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

Nadri, G.A.

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INTRODUCTION

The context and the purpose of study

In the beginning of my research in 2003, I made a study trip to Baroda, a medieval city that was the headquarters of the Gaekwars and which houses the Gujarat State Archives today. This was a year after the Gujarat pogrom. My local acquaintance showed me around the city, which looked quite lively. The shopping streets were crowded, the shops well-stocked and traders doing well. Putting all their bitter experiences aside, it seemed, people were once again busy with all sorts of temporal pursuits. I could locate some of the shops burnt or destroyed in the communal clashes of February-March 2002. They had been restored, rebuilt and renovated and, as I was told, they looked much livelier than was the case earlier. I then visited Ahmadabad, which has served as the administrative headquarters of Gujarat since the fifteenth century. This city was most severely affected by the communal carnage of 2002, but there too normalcy had returned to a large extent and the city was back to its hectic commercial life. Earlier in 2001, a part of Gujarat was devastated by a heavy earthquake whose epicentre was Kachh. Thousands of people died and their houses, workshops, and markets were destroyed. Such setbacks to trade and production were, however, temporary phenomena. The local economy recovered soon after every misfortune with the same speed and intensity with which it collapsed. The people of Gujarat through the centuries have possessed extraordinary entrepreneurial capabilities which distinguished them from those of other parts of the subcontinent.

Gujarat was one of the first states to undergo the process of industrialisation in India and today it has the highest per capita income in the country after Goa and Panjab. Its spectacular growth in the industrial and banking sectors is not a sudden development. It has a long history of successful entrepreneurship¹ which goes back to the early centuries of the Common Era. The local merchants and bankers were so preponderant in the economy that even in the heyday of colonial rule the region did not succumb to the pressure of colonial economic policies as was the case in Bengal and many other regions. It was at the initiative of Gujarati² entrepreneurs that the textile mills were established at Bombay, Ahmadabad and Surat in the late nineteenth and twentieth centuries.

In this book, my endeavour is to explore the political economy of Gujarat in the second half of the eighteenth century. Through a detailed study of the region's production potential, trade, and the

¹ The term entrepreneur that has been used here stands for any individual with a potent disposition to ensure his economic position, his progress as well as survival in every circumstance. It refers to certain qualities and characteristics that enable individuals or groups to plan and execute their productive activities.

² The term Gujarati here denotes people belonging to all caste and ethnic compositions who lived in Gujarat on a permanent or semi-permanent basis. This includes all Hindus, Muslims, Jains and Parsis who employed themselves in the pursuit of commerce of all forms in Gujarat. The Marwaris, Sindhis and men of other ethnic origins who had their residence in Gujarat are also counted as Gujarati.

commodities imported and exported, of the role of European Companies and private traders, and the position of the Asian merchants and ship owners, as well as through an analysis of the banking and brokering activities, I have tried to understand the politico-economic dynamics of the region in the late pre-colonial period. This study addresses some major issues such as the interpenetration of merchants and the local structures of power, the social institutional dimension of trade and forms of organising it, as well as their implications for the historical longevity of commercial enterprise and economic growth. The relationship between trade and politics and the extent of their interdependence had an important bearing on the sustenance of economic and commercial vitality. A major task is to delineate the nature of this relationship and to determine whether it defined, in any large measure, the distinctive course of development of Gujarat's political economy. This study examines the strengths and weaknesses of merchant communities and the ways in which their interaction with the state hindered or smoothed the latter's penetration into the structures of economic relationships. Apart from rulers and merchants, a third element in our tripartite scheme of power relations in Gujarat is the subaltern groups, mainly producers and labourers. In the conditions of the changing balance of power this section is the most vulnerable. I have evaluated the relative position of these groups in the political economy in order to understand the nature of control that the states or merchants exercised over their labour.

In terms of the interpenetration of trade and politics, the nature of Gujarat's political economy seems different from that of Bengal or southern India. From this perspective, it is imperative to underscore the characteristic features of the political and commercial world of Gujarat in the second half of the eighteenth century. The timeframe is crucial since this is exactly the period when political reconfigurations were creating favourable conditions for the English colonial ascendancy in South Asia. This was the period when parts of South Asia witnessed an increasingly close engagement between state and economy. Whether Gujarat experienced a similar development is one of the fundamental issues on which this study is focused.

