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*Trapped inside the Colonial Order:
The Hindu Bankers of Surat and their Business
World during the Second Half of the Eighteenth
Century*

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During the second half of the eighteenth century, Surat was still a large city and an important centre of trade. One of the most successful sectors of its merchant class was made up by shroffs, namely businessmen specializing in money-exchanging, money-lending and the giving and discounting of bills of exchange. By the late 1770s, the fortunes of the shroffs, who were mainly Hindu, were on the rise. According to knowledgeable observers, the Hindu businessmen, but most particu-

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- FRS Factory Records: Surat
IOR India Office Records, London
Lfs Letter from Surat
Mayor's Court Proceedings of the Mayor's Court, Bombay
Orme Robert Orme Collection, IOR
Petition of 1795 IOR, G/36/73: FRS, 29 August 1795 (The Humble Petition of the Shroffs and Mahazens of the City of Surat in behalf of themselves and other Hindoo Inhabitants—Surat the 22nd August 1795—/signed/Lucmedass Iugmohandass [and] Vanarsidass Iaidass for-self [sic] and all Mahazens)

Public Prs Bombay Public Proceedings
PR XVII Papers presented to the House of Commons relating to East India Affairs (Paper no. 308), in Parliamentary Reports, Vol. XVII, 1806

larly the shroffs, had become *the* wealthiest sector of the Surat merchant class.¹

The importance of the Surat Hindu business community during the second half of the eighteenth century has not completely escaped the attention of contemporary historians. This has been pointed out by the present writer and, more importantly, has been used as the starting point for a new interpretation of the history of the West Coast of India, advanced by Dr Lakshmi Subramanian.² She has argued that not only did the Surat and Bombay Hindu (and Jaina) businessmen constitute a very affluent group, but a socially well-organized and politically influential community. In the 1750s, the Hindu (and Jaina) businessmen—whom Dr Subramanian calls Banias—allied themselves to the rising British power. This alliance between the English and the Bania community brought about what Dr Subramanian has defined, by using a felicitous catchword, as the ‘Anglo-Bania order’.

Three elements are central to the Anglo-Bania order theory. The first is that the indigenous society of the West Coast, but most particularly Surat urban society, was sharply divided along communal and economic lines. Accordingly, in Surat, the economy appears split in two segments which—judging from Dr Subramanian’s analysis—were not inter-related, economically or otherwise. On the one hand there was a burgeoning sector, monopolized by the Hindus, where the key activity was banking, and, on the other, a declining sector, left to the Muslims. The second central element of the Anglo-Bania order theory is that the Banias of the West Coast, but most particularly the Surat Banias, made up an autonomous social group which could devise and implement common policies. The third important feature of the theory is that the Anglo-Bania order was built on a full-fledged partnership between the English and the Banias. According to Dr Subramanian, the Banias, because of their tremendous economic

¹ In 1778, the Surat Council flatly stated that the shroffs had become the richest people in town. See FRS 14 December 1778. Some ten years later, Dr Hove, a Polish scientist who visited Surat in 1787 and 1788, noticed that the Hindus were ‘the first and richest merchants’ in the city. See ‘Tours for Scientific and Economic Research . . . by Dr Hove’, in *Selections from the Records of the Bombay Government*, no. XVI—New Series (Bombay, 1885), p. 176.

² For my own contribution see ‘In the Deep Blue Sea: Surat and its Merchant Class during the Dyarchic Era (1759–1800)’, in *The Indian Economic and Social History Review* XIX, 3 and 4 (1982), pp. 287–8, 292. For Lakshmi Subramanian’s see ‘Capital and Crowd in a Declining Asian Port City: The Anglo-Bania Order and the Surat Riots of 1795’, in *Modern Asian Studies* 19, 2 (1985), and ‘Banias 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’, in *Modern Asian Studies* 21, 3 (1987).

strength (and their ability to act as a body), held such a leverage over the British that they may have been the stronger partner in this relationship. Finally, a corollary to the existence of this full-fledged partnership is that there must have been a basic coincidence of interest between the British and the Banias.

Elsewhere, I have discussed some of the reasons why the concept of an Anglo-Bania order is highly dubious.³ However, I have not directly dealt with what appears to be possibly the most convincing argument in favour of the theory in question. That is the fact that the economically most successful sub-group among the Banias—namely the shroffs—concentrated in their hands the discounting of those bills of exchange through which the Calcutta Government transferred to the West Coast the enormous sums indispensable to finance the huge and chronic deficits of the Bombay Presidency. So large were those sums—and so indispensable do they appear to the survival and expansion of British power on the West side of India—that one is left with the impression that the Anglo-Bania order theory could still apply.

In order to disprove it, I will examine the activities of the Surat shroffs. As they were in a dominant position *vis-à-vis* the Bombay shroffs,⁴ any conclusion reached on the former is relevant for the West Coast shroffs at large. I will show that the Surat shroffs' ability to discount the huge Bengal bills of exchange was function of the fact that those same shroffs were part of a traditional and poli-ethnic network of trade. In turn, this network of trade was collapsing, largely because of political and economic changes brought about by the rising colonial order. Also, I will show that the apparent economic influence of the shroffs was severely qualified by the fact that they always acted as individual operators and did not have any common organization, political or economic, to express their collective interests. The point will be made that no common strategy, apart from the one resulting from the constrictions of a free market, ever informed the shroffs' activities. Finally, it will be indicated that no single shroff or group of

³ M. Torri, 'Surat During the Second Half of the Eighteenth Century: What Kind of Social Order?', in *Modern Asian Studies* 21, 4 (1987). There I argue that the indigenous society in Surat cannot be considered torn along communal lines and that many of Dr Subramanian's statements, including some which are crucially important to the credibility of her model, are based on selective quotations or outright misquotations of the relevant sources.

⁴ This was what the Bombay shroffs themselves claimed in 1786, when they declared them to be 'only the servants of the shroffs at Surat'. Public Prs, 9 November 1786 (IOR, P/342/6, p. 276).

shroffs ever wielded anything akin to a monopolistic or oligopolistic control of the financial market.

The criticism of the Anglo-Bania order theory will be less the principal aim of this paper than the necessary premise to a badly needed construction of a more realistic framework which may allow us to gain a better understanding not only of the Surat and Bombay shroffs but of the wider political world within which they had to operate. Once the many inflated claims related to the shroffs' wealth and power are dismissed, they still stand up as a most remarkable group of men who performed an *economic* role identical to that of contemporary bankers. However, it is my contention that the shroffs' *political* position was deeply different from that of today's bankers. Whereas the latter are a segment of the ruling elite, the shroffs were not. This was the by-product of the shroffs' position inside the colonial order. Because of racial considerations they were barred from the centres of power and because they did not constitute an organized social group or a political lobby, they were unable to condition the decisions of the colonial centres of power from outside.

