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### Trade and commerce, important trade centres and European Trade in 18<sup>th</sup> century, CC410, Unit-4

#### Trade and Commerce

- In the medieval period, the middle classes masses had been largely belonged to merchants and other professional classes such as *vaidyas* and *hakims* (*Ayurvedic* doctors) and other officials.

#### Trading Classes

- Among the merchant classes, some specialized in wholesale trade, and others in the retail trade. The wholesale traders were known as '**seth**' or '**bohra**' and the retail traders were known as '**beoparis**' or '**banik**.'
- In south India, the community '*chettis*' formed the trading class. Besides, there was a special class, '*banjaras*,' who specialized in the trading.
- The *banjaras* used to move from one place to another place, sometimes with thousands of oxen, laden with food grains, salt, *ghee*, and other daily use stuff.
- The '**sarrafs**' (**shroff**) are specialized in changing money, keeping money in deposit or lending it, or transmitting it from one part of the country to the other by means of '**hundi**.'
- The '**hundi**' was a letter of credit payable after a certain period. The use of *hundis* made it easier to move goods or to transmit money from one part of the country to another.
- When needed, the *hundis* were cashed at a discount rate, which sometimes included insurance so that the cost of goods lost or destroyed in transit could be recovered. Taking the advantage of these facilities, the Indian merchants could easily ship goods to countries of West Asia as well where there were Indian banking houses.
- English and Dutch traders who came to India during the seventeenth century found that the Indian financial system was highly developed, and the Indian merchants were very active and alert.
- The trading community of medieval time in India was considerably large in number and included some of the richest merchants of the world. For example, Virji Vohra had a large fleet of ships and he dominated Surat trade for several decades; Malaya Chetti dominated the Coromandel Coast; Abdul Ghaffoor Bohra was much popular trader who left 85 lakhs of rupees in cash and goods at the time of his death in 1718.
- Merchants and traders lived in lofty houses with colored tiles, wore fine clothes, and had people carrying flags and banners before them when they moved out in public.
- The French traveler, **Bernier**, however, written: "*the merchants tried to look poor because they were afraid that they might be squeezed of their wealth.*"

- Bernier's observation might be wrong because the emperors right from the time of Sher Shah passed many laws to protect the property of the merchants.
- The laws made (for the traders) by Sher Shah were very strict. Secondly, Mughal Emperor Jahangir made a provision that "*if anyone, whether nonbeliever or Musalman should die, his property and other belongings should be left for his heirs, and no one should interfere with them.*"
- In a case where the respective (rich) person had no heir, an inspector should be appointed and also there would be separate guardians to guard the property, so that its value might be expended in a lawful and social expenditure, such as the building of mosques and *sarais*, repair of broken bridges, and the digging of tanks and wells."

## Organization of Trade & Commerce

- The Mughals paid attention to roads and *sarais*, which made communication easier. A uniform tax was levied on goods at the point of their entry into the empire. *Rahdari* (a transit duty, a toll) or Road ceases was declared illegal, though it continued to be collected by some of the local *rajas* (kings).
- The Mughals introduced silver rupees of high purity, which became a standard coin in India and abroad and that helped in the growth of India's trade as well.
- Mughals also made the policies that helped the commercialization of the economy and the growth of a money economy.
- During the Mughals period, salaries of the standing army as well as many of the administrative personnel (excluding the nobles) were paid in cash. Besides, under the *zabti* system, the land revenue was assessed and required to be paid in cash.
- The growth of the rural grain markets led to the rise of small townships (or *qasbas*). The demand for all types of luxury goods by the nobles led to the expansion of handicraft production as well as the growth of towns.
- Ralph Fitch, who came India during the Akbar's reign said that Agra and Fatehpur Sikri were each larger than London.
- Monserrate said that Lahore was second to none of the cities in Europe or Asia. Bernier says that Delhi was not much less than Paris and that Agra was larger than Delhi.
- Ahmadabad was also a large town, being as large as London and its suburbs. Dacca, Rajmahal, Multan, and Burhanpur were large towns, while Patna in Bihar had a population of 2 lakhs.

## Role of European Trading Companies

- In the beginning of seventeenth century, the arrival of Dutch and English traders also helped in the growth of India's trade.
- The Indian traders welcomed the foreign traders and they helped to break the Portuguese monopoly of sea trade, and in a course of time, helped to establish a direct link between India and the European markets.
- Over a period of time, like the Portuguese, the Dutch and the English traders were also intended to establish a monopoly and made fortified establishments so that they could confront the local rulers.
- The Portuguese power had begun to decline during the second half of the sixteenth century, as was demonstrated by the defeat of the Spanish Armada by England in 1588.

- Despite a vehement opposition by the Portuguese, in 1606, the Dutch established themselves at Machilipatnam after obtaining a *farman* from the ruler of Golconda. They also established themselves in the Spice-Islands (Java and Sumatra); likewise, by 1610, they predominated in the spice trade.
- The cloth produced on the Coromandel Coast was the most popular and also cheapest to carry. Hence, Dutch increased their trade to south from Machilipatnam to the Coromandel Coast. They made Pulicat as their base station after taking it from the local ruler.
- Like the Dutch, the English also had come to the coast for the spice trade, but the hostility of the Dutch created a hindrance.
- In 1612, after defeating a Portuguese fleet out-side Surat, the English were able to set up a factory (in Surat), for which permission finally was taken by Thomas Roe in 1618 from the Mughal Emperor Jahangir.
- The Dutch followed the English and soon established a factory at Surat as well.
- Export of textiles was the base of India's foreign trade. As an English writer observed, "*From Aden to Achin (in Malaya) from head to foot, everyone was clothed in Indian textiles.*"
- In 1622, with the help of the Persian forces, the English captured Ormuz, the Portuguese base at the head of the Persian Gulf.
- By the first quarter of the seventeenth century, both the Dutch and the English were well set in the Indian trade, and the Portuguese monopoly was broken forever.
- The Portuguese restricted to Goa and Daman and Diu only; likewise, their share in India's overseas trade declined continuously and was almost insignificant by the end of the century.
- By 1640, export of cloth from the Coromandel equated with that of Gujarat; and by 1660, it was three times that of Gujarat. Machilipatnam and Fort St. David, which later developed into Madras were the chief centers of the trade.
- Another item which became popular was the export of Saltpeter (chemical name Potassium nitrate), which supplemented the Europeans, as it was used in making gun-powder and was also used as a ballast for ships going to Europe.
- The best quality Saltpeter was found in Bihar; therefore, exports from these areas grew rapidly; surprisingly, by the end of the century, this trade became equal (in value) to the exports from the Coromandel.
- The Indian textiles became a rage in England by the last quarter of the seventeenth century. An English observer wrote, "*Almost everything that used to be made of wool or silk, relating either to dress of the women or the furniture of our houses was supplied by the Indian trade.*"
- The increasing import from India, put down the local European market; as a result of which, in 1701, an agitation had been seen in Europe. Subsequently, all calicoes painted, dyed, printed, or stained from Persia, China, or the East Indies (i.e. India) were banned. But the agitation and subsequent strict laws could not change the trade pattern effectively.
- India was more closely linked to the world markets, especially to the European markets where a commercial revolution was taking place. But this linkage had negative factors as well. Europe had little to supply to India in return for its goods.