The underlying assumption in the use of the term political economy is that the economic activities (growth or for that matter decline in the sum total of these activities) are closely linked with the functioning of political entities. In the historiography of South Asia, a dominant tendency has been to view economic developments and political order as functions dependent on the strengths and stabilities of governmental institutions.³ The attention of scholars has focused on the dynamics of socioeconomic processes as they understood them from the perspectives of political states. Large and centralised political entities were represented to have fostered economic growth, most visibly in the extension of cultivation by peasants increasingly turning to commercial crops, the expansion of commodity production and the monetisation of the economy. The stable political order in a large part of the western Indian Ocean littoral under the Mughal, Safavid and Ottoman regimes during the sixteenth and seventeenth centuries, according to this view, facilitated commerce by creating congenial

³ Frank Perlin, *Unbroken Landscape: Commodity, Category, Sign and Identity; their Production as Myth and Knowledge from 1500* (Aldershot, 1994), 75.

conditions for the smooth flow of merchants and merchandise. A logical corollary of this line of thought is the notion that with the collapse of these empires, the respective regions lost their economic prosperity and commercial affluence.⁴ The revisionist critique of this view in South Asia also assigned a great role to the successor states in resuscitating economic development in the eighteenth century. The notion of 'military fiscalism' or 'South Asian mercantilism', characteristic of some south Indian states and the English Company's rule in Bengal, accords a still more crucial role to these successor states.⁵ Whether the experience of Gujarat fits this historiographical model is a continuous concern of this study.

As a kind of heuristic working hypothesis the relative position of state and merchants postulated in the above-mentioned model has been inverted: what if, in Gujarat, the state would seem to be essentially a weak entity vis-à-vis merchants? Throughout its history, the state in Gujarat was dependent on major economic actors like merchants and bankers. The latter controlled the economy and possessed enormous resources to dominate the rulers. In the 1970s, Michael Pearson noticed this distinct nature of the relationship, but understood this in terms of the states' hands-off attitude.⁶ In the whole debate on the nature and extent of the states' control over the economy in South Asia, the assumption is that the state holds the lever and that its [non]interference has been a matter of deliberate choice. This study approaches the nature of this relationship from the perspectives of the local economy and its actors and the way they circumscribed the role of the state in Gujarat.⁷ Through a detailed analysis of the production and trade potentialities of the region, I have tried to understand the relative position of the rulers, merchants and producers in the political economy.

Eighteenth century in the historiography of South Asia

With the establishment of the Portuguese *Estado da Índia* in the early sixteenth century, and even more so with the coming of the north European companies to Asia at the beginning of the seventeenth century, the Asian economies began to interact more closely and directly with the 'European world-

⁴ Ashin Das Gupta, *Indian Merchants and the Decline of Surat, 1700-1750* (Wiesbaden, 1979).

⁵ Burton Stein, 'State Formation and Economy Reconsidered', *MAJ* 19/3 (1985); C. A. Bayly, *Rulers, Townsmen and Bazaar: North-Indian Society in the Age of British Expansion, 1770-1870* (Cambridge, 1983); idem, *The Imperial Meridian: The British Empire and the World, 1780-1830* (New York, 1989); Burton Stein and D. A. Washbrook, 'States and Societies: Configuring State and Capitalism in Early Modern India', cited in Prasannan Parthasarathi, 'Merchants and the Rise of Colonialism', in Burton Stein and Sanjay Subrahmanyam (eds.), *Institutions and Economic Change in South Asia* (New Delhi, 1996).

⁶ M. N. Pearson, *Merchants and Rulers in Gujarat: the Response to the Portuguese in the Sixteenth Century* (California, 1976).