The tragedy of the shroffs' situation was that they were people caught within an overwhelming and hostile historical force represented by colonialism on the rise. Viewed from the vantage point of eighteenth-century Surat, the rising colonial order appears to be an alien and fundamentally hostile force which ruthlessly manipulated and progressively devastated the traditional society. The decision by certain influential indigenous groups to collaborate with the new order can be seen less as the product of a free choice than as the compulsory outcome of a lack of real alternatives. In turn, as the destiny of the Surat shroffs indicates, the decision to collaborate with the rising colonial order was far from assuring the long-term survival of the collaborators. Far from being partners in the new order, they were powerless pawns and its prospective victims.

Shroffs and the Bills of Exchange Business

In Surat, whoever had money available, even in small amounts, invariably dabbled in money-lending.⁵ Not surprisingly, small traders

⁵ That, in Surat, even small amounts of money were lent for interest by both Indians and Europeans is shown by a reading of the proceedings of the Bombay Mayor's Court. See, e.g., the cause of the creditors of the late Frederick Dorrien, in Mayor's Court, 28 May 1781 (IOR, P/417/39, pp. 266-358).

and big merchants were active in this branch of business. In the course of time, some of them elected money-lending and other related financial activities as their main line of business, while trading became a subordinate occupation, when it was not completely abandoned.⁶ Besides, it is a commonly accepted notion that the members of some Bania castes had specialized 'from time immemorial' in the money-lending and money-changing business.

The people whose principal or only economic activity was financial were called shroffs. They controlled the bullion content of the money, exchanged one currency with another, lent money in order to finance social and economic activities and gave or discounted bills of exchange. Less well known is the fact that several references prove that in Surat—and in Bombay—during this period, the shroffs routinely received and kept in deposit the money of private citizens, both wealthy merchants and commoners, both English and Indians.⁷

The shroffs and the merchants who dabbled in the money-lending and bills of exchange business came from diverse ethnic backgrounds. In Surat, Parsis, Jews and, especially, Armenians were active in this field. So were the Muslims, even if their role as bankers or money-lenders was extremely limited and in no way comparable to the one they played as merchants.⁸ However, there is no doubt that the

⁶ A significant example of this trend is the career of the great banker Arjunji Nathji Trivedi, discussed below.

⁷ Public Prs, 26 October 1770 (Consultation and letter from Mr Tayler); Mayor's Court, Letter from Elisabeth Price of 15 April 1774 (IOR, P/417/31, p. 818); *Ibid.*, Jane Boucard contra Jane Stratton, 22 May 1776 (IOR, P/417/34, p. 391).

⁸ Caster Niebhur, when in Surat (1764), mused on the different social customs setting Indian Muslims apart from Turkish and Egyptian Muslims. In so doing, he recalled that Muslim Indians 'mettent de l'argent à intérêt (give money for interest)'. C. Niebhur, *Voyage en Arabie et en d'autres Pays circonvoisins*, tome second (Amsterdam: S. J. Balde and Utrecht: Barthelemy Wild, 1780), p. 51. However, Saleh Chellabi, the Muslim merchant prince and shipowner, stated in 1772 that taking interest 'was prohibited among the Moors' (IOR, P/417/27, p. 251). As a matter of fact, only religious strictures can explain why the role of the Muslim Suratis—and other Indian Muslims—was so limited in the banking field. In Surat, the examples of Muslims active as bankers or money-lenders are few and far between. The most relevant case is that of one of the main Mughal nobles, the Bakshi, who routinely lent substantial sums of money at interest, both in Surat and in the countryside. FRS, 29 August 1795 (IOR, G/36/73, p. 397). Another case worth noticing, in spite of his above-mentioned statement, is that of Saleh Chellabi. He lent money to Muncherji Cursetji, a wealthy Parsi merchant who acted as broker of the Dutch Company in Surat. On another occasion, Chellabi bought a Rs 10,000 bill of exchange, payable in Basra, from a Haji Karim Ali, a Muslim merchant residing in Bombay. Public Prs, 16 October 1796 (A list of debts due to Govindram [and] Muncherjee: IOR, P/342/25, p. 2,896) and Mayor's Court, John Griffith Administrator . . . [contra] Sallia Chillebi, 18 March 1772. However, my own impression is that these and other banking

financial field was dominated by Brahmins, Varnias and Khatrias, namely Hindus. In particular, the Hindus cornered what was the most conspicuous and, very possibly, the most important financial activity of them all, namely the discount of the bills of exchange by which, after the conquest of Bengal, the English in Calcutta financed the huge deficits of the Bombay Presidency.

The discount of the bills of exchange was made possible by the existence of a very complex network—or rather a set of largely overlapping networks—which covered most of the Indian subcontinent. Recently a description of how the bills of exchange system worked during the second half of the eighteenth century has been given in two articles by Dr Subramanian.⁹ According to her analysis, the English in Calcutta diverted part of the revenues of Bengal, in the form of specie, to buy bills of exchange from the local Indian businessmen. The latter pocketed huge sums in bullion—which, one supposes, they then employed to run their own business ventures—and, in return, gave the English bills of exchange, namely pieces of paper. These pieces of paper were sent to Surat—less often to Bombay—and there, Indian businessmen, most of whom were Surat shroffs or their agents in Bombay, exchanged these pieces of paper for coined silver. What is rather puzzling in this description is that the system appears to have worked one way only: the bills always went from Bengal to the West Coast, and there, the local shroffs always discounted these pieces of paper for bullion.

Now, the problem is that the bills of exchange *were not* paper money, whose value was given by a promise of payment by a Central Bank. On the contrary, once they had been discounted, the value of the bills of exchange was less than that of the paper on which they were drawn. In plain words, the bills of exchange were promissory notes of payment, which could be paid only if there was an accompanying movement of real wealth from the place where the bill was negotiated to the place where the bill was discounted. This means that—unless we

activities by Chellabi were motivated less by a desire of short-term economic gains than by a policy aiming at upholding his *ābrū*, namely his social prestige and economic credit. Besides Chellabi, I have discovered a Bairam Khan, who was a principal merchant who, sometimes, discounted bills of exchange worth huge sums. However, my suspicion is that he was a Parsi. Parsis had sometimes Mughal titles and, in the FRS, there appears a Danjishaw Bairam Khan who, no doubt, was a Parsi and, I assume, Bairam Khan's son. For an example of a Surati Muslim active in the bills of exchange business see FRS, 27 July 1782. For examples of Muslims active in that trade at Bombay and in Bengal, and working in partnership with Surat Armenians and Jews see IOR, G/36/76, pp. 734–5, and FRS, 9 April 1798.

⁹ Quoted in fn. 2.

hypothesize a movement of bills of exchange from Surat and Bombay to Bengal, counterbalancing in value that going in the opposite direction—we have to assume that the West Coast had a trade deficit against Bengal. Once this is grasped, it should be clear that an investigation into the nature of the trade deficit of Surat and Bombay against Bengal should shed much light on the inner working of the system which made it possible for the Surat shroffs to finance the Bombay Government.

