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Eighteenth-century Gujarat : the dynamics of its political economy, 1750-1800

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CHAPTER FOUR

GUJARAT IN EURO-ASIAN TRADE: THE DUTCH EAST INDIA COMPANY

Introduction

In many ways, the subcontinent's economic dynamism in the early-modern period was closely linked with the inter-continental exchange networks of people, commodities and services. Since Europe's discovery of the New World and the opening of an all-water route to the East Indies at the close of the fifteenth century, the Asian economies had been closely linked with the world economy. East Asian sugar and precious metals, South-east Asian spices, South Asian indigo, pepper and cotton and silk textiles and West Asian silk travelled across regions and continents. From the late seventeenth century, the European demand for Indian textiles expanded rapidly on account of the growing European appetite for cloth.¹ The subcontinent's centrality in Eurasian trade was due to its ability to produce fine sorts of clothes for European markets on a large scale. As the demand for textiles grew further in the eighteenth century, the European trading companies and Asian merchants fiercely competed with each other to procure the required varieties.

In the Indian subcontinent, the regions of Bengal, Coromandel and Gujarat catered to the enormous Eurasian demand for cotton, silk, and mixed cotton and silk textiles of varying designs and textures. Each of these regions specialised in the manufacture of certain types of cloth. Bengal thus enjoyed pride of place in manufacturing a wide range of piece-goods, both silk and silk and cotton mixed. Coromandel, similarly, was known for its patterned cotton cloth and essentially catered to the South-east Asian markets. Gujarat produced both fine and coarse cloth primarily for the West Asian markets, although it also catered to consumer demand from South-east and East Asia. The production centres, widespread across the interior of the subcontinent, were connected with globally dispersed consumers through the networks of trade in which Asians and Europeans competed, collaborated and complemented each other. The European companies, stationed at major port cities like Surat in Gujarat, Hugly in Bengal, Cochin in Malabar, and Masulipatnam and Madras on the Coromandel Coast, conducted trade on a large scale. The companies managed their commerce through a chain of subordinate factories in other major urban centres and with the help of brokers, suppliers and dealers in textiles. In the absence of a large demand for European goods, the exports from the subcontinent were much in excess to what it imported. The balance was paid in precious metals, especially silver. A part of the European acquisition of trans-Atlantic silver was siphoned off to pay off the balance in Asia. The general pattern of trade corresponded quite

¹ A phenomenon characterised as 'fashion revolution' in Europe (Prakash, *European Commercial Enterprise*, 337, 349) or a 'shift in the people's appetite from spices to clothes' (Els M. Jacobs, *Koopman in Azië: De Handel van de Verenigde Oost-Indische Compagnie tijdens de 18de Eeuw* (Zutphen, 1999), 296).

well to the axiom 'bullion for goods'.² The *Verenigde Oost-Indische Compagnie* (Dutch East India Company) had a unique position, however, on account of its large-scale involvement in intra-Asian trade. A monopsony over fine spices of South-east Asia and exclusive access to Japanese gold, silver and copper enabled the Company to exchange goods within Asia and raise funds locally for the procurement of export goods.³ The pattern of Dutch trade in Gujarat therefore differed from that of its trade elsewhere in the subcontinent as well as from that of other European companies. This pattern has been characterised as 'goods for goods and bullion'.⁴ The English, the French and the Portuguese were by and large dependent on the supply of precious metals from Europe.

In this chapter, I examine the nature and scale of Dutch trade in Gujarat in the second half of the eighteenth century. This is largely because the Dutch East India Company was the chief importer of European and Asian merchandise which in sale value was usually much higher than the value of its total annual exports from the region to The Netherlands. In addition, data on imports, sales and exports for the eighteenth century is more consistent and systematic for the Dutch Company than for any other group or entity. This investigation also enables us to analyze the role and significance of Gujarat's economy and trade in the overall structure of the Company's intra-Asian commerce in its declining years. The evidence on imports and exports of other European companies have also been brought together to illustrate the dynamics of production and trade in the region.

Dutch response to the early-eighteenth-century crisis

In the early eighteenth century, a combination of factors made it difficult for the Dutch Company to retain its domineering presence in the commerce of the Indian subcontinent. The political instability caused by the collapse of the Mughal's central authority and exacerbated by the Maratha advance into the north of India disrupted trade and production and caused insecurity on the routes that connected Surat with the interior. As access to the interior grew more difficult, the network that the Dutch had built up over the preceding hundred years or so began to lose its efficacy. It was no longer feasible for the Dutch to continue with their subordinate factories at different places in the interior. Agra was the farthest from Surat and abandoned first, in 1713. The uncongenial conditions prevailing in the 1720s and 1730s in most parts of Gujarat forced them to withdraw from Ahmadabad as well in 1742. Cambay was given up on the same account in 1744. In 1750, the only factory subordinate to Surat was that of Broach. In the second half of the eighteenth century, the Company conducted trade in Gujarat almost entirely from Surat through intermediaries who knew the interior better than the Europeans and who were apt to find alternative means to carry on their business even under uncongenial circumstances.

² Prakash, *European Commercial Enterprise*, 97-100.

³ Idem, 'Restrictive Trading Regimes: VOC and the Asian Spice Trade in the Seventeenth Century', in M. N. Pearson (ed.), *Spices in the Indian Ocean World* (Aldershot, 1996).

⁴ Prakash, 'Restrictive Trading Regimes', 330; idem, *European Commercial Enterprise*, 97-100, 184.

Being confined to Surat meant a greater dependence on brokers and suppliers. This was, however, not free from hazards. A little delay in sales would jeopardise investment and, in the same way, if purchases were not completed in time, there was every possibility that one would miss the season and the homebound ships. The Company had to guard against all such adversities and make sure that the imports were disposed of in time to pay for purchases. Jan Schreuder, director of the Dutch factory at Surat (1740-50), conducted trade from Surat through the Company's brokers and suppliers. Soon after his term in office, the new incumbent Johannes Pecoock re-established the factories at Ahmadabad and Cambay and even explored the possibility of establishing new ones elsewhere. A factory was subsequently established at Mandvi in the Gulf of Kachh while attempts were made to open outlets to the south of Surat at Bassein and Dandarajapuri. These were primarily attempts to tap the economic potential of the rich and extensive zones of commercial activities in the Gulf of Kachh and the Dekkan. This was also partly a measure to defend the Company's commercial interests against the threat of the English presence at Sind and Bombay. Initial results in both places were promising as the Dutch Company's officials at Mandvi and at Dandarajapuri were able to sell their imports at a reasonably good price.⁵ Soon, however, the dreams shattered as a dispute with the Raja of Kachh regarding customs and gifts resulted in the expulsion of the Dutch from Mandvi in 1758. The Dutch commercial enterprise at Dandarajapuri also abruptly ended on account of uncongenial conditions there. The Broach factory was indispensable for carrying out investments in cotton and textiles hence it continued even after 1759 as the only active subordinate factory in Gujarat.⁶

By 1745, the Company's trade in Gujarat and the Western Indian Ocean was quantitatively already much diminished. This is evident from the fact that whereas between 1694-5 and 1698-9, the best years of the seventeenth century in terms of Dutch trade at Surat, the average annual value of the Company's exports and imports had been Rs 601,373 and Rs 823,618 respectively, the corresponding figures for the period from 1740-1 to 1744-5 were only Rs 283,467 and Rs 257,928.⁷ There were two major factors for this decline, namely the reduced supply of goods from Batavia and the situation arising out of the Maratha incursion into Gujarat.⁸ As on average only one or two ships arrived with merchandise at Surat, Jan Schreuder, determined to improve the Company's performance, called for a more 'vigorous and better-coordinated' participation by the Company in Surat's trade.⁹ Given the number of ships available to the Company at Surat for the consignment of goods to different destinations in Asia as well as the nautical constraints, the Company had to make the maximum use of ships and tonnage. In 1750, Jan Schreuder

⁵ See statements of sale at Mandvi and Dandarajapuri (VOC 2937, Resoluties, Surat, 15 April 1758, pp. 82-3).

⁶ Though defunct for all practical purposes, the Ahmadabad factory was not officially abandoned. The building that housed the factory was rented out to a family of brokers and later to an Armenian merchant.

⁷ HRB 836, Consideratie wegens the vrije vaart en handel (Memorandum on opening trade to private traders), Jan Schreuder, 1746 item, pp. 260-4; Prakash, *European Commercial Enterprise*, 301.

⁸ Prakash, *European Commercial Enterprise*, 301-2.

⁹ Ibid. 302.

outlined the scheme of the Company's trade in Gujarat by carefully planning the itinerary of ships.¹⁰ As five ship-loads of goods from Batavia were deemed sufficient for Gujarat, the Company had to provide return goods sufficient to make full use of them for different Asian and European markets. Of the five ships, one was allocated for conveying exports to Ceylon via Malabar, (from where they would be conveyed to Europe in the home-bound ships), one for Batavia, two for Bengal and one for China, the last three with a cargo of cotton. The two Bengal ships were to be dispatched with freight goods to Mokha, Jedda and Basra. The ship returning from Basra was to take at Surat a cargo of cotton for Bengal while the other one was to return directly from Mokha to Bengal, probably with coffee and other products.¹¹ This scheme seems to have worked quite well in the 1750s when the Company could still dispose of large quantities of spices, copper, sugar, tin, iron, spelter, ivory, sappanwood and many other products at Surat. The Company could also claim a share in the benefits of freight trade to West Asia.

Disposal of imports: the Company and its brokers

From the statements of sale at Surat, it is evident that the Company was able to dispose of a large quantity of Japanese copper, sugar from the island South-east Asia and China, iron, lead, Malaccan tin, Siamese ivory and sappanwood, and spices, especially cloves and nutmegs. In return Surat provided a variety of textiles and some other goods for Asian markets as well as for Europe. The cargo of ships returning to Batavia every year was composed of export goods such as a variety of cotton textiles, silk clothes, and cotton yarn (apart from *puchuk*), olibanum, myrrh, and false barn-stones. In the second quarter of the eighteenth century, the value of Dutch imports into Gujarat consistently declined. From an annual average value of f404,380 during 1721-5, it declined to f178,979 during 1741-5 representing a more than 55 per cent reduction.¹² The profit percentage on the sale of imports also fell rather sharply from 146 per cent in the second decade to an average of 106.8 per cent during next two decades (1721-40) which might be attributed to the imposition of additional tolls by the Marathas in the province.

The position of the Company's trade improved remarkably from the middle of the 1740s. It is not clear whether this was due to the efficacy of Jan Schreuder's plan or because of the economic recovery in the region. As we move into the second half of the century, a marked shift from the preceding period can be discerned, notably in the almost total disappearance of pepper in the list of goods imported by the Dutch Company at Surat.¹³ In the first quarter of the century, black pepper from Bantam and Malabar had accounted on average, for a fifth of the total value of merchandise imported to Surat. While copper retained its position with an occasional slump, sugar did a booming business during our period of study.

¹⁰ HRB 839, *Memorie van Overgave*, Jan Schreuder, pp. 166-7.

¹¹ Ibid. See also, Prakash, *European Commercial Enterprise*, 302.

¹² See Table 4.1 below and also Appendix 4.

¹³ Whereas in the early decades it accounted for more than a fifth of the total value of imports, only five entries with small quantities could be found in the second half of the century (see Appendix 6).

Other commodities like iron, tin, lead, spelter and sappanwood, having a moderate sale in the 1750s, registered a marked drop.

The Dutch imports at Surat were disposed of to local merchants through a contract concluded with the highest bidder at auction. Every year after the arrival of ships, the Company invited proposals from its brokers and other merchants indicating prices at which the latter were willing to buy. If acceptable to the Company, a contract was concluded, the terms of which enumerated the price of each commodity and stipulated the time within which all goods were to be collected from the Dutch warehouses and payments were to be made to the Company. The brokers usually tried to have their monopsony by various means. Despite all endeavours to keep the sales open to all, the brokers, either by persuasion or coercion, prevented others from bidding and thereby manipulated things in such a manner that they happened to be the highest bidders thus obliging the Company to sell to none other. The Company, however, was not always at a disadvantage: it was assured of the broker's services almost on a permanent basis. The network and chain of clients over which the brokers had control were of immense utility for the Company. The creation and sustenance of networks depended to a large extent on the commercial opportunities that the Company offered. With political backing, the brokers could sometimes strike favourable bargains, but the relationship between the two remained one of mutual benefit.¹⁴

The relationship, however, was directly dependent on the power and control each exercised on the other. The trajectory of the relationship of the Dutch with their brokers shows a curious continuum in which each side tried to dominate the other. Between 1750 and 1781, the brokers Mancherji Khurshedji and Rudraram Raidas and his son Govindram Rudraram, eventually became the principal buyers of the Company's major imports at Surat. Whereas the Dutch interpreted the contracts as purely legal documents and considered binding the brokers (or any other buyer for that matter) to the terms of the contract, the latter always took them as tentative and negotiable. The two brokers collected goods at their convenience and sometimes did not do so unless they found some prospective buyers.¹⁵ The Company had the worse of this arrangement as delays in the withdrawal of goods not only denied it money so crucial for timely investment in export goods, but also subjected it to eventual losses on account of damage to the goods while still in the warehouses.¹⁶ The Company tried every means to make the brokers abide by the terms of contract with regard to withdrawal of goods and payments in time. C. L. Senff (1763-8) tried his best to dominate the brokers by opening up the sale to many other merchants of Surat as well, and by fixing deadlines for the withdrawal of merchandise through a written contract. It stipulated that all merchandise had to be withdrawn and payments made to the Company before the end of a 'book year', that is the last day of August. These measures, however, could not help C. L. Senff steer the Company out of the problems of delayed payments and mounting debts to the brokers.

¹⁴ For a detailed analysis of the relationship between the Company and its brokers in the second half of the eighteenth century *see*, Nadri, 'Commercial World of Mancherji Khurshedji'.

¹⁵ VOC 3437, Directeur en Raad van Surat aan GG&R, 25 Dec. 1775, ff. 39^v-40^r.

¹⁶ VOC 3117, Directeur en Raad van Surat aan GG&R, 31 Dec. 1764, ff. 154^v- 156^r.

Throughout their tenure, as the Dutch authorities alleged, the two brokers continued to be the highest bidders by keeping other merchants from competing with them.¹⁷ In 1769, the new director M. J. Bosman introduced another system by which the brokers were asked to pay for the merchandise delivered to them at the end of every month.¹⁸ In 1772, he even went so far as to force them to submit a written affidavit from the prospective buyers to pay money directly to the Company.¹⁹ Every weapon, however, was blunted by the obduracy and adroitness of the brokers; all attempts to devise an actual solution to the problem failed.

