CHAPTER-VII

CONCLUSION

Indian long distance trade played a significant role in stimulating European expansion. It led to the rise of new commercial organizations, created new markets, fostered ship building and long distance transport. In the beginning Indian merchants participated in the trade as equal partners, sometimes they were even far superior to the Europeans in terms of skills and resources. In their unflagging quest for profit, the European Companies opened new markets, discovered new commodities and pursued their trade without regard for contemporary prejudice. Great Indian merchants participated in ventures which included the regular despatch of large consignments as well as forward trading.

According to Henri Pirenne in every direction where commerce spread, it created the desire for the new articles of consumption which it brought with it. As always happens, the aristocracy worked to surround themselves with luxuries or at least the comfort befitting their social rank. The rapid expansion of trade brought an ever increasing quality and variety of goods within the reach of the upper classes. In exchange of preciosities between Europe and India bullion flowed eastward to decorate the temples, palaces and clothing of the Indian aristocratic classes and jewels, diamonds and pearls flowed westward for the use of the wealthy. The relative costs of sea and land transport deserves some attention. In pre-industrial Europe, land transport was still extremely expensive and the nations which had the best command of sea-borne trade secured the fastest economic growth. Kristoff Glamann says, "international trade via water routes was in many cases cheaper and easier to establish than domestic trade."
We can challenge the traditional image of Van Leur of Asiatic traders as high class peddlers hawking about in their small packs tiny quantities of valuable merchandise like spices, pepper, pearls, perfumes, drugs and diamonds. We find genuine capitalists, wholesalers, the renters of trade, and their thousands of auxiliaries - the commission agents, brokers, money changers and bankers. Regarding techniques, possibilities or guarantees of exchange, any of these groups of merchants would stand comparison with their western counterparts. Both inside and outside India, Tamil, Telugu, Bengali and Gujarati merchants formed close-knit partnerships, with business and contracts passing in turn from one group to another. Everything and anything could be found here: luxury goods alongside common place commodities, silk, spices, pepper, gold, silver, precious stones, pearls, opium, coffee, rice, indigo, cotton, saltpetre, teak, Persian horses, elephants, iron, steel, copper, fabrics and coarse cloth to mention a few.

Long distance trade involved large scale investment in view of mass production for distribution over a larger area in distant lands. Such an enterprise demanded enormous capital to sustain the venture at every level till it could culminate into the desired dividends in the form of profits. The entire exercise lasted for months and sometimes even years and only those with enormous reserve capital could enter such risks. Peddling trade on the other hand was something less significant as compared to such long distance ventures and hence the hypothesis of Van Leur assumes only a limited significance. In fact the peddling trade may have assumed certain degree of visibility and colour due to the vast number of Europeans who sanctified the institution by actively participating in the exercise themselves as may be gleaned from the life and writings of Tavernier, De Coutre, De Lange and others.
Peddlers of Van Leur are agents of higher status, sometimes even wholesalers for Braudel. He asks, were those who travelled in sailing ships, with the monsoon behind them, from one side to the other of the great Indian Ocean and the seas bordering the Pacific really just peddlers? And was trade throughout East Indies and Asia of a small scale and stationary as Van Leur concluded?

From the sixteenth century there was a spectacular increase in this supposedly unchanging trade. Ships in the Indian Ocean were tending more and more to carry bulky low priced goods like grain, rice, wood and cotton textiles, to supply to the peasants in zones of monoculture. The Portuguese, the Dutch and later on the English and the French, who lived on the spot were delighted to discover the possibilities of making money by conducting trading activities within the Indies.

These were capitalist aspects this long distance trade was already displaying. The merchants of all nationalities whom Cornelius Houtman saw crouching on the decks of his ships in Bantam did not all belong to the same category. A few corresponded to the category of Van Leur’s peddlers who were travelling on their own account. The others had one feature in common: behind them were large share holders, to whom they were bound by contract.