Here we are fortunate enough to be able to draw on an enquiry carried out in 1790 by some members of the Surat Board in order to highlight, among other things, the relation between the shroffs' ability to discount the Bengal bills and the trade linkage between Bengal and the West Coast. According to John Griffith, the incumbent Chief, 'the natives here [in Surat] called shroffs were originally dealers in raw silk and piece goods', two items which Indian merchants carried by sea from Bengal to Bombay and Surat. Those same merchants bought and shipped back raw cotton, but, in Griffith's own words,

as a ship of small burthen could bring in these rich articles [piece goods and raw silk] to the value of two or three lacs and carry back only a tenth part of the proceeds in cotton, the only article of return, the merchants had no alternative left them of remitting the overplus but in bills of exchange. This induced them to take up the profession of shroffs, being so intimately connected with that of silk merchants.¹⁰

According to data put together by two other members of the Surat Board, more than 90% of the Bengal goods were carried to Surat by Hindus and Armenians, while the remainder was traded by Muslims.¹¹ These data are not so clear as to permit us to figure out the exact ratio between Hindus and Armenians. My personal reading of them is that the bulk of the trade was carried by Hindu merchants, but the Armenians were not far behind. Whatever the case may be, it is a fact that both Hindus and Armenians figure prominently in the bills of exchange business. However, there is no doubt that the Hindus had a conspicuous lead over the Armenians, at least as far as the discount of the Company's bills are concerned.¹²

¹⁰ FRS, 5 July 1790 (IOR, G/36/68, p. 314).

¹¹ FRS, 2 August 1790 (Documentation presented by John Spencer and his letter of 31 July 1790); FRS, 6 August 1790 (Abstract of Bengal raw silk and piece goods imported at Phoorza).

¹² Very possibly, the reason for the superiority on the part of the Hindus *vis-à-vis* the Armenians was that the latter were such a tiny minority. According to M. J. Seth's estimate, in the 1780s the Armenian community in Surat totalled some 3 or 4 hundred souls. Mesrob Jacob Seth, *Armenians in India* (New Delhi: Oxford and IBH, 1983; first

The most famous and one of the most successful of the Surat businessmen involved in the discount of the Company's bills of exchange was, no doubt, Arjunji Nathji Trivedi [Arjunji Nath Tarwady], a Nagar Brahman. In 1743, he appears in the English records as a respectable merchant, who is requested to act as an arbitrator in a business dispute.¹³ At the time, there is no indication that he acted as a shroff. But, beginning with 1746, he appears acting in that capacity more than once.¹⁴ Soon after the 1759 take-over of the Castle, as the English in Bombay were in need of some 'substantial shroff' in their island, John Spencer Sr., the conqueror of the Castle, 'prevailed' on Trivedi to send an agent of his to set up a 'shop' in Bombay, in Trivedi's name.¹⁵

In the following decades, Trivedi emerged as one of the key-men in the bills of exchange business—at least as far as the 'Hon'ble Company' was concerned. His growing importance in this business was sanctioned by his investiture in 1787 as treasurer of the English Company in Surat.¹⁶

Now, by following Trivedi's career through the scattered evidence available in the English records, at first one gets the impression that, after the mid-1740s, he had left apart any other business activity besides that of shroff. However, in 1790, he appears as being part of a group of silk merchants and brokers who petitioned against an increase in the custom duties on silk, imposed by the English.¹⁷ As a matter of fact he was—according to enquiries carried out that same year by a member of the Surat Board—one of the seven merchants, all under English protection, who monopolized the silk trade from Bengal.¹⁸ Trivedi's continuing personal interest in that trade is also shown by the fact that, at the very end of the century, he appears as farmer of the *mokaut* on silk.¹⁹

published by the author in 1914), p. 253. At the same time, the Hindu community, even at the most conservative estimate, must have neared the 100,000 souls. For examples of Armenian merchants discounting the 'Hon'ble Company's' bills, see FRS, 21 November 1772, 30 April 1782, 23 January 1783, 25 May 1785.

¹³ FRS, Report by James Hope and George Hamilton of 18 April 1743 (IOR, G/36/27, p. 158).

¹⁴ FRS, 3 December 1746, 5 March 1748.

¹⁵ IOR, E/4/462, Letter from Bombay to the Court of Directors, 20 November 1760, para. 234.

¹⁶ FRS, 12 October 1787.

¹⁷ FRS, 5 July 1790 (The humble information of Turwady Arzoonjee Nathjee . . .).

¹⁸ The other merchants were a Hindu, Tapidas Laldas, and five Armenians, i.e. Owen John Jacob, Macartiz Maliknas, Gaspar Joanes, Phanoes Agabob and Avatik Seth. FRS, 2 August 1790 (Letter from John Spencer of 31 July 1790).

¹⁹ PR XVII, p. 309. The *mokauts* were taxes levied by the Surat Durbar on various items of trade.

The Silk/Bills of Exchange/Bullion Network

The description of the silk/bills of exchange network given by Griffith and his fellow officers conveys the impression that it was self-contained. But, of course, it was not. After all, the reason why that network was so important to the English was because, by making possible the discount of the Bengal bills, it provided the Bombay Presidency with much-needed bullion. This was an item which reached Surat from the Near East. Its massive import was the necessary consequence of the fact that, although the Surat merchants exported to the 'Gulphs', namely the Red Sea and of the Gulf of Persia, 'almost all goods consumed there', they received little goods in exchange. Accordingly, the balance of trade was made up by huge quantities of bullion, particularly silver and, to a much lesser extent, gold.²⁰

That a precise connection did exist between the inflow of bullion from the 'Gulphs' and the Surat shroffs' ability to discount bills of exchange was pointed out to the English more than once by knowledgeable Indian merchants.²¹ It is worth recalling that, at least in one case, during the dual government era, the English in Surat showed some scepticism about the existence of this connection and remarked that the bullion coming from the 'Gulphs' did not end up in the hands of the people who discounted the Bengal bills.²² As a matter of fact, the bulk of the trade linking Surat to the 'Gulphs' was in the hands of Muslims who, for religious reasons were, as it has been noted, inconspicuous in the bills of exchange business.²³ However, it is not difficult to imagine through which linkages the bullion from the 'Gulphs' ended up, at least in part, in the hands of the Hindu shroffs. First of all, much of the wares carried from Bengal must have been employed in the production of silk piece goods or piece goods of silk mixed with cotton. Of course, much of this production was bound to be an

²⁰ The quotation is from the *Petition of 1795*, p. 431. On the bullion imports from the Near East to Surat see: Public Prs, 27 December 1761 (Lfs), 15 August 1762 (Lfs), 19 July 1770 (Lfs), 15 September 1773 (Lfs), and Mayor's Court, Stephen Pitt contra Mulna Fakaruddin, 10 July 1775.

²¹ E.g., Public Prs, 15 August 1762 (Lfs of 7 August) and 15 September 1773 (Lfs of 8 September). For further examples of the fact that the Surat merchants and shroffs' ability to discount bills of exchange was a function of the positive turnover of their trade, see FRS, 15 March 1750; Public Prs, 9 December 1759 (Lfs of 5 December), 24 June 1761, 27 December 1761 (Lfs of 21 December), 19 December 1773; FRS, 4 February 1788.

²² Public Prs, 15 September 1773 (Lfs of 8 December).