By 1770, the Company was plunged into a new crisis and soon found itself caught in a complex web of bad debts. The brokers delayed payments to the Company and tried to take merchandise on credit. In 1769, they owed a debt amounting to more than Rs 200,000 to the Company, which it tried to recover by all possible means.²⁰ The debts could be recovered only if no further goods were delivered to them on credit, a proposition that was practically impossible for the Company. This was the dilemma with which the Dutch Company at Surat was confronted. The recurrent sale of imported merchandise by the Company obliged the Dutch to linger on with a rather uncomfortable situation: a marriage of inconvenience. The problem of debts kept the Company occupied as long as Mancherji Khurshedji and Rudraram Raidas remained alive. Even in the mid-1780s, the families of Mancherji and Govindram could not clear the debts they owed to the Company.²¹ Under these circumstances, the Dutch were compelled to borrow money on interest in order to provide funds in advance to the suppliers of export goods in time.²² Even though the idea militated against the general practice of having sale contracts with the brokers, the Dutch were probably aware of the implications that eliminating them from the processes of sale and purchase of goods would have for them.

The brokers also seem to have been crucial in the conclusion of contracts with the suppliers of export goods. Although the Company enjoyed the services of the two suppliers, Sorabji and Ratanji, on a permanent basis, the brokers were nevertheless an important link between the two parties. Apparently the brokers did not receive any fixed commission on the Company's procurements of exports. It seems,

¹⁷ HRB 844, *Memorie van Overgave*, Louis Tallefert, pp. 287-8; VOC 3328, *Directeur en Raad van Surat aan GG&R*, 22 Dec. 1771, 4^v-5^r. This was also due to the fact that many merchants, apprehending extortions, preferred to maintain a low profile and abstained from bidding for merchandise. They either advanced money to the brokers or promised to buy from them once they struck the deal with the Company and concluded the contract.

¹⁸ VOC 3354, *Directeur en Raad van Surat aan GG&R*, 21 Dec. 1772, f. 58^{r-v}.

¹⁹ *Ibid.*, ff. 58^v-59^r.

²⁰ VOC 3268, *Directeur en Raad van Surat aan GG&R*, 15 Dec. 1769, ff. 7^r-9^r. The brokers Mancherji Khurshedji and Govindram Rudraram were made to cede their investment in and profits from Khurshedji's ship, *Khuda Bakhsb*, which had sailed to Batavia. Even the ship was surrendered to the Company (renamed *Wilhelmina*) as part payment of the total due amount (*ibid.*, f. 13^v).

²¹ Both the brokers died during the interregnum of the early 1780s when the Dutch factory was taken over by the English during the Fourth Anglo-Dutch War (1781-3).

²² In 1769, they negotiated a loan of Rs 150,000 from Shah Kapurchand, Shah Khushhalchand, Shah Lalchand Khushhalchand and Shah Laxmichand Khushhalchand at the interest of 0.75 per cent per month (VOC 3269, *Resoluties*, Surat, 1 June 1769, p. 118).

however, that they were remunerated for their role in negotiating the contracts, through a commission mutually agreed with the suppliers, which sometimes was as high as 3.75 per cent.²³ To eliminate such informal dealings between the brokers and suppliers, the Company entitled the former to a 1 per cent commission on all purchases made with their help.²⁴ In their official contracts with the suppliers for the procurements of export goods, however, no reference is made to a broker's commission.

Dutch Imports into Gujarat

The data on Dutch imports and sales at Surat in the eighteenth century (presented in Appendix 4) show a rather complex trajectory. Reduced to five-yearly moving averages, the data indicate three distinct alternating phases of boom and slump in terms of total value and volume. Between 1711-12 and 1724-5, the average annual value of goods sold by the Company was *f*859,892, a figure higher than the average value for the period between 1694-5 and 1698-9. Subsequently, the average value dropped quite sharply. For the next twenty years (1726-44), the average value was *f*476,534, about 45 per cent less than the average value in the preceding fifteen years. Between 1745-6 and 1771-2, the average annual value of goods sold at Surat was *f*1,050,824, with the average profit on sales being *f*606,750. In terms of consistency in the high turnover of trade, this twenty-seven year time slot represents the best ever period in the history of Dutch trade in this region. From 1772 onward, the value of imports and sales of goods by the Company once again decreased substantially. Between 1772-3 and 1792-3, the average annual value of goods sold by the Company came down to *f*552,670, with an average profit of *f*346,192. The average value of goods sold at Surat fell by 47.4 per cent whereas profits declined by about 43 per cent (see Table 4.1 and Figure 4.1 below and Appendix 4).

Table 4.1 Five-yearly average annual value (in guilders) of the Company's imports, sale and profit at Surat, 1711-93

Year	Imports	Sale value	Profit	Profit percentage
1711-15	408,924	983,916	574,993	146.6
1716-20	335,802	796,462	460,660	146
1721-25	404,380	799,299	394,919	105.2
1726-30	312,204	644,423	332,219	126.4
1731-35	229,430	419,295	195,035	89.6
1736-40	190,332	388,915	198,584	106
1741-45	178,979	453,502	274,523	176
1746-50	418,231	961,215	542,984	142.6
1751-55	474,751	1,165,845	689,894	153.5

²³ HRB 836, Consideratie, Jan Schreuder, 1750, item 252; HRB 843, Beschrijving van Souratta, D. van Rheeden, pp. 68-9.

²⁴ HRB 843, Beschrijving van Souratta, D. van Rheeden, pp. 68-70.

1756-60	496,163	1,132,407	636,244	128.8
1761-65	394,266	1,043,318	649,053	168.4
1766-70	399,252	966,027	566,775	183.6
1771-75	223,961	583,340	359,379	178.8
1776-80	223,215	661,650	438,435	236
1781-84*				
1785-89	215,767	570,663	354,896	172
1790-93	210,366	480,173	269,807	140

* The Company's entire commercial activities were suspended during these years on account of the Fourth Anglo-Dutch War.
Source: Based on figures in Appendix 4.

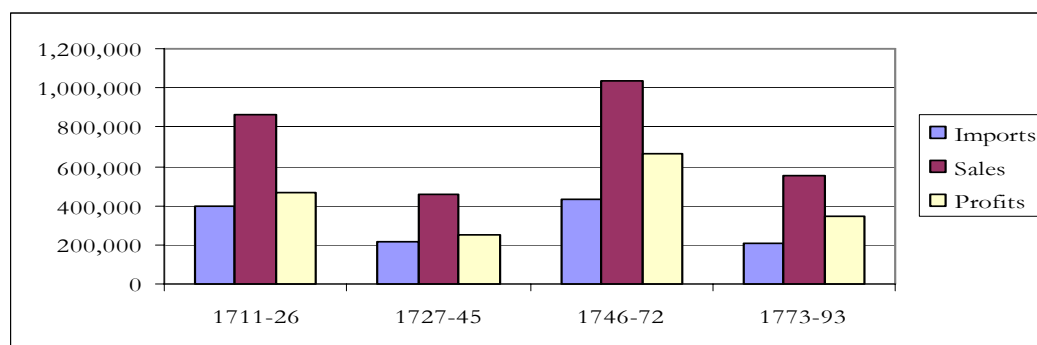
Figure 4.1 Five-yearly average annual value (in guilders) of the Company's imports, sale and profit at Surat, 1711-93



Source: Based on figures in Appendix 4.

There were alternate phases of growth and decline in the Company's trade in Gujarat in the eighteenth century. It is, therefore, hard to identify any long-term trend in the volume of its trade. The ups and downs in the Company's performance in Gujarat reflect, to some extent, the periods of relative peace and stability and the ensuing large-scale exchange activities. They reflect the pulse of the economy, rhythms of production and trade in their respective phases. Since the Dutch Company had a monopoly over the import of fine spices and Japanese copper, the data on the Company's import and sale of these commodities may be interpreted as representing the extent of demand as well as the consumption propensity of the people in the region. The ups and downs in the volume of Dutch trade in Gujarat represents in a broader sense the expansion or recession in the economic activities of the region in the eighteenth century. The latter, however, can be understood only if we have a comprehensive data on imports and export by all companies and European and Asian merchants.

Figure 4.2 Comparative average annual value (in guilders) of the Company's imports, sale and profit in the four time slots



Source: Based on figures in Appendix 4.

In the middle of the eighteenth century, while the English vigorously pursued their political ambitions in the subcontinent, the Dutch seem to have entertained no serious political ambitions.²⁵ This is apparent from their lukewarm response to every persuasion or even intimidation from either of the contestants for political power and control over the immense resources of Surat. For the *Heeren XVII*, the political acquisitions in South-east Asia—Batavia, territorial possessions in Java, and the Spice Islands—that gave them access to fine spices, the mainstay of their commerce, was of prime significance. That seeking similar territorial bases in India would in fact be a burden on the exchequer was evident by then from their experiences on the Malabar Coast and in Ceylon. Apparently, the Dutch followed a policy of neutrality in Surat and showed as if they were committed to the peaceful pursuit of commerce, but they did not give a deaf ear to the political developments in Surat. Recent researches have shown that even though they were disinclined to intervene directly, the Dutch manipulated from behind the scene together with local parties.²⁶ Even though the Dutch authorities, following the guidelines from Batavia, did not directly participate in the contests, they kept nevertheless close watch on political developments at Surat and did their best to ensure that the Company retained commercial rights and privileges regardless of who was victorious.

A major factor that contributed much to the falling volume and value of Dutch trade in Gujarat in the last three decades of the eighteenth century was the fierce competition from other European companies and private traders in the sale of certain key items. As will be discussed in the next three sub-sections, this

²⁵ By the middle of the century, it was quite clear to the practitioners of commerce that the English were quick to realise that sustainable growth in trading enterprises could be ensured through political backing. Their military victories in Bengal (1757) and Surat (1759) and the consequent acquisition of political power in the two most commercially vibrant regions gave them tremendous advantages in the pursuit of commerce (Holden Furber, *Rival Empires of Trade in the Orient, 1600-1800* (Minneapolis, 1976), 163; Chaudhuri, *Trading World of Asia*; Prakash, *European Commercial Enterprise*, 269-71; Chaudhuri, *From Prosperity to Decline*). The revenue resources accumulated in Bengal helped the English Company partially fund its commerce and military operations in western India (Prakash, *European Commercial Enterprise*, 273).

²⁶ Gommans and Kuiper, 'Surat Castle Revolutions'.

growing European competition, visible in the large-scale import and disposal of goods like copper and sugar, and to a lesser extent spices, took away a large chunk of profits that the VOC formerly enjoyed as an exclusive supplier. In the second half of the eighteenth century, the Company's sales in Gujarat thrived primarily on three major items namely spices (cloves and nutmeg), Japanese copper, and sugar. These were commodities that earned a maximum profit and thus were highly advantageous for the Company.²⁷ Let us now examine the commodity composition of trade in detail and analyse the changes in the respective importance of these goods in the total Dutch imports in Gujarat.

Spices

i) Cloves and nutmeg

Fine spices were by far the most profitable items of trade in Europe as well as within Asia. The Dutch were very successful in maintaining their monopoly over the supply of fine spices up until to the late eighteenth century. Europe's growing demand for Indian textiles, especially cotton and silk-mixed piece-goods, from the late 1600s greatly undermined the advantages that the Dutch had enjoyed in the Eurasian spice trade in the seventeenth century.²⁸ Indian textiles became the prime mover of Eurasian trade in the eighteenth century and the acquisition of piece goods came to be fiercely contested by all practitioners of commerce, both the corporate companies and private individuals.

Among fine spices, cloves were the most important in terms of quantity annually sold by the Company throughout the seventeenth and eighteenth centuries.²⁹ The Indian subcontinent was by far the most important market for, and Gujarat the single largest purchaser of, cloves and nutmeg.³⁰ Compared with the average annual import and sale of cloves by the Dutch Company in Gujarat in the second half of the seventeenth century, its sale in the eighteenth century was certainly much reduced. From an average annual import of 71,783 ponds of cloves during 1645-98, it declined to 37,874 ponds in the eighteenth

²⁷ VOC 2803, Directeur en Raad van Surat aan GG&R, 11 April 1752, p. 85. Spices and copper were the most profitable and least bulky (VOC 3092, Directeur en Raad van Surat aan GG&R, 30 April 1763, pp. 53-4).

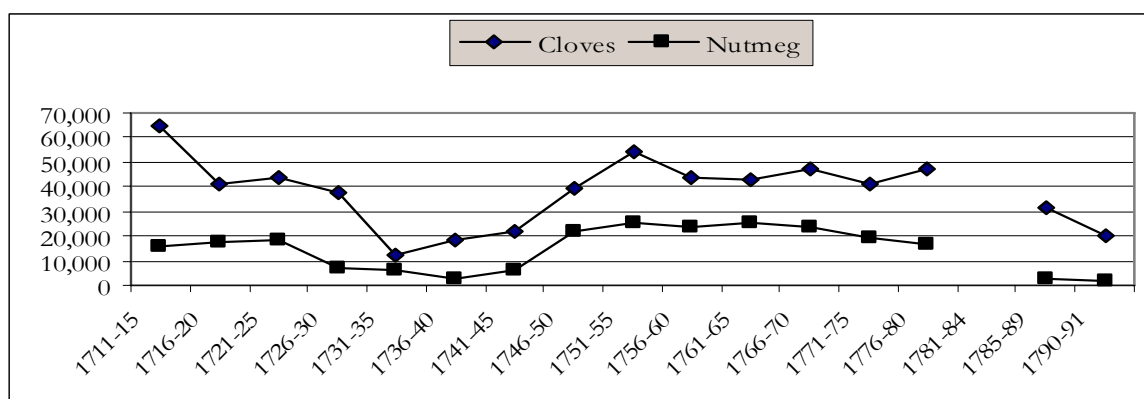
²⁸ The European demand for fine spices was static or even declined in the eighteenth century, largely because of the changing European attitudes towards spices which, on account of their wider availability at cheap prices, were no longer a symbol of wealth and luxury (Pearson, *Spices in the Indian Ocean World*, p. xxxiii). The shift in the European appetite from spices to textiles in the eighteenth century has even been invoked as a major factor behind the decline of the VOC (Jacobs, *Koopman in Azië*, 296).

²⁹ For a detailed analysis of the import and sale of cloves in Gujarat see Van Santen, 'De Verenigde Oost-Indische Compagnie', 42-50, 217-19, Bijlage (Appendix) 2.

³⁰ Pieter van Dam, *Beschrijving van de Oost-Indische Compagnie*, book 2, Part III, ed. F. W. Stapel and C. W. Th. Van Boetzelar ('s-Gravenhage, 1939), 119; Prakash, *European Commercial Enterprise*, 189-92; idem, 'Restrictive Trading Regimes', 329-30. In 1750, for instance, Surat received about one third of the total cloves supplied by Batavia to different parts of Asia (VOC 780, Generaale Resoluties des Casteels Batavia (Proceedings of GG&C at Batavia), 12 June 1750, p. 265). C. R. Boxer has rightly remarked that Surat was for a long time the most important factory for the disposal of cloves (Boxer, *Dutch Seaborne Empire*, 223).

century (1711-91).³¹ In the first half of the eighteenth century, the quantity of cloves imported by the Company declined rather sharply from an annual average of about 65,000 ponds during 1711-15 to the lowest ever of 12,265 ponds during 1731-5.³² Subsequently, imports increased, although the averages remained much below those of the early eighteenth century. Between 1745 and 1780, average annual imports fluctuated from a low of 39,426 ponds (1746-50) to a high 53,879 ponds (1751-5).³³ In the post Anglo-Dutch War period once again, imports declined to an average of 25,610 ponds despite its high sale in a single year of 1788-9.³⁴

Figure 4.3 Five-yearly average annual imports (in ponds) of cloves and nutmeg into Surat by the Dutch Company, 1711-91



Source: Based on figures in Appendix 5.