Before setting out on their endless journey, the peddlers would have borrowed from the rich merchants or ship owners, banya or mudim, or from a noble or high official, the sums of money necessary for their business. They had usually agreed to pay double the amount borrowed except in cases of ship wreck. Their persons and their families were thus bound. Either they succeeded or became the slaves of their creditor until the debt was repaid. These hard conditions were accepted because price differences were so great from place to place that profits were usually high. These were in fact very large scale, long distance circuits.
The Armenian merchants who travelled between Persia and India, were often commission agents for wealthy business men in Isfahan, with dealings in Turkey, Russia, Europe and the Indian Ocean. Commission agents received one quarter of the profit on all the transactions operated with capital entrusted to them on departure and the rest went to their patrons. The money changing bankers were in every Indian urban centre. They were the Sarafs belonging to the banya trading castes. Problems of exchange were solved through bills of exchange (hundi), currency exchange, payments in cash, credit and maritime insurance (bima). The Portuguese, the Dutch and the English borrowed money from these Sarafs for their own individual trade and even for their Company trade. Like the European banker, the Indian money changer was often a merchant who also invested in a big way or handled transport. Virji Vora of Surat in 1663 and Abdul Gafur in the eighteenth century had turnover equivalent to that of the powerful East India Companies. It was said of Virjee Vohra, that if he was known to be interested in a certain commodity, no body else would dare to make a bid for it. The Patane in Goa was also commanding great attention. The banyas acted as brokers and the Europeans were obliged to use them as intermediaries in all the business. Even Tavernier used the saraf system. He explained how easy it was to travel through India, and even outside India, with hardly any liquid money: one simply borrowed it from the rich Indian. One could borrow in Golconda and pay back in Surat, where he could transfer the debt to a third place by borrowing again. The loan moved about with the borrower and the creditor would only be repaid on the last leg. Tavernier called it paying the old with the new. The higher the price of repayment went; the further the borrower travelled from the original starting point. The banya network extended to all the commercial points in the Indian Ocean and beyond.
In the early eighteenth century the richest merchant of Surat was Abdul Ghafur, a bhora, an Indian muslim who was very influential and provided leadership to the merchants of Surat in critical situations. He could rally them for joint action in order to put pressure on the ruler who had to honour the pledge to reimburse the ship owners of Surat for any losses caused by European pirates. In order to protect the ship owners against those pirates, the Dutch made them sail in convoys which they guarded with their well armed ships. But Abdul Ghafur did not like the discipline of the convoys because his ships had to arrive ahead of every body else in order to make the largest profits. He therefore, wanted to compel the Dutch to underwrite a kind of general insurance for the losses caused by pirates instead of insisting on the convoy system. There was a fierce argument about this and for some time Abdul Ghafur was able to enforce his terms. 

In Surat the English had their trading post in 1609, the Dutch in 1616 and the French in 1665. A French visitor, found Surat in 1652 as big as Lyons with a population of over a million people. Trade was dominated by banya merchants and commission agents, whose honesty, skill, and wealth were widely and accurately reported. One could count thirty of them who were worth two hundred thousand crowns, and over a third of those had two or three millions. A tax farmer with a capital of over 30 million lent money at interest to European and Moorish merchants. Surat was at the time one of the major ports of the Indian Ocean on the route between the Red Sea, Persia and the South East Asian regions. It was the gateway to the Moghul Empire, the rendezvous for all India, the chosen centre of ship owners and investors in the rich maritime trade. Bills of exchange streamed into the town: anyone coming to take a ship, there was sure to find some money, says Tavernier. It was here that the Dutch came to
get the silver rupees they needed for their Bengal trade.28 Except for the Chinese and Japanese, said Gautier Schouten, voyagers from every country and merchants from every nation in the Indies, could be found.29

We must imagine dozens of towns almost as active as Surat up and down the coasts of India with thousands of merchants, entrepreneurs, transporters, brokers, bankers and manufacturers. Was there no capitalism, were there no capitalists? All the typical features of Europe at the same time were present: Capital, merchandise, brokers, wholesale merchants, banking, the instruments of business, the artisanal proletariat, the workshops were very similar to manufacturers in big cities like Ahmedabad, even domestic working for merchants handled by special brokers and lastly the long distance trade.

