies' trading ventures in India depended to a large extent on the banking services of the money merchants.¹⁰⁶ The English, more than the others, required these services to remit funds and credit from their major settlements at Surat and Hugli to other subordinate establishments in the interior or on other coasts of the subcontinent. The role of Bania banking houses has been held by some scholars to be crucial to the English political ascendancy on the western coast of India in the second half of the eighteenth century.¹⁰⁷

The Banias dominated this profession by acquiring expertise in money matters. The *sarrafs* were those Banias who were exclusively engaged in money-lending and money-changing and did not take up banking as an extension of their other trading enterprise. Some Parsis and certainly a few Armenians also shared this domain of activity. The English Company's trade in Gujarat, epitomized as 'bullion for goods', required securing funds from elsewhere or raising it through credit. The political conquest of Bengal in 1757 and the assumption of the *divani* in 1765 enabled them to remit large funds to Bombay and Surat through bills of exchange. This offered ample opportunities for such financial mediation. Consequently, several banking houses engaged in remitting funds between Surat, Bombay, and Bengal came into prominence. Major ones like those of Arjunji Nathji Tarwadi, Assaram Jagjiwandas, Tapidas Nirmaldas, Mohandas Dwarkadas, Atmaram Bhukandas, Gokuldas Bindrabandas, Lala Kashmiri Mal, Gopaldas Dhanjishah Manjishah, Gasper Johannes,

¹⁰⁶ Prakash, 'Sarrafis, Financial Intermediation and Credit Network'.

¹⁰⁷ Subramanian, 'Banias and the British'; idem, 'Eighteenth-Century Social Order'; idem, *Indigenous Capital*; Torri, 'The Hindu Bankers of Surat'.

Mackertish Malikhaz and Joseph Stephen were involved in discounting bills issued by their correspondents in Bengal.¹⁰⁸ A number of smaller houses like those of Tapidas Laldas, Atmaram Jawaharchand, Jivandas Tarachand, Bhaidas Raghunath, Ramdas Dayaldas, Bhagwan Bansor, Bhiadas Vithuldas, Nagar Visbukandas, Govardhandas Bhaichand, Marwanji Ratanji, Mianshankar Kirpashankar, Lakshmidas Ramdas, Jagjivandas Anuprai, and Jaikishan Anuprai were engaged in exchanging bills between Surat and Bombay.¹⁰⁹ The study of the crucial services and role of the money merchants in the consolidation of the English political authority on the western coast of India has left scholars with conflicting interpretations.¹¹⁰ It appears that the money market at Surat or Bombay was not monopolistic as, on the supply side, the *sarrafs* were never organized as a single body to exert control over exchange rates and *batta*. Neither was it monopsonistic since the English Company was not the only operator on the demand side.¹¹¹ It has rightly been suggested that the money market functioned on the basis of free competition and depended to a large extent on a complex set of factors. The remittance of funds from Bengal to the western coast of India through bills issued at Surat on Bengal *sarrafs* or vice versa, as happened later, implied that the actual transfer of specie did not take place. Whereas Bengal received silver specie from different channels such as revenue collected from Bengal, Bihar and Orissa as well as the import of specie by the Companies, for Surat a major source of silver specie was West Asia. Trade along the Surat-Mokha/Jeddah and Surat-Basra routes supplied the lifeblood to Surat, as the exports to these ports were always balanced by imports mainly in silver and some gold coins. The money market at Surat was quite sensitive to the turnover of trade at these ports. References to scarcity of money and disruption of credit networks, although they were temporary phenomena, show an almost total dependence of credit at Surat on trade with West Asia.

The Dutch Company at Surat was self-sufficient in the sense that their procurements of export goods were made usually from the proceeds of the imports they sold. Surat was the only place on the Indian subcontinent where the value of goods annually sold by the Company was usually more than the total investment on export goods. The surpluses were

¹⁰⁸ SFD 16/I (1761-63), Surat to Bengal, 13 June 1762, pp. 179-80; FRS 56, Proceedings, Surat, 28 March 1778, p. 33; FRS 58, Proceedings, Surat, 13 June 1780 (Fort William to Surat, 27 March 1780), p. 159; FRS 60, Proceedings, Surat, 24 Sept. 1782 (Fort William to Surat, 5 Aug. 1782), pp. 147-8.

¹⁰⁹ SFD 14/I (1758-59), Surat to Bombay, 27 March 1759, p. 248; FRS 65, Surat to Bombay, 19 Sept. 1787, pp. 300-1.

¹¹⁰ Whereas Subramanian has argued that these *sarrafs* represented the most affluent, organized, and politically influential group (Subramanian, 'Banias and the British'), Torri has demonstrated that they lacked cohesion, were ill-organised and had no unanimity of purpose and interest in Surat or elsewhere (Torri, 'The Hindu Bankers of Surat').

¹¹¹ Torri, 'The Hindu Bankers of Surat', 383-91.

used to balance the deficits in areas like Malabar, Ceylon, Bengal, and occasionally Batavia.¹¹² The funds were remitted through the actual transfer of silver rupees. In the mid-eighteenth century, the transfer of funds grew to such an extent that in 1763 the local authorities apprehending scarcity of money in Surat considered trying to stop it.¹¹³ The Dutch made use of the credit network only for local remittances within Gujarat. Occasionally, if the ships with imports arrived late or the sales were delayed for some reason, the Dutch had to raise funds from the local money market. Normally they borrowed money from Bania merchant-bankers like Khushhalchand Kapurchand, Kapurchand Singa, Lalchand Khushhalchand, and Lakshmichand Khushhalchand.¹¹⁴ In a list of Company creditors in 1775, some other Bania merchants are also mentioned like Lalchand Adikram, Bansali Manikchand Rupchand, Hirachand Malikchand, Malikchand Ratanchand, Ratanchand Manikchand, and Harkishandas Gopaldas.¹¹⁵ Another house of Bania merchants with which the Dutch had financial dealings was that of Baisa [Bhai Shah]. In 1781, Baisa lent Rs 100,000 to the Dutch on the surety of Khushhalchand Kapurchand and Kapurchand Singa. This led to a prolonged dispute involving the English, the Dutch purveyors, and the house of Baisa on account of the English takeover of the Dutch establishments and sequestration of its property, including export-goods procured by the purveyors and kept in the warehouses.¹¹⁶ Besides the Banias, some Armenian merchants too rendered such services on a substantial scale. Armenian merchants such as Agha Ohannis Walladee Krikor and Agha Agepoosch Krikor were among the major creditors of the Dutch Company at Surat.¹¹⁷

The interest rate in all cases of ordinary loans remained 0.75 per cent per month. Interestingly, none of the Bania merchants in the service of the Dutch are mentioned in a list of money-merchants of Surat recorded in some English correspondence. These merchants probably were under Dutch protection and therefore had no financial dealings with the English. None of these names even appears in a petition signed by sixty-three Bania bankers of Gujarat representing 'many hundreds' of such families residing in Surat, addressed to the

¹¹² For Surat's annual export of cash to Batavia and other factories, *see* HRB 848, *Memorie van Overgave*, C. L. Senff, pp. 438-41 (Appendix 14).

