CONCLUSION

The Dutch came to the South Coromandel Coast in quest of cloth, a necessary medium for the purchase of spices in the East Indies. By the middle of the seventeenth century, the Dutch had secured for themselves a commanding position in the overseas trade of the South Coromandel Coast. With their control over the trade of the East Indies, they enjoyed an advantage denied to their rivals. The power of the Portuguese, a serious hindrance to Dutch activities in the earlier stages of their career in Asia, was everywhere on the wane. The English with their limited resources were still lagging far behind. The Indian and Asian merchants, with their knowledge of local conditions and ability to trade for a low rate of gross profits, offered a more serious problem. But in all probability, the total volume of the overseas trade of the local Indian merchants was not as large as that of the Company. Within a decade, the Dutch East India Company’s trade became sufficiently important to warrant the creation of a separate ‘government’ for the coast. The importance of the Coromandel factories increased as the policy of making the Asian trade pay for itself found acceptance in Batavia and Holland. If Dutch trade in the East was to be supported chiefly by its own profits with the least possible assistance from Europe, Coromandel cloth, a commodity universally in demand throughout Asia, naturally featured more and more prominently in the pattern of the Company’s commerce.

The Dutch were not destined to enjoy their ascendancy for long. The growing resources of the English and their increasing exports to Europe undermined the Company’s control over the South Coromandel cloth markets. In South-East Asia, the competition of Indian merchants lowered the demand for South Coromandel textiles imported by the Company. Burdened with heavy military and administrative expenses, the Dutch could not afford to trade for a small margin of
gross profits like their Asian rivals, and efforts to eliminate this competition by making use of the Company’s superior naval strength had to be abandoned in view of the weakness of the Dutch factories on the mainland of India. In the last quarter of the century, the Dutch struggled hard to maintain their South Coromandel trade as a paying concern, but without much profit. Disastrous wars which dislocated the economic life of the region added to their difficulties. Economy measures and extensive enquiries into the corruption and inefficiency of the Company’s employees made little difference to the basic problems. In the 1690’s, Pieter van Dam, the Company’s official historian writing on the Company’s Asian trade recognised the fact that the trade with Coromandel was definitely in decline. The transfer of the headquarters from Pulicat to Nagapattinam in 1690 marked the beginning of the last inglorious phase in the Company’s career on the coast. The experiences of the Dutch Company on the coast were in many ways typical of European commercial activity in 17th century Asia. Initially, their chief obstacle was an unfavourable institutional framework, unfavourable not merely to the trade of foreign companies, but to all economic activities which could possibly expand production or raise the producers’ standards of consumption. The eagerness of the political authorities and local merchants to see the European traders established as a part of the economic map of the region, modified, but did not basically alter the situation. Rapacity of transferable local officials or revenue farmers, who had no care for the economic future of the people or the region under them, was part of the administrative system of the period and this fact affected adversely all concerned.

Starting as a mere accessory to the spice trade in the Indies, the Dutch trade with Coromandel developed before long into “one of the chief pillars” of the Company’s Eastern commerce. The profits in the East Indies, Siam, Persia and the Malay Peninsula became increasingly dependent on the supply of South Coromandel textiles. And cloth was not the only export from the coast which was of importance
to the Company’s Asian trade. Saltpeter for the manufacture of gun-powder was exported in quantities to meet the requirements of the Dutch factories all over Asia. From the 1630’s, the Company’s factories and ships throughout the East depended for the bulk of their supplies on gun-powder manufactured in Coromandel. The volume of iron and steel export to the East Indies was also considerable in the latter half of the century. During the years of famine on the coast, the Dutch never missed any opportunity of procuring slaves for the factories and plantations in the East Indies and Ceylon. In times of necessity, Batavia also depended on the coast for its supply of rice and wheat, and a large proportion of the provisions required for Ceylon was supplied by the Coromandel government.

It was primarily in the pattern of the Company’s Asian trade that the Coromandel factories occupied a position of great importance. To obviate the difficulties arising from limited capital supply from Europe, the Dutch engaged in all branches of the inter-Asian commerce, and a large part of the profits from this trade was invested in South Coromandel, mainly in the form of bullion and cash specie. In fact, the requirements of the South Coromandel market, where only precious metals were in good demand, provided the impetus behind the Company’s efforts in many parts of Asia.

