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

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## CHAPTER FIVE

### THE GUJARAT ECONOMY: DECLINE OR GROWTH?

#### Introduction

The preceding chapter has shown that the demand for cotton and textiles of Gujarat grew during the second half of the eighteenth century. It has also demonstrated that the imports of sugar and copper and some other merchandise grew during this period. A sustained growth in the region's imports and the accelerated demand for its products entail an enquiry into the region's production and consumption potential. In this chapter, I propose to evaluate the conditions that helped Gujarat respond to the rhythms of Euro-Asian trade in the so-called age of economic decline. An evaluation of the extent of agricultural and craft production and of the region's consumption potential will help us understand the dynamics of the economy and elucidate the degree to which producers expanded production to accommodate the large-scale demand for their products. In the following pages, I have analysed the scattered evidence for European demand for cotton and textiles to understand the region's potential for economic growth.<sup>1</sup>

#### Antecedent Circumstances

Gujarat possessed physical features that went along to make it commercially the most important region in western India. Gujarat obtained prominence in Indian Ocean commerce by putting on the market a number of commodities that were in great demand in Europe and elsewhere in Asia. Initially indigo but later on a variety of coarse and fine textiles, raw cotton and cotton-yarn attracted a voluminous oceanic trade. The supply of these commodities depended on agricultural production since they were obtained by processing indigo leaves and raw cotton. Indigo and cotton were by far the most important commercial crops and they were extensively grown in different parts of Gujarat.<sup>2</sup> The soil, climate, rainfall and many other factors favoured cultivation of these crops in various parts of central and southern Gujarat. The tract of land between Ahmadabad and the southern fringes of the *sarkar* of Surat, which included major production centres like Sarkhej, Baroda, Jambusar, Broach, Navsari and Gandevi, had black and sandy

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<sup>1</sup> Growth or decline is a relative term which has been used here to delineate changes in economic processes in Gujarat in the eighteenth century. As these terms are usually expressed with reference to different time periods, different places or different agencies, in this book I have used them to compare the features of Gujarat's political economy in the second half of the eighteenth century with those of the seventeenth and early eighteenth centuries.

<sup>2</sup> For indigo cultivation and processing in Gujarat, see Ghulam Ahmad Nadri, 'Indigo Industry and Trade in Gujarat in the Seventeenth Century' (M. Phil. Diss., Aligarh Muslim University, 1996).

soil most suitable for cotton and indigo cultivation.<sup>3</sup> At various places on the Kathiawar peninsula and in Kachh the soil was suitable for cotton cultivation. The production base for an extensive trade was not confined to Gujarat alone; it extended over other adjoining regions which complemented the supply potential of Gujarat. Regions like Sind, Lahore and Multan in the northwest, Delhi and Agra in the north-east, Malwa, and parts of the central and southern peninsula, roughly comprising the Dekkan, were in many respects integral to the economy of Gujarat. These regions not only supplied export goods to Gujarat but also had a considerable share in what was imported to Surat. Some scholars attribute this aspect of these regions' commercial integration and the remarkable consistency with which the flow of exchange was maintained to the stable political economy of the Mughal Empire.<sup>4</sup>

Another factor was, of course, the coming of the north European trading companies in the early years of the seventeenth century. The Europeans' large demand for indigo and textiles certainly stimulated production and accelerated the process of exchange. In his analysis of the impact of European demand on textile production in Bengal, Om Prakash concludes that the Dutch company's substantial exports led to an expansion in the total output and income in the economy' and generated large employment opportunities.<sup>5</sup> This has some validity for other parts of western India as well. The supply sector responded quite well to the rising external and internal demand for merchandise. Thus in seventeenth-century Gujarat, trade and manufacture increased on an unprecedented scale. As the terms of trade favoured Gujarat, it received a large amount of precious metals, especially silver, in exchange for its merchandise. The influx of silver was crucial for the maintenance of the Mughals' standardised monetary system. The tri-metallic currency system and the credit and exchange networks contributed immensely to the expansion of commercial activities.<sup>6</sup> There was, therefore, a convenient convergence of all these factors and circumstances that rendered the atmosphere highly conducive for trade and production.

In the early eighteenth century, the political economy of a large part of South and West Asia went through a crisis period. The province of Gujarat had been exposed to Maratha political ambitions from the 1660s, when Surat was twice sacked and plundered by Shivaji. In the 1720s and 1730s, the local governors and other Mughal nobles pounced on mercantile property. The eyewitnesses, Itimad Ali Khan and Ali Mohammad Khan, have left detailed accounts of official extortions and the plight of merchants ('*tujjar*') and bankers ('*sarrafan*').<sup>7</sup> According to the latter, extortion was conducted with such severity that a city like Ahmadabad, formerly known as '*ẓinat-ul bilad*' (beauty of cities) due to its manufacture and

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<sup>3</sup> Dr. Hove noticed black and light sandy soil in many villages of Broach where cotton was grown. He mentions that the black soil was suitable for yellow cotton and sandy soil for red cotton (Home Misc. 374, Extracts from Dr. Hove's Journal, 1787, p. 611).

<sup>4</sup> Gupta, *Indian Merchants*; Habib, 'Non-Agricultural Production: Mughal India', 268.

<sup>5</sup> Prakash, *Dutch East India Company*, 234-48; idem, 'Bullion for Goods: International Trade and the Economy of Early Eighteenth Century Bengal', *IESHR* 13/2 (1976); idem, 'On Estimating the Employment Implications of European Trade for the Eighteenth Century Bengal Textiles Industry: A Reply', *MAS* 27/2 (1993), 342-7.

<sup>6</sup> Habib, 'Banking in Mughal India'; Prakash, 'Sarrafis, Financial Intermediation and Credit Network'.

<sup>7</sup> *Mirat-ul Haqiq*, 330b, 334b, 346a, 348b, 349a-b, 353a, 355b, 422a-b, 439a, 443b; *Mirat-i Ahmadi*, II, 89-91, 136, 194, 477, 485.

trade, was stripped of much of its wealth and prosperity and became like a bird without feather (*'murgh-i be par-o bal'*).<sup>8</sup> Things were no different in Surat, where mercantile property was equally susceptible to extortion by local political factions. In the early 1730s, at least two prominent merchants, Mulla Muhammad Ali and Ahmad Chalebi, became victims of power politics in Surat and lost their lives and family fortunes.<sup>9</sup>

After the economy of Gujarat suffered a severe setback in the second quarter of the eighteenth century, production and commerce revived rather quickly. Agriculture and craft production resumed, trade communication with the interior was mostly restored and merchants and the European companies were again active on different routes. Despite unfavourable circumstances, Surat retained pride of place in South Asia till the end of the century.<sup>10</sup> The strength of the mercantile community of Surat in the middle of the century was impressive. In 1750, there were about two hundred affluent merchants who together possessed a capital of Rs 8,742,000 as recorded by Jan Schreuder (1740-50) in his memoir.<sup>11</sup> This aggregate, if compared with the estimates of wealth possessed by some individual merchants of Surat in the seventeenth and early eighteenth centuries, certainly represents a reduction.<sup>12</sup>

#### Mid-century economic recovery

Once the Marathas established their control over Gujarat after their occupation of Ahmadabad and its *mahals* in the early 1750s, a phase of economic recovery ensued in the region. On the initiative of the Maratha *Peshwa* Balaji Baji Rao, known in common parlance as Nana Saheb, peace was ensured in the region. The industrious craftsmen and producers who had formerly deserted the city were induced to return.<sup>13</sup> The restoration of productive processes was also facilitated by the emigrants' desperation to return to Ahmadabad since nowhere else could they find a climate as suitable for the production of certain types of cloth as in that city.<sup>14</sup> Much to the wonder of contemporaries, this tendency of Gujarati

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<sup>8</sup> *Mirat-i Ahmadi*, II, 91.

<sup>9</sup> Ibid. 154-5, 168-9, 176; Nadri, 'Merchants in Late Mughal Gujarat', 382-4.

<sup>10</sup> As the data presented in this book show, Bombay's dominant position in Indian Ocean commerce cannot be located until very late in the eighteenth century. This goes against the view that locates the demise of Surat and its eclipse by the new English dominated port of Bombay in the late seventeenth and early eighteenth centuries (Ruby Maloni, 'Surat to Bombay: Transfer of Commercial Power', *Itinerario* 26/1 (2002)).

<sup>11</sup> HRB 838, *Memorie van Overgave*, Jan Schreuder, Surat, 1750, pp. 23-32.

<sup>12</sup> Formerly, some individual Surat merchants possessed capital almost equal to the total amount of capital available at Surat in mid-eighteenth century. In the seventeenth century, Virji Vora owned a capital of over 8 million rupees (EFI 1661-64, 308; *Indian Travels of Thevenot and Careri*, ed. Surendranath Sen (New Delhi, 1949), 22). In the early eighteenth century, Abdul Ghafur possessed a capital of about 8.5 million rupees (*Mirat-i Ahmadi*, II, 4-5).

<sup>13</sup> 'In the second quarter of the eighteenth century, Surat became a substantial industrial centre because of the influx of skilled workmen and artisans from Ahmadabad' (Chaudhuri, 'Some Reflections on the Town and Country', 92).

<sup>14</sup> *Mirat-i Ahmadi*, II, 240, 462.

merchants and artisans to return to their respective cities and places contributed to the revival of the economy and trade.

The *Peshma*'s deputy at Ahmadabad, Shankarji Pandit, persuaded the Dutch authorities to re-establish their factory there. Anticipating good prospects of trade and industry, starting in 1754 Dutch factors at Ahmadabad were actively selling their imports and procuring return goods for Batavia and Europe.<sup>15</sup> At the same time, however, Surat itself was in the grip of a grave crisis caused by factional fights for the coveted post of *mutasaddi* (governor). Some merchants and manufacturers, therefore, returned to Ahmadabad in the early 1750s.<sup>16</sup> The Dutch venture was, however, not very successful this time; soon it ceased to fulfil the intended purposes and was practically given up.