¹¹³ VOC 3094, *Directeur en Raad van Surat aan GG&R*, 12 Jan. 1763, pp. 62-3.

¹¹⁴ In 1769, they borrowed Rs 150,000 from them at the usual rate of 0.75 per cent per month (VOC 3269, *Resoluties, Surat*, 1 June 1769, p. 118). In 1779-80 similarly, the Company negotiated with Khushhalchand Kapurchand and Kapurchand Singa for Rs 100,000 at the interest rate of 0.75 per cent per month (VOC 3576, *Memorie der Debiteuren en crediteuren* (Report on debtors and creditors), 1779-80, ff. 332^v-333^r).

¹¹⁵ VOC 3438, *Resoluties, Surat*, 26 April 1775, pp. 134-5.

¹¹⁶ VOC 3594, *Directeur en Raad van Surat aan de Bewindhebbers te Amsterdam* (Director and Council of Surat to the Directors in Amsterdam), Surat 16 June 1781, ff. 33^r, 34^r.

¹¹⁷ VOC 3853, *Memorie der Debiteuren en crediteuren*, f. 170^r. In 1790, the Company borrowed Rs 12,000 from Agha Ohannis Walladee Krikor at the interest rate of 0.75 per cent per month (VOC 3899, *Resoluties, Surat*, 14 Aug. 1790, ff. 212^v-213^r).

English Chief at Surat in 1794 and concerning a dispute over the management of a temple and its deity.¹¹⁸ It is also evident that several merchants mentioned above, though kinsmen or belonging to the same family, had their own businesses and separate dealings with the Company. These are again examples of nuclear families that acted autonomously in external dealings but were allied with other units of the extended family by cultural and matrimonial links.

A number of the Bania bankers sought English protection in the post-1759 period precisely because only the English Company could provide them scope for such large-scale remittances and usurious activities. Their professional ethics required that they should ally with the English and take advantage of the boom in the banking business. The signatories of some petitions addressed to the English Company's authorities at Surat, Bombay or Bengal were overwhelmingly Banias. However much this may suggest a community under English protection, it in no way indicates a general unanimity among them. They addressed their petitions to the English because the latter shared political power in Surat.¹¹⁹ Moreover the supposed 'Anglo-Bania partnership' was never a matter of serious concern for the Dutch, French or Portuguese so far as their trade was concerned. The Dutch association continued to be equally solicited by many affluent Bania merchants of Surat even in the last decades of the century.¹²⁰

The money merchants possibly failed to realize the long-term implications of their financial cooperation with the English East India Company. Far from being a sign of their insensitivity or blindness towards the process that eventually led to the colonization of the subcontinent, the cooperation of the Banias with the British was a logical response to the business opportunities offered by the circumstances. There was no design of 'partnership' between the English and the indigenous money-merchants either. Eventually, the financial services rendered by the latter became the catalyst of the accomplishment of the Company's political ambitions on India's west coast. For a long time, the activities of the Banias and English reinforced each other, but in the end the former emerged triumphant.

¹¹⁸ FRS 72, Proceedings, Surat, 24 Dec. 1794, pp. 329-35.

¹¹⁹ See the petition concerning the dispute among the Bania *shroffs* of Surat regarding the possession and control of the idol of the Balkrishna temple (FRS 72, Proceedings, Surat, 24 Dec. 1794, pp. 329-48).

¹²⁰ All the Dutch brokers in the 1780s and 1790s—Lala Ramnarain Shivnarain, Tarachand Nagardas, and Premshankar Govindram—were rich Bania merchants. The former two were also prominent bankers and usually lent money to the Dutch Company.

Commercial intermediation: brokers

Brokers constituted another crucial segment in the service sector that performed multiple functions in the conduct of trade. Commonly known as *dalal*, a broker originally meant a simple mediator, one who brought buyers and sellers together and earned a commission on each transaction. This institution seems to have evolved over time and brokers seem to have assumed numerous additional functions. More than simply mediating between buyers and sellers, many brokers, being themselves merchants, bought and sold goods on their own account. They were also employed in dealing with financiers and their services could be crucial when negotiating with the local political authorities. Brokering grew more and more sophisticated and diversified incorporating multiple dimensions of the early-modern Asian commercial systems. The English term broker, or '*makelaar*', as the Dutch called it, continued to be used in contemporary writings and no proper term corresponded exactly with the increasingly sophisticated nature of the activity. The terms, such as *dalal*, *wakil* (representative), or *marfatiab* (agent), do not at all have the richness of meaning that fit a profession like that of the brokers Mancherji Khurshedji, Rudraram Raidas and Govindram Rudraram. In due course, this institution assumed certain political connotations. Whereas the Dutch brokers tended to dominate the Company in various respects, the English quite successfully contained the powers of their brokers by defining and redefining their position and by changing the nomenclature to *wakil* and then to *marfatiab*.¹²¹ The English Company's brokers Jagannath Laldas, and later Dhanjishah Manjishah, too, were rich merchants and conducted substantial trade on their own.

Whatever the nature of work or services rendered by these *dalals*, *wakils* and *marfatiabs*, this sector was overwhelmingly dominated by Banias, so much so that for some contemporaries, Bania and broker were practically synonyms.¹²² Until the early eighteenth century, brokering was an almost exclusive domain of the Banias in Gujarat. Except perhaps for a few Parsi merchants of great affluence who acted as brokers to the European companies, such services in cosmopolitan cities like Cambay and Surat, in the commercial marts of Broach and Bhavanagar, and in the production centres spread all over the interior, were overwhelmingly rendered by Banias.¹²³ It is only from the middle of the eighteenth

¹²¹ Ashin Das Gupta, 'The Broker in Mughal Surat, c. 1740', in idem, *World of the Indian Ocean Merchant*, 399-409; Chaudhury, *From Prosperity to Decline*, 49-65.