Whereas the average annual import of cloves during 1711-91 declined by 47.2 per cent from the preceding half century (1645-98), in terms of sale value it declined by only about 24 per cent.³⁵ This would mean that the decline in the volume of import of a commodity does not necessarily entail a proportionate reduction in the total money spent in the economy on its consumption. This was mainly on account of a comparatively higher sale price during 1711-68. Subsequently, however, there was a sharp reduction in the sale price of cloves by about 20 per cent. The variation in price is represented by the comparative proportional changes in the sale of cloves in three periods, 1711-45, 1746-80 and 1785-91. Whereas the average annual quantity of cloves sold during 1746-80 was 31.4 per cent higher than during 1711-45, the

³¹ The seventeenth-century averages have been calculated from the figures collected by Van Santen (Van Santen, 'De Verenigde Oost-Indische Compagnie', 217-18, Bijlage 2). The eighteenth-century average is based on figures in Appendix 5 below.

³² Since there are gaps in our data on imports, the upward or downward trend shown by these averages is tentative and they are used here simply to indicate changes. The actual movement in five-yearly averages might change once if more complete data comes to light.

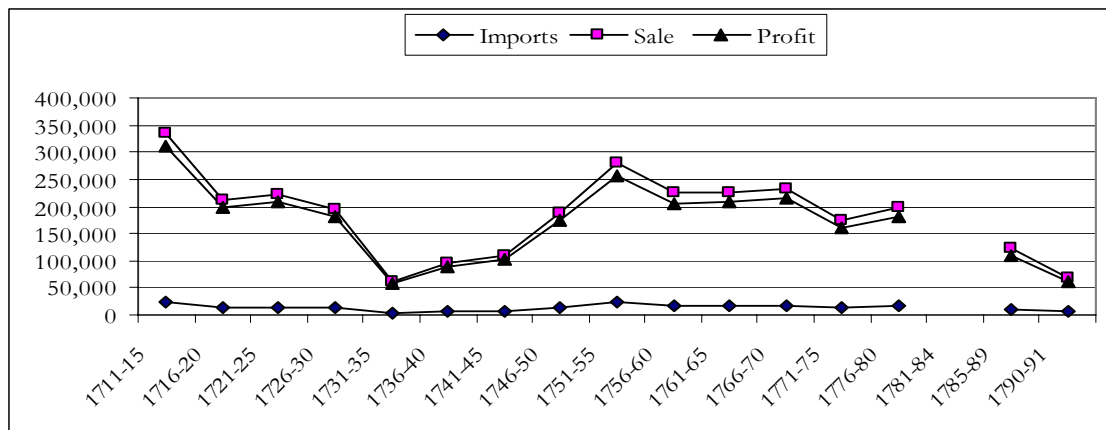
³³ The average annual import of cloves for this time slot is a little above 45,000 ponds.

³⁴ In that year the company sold 61,861 ponds of cloves (*see* Appendix 5).

³⁵ The average sale proceeds for the period between 1645 and 1698, as calculated on the basis of figures in Van Santen's 'Bijlage 2', comes to f242,783 while the corresponding average for the eighteenth century is f185,091. *See* Van Santen, 'De Verenigde Oost-Indische Compagnie', 217-19, Bijlage 2; Appendix 5.

corresponding rise in the sale value was 22.9 per cent. In the period 1785-91, the sale of cloves suffered heavily and recorded a 43.1 per cent reduction in volume sold and a high 55.9 per cent fall in the sale value. This reversal in proportion of both volume and value was caused by the rising cost price of cloves and a falling sale price in Surat.³⁶

Figure 4.4 Five-yearly average annual value (in guilders) of the Company's imports, sale and profit on cloves at Surat, 1711-91



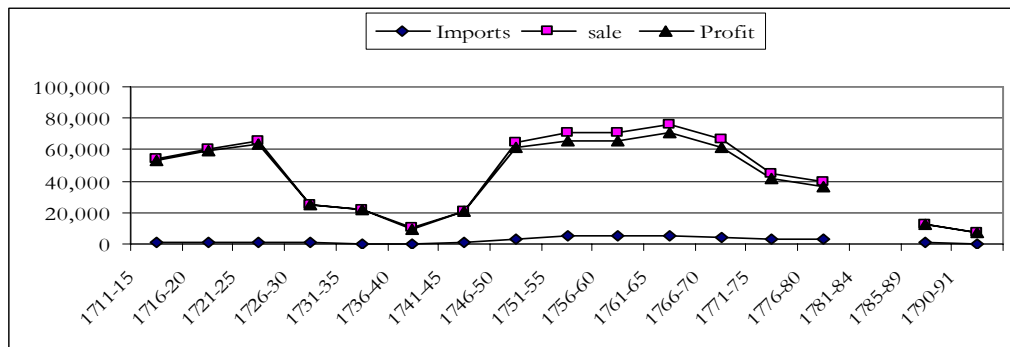
Source: Based on figures in Appendix 5.

The Dutch Company also catered to the demand for nutmeg, another important high-value spice, in Gujarat. The fortunes of the nutmeg trade paralleled that of cloves. In the 1700s, the annual average sale both in terms of volume and value was rather low compared to what it had been. In the middle of the century, however, sales improved substantially. The average annual sale of nutmeg grew from 10,457 ponds during 1711-45 to 22,241 ponds during 1746-80, an increase of about 112.6 per cent. The corresponding increase in the value of goods sold was higher by 66.8 per cent. This disproportionate growth in volume and value was the result of falling prices in the second half of the eighteenth century.³⁷

³⁶ See the prices in Appendix 9. If compared with the seventeenth-century price quoted by Van Santen (Bijlage 2), the eighteenth-century price of cloves, till up to 1768, is much higher. The sale price quoted by Pieter van Dam, however, if converted into guilders, gives a higher price for the late seventeenth century (Pieter van Dam, *Beschrijving*, book 2, part III, 131).

³⁷ See prices in Appendix 9.

Figure 4.5 Five-yearly average annual value (in guilders) of the Company's imports, sale and profit on nutmeg at Surat, 1711-91



Source: Based on figures in Appendix 5.

It has been asserted that the fine spices were mainly consumed by patricians especially the Muslim aristocracy and other affluent sections of the society.³⁸ For long, the capital of the Mughal Empire and home to a large number of nobles and their households, Agra was a major market for spices. From the early seventeenth century, the large north Indian demand was catered from Surat. The Company was able to reap the benefit from this crucial market by disposing of part of its cloves and other spices at Surat and at its subordinate factories including the one at Agra. The surrender of the Agra factory in 1714 was undoubtedly a major blow to its spice trade in that region. The eighteenth-century decline in the volume of trade in cloves and nutmeg was largely due to the disruption of this line of communication. Since the consumption of fine spices was confined to the affluent sections of society, the demand for these articles had been by and large inelastic over a broad range of price. The reduced sale of these spices thus reflects the diminished demand on account of the loss of fortune of the Mughal aristocracy.³⁹ This line of reasoning is based on the assumption that these spices were chiefly used as ingredients in the preparation of a variety of dishes of West and Central Asian origin.⁴⁰ They were also chewed with betel-leaf. This was a popular custom in India especially among respectable families, and many elderly people were more or less addicted to this. Visitors to such families were also usually offered betel leaf. Being an article of medicinal value, cloves must have been in demand for this purpose as well.

It has been argued that the subcontinent's demand for fine spices was inelastic over a wide price range.⁴¹ According to Francisco Pelsaert, the Portuguese sold three times more cloves in Gujarat than

³⁸ Prakash, 'Restrictive Trading Regimes', 330-1.

³⁹ This dimension of the Mughal aristocracy's loss of resources in the early eighteenth century has been held to have caused a reduction in the demand for luxurious food and dress items. However revisionist scholars have argued that the regional centres of power in fact intensified the demand for such goods (Bayly, *Rulers, Townsmen and Bazaars*; C.A. Bayly, *The Birth of the Modern World 1780-1914* (Oxford, 2004).

⁴⁰ Describing the Mughal imperial kitchen, Abu'l Fazl gives a list of dishes in many of which cloves were an important ingredient. See Abul Fazl, *Ain-i Akbari*, I, ed. H. Blochmann (Calcutta, 1872), *Ain-i masaleh* (Recipes for Dishes), 52-9. In 1788, it is specifically mentioned that cloves were used by the Muslims as spices, and in betel leaves by the Banias and Marathas (VOC 3853, Directeur en Raad van Surat aan GG&R, 31 Dec. 1788, f. 30^{r-v}).

⁴¹ Ibid. 331, 336.

what the Dutch Company was able to dispose of in the early seventeenth century.⁴² Pieter van Dam, the historian of the VOC advocated price reduction as a means of improving the sale of spices in India. A counter argument was, however, put forward by Pieter de Witt who believed that whatever the price, the demand for spices remained spectacular. His argument was based on the premise that even at a very high price the Company was able to sell a very large quantity of spices between 1664 and 1684. In his opinion the demand for spices was insensitive to price change.⁴³ In his study of VOC trade in Gujarat, Van Santen has highlighted the inadequacies of both the arguments. He determined that it is impossible to arrive at a firm conclusion about price elasticity of demand due to insufficient data on the import of spices in Gujarat in the pre-monopoly period available to either Van Dam or to De Witt on the one hand, and to lack of information about the difference between the Company's sale price and the actual price at which consumers bought spices on the other.⁴⁴

Any conclusion about the nature of the demand in the eighteenth century is quite likely to suffer the same inadequacies as those of Van Dam and De Witt, since as the century advanced the Dutch began to lose their grip on the spice trade. Other European and Asian merchants began to import spices to Surat from the Company's other Asian establishments.⁴⁵ Unless we know the volume of cloves and other spices imported to Surat through other channels, our impression of the nature of demand for spices will remain tentative. Assuming, however, that the import of spices by merchants other than the Dutch Company was only marginal, it may be concluded that the consumption of cloves and other spices decreased substantially in the eighteenth century. From the perspective of the regional economy, it is important to note that the amount spent on spices, though reduced, remained substantial.

There was a great deal of debate among Dutch authorities in Amsterdam, at Batavia and its other Asian dependencies over the stability of the Asian minimum price for spices and its consequences on their sale in Asia and Europe.⁴⁶ Since spices were bought at an extremely cheap price in South-east Asia, it was understood that a large demand for spices could be generated by selling them cheaply in Gujarat. The price of cloves and nutmeg, however, was kept high in India and elsewhere in Asia in order to prevent

⁴² F. Pelsaert, *De Geschriften van Francisco Pelsaert over Mughal Indië, 1627, Kroniek en Remonstrantie*, ed. D. H. A. Kolff and H. W. van Santen (s'Gravenhaag, 1979), 270; Van Santen, 'De Verenigde Oost-Indische Compagnie', 48.

⁴³ Van Santen, 'De Verenigde Oost-Indische Compagnie', 48.

⁴⁴ Ibid. 48-50.

⁴⁵ In 1763-4, English merchants brought 89 chests of cloves, 20 of cinnamon, and 1 chest of mace to Surat (VOC 3122, *Translaat notitie van zodanige specerijen als er zeedert primo Augustus des voorleden jaars 1763 op het eijland Bombaïj door de vreemde natien aangebragt zijn* (Translation of the entry of such spices as have been brought to the island of Bombay by the foreign nations since the first of August 1763). On enquiry it was later found out that these were bought by them at Persia and Malabar from the Dutch, except 9,000 pounds of cloves bought at Coromandel, which appeared to be of a different variety from what the Dutch were dealing in (VOC 3122, *Directeur en Raad van Surat aan GG&R*, 20 July 1764, p. 23; VOC 3238, *Directeur en Raad van Surat aan GG&R*, 25 Jan. 1768, f. 35^{r-v}).

⁴⁶ Pieter van Dam, *Beschrijving*, Book 2, part III, 117-27; Kristof Glamann, *Dutch-Asiatic Trade, 1620-1740* (Copenhagen, 1958), 103-8; Prakash, 'Restrictive Trading Regimes' 334-6.

other merchants from buying them cheap anywhere in Asia and selling them at a profit in Europe.⁴⁷ The fact that even at such an exorbitant price the demand for spices was rather substantial in Gujarat suggests the region was not bereft of all affluence and prosperity. The misfortunes suffered by the prosperous mercantile community of Gujarat certainly reduced the spice consumption. The mid-century political crises in Surat and the subsequent loss of revenue to the Marathas and the English adversely affected the material fortunes of the Muslim political elite in large parts of Gujarat and north India as well as in the Dekkan. The erosion of Nawabi culture at Surat, Broach, Cambay, Ahmadabad, and many other places, seems to have had an impact on spice consumption. To some extent, this was compensated for by the growing affluence of the Marathas at Pune, Bassein, and Baroda, which in many respects helped, at least temporarily, retain the crumbling Muslim Nawabi culture.⁴⁸

The Dutch trade in cloves and nutmeg declined after the fourth Anglo-Dutch war period, albeit for an altogether different reason. Whereas the Gujarati market was inundated with cloves, the sale of nutmeg suffered from its sheer paucity.⁴⁹ Private English, Portuguese and other merchants also began importing large amounts of cloves to Bombay and eventually to Surat.⁵⁰ In his memoir of 1792, A. J. Sluijsken attributed the sharp decline in the Company's sale of cloves in the post-war period not to reduced trade or falling consumption in Surat and its interior, but to the fact that private Portuguese and English merchants from Batavia and Cochin were supplying ever greater amounts of cloves. Whereas earlier a little more than 25,000 ponds cloves from Cochin could be sold at Surat, between 1784-5 and 1787-8, on an average, more than 41,000 ponds was annually put up on the market.⁵¹ The growing supplies of cloves and the consequent fall in its sale price eventually led not only to a decline in the absolute sale value of the Company but also diminished its total net profits. On the other hand, poor crops led to average annual sales of nutmeg in the post-war period of little more than 2,000 ponds as against a modest calculation of about 10,000 ponds that could have been sold by the Dutch every year.⁵²

ii) Pepper

⁴⁷ Prakash, 'Restrictive Trading Regimes', 331; Idem, *Economy of Bengal*, 94-5; Jacobs, *Koopman in Azië*, 77.

⁴⁸ Cf. Bayly, *Birth of the Modern World*, 55-7.

⁴⁹ HRB 850, *Memorie van Overgave*, A. J. Sluijsken, 1792, items 41-3.

⁵⁰ In 1786, Portuguese merchants brought cloves from Batavia in two ships (HRB 850, *Memorie van Overgave*, A. J. Sluijsken, 1792, items 41). Between Nov. 1788 and March 1789, about 31,000 pond of cloves were imported to Bombay in different ships (VOC 3854, *Resoluties*, Surat, 3 March 1789, p. 26). Subsequently, within a month a total of about 29,000 ponds of cloves were imported to Bombay and Surat (VOC 3854, *Resoluties*, Surat, 20 April 1789, p. 46). The English and other merchants who exchanged 150 ponds of saltpetre for 4 ponds of cloves at Cochin and sold them at Rs 2.75 per pond at Bombay had a big cost advantage and got 34 per cent more profit than the others (VOC 3899, *Resoluties*, Surat, 14 Aug. 1790, ff. 213^v-214^r).