²³ See fn. 8.

integral part of the cargoes shipped to the 'Gulphs'. Besides, raw silk and piece goods totally or partly produced from silk must have been bought mainly for re-export to the numerous courts of Western India by merchants who wanted to re-invest the bullion earned in the Middle East. Finally, the control that the key shroffs had on the retail business must have been another way through which Middle Eastern silver flowed into the pockets of the shroffs themselves.²⁴

However, to try to hypothesize what were the channels through which the bullion from the 'Gulphs' flowed into the hands of the shroffs is, in a way, quite pointless, as it is clear that, in an economy at the stage of development prevailing in eighteenth-century Surat, bullion was the indispensable fuel for the whole economic system. Without it, any kind of trading and financial activity was bound to grind to a halt or, at least, to be severely hampered.

In sum, the bills of exchange connection relating the Calcutta Presidency to the West Coast, the silk/cotton route linking Bengal to Surat and Bombay, and the Surat/Middle East trade constituted an integrated business network, which can be considered as a main sub-system within the global Surat trade system. All this can be taken as further evidence of the pluralistic character of the indigenous society in Surat.²⁵ Consider for a moment the following. The bills of exchange transactions—at least as far as the East India Company was concerned—were to a large extent controlled by Hindus, even if Parsis, Jews and, particularly, Armenians participated.²⁶ However, the bills of exchange network was crucially dependent on the smooth working of both the bullion route and the silk route. The former was largely controlled by Muslims and, in the 1760s and 1770s, by Parsis, even if Hindus, Armenians and Jews were present.²⁷ On the other hand, the trade flowing through the silk route was shared by Hindus and

²⁴ On this last point see *Petition of 1795*, pp. 430, 435.

²⁵ For a discussion of the pluralistic character of the indigenous society in Surat see my 'Surat During the Second Half of the Eighteenth Century', pp. 705–9.

²⁶ FRS, 1759–1800, *passim* (the indications relating to the bills of exchange are plentiful and can be easily retrieved by making use of the alphabetical index at the end of most volumes).

²⁷ This statement is based on a set of 328 names of shipowners, merchants, brokers and *nakhudas* residing in Surat and active on the Surat–Middle East route during the years 1759 to 1800. The names have been put together by perusing the English records for the relevant years. Some 68% of the names belong to Surat Muslims and Arabs (at least one of the latter was a Maronite Christian). Only 17% of the 328 names belong to Hindus, whereas the balance is made up by Parsis, Armenians, Jews and one Portuguese. Most of the major shipowners trading to the 'Gulphs' were Muslims and none Hindu (although there were Hindu shipowners). A full discussion of the ethnic composition of the Surat merchant class is given in my 'Ethnicity and

Armenians, whereas the Muslims carried only a fraction of it.²⁸ In sum, even if there was a certain amount of ethnic specialization, symbolized by Muslim control of the trade to the 'Gulphs' and Hindu dominance of the bills of exchange business, the truth is that all the ethnic communities in Surat were part of the same system and it would be unwise to think of them as of compartmentalized and self-exclusive social bodies. Accordingly, there were important economic matters which, cutting through communal division, were bound to affect both merchants and shroffs. This explains why, on the crucial question of the English monopoly on the trade to the 'Gulphs', the Surat merchants split into pro-English and anti-English factions in a way that bears little or no relation to the communal affiliations of the participants.²⁹ Again, this explains why, in 1777, when the Surat merchants remonstrated to the Nawab against the way in which the affairs of the mint were run, among the signatories of the protest there were the Muslim shipowning merchant princes Saleh and Ibrahim Chellabi, and Arjunji Nathji Trivedi, the most influential Hindu shroff in Surat.³⁰

What we have just said has other implications worth pursuing. Had the Muslim trading community really been in a state of irreversible decline—as Dr Subramanian claims—sooner or later even the shroffs would have found themselves in stormy waters. Now, my contention is that, in the 1790s—when, according to Dr Subramanian's assessment, the Anglo-Bania order was at its zenith and the Hindu shroffs were enormously wealthy and all-powerful—the Surat shroffs were in deep trouble. This situation resulted from the difficulties experienced by the Surat merchants in carrying their trade along both the Surat–Middle East route and the Bengal–Surat route. Interestingly enough, during the last decades of the century, while the Muslim-dominated trade to the 'Gulphs' was far from being without dangers, it was the Bengal–Surat connection, so largely dominated by Hindus and Armenians, which appeared on the brink of total collapse. Equally interesting is the fact that on both counts—the difficulties of the Trade in Surat during the Dual Government Era (1759–1800)', in *The Indian Economic and Social History Review* 27, 4 (1990).

²⁸ See above and fn. 11.

²⁹ For example, the certificate of 1764, which became the official justification for the English monopoly on the trade to the Near East, and which was bound to damage the five indigenous shipowners, all of them Muslims, who had previously controlled that trade, was signed by a large majority of Muslims (47 out of 58). See FRS, 11 June 1796 (Extract of a letter from the Chief and Council at Surat . . . dated the 28th February 1764, and . . . certificate . . . [under] the Cazez's seal, 27th February 1764).

³⁰ FRS, 1 September 1772.

Surat–Middle East trade and the Bengal–Surat trade—the English played a role which was not positive for the merchants and, as a final consequence, for the shroffs.

The Constraints on the Near East/Surat/Bengal Trading Network

Let us begin with the situation of the trade to the ‘Gulphs’. Elsewhere I have described the so-called monopoly imposed by the Surat Chief and the Bombay Governor on that branch of trade.³¹ In concluding my description, I pointed out that by the middle-1770s, when the system lost some of its most iniquitous features, the monopoly had brought about catastrophic consequences for the Surat shipowners. On that occasion, I made clear that my conclusion was tentative, as it had been reached by drawing on conflicting evidence. Now I have reason to believe that, by giving credence to Anquetil de Briancourt’s memoirs rather than to Abraham Parsons’s travelogue, I was unduly pessimistic.³² What is true is that the English monopoly resulted in an increase of the freight paid by the merchants and in the removal from the route to the ‘Gulphs’ of the minor shipowning merchants. However, still in the early 1770s, Saleh and Ibrahim Chellabi, Mulla Fakharuddin, Danjishaw Manjishaw and Dadabhai Manockji appear as shipowners of conspicuous wealth, all active, at one time or another, in the trade to the ‘Gulphs’.³³ Their continuing participation in that branch of trade was made possible by the fact that the Bombay

³¹ Torri, ‘In the Deep Blue Sea’, pp. 271–5.

³² Anquetil de Briancourt’s memoirs, although useful, must be handled with caution. Its author was extremely biased against the English—which is natural enough, given the story of his relationship with them. Moreover, he was a singularly unintelligent and gullible person.

