Chapter Seven

Commercial Techniques

The Indian Ocean trade was marked by vigorous activity and growing prosperity. People from different regions participated to reap the benefits of extended maritime activities after the eleventh century. Indian Ocean trade, like any other modern business venture, was not based on mere speculations. Sophisticated techniques were evolved to regulate such a vast trading network. Understanding of distant markets and knowledge of desired products required careful assessment. Labour, skills and capital had to be brought together to make any voyage a real success. There are many references to the rich merchants financing long voyages and trading ventures. Indian merchants were wealthy enough to buy individually the entire merchandize of a ship.¹ But in reality, it would not have been a wise decision in view of the fluctuations and risks of the markets. It was always advisable to spread out the risks. It would have been an absolute necessity to form partnerships. Unfortunately, the merchants were not in the habit of preserving the records once the immediate purpose was achieved. This was also done to maintain secrecy. Sometimes, the business records were so closely guarded that even the successive generation found it difficult to understand them. Nevertheless, a few documents do exist and occasionally the scholars come across the same. The Geniza documents are invaluable for the study of trade in both the Indian Ocean and Mediterranean Sea.²

¹ In Calicut lives the ship master, Misqal, whose name is widely known. He possessed great riches and many ships for trading in India, China, Yemen and Fars (Persia). Ibn Battuta, (Mahdi Husain), p. 189.

² These documents are the collection of letters of communication between the Jews of al-Fustat with their fellows in other countries. These letters throw substantial light on the family as well as commercial life of the Jews.
such substantial documents have so far been discovered to study the commercial practices of Indian traders.

The problem can be approached in another way. Medieval society drew inspiration and strength from religious institutions. The Indian Ocean trade had an international character. In the absence of any international law, religion, customs and social practices served as a guiding factor. The Jewish letters of Geniza refer to ‘partnership according to Muslim laws’ to define the terms of their commenda with fellow merchants.3

Islam had penetrated throughout Asia by the eleventh century. Muslim colonies were present right from Egypt to Canton. Persian and Arabic were spoken throughout the Indian Ocean trading world. These languages played the part that was being played later by English to ensure communication between different communities, each having its own local dialects. Islam gave impetus to mercantile activities. Different schools of Muslims responded to the needs of commerce. The Hanafis came up with several injunctions to regulate the terms of partnership among merchants. As Abraham Udovitch puts it, “viewed in their fullness, the Hanafite institutions of partnership and commenda emerge as versatile legal commercial instruments, capable of fulfilling a variety of functions in the economic life of the medieval Muslim world.”4 It is a common misunderstanding that Islam proved to be an obstacle in the generation of capital because interest was strictly prohibited by the shariat.5 However, there were various other outlets. Capital was invested in

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5 Usury or riba in Arabic was strictly forbidden to pious Muslims. Surah ii. 276 declares, “They who swallow down usury, shall arise in the Last day only as he ariseth, whom Satan has infected by his touch. This for that they say, ‘Selling is only the lie of usury,’ and yet God hath allowed selling and forbidden usury; and whosoever receiveth this admonition from his lord, and abstaineth from it, shall
joint ventures to earn profits. Many a times a person would only invest his skills whereas the other would contribute with the capital. Some important forms of partnership as specified in legal texts were *mufawada* (universal partnership) and *inan* (limited investment partnership). Qaduri, a Hanafite writer of the eleventh century describes *mufawada* in following words:

> “An unlimited investment partnership can occur when two people of equal wealth, religion and freedom of action enter into a partnership. It is permissible between two free Muslims, both of age and in possession of their mental faculties. It is not permissible between a freeman and a slave, nor between a minor and one of age, nor between a Muslim and a non believer. It is contracted with the full powers of agency for both partners, and with each partner serving as surety for other. Except for food and clothing for their respective families, whatever either of them purchases is on account of the partnership. Both partners are equally liable for any obligation undertaken by either of them in exchange of something valid within the partnership.”

*Mufawada* was therefore the first step to form real co-operates. Two or more merchants of equal standing could pool their resources to establish family like ties to carry their trading ventures collectively. Apart from things required for the basic needs of their families, all the belongings of the merchants fell under the purview of *mufawada*. Merchants involved in *mufawada* stood as agents, sureties and guarantors for their partners.