One outstanding development in the economic life of the South Coromandel Coast in the seventeenth century, which was certainly related to the activities of the European companies, was the enormous expansion of Indian participation in the overseas trade. The increased flow of capital into the country, the profits trade by the merchant-middlemen from their trade with the Europeans and, probably, a desire to emulate the lucrative efforts of the European companies contributed to this development. In the first half of the seventeenth century, the Dutch, as the principal
European nation trading in South Coromandel, were one of the major contributors to this development.

In the internal economy of the coast, the activities of the Dutch and, in the later decades, of the other European companies, provided a great impetus to production. Manufacture of cloth, and, to a lesser extent, of Pearl Fishery, Indigo, Gunpowder Ironware, Diamond and Rice increased in many places as a result of the large orders placed by the Dutch Company. It is a significant fact that the volume of production could increase very substantially without any notable change in technique. Evidently a considerable proportion of the productive capacity remained idle through lack of markets and incentive. In some areas, the manufacturers of cloth became so dependent on the Dutch Company that they took to agriculture whenever the Company failed to place orders for any prolonged period.

The Dutch, at least as much as the English, were further responsible for introducing some significant innovations in the organisation of production and commerce, though not on any very large scale. The Dutch relations with the ‘Chief Merchants’ and introduced the innovations in the ‘putting out system’ was extended considerably under their auspices. In several places, they set up establishments for processing cloth, bleaching and dyeing in particular, and manufacturing gun-powder and iron-ware, where as many as fifty to a hundred artisans worked as wage labourers under the direction of the Dutch factors and experts. The Dutch Company’s Shipbuilding Technology was very useful to the Central and South Coromandel Coast Merchants and Workers. The Dutch Company’s activities provided a channel for the penetration of capital into production and the emergence of new and efficient forms of production organisation, though the sequel to this development was disappointing. The ‘companies’ of middlemen set up by the Dutch
were another innovation which could have had an important sequel but for the poor quality of enterprise of the Indian merchants.

In the 17th century Dutch had generally very good relations with the Nayaks of Thanjavur and had secured many privileges in Nagapattinam. In the early 18th century the position changed. The then Nayak Serfoji took offence over many issues. He was dissatisfied over presents given to him at his accession and at the quality of elephants given to him as annual tax of recognition. In 1712 he repudiated the tariff concessions given to the Dutch and imposed full tolls on goods brought into Nagapattinam. The Dutch also had difficulties with some Thanjavur native Chiefs and paddy merchants. Some of them had defaulted over the delivery of rice and could not be apprehended. They were persons of influence in the Kingdom and no action could be taken against them. The final blow came when the Nayak offered the French the ownership of Karaikal, thus ending the virtual monopoly of Thanjavur markets enjoyed so far by the Dutch.

In the 1770s, the situation in the South Coromandel worsened for the Dutch, with the Nawab’s attacks on Thanjavur and Madurai and the expanding English authority over the coastal and hinterland areas of South Coromandel. Villages in the Seven Mahanams (district) of Thanjavur, where Dutch merchants used to have a virtually exclusive procurement of goods from weavers, had now come under the control of a different set of revenue authorities under the Nawab’s jurisdiction and English influence. Desperate attempts by the Raja of Thanjavur to shore up his finance by leasing out large tracts of territory to the Dutch and even by outright cession, came to nothing. In 1773, Thulsi Raja negotiated a loan with the Dutch and the lease territory. In return for 30,000 pagodas, the Raja renounced his claims for an annual recognition fee from the VOC for its possession of Nagapattinam. In July of the same year, the Raja sold the ports of Nagore and Topiturai to the Dutch for a
payment of 75,000 pagodas and the Seven *Mahanams* in the hinterland of Nagapattinam for a payment of 3,60,000 *pagodas* a year. In addition, the *Mahanam* of Tirupundy was sold to them for 24,000 *pagodas*. Before these transactions could take effect, the Nawab, assisted by the English, attacked and annexed the kingdom to his dominions. The lands were leased out by the Nawab and English influence in the area increased. The port of Nagore was ceded to the English who began to extend their textile investment to these parts through their merchants. Thus, even to lose of Nagapattinam in 1781, the Dutch began to lose the influential position they had in the Thanjavur rural areas.

The Dutch were constrained in their efforts to increase their investment in textiles by the impoverishment of their merchants who had accumulated large debts were a number of merchants with large arrears in their accounts with the VOC. In this context, Dutch officials would not think of making further advances to these merchants for fear of being themselves held responsible for the bad debts incurred in their factories. Without advances it was impossible to procure more cloth in a situation where there several parties interested in textiles for export.