¹²² At least in Bengal this is quite evident. See P. J. Marshall, 'Masters and Banias in Eighteenth-Century Calcutta,' in Blair B. Kling and M. N. Pearson (eds.), *The Age of Partnership: Europeans in Asia before Dominion* (Honolulu, 1979); P. J. Marshall, *Trade and Conquest: Studies on the Rise of British Dominance in India* (Aldershot, 1993).

¹²³ The Parsi challenge to the Bania dominance is best illustrated by the prolonged dispute between the family of Rustam Manikji and the house of Bhimji Parekh (Gupta, 'Broker in Mughal Surat', 399-409 and 'The Merchants

century that more and more Parsis joined this profession. Whereas Dhanjishah Manjishah as the *de facto* broker dominated much of the commercial affairs of the English Company at Surat around the middle of the century, other Parsi merchants such as Mancher Dhanjishah, Dadabhai Manikji, and Edul Dada played a crucial role for most of the 1760s and 1770s by handling the Company's investments in export goods.¹²⁴ In his capacity as broker, Mancherji Khurshedji's influence on the Dutch commerce in the first three decades of the second half of the century appears to be unprecedented. The private English merchants at Surat and Bombay were predominantly served by Parsi brokers in matters of trade and finance.¹²⁵

At major trade centres like Ahmadabad, Broach, Cambay, Bhavanagar, and Kachh brokers for the European companies were likewise mostly Banias.¹²⁶ Even the under-brokers in most parts of the interior were local Bania merchants.¹²⁷ Although the English had abolished the post of broker at Surat in 1738, they were nevertheless uninterruptedly served by several Bania merchants as agents (*marfatiah/gumashta*) at Broach, Cambay and other places. Although Bania merchants dominated the banking and brokering businesses, neither was exclusive to any caste, religious, and ethnic category. They were rather open to all—Muslim, Parsi, Armenian, Jew or European. The Banias domination of the profession was due to the fact that they had inherited wide-ranging family networks in the towns of Gujarat and their hinterland which must have been a great asset to them in their role as brokers and must have added to their attractiveness as trading partners.

of Surat, c. 1700-1750', in the same collection, 323-7). It should be noted, however, that the term Bania is a vague generic term and does not represent an endogamous group like the Parsis.

¹²⁴ See copy of the annual contracts for investments, MSA, Commercial Residency Diary Northward (1763-1795) 539 (not foliated); Torri, 'Surat during the Second Half', 691-3.

¹²⁵ For the Parsis' attuning to the new circumstances in Surat and particularly at Bombay, see David L. White, 'Parsis in the Commercial World of Western India, 1700-1750', *IESHR* 24/2 (1987), 191-201.

¹²⁶ The Dutch brokers at Kachh in the 1750s were the two Bania merchants, Khushhal Manji, and Jawaharchand Roopchand successively (VOC 2823, Resoluties, Surat, 10 Oct. 1752, pp. 178-9). Their broker at Broach in the 1750s and 1760s was a Bania, Goverdhandas Girdhardas (VOC 2765, Resoluties, Surat, 18 Feb. 1750, pp. 387-8). Later Bhagwandas, another Bania served as broker in the 1780s (VOC 3728, Resoluties, Surat, 22 Dec. 1785, pp. 16-17). Their brokers at Ahmadabad and Agra, in the early 1750s, were Girdhardas Dosji, and Purshottamdas and Beridas respectively (VOC 2823, Resoluties, Surat, 10 Oct. 1752, pp. 185-7). In 1780s, Goverdhandas Bachubhai served as a broker to the Dutch at Ahmadabad (VOC 3728, Resoluties, Surat, 4 March 1786, pp. 133-4). The English had their brokers at Cambay from a Parsi family of Edulji Cowasji whose sons were allowed to succeed their father in 1772 (SFD 20 (1772), Proceedings, Surat, 30 Jan. 1772, p. 54).

¹²⁷ The under-brokers were agents who rendered their services to the chief brokers of Surat. Thus Mancherji Khurshedji and his co-broker Rudram Raidas and the latter's son Govindram Rudram had Bania merchants as their sub-brokers at Bhavanagar, Bombay, and other places. Manikchand Shankardas was posted at Broach to take care of the sale of goods sent from Surat by Govindram Rudram (VOC 3899, Directeur en Raad van Surat aan GG&R, 15 Dec. 1790, f. 78; VOC 3899, Resoluties, Surat, 25 Feb. 1790, ff. 155^v-158^r).

Inland traders

Inland traders seem to have comprised a heterogeneous comprising people of all religious persuasions, castes and creeds. The entire process of procurement and sale or distribution of goods from and to the extensive interior depended to a large extent upon this category of merchants. Hidden from us and our sources, this group, as elsewhere, certainly constituted the backbone of the commercial economy of Gujarat. Contemporary European documents yield little information on these merchants. A careful reader, however, will not lose sight of the references which, when placed in proper context helps illuminate the significance of this group.

This category was much more diverse than any other and may therefore be subdivided into at least two groups, namely intermediary merchants and itinerant traders. Depending upon the range of their activities, these subcategories were by no means mutually exclusive. Activities overlapped and implied all sorts of combinations of various forms of engagements. Intermediary merchants were those who earned their fortunes mainly as wholesale merchants buying goods in bulk from one and selling to other merchants. Such merchants could be found in major commercial marts like Surat, Cambay, Broach, Bhavanagar, and many other commercial centres. In the European sources, a number of such merchants can be identified who constituted the crucial link between the most affluent merchants living in Surat and itinerant traders spread throughout the interior. The intermediary merchants bought merchandise from the Dutch brokers Mancherji Khurshedji and Govindram Rudraram, to whom they registered the quantity of goods they required and sometimes paid money in advance. In 1772, Tapidas Nagardas, as an intermediary merchant, bought some merchandise including spices and candy sugar from the brokers.¹²⁸ Apparently, some other merchants may have bought a part of these goods from Tapidas Nagardas, as is clear from a complaint made by the merchant Shah Ratanji Gokul to the Dutch in which he claimed that 45 canisters of candy sugar had been mortgaged to him by Tapidas on account of an advance of Rs 8,490.¹²⁹ Similarly, in 1781 the Dutch brokers sold some merchandise to Nandram Bhatt and Kishordas Kishandas, who as intermediary merchants again sold these goods to others.¹³⁰ One group of such intermediaries was engaged in purchasing goods at

¹²⁸ VOC 3354, Resoluties, Surat, 7 Aug. 1772, pp. 211-12.

¹²⁹ Ibid. Although it was a false pretension, it nevertheless indicates the kind of network involved in the trajectory of trade.