⁷ In an interesting paper, Lakshmi Subramanian identified the distinct nature of relationship between the English Company and textile producers of Surat. She, however, attributed this to the evolving power equations in western India and financial constraints which circumscribed the Company in its assertion of control over either merchants or weavers until 1800 (Lakshmi Subramanian, 'Power and the Weave: Weavers, Merchants and Rulers in Eighteenth-Century Surat', in Rudrangshu Mukherjee and Lakshmi Subramanian (ed.), *Politics and Trade in the Indian Ocean World* (Delhi, 1998).

economy' as Immanuel Wallerstein has characterised it.⁸ Following the Braudel model of a world system, Wallerstein came up with the notion of a much larger world economy of which Europe was the core; the rest comprised either the periphery or the external arena of the economic system.⁹ Historians have contested the historiographical peripheralisation of the Indian Ocean region, especially South Asia, because of its pivotal role in Eurasian commerce.¹⁰ Whatever the differences in interpreting the relative position of Asia and Europe in the age of intensive commercial interaction, the latter's eventual political domination over the former in the late eighteenth and nineteenth centuries has been at the core of such discussions. For long, the European ascendancy has been attributed to the distinct capitalistic economy that it came to develop starting in the late Middle Ages.

i) Euro-Asian context

Recently, the scope of the debate on the nature of economic growth has widened as a consequence of a comparative paradigm that has lately emerged in the historiography of European-Asian interaction in the early-modern period. The developmental processes of Asian economies (especially in China, Japan and India) in the pre-colonial period were brought into the orbit of discussion and these processes were compared with those of Western Europe. This strand of scholarship questions the uniqueness of European economic growth and emphasises the fact that prior to 1800, the path and level of growth in some parts of Asia, notably China and India, were quite similar to those of Europe.¹¹ This approach interrogates the institutional structures and economic performance that characterised pre-1800 Europe, underlines parallels in Asia and emphasises that the 'great divergence' came only after the Industrial Revolution.¹² The assumption that the levels of economic growth in Europe and Asia were quite similar in the pre-industrial era necessitated another enquiry as to why, since the late eighteenth century, they came to have different trajectories. Whereas Europe experienced a wave of rapid

⁸ Immanuel Wallerstein, *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (London, 1974), 326-34; idem, *The Modern World-System: Mercantilism and the Consolidation of the European World-Economy, 1600-1750* (London, 1980).

⁹ South Asia was incorporated into the 'capitalist world economy' only in the late eighteenth and early nineteenth centuries. See Immanuel Wallerstein, 'The Incorporation of the Indian Subcontinent into the Capitalist World-Economy', in Satish Chandra (ed.), *The Indian Ocean: Explorations in History, Commerce and Politics* (New Delhi, 1987).

¹⁰ D. A. Washbrook, 'Progress and Problems: South Asian Economic and Social History c. 1720-1860', *MAS* 22/1 (1988), 60; Om Prakash, *Asia and the Pre-modern World Economy* (Leiden, 1995).

¹¹ Jack Goody, *The East in the West* (Cambridge, 1996); R. Bin Wong, *China Transformed: Historical Change and the Limits of the European Experience* (Ithaca, 1997); Andre Gunder Frank, *ReOrient: Global Economy in the Asian Age* (Berkeley, 1998); Kenneth Pomeranz, *The Great Divergence: Europe, China, and the Making of the Modern World Economy* (New Jersey, 2000).

¹² Jan Luiten van Zanden, 'The Great Divergence from a West-European Perspective: Some Thoughts and Hypotheses', *Itinerario* 24/3-4 (2000), 9-12.

industrialisation and the emergence of the modern state, the Asian political economies stagnated or even declined.

This in fact prefigured a whole series of arguments put forth to explain the failure of the East to follow the path of economic growth that came to be seen in terms of mechanisation of production processes and the rise in per capita gross domestic product (GDP). In the Marxist paradigm, people sought to explain this phenomenon from the vantage-point of colonialism and its exploitative character.¹³ Many nineteenth-century scholars, however, attributed the supposed economic indolence of South Asia to the 'Indian value system' and the 'social structure,' which were held to have obstructed the economic growth.¹⁴ Max Weber explained the differential scales of economic development in Western Europe and Asia in terms of the emergence or not of 'sober bourgeois capitalism with its rational organization of free labour'.¹⁵ Whereas the Weberian paradigm had great influence in the study of South Asian societies, Weber's assumption of Hinduism's essentially negative effects on South Asian economic progress has been taken to task. In his study of economic growth in South Asia, Morris D. Morris questioned this notion of the negative impact of the 'Indian value system'. He discredited the inertia attributed to the people of India and instead underscored its entrepreneurial capabilities. The development of India's cotton textile industry, which became the largest in the world by 1900, he argued, was an outcome of indigenous enterprise and occurred almost entirely under the auspices of autochthonous entrepreneurs.¹⁶