*Inan* was a limited investment partnership. In these types of partnership, the share of the partners was specifically stated. These arrangements were formed to carry out specified trade for a period mentioned

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have pardon for the past and his lot shall be with God. But they who return to usury, shall be given over to the Fire, therein to abide for ever.” Thomas Patrick Hughes, *Dictionary of Islam*, p. 656.

6 Abraham L. Udovitch, op. cit., p. 43.
on the contract. *inan* was further subdivided into two categories. Kasani observes that *inan* 'is permissible in its general form, that is when two people form a partnership for general trade; and it is permissible in its specified form, that is, when two people form a partnership for a specified category of merchandize, as, for example, cloth, or silk, or slaves, or garments, et cetera.'\(^7\) Thus, *inan* partnership could be formed in two ways. In general *inan*, the merchants could take part in any kind of trade as long as it promised to bring profits. In specified *inan*, the products were specified and the partners could claim their share on these products only. Any commodity could be brought into the ambit of *khass inan*. However, it tended to concentrate mainly upon the luxuries. Sarakhsi describes the *khass inan* in the following words

> “If, after having formed an *inan* partnership in a specified trade with the condition that each partner may buy and sell for cash and credit, one of them brought outside the specified category, it belongs exclusively to him.”\(^8\)

*Inan* partnerships greatly solved the problem of pooling the resources together for a specified trading venture. Specified partnerships were present in medieval Europe and the Geniza documents also point to the limited partnership that existed between the Jewish traders operating in the Indian Ocean trading world. In one of Geniza letters, the trading activities of the family of Madmun ben Hasan ben Bundar have been recorded. He was both a ship owner and representative of the merchants of Aden. When he died in 1151 AD, he was succeeded by his elder son. His grandson, Madmun, was also a reputed person and formed partnerships with many merchants of his

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\(^7\) Al Klasani quoted in Abraham L. Udovitch, op. cit., p. 45.

\(^8\) Ibid., p. 46.
times. Another merchant named Abu Zikri Kohen Sijlimasi formed partnerships with the merchants of Old Cairo and represented them in India.10

Udovitch underlines the existence of contracts (commenda) between different parties to earn profits from trade. In his view, the Hanafite jurists were well aware of the economic compulsions of trade. According to Sarakhsi, commenda was permissible "because people have a need for a contract. For the possessor of the capital may not find it possible to engage in profitable trading activities, and the person who can find it possible to engage in such activity may not possess the capital. And profits cannot be attained except by means of combination of both of these, that is capital and trading activity. By permitting this contract, the goal of both parties is attained."11

Employing these simple techniques, capital was generated in the market. The rich risked his capital to earn a profit whereas the other risked his life and time to earn profits in distant markets. Udovitch also adds that man (agent) entrusted with the capital was not held liable for the loss on the sea. The profits were shared by the investors and agents as specified in the contracts.12 It is interesting to note that the European merchants, who were engaged in sea trade, were quite familiar with partnerships in business. The expansion of maritime commerce, both in the Mediterranean Sea and Atlantic Ocean after the end of the Crusades, appear to have given a fillip to the practice of commenda. Girurnni Scriba (a Genoese notary), records two types of commenda. In the first type, the investing partner (the Stan) invested all the capital and the traveling partner (the Tractator) took the responsibility of

10 Ibid.
11 Ibid., p. 49.
12 Ibid., p. 47.
taking the cargo to foreign markets. The profits were divided as three fourth to the Stan and one-fourth to the Tractator. If the Stan invested two third of the capital, the profits were shared equally by the two partners.\textsuperscript{13} Hodgett believes that Italian cities developed the practices of financing trade much ahead of Europe and it enabled them to dominate the Mediterranean over a long period of time.\textsuperscript{14}

Merchants faced the problems of standard currency. No doubt, they preferred to barter the product to earn profits back home, yet the coins were also used to finance transactions. Islamic dinara was the most popular coin. Still, various other coins of different denominations were used.\textsuperscript{15} Now, problem would arise if merchants used different currencies while forming their contracts. How could one decide the proportional value of one’s share? The Hanafite jurists gave considerable thought to the diverse currency and their unstable values. Sarakhsi is again helpful in this matter. He concludes:

“In short for the purpose of the contractual provision of profit one considers the value of each one’s capital at the time of partnership....for the distribution of the ownership of goods purchased with the partnership capital, one considers the value of each one’s investment at the time of purchase. For the determination of the profits on their respective shares, or on the share of only one of them, one considers the value of the

\textsuperscript{13} Gerald A.J. Hodgett, \textit{A Social and Economic History of Medieval Europe}, p. 63.