In Surat the 'servants' of the East India Company had been hand in glove with the big time money lenders in the town virtually from the start. English factories from Madras to Fort William, asked permission from the Board of Directors in London to borrow money from Indian merchants.30 In 1726, when the French Company began to recover, it kept well away from Surat where it owed the banyas no less than four million rupees.31

Bernier observed that in Mughal India, there were no dukes or marquises nor any family of wealthy land owners who lived from its revenues and patrimony. These warlords had no family names like those of the west. They only had names worthy of warriors: thunder bearer, lightening carrier, breaker of lines, faithful lord, perfect lord, the learned, the tiger killer and so on.32 The only class of the powerful which had existed in India was that of merchants, manufacturers and bankers which had traditionally, father and son, controlling both the economy and the administration of the trading cities and sea ports. They defended themselves with money.33
Clive elucidates an Indian procedure by describing the case of the young Englishman who arrived in Bengal as a clerk, "As soon as a whiteman would arrive, a banya worth one hundred thousand pounds desires to serve the young white clerk at four shillings and six pence a month. The white man to be able to have a grand life style like his predecessors who came a year ago, begins to borrow money from the rich banya. The advantages of the banya increase with the rank of his master, who in acquiring one fortune spends three. He becomes dependent on the banya". An ancient and lively capitalism was struggling against its subordination to the new masters, piercing through the new fabric of English rule. References to the importance of Indian merchant communities we find elsewhere too. "Pondicherry" says a report of 1733, "will never be prosperous centre unless some means are found for attracting these merchants capable of trading on their own account, merchants of whatever nationality but above all Indian."

Local leaders received due attention and recognition and this can be noticed in the numerous trade treaties the Europeans signed with the native potentates. Peshkas or gifts offered by the Europeans to the native rulers and their family members clearly demonstrate the awe and esteem the native chiefs commanded. In 1639, Mandelslo gave a fine pocket pistol made in London to Mirza Beg, a leading merchant of Bombay. Tavernier gave a pair of pistols inlaid with silver, to the ten year old son of Shaista Khan, the Governor of Bengal. He also gave a pair of pocket pistols decorated with silver, to an officer of Mir Jumla in Golconda.

The continuation of the Indian diamond, pearl and precious stone trade and stability of its routes internal and external as well as the adaptation of the Portuguese, Dutch and English terms among the Indian merchants are ample
proofs of the strength of the world system of the Indian Ocean. This could be the precise nature of the Indian Ocean world system. India had its own unity, a distinct sphere of influence. Means of travel, movements of people, economic exchange, climate and historical forces created elements of cohesion. Religion, social systems and cultural traditions provided the contrasts. Sea borne trade supplemented by the land route caravan, banjara, naghori and ghanci transportation created a strong sense of unity. The idea of a common geographical space defined by the exchange of ideas and material objects was quite strong not only in the minds of merchants but also in those of political rulers and ordinary people. In the Indian Ocean, the centre was always India, and the periphery the remaining littoral areas. Richards has discussed the Indian Ocean trade and found that India was the fulcrum of this trade, towards which the Europeans responded with decorum initially. In most cases the Portuguese made no pretence at political rule, instead circulating and trading in conformity with the laws, wages, and customs of the states in which they found themselves. Donald Lach, notes that the Europeans during the period of our study were mainly interested in those countries where effective unity and central authority helped to provide stable conditions for trade and a favourable climate for evangelizing. The Portuguese took over a pre-existing trade network in their hands from the Arabs and Gujarati merchants in the Indian Ocean. From 1500-1800 Europe’s relations with Indian powers were ordinarily conducted within a framework and on terms established by the Asian nations. Except for those who lived in a few colonial footholds, the Europeans were all there on sufferance. Braudel notes, “in the sixteenth and the following centuries, in most Asiatic areas which produced spices, drugs and silk, there circulated therefore precious coins of gold and especially of silver. The great discoveries might turn routes and prices topsy
turvy, they could change nothing of the fundamental reality. Although the Europeans travelled with seeming ease along the maritime routes of Asia, they penetrated the main continental states infrequently and with difficulty. They were never in a position to force their will upon the imperial rulers of India, the great political and cultural capital of the Asiatic continent in no way felt threatened by their armies."