Some scholars also questioned the 'big bang' theory, which understood the English industrial revolution of the late eighteenth and early nineteenth century as the major breakthrough in the economy of Western Europe, and suggested instead a gradual process of economic development since the Middle Ages.¹⁷ This revisionist view has, however, been recently contested by some scholars who have questioned the nature of economic growth and its impact on the living standard of the people at large. Jan Luiten van Zanden argues that the growth in per capita GDP did not eventually lead to a rise in the living standard of the greater part of the population in the most dynamic part of Western

¹³ Among nationalist and Marxist historians colonial intervention is held to have strangled economic processes that had long contributed to the growth in production and consumption in Indian society (Dadabhai Naoroji, *Poverty and un-British Rule in India* (London, 1901); R. C. Dutt, *The Economic History of India*, 2 vols. (London, 1970); Irfan Habib, *Essays in Indian History: Towards a Marxist Perception* (London, 2002); and Sushil Chaudhury, *From Prosperity to Decline: Eighteenth Century Bengal* (New Delhi, 1995).

¹⁴ Morris David Morris, 'Values as an Obstacle to Economic Growth in South Asia: An Historical Survey', *JEH* 27/4 (1967).

¹⁵ Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (London, 1992), 23-4, 47-78.

¹⁶ Morris David Morris, 'Towards a Reinterpretation of Nineteenth-Century Indian Economic History', *JEH* 23/4 (1963), 613; Idem, 'Values as an Obstacle', 598.

¹⁷ Jan de Vries, 'The Industrial Revolution and the Industrious Revolution', *JEH* 54/2 (1994); idem, 'The Decline and Rise of the Dutch Economy, 1675-1900', in G. Saxonhouse and G. Wright (eds.), *Forms and Methods in Economic History: Essays in Honor of William N. Parker* (Greenwich, 1984).

Europe.¹⁸ In his view, the economic growth in Europe was different in character from that of Asia. He identifies, therefore, a 'top-down' trajectory of growth in Asia as against the 'bottom-up' trajectory in Europe.¹⁹ The preconditions for the development of market exchange in Asian societies, he argues, were created by hierarchical and authoritarian political structures. By creating favourable conditions for such activities, these states anticipated growth in their wealth and potential resources. In due course, however, the Asian states failed to transform rights to property, labour, merchandise and so on into transparent institutions. On the contrary, Western Europe, with its civil society and unique relationship between state and economy, in which independent producers played a crucial role, was able to introduce labour-saving technology which revolutionised the manufacturing processes.²⁰

The English political ascendancy in South Asia was achieved much before the impact of the English industrial revolution on the economy and on society began to be felt. The failure of South Asian political economies to check British domination must therefore be located somewhere within the differential indigenous political and economic structures and institutions of South Asia and Great Britain. The notion of 'Asiatic despotism' and its politico-economic implications as the causal dynamics of South Asian economic sluggishness has been contested.²¹ On the contrary, the pre-eminence of the British is viewed as the culmination of the slow processes whereby, taking advantage of their military and institutional superiority, they established control over Indian Ocean commerce and subsequently assumed political control of the subcontinent. In his examination of the interpretation of South Asian history, David Washbrook takes up the issue of South Asia's failure to transform itself into a modern industrial society allegedly on account of its inert repositories of 'tradition' or as passive receptacles of 'modernisation'.²² He questions the teleology that considers capitalism as inevitably leading to industrialisation and modernisation, and argues that modernisation is the result of specific conditions with respect to which South Asia differed quite significantly from Europe. He attributes this failure to colonialism and the ensuing underdevelopment. In the mature phase of colonialism, during the second quarter of the nineteenth century, processes like 'peasantisation' and 'traditionalisation' greatly undermined, strangled and obstructed economic progress.

ii) South Asian context

¹⁸ Van Zanden, 'Great Divergence', 12-14; idem, 'Wages and the Standard of Living in Europe, 1500-1800', *European Review of Economic History* 3/2 (1999), 192-3.