\textsuperscript{14} Ibid., p. 62.

\textsuperscript{15} Infact, the legal documents of the medieval period even refer to a dirham, which was not dirham at all. It was designated \textit{darahim tijariya} (commercial dirham). It might be a token or local currency. It must have been primitive and just one stage beyond barter. Still Sarakhsi accepts it because, “They are among the most widely used currency among us, comparable to dinars in other countries.” Udovitch finds in it a good example of ensuring the availability of all types of currencies in an age when good quality coins were not always adequate. Abraham L. Udovitch, op. cit., p. 53.
investment at the time of division; because one cannot
determine the profits before the investment is deducted.”

Now the jurists came with workable solutions. The merchants would
first withdraw their original invested amount in the form they had contriburted,
or its monetary value prevalent on the day of division. After that they could
share the profits as earlier agreed upon. In this way, the jurists made sure
that investors might suffer losses in their share of profits, but their initial
share remained protected.

Another interesting feature of medieval trade was *ibida*. It enabled a
merchant to assign the task, he was unable to attend due to distance, to
another merchant. The merchant could take the cargoes of another with him
to dispose off in a distant market. The second merchant did not get any
commission or share in lieu of the favour. Many Geniza documents point
towards this practice. A letter from one merchant to another reads, “You are
in my place there, for you know well that I am your support here.”

A letter written by Abu Imran Musa in Alexandria (1058-59 AD) requests a
correspondent in old Cairo:

> “Ibn Yahay to please do this [for me]. I have requested the
indigo[?]....and the garments and the woollen cloaks and the
handal [? leather or fur garments]. Let him leave this until, God
willing, I arrive. Musa of Saqa is also carrying for me a sealed
bag of coins which arrive from the West containing dinars...if
God decrees his safe arrival, I would like my master please to
take delivery of it from him. With him, I have also sent [a
quantity] of olive oil. Please take delivery of it from him.
Similarly, I have sent with Abu Ali Hassum b. Yahya two bags
of coins: a bag of Rumi dinars and a bag of dinars from Tripoli,

16 Abraham L. Udovitch, op. cit., p. 52.
17 Sarakhsi quoted in Abraham L. Udovitch, op. cit., pp. 52-53.
18 Ibid., p. 60.
Syria, and Egypt. If God decrees the safe arrival of these bags and if you consider it desirable to sell, then please try to sell them. Write [and tell] me the weight of each bag and the separate amount that each one fetched. By this you will be doing me a favour.\textsuperscript{19}

Thus, with the mechanism, the fellow merchants regulated their mutual affairs. For it was a common understanding that these favours could only generate goodwill among the merchants — a basic accompaniment of long distance trade. Credits and loans were also extended to fellow merchants. Loans were an important part of trade and merchants had no escape from them. "He who does not grant loans for use to others, will not receive them when he is in need of them."\textsuperscript{20}

Sea merchants had enough legal provisions to make capital available for the trading activities. Any adventurous and daring man stood a fair chance to try his luck in distant markets. \textit{Sharikat al mafalis} was the partnership of the penniless.\textsuperscript{21} In this form of partnership, a person requested the rich clients to invest in his venture. If his venture seemed profitable, the rich invested their capital in it. On his return, they shared the profits as earlier agreed upon. Another form of partnership was called \textit{sharikat al-wujuh}. It was the partnership of persons with good reputations.\textsuperscript{22} In this kind of partnership, the investors risked their capital on the good reputation of the seeker (of capital). In fact both kinds of partnership were related to each other. Any honest individual (or merchant) was sure to generate capital from

\textsuperscript{19} The letter also illustrates how the sea merchants divided the risks with equal division of their merchandize in both expensive and articles of daily use. Abu Imran Musa quoted in K.N. Chaudhuri, \textit{Trade and Civilisation in the India Ocean: An Economic History from the Rise of Islam to 1750}, p. 205.

\textsuperscript{20} Sarakhshi quoted in Abraham L. Udovitch, op. cit., p. 60.