Indian merchant community benefited to a large degree. K.M. Pannikar, affirms, "it made no difference to Indian rulers whether their merchants sold their goods to the Portuguese or to the Arabs. In fact the Portuguese had an advantage in that they were able to sell to Indian rulers arms and equipment that they required. So far as the Indian merchants were concerned, very soon they worked out a system of permits by which they were able to carry on their trade without the competition of Arab merchants, and in that sense the Portuguese monopoly may be said to have helped them". India's inner life remained basically unchanged by the European contact. India was an external area with which Europe traded, on somewhat unequal terms. Military advantage of Europe was only at sea. On land they remained for a long time highly vulnerable. As late as 1689, the forces of the East India Company were completely routed on land in India.

The study of the emergence of class-consciousness among the employees and the employed chiefly in the production sector is a phenomenon one cannot easily overlook in the course of the study. The owners of the means of production and the have-nots who sold their labour to the above gradually emerged as two separate blocks. With the entry of the European East India Companies in the diamond and the pearl enterprise, a wider world market was created due to greater investments of capital in view of large scale production. To cope with the
new demand, artisans could no longer carry on in their old way and the era of specialization set in. Old slow individual efforts had to give way to large scale centrally located manufacturing centres.  

The wealthy in India and in the west had the need to translate their superiority through external forms. Thus fashion resulted to a large extent from the desire of the privileged to distinguish themselves, whatever the cost, from the masses who followed them, to set up a barrier. Noble persons despised those ornaments and costumes when they saw them on the bodies of the lowest men in the world. The upper classes had to invent new distinctive signs, whatever they might be, everytime complaining that things have changed indeed, and use of luxury items by common men and women could not be distinguished from persons of quality. Pressure from followers or imitators made the pace quicken.

It was because prosperity granted privileges to a certain number of neo-rich and pushed them to the fore, that social mobility was occurring. Material progress was striking deeper roots without which nothing would have changed quickly. Glamann tells us that the trade with Europe was dominated by imports, the purpose being to furnish Europe with those coveted wares that titillated the palate and adorned the body. In India there was a very rich craft base, with plenty of high skilled artisans in both towns and villages. The characteristic feature was the bringing together under one roof, usually in a large building, all the labour force. This made possible supervision of the work, increased productivity and an improvement in the quality of products.

The huge increase in diamond and pearl production in the seventeenth and the eighteenth centuries may have widened the range of choices for the artisans, without doing anything to alter the general low level of wages, despite the fact that production operated within a direct money economy. I.Habib writes, "the
mass of ordinary or unskilled people formed a reserve from which new classes of skilled professionals could be created when need arose. Thus diamond miners must have come from the ranks of the peasantry or agricultural labourers, for when some mines were abandoned, the miners went back to their village.\textsuperscript{51} Over a long period, economic compulsion could bring about a radical transformation in the occupational basis of a caste.\textsuperscript{52} India as the core ingredient in the world economy could force more rural labour into urban areas to form the proletariat with which to intensify the mining.\textsuperscript{53} Mining or pearl fishing management required large numbers of supervisory personnel. There were sufficient personnel to man the many new administrative posts required in the emerging world economy: commercial managers, labourers, inspectors, contractors, technicians and so on and so forth. Besides the regular bazars and fairs involved vast armies of a variety of people to buy, sell, and patrol the areas of the great happening. At the moment that a worker, who had retained his links to the village, lost his job in the factory, he became once again a peasant. In the same fashion, when one sought to take back from the officers their offices and privileges, that is to say deprive them of their status as privileged officers, they automatically fell back virtually into their original status.\textsuperscript{54}