¹⁹ Van Zanden, 'Great Divergence', 14-15.

²⁰ Ibid. 17-23.

²¹ Habib, *Essays in Indian History* (the concept of 'Asiatic despotism' has been used as a point of reference in many of the essays collected in the book); Washbrook, 'Progress and Problems', 64.

²² Washbrook, 'Progress and Problems', 76.

The nature and course of development in eighteenth-century South Asia seems to have been strikingly different from that of Western Europe. In this period, South Asia experienced major political and economic reconfigurations which, despite having some positive aspects, were deleterious for the subcontinent's economic and societal development. In comparison to the seventeenth century, the volume of production and trade is held to have declined in the early eighteenth century; the prosperity of some major urban centres dwindled and agricultural production suffered dislocation. The notion of a declining economy in the eighteenth century finds its genesis in the contemporary Persian-language narratives which understood the changing political economy from the standpoint of the state and attributed this decline to the disintegration of the Mughal Empire, a process that is held to have begun in the last quarter of the seventeenth century.²³ So overwhelming has this top-down analysis been that modern scholarship on the subject has been largely carried away with it. Among the most ardent supporters of this theory are scholars of Mughal India who postulated that the collapse of the Mughal central authority in the early years of the eighteenth century inevitably resulted in an economic catastrophe.²⁴ Some scholars have recently presented a rather more positive view of the economy and society of important regions of middle and late eighteenth-century South Asia.²⁵ This revisionist historiography has been sustained through an exhaustive exploration of evidence testifying to economic recovery (after the early-century slump) and growth in different parts of the subcontinent.²⁶

Another set of problems that has been debated among scholars concerns the complex course of development in South Asia that determined the fate of not only the Indian population, especially rulers and merchants, but also of the Europeans present there. The mid-century English Company's victories at Plassey and Baksar over the rulers of Bengal and Awadh transferred to the Company the actual

²³ Sujan Rai Bhandari, *Khulasat-ut Tawarikh*, ed. Zafar Hasan (Delhi, 1918); Ali Muhammad Khan, *Mirat-i Ahmadi*, ed. Syed Nawab Ali (Baroda, 1928-30); Itimad Ali Khan, *Mirat-ul Haqiq* (Persian Manuscript at Bodleian Library Oxford; microfilm copy at History Department of Aligarh Muslim University, Aligarh).

²⁴ Irfan Habib, 'Eighteenth Century in Indian Economic History', in Seema Alavi (ed.), *The Eighteenth Century in India: Debates in Indian History and Society* (New Delhi, 2002); M. Athar Ali, 'Recent Theories of Eighteenth-century India', *Indian Historical Review*, 13/1-2 (1986-87); Gupta, *Indian Merchants*; Chaudhury, *From Prosperity to Decline*; K. N. Chaudhuri, *Trade and Civilization in the Indian Ocean: An Economic History from the Rise of Islam to 1750* (Cambridge, 1985).

²⁵ For a survey of the eighteenth-century South Asian historiography, see Alavi, *Eighteenth Century in India*.

²⁶ On Awadh and north India, see Muzaffar Alam, *The Crisis of Empire in Mughal North-India: Awadh and the Punjab, 1707-1748* (New Delhi, 1986); Bayly, *Rulers, Townsmen and Bazaars*. On southern India, see Prasannan Parthasarathi, *The Transition to a Colonial Economy: Weavers, Merchants and Kings in South India, 1720-1800* (Cambridge, 2001); idem, 'Re-thinking Wages and Competitiveness in the Eighteenth Century: Britain and South India', *Past and Present*, 158/1 (1998). On Maharashtra and western India mention may be made of N. Hatekar, 'Farmers and Markets in the Pre-Colonial Deccan: The Plausibility of Economic Growth in Traditional Society', *Past and Present*, 178/1 (2003); Frank Perlin, *The Invisible City: Monetary, Administrative and Popular Infrastructure in Asia and Europe, 1500-1900* (Aldershot, 1993); idem, *Unbroken Landscape*; Aniruddha Ray, *Trade, Politics and Plunder: Marathas at Cambay, c. 1725-1825* (New Delhi, 2006); Satish Chandra, *The 18th Century in India: Its Economy and the Role of the Marathas, the Jats, the Sikhs and the Afghans* (Calcutta, 1986); Stewart Gordon, 'The Slow Conquest: Administrative Integration of Malwa into the Maratha Empire, 1720-1760', *MAS* 11/1 (1977); G. D. Sharma, 'Urban Economy in Western India in the Late Eighteenth Century', in Indu Banga (ed.), *The City in Indian History* (New Delhi, 1991).