\textsuperscript{21} Abraham L. Udovitch, op. cit., p. 54.

\textsuperscript{22} Ibid., p. 55.
investors, if his skills were trusted and his venture seemed promising. It solved the problem of capital for 'the penniless (the merchants with limited resources).’ Interest was also prevalent among the non-Muslims. But they might have practised it with the help of proxy.

Hindu scriptures were not very favourable towards maritime trade. According to Baudhayana Dharamasutra, samundrasamyanam (seavoyage) was a reprehensible practice followed by Brahmans. Manu also considered a sea-going Brahman as an outcaste. With the passage of time, the restriction of sea voyage was imposed on all the dwijas. In such a scenario, interest rates were high. Normally the interests were charged at two percent per month. The sea merchants were not much trusted. Their ventures were full of risks and thus Vijnanasevara justifies the interest rate of 240 percent from sea traders and 120 percent from the traders who crossed forests. Their witness was not to be considered. This perhaps reflected the growing orientation of Hinduism towards internal trade and agriculture. Nevertheless, usury was allowed in Hindu religion and the sea merchants must have generated enough capital to invest in distant commercial enterprises. Banias were famous usurers of the medieval times. Duarte


24 Muslims might have lent money on ineterest through the bankers of other faiths or “through disguised payments of premiums.” K.N. Chaudhuri, op. cit., p. 211.


26 Vyavaharamayuka quoted in Lallanji Gopal, op. cit., p. 96. Dwijas are twice born, first by natural birth and secondly through religious ceremonies to their respective castes. Shudra are not considered dwijas.

27 Jagnadischandera Jain, Life in Ancient India as Depicted in Jain Canon and Commentaries, p. 146.

28 Narada quoted in Lallanji Gopal, op. cit., p. 96.
Barbosa finds banias of Gujarat ‘usurers, falsifiers of weights and measures and many other goods and coins; and great liars.’ He further adds that they would not lend money even to their brother without interest. K.N. Chaudhuri notices sea trade receiving tremendous boost in fertile regions of India, bordering the sea. On the contrary, the inland trade was dominated by the communitues hailing from dry areas such as Rajasthan, Punjab and province of Agra. If one studies this phenomenon closely, then it directly relates to the availability of surplus capital in fertile regions like Gujarat, Malabar, the Coromandel and Bengal, which could be invested in risky maritime ventures. Brhatsamhita settled the dispute of recovery from the sea merchants in the following way

"It was stated that if debtor was staying in his own country, he was bound to pay the debts, but if he went abroad and had no money, he was not bound for payment. It is said that if debtor went abroad sea voyage and on the way his ship foundered and he saved his life with great difficulty with one piece of cloth on his person he was not liable to pay the debts. If the debtor, however, had money although not sufficient to pay the creditor in full, the latter could sue him and get his partial payment, which would be reckoned in full settlement of his debt. If the debts could not be paid in time, the debtor had to work as a slave to the creditor."  

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29 Duarte Barbosa remarks that Banias followed the path of non-violence. They provided alms to anyone who came to them threatening to end his life. They were respected even among the Muslims for their generosity. They restrained them within the law of not killing that they did not kill even the lices on their heads. On the contrary, “they send for certain men, also Heathen....These men louse them, and as many as they catch they place on their head and breed them on their own flesh, by which they say they do great service to their idol.” Duarte Barbosa, Vol. I, pp. 123-113.

30 K.N. Chaudhuri, op. cit., p. 211.

31 Brhatsamhita quoted in Jagnadischandera Jain, op. cit., pp. 146-147.
Hundis, or bills of exchange, were an important instrument of banking and commercial transactions. They were very popular among the merchants. Lekhapaddhati and Rajtarangani allude to its uses by the rulers and chiefs but mercantile class remained its main beneficiaries. Hundis were in reality a letter issued by a banker from a particular area and it could be exchanged with liquid cash in foreign destinations from the concerned banker to whom this letter was referred. V.K. Jain presents the format of hundis, which stipulated, "I request you to have this man (bearer) paid such and such amount by such a banker." Sometimes the messengers also accompanied the letter to facilitate the speedy encashment of these bills. A somewhat similar role was played by hawala transactions. Though prohibited by the shariat, hawala was widespread among sea merchants. Through hawala, money could be transferred from one place to the other through a chain of bankers. A man would deposit the amount with the banker along with the commission required. The man in whose favour this money was deposited could get the money from the local banker in contact with the foreign banker. Thus, hundis and hawala helped merchants in their commercial transactions. These enabled them to avoid unwanted risks. Money could be transferred from one area to another without any fear. Medieval trade was beset with many dangers. Plunders and thefts were some of them. Merchants already ran the risk of loss of their cargoes in case of such mishaps. Certainly, they could minimize the losses if somehow they managed to carry huge amounts of liquid cash, without carrying it physically from one region to another.