¹³⁰ FRS 59, Proceedings, Surat, 18 July 1781, pp. 156-7; Home Misc. 175, English Occupation of the Dutch Factory at Surat, pp. 294-5.

Bombay or other port towns on the western coast and selling them to other merchants at Surat.¹³¹

On the supply side too, there was a section of merchants which played an intermediary role in procuring goods for merchants and the companies. At Surat, the companies' suppliers were mostly helped by intermediaries. The Parsi merchant Rustam Jessu, for instance, looked after the procurement of textiles for Dadabhai Manikji and Edul Dada, the principal contractors of the English investments.¹³² He did not confine his services to these two only, but also rendered valuable assistance to other merchants.¹³³ The advances given to the contractors at Surat went through him to a set of intermediary merchants who then distributed the amount to producers, a practice that bound the latter to deliver the stipulated quantity of goods. Since the English always invited proposals from merchant-contractors for their investments, a number of such merchants in fact annually proposed to supply at competitive prices, a fact that suggests that each of them possessed the required network and enjoyed the services of intermediaries at various levels. The Dutch Company's procurement of textiles and other goods at Surat, on the other hand, was managed by two Parsi merchants, Sorabji and Ratanji, and later their sons Bahramji Sorabji and Hormasji Ratanji, on a virtually permanent basis. The duo enjoyed a kind of exclusive right over Dutch investments and managed procurements through advances to different merchants who were in touch with the producers.¹³⁴

Another agency service, which was in fact monopolised by the Parsis, was that of the *modi*. This was a position given by the Companies to a merchant of repute who in that capacity was obliged to look after the management of provisions and other logistics. He was responsible for the maintenance of warehouses and other establishments of the Company. The family of Manik Dada held this position for the Dutch Company during a large part of the eighteenth century. Being themselves merchants of high credit, Manik Dada and later his son Bahman Manik (who joined and replaced his father in 1780) rendered this crucial service. The nature of work implied that they exercised a good deal of influence on grain merchants who supplied all sorts of provisions required for the maintenance of the Company's civil and military personnel. In 1764, while there was a scarcity of grain in Surat,

¹³¹ Most of these merchants being under the English protection bought the Company's imports at Bombay and carried them to Surat for sale (FRS 55, Surat to Bombay, 22 April 1777, p. 111). Many went further, to the Malabar Coast, and brought from Cochin a quantity of merchandise, especially sugar to Surat to be sold to other merchants (VOC 2863, Directeur en Raad van Surat aan GG&R, 4 Jan. 1755, pp. 8-10).

¹³² FRS 58, Proceedings, Surat, 25 April 1780, pp. 116-17.

¹³³ *Ibid.*, p. 118; FRS 58, Proceedings, Surat, 27 April 1780, pp. 123-7.

¹³⁴ From an investigation into the accounts of the contractors of Dutch investments Behramji Sorabji and Hormasji Ratanji, carried out by the English in 1781, it is evident that they made advances to the merchants of Surat, Navsari, Broach, Baroda, Dabhoi in order to insure delivery of the contracted goods (FRS 58, Proceedings, Surat, 18 July 1781, pp. 182-3).

Manik Dada could still purchase 100 *lasts* of wheat through his contacts with the up-country merchants.¹³⁵ Sometimes this agency was also used by the Company in its diplomatic negotiations as with the local political authorities.¹³⁶

An extensive network of traders connecting Surat, and other port cities, with the interior was indispensable for the disposal of imports. Marwari, Kashmiri, Sindhi, and many other merchant groups were involved in the distribution of goods throughout Surat's hinterland. The more affluent ones were settled in Surat and other major cities whereas the others commuted seasonally between Surat and the locality where they traded. Those settled in Surat or in any of the other major commercial cities employed agents or worked through intermediary merchants in different localities both for the distribution of goods in the interior as well as for the collection of export goods. At the bottom of the hierarchy were petty traders or peddlers who were actually in touch with the consumers. Retail trading with a small basket of goods, involving a mixed investment of physical labour and a little capital, and perhaps content with slender profit margins, this trading group was crucial in extending the trade network to the remotest part of the interior and in dealing with the actual consumer.

Merchants and the eighteenth-century political economy

Trade and politics were related to each other in a complex way. Although the people in politics sometimes straddled the two domains, merchants in general, at least in Gujarat as we have seen, kept themselves away from directly participating in politics. Depending upon circumstances, political institutions or territorial authorities endeavoured in their own way to take advantage of commerce that, by 1500, had begun to assume a nearly global character. In Mughal India, the state did not take forceful measures to promote production or trade that can be compared with the vigorous commercial policies pursued by Safavid Persia, Ming China or Tokugawa Japan. The Mughal state only helped the inherent potential of its producers and merchants to blossom by creating an environment conducive for hectic economic activities. It was the ingenuity of merchants that they took full advantages of the state's policies of improving the general security of persons and property, encouraging monetisation of the economy, standardising the currency system, and letting the European companies establish their trading stations wherever they wanted. In Gujarat, in particular,

¹³⁵ VOC 3117, Directeur en Raad van Surat aan GG&R, 31 Dec. 1764, f. 149^v.

¹³⁶ In 1763, he was involved in the negotiations between the Company and the Governor of Bassein (VOC 3094, Directeur en Raad van Surat aan GG&R, 30 April 1763, pp. 130-1).

politics were relatively less important and merchants ruled the roost of society to a greater degree than in other regions of South Asia.

It is true that the collapse of the Mughal and Safavid Empires within a decade or two in the early eighteenth century adversely affected commerce along the western Indian Ocean littoral. Mercantile wealth became exposed to the unprecedented rapacity of some of the local Mughal governors. Gujarat, being one of the most commercialised provinces, suffered this covetousness most. As mentioned earlier, the affluent merchants of Ahmadabad were subjected to excessive extortion throughout much of the 1720s and 1730s. In the late 1740s, Surat became victim of a severe struggle for political control that inevitably drew the English Company into a political role. Already much inspired by the idea of exercising political authority, the English were further encouraged by the uncertain political conditions at Surat. As the conflict intensified in the 1750s, the assault on mercantile property also increased. In 1754 for instance, Surat's merchant community lost Rs 206,000 through extortion.¹³⁷ This compelled many of the affluent merchants to call on the European companies to provide them protection. Out of desperation some of them even began to entertain the idea of helping the English into the corridors of power.¹³⁸ The role of some prominent merchants was instrumental in the English takeover of the Surat castle in 1759.