⁵¹ HRB 850, *Memorie van Overgave*, A. J. Sluijsken, 1792, items 41, 42.

⁵² *Ibid.*, item 43.

A prime article of trade in the seventeenth century, pepper gradually lost ground in the early eighteenth century.⁵³ Unlike cloves and nutmeg, the production of pepper was widespread in South-east Asia and it was grown on a large scale on the Malabar Coast of south-west India. The VOC was not able to establish any sort of monopoly over its supplies in any part of Asia and had to share this enterprise with other European companies and Asian merchants. The demand for pepper was quite large in Europe and its price there was very high. For the Company, it was much more profitable to export it to Europe than to sell it anywhere in Asia.⁵⁴ Pepper purchased in Bantam and other parts of South-east Asia and, after 1663, on the Malabar Coast, was mainly intended for the European markets. In Asia, the main markets for the Company's pepper were Persia, Japan and Taiwan. Gujarat was also a major market in the Indian subcontinent and the European companies imported substantial quantities of pepper there. The English Company alone annually imported, on an average, more than a million ponds of pepper to Surat.⁵⁵ In the early eighteenth century, the Dutch import of pepper to Gujarat also occasionally exceeded a million ponds.

For the Company, Gujarat enjoyed no particular priority in the allocation of pepper and its imports there fluctuated quite sharply from one year to the next. In 1701-2, imports exceeded 1.03 million ponds while two years later it was only 171,402 ponds. In the first quarter of the eighteenth century, the average annual import to Surat was about 556,720 ponds (see Appendix 6). In the second quarter, it declined rather sharply to an average annual import of 145,608 ponds. In the second half of the century, it disappeared almost completely, and there are only four entries after 1751. A combination of circumstances seems to have contributed to this, chief among them a decline in pepper production in South-east Asia, competition from other European and Chinese buyers, and a weakening of the Company's influence and military powers.⁵⁶ As the rulers of Travancore, Martanda Varma (1729-58) and Rama Varma (1758-98), pursued a vigorous commercial policy by exerting a royal monopoly over the pepper trade, it became increasingly difficult for the Dutch to procure pepper on the Malabar Coast.⁵⁷

⁵³ For a detailed study of Dutch trade in pepper see Glamann, *Dutch-Asiatic Trade*, 73-90; Prakash, 'Restrictive Trading Regimes', 319-20; Jacobs, *Koopman in Azië*, 58-9.

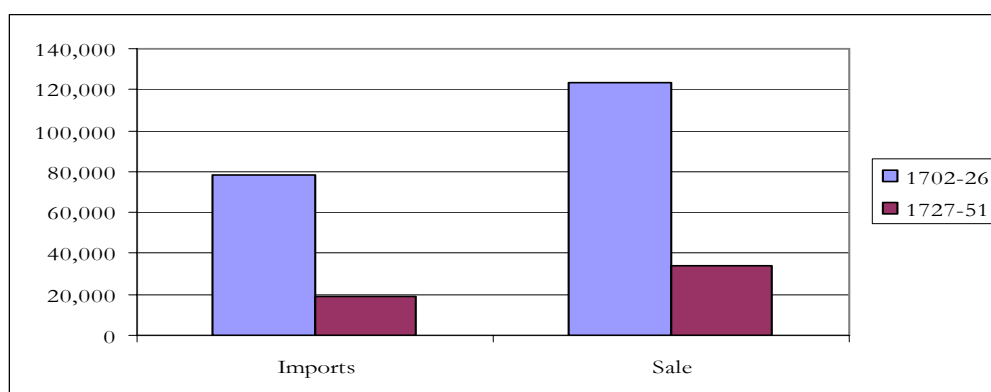
⁵⁴ The company earned a gross profit of above 300 per cent in Europe in the late seventeenth century (Glamann, *Dutch-Asiatic Trade*, 88) whereas in Surat it was, on an average, 58 per cent until 1730. Subsequently, prices went up and the Dutch were able to sell it sometimes at more than 200 per cent net profit (see Appendix 6).

⁵⁵ Glamann, *Dutch-Asiatic Trade*.

⁵⁶ Jacobs, *Koopman in Azië*, 58-72.

⁵⁷ Ashin Das Gupta, 'India and the Indian Ocean in the Eighteenth Century', Gupta and M. N. Pearson (eds.), *India and the Indian Ocean, 1500-1800* (Calcutta, 1987), 142.

Figure 4.6 Average annual value of the Company's import and sale of pepper at Surat, 1702-51



Source: Based on figures in Appendix 6.

From the fact that Gujarati shipping along the Malabar Coast expanded rapidly since the mid-eighteenth century, it may be assumed that local merchants brought to Gujarat as a return cargo whatever pepper they could get hold of at Cochin or elsewhere on the coast. From the extant shipping lists, it is evident that some non-European ships returning from Malabar brought pepper to Surat. In 1772, for instance, 70,000 ponds of pepper was imported by local ships that returned in a convoy from Malabar.⁵⁸ The English Company and private merchants too seem to have continued to import this article to Surat in the late eighteenth century.

Copper

Another major item of Company's import to Surat was copper. Its sources were confined to only few places in Asia, namely Japan and Persia. India had some copper mines but the output could hardly meet the demands of the subcontinent. Copper was used in a wide variety of applications, including numerous items of household utility, particularly vessels. The metal was also important in the manufacture of accoutrements of cavalrymen all over the region.⁵⁹ Although it is not alluded to in our sources, it may be argued that copper was also in demand on account of the growing importance of artillery in eighteenth-century warfare. It was used in the casting of cannon made of bronze, an alloy of copper and tin. Cannons were used not only in pitched battles by the Marathas, the Mughals and the Europeans, they were also installed on the ramparts of the towns and on large ships and vessels. Keeping in mind the size of cannon, it may be surmised that a huge quantity of copper was consumed in manufacturing them.

However, most copper was probably used in minting coins of lesser denomination current all over the subcontinent. The region to the south of the Vindhyas under gold standard required smaller coins in the same way as the economy to the north of it under silver standard needed copper coins for smaller

⁵⁸ VOC 3554, Shipping list, 1772, ff. 84r-86v.

⁵⁹ Chaudhuri, *Trading World of Asia*, 206, 221.

transactions.⁶⁰ Since the Dutch monopolized the supply of Japanese copper throughout Asia, they could supply a large amount of copper to the subcontinent where by the end of the sixteenth century the economy was substantially monetized and the demand for copper was rather high. By the seventeenth century, local copper mines in Rajasthan and Central India were almost exhausted and the region depended largely on Dutch imports of Japanese copper.⁶¹ The Dutch supplies from Japan remained the major source of copper for the Mughal coin (*dam*) in the seventeenth century.⁶² On account of its monopoly over the supply of Japanese copper, the Company could fix a high price in India in order to earn a profit of 170 per cent on its sale. Whereas this target was easily achieved in the second half of the seventeenth century, profits declined sharply in the early eighteenth century as its purchase price went up in Japan.⁶³ The average annual profit in the first four decades of the eighteenth century remained about 59 per cent of the import value (see Appendix 7). Conditions improved again in the second half of the century when the purchase price in Japan decreased starting in 1743.

The Dutch annually supplied more than one million ponds of Japanese bar copper to Bengal, Coromandel and Surat, India's three major textile producing regions. Through its sale the Company could raise from 15 to 20 per cent of its total investment in export goods and about a third of the value of their textile exports.⁶⁴ Together with fine spices, copper was a mainstay of Dutch trade with India and became even more crucial for the accumulation of funds for investment in Indian textiles in our period of study.⁶⁵ Right from the beginning, but especially from the middle of the eighteenth century, the Dutch Company's monopoly over the supply of Japanese copper was challenged from two directions. First, Chinese merchants exported Japanese copper to China, and eventually they began to sell a large amount in China, Vietnam and many parts of island South-east Asia.⁶⁶ Asian merchants sailing to China and elsewhere in

⁶⁰ As Frank Perlin pointed out, base money (copper coins and cowries) played a crucial role in expanding the use of money and in increasing the scale and depth of the monetary economy in the Indian subcontinent (Perlin, 'Money-use in Late Pre-Colonial South Asia and the World Trade in Currency Media', in Idem, *Invisible City*, 129).

⁶¹ Jacobs, *Koopman in Azië*, 119. In 1673 for instance, the Dutch imported 4,200 *man* (144,900 ponds) of Japanese copper to Surat (Chaudhuri, *Trading World of Asia*, 208).

⁶² The Mughal monetary system was based on gold, silver and copper coins circulating simultaneously. In the early seventeenth century, silver rupees had replaced copper *dam* as the major unit of account and medium of transaction. Copper coins did not totally disappear from the economy, however, as they remained crucial for small-scale transactions (Irfan Habib, 'A System of Trimetallism in the Age of the 'Price Revolution': Effects of the Silver Influx on the Mughal Monetary System', in J. F. Richards, *The Imperial Monetary System of Mughal India* (New Delhi, 1987).

⁶³ Jacobs, *Koopman in Azië*, 119.

⁶⁴ Ibid. 118-19, 293. Compared with the amount shipped to Bengal and Coromandel, the total imports of Japanese bar copper to Surat, was less throughout the eighteenth century (ibid., Table 42, 254)

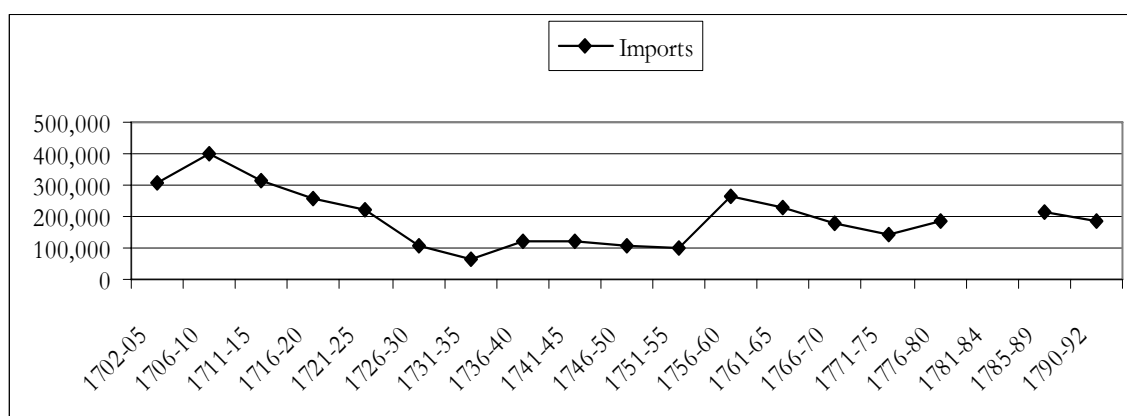
⁶⁵ For a detailed overview of Dutch trade in Japanese copper in the seventeenth and early eighteenth century see Kristof Glamann, 'The Dutch East India Company's Trade in Japanese Copper, 1614-1736', *The Scandinavian Economic History Review*, 1/1&2 (1953); idem, *Dutch-Asiatic Trade*, 167-82.

⁶⁶ Glamann, 'Dutch East India Company's Trade', 74-9; Furber, *Rival Empires of Trade*, 249-50. In a recent study, Ryuto Shimada has illuminated this neglected aspect of copper trade and has highlighted the significance of Chinese trade in Japanese copper and

the east could also procure a large quantity of Japanese and Chinese copper for importation to South Asia.⁶⁷ It was also available at Batavia, where the Dutch could not stop it falling into its competitors' hands. The merchants of Gujarat sailing to these parts could without difficulty get hold of this metal which guaranteed a good profit.⁶⁸ Second, the European importation of English and Swedish copper to Surat in the last years of the century greatly undermined the Dutch commercial position in the subcontinent. Armed with political powers at Surat, the English tried, with considerable success, to substitute English for Japanese copper as the primary ingredient in minting coins. A large quantity of Persian copper was also imported to Surat by merchants trading with West Asia, mainly from Basra and Muscat.⁶⁹ The effects of these challenges were, however, limited and could in no way deter the Dutch Company from importing and selling a large quantity of Japanese copper in Surat and its interior.

Western India had an enormous appetite for copper. In the mid-eighteenth century, the Dutch alone could think in terms of selling about 800,000 ponds in a year when there were no obstructions to trade. The sale of copper in Gujarat by the Company represents a curious trajectory. Quantitatively, it dropped sharply after 1710. From a peak five-yearly average of above 400,000 ponds during 1706-10, it declined to a meagre 61,850 ponds during 1731-5. Subsequently, there were phases of improved sales each alternated by a period of slow decline (see Figure 4.7).

Figure 4.7 Five-yearly average annual sale (in ponds) of copper by the Dutch Company at Surat, 1702-92.



Source: Based on figures in Appendix 7.

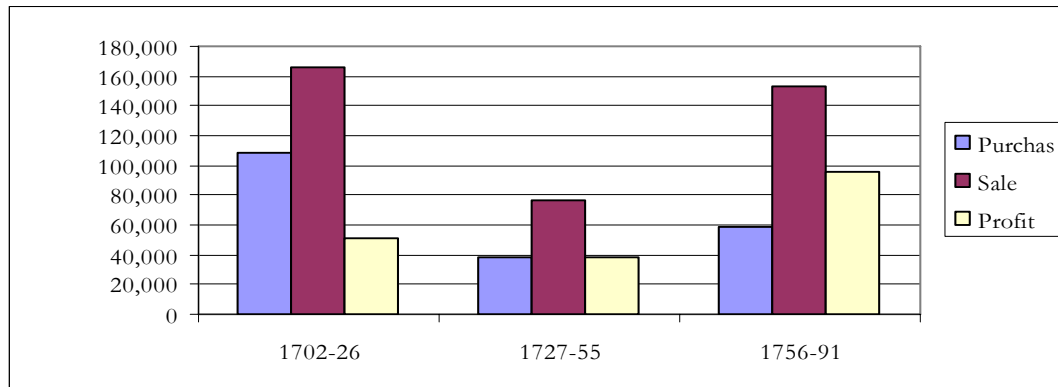
its consequences on the Company's trade in South Asia (Ryuto Shimada, *The Intra-Asian Trade in Japanese Copper by the Dutch East India Company during the Eighteenth Century* (Leiden, 2006)).

⁶⁷ VOC 3179, Directeur en Raad van Surat aan GG&R, 30 Dec. 1766, ff. 64^v-65^r. See also Perlin, 'Money-Use in Late Pre-colonial South Asia', 138.

⁶⁸ In 1765, the Jewish merchant Ezechiel Abraham procured, among other goods, 6,000 ponds of bar copper for his correspondent at Bombay (VOC 3148, Directeur en Raad van Surat aan GG&R, 4 Nov. 1765, f. 313^v).