Having sustained severe plunder and economic destruction at the hands of the Marathas in the 1720s, Cambay regained its commercial vitality in the second half of the century.<sup>17</sup> The textile industry flourished again as the demand for its products was consistently strong and emigrant-manufacturers from Ahmadabad and other places appear to have added to its production potential. The English maintained a factory there mainly for the purchase of textiles especially *kesdar*. The Dutch envied the benefits the English reaped by having a factory at Cambay and also sometimes procured some textiles from there through their brokers.<sup>18</sup> Cambay was also an important—and perhaps the only local—source of coral, an article much in demand in Europe, and the English Company and private merchants annually sent large quantities to England.<sup>19</sup> Since this also constituted a part of the return cargo of the Dutch Company from Gujarat, there was a degree of competition that sometimes pushed up the price.<sup>20</sup> Cambay's thriving industry and commerce in the middle of the century was so tempting that the Dutch authorities at Surat in fact proposed setting up a factory there.<sup>21</sup>

The *parganas* in the vicinity of Cambay produced indigo. Although it was no longer a major export to Europe by the late seventeenth century, a small market for it remained there and it was also in demand in the markets of West Asia.<sup>22</sup> The English continued to purchase a quantity of this article for export and

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<sup>15</sup> VOC 2863, Resoluties, Surat, 7 Sept. 1754, pp. 114-15.

<sup>16</sup> Ibid.

<sup>17</sup> In 1725, the Marathas plundered the city of Cambay, collected about Rs. 100,000 and burnt numerous villages in its vicinity (*Mirat-ul Haqiq*, ff. 329<sup>b</sup>, 331<sup>b</sup>, 335<sup>a-b</sup>).

<sup>18</sup> In 1754, for instance, the Company procured through brokers 4,800 pieces of textiles from Cambay (VOC 2863, Resoluties, Surat, 21 June 1754, pp. 84-6).

<sup>19</sup> VOC 2786, Directeur en Raad van Surat aan GG&R, 30 April 1751, p. 1012.

<sup>20</sup> In 1751, the Dutch bought it at the price of Rs 146 and 150 the first sort and the second sort at Rs 130 and 140 the *man* of Surat. The high price was attributed to the English who having a factory at Cambay could, to a large extent, monopolize its supplies (ibid.).

<sup>21</sup> VOC 2863, Resoluties, Surat, 21 June 1754, p. 86; VOC 2865, Directeur en Raad van Surat aan GG&R, 4 Jan. 1755, pp. 64-5.

<sup>22</sup> Indigo is listed among the articles imported at different ports of the Persian Gulf and the Red Sea in the eighteenth century (BCP 51, Report on the Commerce of Persia and Arabia, Bombay, 25 Feb. 1791, pp. 77-148). Since Gujarat was a major producer of indigo, it may be construed that a quantity of this commodity was supplied to these ports by Asian and European merchants.

even took measures to expand the production base by encouraging indigo cultivation in their other presidencies.<sup>23</sup> At first, the English authorities at Surat commissioned enquiries into the practice of indigo cultivation and manufacture practised in Cambay. In 1763, as the next step, the Surat chief asked the Company's resident at Cambay, William Bowyear, to obtain a quantity of the best seed for the purposes of cultivation and production elsewhere.<sup>24</sup>

There appears to have been a great upsurge in the demand for indigo in the 1780s and 1790s which forced the English to introduce its cultivation at different places under their presidencies. This was because the supply of West Indian indigo was severely affected by the loss of trans-Atlantic English colonies. Since Cambay remained a major source of indigo in the late eighteenth century, the English tried to obtain large quantities of Cambay indigo seeds for growing the plant elsewhere.<sup>25</sup> Cambay's production potential suffered heavily in 1790-91 when a dreadful plague ravaged some parts of Gujarat. Like Surat, which lost about a third of its population in the calamity, Cambay also witnessed large-scale mortality. The resulting death and out migration of weavers and artisans, among others, adversely affected textile production.<sup>26</sup> The English attempt to encourage indigo cultivation elsewhere may be interpreted as a measure to diversify its production so that, if one part was affected, other sources would remain intact. A number of artisans and merchants also deserted Cambay for Surat or Bombay because the local administration, as the English alleged, was oppressive.<sup>27</sup>

Although the European companies contracted for most of their export requirements with their suppliers at Surat, Cambay in fact contributed a considerable proportion of the procurements. The contracting brokers at Surat had agents at Cambay to ensure that they got the required quantity and quality of textiles. In the last decade of the century, it contributed textiles worth Rs 100,000 per annum to the English procurements alone.<sup>28</sup> Keeping in mind that the Dutch and a number of other merchants also purchased Cambay textiles, the total production was presumably large. In 1798, the English took control of Cambay and made all efforts to expand the industry there by inducing those artisans and manufacturers who had previously emigrated to Surat or Bombay to return to Cambay, and by inviting

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<sup>23</sup> SFD 15/I (1759-61), Proceedings, Surat, 27 Jan. 1760, p. 34.

<sup>24</sup> SFD 16/II (1761-63), Cambay to Surat, 21 April 1763, pp. 485-6; *ibid.*, 4 May 1763, pp. 495-6.

<sup>25</sup> In 1789, the English resident at Cambay was advised to obtain the best indigo seeds and the knowledge of cultivation and processing to be experimented elsewhere (BCP 49, Bombay to London, 1 Jan. 1789, p. 40). In 1793, again the resident was asked to procure as much indigo seed as available at Jambusar, Petlad, or in the vicinity of Cambay (FRS 71, Surat to Cambay, 17 May 1793, p. 134). Consequently, Surat dispatched 428 *man* (of 37.6 pounds avoirdupois) indigo seed, which was the remainder, to Madras (FRS 71, Surat to Bombay, 23 Aug. 1793, p. 201). In 1797, the Bombay presidency was advised by the Court of Directors in London to encourage its cultivation on the island of Salset (Board's Collection 57, Letter no. 21, London to Bombay, 18 Feb. 1797, not foliated).

<sup>26</sup> FRS 73, Proceedings, Surat, 14 March 1795, pp. 118-21; BCP 55, Surat to Bombay, 25 March 1795, pp. 200-3; BCP 55, Surat to Bombay, 23 June 1795, pp. 461, 464,

<sup>27</sup> FRS 77, Cambay to Surat, 19 Jan. 1798, pp. 41-5.

<sup>28</sup> BCP 55, Surat to Bombay, 23 June 1795, pp. 464-5; FRS 77, Cambay to Surat, 19 Jan. 1798, pp. 41-5.

others to settle there for the first time.<sup>29</sup> They assured weavers and manufacturers protection from oppression and ill treatment at the hands of contractors and sub-contractors. Since a variety of textiles from Cambay was in demand in Europe and as the English Company's investment in Gujarat had gone up to about a million rupees, it was worth its while to deploy every means to expand its textile industry.

Broach was the most important region in the whole of Gujarat for the production of the best quality cotton and a variety of textiles.<sup>30</sup> Whereas Broach itself was known for a variety of dyed cloth, several villages in its vicinity and the *parganas* of Jambusar and Amod produced the best cotton in Gujarat. During the period under review, the largest proportion of cotton exported from Surat to Bengal and China came from this region. According to an estimate made in 1789, this region produced about 48,000 bales of which more than three-fourths were exported.<sup>31</sup> Except under unfavourable circumstances, when crops failed due either to too much or too little rainfall, the region catered to the large European demand as well as the Asian appetite for cotton and textiles throughout the second half of the eighteenth century. From the records of both the Dutch and English companies it is evident that on account of its fineness, a large part of cotton exports from Gujarat was of that variety. Other European companies also procured a variety of textiles from Broach for export. Until 1772, a portion of the textiles exported by the Dutch from Gujarat was procured through its factory at Broach. The English Company and Portuguese merchants in fact competed with each other to procure textiles from this region. In 1798, several merchants were listed as advancing money to weavers and buying piece-goods for Portuguese merchants.<sup>32</sup> The evidence of merchants competing with each other for the procurement of Broach textiles seem to contradict the impression some scholars have gathered on the basis of indigenous sources, that a lack of demand for *calico* and 'the fast deteriorating economy of Broach' forced the Parsi community to look for alternatives and caused their migration *en masse* to Bombay.<sup>33</sup> In the late 1790s, the industry expanded further as the English Company attempted to harness the potential of this region by encouraging weavers to produce a wide range of varieties of textiles to satisfy the English demand.<sup>34</sup>

Bhavanagar emerged in the eighteenth century as a major centre for the production of cotton and textiles. Although the quality of cotton was not as good as that of Broach, Bhavanagar cotton was important as it complemented the supply potential of Gujarat. About 90 per cent of its total produce, which in 1789 was estimated to be 28,000 bales, was exported. Located on the western shores of the Gulf of Cambay, Bhavanagar became a major recipient of European imports arriving at Surat. Since this region

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<sup>29</sup> FRS 77, Cambay to Surat, 19 Jan. 1798, pp. 41-5.

<sup>30</sup> Alexander Hamilton noted that the country around the city of Broach produced the best cotton in the world (Alexander Hamilton, *A New Account of the East Indies: being the Observations and Remarks of Capt. Alexander Hamilton from the year 1688-1723*, I (New Delhi, 1995), 144).

<sup>31</sup> BCP 49, Proceedings, Bombay, 11 Sept. 1789 (Report on cotton by John Griffith, Surat, 22 Aug. 1789), pp. 247-50.

<sup>32</sup> BCP 61, Proceedings, Bombay, 25 May 1798 (Surat to Broach, 30 April 1798 and Broach to Surat, 4 May 1798), pp. 428-31.

<sup>33</sup> Dilbagh Singh and Ashok B. Rajshirke, 'The Merchants Communities in Surat: Trade, Trade Practices and Institutions in the Late Eighteenth Century', in Banga, *Ports and their Hinterlands*, 186-7.

<sup>34</sup> FRS 77, Broach to Surat, 20 Jan. 1798, 55-8.

provided access to the Kathiawar Peninsula and the northern subcontinent as far as Tibet, Surat merchants preferred to use this route for sending their merchandise to different markets in western Gujarat and further to the north and northwest. About 1760, the local chief sought English assistance in his fight against local rivals. In return, the chief surrendered half the port's customs revenue to the English who farmed out their share to the highest bidder every year. We do not know how much import or export duty was collected there. From the amount farmed out, it is evident that in some years the turnover of trade was rather high. During 1777-81, the half of the customs revenue of Bhavanagar farmed out averaged about Rs 11,000 annually (see appendix 1). If calculated at the rate of 2.5 per cent customs, the total value of goods transacted through this port in a year would amount to about Rs 220,000. But the amount for which the revenue was annually farmed is the money paid to the Company, so the actual collection of duties by the farmer must have been usually higher still.