³³ In 1773, Saleh Chellabi owned at least 5 ships and his brother Ibrahim at least one. Public Prs, 28 February, 24 March, 12 May, 20 August and 8 September 1773. In 1774, Dadabhai Manockji, a Parsi, together with his partner Eddul Dada, another Parsi, owned at least two ships. Public Prs, 26 April 1774; Mayor’s Court, Elisabeth Price contra Dadabhoi Monackjee, 6 February 1775. In the years 1771/1772, Danjishaw Manjishaw, another Parsi, owned at least seven ships, including a botella who had been taken by the Portuguese. Public Prs, 17 December 1771, 11, 17, 23 and 29 May 1772 (Dunjeeshaw’s petition). In the early 1770s, Mulla Fakharuddin owned at least two ships. Mayor’s Court, Daniel Draper . . . contra Mulna Fakaruddeen, 4 March 1773. It is important to stress that the English records are very unsatisfactory as far as Indian shipping is concerned. Therefore, the above data must be considered as an under-representation of the actual situation.

Governors and the Surat Chiefs often sold their right of monopoly to the higher bidder among the Surat merchants. Naturally enough, this procedure, while shutting off the minor shipowners, must have advantaged the major ones.³⁴

Nevertheless, in the mid-1770s and early 1880s, the trade to the 'Gulphs' did decline and the number of ships owned by Surat merchants most probably did decline too.³⁵ The reasons for this crisis seem to have been many and varied, from unsettled political conditions and the devastating outbreak of plague in the Middle East to the stunningly destructive effects of the two great storms of 1775 and 1782 over Surat.³⁶

Clearly, the English did not bear responsibility for such 'acts of God' as plague and storms, or for the wars which pitted Arab Chieftains and Turkish and Iranian rulers against one another. However, it is worth recalling that the English not only made trading to the Middle East more expensive but, more importantly, brought upon the Surat merchants new enemies, while doing very little to protect the Suratians from these additional dangers. As the Sidis had done when

³⁴ This comes out quite clearly from a reading of Mayor's Court, Daniel Draper . . . contra Mulna Fakaruddeen, 4 March 1773, which includes an extensive description of the actual working of the English monopoly on the trade to the Near East.

³⁵ On the decline of the trade to the Near East see FRS, 29 March 1777. It is a fact that all the big shipowning merchants active on the Near East route in the 1770s were either in trouble or ruined by the end of the 1770s or the beginning of the 1780s. This is true even in the case of William Andrew Price, who died insolvent in 1774. The exceptions to this rule were Thomas Hodges, among the English, and the Chellabis, among the Suratians. The case for the decline of shipping is less clear-cut. Certainly, after 1775 fewer indications relating to Indian-owned ships are available in the English records. However, one has the distinct impression that this decrease might be the result of a change in the way in which English writers took down their data. According to Parsons, who visited Surat in 1777, Gujarati ships were then still very numerous. Abraham Parsons, *Travels in Asia and Africa* (London, 1808), p. 261, quoted in Torri, 'In the Deep Blue Sea', p. 278. I used to be skeptical of Parsons's glowing description of Gujarati shipping. Now, after a much more extensive reading of the sources, I am inclined to accept his evaluation. Still, the catastrophic storms of 1775 and 1882, capped by a less well known one in 1883, brought about the loss of several ships. V. G. Hatakar (ed.), *French Records*, vol. I (Bombay: State Board for Literature and Culture, 1978), p. 8; FRS, 23 and 24 April 1782; Seth, *Armenians in India*, pp. 249-50.

³⁶ On the storms, see fn. 35. On the plague which, in 1773, 'almost depopulated' Basra, see Orme O.V 152, p. 112 (FRS, 16 October 1773). On the unsettled political conditions prevailing in the Near East see J. G. Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia* (India: Government Printing, 1915), vol. 1, part 1, pp. 163-7, and Ahmad Mustafa Abu Hakima, *History of Eastern Arabia 1750-1800* (Beirut: Khayats, 1965).

Admirals of the Mughal fleet, the English protected the Surat merchants from coastal pirates.³⁷ But, not unlike the Sidis, the English were unwilling or unable to give convoy protection to the Surat shipping on the high seas. During the whole dual government era, the English organized a convoy to the Middle East only once. Significantly, that lonely effort was advanced as a justification for the imposition of a new extra-tax on the trade to the 'Gulphs'.³⁸ On the other hand, the fact that the English were the *de facto* overlords of the city made Surat shipping a favoured target for French privateers when France and Great Britain were at war. On several occasions this resulted in major losses for the unfortunate Suratis.³⁹ However, for the whole second half of the eighteenth century, trade to the 'Gulphs' went on being one of the main businesses in the city, with an annual turnover, during the 1790s, varying from 18 to 24 lakhs of rupees. On the other hand, during the same period, the silk trade from Bengal went from bad to worse.⁴⁰

³⁷ On the Sidis and the English giving armed escort in coastal waters to departing ships headed for the 'Gulphs', see FRS, 12 and 19 April 1757, and 28 March 1760. The English organized regular convoys plying between Surat and Bombay, and Surat and the Northern ports of Gujarat which appear to have been less an effective defence against pirates than a pretext in order to extract legal and illegal convoy duties from the merchants. E.g., Public Prs, 21 December 1772 (Letter from Lieutenant Thistleton); 'Tours . . . by Dr Hove', pp. 177-8; FRS, 12, 18 March and 4, 9 April 1800.

³⁸ FRS, 12 March 1799 (Letter from Bombay of 8 March).

³⁹ In the whole dual government period (1759-1800), two cases appear to have been particularly catastrophic. The first was the capture of Saleh Chellabi's ship 'Merry' by the Count d'Estaing in 1759. The 'Merry' had a cargo worth the truly enormous sum of 8 lakhs of rupees. Although the ship was eventually returned, her cargo was not. Anquetil Duperron, *Zend Avesta, Ouvrage de Zoroastre*, vol. 1, tome 1: *Discours préliminaire* (Paris: N. M. Tilliard, 1771), pp. CCCXLVI-CCCXLVIII; Orme O.V. 131, p. 59 (FRS, 19 January 1762); FRS, 5 July 1793 (M. Bruix's letter to the Bombay Government). The second case was the capture of the 'Shah Allum' in the 1798/99 season, which caused 'ruinous losses' to the Surat merchants. FRS, 25 March 1799 (Petition by the merchants trading to Mocha, Judah and Bussora). For other examples of hardly less catastrophic losses caused to the Surat merchants operating on the Surat-Bengal and Surat-Far East routes by European and, sometimes, Maratha privateers, see Seth, *Armenians in India*, pp. 249-52.