It is generally believed that India witnessed a decline in its economic activities after the fall of Harshvardhana. Villages became self-sufficient reducing the need for both inter and intra commercial activities. Sharma

32 Medhatithi quoted in V.K. Jain, Trade and Traders in Western India (AD 1000-1300), p. 200.
33 Ibid.
builds his argument on the basis of a general paucity of coins available after the seventh century. He suggests that there was crisis in 'production relation'. The practice of land grants emerged as the states were unable to collect the revenue. These phenomena resulted in the feudalization of economy. Trade and urbanization suffered economic decline and it was characterized by the paucity of gold coins in particular and other coins in general. At the same time western Asia was undergoing a major transformation. Islamic armies had conquered Persia and Baghdad became the famous seat of the caliphate. Contemporary sources record direct sailing of ships from the Persian Gulf to Canton. The Cholas, Pallavas and Rashtrakutas participated in maritime trade and greatly encouraged the settlement of sea merchants in their areas. If sea trade was flourishing, then why one confronts this problem of the paucity of coins after the seventh century?

One is obliged to understand the role of monetary units before solving the puzzle. In a monetized economy, every commodity got its value in certain acceptable units of currency. The value might be determined on the simple supply and demand pattern in an open market. It largely dealt away with the barter system because there is an inherent flaw of 'double wants' in it. It meant that both the parties must have a commodity suitable to the others needs. On the other hand, in a monetized economy one could dispose of his belonging at a certain price and buy the things he needed from the market. Money even performed a more important role. It made economic relationships less personal and abstract. It liberated a person from obligations like kinship ties. Therefore, money necessitated the emergence of a well-developed economy. Availability of various denominations of coins facilitated a wide

\[34\] Ram Sharan Sharma, 'How Feudal was Indian Feudalism?', in *The State in India 1000-1700*, ed., Hermann Kulke pp. 73-74.

\[35\] Robert S. Wicks, 'Money Use and the Control of Trade in Early Southeast Asia', in D. K. Jha, ed., *Coinage, Economy and Trade*, p. 84.
range of commercial transactions. One could thus find coins of different metal (from precious gold to ordinary copper) in well-developed economies.

Now we come to the question, if the maritime trade of India was really prosperous and flourishing then why one encountered the paucity of coinage during that period. The answer lies in the study of commodity structure and interests of sea merchants. They were interested in certain commodities that fetched high price in their respective countries. They brought the cargoes that could be easily disposed of in a particular country. For example, a merchant from the Persian Gulf could bring war horses to India. In lieu of war-horses, he could carry cloths, rice and herbs to southeast Asia and China. In return, he could obtain silk and porcelain that was eagerly sought after back home in his country around the Persian Gulf. Thus, the requirement of ‘two wants at the same time’ was fulfilled with different commodity structures of two distant nations involved in long distance trade. Wicks argues that ‘money does not always serve the needs of long distance trade. This is primarily because trade involves an interest in specific commodities, not just values and thus does not require an elaborate monetary system to be effective at a large scale.’

It is not that there was an absolute paucity of coins and the entire trade was balanced only with exchange. There are numerous references to the various type of coinage used in commercial transactions. Some of the important units of coins were dinara, drama, suvarna, karshapanna, tanka and kalanju. Dinara and suvarna were obviously gold coins. Gangayadeva of the Kalachuri is said to have minted suvarna coins after 1019 AD. Dinaras were even prevalent in Bengal and other parts of India before they were introduced by the Muslim states around the thirteenth century. Kalanjus were the gold coins of the Cholas. Earlier Kalanjus weighed around 3.3-3.9