In western Gujarat, the Gulf of Kachh littoral was politically dominated by the powerful chieftaincies of Kachh and Navanagar. To some Mughal chroniclers and many other contemporaries, Kachh was known as a place where the best horses were bred in South Asia<sup>35</sup> and Navanagar as a major pearl fishery. Both *aspan-i Kachhi* (Kachhi horses) and *marwarid-i Navanagri* (pearl of Navanagar) were important items of trade. In the eighteenth century, both principalities were recognized by the Europeans as prominent centres of cotton and textile production.<sup>36</sup> In their endeavour to explore markets for their imports and a possible source of cotton and textiles, in 1751 the Dutch established an outlet at Mandvi, a port-town in the territory of Kachh. From there, they also reached the southern shores of the Gulf of Kachh and tapped the rich productive resources of Navanagar. They not only sold a part of their imports there in the following years but also obtained some cotton and textiles.<sup>37</sup> Although the Dutch venture in the Gulf of Kachh ended abruptly in 1758, the region nevertheless remained a source of cotton and a variety of textiles in the subsequent period.

Surat remained, of course, the most important centre of textile production and its industry provided the largest proportion of textiles exported by the European companies from Gujarat. Surat's manufacturing sector expanded rapidly in the 1730s and 1740s as a number of artisans and manufacturers moved from the interior to Surat which then enjoyed relative peace and stability. As the European companies withdrew from the interior, they came to depend for a large part of their exports on the city's manufacture. As noted before in chapter two, with a large population and a large number of looms Surat became the mainstay of Gujarat's textile industry in the second half of the eighteenth century.

A glance at some major production areas of Gujarat thus reveals that these regions continued to possess an enormous production and trade potential. The practitioners of commerce knew quite well that Gujarat had the potential to recuperate quickly once peace was restored in the region. Economic

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<sup>35</sup> *Khulasat-ut Tawarikh*, 58.

<sup>36</sup> Hamilton, *New Account of the East Indies*, 1, 130.

<sup>37</sup> I have discussed in detail the economic potential of the Gulf of Kachh in my paper 'Exploring the Gulf of Kachh in the Second Half of the Eighteenth Century: the Dutch East India Company and the Regional Economy' (To be published in *JESHO* 2007).



dislocation due to political disturbances or natural disasters was nothing new for Gujarat. In the preceding century, it had suffered several such calamities but its economy had recovered quickly afterwards.<sup>38</sup> The early eighteenth-century crises were likewise ephemeral. With the Maratha occupation of Ahmadabad and Baroda, once the uncertainty regarding the political control of Gujarat was over peace and prosperity returned to the region quickly. The economic and social consequences of warfare in early-modern South Asia have so far not been fully examined. While there is no doubt that warfare entailed increased taxation and borrowing and led to the loss of manpower and material, it is also true that the recruitment of large numbers of people into the armies may also have been a means of injecting wealth into towns and villages.<sup>39</sup> The Marathas were, after all, concerned with the material prosperity of the region under their control, and they are known to have made efforts to ensure safety and security of mercantile property.<sup>40</sup> Scholars like Frank Perlin and Stewart Gordon have also underscored the economic growth in terms of an improved agriculture and increased monetization, especially the dominance of copper coins, in the Maratha heartland.<sup>41</sup> In our sources, the shortage in the supply of exports has not been attributed to any decline in production due to political disturbances. There were certainly occasional scarcities of cotton and textiles that pushed up the prices but they were caused either by scanty or excessive rainfall.<sup>42</sup> It did not take too long, therefore, after the slump of the 1720s and 1730s, for hectic economic activities to resume in Gujarat in the late 1740s. As discussed in the preceding chapter, the Dutch procurement of textiles in the late 1740s and 1750s was substantial especially because their exports to Batavia in those years were fairly large. The average annual value of the Company's exports, overwhelmingly consisting of textiles, was f886,322 between 1746-7 and 1760-1.<sup>43</sup>

### Structure of demand and supply

The following section offers an evaluation of the volume of demand for various products and tries to identify whether there was any growth in production and trade in Gujarat in the second half of the eighteenth century. If the data presented in this chapter indicates a growth in the demand for export

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<sup>38</sup> The great famine of 1630-1 was perhaps the worst ever natural calamity to befall Gujarat (*Mirat-i Ahmadi*, I, 205-6). Surat was sacked twice (in 1666 and 1670) by the Marathas under Shivaji when it lost an enormous amount of its mercantile wealth, but soon after it recovered completely.

<sup>39</sup> Perlin, *Unbroken Landscape*, 76.

<sup>40</sup> This is evident from the fact that Damaji Gaikwar instructed his soldiers in 1752 not to exact anything illegally from anyone (*Mirat-i Ahmadi*, II, 220-1).

<sup>41</sup> Perlin, *Unbroken Landscape*; Stewart Gordon, 'Burhanpur: entrepot and hinterland, 1650-1750', *IESHR* 25/4 (1988), 435-42.

<sup>42</sup> As happened in 1752-3 when rains failed and cotton crops shriveled on the field leading to a sharp fall in total productivity of the region. Thus, whereas Surat and Broach normally produced about 15,000 to 16,000 bales of cotton, in 1752 the total production was expected to be about 4,500 bales (VOC 2786, Directeur en Raad van Surat aan GG&R, 30 April 1751, pp. 1025-6).

<sup>43</sup> See Appendix 10 (Dutch Exports from Surat).

merchandise and a corresponding rise in their supplies, it may then be argued that Gujarat experienced economic growth during this period. An expansion in the volume of goods produced in any economy implied economic growth. But if accompanied by a corresponding rise in the income of the producers, the increase in GDP would intensify commercial exchange in the economy. This would have been possible only when the producers retained relative freedom and the right to enjoy the reward of their labour. As we have seen before, the relative position of artisans and manufacturers in the political economy remained unaltered even in the late eighteenth century. In Bengal, on the contrary, a much larger production in the late eighteenth and early nineteenth centuries than ever before did not lead to any rise in the producers' income because labour had lost its autonomy and the freedom to avail itself of the benefits of increased production.<sup>44</sup>

#### i) Agricultural products: food grain

The agricultural economy of a large part of Gujarat was highly commercialized from the sixteenth century onward. The region produced a variety of produce ranging from ordinary grain to superior cash crops. The economy of Gujarat was self-sufficient in food-grain and a large part of its essential requirement for consumption was produced locally. It produced all types of grain, particularly *bajra* (millet) which was the staple Gujarati food.<sup>45</sup> To sustain the growing urban population in its numerous port towns and cities, the production of a variety of crops was essential. Apart from coarse crops like *bajra*, *juwar*, *batty*, *erindy codra*, *moth*, *nagli* and many others, some high-value crops were also grown. Wheat was grown at many places, but mainly in Sorath in the Kathiawar peninsula, and was probably exported from Gujarat to other areas.<sup>46</sup> Rice appears to be a late entry into the crop list of this region but production of good quality rice around the mid-eighteenth century has been reported.<sup>47</sup> Like wheat, rice was a high-value crop grown mainly for commercial purposes. The Dutch authorities in Surat were sometimes asked to supply wheat to Batavia or its other factories in Asia.<sup>48</sup> Rice, wheat, *mung* and many other grains and

<sup>44</sup> See Om Prakash, 'Trade and Politics in Eighteenth-Century Bengal', in Blussé and Gaastra (eds.), *On the Eighteenth Century as a Category of Asian History*, 249-51, 257.

<sup>45</sup> *Mirat-i Ahmadi*, I, 14. Alexander Hamilton mentions *khicheri*, a mixture of *dal* (lentil) and rice, as the common food of the region (Hamilton, *New Account of the East Indies*, I, 161). Stavorinus notes that *nilly* or *juari* 'serves here almost universally for the food of the natives' (Stavorinus, *Voyages to the East Indies*, II, 455 (385)).

<sup>46</sup> *Mirat-i Ahmadi*, I, 178; Stavorinus, *Voyages to the East Indies*, II, 455 (385).

<sup>47</sup> Wheat grown in Sorath was of a high quality (*Mirat-i Ahmadi*, I, 14). Its production is reported in different *parganas* of Surat (FRS 59, Proceedings, Surat, 19 May 1781, pp. 90-9).

<sup>48</sup> In 1752, they bought 93 *lasts* of wheat at Rs. 100 per *last* and exported 15 *lasts* to Ceylon, 10 to Malabar and the remainder together with 3 *lasts* already in store (a total of 71 *lasts*) to Batavia (VOC 2803, Directeur en Raad van Surat aan GG&R, 11 April 1752, pp. 59-60). In 1755, they exported 25 *lasts* of good quality white wheat to Malacca (VOC 2863, Directeur en Raad van Surat aan GG&R, 22 May 1755, p. 296).

pulses were items of trade and were exported mainly to West Asia which was deficient in producing these crops especially during droughts when merchants profited handsomely from exporting to these places.<sup>49</sup>

Tobacco cultivation is reported from different *parganas* of Surat in 1781.<sup>50</sup> Sugarcane was another cash crop produced in many *parganas* to the south of Surat. Gujarat did not produce fine sugar and depended on imports from Bengal. Some coarse brown sugar (*jagersuijker*, or jaggery) was, however, produced in the *parganas* of Gandevi, Navsari, and some others in the vicinity of Surat. Some was also brought to Surat from nearby areas such as Bassein, but mostly from Nasik which produced the best molasses in the region.<sup>51</sup>

## ii) Commercial crops: indigo and cotton

Other major cash crops like cotton and indigo, occupied a large proportion of the cultivable land. From the point of view of commerce, it was the region's ability to produce a large quantity of cotton and a variety of textiles that contributed to its central place in intra-Asian and Euro-Asian trade in the seventeenth and eighteenth centuries. By the second half of the seventeenth century, indigo had lost its pre-eminence as an Asian export to Europe, but a variety of textiles gradually took over this position and remained the most prominent export merchandise until the English industrial revolution altogether altered the nature and structure of Euro-Asian trade in the early nineteenth century.

As argued before, the Maratha factor was only initially debilitating to the agrarian economy of Gujarat. Unfortunately, we have no revenue figures for this period comparable to those of the seventeenth century because Maratha revenue collection was not systematised until quite late. Apart from what was taken away by the *Peshwa* as his share, the revenue collected from Gujarat was probably spent locally.<sup>52</sup> The actual collection of revenue from the *mahals* of Surat as recorded by the English Company's officials in 1781 amounted to Rs 1,299,272, which is higher than the early eighteenth-century *jama* (assessed

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<sup>49</sup> It was reported in 1800 that in the previous five years 4,785 bags (each containing 5 *mans*) of rice, wheat and *mung* were exported to West Asia through the *latty* and 900 bags of wheat to Masqat through the *furqa*. During the same period 5,700 bags of wheat and 732 bags of rice were exported to Mokha, Jeddah and Masqat under the Nawab's *mocat* (FRS 79, Proceedings, Surat, 17 May 1800, pp. 291-2).