⁴⁰ For the silk trade from Bengal in the years 1730/31 to 1788/89, see FRS, 2 August 1790. For the higher estimate of the value of the trade to the Near East, see Walter Ewer's report of 1797 in IOR: Home Miscellaneous 438, p. 49. Ewer claimed that 'the exports and imports to and from the Gulphs amount to about L 300,000 Stg. annually', which would translate into 24,00,000 Bombay rupees and a somewhat higher sum in Surat rupees. The lower estimate is based on the indication given by a Surat accountant, Edward Galley, in 1800, that the 2% extra-tax on the trade to the 'Gulphs' yielded a yearly profit of Rs 36,738 (Edward Galley's report dated 17 June 1800, in PR XVII, pp. 274-5). This means that the total yearly value of the trade to

According to the already quoted Griffith's enquiry, the difficulties for the silk/piece goods trade from Bengal began in 1765, when the English Company obtained the diwani of Bengal, Bihar and Orissa from the Great Mughal. From that date, 'the Company began to remit the revenues of Bengal, Bihar and Orissa to England in raw silk and piece goods', and, as a consequence, 'the prices of these articles rose so high that the importation of them to the Western ports of India gradually decreased'.⁴¹ But this was not all. In the course of time, cotton, the only available return cargo for the ships from Bengal, became both scarcer and more expensive because of the pull exercised by the Chinese market, with its huge demand for cotton. Besides, the cotton demand in Bengal and Northern India started to be met by cotton grown in Bengal and by the opening of a new inland route connecting various parts of the Deccan to Banares, where cotton was brought to be sold in Northern India. Moreover, between 1781 and 1791 the English imposed new custom duties on the trade from Bengal.⁴² Not surprisingly, by the 1780s, imports from Bengal had decreased so much that the whole branch of trade appeared on the verge of total collapse.⁴³ It was in the light of this situation that, on 5 July 1790, the Hindu silk merchants and brokers, hard hit by an additional rise in the customs on silk, recently introduced by the English, asked for relief in a petition, among whose signatories, as we have already seen, was Trivedi.⁴⁴

The petition and, no doubt, the fact that Griffith convincingly stressed the catastrophic effects that a further decline of the Bengal silk trade was bound to have on the shroffs' ability to discount the Bengal bills were eventually answered by an order from Calcutta abolishing any kind of duty on trade coming from Bengal.⁴⁵ Undoubtedly, this decision was a respite for the merchants trading on the Bengal-Surat route, but not much more than that. As we have seen,

the 'Gulphs' was Rs 18,36,900. As, in the preceding years, the working of the Surat custom houses was such that a part of the goods went under-taxed, Galley's estimate could well be an under-evaluation. On the Surat custom houses see M. Torri, 'Social Groups and the Redistribution of Commercial Wealth', in *Studies in History*, 1, 1, n.s. (1985).

⁴¹ FRS, 5 July 1790 (IOR, G/36/68, p. 314).

⁴² FRS, 2 August 1790 (John Spencer's letter, 31 July 1790).

⁴³ This is borne out by the figures related to the silk trade from Bengal in FRS, 2 August 1790 (Abstract [of the] importation of Bengal raw silk and piece goods since 1765), and 7 August 1790 (Letter from the Phoorza Master).

⁴⁴ See fn. 17.

⁴⁵ FRS, 21 September 1791 (Letter from the Revenue Department, Bombay, 17 September).

the decline of the silk trade had structural causes—in particular the redirection by political means of the Bengal silk and piece goods trade to Europe. That being the case, the relief offered by the ‘Supreme Government’ when the custom duties were abolished, although a much welcome decision, could not really be something much different from a cosmetic operation. The Surat shroffs continued to be trapped inside a collapsing system and, in 1795, in both Bombay and Surat, a series of bankruptcies brought about ‘such an extraordinary scarcity of money’ that it caused problems to the English themselves, hard pressed for bullion.⁴⁶ In the following years, although bankruptcies on the part of the shroffs did not reach the level of 1795—in other words, they did not hamper the Company’s procurement of specie—they must have become more or less endemic. This is shown by the pre-occupation manifested on this account by both the Bombay Government and the Surat Council. In 1798, Bombay, in a letter to Surat, complained about the serious cause of mischief represented by fraudulent bankruptcies in Surat and, in the following months, the last Surat Chief, Daniel Seton, prepared a set of regulations, which were later enacted, aimed at preventing the continuation of that state of affairs.⁴⁷

Clearly, the Surat shroffs, in spite of the extraordinary success of a few of them, were experiencing growing difficulties. No doubt, this was the ultimate result of the widening chasm between the value of the Bengal bills and the turn-over of the Bengal trade. In order to close somehow this chasm, the merchants took a desperate step. In a minute of the 22 September 1790, the Calcutta Mint Master noticed that gold was carried to Banares and from there sent to Surat. This was a new practice which, according to the merchants interrogated by the Mint Master, had started with the month of May 1788. According to the Mint Master, the remittance in gold aimed at financing the trade centered in Bombay and Surat and at discounting the bills of exchange brought there.⁴⁸

Although that English officer could not know it, the opening of the new inland gold route came after two seasons when Bengal imports to Surat hit an all-time low.⁴⁹ Accordingly, this transfer of gold can be

⁴⁶ FRS, 11 March 1795 (Letter to Bombay) and 14 March 1795 (Consultation).

⁴⁷ FRS, 1 November 1798 (Letter from Bombay, 26 October) and 13 December 1798 (Chief’s memorandum).

⁴⁸ Bengal Public Proceedings, 22 September 1790 (Minute of the Mint Master, 22 June). I owe this reference to Anand Yang, whom I want to thank.

⁴⁹ See fn. 43.

seen as a way to supply the merchants and shroffs in Surat with a valuable and non-bulky item of trade, which could readily be exchanged with the silver necessary to discount the Bengal bills. Basically, the Surat shroffs, unable to rely on the silk and piece goods trade from Bengal, were taking upon themselves the cost and the risk of transferring gold inland, in order to carry on with the bills of exchange business.

The Shroffs, the East India Company and the Financial Market

If the above analysis is correct, the conclusion is inescapable that the whole bills of exchange business and, as a consequence, the wealth of even the most influential Surat (and Bombay) shroffs rested on very shaky foundations. On the other hand, during the second half of the eighteenth century, English private operators became more and more conspicuous in the Indian financial market. In Western India, the road to financial success was not an easy one and there is no doubt that the large majority of those Europeans who tried to walk it ended up as impoverished and broken men. Still, some were more successful than others and a small minority was able to arrive at the finishing line of personal success and conspicuous wealth.⁵⁰ Even because to carry private wealth to England was not without difficulty, at least temporarily much of it was reinvested in financing both private commercial activities and the economic and political activities of the 'Hon'ble Company'. In particular, the latter course of action represented possibly the safest way to remit money to England. So, in 1770, the Bombay Government gave bills of exchange payable in England to the amount of four lakhs of rupees.⁵¹ Still in 1770, during a meeting of his Government, the Bombay Governor, Thomas Hodges, made clear that he and some of his friends were ready to buy bills of exchange payable in England to the amount of two lakhs of rupees.⁵² Clearly, the wealth controlled by either single English merchants or

⁵⁰ In 1777, a group of senior Bombay officers drew up a list of their colleagues who had engaged in trade in the previous 22 years. They concluded that only a tiny minority had acquired a fortune, many more 'had died positive bankrupts', and others still 'Were about square with the world or possessed of very little more than to defray their burial charges'. Public Prs, 8 October 1777 (Letter from several of the Senior Merchants at the Presidency).

⁵¹ Public Prs, 2 February 1770. For a similar case, see FRS, 23 March 1797.