⁶⁹ VOC 2967, Lists of ships arriving at Bombay and Surat, 1759, pp. 195-200; VOC 3026, Lists of ships arriving at Bombay and Surat, 1761, pp. 126-32.

Figure 4.8 Average annual value (in guilders) of the Company's imports, sale and profit on copper at Surat, 1702-91



Source: Based on figures in Appendix 7.

Figure 4.8 shows the change in the value of imports, sales and profit in the eighteenth century. The average annual value of goods when purchased declined by about 64 per cent in the period 1727-55 whereas the value when sold declined by about 54 per cent and the profit by 26.8 per cent. In the last phase (1756-91), the average value of goods purchased rose by 50.2 per cent while the value of goods sold increased by 100.8 per cent and profits by 152.7 per cent of the respective averages during the preceding period, 1727-55. The improvement is even clearer if we compare the last phase with the period 1702-26. Whereas in the last phase, the average annual value of goods purchased was about 46 per cent less than in the first phase, the value of goods sold declined by only 7.7 per cent. Profits, on the other hand, were higher by about 85 per cent than the average annual profit in the first phase. This was largely because the sale price rose from an average of about *f*66 per 100 ponds in the first quarter of the century to *f*94 per 100 ponds in the late 1750s and early 1760s. On the contrary, the cost price declined rather sharply from about *f*41 per 100 ponds to *f*31 in the middle of the century.⁷⁰ The average profit earned on the sale of copper thus rose from 45 per cent in the first quarter of the century to 97 in the next three decades. Subsequently, even though the average sale price declined to *f*65, the average profit in the second half of the century remained rather high, about 164 per cent, precisely because the cost price had declined further to about *f*25 per 100 ponds in the last quarter of the century (see Appendix 9).

⁷⁰ The cost price in Japan rose from about 33 guilders per 100 ponds in the last quarter of the seventeenth century to over 45 guilders in the first three or four decades of the eighteenth century (Glamann, 'Dutch East India Company's Trade', Table V, 68-9). See prices in Appendix 9.

Figure 4.9 Five-yearly average annual value (in guilders) of the Company's imports, sales and profits on copper at Surat, 1711-92



Source: Based on figures in Appendix 7.

In terms of volume, the Company's sale in Japanese copper in Gujarat certainly declined in the eighteenth century. The Dutch Company was the chief importer of copper from Japan to Surat until the middle of the eighteenth century from which time on other European companies and merchants began to import Swedish and English copper into Bombay and Surat. Since Japanese copper was known as the best copper for minting *paisa*, the Company had no problems in disposing of a large quantity of Japanese copper every year. The merchants who bought it from the Company were assured of getting it quickly minted into coins. Even though the Mughal mints were open for all, the local governors sometimes manipulated the working of the mint.⁷¹ Such interference was, however, exception and not the rule and its effectiveness was rather limited. Moreover, the Dutch authorities at Surat knew how to circumvent such interventions and secure from the local officials a preference for Japanese bar copper in coining *paisa*.⁷² In the middle of the eighteenth century when the Company's commerce in Gujarat revived, its privileged position in copper trade came to be fiercely contested. The large-scale supply of Swedish and English copper deprived the Dutch Company of the benefits of an exclusive control over the supply of Japanese copper to western India.

A large supply of European copper to Surat by the Swedish, English, or other merchants, had deflationary effect on the price and often forced the Dutch to sell its merchandise at a low price.⁷³ The

⁷¹ The governor of Surat, Safdar Khan, attempted to buy copper on his own account and get it coined. In 1753, he even introduced an inferior coin of tin and spelter as a substitute for copper *paisa*, possibly to force the Company to sell copper to him at a reduced price. In the same year, Swedish merchants imported to Surat about 120,000 pounds of copper which the governor considered buying at a cheaper price. He even went to the extent of forcing all other local merchants not to buy copper from the Europeans (VOC 2842, Directeur en Raad van Surat aan GG&R, 16 Dec. 1753, pp. 132-3, 127-8). Such interference was, however, exception and not the rule and its effectiveness was rather limited.

⁷² As in the late 1740s, Jan Schreuder had secured for the Company the privilege of minting coins (*paisa*) of its Japanese copper from Safdar Khan (VOC 2765, Resoluties, Surat, 18 Feb. 1750, pp. 411-13).

⁷³ In 1753, the Swedish merchants brought to Surat 120,000 pounds of copper (VOC 2842, Directeur en Raad van Surat aan GG&R, 16 Dec. 1753, pp. 127-8). In 1761, the English had 400,000 pounds copper unsold at Bombay which was sent to Surat for sale (VOC 3065, Directeur en Raad van Surat aan GG&R, 22 Dec. 1761, pp. 167-8). Next year they supplied to Surat 100,000

supply of European copper grew from the early 1770s onward. This is evident from the available figures of its import by the English Company into Bombay (a large part of which was eventually brought to Surat). Whereas from 1750 English imports of copper had been consistently large, they grew substantially in the 1770s since when the average annual figure was about one million pounds until the end of the century.⁷⁴ It has been argued that in the early eighteenth century a combination of factors such as the low production costs in Europe and a rise in its Asian price led to the 'reappearance of sizeable amounts of Swedish copper in Asia under the English, Ostend, and Danish auspices'.⁷⁵ By the 1770s, the English had left all others behind in supplying this metal to Surat.

The impact of the large-scale import of European copper was severely felt by the Dutch Company in Surat. In 1773, Surat registered the lowest percentage profit on the sale of Japanese copper of all the Company's trading stations on the subcontinent.⁷⁶ The English import of copper reached an alarming 1,200,000 ponds in 1789. This had an adverse effect on its price because they had to sell it quickly to raise funds for the purchase of cotton for the five ships sailing to China that season.⁷⁷ The problems to the Dutch in the sale of copper were aggravated in the late 1780s and 1790s, because the Treaty of Paris that concluded the Fourth Anglo-Dutch War in 1783 endowed the English with political supremacy in South Asia. The English Company's encouragement to copper importers, by offering private English merchants free freight services and by removing import duties at Bombay and Surat, adversely affected the Dutch Company's copper trade. Essentially a measure to facilitate treasury transfers to England, this removed merchants' incentives for buying copper and other merchandise from the Dutch. The difference of price at which the merchants under English and Dutch companies bought copper grew substantially.⁷⁸ This double-edged weapon enhanced the English imports of copper and enabled them to sell it at a low price.⁷⁹ In 1792, the Dutch had to return to Batavia a part of their copper which was lying unsold at Surat.⁸⁰

ponds Japanese copper (VOC 3065, Directeur en Raad van Surat aan GG&R, 27 April 1762, pp. 25-6), which was brought from Europe (VOC 3094, Directeur en Raad van Surat aan GG&R, 12 Jan. 1763, pp. 57-8); *see also*, VOC 3549, Directeur en Raad van Surat aan GG&R, 31 Dec. 1779, f. 58^v; VOC 3727, Directeur en Raad van Surat aan GG&R, 5 Jan. 1787, f. 73^r; VOC 3728, Resoluties, Surat, 2 Nov. 1786, pp. 441-3; VOC 3804, Directeur en Raad van Surat aan GG&R, 8 Jan. 1788, f. 58^{r-v}.

⁷⁴ Shimada, *Intra-Asian Trade*, Appendix 7, 205-6.

⁷⁵ Furber, *Rival Empires of Trade*, 250-1.

⁷⁶ It was 140 per cent as against 175 in Malabar, 227 in Coromandel, 201 in Ceylon, and 170 per cent in Bengal (VOC 3462, Directeur en Raad van Surat aan GG&R, 25 Dec. 1776, f. 95^{r-v}).

⁷⁷ VOC 3853, Directeur en Raad van Surat aan GG&R, 19 Dec. 1789, f. 93^{r-v}.

⁷⁸ For 100 ponds of copper, the merchants under Dutch protection, who were also subjected to an export duty of 4 per cent, paid about 15 guilders more than their English counterparts (VOC 3982, Directeur en Raad van Surat aan GG&R, 31 Dec. 1792, f. 178^{r-v}).

⁷⁹ In 1787, they imported 700,000 ponds (VOC 3804, Resoluties at Surat, 10 Dec. 1787, f. 98^{r-v}). In 1788, a great quantity of European copper was imported by the English and other ships (VOC 3854, Resoluties, Surat, 5 Nov. 1788, pp. 176-8). The English merchants were allowed to import copper from Europe free of freight and tolls, which obviously enabled them to sell at lower prices (VOC 3982, Directeur en Raad van Surat aan GG&R, 3 March 1792, f. 161^{r-v}; VOC 3982, Directeur en Raad van Surat aan GG&R, 31 Jan. 1792, f. 143^r).

⁸⁰ VOC 3982, Directeur en Raad van Surat aan GG&R, 31 Dec. 1792, ff. 178^r-179^r.

According to our sources, the greatest difficulty in selling copper was the obstruction in trade due to wars and political unrest. Despite the fact that a large quantity of copper was converted into coins in Surat itself for circulation, the up-country (*bovenlanden*) and the Dekkan were spoken of as places where a large quantity of copper was consumed. In normal circumstances, the Dutch could think of selling about one million ponds in the Dekkan itself.⁸¹ In the 1750s, the Company disposed of a part of its copper and sugar imports through its subordinate factories at Kachh, Dandarajapuri and Bassein.⁸² These enterprises, however, proved to be temporary as on account of the uncongenial circumstances the projects to establish trading outlets at these places had to be abandoned. The Maratha struggle for supremacy and the ensuing military movements in large parts of the interior, their contest with the Afghans culminating in the battle of Panipat in 1761, and their conflicts with the rulers of the Dekkan, undoubtedly hampered the movement of trade. Under such circumstances, it became quite hazardous for merchants to transport goods to the interior where they were actually consumed. Several instances of such obstructions, as recorded in our sources, give the impression of a chaotic situation in the interior.⁸³ Such a portrayal, however, appears to be a little exaggerated and was done so that the Dutch authorities could impress their superiors with evidence of their diligence in matters of trade. The invocation of uncongenial conditions was partly because of the Dutch officials' misapprehension about the monopoly over the supply of copper and partly the result of their inability to sell it at the stipulated price. Excepting some occasional failures under extraordinarily uncongenial conditions, the Company's disposal of Japanese copper in Surat remained rather substantial. The massive import of Japanese and European copper and its sale in Gujarat and its surroundings clearly negates the notion of an indigenous incapacity to consume this plentiful metal.

Contrary to the general impression of a chaotic Maratha regime in western India, recent studies have highlighted the undercurrents of economic stability and even growth in the late eighteenth century. As Frank Perlin has argued, there was a spurt in the expansion of money use and monetary activities in western Dekkan from the 1740s onward, a phenomenon that he characterizes as a 'renaissance of mint activity' in which copper played a vital role.⁸⁴ In the eighteenth-century western Dekkan, reforms in the taxation systems under the auspices of the Maratha regimes of the Holkars, Sindhias, Gaikwars and Pawars and the growing frequency in the use of copper coins and their social dispersal seem to have

⁸¹ VOC 3065, Directeur en Raad van Surat aan GG&R, 22 Dec. 1761, pp. 168-9. In 1762, similarly they proposed to sell about 700,000 ponds (VOC 3094, Directeur en Raad van Surat aan GG&R, Surat, 12 Jan. 1763, p. 60).

⁸² In Bassein for instance, the Commissioner H. Kronenberg, saw the prospects of selling 600,000 ponds of Japanese copper in 1754-5 (VOC 2863, Resoluties, Surat, 26 Oct. 1754, p. 168).

⁸³ VOC 2842, Resoluties, Surat, 31 Dec. 1753, pp. 777-8; VOC 3065, Directeur en Raad van Surat aan GG&R, 22 Dec. 1761, pp. 167-8; VOC 3122, Resoluties, Surat, 18 March 1762, pp. 72-3; VOC 3549, Resoluties, Surat, 17 Jan. 1779, f. 193^v.

⁸⁴ Frank Perlin, 'Money-use in Late Pre-Colonial India and the International Trade in Currency Media', in Richards (ed.), *Imperial Monetary System*, 266, 268.

contributed to the triumph of copper over all other base-currency media as a means of small-scale transactions even in remote rural areas.⁸⁵

Sugar

Sugar as an article of mass consumption did a booming business in the period under consideration. Unlike spices, sugar had local sources of supply as well.⁸⁶ At several places within Gujarat, half-refined jaggery (*jagersuiker*) was produced which was probably consumed by the poorer sections of society. A better variety was imported from Bengal by sea and via river-and -land routes. A phenomenal growth in the supply of sugar to Gujarat by the Dutch Company in the eighteenth century was possibly a result of a growing production of sugar in Java and in the environs of Batavia.⁸⁷ As there was no corresponding rise in the European demand for sugar, the Company had to explore markets within Asia. Until the early 1720s, Persia and Japan were the two major markets for sugar in Asia. The collapse of the Safavid Empire in 1721 and the subsequent Afghan incursions into Persia adversely affected the prospects of trade in the Persian Gulf region while Chinese competition in the supply of sugar cut into the Company's exports to Japan from the early 1730s onwards.⁸⁸ The Company tried, with a great deal of success, to compensate for the loss of Persian markets by importing and selling a much larger quantity of sugar to western India than ever before.

Formerly, the Company had traded in Bengal sugar, a large quantity of which was exported to Persia, Taiwan and other places. In the eighteenth century, however, this had come to be almost entirely replaced by South-east Asian sugar. The Company's total average annual sale of about 700,000 ponds during 1701-45 consisted of sugar from Java and Batavia. The Company's import of refined sugar both powdered (*poedersuiker*) and in the form of loaves (*candijnsuiker*) to Gujarat actually took off in the late 1740s. In the following two decades, sugar imports jumped to an annual average of about 2 million ponds. It is to the Company's credit that it succeeded in generating and catering to a large demand for this commodity. The rapid growth in the Company's trade in sugar in Gujarat may be discerned from the fact that in 1766 C. L. Senff proposed an annual import of 4 million ponds of sugar.⁸⁹

If we look at the moving averages (Figure 4.10), a stable high average annual sale of sugar is identifiable in the second half of the century. The 1750s and 1760s were the most dynamic decades because in these years the value of sugar sold in Gujarat was the highest ever achieved by the Company. The average annual sale value between 1750 and 1772 was f341,157—32 per cent of the total value of

⁸⁵ Ibid. 152-9, 176-7, 178-6.

⁸⁶ VOC 3063, Directeur en Raad van Surat aan GG&R, 22 Dec. 1761, pp. 93-4.