<sup>50</sup> In a *pargana*-wise description of production, manufacture, trade and revenue of Surat, wheat and tobacco are invariably mentioned among other crops (FRS 59, Proceedings, Surat, 19 May 1781, pp. 90-9).

<sup>51</sup> VOC 3063, Directeur en Raad van Surat aan GG&R, 22 Dec. 1761, pp. 93-4.

<sup>52</sup> Bayly suggests a similar development in the context of some localities in north India. He highlights the complex linkages between state, revenue and trade whereby the locality wins back the resources it loses in the form of tribute by selling goods to the centre. The absence of trade between locality and the centre on account of stoppage of the tribute was compensated by a growth in local demand and consumption (Bayly, *Rulers, Townsmen and Bazaar*, 51-73).

revenue) figure of Rs 1,230,984 recorded in the *Mirat*.<sup>53</sup> In 1772, the total revenue collected by the Nawab and the Marathas from Broach amounted to Rs 708,852.<sup>54</sup> The revenue figures for earlier periods refer to the *jama* and not to the actual collection (*hasil*); hence it is difficult to identify if there was any improvement in cultivation and agrarian production over the years in the eighteenth century.<sup>55</sup> The growing cotton production in Surat and Broach as a response to the increasing demand for it, however, indicates expansion in agricultural production in the second half of the eighteenth century.

The largest proportion of the total European export of textiles from South Asia in the seventeenth and eighteenth centuries was from Bengal. Since only a little cotton was produced there locally, its textile industry depended for a considerable part of its requirement of raw cotton on other regions. Gujarat supplied a large quantity of raw cotton to Bengal and received, in return, raw silk which was crucial for the manufacture of silk textiles in Surat and Ahmadabad. This exchange between cotton and silk was a major branch of trade which had certain implications for the money market of Surat and credit remittance to Bengal. The European companies, especially the Dutch, and other merchants were ceaselessly involved in exchanging cotton for silk between the two regions. Things began to change only in the 1780s when cotton production grew in Bengal on a large scale and its import from Surat declined substantially.<sup>56</sup> The booming English export of textiles from Bengal, however, kept the exchange of Gujarat cotton for Bengal silk somewhat alive in subsequent years since the local production of cotton was still not sufficient to feed the expanding textile industry of Bengal. The opening up of direct trade between Surat and China and the latter's emergence as a big market for South Asian cotton in the middle of the century placed a huge demand on the supply potential of Gujarat. A good proportion of the new demand was catered from Surat through European companies and other European and Asian merchants.

### iii) Manufactures: textiles

Unlike in the cases of indigo and sugar, Europe could not find alternative sources of supply to substitute for South Asian cotton.<sup>57</sup> It was not until the early nineteenth century that the import of West Indian and

<sup>53</sup> The 1781 figures represent the actual collection whereas *Mirat* records the *jama* figures which suggests that the actual collection must have been lower than what it was in 1781 (FRS 59, Proceedings, Surat, 19 May 1781, pp. 90-9; *Khatma Mirat-i Ahmadi*, 223-4).

<sup>54</sup> The Nawab's revenue was Rs. 350,751 and that of Fateh Singh was Rs. 358,101 (Broach Factory Diary 258, Proceedings, Surat, 1 Dec. 1772, pp. 64-6).

<sup>55</sup> *Mirat* gives the *jama* figure for Broach as 65,904,869 *dam* which is Rs 1,647,617 (*Khatma Mirat-i Ahmadi*, 205-7). In another contemporary account, the *jama* is given as 68,174,167 *dam* which is Rs 1,704,355 (*Paimaish*, f. 27<sup>b</sup>).

<sup>56</sup> BCP 49, Proceedings, Bombay, 9 June 1789, pp. 154-6; Amalendu Guha, 'Raw Cotton of Western India: Output, Transportation and Marketing, 1750-1850', *IESHR* 9/1 (1972), 2.

<sup>57</sup> Already by the late seventeenth century, Europe had begun to receive large consignments of indigo and sugar from their trans-Atlantic sources of supplies (Glamann, *Dutch Asiatic Trade*, 152-66; Furber, *Rival Empires of Trade*, 247-8, 259-60; Prakash, *European Commercial Enterprise*, 192-3).

American cotton became a real threat to this sector in British India.<sup>58</sup> The European companies and private merchants as well as Asian traders continued to supply cotton and textiles from Gujarat to numerous Asian and European destinations. In our sources, the figures showing the companies' exports are rather scattered and sometimes repetitive. The biggest gap in quantifying the total export from Gujarat, or from anywhere else, is due to the absence of data for the export by private European and Asian merchants. The next few pages bring together the scattered evidence available in order to identify at least some major trends in the pattern of production and trade in the eighteenth century.

In terms of the broad periodical scheme of European commercial enterprise in Asia, the period under review falls under the age of English dominance in South Asian trade.<sup>59</sup> By 1740, the English surpassed the Dutch in terms of total exports from Asia to Europe, and the gap grew to such an extent that by the 1770s the total value of Dutch trade, including the value of their intra-Asian trade, was far less than the total of English exports to Europe alone.<sup>60</sup> There was, however, no decline in the value of Dutch trade in Gujarat until the late 1760s, and in fact the Dutch Company's investment in Gujarat cotton, cotton yarn and textiles increased during this period. The average annual export value, excluding cash transfers, during 1751-55 was f884,415 which rose to f991,862 in 1756-60. These figures are higher than the average annual value of exports during 1695-99 which was f721,648.<sup>61</sup> The annual purchase of cotton, cotton-yarn and textiles—to the value of about a million florins in the 1750s by the Dutch alone—may reflect the substantial revival of production and trade in Gujarat.

Subsequently, even though the Dutch exports declined, the late-century averages are still comparable or even higher than the figures for the late 1710s, 1720s and 1730s.<sup>62</sup> The Dutch also participated in the burgeoning China trade in the late 1740s and the 1750s. For the Dutch Company, however, the China trade was not very promising as the profit on the sale of cotton was rather low.<sup>63</sup> Further, the return cargo from China, consisting of sugar, camphor and quicksilver, was commercially not very advantageous to the Company. Any import of sugar from China by the Dutch Company was detrimental to the sale of Java sugar at Surat. Bengal was another major market to which the Dutch exported a quantity of Gujarat cotton.<sup>64</sup> In 1762, following the instructions from Batavia, the Dutch authorities at Surat procured 1,600

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<sup>58</sup> D. C. Aylwin, *A Letter on Cotton Cultivation in India as Affected by the East India Company's Salt Monopoly* (London, 1847).

<sup>59</sup> The year 1740 is roughly taken as the end of the phase of Dutch domination and the beginning of English preponderance in Asian maritime trade (Glamann, *Dutch Asiatic Trade*; Prakash, *European Commercial Enterprise*).

<sup>60</sup> Prakash, *European Commercial Enterprise*, 118-20.

<sup>61</sup> HRB 850, *Memorie van Overgave*, A. J. Sluijsken, Surat, 1786, Lettra (Appendix) E. As per Prakash's calculations, the average annual value between 1746-7 and 1760-1 was substantially higher than most of the five-yearly moving averages except for the period during 1637-41, 1642-6 and 1697-1701 (Prakash, *European Commercial Enterprise*, 185, Table 5.2).

<sup>62</sup> See Appendix 10; cf. Prakash, *European Commercial Enterprise*, 185, Table 5.2.

<sup>63</sup> In 1753, the Company could earn only 45.7 per cent on the sale of cotton in China (VOC 2823, *Directeur en Raad van Surat aan GG&R*, 7 May 1753, pp. 65-7). In the same year, on another consignment of 1,000 bales of Kachh and Broach cotton they earned a profit of about 49 per cent (VOC 2842, *Directeur en Raad van Surat aan GG&R*, 16 Dec. 1753, pp. 68-9).

<sup>64</sup> VOC 2786, *Resoluties*, Surat, 17 Jan. 1750, p. 314. In 1751, it was proposed that a ship would directly sail from Kachh to Bengal with a cargo of cotton (VOC 2786, *Directeur en Raad van Surat aan GG&R*, 30 April 1751, pp. 1064-5; VOC 2786,

bales (equal to 552,000 ponds) for Bengal.<sup>65</sup> The decline in the volume of exports of the Dutch Company, which until 1770 was a potential buyer of Gujarat's produce, was largely compensated for by the emergence of the English as major buyers of cotton and textiles. As mentioned above, from 1740 onwards English investment in South Asian textiles and cotton rose sharply. In terms of value, textiles accounted for 69.5 per cent of their total exports to Europe during 1738-40. After a slight fall to 53.5 per cent in 1758-60, it again went up in 1777-79 when textiles, including raw silk and other goods, accounted for about 78 per cent of total exports.<sup>66</sup> Although part of this boom favoured Bengal, which alone contributed more than half of the total investment, the share of Gujarat seems also to have gone up after the 1770s.

The political victories of the English Company in Bengal in 1757 and at Surat in 1759, gave them a much-needed instrument to carry forward their commercial enterprise. With the acquisition of the revenue resources of Bengal in 1765, they pursued their trade even more vigorously. By transmitting a part of the revenue collected in Bengal to Surat, the Company began to finance its investment in Gujarat and Bombay in this way as well.<sup>67</sup> It is evident from the European companies' records that the total European demand in the second half of the century was higher than ever before. The English investment in Gujarat grew so much in the second half of the century that other buyers, particularly the Dutch, began to apprehend its adverse impact on the price and quality of textiles.<sup>68</sup>

The English Company and especially English country traders were engaged in the supply of raw cotton from Surat to Bengal and China throughout the second half of the eighteenth century. The Company's share in the lucrative China trade was quite small; the private English merchants were the

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Resoluties, Surat (H. Kroonenbergh to Director and Council at Surat, 2 Feb. 1751), 10 Feb. 1751, p. 1181). According to an estimate about 10,000 bales of Gujarat cotton was consumed in Bengal every year (VOC 2803, Directeur en Raad van Surat aan GG&R, 11 April 1752, p. 87).