Other hazards befell shipowners and freighters with greater intensity in the early and mid-eighteenth century. The threat of maritime violence along the Gulf of Cambay and further to the south of Surat was nothing new, but the increasing number of incidents of vessels being taken by the Sultanpuri, Angria and Bassein navies caused consternation to merchants and companies alike.¹³⁹ Several encounters between Dutch ships with the pirates

¹³⁷ VOC 2863, Resoluties, Surat, 7 Sept. 1754, pp. 110-12. A total of Rs 206,000 was extorted from the merchants as per the following break-up. The English supplier, Rs 20,000; Jeweler Kapoorchand, Rs 32,000; Bania merchants like Raghunathdas Jaikishandas, Rs 21,000; Bhagwandas Ramdas, Rs 11,000; Lala Lakshmidas, Rs 17,000; Jakkarsah, Rs 5,000; Bohra merchants like Bhajji, Rs 15,000; Ismail Thepias, Rs 7,000; two other Bohras under Dutch protection, Rs 31,000; two Sindhi merchants, Rs 7,000; apart from numerous others losing from Rs 500 to 1,000 amounting to Rs 40,000 (in all, Rs 206,000). The total loss suffered by merchants in that year amounted to Rs 1,733,000 which included merchants going bankrupt as follows. The Bania merchant Lakkarsah lost Rs 75,000; Jeweler Wanmali Chetpat, Rs 20,000; Dipa Bhimchand, Rs 17,000; the money-changers like Bhagwandas Ramdas, Rs 25,000; Lala Lakshmidas, Rs 135,000; Khushhal Molk, Rs 43,000; Nanabhai Wanmali, Rs 40,000; Raghunath Jaikishandas, Rs 100,000; Sindhi merchants such as Hedayatullah, Rs 40,000; Haji Ismail, Rs 35,000; other minor bankruptcies amounting to Rs 47,000 (Total Rs 577,000). The loss at the sea suffered by merchants amounted to Rs 950,000 (grand total Rs 1,733,000).

¹³⁸ The antecedent circumstances, the formation of alliances and European participation in the power struggle at Surat, have been extensively debated among scholars. See Subramanian, *Indigenous Capital*; idem, 'Capital and Crowd', 206-14; Torri, 'Surat during the Second Half', 681-88; idem, 'Mughal Nobles'.

¹³⁹ VOC 2842, Directeur en Raad van Surat aan GG&R, 16 Dec. 1753, p. 137; *Selections from the Records of the Bombay Government* (Bombay, 1893), 103. The Maratha fleet (the Angrias) preyed on Mughal and European shipping alike and at times virtually dominated the Konkan coast from Cochin to Kachh (J. H. Parry, *Trade and*

were reported and in their letters to Batavia the Dutch authorities at Surat expressed a great sense of relief if the ships arrived without having any encounter (*ontmoeting*) on the way to Surat.¹⁴⁰ Ships, whether local or European, plied the coast and rivers to places like Broach, Cambay and Bhavanagar only in convoys escorted by a warship fully equipped with men and weapons to combat the so-called pirates.¹⁴¹

The merchants of Gujarat also occasionally suffered adversities in the Persian Gulf and the Red Sea. In 1755, the adverse impact of domestic political instability in the Red Sea region on the trade of Mokha and Jedda was severely felt when seventeen Bohra merchants at Mokha went bankrupt, with combined losses of about Rs 80,000 while the Gujarati merchants at Jedda suffered a 75 per cent loss on the sale of merchandise.¹⁴² In the Persian Gulf too, conditions were far from congenial after the demise of Nadir Shah in 1748. Internal conflicts among local potentates sometimes caused great damage to commerce in that region. In a letter to the Court of Directors in 1765, the English resident at Basra Peter Wrench wrote:

This place [Basra] being now under a great deal of trouble on account the government having joined Carom Caun [Karim Khan] against the Chauh [Shah], there is at present an entire stagnation to all trade and business, little are money in the town and those that have any, are afraid to show it, the government's demands being very urgent to support the charges of the expedition.... It is much to be wished these troubles may soon be terminated, the communication of this river being at present stopped by the Chauh & the town full of soldiers, the merchants will scarce show themselves & the price of everything is rose considerably, but especially grain almost 100 per cent within these few days.¹⁴³

These inconveniences were, however, ephemeral and Gujarati merchants by and large continued their shipping and trading activities along almost all Indian Ocean trade itineraries. In accordance with the challenges they came to face in the eighteenth century, they devised means and adopted strategies befitting their spheres of activities. One such strategy to which some affluent merchants and shipowners seem to have had recourse was sending their ships

Dominion, European Overseas Empires in the Eighteenth Century (London, 1971), 84-5). In 1750, a ship belonging to a 'Turkish' merchant richly laden with goods for Basra was taken over by the Bassein pirates (VOC 2765, Directeur en Raad van Surat aan GG&R, not dated, May 1750, pp. 105-6). In 1756, two small French vessels destined to Mokha and Jedda were captured by them (VOC 2887, Directeur en Raad van Surat aan GG&R, 3 May, 1756, pp. 99-106).

¹⁴⁰ VOC 2885, Directeur en Raad van Surat aan GG&R, 31 Dec. 1756, p. 6-8.

¹⁴¹ VOC 2863, Resoluties, Surat, 18 Nov. 1754, pp. 176-7.

¹⁴² VOC 2863, Directeur en Raad van Surat aan GG&R, 4 Jan. 1755, p. 42.

¹⁴³ Basra Factory Diary 194 (1764-65), Peter Elwin Wrench & Robert Garden at Basra to the Court of Directors of the Company trading to the East, London, 15 May 1765, p. 195.

to destinations like East Africa, Southeast and East Asia. From the shipping lists of the second half of the eighteenth century it appears that many ships owned by Parsis and Muslims sailed to the East calling at major ports like Batavia, Siam and Canton.¹⁴⁴ The local merchants' participation and involvement in exporting cotton to China on the English Company's ships also indicates their eastward orientation.