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36 Robert S. Wicks, op. cit., p. 93.
37 Brajesh Krishana, op. cit., p. 98.
grams whereas later on they went up to 5.6 grams.\textsuperscript{38} Kalanjus were also called \textit{madai} and served as standard to test the fineness of gold in the Chola Empire.\textsuperscript{39} Later on to facilitate the small transactions lower units of \textit{kalanju} namely half \textit{madai}, \textit{kasu}, \textit{karungasu} (silver coins) and \textit{akkam} (copper coins) were also minted.\textsuperscript{40}

Various regional coins remained prevalent in the Indian Ocean trading network. The expansion of Islam and the Muslim commercial activities made Islamic \textit{dinar} a kind of standard unit in this vast area. Muslim armies conquered Persia, Egypt and India, bringing a considerable amount of hoarded precious metals. Control over the supply of precious metals brought stability to Islamic \textit{dinar} and it must have been the favourite coin among merchants operating in different countries. India was monetized enough by the end of the thirteenth century when Alauddin Khalji demanded land revenue in cash rather than kind.

Apart from gold and silver, certain other commodities were also attributed monetary value. For example, cowries were commonly used in Bengal and southeast Asia. Around 25000 cowries were found along with Kalachuri gold coins in Orissa.\textsuperscript{41} Muslim conquerors in Bengal found cowries dominant in commercial transactions.\textsuperscript{42} In Maldives, Ibn Battuta noticed the prevalence of cowries as a means of transaction because, "cowries are current in Bengal, and also to the inhabitants of Yemen who use these instead of sand as ballast...the cowrie is also the currency of Sudanese...one

\textsuperscript{39} Ibid.
\textsuperscript{40} Ibid.
\textsuperscript{41} Brajesh Krishana, op. cit., p. 98.
\textsuperscript{42} Minhaj Siraj quoted in V.K. Jain, op. cit., p. 157.
thousand and hundred and fifty cowries sold for one gold dinara in Mali and Juju (places in Sudan)." Similarly, Marco Polo informs us that in Burma cowries from India were used for commercial purposes. The valuation of the cowries rested upon their availability and distance from sources. Maldives remained the prime source of cowries. Cowries were used for very small and cheap transactions.

Rice was also used as a substitute of coinage. A khari of rice was used as a medium of exchange in Kashmir. Occasionally, the officers were paid their salaries in khari of rice. The Cholas also adopted double pricing, one in paddy and second in cash. After a careful study of various Chola inscriptions Hall remarks:

"In my study of Cola-era inscriptions, I have surveyed numerous price lists that fix the value of various commodities in terms of paddy and not in cash, attesting that rice was the standard value, and perhaps also the medium of exchange in small transactions within the local market. There are two systems of pricing, in gold and in paddy rice. I have found that market standards like pepper, ghee and areca-nuts were stated in paddy equivalents, while staples of long distance trade, such as cardomom seeds, capaka buds and camphor (all aromatics used in temple ceremonies) were assigned cash value. Livestock might be bought and sold by cash or barter exchange."

Somewhat similar was the condition in the thirteenth century Pagan (Burma) where rice was used as a medium of payment and exchange. Wicks finds that rice was used both as exchange (to buy curry leaves and betel) and

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43 Ibn Battuta, (Mahdi Husain), p. 201.


cash value. In Cambodia, land was valued according to tamlin of silver and yau of double cloth, yet the payment was done in paddy. In Java rice was itself valued according to masa or kupang of gold or silver.46

The merchants used not only gold, copper and silver as a coinage but also other commodities. As mentioned earlier cowries and paddy were commonly used in commercial transactions. Sometimes salt and cloth were exchanged in lieu of coinage. Salt was exchanged for cattle and horses in seasonal trade in Annamese and Cheng-mo Man. Salt was not accepted as money unless it was formed in standard cakes.47 Clothes were sometimes used as standard of coinage. A contemporary writer Fan Chou of the ninth century records, "Whenever they trade in silken stuff or felt or hair rugs or gold, silver, turquoise or cattle, sheep etc., they reckon the price as so many mi (lengths) of silken stuffs, 'Such and such thing', they say, "is worth so many mi (of silk)."48 Thirteenth century Pagan farmers paid their taxes in pieces of clothes. In thirteenth century Cambodia, a slave was worth upwards a hundred pieces of cloth.49 Clothes from Gujarat and the Coromandel coasts were eagerly sought after in southeast Asia and their supply provided monopoly to states like Malacca over the neighbouring states.