<sup>65</sup> VOC 3063, Directeur en Raad van Surat aan GG&R, 27 April 1762, pp. 85-6. In 1762, the Dutch authorities at Surat were asked by their superiors at Batavia to send to Bengal between 400,000 and 500,000 ponds (1,160 to 1,450 bales) of cotton every year if procurable at f25 per 100 ponds (*ibid.*).

<sup>66</sup> Prakash, *European Commercial Enterprise*, 120-1 (Tables 4.2 and 4.3).

<sup>67</sup> In 1777, Bengal remitted Rs 350,126 to Surat through bills of exchange drawn on different *sarrufs* of Surat (FRS 55, Proceedings, Surat, 4 Sept. 1777, p. 162). In 1778, Rs 320,601 were remitted (FRS 56, Proceedings, Surat, 28 March 1778, p. 33). In 1780, the remittance from Bengal amounted to Rs 200,000 (FRS 58, Proceedings, Surat, 13 June 1780, p. 159). In 1781, it amounted to Rs 700,000 (FRS 59, Proceedings, Surat, 13 July 1781, p. 145). In 1782, it amounted to Rs 634,525 (FRS 60, Proceedings, Surat, 24 Sept. 1782, pp. 147-8) and Rs 1,500,001 (FRS 60, Proceedings, Surat, 24 Nov. 1782, pp. 179-80). In 1785, Bombay received bills of exchange for Rs 500,000 from Bengal (FRS 64, Bombay to Surat, 21 Feb. 1786, pp. 74-5). In 1786, Bengal remitted 301,000 Bombay rupees and Rs 800,000 to Surat (FRS 64, Fort William at Calcutta to Surat, 11 July 1786, p. 340; FRS 64, Proceedings, Surat, 5 Oct. 1786, p. 362). In 1787, bills of exchange were drawn on Bengal for 200,000 Bombay rupees (FRS 65, Fort William at Calcutta to Surat, 6 Jan. 1787, p. 43).

<sup>68</sup> VOC 2842, Directeur en Raad van Surat aan GG&R, 11 May 1754, p. 929; VOC 2844, Directeur en Raad van Surat aan GG&R, 15 Sept. 1753, pp. 44-5; VOC 3063, Directeur en Raad van Surat aan GG&R, 27 April 1762, pp. 79-81. In fact, the high price of textiles in 1756 was attributed, among other things, to a large European investment in that commodity (VOC 2937, Directeur en Raad van Surat aan GG&R, 15 April 1758, pp. 58-9).

major beneficiaries.<sup>69</sup> The annual English export of raw cotton from Gujarat in 1769 is estimated to have been about 30,000 bales which, if calculated at the price of Rs 81 per *candy*, amounted to a purchase value of above 1.2 million rupees, whereas the total purchase of textiles by all merchants amounted to about 2 million rupees.<sup>70</sup> In another statement of the same year, it is stated that on an average between 1.2 and 1.5 million rupees worth of raw cotton and between 2 and 2.5 million rupees worth of textiles were purchased annually by all buyers from Broach and surrounding areas for the West Asian, South-east Asian and European markets.<sup>71</sup> These figures, even though estimates, certainly point towards a substantial trade in cotton and textiles in the period under review. The demand for cotton went up further in the last two decades of the century. In 1787, 68,000 bales of cotton were exported from Gujarat to China out of which, 4,500 bales were on the Company's account.<sup>72</sup> In 1789, the Company's export of raw cotton from Gujarat to China was estimated to be 30,000 bales.<sup>73</sup> In the late 1780s, cotton began to be exported to London as well wherefrom the demand exceeded half a million pounds (about 1,450 bales) in 1789.<sup>74</sup> Since Bengal could only contribute about a third of this quantity, a large part of it was supplied from Gujarat. In 1790, the English Company exported about 1,224 bales cotton to London.<sup>75</sup> The returns in London were not very encouraging and subsequently only a small quantity was exported from Gujarat. In 1799, on account of some improvement in prices, a large consignment was sent to London, but again prices receded and the export of cotton was discouraged.<sup>76</sup> Even though it had begun to grow cotton on a substantial scale, Bengal continued to import a large quantity from the Dekkan and Gujarat.<sup>77</sup> At the turn of the nineteenth century Bengal imported more than 43 million

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<sup>69</sup> This is evident from the fact that in 1789, the London authorities expressed serious concern over the Company's inability at Bombay and Surat to take advantage of the booming trade with China by exporting cotton on its own account instead of allowing its servants and others under its protection or trading under its licenses to reap all benefits (BCP 49, Proceedings, Bombay, 26 Oct. 1789, pp. 289-90; BCP 49, Proceedings, Bombay, 20 Nov. 1789, pp. 321-2).

<sup>70</sup> FRS 49, Proceedings, Surat, 5 Nov. 1769, pp. 95-6.

<sup>71</sup> Ibid. 97-8.

<sup>72</sup> Nightingale, *Trade and Empire*, 23. In Bengal, too, which in the late years of the eighteenth century supplied cotton on a large scale, country traders had acquired an overwhelmingly large share of the export of cotton to China and other places. According to an estimate of exports from Bengal in 1788, out of a total of 90,000 bales of cotton exported to Madras and China, about 75,000 bales were on private accounts (BCP 49, Proceedings, Bombay, 20 Nov. 1789, p. 322).

<sup>73</sup> BCP 47, Proceedings, Bombay, 11 May 1789, pp. 65-8.

<sup>74</sup> BCP 49, Proceedings, Bombay, 28 April 1789 (Fort William, Calcutta to Bombay, 20 March 1789), pp. 113-14.

<sup>75</sup> Walter R. Cassels, *Cotton: an account of its culture in the Bombay Presidency, prepared from government records and other authentic sources in accordance with a resolution of the Government of India* (Bombay, 1862), 7.

<sup>76</sup> Ibid. 7.

<sup>77</sup> The report of Charles W. Mallet, the English Resident at Poona, on the state of commercial interaction between the Maratha country and the Company's possessions, suggests that the demand for Gujarat cotton in Bengal greatly decreased on account of its increased cultivation at home (BCP 49, Proceedings, Bombay, 9 June 1789, p. 154). In the second half of the eighteenth century, Bengal received cotton supplies from the Dekkan (Guha, 'Raw Cotton of Western India', 2).

pounds (124,638 Surat bales) of cotton of which a little more than 17 million pounds (49,275 bales) came from the Dekkan, while the rest was quite likely supplied by Gujarat and Coromandel.<sup>78</sup>

The English company's investment in textiles at Surat or elsewhere in Gujarat registered a sharp rise in the late 1790s. Until then, its annual procurements remained modest except for some occasional jumps such as in 1770-1 and 1771-2 when the value of textiles to be supplied by the contractors was Rs 659,393 and Rs 561,990 respectively.<sup>79</sup> Between 1787 and 1793, the average annual value of investment was more than Rs 315,000 (see Table 5.1 below). During this period, the Company faced difficulties because its suppliers failed to procure goods as stipulated in the contracts.<sup>80</sup> Subsequently, the value of textiles to be purchased in Gujarat increased substantially. In 1794-5, the Company entered into a contract with Bahmanji Mancherji for the supply of piece-goods worth Rs 518,010.<sup>81</sup> Soon thereafter, the Company's annual value of investments in Gujarat textiles exceeded one million rupees. In the letter of 21 April 1795 to Bombay, the Board of Control in London ordered Surat to procure piece goods worth Rs 700,000 and an additional inferior assortment to the value of Rs 300,000 or Rs 400,000.<sup>82</sup> In 1797-8, the Company's investment in textiles was Rs 1,060,750.<sup>83</sup>

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<sup>78</sup> Cassels, *Cotton: an account*, 7.

<sup>79</sup> In 1775-6 and 1776-7, this amounted to Rs. 270,180 and Rs. 90,555 (MSA, Commercial Residency Northward Diary 539 (1763-95), not foliated).

<sup>80</sup> The failure was attributed to the scarcity and exorbitant price of cotton on account of a large demand, to the famine of 1790-1 and dreadful mortality among textile manufacturers, and to the enticement of the Company's weavers by other European buyers who paid a better price for their textiles than the English (FRS 68, Proceedings, Surat, 14 April 1790, pp. 216-19; FRS 69, Proceedings, Surat, 14 Oct. 1791, pp. 237-40; BCP 51, Proceedings, Bombay, 25 Oct. 1791, pp. 287-9).

<sup>81</sup> Bahmanji, however, fell short of textiles to keep up the contract on account of tensions between the Muslims and the Banias (BCP 56, Proceedings, Bombay, 22 Dec. 1795, pp. 1032-3; BCP 61, Proceedings, Bombay, 1 May 1798, pp. 405-8). See also the reply of Bahmanji Mancherji to the Chief and the Council at Surat tendering an explanation for his failure to comply with the terms of the contract (Commercial Residency Northward Diary 539 (1763-95), not foliated). For a detailed analysis of the riots of 1795, see Subramanian, 'Capital and Crowd'. In 1788, there was already a severe tumult arising out of dispute between the Muslims and the Parsis (Subramanian, 'Eighteenth Century Social Order').

<sup>82</sup> Board's Collection 57, Draft Paragraph proposed by the Court of Directors to be sent to their Presidency of Bombay, London, 21 April 1795, pp. 186-7. See also BCP 56, Proceedings, Bombay, 25 Sept. 1795 (Surat to Bombay, 15 Sept. 1795), pp. 713-14.

<sup>83</sup> Board's Collection 57, Draft Paragraph, London, 24 Jan. 1797, letter no. 16, not foliated.



Table 5.1 Annual value (in rupees) of the English company's procurement of Gujarat textiles, 1770-97

| Year     | Value     |
|----------|-----------|
| 1770-71* | 659,393   |
| 1771-72* | 561,990   |
| 1775-76* | 270,180   |
| 1776-77* | 90,555    |
| 1786-87  | 310,825   |
| 1787-88* | 200,210   |
| 1788-89  | 326,692   |
| 1789-90* | 307,395   |
| 1790-91  | 371,497   |
| 1791-92  | 329,981   |
| 1792-93* | 364,300   |
| 1994-95* | 518,010   |
| 1795-96  | 721,100   |
| 1796-97  | 1,060,750 |

\* The figures represent the value of textiles when contracted with the suppliers. Sometimes the actual purchases were below the amount stipulated in the contract. On several occasions in the late 1780s and early 1790s, the suppliers failed to deliver the stipulated quantity of textiles.