⁵² Public Prs, 26 October 1770 (Consultation).

partnerships of merchants was on the increase. Pamela Nightingale has pointed out that, in 1784, the Bombay Government owed David Scott, on his private account, £191,254 and on the account of his constituents £208,870.⁵³ In Bombay rupees, those sums would translate into Rs 15,30,032 and 16,70,960 respectively, whereas, in Surat rupees, the value would be somewhat superior. In 1786, David Scott retired to England but, still according to Pamela Nightingale, 'his firm and other agency houses continued to act as bankers for the Bombay Government'.⁵⁴ In the same year of David Scott's return to England, the growing financial clout of English private operators was shown by the offer of an English controlled Bengal Bank to act as an intermediary and a guarantor in the economic dealings between the shroffs of the Western Coast and the 'Supreme Government' in Calcutta.⁵⁵

Here I should clarify that, by marshalling the above facts, I do not intend to make the case that—at least during the eighteenth century—the real financial power behind the Bombay Presidency's survival and expansion was that wielded by a group of English merchants. All that I wish to do here is simply to put matters in their proper context. On the one side there was a clear trend signalling the emergence of a new and increasingly powerful force, that of British private capitalism, which, by the first half of the nineteenth century, was bound both to break the economic privileges of the 'Hon'ble Company' itself and to relegate the shroffs to the margins of the Indian economic scene. On the other side there were the shroffs, namely men operating inside a traditional economic system which, as we have seen, seemed on the verge of collapsing under the unrelenting pressure of the developing colonial system. But, when all this is said, I will readily admit that, up to the end of the century, the Surat shroffs, although giants with clay feet, giants they appeared. The plain truth is that, one way or another, maybe by falling back on the desperate device of moving gold through the 'Maratta Country', the shroffs went on performing a role which was crucially important for the economic survival of the Bombay Presidency during the second half of the eighteenth century. Equally important is the fact that, during the same period, conspicuous as British privately owned resources had become, these resources were not sufficient to finance all the economic

⁵³ Pamela Nightingale, *Trade and Empire in Western India 1784-1806* (Cambridge: Cambridge University Press, 1970), p. 14.

⁵⁴ *Ibid.*

⁵⁵ Public Prs, 8 and 9 November 1786.

and political activities of the English in Western India. This means that the English, most particularly the East India Company, *had* to fall back on the shroffs' support. This situation implies that the shroffs had to be accepted by the English as collaborators. From this to claiming that the collaborators were partners in an Anglo-Bania order, there is only one step.

As we know, this step has been made by Dr Subramanian. One of the main thrusts of her analysis is that the shroffs were indispensable in discounting the Bengal bills of exchange which, in turn, were necessary in financing the Bombay Presidency. This indispensability of the shroffs in discounting the Bengal bills gave them (the shroffs) a monopolistic or nearly monopolistic control of that basically important branch of the financial market. At the economic level, this position of strength on the part of the shroffs found expression in their ability to manipulate at will both the rates of exchange of the bills and the exchange rates between the various currencies circulating in India.

No doubt, such interpretation seems to find a ready confirmation in the English records, full as they are of continuous and shrill complaints against the 'rapacity' of the shroffs and the exaggeratedly disadvantageous rates of exchange that they imposed when discounting the Bengal bills. However, a closer reading of the records suggests quite a different picture. Once all the significant data are put together, the unmistakable impression is that the financial market in Western India, far from being dominated by a group of operators, was a market based on free competition. This means that it was a market where the level of the prices was determined by the law of supply and demand and where *no single operator, or group of operators working in concert could alter the level of those prices.*

Let us consider the position and role of the Hindu shroffs. As a group they accounted for the bulk of the bills of exchange business. However, they never acted as a unified group, no shroff organization ever came forth to impose a unified rate of discount, no single shroff or group of shroffs working in concert ever wielded sufficient power in order to force the Company to accept rates of discount less advantageous than those freely prevailing on the market. In sum, the financial market of western India cannot be described as oligopolistic, with the shroffs as a body or some of the most influential among them playing the role of oligopolists.

Nor can that market be described as a monopsony, namely a market controlled by one big operator on the demand side. It is true that the East India Company was much bigger than any other oper-

ator on the demand (or supply) side, but it was by no means the only one and had to compete with the private merchants in order to tap the shroffs' services. In turn, the fact that the level of prices was a function of complex trade patterns—which were largely beyond the control of any single operator or group of operators—means that the 'Hon'ble Company's persistent attempts to modify the discount rates of the bills of exchange were not different from King Canute's attempt to still the tide. But, of course, this was not something readily perceived by the British. Accordingly, they gave in to the all too human tendency to find scapegoats for the unpleasant results of the working of complex and partially hidden economic and social forces. This, of course, was the reason for the shrill complaints of the Company against the extortionate discount rates requested by the shroffs.

It is now necessary to quote some of the cases on which the above thesis is grounded. Let us begin with the level of the discount rates. An example of the fact that the rates of discount of the Bengal bills were a function of the interplay of economic (and political) forces beyond the control of the shroffs was given by John Griffith when discussing the trade-bills connection between Surat and Bengal.⁵⁶ On that occasion he made clear that the bills-trade linkage affected both the shroffs' ability to discount the Bengal bills *and the actual rate of discount* offered by the shroffs to the Company. As is implicit in Griffith's statement, this was a by-product of the law of supply and demand. The bigger the positive turnover of the silk trade, the greater was the amount of money ending up in the hands of the merchants/shroffs. Assuming that the value of the bills to be discounted—the demand—remained constant, an augmentation of the quantity of bullion available in the hands of the merchants/shroffs—the supply—would automatically bring the discount rates down.

For another telling example of the fact that the discount rates fixed by the shroffs were a function of economic forces beyond their control, we may turn to the problem of the rate of exchange of the Surat rupee in 1770. In that year, suspecting that the scarcity of Surat rupees, then afflicting the market, was the end result of the imposition by the Surat shroffs of a *batta*—namely an addition on the normal rate of exchange of the Surat rupee—the Bombay government asked the Surat Council to enquire into the matter. Eventually, the Surat Council answered that their enquiries with 'some principal people of each caste' had made clear that the *batta* on the Surat rupee, which had been in force

⁵⁶ See above and reference in fn. 10, *passim*.

for the last three months, far from being the cause of the scarcity of the Surat rupees, was its consequence. Actually, according to the Surat Council enquiry, the *batta* rose and fell according to the amount of rupees in circulation, and not *vice versa*.⁵⁷

So much for the discount rates. Now let us examine the role of the shroffs. That the shroffs could be played against each other was well known to the English, who behaved accordingly. In 1790, John Griffith wrote to the Bombay Governor that, at the time, two principal banking firms operated in Surat, that of Manordas Dwarkadas and that of Amirsi Tricum of Marwar, lately established in the city. Griffith, who at the time, as usual, was shopping for money on behalf of the Company, informed his superior that he had got in touch with the agents of the two houses and had 'desired them to write immediately to their masters with a view to excite a rivalry between two such solid houses to supply the future exigencies of government on favourable terms'.⁵⁸

Of course, the fact that all shroffs were under the same economic constraints is at the root of the apparent unity which, as a rule, they displayed when negotiating with the English the discount rates of the bills of exchange or the rates of exchange between different currencies. However, this apparent unity was not strengthened by any class or business organization. It is true that Dr Subramanian claims that the Surat Hindu businessmen were 'organized in two bodies, the Bania Mahajan and the Shroff Mahajan', but the fact is that her claim is not supported by the source on which it is allegedly grounded.⁵⁹ More

⁵⁷ Public Prs, 25 May 1770 (Consultation) and 16 June 1770 (Lfs).