The merchants employed a variety of means to strike profitable bargains. They learnt the art of trading from their family and personal experience. Marco Polo observes that children after the age of thirteen were given some amount to carry out trading. With this partly capital, the children bought a certain thing and visited buyers from door to door to sell their product with profits. With such buying and selling, a child soon became 'very

46 Robert S. Wicks, op. cit., p. 90.
47 Ibid.
48 Fan Chou quoted in Robert S. Wicks, op. cit., p. 90.
49 Robert S. Wicks, op. cit., p. 90.
dexterous and keen trader. Many travellers praised Indian merchants for their honesty and trading skills. Tome Pires noticed that Gujaratis were diligent and very quick in trade. These men only desired their belongings and never looked upon what was not their's. So impressive were the skills of these Hindu merchants that Tome Pires advised his people to go and learn from Gujaratis because, "the business of trade is a science in itself which does not hinder any other noble exercise, but helps great deal." Idrisi remarked that the traders of Nahrwara were reputed for their justice, keeping their contracts and upright character. Marco Polo observed that the Abraiaman were the best merchants of the world. They were truthful "and never tell a lie for anything on earth...if a foreign merchant who does not know the ways of the country applies to them and entrusts his goods to them, they will take charge of these, and sell them in the most loyal manner, seeking zealously the profit of the foreigner and asking no commission except what he please to bestow." V.K. Jain opines that these Abraiaman were none others but Jain merchants. Merchants were also advised to be peaceful and avoid all kind of strife. Jinesvara Suri in his work of the eleventh century, entitled Satsthanakaprakarana, advised merchants not to join leagues with the opponents of the king and always flatter him by calling his qualities.

It would be wrong to assume that adulteration and dishonesty were altogether absent among Indian merchants. One comes across various references pointing towards the corrupt practices adopted by them. Duarte Barbosa remarks that merchants in Malabar would not lend even to his

50 Marco Polo, Vol. II, p. 344.
52 Al Idrisi in The History of India as Told by its Own Historians, Vol. I, p. 88.
54 Jinesvara Suri quoted in V.K. Jain, op. cit., p. 224.
brother without interest.\textsuperscript{55} Again he finds banias of Gujarat very religious and at the same time 'usurers, falsifiers of weights and measures and many other goods and coins; and great liars.'\textsuperscript{56} The Chettis of Malabar even manipulated the markets to inflate and deflate prices. A merchant advised his son not to disclose his heart "even to friends, be chary of words, acquire wealth in various ways even by deceiving people, extol your goods, do not expose your side but try to feel that of others and be deaf to others' projects but stick to your own."\textsuperscript{57} Hemchandra finds a merchant free from deceit as rare as a body free from disease.\textsuperscript{58} Kalhan remarks that merchants bore various religious symbols yet "takes one life in a moment, just as a dangerous scorpion would which is marked in six places."\textsuperscript{59} It has been noticed that merchants were overjoyed in the face of natural calamities because they could fetch more value for their grains.\textsuperscript{60}

Mercantile organizations were an important instruments for traders in medieval times. The guilds provided a security umbrella to the merchants trading in distant areas. They also provided opportunities for interaction among the merchants. Collectively the merchants could demand more autonomy and counter any step against their interests. Therefore, the presence of a guild attracted the traffic of long distance trade whether it was through sea or land.

\textsuperscript{55} Duarte Barbosa, Vol. II, pp. 72-73.
\textsuperscript{56} Ibid., Vol. I, pp. 123-113.
\textsuperscript{57} Brajesh Krishana, op. cit., p. 109.
\textsuperscript{58} Hechandera quoted in Brajesh Krishana, op. cit., p. 109.
\textsuperscript{59} Kalhan quoted in Brajesh Krishana, op. cit., p. 109.
\textsuperscript{60} Brajesh Krishana, op. cit., p. 109.
One important fact regarding the merchant guilds of the medieval times was that they were not as strong as in the ancient times. It was a kind of loose confederacy. The leaders did not regulate life of the members to any significant extent. Many causes contributed to such a situation. Firstly, the emergence of the regional states broke down the central structure of the guilds. In sea trade, the merchants travelled to distant regions. It was hard to regulate their personal affairs. Secondly, these guilds were formed with the participation of different classes and section of society. Mercantile groups like the Ayyavole even consisted of agrahara Brahmans, who were mainly land owners.\textsuperscript{61} Thus, the merchants came together only for security and better deals. The guilds ensured the speedy disposal of cargoes at acceptable prices. The guilds were active in giving gifts to temples and brought a certain kind of legitimacy and recognition to their members.