Source: MSA Commercial Residency Northward Diary (1763-1795), no. 539, not foliated; Board's Collection 56, pp. 26-7, 252, 336-43, 506-25; Board's Collection 57, pp. 186-7, 366-7 and item no. 16 (not foliated).

In their procurement of textiles, the English faced the most formidable competition from the Portuguese whose trade in Gujarat textiles revived in the late eighteenth century.<sup>84</sup> In the 1790s, the latter competed fiercely with other buyers for securing large quantities of textiles at Surat. In the English Company's records, the Portuguese and Asian merchants were sometimes held to have inflated the price by desperately buying textiles without much concern for their quality.<sup>85</sup> In the 1790s, in fact, the English considered the Portuguese a greater threat to their commercial interests than the Dutch.<sup>86</sup> Between 11 December 1799 and 16 January 1800, Portuguese merchants exported piece-goods to the amount of Rs 547,198.<sup>87</sup> On the basis of these figures it may be construed that they carried on a large trade in Gujarat during this period, comparable to that of the English company.

<sup>84</sup> In 1786, they bought textiles worth Rs. 300,000 for Lisbon (VOC 3696, Directeur en Raad van Surat aan GG&R, 9 June 1786, f. 10<sup>b</sup>). The Dutch were alarmed at the English and Portuguese purchases which were so high in 1785-86 that they pushed up the price by 20 per cent (ibid.; VOC 3697, Resoluties, Surat, 9 May 1785, pp. 98-104).

<sup>85</sup> Letters Received 49, Surat to Bombay, 10 Oct. 1783, pp. 221-2; FRS 68, Proceedings, Surat, 14 April 1790, pp. 216-19; BCP 54, Proceedings, Bombay, 18 March 1794, p. 121; BCP 61, Proceedings, Bombay, 1 May 1798, pp. 406.

<sup>86</sup> FRS 68, Proceedings, Surat, 14 April 1790, pp. 216-19; FRS 72, Proceedings, Surat, 24 Dec. 1794, pp. 323; FRS 80, Proceedings, Surat, 10 Jan. 1800, pp. 11-15. The Portuguese exported piece-goods from Surat to the amount of Rs 547,198 between 11 Dec. 1799 and 16 Jan. 1800 (FRS 80, Proceedings, Surat, 31 Jan. 1800, pp. 75-81).

<sup>87</sup> FRS 80, Proceedings, Surat, 31 Jan. 1800, pp. 75-81, 82-8.

Whereas the data presented above clearly show that total European demand for textiles increased in the second half of the eighteenth century, the volume and value of textiles exported by Asian merchants to various Asian markets remain rather obscure. From our analysis of Asian trading activities in this period, it is evident that Surat's trade with the Arabian Sea ports remained substantial. Local and West Asian Muslim merchants who traded with Surat continued to supply Gujarat piece-goods and other textiles to various parts of the Persian Gulf and the Red Sea. According to an estimate, piece-goods worth a million rupees or so were exported to West Asia every year, mostly by Asian merchants.<sup>88</sup> From the cargo of the ships mentioned in some of the shipping lists prepared by the Dutch company at Surat, it is evident that cotton and piece goods comprised the chief merchandise exported to these ports. The return cargo mostly consisted of gold and silver coins (Spanish *reals* and *ducats*) and the total annual value of this specie indicates that the exports to West Asia must have been large.<sup>89</sup> From a detailed report on the commerce in the Persian Gulf and the Red Sea written in 1790, it appears that the Muslim merchants of Surat, many of whom were shipowners, maintained commercial ties with Basra, Masqat, Bushire, Jedda and Mokha throughout the second half of the eighteenth century.<sup>90</sup> An interesting phenomenon was the re-emergence of the Arabs as commercial entrepreneurs who invested their labour and capital in shipping and trading not only in coastal Arabia and Persia but also in the ports of Gujarat, Masulipatnam, Bengal and even Batavia.<sup>91</sup>

The extensive trade in cotton and textiles of Gujarat in the second half of the eighteenth century reflects the economic potential of the province. The data on the export of cotton and textiles from Gujarat by European companies suggest that the total export of these commodities was much higher in the second half than in the first half of the eighteenth century. This implies that cotton cultivation and textile production expanded in this period. There are some indications in our sources of the growth in cotton production in Gujarat. To sum up, whereas in 1751 the total production of raw cotton in Surat and Broach was estimated at about 15,000 or 16,000 bales, in 1789 the two regions produced 58,000 bales.<sup>92</sup> At the end of the century, about 120,000 bales of raw cotton reportedly went from Gujarat to Bombay for export.<sup>93</sup> These figures are only estimates and cannot be taken to represent the actual growth in cotton production. In the present state of our knowledge, the data nevertheless allow the tentative conclusion that there was substantial growth in the production of cotton in Gujarat in the

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<sup>88</sup> FRS 70, Proceedings, Surat, 15 April 1792, pp. 149-50.

<sup>89</sup> In 1768, the cargo of returning ships from Mokha, Jeddah and Basra consisted of 2,350,000 gold and silver rupees apart from some other goods (VOC 3238, Shipping List, 1768, ff. 9<sup>r</sup>-15<sup>v</sup>). In 1769, it consisted of 3,200,000 gold and silver rupees (VOC 3268, Shipping List, 1769, ff. 37<sup>r</sup>-41<sup>v</sup>).

<sup>90</sup> BCP 51, Proceedings, Bombay, 25 Feb. 1791 (Report on the Commerce of Persia and Arabia, Samuel Manesty and Harford Jones, Basra, 15 Aug. 1790), pp. 77-148.

<sup>91</sup> Ibid.

<sup>92</sup> VOC 2786, Directeur en Raad van Surat aan GG&R, 30 April 1751, pp. 1025-6; BCP 49, Proceedings, Bombay, 11 Sept. 1789, pp. 249-50.

<sup>93</sup> Between 1 Sept. 1799 and 4 June 1800, Bombay received in all about 120,000 bales of cotton from Surat (Home Misc. 476, D. Scotts to Jonathan Duncan, 23 May 1801, pp. 141-5).

second half of the eighteenth century. Not only did the production of cotton intensify in Broach and Surat, but some other areas produced significant quantities in this period. Territories such as Bhavanagar, Kachh and Navanagar with a large production of raw cotton and some textiles, contributed to the aggregate supply from Gujarat. In the late 1780s Bhavanagar alone is reported to have produced about 28,000 bales of raw cotton annually.<sup>94</sup> Similarly, Kachh and Navanagar furnished considerable quantities of cotton and textiles to Euro-Asian merchants.

Did the large export of raw cotton from Gujarat have any negative impact on its manufacturing sector? Quite probably not. Since, as was reported in 1789, the amount of cotton consumed in the textile industry was no more than one-fourth to one-fifth of the total cotton produced in Gujarat, the export of raw cotton on a large scale did not lead to any contraction of the manufacturing sector.<sup>95</sup> In the case of a sudden fall in total production, the market mechanism would ensure that the local industry was served first and only the surplus was exported. In 1790 when the total production of raw cotton at Broach, Jambusar, Amod and Baroda fell below 6,000 bales, merchants were unable to supply any cotton to the English Company because this amount was hardly sufficient for the local use and none was available for export even at an exorbitantly high price of Rs 200 per *candy*.<sup>96</sup> The fierce competition among numerous buyers and the companies' desperation to secure textiles by all means, even by outbidding others, is indicative of the increased demand upon the industry. The fact that investors usually were able to procure a large quantity of textiles, except when the industry was incapacitated by a calamity,<sup>97</sup> indicates that Gujarat's textile manufacturing sector expanded in response to increased demand. Surat's weaving industry in particular expanded in the eighteenth century since, as I have mentioned before, it absorbed some new groups of weavers and artisans from other areas affected by uncongenial conditions in the early and mid-eighteenth century.

#### Cotton prices

Prices are highly responsive to any change in the equilibrium of demand and supply. Any fluctuation in either of the two gets reflected in prices. Cotton being an agricultural product was prone to such fluctuation since the agricultural operation and productivity of the crop depended heavily on variable rainfall. Cotton and indigo both were quite vulnerable and an untimely, scanty or heavy rain could spoil the crop. Even a little delay in harvesting could have debilitating consequences for productivity and

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<sup>94</sup> BCP 49, Proceedings, Bombay, 11 Sept. 1789, pp. 249-50.

<sup>95</sup> BCP 49, Proceedings, Bombay, 11 Sept. 1789 (Report on cotton by John Griffith, Surat, 22 Aug. 1789), pp. 247-9.

<sup>96</sup> BCP 50, Proceedings, Bombay, 18 Nov. 1790 (Surat to Bombay, 15 Nov. 1790), pp. 272-3; *ibid.*, Proceedings, Bombay, 27 Dec. 1790 (Surat to Bombay, 23 Dec. 1790), pp. 305-6.

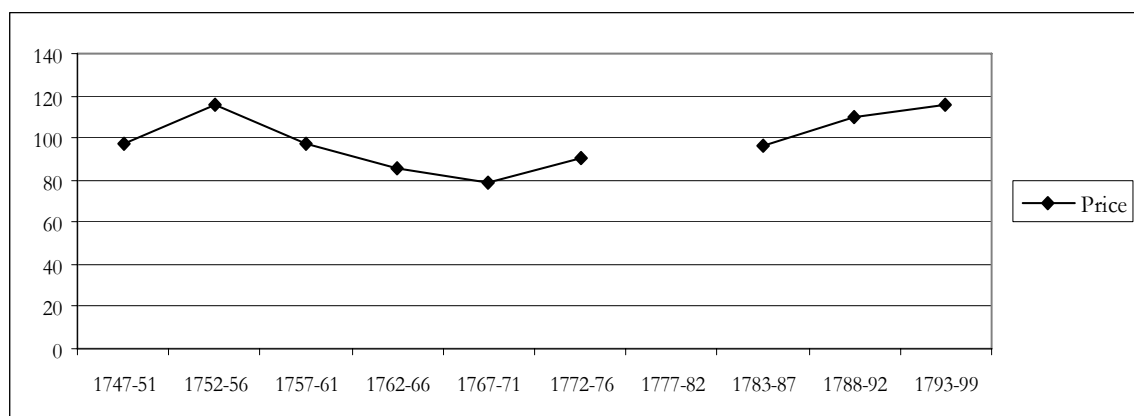
<sup>97</sup> One such calamity occurred in 1790-91, about 100,000 people died, jeopardizing the manufacturing industry in Surat and its vicinity (FRS 70, Proceedings, Surat, 15 April 1792, pp. 149-51).

quality of cotton. Despite certain innovations in artificial irrigation, agricultural crops in early-modern times remained susceptible to the fickleness of weather.