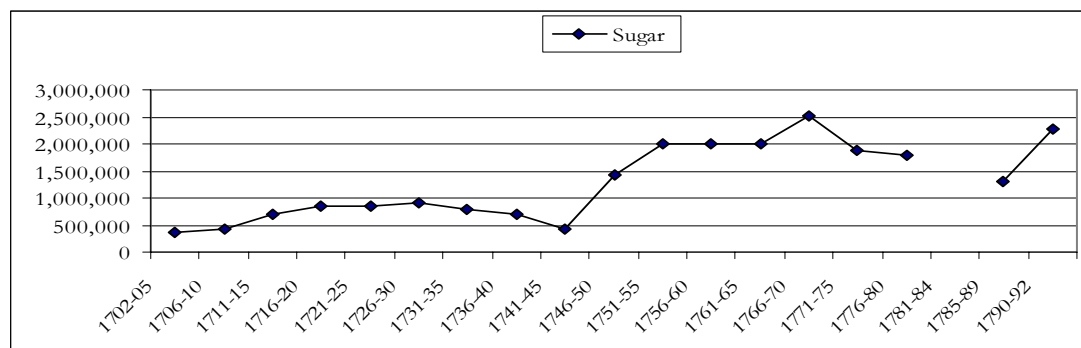
⁸⁷ Between 1750 and 1775, sugar registered the highest level of production in Batavia's *ommelanden* (Jacobs, *Koopman in Azië*, 195).

⁸⁸ Furber, *Rival Empires of Trade*, 247-48.

⁸⁹ HRB 846, Memorie wegens den suiker handel (Report on sugar trade), Surat, 1766, (not foliated) item 29.

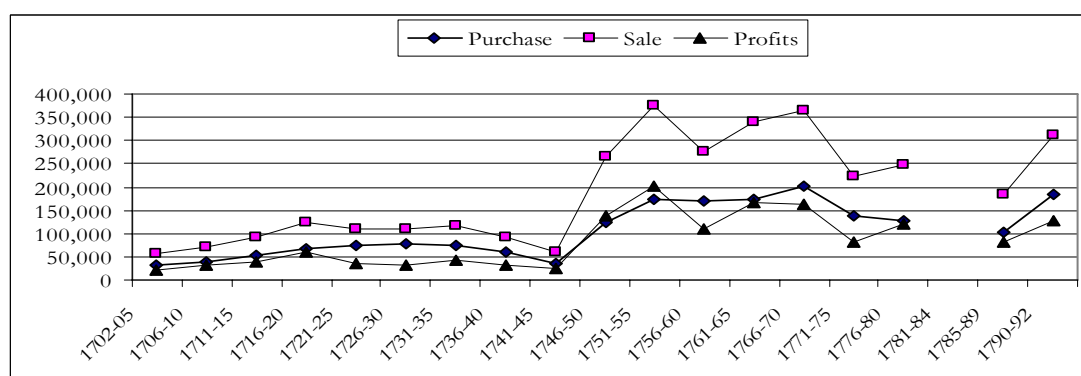
goods annually sold by the Company during this period. Thereafter, even though it declined a bit, the average annual sale value remained well above £130,000.

Figure 4.10 Five-yearly average annual sale of sugar (in ponds) by the Dutch Company at Surat, 1702-92



Source: Based on figures in Appendix 8.

Figure 4.11 Five-yearly average annual value (in guilders) of the Company's imports, sale, and profit on sugar at Surat, 1702-92



Source: Based on figures in Appendix 8.

Was there any actual growth in the demand for sugar in Gujarat or did the Company's imports simply replace Bengal sugar? It has been argued that the import of sugar from Batavia was at the expense of Bengal sugar which was driven out of Gujarat.⁹⁰ Asian merchants and European private traders continued to import Bengal sugar both through the coastal water route as well as the river-and-land route. The import of Bengal sugar by local merchants remained a source of anxiety for the Dutch even in the 1760s. From some shipping lists it is evident that sugar comprised a major part of the cargo of the ships coming from Bengal. The actual consumption seems to have expanded during this period thanks to the larger supply of sugar by the Dutch and later by the French and other companies. Among several conditions influencing the demand for any article of mass consumption, supply is a crucial one, since under circumstances in which all other factors are constant the supply is inversely related with price. A large supply would reduce the price and thereby induce people to buy and consume. As indicated by the

⁹⁰ Furber, *Rival Empires of Trade*, 247-8.

spectacular growth in its import by the Company, the rising consumption of sugar in Gujarat in the eighteenth century may be explained in terms of this supply elasticity of demand.

By the late 1740s, the Company had realized the importance of sugar in the scheme of its trade in Asia. Despite the efforts of the High Government at Batavia to limit access to South-east Asian sugar to the Company alone and to eliminate competition at Asiatic destinations, especially Gujarat, a substantial quantity found its way to other major trade centres of the region.⁹¹ One such destination for Java and Batavia sugar was Malacca which was accessible to all merchants and companies. As C. L. Senff wrote in 1766, 'the best and greatest quantities [of Java sugar] were brought in small vessels to the Strait of Malacca or Benkahulu and from there to Bombay and Surat in English and country [*inlandse*, that is Gujarati] ships'.⁹² Unlike spices on whose sources of supply the Dutch had exclusive control, the trade in sugar was shared by all other merchants and companies. The Dutch therefore faced stiff competition from multiple directions. The most formidable challenge came from the European companies which imported large quantities of sugar to Surat. The English and the Portuguese procured sugar from Batavia, Malacca, and China and imported it to Bombay and Surat.⁹³ A major share of the imports to Bombay eventually landed in Surat to be redistributed throughout the interior. The English Company and private English merchants procured a large quantity of sugar from island South-east Asia (Batavia and Malacca) whereas the Portuguese supply of this article originated mainly from Macao and Canton [Guangzhou] in China. The French had a large source of sugar from plantations in Mauritius. The private English merchants and Asians also competed fiercely to get a share in this flourishing trade. They sailed to Batavia, Malacca or China with textiles and other commodities and returned with cargo consisting largely quantity of sugar as well as other merchandise.⁹⁴

The low sale price at which the Dutch disposed of sugar on the Malabar Coast was yet another cause of worry for the Dutch authorities at Surat since many local merchants thought it worth their while to buy it cheap there and sell at a higher price in Gujarat.⁹⁵ Large imports of sugar naturally disturbed the equilibrium and often caused a fall in price. It eliminated the possibility of a favourable bargain with the

⁹¹ For a detailed study of the policies and efforts of the VOC in this regard see the report on sugar trade prepared by C. L. Senff at Surat in 1766 where he recommends ways to improve the Company's sugar trade (HRB 846, *Memorie wegens den suiker handel*, especially items 33-6, 37-40, 41). See also Jacobs, *Koopman in Azië*, 189-96.

⁹² HRB 846, *Memorie wegens den suiker handel*, item 34 (my translation).

⁹³ VOC 3026, *Directeur en Raad van Surat aan GG&R*, 10 April 1761, p. 95; VOC 3117, *Directeur en Raad van Surat aan GG&R*, 9 April 1764, f. 39^v; VOC 3238, *Directeur en Raad van Surat aan GG&R*, 15 Dec. 1767, ff. 26^v-27^r.

⁹⁴ VOC 3853, *Directeur en Raad van Surat aan GG&R*, 31 Dec. 1788, ff. 21^r-22^r; VOC 3854, *Resoluties, Surat*, 24 Oct. 1788, pp. 144-6. At least 19,341 canisters sugar were brought and sold at Bombay and Surat between Oct. 1777 and Sep. 1779 (VOC 3549, *Directeur en Raad van Surat aan GG&R*, 31 Dec. 1779, f. 56^{r-v}). In 1788-89, the English imported a large quantity of sugar from China and Bengal and tried to exchange it for cotton, which adversely affected Dutch sugar sales (VOC 3854, *Resoluties, Surat*, 5 Nov. 1788, pp. 176-8; VOC 3853, *Directeur en Raad van Surat aan GG&R*, 19 Dec. 1789, f. 93^v).

⁹⁵ VOC 3026, *Directeur en Raad van Surat aan GG&R*, 10 April 1761, pp. 4-5; VOC 3063, *Directeur en Raad van Surat aan GG&R*, 22 Dec. 1761, pp. 22-3; VOC 3092, *Directeur en Raad van Surat aan GG&R*, 30 April 1763, pp. 14-16.

brokers.⁹⁶ Under these circumstances, the only option left to the Dutch was to regulate their own import of sugar in accordance with the market conditions at the receiving end. In the annual Surat demand for goods from Batavia, therefore, their request for sugar was often conditional to the amount of sugar others procured at Batavia for importation to Gujarat.⁹⁷

Sugar with a rich content of glucose is an important component of everyday food in tropical societies. In warm climatic conditions, people tend to consume much sugar in various forms of drinks and beverages and in a variety of items of daily use in every household with a modest income. Besides, its large-scale consumption was occasioned by marriages and festivals. Some annual religious festivals, such as *Eid*, *Nauroz*, *Dipawali*, *Holi*, and many others, were occasions when sweets and other dishes prepared with sugar, were shared by and distributed among people of the community as well as across communities. The Hindu festival of light (*Dipawali*), which marks the beginning of a year, was celebrated with great pomp and show while sweets were exchanged and consumed among people. The Dutch and their brokers at Surat had great expectations from this festival as this was the time when the merchants, to whom sugar was delivered on credit, sold a great quantity and were able to pay to the brokers. There were other occasions when the distribution of sweets constituted an essential part of the celebration. Among some affluent Muslim households, sweets were also distributed to celebrate the birth of a child and circumcision.⁹⁸ An almost universal use of sweets was (and even today continues to be) in the form of gifts when people visited their relatives and friends.

Marriages were by far the most important occasions when enormous amounts of sugar were consumed.⁹⁹ Depending upon their social status and economic potential, the families of the bride and the groom had to feed their kinfolk, relatives and friends as well as all other people of religious and social acquaintances. The wedding feast was a social obligation and was reciprocal in nature. Each household therefore had to invite, apart from its kinfolk, everyone who had formerly invited the members of that family on such occasions. In marriages a variety of sweet things was a popular and essential part of the meal served on this occasion. Its sale depended on marriages to such an extent that in 1766-7, sugar was unmarketable as that year was an inauspicious one according to the Hindu calendar and consequently no marriages took place.¹⁰⁰ Thus, the trade in sugar was very much entrenched in the food culture and socio-religious practices of the people of Gujarat. Whatever the occasion, the large-scale consumption of sugar seems to be the result of a general prosperity and opulence among the people of Gujarat.

⁹⁶ The low price of sugar and the resulting lower profits, quite frequent in the 1770s, were attributed to its large supply to Surat and Bombay by other Europeans (VOC 3462, Directeur en Raad van Surat aan GG&R, 30 April 1776, ff. 40^r-41^r)

⁹⁷ VOC 3354, Directeur en Raad van Surat aan GG&R, 19 April 1772, ff. 24^r-25^r.

⁹⁸ In 1758, the Dutch Director at Surat, Louis Tallefert, received a gift of sweets from Kamaluddin, probably from the family of the Nawab of Surat, on the occasion of the circumcision of Kamaluddin's son (VOC 2967, Resoluties, Surat, Oct. 1758, not foliated)

⁹⁹ VOC 3728, Resoluties, Surat, 27 March 1786, 182-3.

¹⁰⁰ VOC 3238, Directeur en Raad van Surat aan GG&R, 15 Dec. 1767, ff. 26^v-27^r. The Hindu calendar does not exactly correspond with the Dutch financial year that ends on 31 August (*boekjaar*), and thus even a high sale of sugar in that year might not eliminate the possibility of such apprehensions at least in a part of the year.

What appears to have happened is that a large cluster of intermediate and subaltern groups began to consume or probably increased the consumption of sugar in the eighteenth century.¹⁰¹ As the last chapters have indicated, this was thanks to a rising standard of living due to increasing numbers of people having rather good and stable earnings in trade, manufacturing or the service sector. As the sugar trade was not restricted to the Dutch, but open to other European companies and a multitude of private traders, the volume of sugar imported into Gujarat was huge. Even though a part of sugar imported into Surat was relayed to regions like the Dekkan, Kachh, Sindh, Multan and Tibet, a large part of it was consumed in Gujarat itself. This was because the relatively prosperous intermediate and subaltern groups were driving the expanding demand for articles of mass consumption. The revisionists have put forth an optimistic view of the eighteenth-century political economy in some parts of the subcontinent, and their notion of a much broader distribution of resources as a consequence of political decentralization seems useful in explaining the growth in consumption of goods like sugar.

Dutch Exports from Gujarat

The sale of imported goods was not an end in itself, and the proceeds were intended to be invested in cotton and a variety of textiles produced in Gujarat for Asian and European markets. When sold in South-east and East Asia, these textiles generated large profits and enabled the Company to procure fine spices and other items of for European and Asian markets. Between 1671 and 1721, about 57 per cent of the textiles procured in Gujarat by the Dutch Company were exported to Europe while the remaining 43 per cent were meant for Asian markets. In the subsequent period, more than 60 per cent remained within Asia and a little less than 40 per cent were exported to Europe.¹⁰² As noted earlier, the Dutch had the most extensive inter-port trading network in Asia of all European traders, a fact that gave them economic efficiencies. Their monopsonistic control over the sources of fine spices, copper, and to a lesser extent sugar, gave them a tremendous cost advantage compared to all other European companies. As the net profit on textiles in Europe was in no way comparable to that of fine spices, a major part of Dutch export of Indian textiles was directed towards their Asian establishments in the eighteenth century.

From a modest start in the early 1620s, Dutch exports from Gujarat took off and by the late 1630s exceeded a million guilders.¹⁰³ Subsequently, the average annual exports from Gujarat fluctuated between

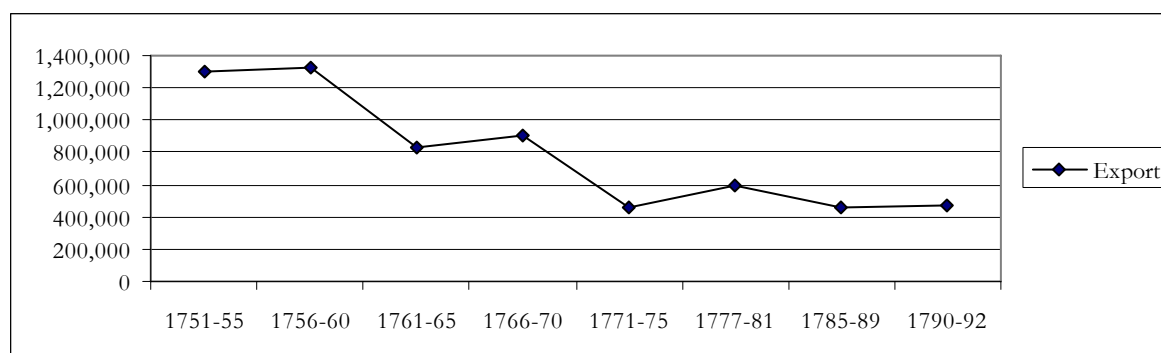
¹⁰¹ The intermediate and subaltern groups include people with modest means of livelihood such as salaried officials and servicemen as well as those who possessed higher managerial skills and rendered their services to the local governments, the European companies or to private entrepreneurs in various capacities like brokers, suppliers, revenue farmers, assistants, customs officials, local scribes and guards.

¹⁰² These calculations are based on the five-yearly average export figures of the Company as presented in Prakash, *European Commercial Enterprise*, 185, Table 5.2.

¹⁰³ In 1637-8, the Dutch exports amounted to f1,051,000 and it rose to f1,437,700 in 1638-9 (Van Santen, 'De Verenigde Oost Indische Compagnie', 29-34).