To ensure the security of their person and property, a few very affluent merchants went further and sought association with those in positions of power at Surat. Depending upon their spheres of activity and mutual interests, such merchants had to choose their 'protectors' from among the players of politics. They sought protection from Europeans companies, particularly the English. Protection does not necessarily imply an unequal relationship; it was rather contractual and based on reciprocity of commercial interests. In all probability, it was formalised in a written declaration which bound the merchant to behave in such a way that his activities were not injurious to the commercial interests of the Company. In return, the Company was obliged to provide protection to the merchant and extend all facilities to which he was entitled. Whereas the Europeans always invoked legal values to legitimise such arrangements, the merchants interpreted them as negotiable. The only reference to the terms of such protection comes from the statements of the Dutch authorities at Surat regarding a case of non-compliance. In a letter to the Dutch director at Surat, Louis Taillefert (1756-60), David Kelly wrote:

In 1748, Mancherji Khurshedji bound himself through a written request to place himself and his entire family, inmates and servants, ships, goods, money, in short, everything that belongs to him, or is concerned with or depends on him, under the protection of the Dutch Company and he was confirmed with the prerogatives, rights and benefits of a private or free merchant. In return, he promised not only to be thankful for ever and to comply with the orders given by the Company but also to completely subject his person, family, servants, ships, goods, money and all that belongs to him or is under his possession, to the rights, customs and adjudication of the united Dutch [Company] and not to discharge himself from the contract without the prior knowledge or consent of the fore-mentioned Company.¹⁴⁵

Protection became a key word in the middle of the century and a number of leading merchants, including shipowners, went over to the English or the Dutch. By 1750, about a

¹⁴⁴ VOC 3354, Shipping lists, 1772, ff. 84r-86v; VOC 3462, 1776 ff. 17r- 19v; VOC 3490, 1777, ff. 40r-41r.

¹⁴⁵ My translation, for the original passage in Dutch, *see* VOC 2967, Resoluties, Surat, 18 Sept. 1758 (not foliated). This also illustrates how differently the two parties interpreted the implications of someone being in the protection of the Company.

third of Surat's mercantile capital was under European—mostly Dutch—protection.¹⁴⁶ It was only after 1750 that many Bania and Parsi merchants who were not previously in formal alliance with anyone began to ally themselves to the English Company in so far as protection was concerned.¹⁴⁷

These were individual family's decisions and had nothing to do with the community to which one belonged. In so far as the pursuit of commerce was concerned, each community was quite fractured as its members were free to take independent professional decisions which were determined by their interests. Holden Furber's identification of the Parsis, Muslims, and the Hindus as interest groups in Surat and his assertion that 'these [groups] interacted in such a way that the English went from strength to strength without the necessity of building any territorial power outside Bombay' seems to be an oversimplification of a complicated interplay of interests across communities.¹⁴⁸ More than inter-community, inter-personal interests determined an individual's course of action. A number of prominent Parsi and Bania merchants and shipowners remained under the protection of the Dutch Company in the second half of the eighteenth century. If Dhanjishah Manjishah, Edul Dada and Dadabhai Manikji were with the English, Mancherji Khurshedji, Manik Dada, Sorabji and Rustamji were associated with the Dutch Company. Interestingly, while Mancherji served the Dutch Company as its broker, his brother Kowasji Khurshedji was under the protection of the English Company. If the English enjoyed the services of Jagannath Laldas, the leading Bania merchant of Surat, the Dutch had the privilege of having the family of Rudraram Raidas as their broker. For some families, the rationale of allying themselves with more than one power centre, no doubt, represented a strategy of spreading risks and having a finger in several pies. They had, as it were, more than one partnership in their 'portfolio'. A number of Bania merchants maintained close commercial relations with the Dutch, the Portuguese and other European merchants throughout the eighteenth century.

The Parsi merchants happened to be particularly enterprising and perhaps more than others were willing to associate themselves with the European companies. Their role in the emergence of Bombay in the nineteenth century as the biggest trading entrepôt in the western Indian Ocean was crucial. They were the first and largest group to sense better prospects for commerce at, and therefore to move to, Bombay which was still in embryonic form.¹⁴⁹ Those remaining in Surat, were, nevertheless, equally crucial in sustaining the commercial prosperity of the city and the port. The European companies too were willing to extend protection as this ensured them the invaluable services of the protection-seekers as

¹⁴⁶ Holden Furber, *Private Fortunes and Company Profits in the India Trade in the 18th Century*, ed. Rosane Rocher (Aldershot, 1997), Chapter 8.

¹⁴⁷ *Ibid.* Switching alliance from one Company to another was rarely attempted by any merchant.

¹⁴⁸ *Ibid.*

¹⁴⁹ Parry, *Trade and Dominion*, 97, 212.

potential buyers of imports, brokers, contractors or suppliers of merchandise as well as bankers. The companies were obliged to provide them protection whenever their interests were threatened. Instances of seeking a Company's help and shelter in times of crisis are numerous. The companies negotiated on behalf of merchants and used all persuasive means to get their grievances redressed.

Some families also cultivated closer relations with local political authorities. This was not new as several examples of 'portfolio entrepreneurs' can be found in the seventeenth and early eighteenth centuries.¹⁵⁰ The political instinct of Mancherji Khurshedji was best expressed in his association with Safdar Khan and Ali Nawaz Khan, the successive governors of Surat in the late 1740s and the 1750s.¹⁵¹ Anticipating commercial advantages or at least immunity from arbitrary extortions to which many of the affluent merchants were subjected in the early 1750s, he may have invested in his political patrons' war operations.¹⁵² The investments of Jagannath Laldas, Dhanjishah Manjishah, Dadabhai Manikji, Edul Dada, and some others in the English political adventure yielded high dividends once the Company was in possession of the castle.¹⁵³

Despite the so-called English monopoly of the freight trade, Surat's commerce with West Asian ports continued to be carried on predominantly by Asian merchants and their ships. A majority of ships listed as sailing to or arriving from Mokha, Jeddah and Basra in the second half of the eighteenth century belonged to Surat merchants.¹⁵⁴ In 1774, out of ten ships reportedly returning from these ports seven belonged to Asian merchants with about three-quarters of the total import of silver specie.¹⁵⁵ Since many merchants freighted their goods on English ships as well, they shared a large proportion in the specie imported in English ships. Moreover, the freight monopoly was not to the total disadvantage of all the local shipowners. Many of them found better deployment of their ships through English

¹⁵⁰ I have preferred to use the term portfolio entrepreneur, instead of 'portfolio capitalist', in order to convey a better idea of the enterprise in which Mancherji, and merchants like him, indulged in (Nadri, 'Commercial World of Mancherji Khurshedji'). See also, Sanjay Subrahmanyam and C. A. Bayly, 'Portfolio capitalists and the political economy of early modern India', *IESHR* 25/4 (1988); Subrahmanyam, 'Iranians Abroad: Intra-Asian Elite Migration'.

¹⁵¹ For a brief account of political developments at Surat and Mancherji's political role see Torri, 'Mughal Nobles, Indian Merchants'.