political power and control over the agrarian and military resources of a large part of north India. Elsewhere, the Company pursued a similar policy of aggressive military engagements which helped it achieve political domination over southern and western India by the end of the century. In the 1750s, therefore, there occurred a major break in the political economy of the subcontinent. From that time on, a large part of its resources began to be utilised primarily in the interest of the Company and eventually of Great Britain itself. The implications of the transition to colonialism were soon visible in Bengal and southern India where the Company took control of textile production through coercion and forced weavers and manufacturers to sell their product exclusively to the Company at a unilaterally-determined price.²⁷

iii) Regional context

Whereas much has been written on eighteenth-century Bengal and southern India, the course of development in Gujarat, another erstwhile province of the Mughal Empire, has not yet been explored in the context of the debates mentioned above. While scholars have acknowledged the somewhat distinctive character of Gujarat, no consistent efforts have been made to situate this region in the temporal landscape of developments happening in the subcontinent. Most studies on its eighteenth-century political economy have focussed on Surat and, to some extent, Cambay. It is certainly only natural that Surat, as the epicentre of western Indian Ocean commerce, has been at the centre of scholars' attention. The city's commerce, its mercantile community, its wealth and prosperity and many other aspects have been studied in detail. Ashin Das Gupta's monograph on Surat and his numerous essays on the commercial career of the city and its mercantile communities suggest that the prosperous world of Muslim ship-owning merchants was in decline in the first half of the eighteenth century.²⁸ Lakshmi Subramanian and Michelguglielmo Torri have explored various aspects of the socioeconomic order in eighteenth-century Surat.²⁹

²⁷ Hameeda Hossain, 'The Alienation of Weavers: Impact of the Conflict between the Revenue and Commercial Interests of the East India Company, 1750-1800', *IESHR* 16/3 (1979); idem, *The Company Weavers of Bengal, The East India Company and the Organization of Textile Production in Bengal, 1750-1813* (Delhi, 1988); Parthasarathi, *Transition to a Colonial Economy*; Chaudhury, *From Prosperity to Decline*; Sinnappah Arasaratnam, 'Weavers, Merchants and the Company: the handloom industry in south-eastern India, 1750-1790', *IESHR* 17/3 (1980); Om Prakash, 'From Negotiation to Coercion: Textile Manufacturing in India in the Eighteenth Century' (to be published in *MAS* 2007).

²⁸ Gupta, *Indian Merchants*. Many of his essays have now been brought together in one volume, *The World of Indian Ocean Merchant: Collected Essays of Ashin Das Gupta*, compiled by Uma Das Gupta (New Delhi, 2001).

²⁹ Lakshmi Subramanian, *Indigenous Capital and Imperial Expansion: Bombay, Surat and the West Coast* (Cambridge, 1996); idem, 'Baniyas and the British: the Role of Indigenous Credit in the Process of Imperial Expansion in Western India in the Second Half of the Eighteenth Century', *MAS* 21/3 (1987); idem, 'The Eighteenth-Century Social Order in Surat: A Reply and an Excursus on the Riots of 1788 and 1795', *MAS* 25/2 (1991); Michelguglielmo Torri, 'Surat During the Second Half of the Eighteenth Century: What Kind of Social Order? A Rejoinder to Lakshmi Subramanian', *MAS* 21/4 (1987); idem, 'Trapped

In short, these scholars have explored many dimensions of Asian commercial activities at Surat and have underscored the dynamics of the city's mercantile community in the so-called declining age of commerce. However, the economic potential of the region which played so prominent a role in Indian Ocean trade in early-modern times has not yet been appreciated in the context of broader issues outlined above. Whereas we know much about the successful enterprises of the Bania entrepreneurs in the eighteenth century, they have not been contextualised. What were the implications of the mid-century developments for the commercial world of Gujarati merchants, and to what extent did their activities facilitate or otherwise inhibit the colonial takeover of western India? These are some of the issues that I have tried to elucidate in this study.