The Manigramam, Ainnurruvar and Anjuvannams were some of the most powerful guilds operating in south India in medieval times. Manigramam was said to be the corruption of word \textit{Vanik-graman}, that is association of merchants. It reflects the role played by different classes of merchants in these guilds. Various land grants, which were made by the guilds to the religious institutions, have been recovered not only in India but also in southeast Asia.

Merchant associations could be broadly put into three broad categories namely \textit{svadesabeharulu} (natives), \textit{paradesabeharulu} (neighbouring states) and \textit{nandesis} (different countries). The Ainnurruvar was a celebrated merchant guild of medieval times in south India. It was regarded as the protector of \textit{vir-dharam}, the law of the noble merchants. It had its own flag. There was a picture of bull on its flag. Its members crossed land and water

\textsuperscript{61} The Ayyavole formed alliance with the Anjuvannams (consisting Arabs) in Visakhapatnam. R. Champakalakshmi, op. cit., pp. 54, 57.
routes to trade in the entire inhabited world. They established *erivirapattans* where they implemented their orders. An eleventh century Ayyavole inscription records the conversion of a village named Velur into *erivirapattans*. The merchants "made a resolution (and converted) the village (called) Velur alias Rajadhiraja-chaturvedimangalam in Padinad in Gangaikondasolavalanad in Mudigondasola-mandalam into an *erivirapattans* (by the mercantile organization, the tisai-ayirattainnurruvar of Ayyapolli) and (this organisation) supplied clothes to the members of higher and lower ranks of the merchants caravan, clothes for a swordsman, oil for the lamps of the god Kavarai-lsvarum-udaiyar, food for the merchant body-guards...during their stay and a pig for feeding in memory of the deceased heroes." Merchants from eighteen countries were said to be the signatories of the said inscription. Officials of the *erivirapattans* were appointed among the merchants and defiants could be expelled from the settlements. The guilds even had its own private soldiers to secure the merchandize and settlements of its members. The Nanadesi even established a temple called Nanadesi-Vinnagar-Alavan in thirteenth century Pagan (Burma). Similarly, Meera Abraham records the activities of the Ayyavole in camphor producing areas of Sumatra in 1088 AD. Tamil guilds must have got incentive for expansion in southeast Asia after the Cholas penetration in Ceylon (993 AD) and Srivijaya (1025 AD).

Thus we can safely conclude that there were sufficient customs, usages and religious injunctions to regulate the development of market and

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63 Ibid., p. 112.

64 Ibid.

65 Kanakalatha Mukund, op. cit., p. 40.

generate capital. Merchants formed various forms of contracts like *mufawada* and *inan*. Any promising venture could find sufficient amount of funding from the fellow merchants. Rich commercial houses must be eager to derive benefits from commercial world of the Indian Ocean. In China, the bureaucracy was investing in the maritime world. K.N. Chaudhuri suggests that even the Indian nobility was investing in trade through the merchants. Rich commercial houses needed channels to re-invest their profits and the capital must have been given on loans to new entrepreneurs. *Sharikat al mafalis* (the partnership of the penniless) and *sharikat al-wujuh* (the partnership of persons with good reputations) were such forms of partnerships that were framed to solve the problem of credit to the deserving and adventurous persons. The merchants also devised noble ways to help each other in distant regions. They carried out commercial transactions for one another without any promise of return. The novel practices of *hundi* and *hawala* solved the problem of carrying liquid cash physically to distant regions. Mercantile organizations or guilds were formed and they did not represent one particular community like that of ancient times. On the contrary, they had the presence of Muslims, Arabs and even Christians to facilitate the trading activities in the Indian Ocean. These guilds worked more as facilitators and intermediaries to penetrate the local markets. Therefore, any adventurous man could generate capital if his mission seemed promising. Strong social and religious institutions backed the terms of their contracts and partnerships. They protected the rights of each and every individual trading in the Indian Ocean trading network.

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67 K.N. Chaudhuri, op. cit., p. 213.

68 Abraham L. Udovitch, op. cit., p. 55.