¹⁵² VOC 2930, Directeur en Raad van Surat aan *Heeren XVII* (Director and the Council at Surat to Gentlemen XVII), 27 Nov. 1758, f. 13^v. In a detailed report on extortion of such merchants, Mancherji's name is conspicuously absent. This may be attributed to his association with the political leadership at Surat (VOC 2863, Resoluties, Surat, 7 Sept. 1754, 110-13).

¹⁵³ Torri, 'What Kind of Social Order?'

¹⁵⁴ VOC 3354, Shipping lists, 1772, ff. 84^r-86^v; VOC 3462, 1776 ff. 17^r-19^v; VOC 3490, 1777, ff. 40^r-41^r.

¹⁵⁵ VOC 3408, Shipping list, 1774, ff. 310^r-314^r. Out of 1,900,000 silver specie 1,400,000 came in Asian ships while pearls worth Rs 500,000 from Basra, came exclusively on three Muslim ships (*ibid.*).

mediation. This is evident from the fact that when some merchants made a written representation urging the English authorities to allow them to freight their goods freely on any ship they preferred, some shipowners, such as Tahar Chalebi, disagreed with them. He insisted that the monopoly should continue and that a preference of freight for his ships be imposed.¹⁵⁶ The freight rate was not unilaterally fixed by the English chief; rather it was determined in consultation with *marfatias*, brokers and freighters.¹⁵⁷ The rates at which the ships were let out to the English were also not arbitrarily imposed. The owners submitted their proposals indicating the rate at which they would let out their ships and the chief then decided to enter into agreements with those he deemed most proper and advantageous.¹⁵⁸ Merchants like Mulla Fakhruddin, the Chalebis, Dhanjishah Manjishah, Dadabhai Manikji and even the Nawab of Surat had no inhibitions about letting out their ships to the English for this purpose.¹⁵⁹ This freight system was also to the benefit of traders since it freed them from the problems of late arrivals at the port of destination and the loss of merchandise. From written complaints made by some merchants to the English it appears that the merchants suffered losses on these accounts and were even made to pay double freight.¹⁶⁰ Under the new system, the ships carrying freight goods sailed under English protection and were piloted by experienced European captains. The system, therefore, was based more on the efficiency of freight services and better management of the resources at hand than on coercion or the use of force.

The English assumption of power at Surat in 1759 also brought about a change in the structure of customs revenue collection. The English began collecting customs at the *latty* where all merchants trading under English protection paid duties on their imports and exports. In addition, they appropriated one third of customs collected at the *furza*.¹⁶¹ Merchants began to be identified either as being under the protection of the English and paying customs at the *latty*, or as 'Mughal' merchants, which included all non-English Europeans, paying customs at the *furza*.¹⁶² Merchants in the mid-eighteenth century were subject to some additional payments.¹⁶³ They bore the brunt of wars and were later obliged

¹⁵⁶ FRS 75, Proceedings, Surat, 1 July 1796 (Minutes relative to Gulf freight), pp. 63-6.

¹⁵⁷ Ibid., p. 671.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid., p. 660-2.

¹⁶⁰ SFD 17/1 (1763-65), Surat to Bombay, 28 Feb. 1764, pp. 208-10; FRS 75, Proceedings, Surat, 1 July 1796 (Minutes relative to Gulf freight), pp. 666-7, 673-4.

¹⁶¹ The remaining two-thirds were shared by the governor of Surat and the Marathas.

¹⁶² FRS 68, Resolutions, Surat, 2 Aug. 1790, pp. 407-8.

¹⁶³ The Nawab of Surat, Tegh Beg Khan (1733-46) imposed 1 per cent on all imports and exports in addition to the duties on trade (SFD 16/I, (1761-63), Proceedings, Surat, 10 Aug. 1762, pp. 213-14).

to pay an additional 1 per cent to the English as war expenses.¹⁶⁴ In the 1790s, the English in their bid to do away with the differential duties and bring uniformity in taxation imposed a flat 5 per cent on all imports and exports to be collected at the *latty*.¹⁶⁵ Merchants importing silk from Bengal paid a 6 per cent duty at Bombay or in Surat in addition to 2 per cent already paid in Bengal as export tax.¹⁶⁶ Merchants trading with the Persian Gulf and the Red Sea were also made to pay 5.5 per cent on all imports as against 2.5 per cent paid by their English counterparts.

The complex nature of taxation undoubtedly increased the burden on merchants. The merchants, nevertheless, devised means of circumventing such attempts. Depending upon the convenience, merchants quite often used impersonation as an effective weapon to avoid excessive duties. In a detailed report on the discovery of this 'abuse', the English *latty*-master John Spencer pointed out how the 'Mughal merchants' used English merchants' names to export their goods, if destined to Bombay or its dependencies, through the *latty* where, after paying 6 per cent, they got customs exemption at the destined ports. Similarly, the English merchants preferred to consign goods to other ports not directly under English control, through the *furza* in the name of 'Mughal merchants' by paying a lower duty than at the *latty*.¹⁶⁷ To avoid excessive customs, some merchants even resorted to trading clandestinely. The English did try to curb this practice by imposing penalties or confiscating goods if detected.¹⁶⁸ But, given the absence of police patrolling and lack of effective vigilance along the river that provided access to the sea, it was impossible to eliminate the chances of goods being smuggled to and from Surat.

Although merchants had internalised some of the taxes imposed by local authorities, they resisted the imposition of high duties on imports from West Asia. They also resisted the English interference in Surat's freight trade. Through petitions and representations, Surat merchants were able to approach the Company's higher authorities at Fort William, Calcutta

¹⁶⁴ Subramanian, 'Capital and Crowd', 213; Torri, 'Surat during the Second Half, 688-90. The 'war tax' continued to be levied on merchants well up to 1795.

¹⁶⁵ Customs duties at the *furza* remained differential as they had been formerly, that is 1 per cent on all Mughal certificate goods, 2.5 on the Dutch, French, and Portuguese, 3.5 on Armenians, 3.5 and 4.5 on Muslims, and 4 and 5 per cent on Hindu merchants (FRS 68, Proceedings, Surat, 2 Aug. 1790, p. 409).

¹⁶⁶ FRS 68, Proceedings, Surat, 5 July 1790, pp. 313-14.

¹⁶⁷ FRS 68, Proceedings, Surat, 2 Aug. 1790, pp. 408-10. The duty at the *furza* was lower than at the *latty* (see footnote 165 above).