During the period under review, therefore, there were times when cotton production suffered immensely due to scanty or torrential rain. Lack of rain also caused famine and the problems spiralled outward. The lack of food supplies caused heavy mortality all over, particularly among urban dwellers. This would reduce sharply the work-force employed in textile manufacture and other crafts. Peasants would be more inclined to produce grain rather than a cash crop, which in turn led to a reduction in the cotton production. Prices rose provided the demand for commodities remained intact. A high purchase price would have adverse consequences for merchants and for the markets where the goods would be sold. In our sources, allusions to such problems are quite common and one often finds merchants and especially the European companies complaining about the high price of commodities they intended to buy and assigning one or the other reason for this. This is not unique to our period; we get a similar impression of the market in the seventeenth century.

The problems in analyzing the price of cotton are manifold. First, the quotation of cotton prices in our sources does not represent the actual price at which it was bought from the producer. They are the prices at which the English and the Dutch companies contracted to purchase it from their brokers and suppliers. We do not know how much the difference between the contract price and the actual price was. Second the price varied from one contract to another in a year and so it becomes even more complex to work out the actual price. Finally, there were different sorts of cotton and prices varied depending upon its quality and place of origin. The prices quoted in English sources are normally a little higher than those of the Dutch. For the sake of convenience, we take the average of the different prices quoted in a year and then try to see if any trend in its movement is identifiable.

Figure 5.1 Five-yearly average cotton price (in rupees per *candy*), 1747-99



Source: Based on figures in Appendix 12.

The average purchase price of raw cotton was relatively high in the middle of the eighteenth century on account of shortages in its supply. Whereas the scarcity of cotton was primarily caused by crop failure, as happened in 1750 when production collapsed on account of scanty rainfall, it was also the result of an

unpredictably high demand for cotton or textiles.<sup>98</sup> Soon after, however, the price began to fall and the declining trend until 1770, after which it moved consistently upward. Several factors seem to have combined to push up the price. An intensification in the demand for cotton after 1770 appears to be a major factor. Apart from the fact that China offered good prospects for the sale of cotton, the premium attached to this branch of trade on account of it being a means of obtaining tea and of transmitting wealth to Europe encouraged many European merchants to export cotton from Gujarat to China. This period also witnessed several military engagements between the English and the Marathas, which certainly had its adverse effect on the supply and price of cotton. There are numerous references in our sources to the stoppage of trade, the blockade of Surat by the Marathas and of course to drought, all of which caused cotton shortages and drove up prices. The famine of 1790-1 that depopulated several villages and production centres of Gujarat obviously disturbed the equilibrium. Thus, men and nature now and then inflicted severe blows to the supply potential of Gujarat; but compared to the years of good harvest and large production, such injuries were comparatively rare.

From the evidence presented so far, it appears that the economy of Gujarat was vibrant and that it responded well to the rhythms of the Indian-Ocean commerce. It is pertinent here to raise the question of who the beneficiaries of this boom in production and trade were, and to ask whether the actual producers of cotton and textiles reaped any benefit. We are short of information that would help us formulate any conclusive opinion about either of these questions. From the evidence we have, it may be argued that the peasant-producers and manufacturers benefited from booming trade. At first, a large number of cotton producers, cotton cleaners, spinners, weavers, dyers, and numerous other people involved in the getting cotton from the field to the ship found employment in the industry. Whereas some weavers bound themselves to produce textiles for the merchants who advanced money to them, many others were free to sell their produce in the bazaar. Even under the system of advances, weavers and artisans sold their products at the market price to the merchants who had advanced money to them.<sup>99</sup>

Many Asian and European merchants depended almost entirely on the turnover of textiles in the bazaar. They procured piece-goods through on-the-spot buying with the help of brokers. The Portuguese investments were made up partly of contract and partly by purchase in the bazaar in accordance with

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<sup>98</sup> VOC 2786, Directeur en Raad van Surat aan GG&R, 15 Dec. 1750, pp. 906-7; VOC 2842, Directeur en Raad van Surat aan GG&R, 11 May 1754, pp. 928-9. Cotton production in Surat and Broach decreased from the usual 15,000 bales to merely 4,500 bales (VOC 2786, Directeur en Raad van Surat aan GG&R, 30 April 1751, p. 1027. The rise in cotton price over the period between 1747 and 1757 was attributed to a high external demand for cotton textiles as well as to the loss or reduction of supplies from some other regions that formerly complemented Surat's supply potential (VOC 2937, Directeur en Raad van Surat aan GG&R, 15 April 1758, pp. 58-9). Surprisingly, during these years the Dutch Company's textiles and cotton exports from Gujarat were the highest of the century, with an annual average of about 900,000 guilders (*see* Appendix 10).

<sup>99</sup> As Irfan Habib says about seventeenth-century Mughal India, 'most of skilled labourers, even under the system of advances, sold their wares at market price' (Habib, 'Potentialities', in idem, *Essays in Indian History*, 231)

their requirement for various articles.<sup>100</sup> The bazaar prices responded rather quickly to any fluctuation in supply or demand in a given season. A number of producers and manufacturers produced in order to sell in the bazaar. Many, however, submitted to the lure of advances from intermediary merchants. The tradition of advancing cash to manufacturers was not only advantageous to merchants but was also in the interest of the weavers.

There is considerable ambiguity about the implications of advances and the obligations of the recipients. Apparently, the weavers were obliged to supply goods at the contracted price to the merchant who had advanced money. In practice, however, the weavers, considering such contracts as negotiable, sometimes sold their produce to the other buyer who paid a higher price. A remark made by the Portuguese merchants of Surat is very evocative of the way the market functioned. In a protest letter addressed to the English chief at Surat, the Portuguese merchants of Surat noted:

Merchants and weavers receive money in advance from the Company's brokers and promise to furnish them with goods and they do the same with other brokers and take advances on similar promises. This has always been the unalterable custom practised at Surat not only with the Portuguese nation, but with other nations and people....

Merchants and weavers have right to sell to whoever gives more and to purchase wherever he gets things cheaper and at his convenience. Is it not the basis and principle, where the happiness of the inhabitants the increase and progress of commerce of any country, colony, or nation.<sup>101</sup>

It seems then evident that even when the weavers received advances they were in a position to sell their produce to the highest bidder provided they return the advanced money to their former customer. The merchants who advanced money to the weavers, on the contrary, considered it binding upon the latter to sell textiles to them. These merchants and contracting brokers even resorted to coercive measures to prevent any breach of faith or contravention of agreement.<sup>102</sup> Under such circumstances, the weavers sold their textiles clandestinely to other merchants who paid a higher price. There are several instances in which we find the English brokers and Dutch suppliers complaining about the weavers selling their produce to other merchants even after receiving advances.<sup>103</sup> Usually, as our sources tell us, prices turned out to be high on account of a cut-throat competition among a large number of buyers.<sup>104</sup> Contemporary

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<sup>100</sup> See the declaration by the Portuguese brokers, Hari Vallabb, Pran Vallabh, Pestonji Jamasji and Merwanji (BCP 54, Proceedings, Bombay, 18 March 1794, pp. 120-1).

<sup>101</sup> FRS 76, Proceedings of the English Council at Surat, 17 Aug. 1797, pp. 308-18.

<sup>102</sup> This is evident from the complaints made by the Dutch suppliers that the English broker Jagannath Laldas intimidated several weavers who were apparently working for the Dutch Company into producing for the English and even took by force whatever they had produced (VOC 3063, Directeur en Raad van Surat aan GG&R, 22 Dec. 1761, pp. 23-4; VOC 3063, Resoluties, Surat, 5 Aug. 1761, pp. 234-6).

<sup>103</sup> SFD 16/1 (1761-63), English letter to the Dutch, Surat, 20 Aug. 1761, p. 18; BCP 56, Proceedings, Bombay, 27 Oct. 1795, 809, pp. 817-19.

<sup>104</sup> The Dutch authorities at Surat, being apprehensive of the demand-pull inflation, were quite often reluctant to make public their total requirements of export goods (VOC 2803, Directeur en Raad van Surat aan GG&R, 11 April 1752, pp. 80-1).

observers alleged that some manufacturers produced textiles of a quality inferior to that stipulated in the contracts and did so deliberately, anticipating that the rejected goods would fetch a higher profit in the bazaar.<sup>105</sup> In 1790, the English broker Mayaram Atmaram attributed his inability to supply the stipulated quantity of piece goods to, among other reasons, the encouragement given by native and foreign merchants, including the Dutch, French and Portuguese, to weavers to have their goods rejected in order to sell them at a price 4 per cent higher than that offered by the Company.<sup>106</sup> This was so rampant that 'the warehouse keeper found it necessary to retain the rejected goods for sometime in the warehouse in order to intimidate the weavers'. They even sometimes managed to get their work somehow rejected while being examined according to the samples. The English and Dutch often accused other buyers, particularly the Portuguese, of buying textiles without caring whether the quality matched the samples and for paying higher prices.<sup>107</sup> When the English tried to secure their labour through a formal contract with the weaving communities in 1795, they had to assure the manufacturers of a fair deal and protection from all sorts of exploitation.<sup>108</sup> Thus, it appears that the weavers and other artisans involved in this craft enjoyed a fairly strong negotiating position and reaped some benefits from the highly competitive nature of the commercial world of Gujarat.

The contractors, who negotiated deals with the companies, and the sub-contractors, who were actually in contact with weavers, were the major beneficiaries. As their risks were high, so were the rewards. They were under constant threat of losing money, as there was a hierarchy of intermediaries involved in this process who, it has been reported, would at times abscond with advances.<sup>109</sup> We do not know how the profits were distributed among all these people and how much was the margin or the difference between actual price paid to the producer and the one demanded from the corporate buyers. Keeping in mind that between chief brokers contracting with the companies and the actual producers, there was a chain of sub-contractors and agents at each level, the total margin in prices must have been large but the share to each person involved in the process of transaction must have been very low. Since transacting business through brokers is one of the characteristics of the Indian system of commercial risk management, any expansion in the volume of trade entailed a proliferation of intermediaries. This is what apparently happened in the eighteenth century, especially in the second half. The European and Asian merchants having their base in major commercial emporia such as Surat and Bombay managed trade through contractors and brokers. In the 1790s, one of the suppliers to the English, Mayaram Atmaram, employed

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<sup>105</sup> FRS 70, Proceedings, Surat, 5 April 1792, pp. 149-54. In 1798, the suppliers of piece-goods to the English Company, Nagardas Krishndas and Ramdas Vizbukandas, were unable to fulfill their obligation by the Portuguese brokers who bought goods at high prices and encouraged weavers to make debased goods (BCP 61, Proceedings, Bombay, 1 May 1798, pp. 406-8).