The mine workers' rebellions went with economic recession. When such recession occurred, it fell particularly hard not on the lowest stratum of workers who probably never were very well off but on the upper stratum of well-to-do leaders, who were in position to extend mining into new lands and to improve it, and who accordingly tended to be the spear point of revolt.\textsuperscript{55} There were pronounced differences between the proletariat and the bourgeoisie. The capitalist forms existed but the bourgeoisie\textsuperscript{56} participated in the political power of the feudal state only to the degree that it did not set as a class of capitalist society.
The bourgeoisie sought titles for various reasons of vanity and cupidity and also adopted an aristocratic life style. When miners uprisings occurred the bourgeoisie vacillated. On the one hand they were unhappy about high taxes, on the other, they identified themselves with the interests of the aristocracy and feared the plebians. Some revolted, some fled the region and others came to terms with the state.

Andre Gunder Frank,\(^7\) believes that economic development and underdevelopment are the opposite faces of the same coin. Both are the necessary results and contemporary manifestations of internal contradictions in the world capitalist system. Frank continues: "Economic development and underdevelopment are not just relative and quantitative, in that one represents more economic development than the other: economic development and underdevelopment are relational and qualitative in that each is structurally different from, yet caused by its relation to the other. Yet development and underdevelopment are the same in that they are the product of a single, but dialectically contradictory economic structure and process of capitalism.\(^8\)

The long term (la longue durée) for almost a period of two hundred years is viewed here taking luxuries as the barometer for the study. Capitalism that played an important role is seen in the divisions of economic life, in the understanding of world economies, secular trends, social hierarchies and class struggle, and the role played by technology is also assessed. The long term, in our case, the two centuries longue durée is made up of a succession of repeated movements, with variations and revivals, periods of decline, adaptation, or stagnation in the course of the ups and downs of the fortunes of the various trading Companies. But throughout this, capitalism remained true to itself. This capitalism thrived on change, drawing strength from it, being ready at any moment to expand or contract itself.
We see development and underdevelopment as inextricably linked and related. We also realise that an exploitative relationship starts as soon as visitors from their metropolis come to a new place which for them becomes a satellite. This relationship is normally designed to extract anything and everything so as to take it to their metropolis. The naturally rich countries are thus depleted of their resources at a faster rate due to the hurry and haste of the representatives of the metropolis and due to the zeal of the native collaborators. The wealth ends up in the metropolis of the visitor. International capitalism then becomes the root cause of underdevelopment leading to the development of poverty and creation of satellite states. The development of underdevelopment and the creation of poverty become new issues for fresh generations. The world capitalist system gives rise to development and under development. Expansion and development of capitalism throughout the world has generated economic and structural underdevelopment. The underdeveloped state remains a testimony of colonial conquest and the depletion of resources from an area originally not belonging to the conqueror but provided by nature for the sons of the soil.

Our effort through the various chapters does not answer all the questions that can be asked about diamond mining and pearl fishing in India during the period dealt in this study. But in the strength and weaknesses they try to be fairly reflective of the sources that one can have a chance to examine within a given time frame. It is hoped that the material put forward will stimulate further enquiry into the complex processes at work in India of the seventeenth and eighteenth centuries. In a study like this it is inappropriate to pretend to close the door on everything that has been said as final. This study does not claim to be complete, to have told the truth once and for all. New evidences with further research will definitely bring about a greater degree of completion to this work.
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