Another factor in the unfulfilled orders was large amount that continued to be rejected as of bad quality. For the European market, the companies were very scrupulous about quality and measurement and there was out than there was for the Indies market. VOC officials were kept on their toes in this respect by the adherence to the policy of changing those responsible for the procurement of particular batches of cloth that had feared poorly in the market due to poor quality. In 1770 it was estimated that out of every 10 bales of cloth submitted there were rejected. There was a sorting out at the factory of delivery and a re-sorting at Nagapattinam where the storekeeper had ultimate responsibility. There was a final re-sorting at Batavia. For example, in 1778, out of 138 bales, 48 were rejected. The rule of charging in the
amount on sale of cloth lower than a base profit level on the amount on sale of cloth lower than a base profit level on the official responsible for procuring and passing it was followed scrupulously. In 1773 the reduced profit on the sale of 1,500 pieces of cloth in the Netherlands was debited to the account of the Pulicat chief factory. Likewise a lose of 3,358 guilders incurred on the sale of fine Cambays of Pulicat was charged to the Chief and his Assistant. It appears that the two Companies, English and Dutch, were keen on the maintenance of quality but that other buyers, including the French, had no such scruples. In such a context, it was a hard battle to stick to strict standards without putting up prices. Which both Companies were most reluctant to do. The English had the advantages of monopoly over the labour weavers in villages under their control which was denied to the Dutch, who had only mercantile means to attain their ends.

The increasing proportion of textiles for Europe as against the Indies was a reflection of the changing demand factors at this time. The strong demand in Europe for coarse varieties continued and the Dutch, like other Companies, were directing large quantities of guinea cloth (longcloth), salempores, gingham and mores to that market. At the same time, it appears that the decline demand in the Indies continued into the 1770’s. It was seen earlier that profits on Indian textiles in Batavia were dwindling and the trade was no longer viable, except in certain varieties. There had been a shortage of coarse cloth of Batavia in the late sixties, but after increased supplies this was remedied and the previous situation had been restored. Some factories, such as Malacca, where the trade was totally unprofitable, were omitted from the orders sent out annually to Coromandel and in others the quantities were cut down. Indeed, the price increases given in the 1760s appear to have made Coromandel textiles far less profitable in Asian markets. This is why urgent request were made from Batavia to Nagapattinam to bring down prices to previous levels. This is was successful in some varieties, but though there was a general revival in the
weaving industry, the entry of new customers into the market made it difficult to bring down prices.

The Southern Coromandel factories continued to be slack, particularly Pulicat and Porto Novo, whose hinterlands were either under strict English control or were in administrative instability. Sadaraspatnam held on with difficulty and Nagapattinam had lost its hinterland and become isolated. The ability to deal with merchants spread out over a wide area proved to be the saviour in these difficult times. The VOC was increasingly directing its investment westwards in the Carnatic, to Tirunelveli and Madurai. But even this was being threatened with the assertion of the Nawab’s authority, supported by the English, over the Polygars of Tirunelveli and Ramand.

A second and more radical method was adopted in the seventies on the urgent recommendations of the VOC officials of Coromandel. This was to permit the Coromandel merchants to ship textiles for sale in Batavia on their own account in VOC vessels, on payment of a freight and recognition fee which came around 25 per cent. The merchants of Porto Novo, Sadarspatnam to have taken advantages of this concession at various times.

The merchants appear to have consigned their goods to agents in Batavia who seem to have been persons of Coromandel origin settled in that part. The cloth that was thus sent comprised goods that were rejected as unsuitable for acceptance by the VOC or varieties that were specially made for that market.

As a result of both these measures, merchant indebtedness to the VOC was considerably reduced in the Seventies from the high levels it had reached. It was seen earlier that total merchant debts in Coromandel had reached one million guilders.
Some of the longstanding debts especially form Sadarspatnam and Porto Novo had to be written off.

The Dutch interloping presented a far more troublesome problem than the competition of the national companies which indulged in straightforward, undisguised interloping direct trade between Europe and the East by private merchants in defiance of Company monopoly. Dutch private merchants found it more profitable to become shareholders in one of the Champers, or to smuggle goods in Company ships, than to fit out ships themselves for open interloping. Interlopers, however, could assume many disguises. for example (despite repeated legislation forbidding the practice) register their ships under foreign flags.