The nature of consumption and the stability of commercial and political fortunes are held to be the two major indicators of developmental potential.³⁰ So far, the consumption pattern and its long-term dynamics have not been properly studied. The absence of longevity in mercantile fortunes is acknowledged only tacitly in the historiography of South Asia.³¹ This study seeks to map consumption patterns, although on a rudimentary scale, on the basis of changes in the composition of merchandise annually imported to Gujarat by the Dutch and other European companies. It also traces the nature and structure of the market economy of Gujarat as one of the fundamental features of economic growth. The organisation and working of the labour market is yet another important aspect of growth and this study makes a modest attempt to analyse the mobility, wages and standard of living of labourers in Surat. The market mechanism serves as an analytical framework to explicate both the dynamics of the relationship between primary producers and merchants (including the companies) and also the somewhat different trajectory of growth in Gujarat from that anywhere else in South Asia.

There is a local-regional dimension as well. The spatial landscape of this work is the present-day Indian state of Gujarat. In physical area, this state is by and large coterminous with the Mughal *suba* of Ahmadabad (or Gujarat). Although a major concentration on Surat is unavoidable on account of its larger visibility in the sources, to the extent possible this study also takes into consideration the politico-economic developments taking place in other parts of Gujarat such as Ahmadabad, Cambay, Broach, Bhavanagar, Baroda, Kathiawar and Kachh. Within the region, there were many push and pull factors that seem to have contributed to the growth and intensification of economic activities in one sub-region or the other at different times. Surat's pre-eminence in the maritime trade of Gujarat and its position as the largest oceanic terminus in western India is incontestable. However other independent ports shared in Gujarat's external trade. The Gulf of Kachh was one such sub-zone, with direct commercial links with the Persian Gulf, East Africa and the Malabar Coast. The reconstruction of

inside the Colonial Order: The Hindu Bankers of Surat and their Business World during the Second Half of the Eighteenth Century', *MAS* 25/2 (1991).

³⁰ Pomeranz, *Great Divergence*; C. A. Bayly, 'South Asia and the Great Divergence', *Itinerario* 24/3-4 (2000), 94.

³¹ Elsewhere, I have discussed aspects of historical longevity of merchant families and familial fortunes *see* Ghulam. A. Nadri, 'The Maritime Merchants of Surat: a Long-term Perspective' (To be published in *JESHO* 50/2 (2007)).

some aspects of production and trade in these localities renders it possible to understand the dynamics of Gujarat's economy and to explain the changes in it from the perspective of different locales.

Through a detailed study of trade and production, this book seeks to break the constructed dualism between a seventeenth century of great prosperity and an eighteenth century of chaos and calamity. This I have tried to achieve through a careful analysis of changes in the volume and value of European trade in the course of the late seventeenth and eighteenth centuries. My study deals with the institutional infrastructure crucial for commercial activities and also delves into the social organisation of trade and the question of historical longevity of family firms and their fortunes. In a Braudelian paradigm that distinguishes various socio-economic ensembles and calls for a need to understand them in terms of their relations with politics, culture and social hierarchies, this study too brings political and cultural dimensions into the discussion.³² As indicated in the first section of this introduction, the complex relationship between trade and politics in South Asia has been much debated among scholars. It has been argued that some of the states replacing or emulating the Mughal system of rule were more modern in their outlook than the Mughals had been and that this created conditions for economic growth. Though the political configurations in Gujarat did not result in the emergence of a strong successor state, the relationship should nevertheless be elucidated and compared with Europe where in some places such as the Dutch Republic merchants by then exercised a considerable degree of initiative in political matters.³³

³² Fernand Braudel, *Afterthoughts on Material Civilization and Capitalism*, tr. Patricia M. Ranum (Baltimore, 1977), 63-75.

³³ C. R. Boxer, *The Dutch Seaborne Empire, 1600-1800* (London, 1965), 52-3. Out of 37 burgomasters of Amsterdam during 1752-95, 13 were merchants; the remainders had close family connections with commercial firms and every one was nearly always a director of the VOC (ibid. 53).