*f*700,000 and *f*1,200,000 until 1750.¹⁰⁴ Two major qualitative changes in the pattern of Dutch trade in Gujarat seem to have taken place in the seventeenth century. By the 1640s, indigo which comprised the largest proportion of exports destined almost exclusively to Europe, slowly lost its pre-eminent position and was replaced by a variety of textiles.¹⁰⁵ A sudden rise in the value of exports from Gujarat in 1637-8 and 1638-9 was thus a result of this change in the commodity composition of exports and a rise of textiles in proportion to other commodities by 56 and 52 per cent respectively.¹⁰⁶ The second change occurred from about 1660, when a fairly large amount of the Company's trade surpluses from Gujarat began to be transmitted in cash to some of its other establishments in Asia.¹⁰⁷ In the late 1690s and early 1700s, the average annual value of goods exported to Europe and Asia was unusually high, but it declined in the first half of the eighteenth century. From 1745 onward, Dutch exports from Gujarat again improved substantially. The average annual value of exports during the period 1751-70 was *f*1,087,828. Subsequently, it declined rather sharply—about 54 per cent—to an annual average of *f*498,858 between 1771 and 1792.

Figure 4.12 Five-yearly average annual value (in guilders) of the Company's exports from Gujarat, 1751-92



Source: Based on figures in Appendix 10.

Since the Company purchased export goods from the proceeds from sales, the value of its exports from Gujarat corresponded with that of its imports in the eighteenth century. The high value of exports in the 1750s and 1760s was the result of consistently high sale proceeds. In these years, the Company's average annual exports from Gujarat exceeded one million florins. This period represents the high point in the history of Dutch trade in Gujarat. Apart from the export of silver specie, the consistently high export figures were the result of an unprecedented increase in the value of goods consigned to Batavia for the Asian markets. A combination of factors seems to have helped the Dutch achieve this landmark. Firstly,

¹⁰⁴ Prakash, *European Commercial Enterprise*, 184-7.

¹⁰⁵ See Van Santen, 'De Verenigde Oost Indische Compagnie', 32-3, Table 1; Prakash, *Europeaan Commercial Enterprise*, 192-3.

¹⁰⁶ Van Santen, 'De Verenigde Oost Indische Compagnie', 32-3, Table 1.

¹⁰⁷ Prakash, *European Commercial Enterprise*, 184. In the 1670s and 1680s, funds in the form of silver rupees were remitted on a large scale, which pushed up the total value of exports from Gujarat during these years (*ibid.* 185, Table 5.2).

Surat's direct trade with China in the late 1740s and early 1750s opened up avenues for the export of raw cotton and other merchandise to China. Secondly, under Jan Schreuder's scheme Dutch participation in the flourishing freight trade to West Asia contributed enormously to this boom as this facilitated the acquisition of gold ducats and silver coins of different types in addition to merchandise. The gold coins were crucial for the purchase of pepper on the Malabar Coast. A third factor may also be found in the Dutch efforts during this period to reactivate their factory at Ahmadabad and to establish new trading outposts at Mandvi, Bassein and Dandarajapuri. Whereas their opening up of an outlet at Mandvi enabled them to dispose of part of their imports and procure cotton and other textiles, the other two factories to the south of Surat were viewed mainly as entry points to the Dekkan, which generated an enormous demand for sugar, copper and spices. In the subsequent period, a set of adverse circumstances negated most of the commercial advantages that accrued to the Company between 1750 and 1770.

However the Dutch had already suffered a major blow in its trade with West Asia in the 1720s. By the early 1750s, the Dutch were finding it difficult to carry on their trading activities in the Persian Gulf. The Afghan occupation of Persia, Nadir Shah's expeditions, and rebellions and factional fighting after Nadir Shah's death in 1747 caused dislocation in the trade of the Persian Gulf. Consequently, the Dutch presence at Bandar Abbas and Basra became an economic liability rather than a source of commercial advantage.¹⁰⁸ The diminished turnover of trade at both places, conflict with the local authorities at Basra, and the role of the English in this, convinced the Dutch authorities at Batavia and Amsterdam of the futility of a continued presence there.¹⁰⁹ Bandar Abbas was given up in 1759 and soon after that the Dutch left Basra as well. They did, however, find a haven at Kharg which, at least temporarily, promised some trade and security from extortions. But the political turmoil soon engulfed Kharg as well, compelling the Dutch to withdraw from there in 1766 and finally to abandon all trade relations with the Persian Gulf.¹¹⁰ The English had to face a similar situation but, for rather curious geopolitical reasons, they continued in the Gulf even though the insignificant commercial advantages did not warrant their staying there.¹¹¹ The loss of West Asian markets, formerly an invaluable source of trade surpluses and precious metals was a heavy blow to the Dutch commercial enterprise in the western Indian Ocean.

The participation of the Dutch in the unprofitable Red Sea trade had already stopped in 1755 when the *Heeren XVII* forbade sending ships to Mokha from either Batavia or any other establishment.¹¹² In part

¹⁰⁸ Willem Floor, 'The Decline of the Dutch East India Company in Bandar Abbas (1747-1759)', *Moyen Orient & Océan Indien*, 6 (1989); Ben Slot, 'At the Backdoor of the Levant: Anglo-Dutch Competition in the Persian Gulf, 1623-1766', in Alastair Hamilton (ed.), *Friends and Rivals in the East: Studies in Anglo-Dutch Relations in the Levant from the seventeenth to the early nineteenth century* (Leiden, 2000), 128-31.

¹⁰⁹ Slot, 'At the Backdoor', 130-1.

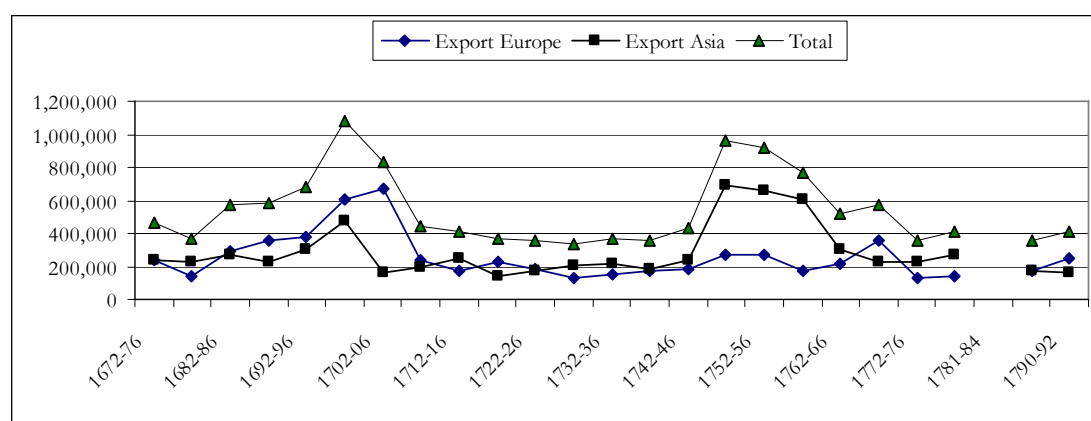
¹¹⁰ VOC 3179, Extracts of a letter from Narottamdas at Masqat to the Dutch broker Govindram Rudraram, 1 Jan. 1766, ff. 405r-406r; VOC 3179, Extracts of a letter from Nana Bhai and Basrurji to the Dutch broker Mancherji Khurshedji, 27 Feb. 1766, f. 413r-v; VOC 3207, C. L. Senff to Van der Parra, Surat, 30 Jan. 1767, f. 94r-v; Floor, 'The Decline of the Dutch East India', 62-3, 70-2; Slot, 'At the Backdoor', 130-1.

¹¹¹ For details see Alvin J. Cottrell et al. (eds.), *The Persian Gulf States: A General Survey* (Baltimore, 1980), 36-8.

¹¹² HRB 843, Beschrijving van Souratta, D. van Rheeden, 1758, pp. 40-1.

this was due to the fact that although the Dutch had previously invested about *f*300,000 to *f*400,000 every year in coffee at Mokha, their trade was being undermined by the growing production of coffee in Java under the Company's auspices.¹¹³ The Dutch supplied a considerable part of textiles and other merchandise to West Asia and the loss of these markets meant a reduction in exports from Gujarat.¹¹⁴ This in turn deprived Surat of precious metals, especially silver, which led to a scarcity of money and further complications. The results were strongly felt in the early 1760s when the English, apprehending an acute shortage of money due to large exports of treasure from Surat, began, with the connivance of the local authorities, to contemplate measures to prevent the Dutch from transferring funds to other establishments in Asia.¹¹⁵ This had a cumulative effect on the Company's activities elsewhere in Asia. In Bengal, for instance, when short of funds they were unable to procure good quality silk and cotton textiles for Japan. Poor sales in Japan affected their ability to procure copper for Indian markets.¹¹⁶ Thus, misfortune at one place could disturb the rhythm of the entire network of the Company's intra-Asian trade.

Figure 4.13 Five-yearly average annual value (in guilders) of the Company's exports from Gujarat, 1672-1792



Source: Based on figures in Appendix 11.

Fluctuations in the value of exports from Surat over the four decades between 1750 and 1792 look stunning. The steep fall in the Company's export value in the period 1771-92 should not be taken as an indicator of any deficiency in production or supply of cotton and textiles. If we take into account the actual export of merchandise from Gujarat, the change over a long period is not so spectacular. Excepting

¹¹³ Ibid., pp. 92-3.

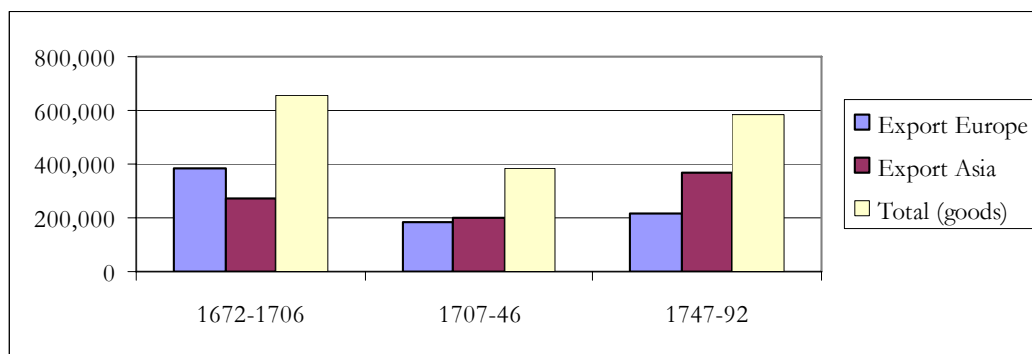
¹¹⁴ Around 1710, about one sixth of total Dutch exports from Surat went to Mokha alone (Jacobs, '*Koopman in Azië*', 92).

¹¹⁵ VOC 3065, Directeur en Raad van Surat aan GG&R, 22 Dec. 1761, pp. 170-4; VOC 3094, Directeur en Raad van Surat aan GG&R, 12 Jan. 1763, pp. 62-3.

¹¹⁶ As the low demand of cotton textiles in Japan and losses on Bengal silks have been attributed to the declining power of the Dutch in India (Yoko Nagazumi, 'From Company to Individual Company Servants: Dutch Trade in Eighteenth-century Japan', in Leonard Blussé and Femme Gastra (eds.), *On the Eighteenth Century as a Category of Asian History: Van Leur in Retrospect* (Aldershot, 1998), 156-7).

the unusually large exports during the last years of the seventeenth and early years of the eighteenth century (between 1696-7 and 1705-6) and again in the 1750s, the average annual exports remained rather stable throughout the eighteenth century. In the seventeenth and early eighteenth century, Europe had a larger share than Asia in the total export (of goods) of the Company from Gujarat. Thus their respective shares were about 57 and 43 per cent in the period 1672-1721. Subsequently, this position reversed, and more than 60 per cent of the Company's exports from Gujarat circulated within Asia, while Europe received less than 40 per cent. In terms of total investment in cotton, textiles and other merchandise, the average annual value in the last phase is less than the corresponding value in the first phase (1672-1706) by only about 10 per cent.

Figure 4.14 Average annual value (in guilders) of the Company's exports from Gujarat, 1672-1792



Source: Based on the figures in Appendix 11.

A considerable part of the Company's sale proceeds in Gujarat was remitted in cash to other establishments in Asia, such as Cochin, Ceylon, Bengal and Batavia. This was partly a measure to fund the procurement of spices in Ceylon and textiles in Bengal. As Jan Schreuder argued, trade surpluses from Surat could be more advantageously invested in export goods in Bengal.¹¹⁷ It seems that the demand for Gujarat textiles was also limited in Europe, where Bengal piece-goods fetched a higher profit than the variety from Gujarat. By the middle of the century, European markets were flooded with good quality textiles imported by the English Company. Under these circumstances, the Dutch authorities in Amsterdam had to control textile imports from the Indian subcontinent. Between 1741 and 1759, a number of articles (textiles) formerly exported from Gujarat to Europe disappeared from the annual invoice of goods to be bought in Surat.¹¹⁸ It was thus deemed more profitable to invest the surplus from Gujarat elsewhere in more profitable merchandise. During 1751-68, about 35 per cent of the total exports from Gujarat were in the form of silver rupees.

This is also evident from the fact that the average annual export of textiles from Gujarat remained rather modest even when the proceeds from sales were quite high. In 1759-60 and 1760-1, less than one-third (31.6 per cent) of total exports was in merchandise as against 68.4 per cent that was transmitted in

¹¹⁷ Jacobs, *Koopman in Azië*, 92-3.

¹¹⁸ VOC 3026, Resoluties, Surat, 4 March 1760, pp. 30-3.

cash. After 1770, as the sale proceeds diminished, the export of treasure was also reduced. It remained only marginal in the next twenty years when barring a few exceptions no large remittances were made from Gujarat. Raw cotton, cotton yarn, textiles of all kinds, especially cotton and cotton-silk mixed, comprised the largest proportion in the total export of merchandise to both destinations.

Methods of procurement: the Company and its *leveranciers*

Unlike the English brokers who took care of their Company's investments in export goods in Surat and elsewhere, the Dutch brokers were mainly concerned with the disposal of imported merchandise. For the procurement of cotton and textiles the Dutch Company availed itself of the services of suppliers. Known in the Company's records as *leveranciers*, they undertook to supply the Company with the required quantity of goods of the specified quality. In the eighteenth century, Dutch investments in export goods were looked after by two suppliers. In the middle of the century, the Parsi merchants of Surat, Rustamji and Ratanji served as suppliers to the Company.¹¹⁹ The duo and later their sons, Sorabji Rustamji and Harmuzji Ratanji respectively, contracted every year to supply different types of textiles per the orders received from Batavia and Amsterdam. Sometimes cotton, textiles, and other merchandise were also procured at the subordinate factories through the agency of local brokers.