The Dutch East India Company had to face competition not only from the one another and from interlopers, but from their own servants. These great corporations like, the governments which chartered them, did not, and could not, pay adequate salaries to the people they employed. Company servants were paid pittances in cash and made their livings –their fortunes, if they were lucky and lived long enough – through their opportunities for private trade. This was not an abuse (though it led to abuses) it was the custom of the time, and in any event it could not have been prevented. The main reason for this decline is the glory days of the VOC, the illegal country trade conducted by its employees at the time. Because of their desire for money, these employees became rivals of their own employer; being on the one hand a private trader, and on the other hand a VOC merchant in the same trade.

Besides smuggling and piracy, the widespread corruption in the Company’s ranks dissipated much of its profits. It was said that for every rupee of profit earned by the Company, its servants made 100 rupees illicitly. Everyone from the governor
general to cabin boy indulged in private trade on the side, and everyone knew it. A Governor General on 700 florins a month could bring home a fortune of 10 million florins and a junior merchant would pay 3,000 florins to the appointments board for a posting carrying 40 florins a month, and amass 40,000 florins. A fiscal entitled to one-sixth the value of contraband detected could make much more by turning a blind eye. A shortage of one million florins in the treasury at Batavia was only discovered when the chief cashier suddenly died.

In 1700 the widespread corruption was discovered among Dutch officials in South Coromandel Coast. Governor Comans (1700-1705) was charged with falsifying the alloy of pagodas in the Nagapattinam mint. His wife was alleged to be engaged in private trade and he was accused of having allowed the extortion of money from merchants and others. In 1765 a large-scale corruption investigation was set up on the Coromandel Coast after Governor Van Teylingen fled to Madras following accusations of fraudulent behaviour. After his flight, the Company launched a large-scale investigation involving all the high-ranking officials on the Coast.

The failure of the Company was attributed to corruption. Its initials VOC (Vereenigde Oost-Indische Compagnie) were interpreted as ‘Vergaan Onder Corruptie’ (perished by corruption). Corruption was no less or no worse in the English Company. Pitt as governor of Madras drew a salary of Rs 200 a month, yet paid Rs 200,000 for the Regent or Pitt Diamond. Corruption and a defective accounting system were common to both Companies, but the English Company survived whereas the Dutch Company failed.

The little forts on the South Coromandel Coast, the scattered outposts on the ocean approaches, obviously had a strategic value, their possessors might use them to
bring political and military pressure upon minor rulers of South Coromandel Coast or upon European competitors. In the early eighteenth century, however, this was a subordinate consideration. The forts and outposts existed chiefly for the protection and support of trade. The companies were still primarily commercial concerns. They traded, as far as possible, in the Dutch case at least, excessive dividends. Their directors complained from time to time that administrative and military expenses were eating into the profits, and warned their servants against incurring further charges; nobody had tried seriously to persuade them that political dominion in South Coromandel coast might itself be an important source of profit. The Dutch were operating, politically and commercially, on the fringes of South Coromandel coast.

The Fourth Anglo-Dutch War of 1780-84 and its catastrophic effect on Dutch trade and colonial power closed all their markets in South Coromandel Coast.

Following the Fourth English War and the resultant loss of trade, the VOC’s bankruptcy came in steps. After 1795 and the accession of the French satellite regime of the ‘patriots’, the VOC’s Board, the Gentlemen Seventeen, were replaced by a “Committee for East Indies Trade”. At the end of 1799 the VOC was nationalized. The State took over all property and the catastrophic debt. In 1825 all of the South Coromandel Coast Ports and Factories reverted to the English.

The organisational weakness of the Dutch Company, to some extent a function of the Mercantilist system, accentuated its problems. Centralisation of control and inadequate initiative in the hands of the man on the spot complicated matters at a time when commercial intelligence flowed slowly and often inaccurately, decisions had to be quickly taken and local trade interests ran counter to wider policies of state. A top-heavy administrative set-up added to the costs to an
injurious extent and handicapped the company in its competition with its rivals. An irrational policy of trading for a high rate of gross profit per unit, the illogical conclusion of the universal mercantile effort to buy cheap and sell dear, inhibited investments in sub-standard articles which had an extensive market, amply exploited by the Company’s rivals. When, on top of all this, the English surpassed the Dutch in their capital resources and a general decline affected the Company’s affairs, Dutch ascendancy in the South Coromandel Coast trade came to an end.

For over two hundred years the Dutch East India Company had lived on the shores of South Coromandel Coast and played an important role in the social and economic life of the mercantile communities of the South Coromandel Coast. Their lodges, castles, fortresses and fortified cities have disappeared; their churches have been taken over by other denominations, and all that remains today are their ornate graves within imposing cemeteries.