¹⁶⁸ In 1778, they carried out a search into the vessels and boats lying at Swally, where a boat was found with goods intended to be exported secretly (FRS 56, Proceedings, Surat, 23 Dec. 1778, pp. 228-9). The cargo of the boat consisted of 43 bundles containing 1,281 pieces of fine piece-goods, 5 bundles with 215 bunches of silk, 1 bag with 23 *corgis* of country caps, and a chest containing 143 pieces of fine goods (ibid.).

and in London and eventually secured the removal of impediments to their commerce.¹⁶⁹ In the 1790s, they opposed the imposition of high customs duties by the English at Surat and presented their grievances to the Nawab of Surat and also appealed to the authorities at Fort William, Calcutta to remove the impediments.¹⁷⁰ In 1796, they succeeded in securing the abolition of the Company's interference in freight trade of Surat. It appears thus that the merchants of Surat displayed a great deal of ingenuity and resilience by trying to turn the circumstances to their favour and by resisting any English efforts to undermine their commercial interests.

Conclusion

It transpires from the data on Gujarati mercantile activities that the region's commerce, especially its maritime sector, continued to be vibrant in the second half of the eighteenth century. After having suffered the consequences of major political change all along the Arabian Sea littoral in the second quarter of the century, mercantile fortunes recovered rather quickly in Gujarat. In the second half of the eighteenth century, whereas a number of shipowners kept up their fortunes by one or the other means, many new ones, such as Mancherji Khurshedji, Saleh Chalebi, Dadabhai Manakji, rose to prominence by acquiring ocean-going ships and engaging in maritime trade on a large scale. Contrary to Das Gupta's assertion that the Muslim shipowners of Surat avoided European-dominated sea lanes and found sustenance from where the Europeans were reluctant to penetrate, the evidence shows that the Bohra, the Chalebi and the Parsi merchants continued to dominate Surat's trade with Mokha, Jeddah and the Persian Gulf ports.¹⁷¹ Their participation in the trade of

¹⁶⁹ In 1763, a complaint was made simultaneously to the English authorities at Bombay and to the Court of Directors in London about the Surat chiefs' assuming an exclusive privilege of exporting merchandise to Red Sea ports and preventing other merchants' vessels from sailing there (SFD 17/I (1763-65), Surat to Bombay, 28 Feb. 1764, pp. 208-10). For a discussion of the monopoly and its effects on the ship-owners of Surat, see FRS 75, Proceedings, Surat, 1 July 1796 (Minutes relative to Gulf Freight), pp. 660-2; Torri, 'In the Deep Blue Sea', 271-81. At the instance of the Governor General and Council at Fort William, Calcutta, the Governor and President of the Council at Bombay instructed Surat in its letter, dated 11 Nov. 1796, to abolish this system (FRS 75, Proceedings, Surat, 16 Nov. 1796, pp. 949-53).

¹⁷⁰ In 1790, the silk merchants of Surat submitted a petition to the English chief of Surat to reduce the duty on the import of silk from Bengal. Realizing the loss of revenue, the authorities also recommended to the governor of Bombay the imposition of 3 per cent duty on the import of raw silk and piece-goods (FRS 68, Proceedings, Surat, 5 July 1790, pp. 313-14). In 1795, some merchants trading with West Asia made a representation to the Nawab demanding a reduction of duty from 5.5 per cent to 2.5 per cent (FRS 73, Proceedings, Surat, 21 May 1795, pp. 236-47).

¹⁷¹ Ashin Das Gupta, 'India and the Indian Ocean in the Eighteenth Century', in M. N. Pearson and Ashin Das Gupta (eds.), *India and the Indian Ocean, 1500-1800* (Calcutta, 1987), 141.

East Africa, Batavia, Siam and China was also considerable. Whereas many merchants of large resources continued trading to Surat's major traditional trade destinations, some merchants simply turned their ships to what Das Gupta calls a 'secondary sphere of activity' in the western Indian Ocean. For many of them, Masqat and Zanzibar became attractive destinations. The rise of Bombay as a major entrepôt in western India itself owed much to Gujarati entrepreneurs, particularly the Parsis, who moved to that port to spread risks and take advantage of the budding commerce there.

It is also evident that a number of merchants in the capacity of brokers and bankers played a crucial role in the commercial economy of Gujarat. Many of them like Mancherji Khurshedji, Rudraram Raidas and Dhanjishah Manjishah even exerted influence and a degree of control over the European companies and private traders. Merchants in general controlled the economy and therefore were the dominant power in Gujarat. The rulers' and administrators' increasing dependence for their financial resources on money-merchants and the penetration of merchant capital into production processes added to their power and position in the political economy. In terms of the functioning of the market and merchants' control over it, eighteenth-century Gujarat experienced a remarkable degree of continuity. Professional specialisation along the lines mentioned above continued by and large with little change in occupational patterns. Baniyas and Muslims retained their dominance over money market and brokering, and overseas trading and shipping respectively. The coming into prominence of a number of Parsi merchants as shipowners, bankers and brokers was an eighteenth-century development.¹⁷² The market forces remained strong in Gujarat and merchants continued to dominate the world of Indian Ocean commerce.

Right from the beginning, the Mughal state governed Gujarat through negotiations and by incorporating local power holders including merchants.¹⁷³ This was not out of any inherent weakness in the state as such but a pragmatic approach of maintaining and milking the cow instead of starving the animal for short-term gains. The system of joint rule, as of the Mughals and the English Company at Surat, and of the Mughals and Marathas or the Gaikwars and the Peshwa elsewhere in Gujarat, limited all the parties in their exercise of authority. This is in sharp contrast to many other regions of the subcontinent where the state exercised greater control over the economy. In the second half of the eighteenth century in

¹⁷² Many ships owned by Parsi merchants are mentioned in the shipping lists. In 1759, ships belonging to Dhanjishah Manjishah, Mancherji Khurshedji, Manik Dada and Mancherji Bahmanji are mentioned in the list (VOC 2967, Shipping lists, 1759, pp. 195-200). This period witnessed a spectacular growth of Parsi shipping at Surat (*see*, White, 'Parsis in the Commercial World of Western India'). Some Bania merchants also entered this field of activity and became ship-owners. In the shipping lists of 1774, we find reference to the ships belonging to the Bania merchants Roopji Devji and Goverdhan Jiwan (VOC 3408, Shipping lists, 1774, ff. 310r-314r).

¹⁷³ For a detailed analysis of the nature of Mughal rule in Gujarat, *see* Farhat Hasan, *State and Locality in Mughal India Power Relations in Western India, c. 1572-1730* (Cambridge, 2004).

particular, when South Asia was undergoing major political transformation leading to the emergence of military fiscalism or state mercantilism in some regions, the Gujarati entrepreneurship was able to prevent the states from exercising any great degree of control over economic processes.