On being informed of the Company's export requirements, the suppliers proposed to supply different types of textiles at certain prices. If agreeable to the Council, the investment was formalised in a written contract stipulating the quantity and quality of goods and a definite time frame within which they had to be delivered to the Company. The quality of the crops, the vulnerability of local transportation systems to political instability, and the demand for goods all determined the price of exports. The Dutch authorities at Surat quite successfully responded to the demands put before them by their superiors at Batavia and Holland throughout the period under study. The Company usually provided the suppliers with an initial advance in cash—usually Rs 100,000, about one fourth of the total investment. The balance was paid out after each instalment of goods was delivered.¹²⁰ The Dutch adopted measures depending upon the local circumstances in different parts of the subcontinent.¹²¹

¹¹⁹ This appears to be in sharp contrast to the practice in Bengal where the Company either entrusted this job to a number of merchants (*paikars/gumashtas*) severally contracting to supply goods to the Company, or by employing commission agents to invest a certain amount among weavers on behalf of the Company. The latter enjoyed a two per cent commission on the total value of transaction (Om Prakash, *The Dutch East India Company and the Economy of Bengal, 1630-1720* (Princeton, 1985), 102-7).

¹²⁰ VOC 3207, Duplicate of the contract between the Company and the suppliers, 19 Nov. 1767, ff. 50r-51v.

¹²¹ The *gumashta* or *dadani* system was not universally practiced in the subcontinent as has been suggested by Jacobs (Jacobs, *Koopman in Azië*, 74-5).

The Company had the least difficulty in dealing with the suppliers because throughout the period the latter consistently honoured the terms of the contract to the best of their ability.¹²² This seems quite remarkable at a time when the English were confronted with severe problems with their contractors who often failed to deliver the amount or quality goods ordered.¹²³ Unlike in Bengal where, Prakash has argued, the Dutch Company suffered from the problems of bad debts throughout the seventeenth and early eighteenth centuries, at Surat not a single instance of suppliers' indebtedness to the Company is discernible.¹²⁴ On the contrary, the Company was often indebted to the suppliers and had to come up with ways to pay them off.

European competition: growing challenges and the Company's response

In so far as production of export merchandise is concerned, there was no major structural change in the course of the eighteenth century. The Dutch Company was not the only one to face the hazards that befell Gujarat's supply potential. The poor performance of the Company in the last quarter of the century is not attributable to any incapacity of the regional economy in terms of either demand or supply.¹²⁵ It has been noted above that the fall in the turnover of Company's sales in Gujarat in the late eighteenth century does not testify to any actual decline in consumption except in the case of fine spices. In the 1750s, the Dutch were able to procure large quantities of cotton, yarn and textiles because the sale proceeds in these years were quite large and also because they could obtain a part of their requirements from Kachh and Nawanagar at prices lower than in Surat.¹²⁶

The strain on Surat's supply potential grew further by the middle of the century, when the procurement of textiles was fiercely contested by all European companies, private European traders and Asian merchants. From around 1760, the English Company enhanced its investments in export goods at

¹²² If there was any difficulty, the Company asked the brokers acting as witnesses to the contracts to negotiate on its behalf with the suppliers. As in 1758, Mancherji persuaded the suppliers to supply certain kinds of textiles that they were otherwise reluctant to deliver because of either their scarcity or their high price (VOC 2967, Directeur en Raad van Surat aan GG&R, 12 April 1759, p. 117).

¹²³ In the late 1780s and early 1790s, this escalated to such an extent that in the later decades of the century, the English had to impose a penalty on the Company's contractors in cases of failure to supply.

¹²⁴ Prakash, *Economy of Bengal*, 108-10.

¹²⁵ It has been noted above that the fall in the turn over of Company's sale in Gujarat does not testify to any actual decline in consumption except in the case of fine spices. As Chapter Three shows, there was no decline in the production potential of the region either. The severe competition among European companies and private European traders seems to have caused hardships for the Dutch company in Gujarat.

¹²⁶ In 1753, they procured 441 bales of cotton possibly for Batavia, 379 packs of textiles for Holland, and 404 bales of cotton for the Malabar trade (VOC 2842, Directeur en Raad van Surat aan GG&R, 16 Dec. 1753, pp. 103-4). The commissioner at Mandvi was further asked by Surat to procure 1,000 bales of new cotton for China as the price there was low—Rs 80 or f120 per candy compared to Rs 120 or f180 at Surat (*ibid.*, p. 104).

Surat and these grew after 1765 as their establishments at Bombay and Surat began to be provided with surplus funds from Bengal. This, coupled with an annual influx of merchants from West Asia eager to buy textiles, adversely affected the Dutch investments.¹²⁷ The merchants' readiness to buy whatever was available even at high prices greatly undermined the Dutch position at Surat and undermined their manoeuvrability to bargain for cheaper prices. The Company's strict compliance with the prescribed quality of the samples forced the Dutch authorities at Surat to reject whatever did not meet the required standard. At a time when merchants were pouncing upon anything available in the market, this turned to the advantage of the weavers or merchants who could sell the rejected stuff even at a better price to others.¹²⁸ The resident at Broach even proposed that the Dutch authorities in Gujarat should have the liberty to accept textiles for the Company even if they were a little inferior to the samples.¹²⁹

The most formidable challenge, however, came from the English whose growing investment potential was now backed by the political power necessary to ensure the procurement of cotton and textiles. They could use both persuasion and coercion to secure the quantity and quality of textiles required for European markets. Since the 1750s, their presence in Cambay, which provided a special kind of cloth known as *keesdar*, took away from the Dutch all possibility of procuring any textiles from there.¹³⁰ Dutch complaints about English highhandedness, to which they attributed their inability to acquire textiles, may not, however, be accepted on its face. The English were no less perturbed by the growing demand for textiles from customers other than the Dutch and the Portuguese.¹³¹ The real advantage of the English lay in their access to liquid money and on the spot manoeuvrability in purchasing textiles. The participation of English private merchants in the export of cotton to China and other places in South-east Asia under the patronage of their Company grew enormously in the late eighteenth century. Despite all Dutch efforts, to monopolise the export of silk and cotton textiles from Surat to Batavia, the Englishmen and many other Asian merchants could sneak in with a cargo of textiles to many of the Dutch strongholds.¹³² In the early 1770s, the English occupation of Broach augmented the problem of procurement, as the Dutch practically lost the advantages of having a factory there. The Maratha occupation of most of Surat's hinterland hindered the Company's trade in the interior.¹³³ The Anglo-Maratha wars subsequently caused further complications in the interior and obstructed the flow of goods to such an extent that in 1775 the Dutch

¹²⁷ VOC 3063, Directeur en Raad van Surat aan GG&R, 27 April 1762, pp. 79-80; VOC 3092, Directeur en Raad van Surat aan GG&R, 30 April 1763, p. 28.

¹²⁸ VOC 3122, *Copia Resolutie pro Patria* (Proceedings of the Council at Batavia), anno 1762, p. 23).

¹²⁹ Ibid.

¹³⁰ VOC 2863, Resoluties, Surat, 21 June 1754, pp. 84-6.

¹³¹ SFD, 1765-67, 18/II, Surat to Bombay, 18 Nov. 1766, pp. 206-7.

¹³² VOC 3026, Resoluties, Surat, 18 March 1760, pp. 62-3; VOC 3094, Directeur en Raad van Surat aan GG&R, 12 Jan. 1763, p. 68; VOC 3122, Directeur en Raad van Surat aan GG&R, 31 Jan. 1764, pp. 21-3; VOC 3179, Directeur en Raad van Surat aan GG&R, 10 April 1766, f. 300^{r-v}.

¹³³ The Dutch particularly suffered from this as the transportation of goods from Broach, Baroda, and Ahmadabad to Surat was hindered in 1772 (VOC 3354, Resoluties, Surat, 3 Feb. 1772, pp. 34-5; VOC 3899, Resoluties, Surat, 2 Nov. 1790, ff. 247^v-248^v).

suppliers demanded a 20 per cent increase in textile prices.¹³⁴ The trading enterprise of the Dutch was severely hit by the Fourth Anglo-Dutch war and the English takeover of their establishments in the subcontinent. At first, the Company at Surat lost about Rs 100,000 when the English removed from its warehouses all the merchandise that the Dutch had procured through the suppliers, and then it had to suspend all commercial activities for three years (1782-4).¹³⁵ By the time the Company resumed its activities in 1784-5, a new set of problems had arisen. The interior, now under joint Anglo-Maratha auspices, became increasingly inaccessible to them.¹³⁶ As one of the clauses of the peace between the English and Marathas stipulated that no European company would be allowed to have its factory at Broach, it was no longer possible for the Dutch to retain its factory there.¹³⁷

By 1790, the English were the largest exporters of cotton and textiles to different parts of the world. Whereas East India Company exported a large quantity of various textiles, mainly piece-goods to Europe, private English traders engaged in inter-port trade in Asia, especially China. There was a great demand for western-Indian cotton in China and the export of cotton to the latter place was deemed by European merchants as a convenient means of remitting money to Europe.¹³⁸ In 1789, under the English auspices alone, 30,000 bales of cotton—about 44 per cent of the total exports from Gujarat in that year—was exported to China.¹³⁹ For the English, this branch of trade was so crucial that in the same year the Bombay authorities reprimanded the Surat Council for the adverse consequences of an inferior consignment of cotton.¹⁴⁰ Chinese demand was such that conditions in China began to determine the price of cotton in Gujarat.¹⁴¹ Under such circumstances, ensuring a supply of cotton and textiles became a major concern of all the companies and merchants. The adverse consequences of a fierce competition among buyers of cotton and textiles were not, however, specific to the Dutch; others, notably the Portuguese and Armenians, suffered from the same problem. The Portuguese consistency in procuring

¹³⁴ With much difficulty the Dutch could persuade their suppliers to supply textiles manufactured at Broach, Baroda and their surroundings, at prices 18 per cent and those of Surat at 15 per cent higher than that of the year before. The suppliers' demand was based on the apprehension of rising prices as the workmen were driven out of their villages and trade stopped completely due to the war (VOC 3438, Resoluties, Surat, 14 Aug. 1775, pp. 229-31).

¹³⁵ VOC 3728, Resoluties, Surat, 16 March 1786, pp. 139-47.

¹³⁶ No Europeans apart from the English were allowed to unload goods in their territory except at the cost of confiscation (VOC 3670, Directeur en Raad van Surat aan GG&R, 16 Jan. 1785, ff. 54^v-55^r).

¹³⁷ VOC 3728, Resoluties, Surat, 22 Dec. 1785, pp. 16-17; VOC 3899, A. J. Sluijsken to the English Chief, John Griffith, Surat, 20 Nov. 1790, ff. 100^r-101^r.

¹³⁸ The English private merchants at Bombay offered money on bottomry at very low rates to merchants trading with China, where the sale proceeds were given to Danish, Swedish and many other merchants against bills (*assignatie*) drawn on Europe (VOC 3804, Directeur en Raad van Surat aan GG&R, 8 Jan. 1788, f. 42^{r-v}; VOC 3853, Directeur en Raad van Surat aan GG&R, 31 Dec. 1788, ff. 21^r-22^r).

¹³⁹ In 1789, the total production of cotton in Gujarat was estimated to be about 43,000 *candies*, or 86,000 *bales*, of which 34,000 *candies* (68,000 *bales*) were exported (BCP 49, Proceedings, Bombay, 11 Sept. 1789 (Report on cotton by John Griffith, Surat, 22 Aug. 1789, pp. 247-9).

¹⁴⁰ BCP 47, Bombay to Surat, 11 May 1789, pp. 65-8.

¹⁴¹ VOC 3853, Directeur en Raad van Surat aan GG&R, 19 Dec. 1789, ff. 67^v-68^v.

textiles on a large scale starting in the 1790s, compels us to explain the Dutch failure in terms of something other than a failing regional economy.

The Dutch activities in Gujarat were closely monitored by the High Government in Batavia and thus the Company's commercial performance at Surat was highly sensitive to the fate of the Dutch presence in Asia generally. A major structural change in the relationship between the home country and the Company in Asia seems to have occurred around the mid-eighteenth century, when the interference of the former in the affairs of the latter grew. After the War of Austrian Succession (1741-8), as George Winus and Markus Vink have argued, the 'tendency toward insulation between the two spheres seems to have evaporated completely'.¹⁴² The Company's policies in Asia began to be regulated and often dictated by the authorities in the Dutch Republic. In formulating policies to be pursued in Asia, the latter were primarily concerned with the implications of such policies for European continental politics. The Estates General constantly warned the Company not to take any measures in Asia which might disturb the peace in Europe. The message was then transmitted to individual establishments on the subcontinent to avoid involvement in politics, especially if they might provoke reactions from other European powers. Despite such efforts, the war between the Dutch Republic and England that broke out in 1780 had its fullest expression on the Indian subcontinent. The Dutch establishments at Surat, on the Coromandel Coast and Bengal were taken over by the English and their commercial activities remained suspended for about three years. This was a severe blow to the already attenuating commerce and finances of the Company. The shortage of funds pushed the Company more and more in the control of the home authorities who in turn tightened their grip over its affairs. Whereas for most of the late eighteenth century the Company was running at a loss in Malabar, Ceylon and Bengal, the relatively brief suspension of business at Surat and Coromandel, the two most promising establishments, threatened the Company's very existence. The Company faced severe financial crises and consequently the total investment in goods for many factories was substantially reduced in the post-war years.¹⁴³ Surat, however, performed comparatively better as after a decline in 1784-5, total investment registered a reasonable improvement (see Appendix 10).

Conclusion

Trade as a sum total of imports and exports is one of the fundamental indices of economic change. The above analysis of Dutch trade in Gujarat in the eighteenth century serves to explicate two major questions. First, what was the position of Dutch trade in Gujarat and what role did it play in the Company's intra-Asian trade? Second, what were the implications of this trade for the economy of Gujarat? The data presented in this chapter testifies to Gujarat's crucial importance in the Company's intra-Asian trading

¹⁴² George D. Winus and Markus P. M. Vink, *The Merchant-Warrior Pacified: The VOC and its Changing Political Economy in India* (New Delhi, 1991), 87.

¹⁴³ As it appears from the much reduced gross profits from Coromandel and Bengal in the post-war years (Winus and Vink, *Merchant-Warrior Pacified* (Appendix: tables 4 and 5), 180, 183-4)

network. This was the only place in South Asia where the Company did not import bullion because of the large demand for fine spices, pepper, sugar and copper. The value of imports sold by the Company was often much higher than the value of exports purchased there, and the resulting surplus was remitted to its other establishments. Until 1770, this 'goods for goods and bullion' pattern of trade was a prominent feature of Dutch trade in Gujarat. In terms of total value of trade, the Company experienced alternate phases of boom and slump in the eighteenth century. No perpetual downward trend is discernible. The high value of trade in Gujarat during this period may be attributed to the vibrant market economy of the region which was not dominated by any single political entity.

The changing volume and value of Dutch trade had some implications for output, income and employment in the economy of Gujarat. The above analysis demonstrates that the economy possessed potential for growth and responded well to the increased demand for cotton and textiles. The Company's large-scale exports, amounting to an annual average value of *f*750,249 during 1747-71, must have generated enormous employment and income to the people involved in the textiles industry. Together with the job opportunities offered by the Company to sailors, artisans and labourers discussed in chapter two, this injected a large amount of money in the economy of the region. This contributed to the consumption propensity of the people which continued to be high and even increased in the second half of the eighteenth century.