<sup>106</sup> FRS 68, Proceedings, Surat, 14 April 1790, pp. 216-19.

<sup>107</sup> BCP 56, Proceedings, Bombay, 27 Oct. 1795 (Surat to Bombay, 15 Oct. 1795), pp. 813-19; BCP 61, Proceedings, Bombay, 1 May 1798, pp. 406-8.

<sup>108</sup> BCP 56, Proceedings, Bombay, 27 Oct. 1795 (Surat to Bombay, 15 Oct. 1795), pp. 807-9.

<sup>109</sup> BCP 54, Proceedings, Bombay, 18 March 1794, pp. 113-20.

300 'town merchants' in Surat alone to keep the weavers engaged for the Company.<sup>110</sup> There were dozens of such contractors in Surat and Bombay who had similarly extensive networks that enabled them to meet the terms of the contracts. This section of the commercial community seems also to have shared the advantages of an increased trade in cotton and textiles. The producers and merchants including intermediaries were co-sharers of the benefits from the relative growth in the commercial economy of Gujarat in the second half of the eighteenth century. This also shows the degree of continuity in their relative positions in the political economy.

That the intensification of production and exchange processes in the second half of the eighteenth century resulted in a relative general prosperity is also evident from the large-scale consumption of goods imported to Gujarat. As we have seen in the last chapter, Dutch imports of cloves, copper and sugar remained substantial during this period. Other European companies also imported huge quantities of copper and sugar, especially in the last quarter of the century, and the total volume of imports was much higher than ever before.

#### Imports and consumption

Compared with the seventeenth century, the consumption of fine spices and copper and some other minor commodities certainly declined in the first half of the eighteenth century. The amount of monopoly goods such as cloves and nutmegs imported by the Dutch Company to Surat could be taken as representing the total consumption in Gujarat and its hinterland. The average quantity of cloves and nutmegs annually sold in Gujarat during 1711-45 was less than the annual averages of the last three decades of the seventeenth century by about 52 and 78 per cent, respectively.<sup>111</sup> In the second half of the century, however, consumption of these spices increased. The average quantities sold during the period 1746-80 were higher by about 30 and 116 per cent than their corresponding figures between 1711 and 1745.<sup>112</sup> Within the century therefore, there was an upward trend in the consumption of clove and nutmegs. In the eighteenth century, the average sale prices of spices and copper were much higher than in the seventeenth century. Thus the reduction in volume of sale did not really correspond with the fall in the total money consumers spent in buying these commodities. Thus, whereas the quantity of cloves sold in Gujarat during the years 1711-80 was 44.5 per cent less than the average quantity during 1645-98, the total sale value fell by only about 18 per cent. Since the Dutch were the only importers of fine spices, the decline in their imports testifies to a decline in consumption. Dutch trade in Japanese copper underwent a similar metamorphosis. Whereas the average quantity of copper annually sold in Gujarat decreased

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<sup>110</sup> Ibid., pp. 113-15.

<sup>111</sup> The average sale of cloves and nutmegs during 1671-98 was 78,719 and 47,739 ponds respectively (*Van Dam*, Book II part III, 131-33). Their corresponding averages during 1711-45 were 34,517 and 10,553 ponds (*see* Appendix 5).

<sup>112</sup> The averages went up to 45,946 and 22,242 ponds in the first three decades of the second half of the eighteenth century (*see* Appendix 5).



from 219,597 ponds during the period 1711-45 to 179,454 ponds during 1745-91 its average sale value increased from f137,302 to f150,409.

More than any indigenous incapacity, the decline in Dutch imports in Gujarat was caused by the problems inherent in the structure of the Company's intra-Asian trade. In the eighteenth century, the Dutch Company's ability to supply the copper market was severely affected by the Japanese government's restrictions on the export of copper during 1715-20, in 1743 and then in the 1790s.<sup>113</sup> From our sources we get the impression that the authorities at Surat felt uneasy over the inadequate supply of goods from Batavia.<sup>114</sup> The unusual growth in the Dutch import of sugar to Surat from around 1745 was caused by its huge production in Java and Batavia under the Company's aegis. The reduction in Dutch imports to Gujarat in the last quarter of the eighteenth century was occasioned by the fierce competition from other European Companies and private traders who began importing sugar and copper on a large scale, and some fine spices as well.<sup>115</sup> In this period, there was a large flow of copper from Europe and of sugar from Brazil, Mauritius, Manila and China. The English, the Portuguese and all those who traded with China and the Indonesian Archipelago took large quantities of sugar as a return cargo for Surat. Large amounts of sugar from French Mauritius and later from Brazil also competed to satisfy local demand. Though a lack of consistency in the data hinders quantification of total imports, it transpires from some sporadic references that the total volume of imports by English, Swedish and other merchants, in particular of sugar and copper, increased in the last quarter of the century.<sup>116</sup>

### Conclusions

Some basic trends in the economy of Gujarat may be recapitulated here. First, Gujarat's production and consumption did not show decline steadily in the eighteenth century. To a large extent, production responded to external demand which kept increasing as the century advanced. The consumption propensity of the people inhabiting Gujarat's ports and their hinterlands remained stable or even increased. The consumption of imported commodities on a large scale reveals that despite misfortunes the markets of Gujarat maintained their vitality. Unlike the case of the Persian Gulf, no drastic reduction in European companies' trade, either in terms of imports or exports, is identifiable in eighteenth-century

<sup>113</sup> Prakash, *Dutch East India Company*, 141; Shimada, *Intra-Asian*, 42-3, 159-64.

<sup>114</sup> VOC 3728, Resoluties, Surat, 16 April 1786, pp. 222-3. When the Company's debts rose to above f600,000 in 1790-91, the authorities requested Batavia to enhance the volume of merchandise annually supplied to Surat (VOC 3900, Directeur en Raad van Surat aan GG&R, 31 Dec. 1791, f. 3<sup>v</sup>).

<sup>115</sup> A large supply of cloves by English and Armenian merchants reduced its price and made it difficult for the Dutch to sell it at the fixed price in Surat (VOC 3805, Resoluties, Surat, 17 April 1787, pp. 161-7).

<sup>116</sup> See chapter four, footnotes 77 and 79; Shimada, *Intra-Asian Trade*, Appendix 7, 205-6.

Gujarat.<sup>117</sup> As indicated in the preceding chapters, there occurred in the course of the century a proliferation of people engaged in small-scale trade, in banking and brokering as well as in the service sector. A manifold increase in the number of bureaucratic and revenue offices seems to have led to the emergence of a large number of people having the means and propensity to consume both locally produced as well as imported goods available in the market.

Second, a structural change in the economy of Gujarat appears to have occurred with respect to first, the change in its production and consumption base within Gujarat and second, a partial shift in trading activities towards the north in the regions of Kachh and Bhavanagar. The traditional base of Surat's commerce was, well until the early eighteenth century, located in south and central Gujarat and the region to the north and east of it extending up to Agra and Delhi. The largest proportion of Gujarat's exports came from this region. Subsequently, some other regions also came to contribute to Gujarat's overall supply potential. The emergence of Bhavanagar, Kachh and Navanagar as prominent production centres of cotton and textiles in the late eighteenth century represents an increase of the spatial distribution of production in Gujarat.

A concomitant development was the emergence of active trading ports in north-western Gujarat such as Gogha, Bhavanagar, Dhollera and Mandvi. Having access to vast hinterlands, they attracted merchants. All goods entering Gujarat from the north, as well as from the east, such as Malwa opium, were channelled through these ports. This process intensified further in the early nineteenth century.<sup>118</sup> Gujarat's overseas traffic from Mandvi in the Gulf of Kachh to East Africa grew in the late eighteenth and early nineteenth centuries. Surat meanwhile did not lose its economic and commercial importance. What it actually lost in this period was the exclusive centrality of place that it had long enjoyed in Indian Ocean commerce. Whereas it continued to perform the role of a major trade emporium in Gujarat, intensive coastal shipping and trade activities began to emanate from other ports. This process represents a definite shift in the centre of gravity to the northwest of Gujarat.

As this study shows, the evidence for a flourishing economy of Gujarat in the second half of the eighteenth century challenges the traditional duality of seventeenth-century commercial boom and eighteenth-century decline often found in writings on Indian economic history.<sup>119</sup> This also reinforces the doubts about the artificiality in considering a century as a 'suitable pigeon-hole' to study historical

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<sup>117</sup> The Dutch trade in the Persian Gulf declined rather sharply after the collapse of the Safavid Empire in 1722. The import and sale of sugar at Gombroon by the Dutch Company dropped from an average annual 1.2 million ponds during 1703-22, to about 180,000 ponds during 1723-57 (Ghulam A. Nadri 'The Dutch Intra-Asian Trade in Sugar in the Eighteenth Century' (to be published in *International Journal of Maritime History*, 20, 2 (2008)).

<sup>118</sup> Sharma, 'Ports of Gujarat'.

<sup>119</sup> Scholars have taken divergent positions in their portrayal of the eighteenth-century political economy of South Asia. One group considers this a period of economic decline (Habib, 'Eighteenth Century in Indian Economic History' and Ali, 'Recent Theories of Eighteenth-century India'). Another locates economic growth in different spheres of activities (Alam, *Crisis of Empire*; Baylay, *Rulers, Townsmen and Bazaar*; Wink, *Land and Sovereignty*; and Burton Stein, 'A Decade of Historical Efflorescence', *South Asia Research*, 10/2 (1990).

phenomena.<sup>120</sup> Instead of looking in terms of decline or growth in the economy over a century or so, the second half of the eighteenth century could be seen as a part of a long early-modern period having alternate phases of economic expansion and recession. If we take imports and exports as indices of growth, the figures available for the second half of the eighteenth century are indicative of a flourishing Gujarat economy comparable to that of the first half of the seventeenth century. The notion of eighteenth-century decline is valid only if we take as our point of reference the second half of the seventeenth century or if we limit our view to the period between the late 1720s and the early 1740s.

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<sup>120</sup> Expression used in Habib, 'Eighteenth Century in Indian Economic History', 217.