⁵⁸ FRS, 23 September 1790 (IOR, G/36/68, p. 493).

⁵⁹ Subramanian, 'Capital and Crowd', p. 206. She grounds her claim on the *Petition of 1795*, which she indicates as 'petition of Lackmandas Jagannathdas, Seth of the Banias, and Warnasidas Jaidas, Seth of Shroffs for themselves and all Mahajans, dated 22 August 1795' (emphasis added). For the correct heading and closing of the petition see the key to the abbreviations used in the footnotes. I have personally collated the petition in the copy of the FRS kept at the IOR with the petitions minuted in the copies of the 1795 FRS available at the Maharashtra Archives (Elphinstone College, Bombay). The text of the various copies is identical and the only differences in the heads and closings of the petitions are minor changes in the spelling of the names of the two signatories. The Elphinstone copies of the 1795 petition are in volumes number 32, 114A and 687. In the petition—itself a document some 14 pages long including a detailed analysis of the Hindu community in Surat—there is not even a hint about the existence of any guild or corporation, professional or otherwise. It is worth recalling that the term 'Mahajan', literally meaning 'great person', was already in use in the eighteenth century in order to define people acting as traders and moneylenders. E.g., Dilbagh Singh, 'The Role of the Mahajans in the Rural Economy in Eastern Rajasthan During the 18th Century', in *Social Scientist* 2, 10 (1974). In the FRS covering the period 1740 to 1800, the term makes its appearance in the 1790s, in

important is the fact that in the English records covering the period from the early 1740s to 1800 there is no indication that in Surat, Mahajans (in the meaning of organizations) ever came to the fore when important political or economic decisions were considered and taken. As we have just seen, even when the Surat Council initiated an enquiry on the question of the *batta*, in 1770, they turned to 'some principal people of each caste', rather than to the 'Shroff Mahajan'. If a 'Shroff Mahajan' had been active and influential in political and economic matters, I suspect that the Surat Council would have consulted it and the Bombay Government would have expected the Surat Council to do that.⁶⁰

Even if the shroffs did not have any class or professional organization to strengthen their hand, some of them managed such enormous sums that one may suppose that they were in the position to influence the English Company. No doubt, at least two prominent shroffs—based in Banares but with extensive dealings in several Indian cities, inclusive of Surat and Bombay—must have thought the same and tried their hand at it. In 1789 and 1790, Bhavani Das and Dwarka Das—two eminent Banares bankers who were the younger brother and the younger son respectively of the great banker Gopal Das—were furnishing the Company in Bombay with monthly sums of 2.5 lakhs of rupees. Then, at the end of 1790, the two had put the operation on hold, causing consternation in the Bombay Government. At the request of Bombay, the Resident in Banares, Jonathan Duncan, enjoined the two bankers to honour their contract. However, Bhavani Das and Dwarka Das refused to do so. According to B. A. Saletore, on whose account of this episode I rely, the problem was that the two bankers thought that 'Bombay was showing favour to other bankers and had refused to honour bills from the firm of Bhavani Das and

petitions written by Indians, and is employed by people who appear to be substantial merchant-bankers in order to define themselves. The *Petition of 1795* is a case in point, as it appears to have been signed by two substantial merchant-bankers who claimed to speak on behalf of the other (Hindu) merchant-bankers and shroffs and other Hindu citizens. This interpretation of the term 'Mahazen' as meaning 'merchant-banker' nicely fits in the only case when it appears in the body of the *Petition of 1795*. In a passage alluding to the imposition, in 1759, of the so-called war tax, it is stated that 'the principal merchants with the mahazens and shroffs of the city . . . did settle with the Nabob that the English should collect 1 p.c. on all trade which passed at phoorza and khooskee' (namely the two Mughal custom houses). IOR, G/36/73, p. 426.

⁶⁰ At the end of the eighteenth century, Mahajans in the meaning of organizations did exist in Surat, but they were *social* organizations, in charge of events such as social dinners, and without any political or economic role. This and other related topics will be discussed at some length in a paper on the Mahajans in Surat during the pre-colonial and colonial period authored by Douglas Haynes and myself.

Dwarka Das'.⁶¹ I take this to mean that the two Banares bankers were trying to obtain exclusivity on bills of exchange negotiated on Banares and discounted at Bombay by putting pressure on the Bombay Government. Characteristically, the riposte of the English was to dump the two and to turn to other shroffs of comparable standing, namely Manohar Das of Banares and Arjunji Nathji Trivedi of Surat.⁶² It may be of some interest to point out that Manohar Das was Bhavani Das's nephew and Dwarka Das's elder brother,⁶³ a fact that suggests how atomized was the shroffs' business world, since not even the Hindu extended family always functioned as a business organization with common interests in its interaction with other groups.

Of course, one of the elements of strength of the 'Hon'ble Company' *vis-à-vis* the shroffs was precisely that, while dealing with them, the Company acted as a unified body. It is this fact that, at the beginning of my research, made me suspect that the financial market was under the monopsonic control of the Company. However, I soon found instances which belied that assumption. In 1768, for example, the Surat Chief and Council were unable to negotiate bills on Bengal because of the exceptionally strong competition by private merchants, which was pushing up the rate of exchange.⁶⁴ Again, in 1797, we have a similar instance of private competition hindering the Company effort to raise money from the Surat shroffs. In that year the English, who were in need of 5 lakhs of rupees in order to finance the investment in textiles for Europe, opened a loan in Surat. However, they could procure Rs 2,44,000 only, as a result of a prevailing scarcity of money. In turn, this was caused by the fact that 'all species' in Surat were, at the time, bound up in the cotton trade.⁶⁵

All the above examples fit very well in the ideal model of a free competition market. But, of course, we all know that ideal models are just that, whereas reality is always somewhat messier. So it comes as no surprise that the free market we are examining was not without its own distortions, most of them—interestingly enough—caused by the English Company itself. In some rare cases the shroffs, in order to

⁶¹ B. A. Saletore, 'Forgotten Gujarati Brahman Banker (18th Century)', in *Indian Historical Records Commission*, Vol. XXX, part 1 (Hyderabad, February 1954), p. 158.

⁶² *Ibid.*, pp. 158–9.

⁶³ On Gopal Das's family see Kamala Prasad Mishra, 'The Role of the Banaras Bankers in the Economy of Eighteenth Century Upper India', in Sabyasachi Bhattacharya (ed.), *Essays in Modern Indian Economic History* (Delhi: Munshiram Manoharlal, 1987), pp. 63–4, 72.

⁶⁴ Public Prs, 20 September 1768 (LFS of 17 September).

⁶⁵ FRS, 9 May 1797.

court the Company's favour, could be induced to offer more favourable conditions than those warranted by the market. This is shown by the fact that, in 1784, at a time when the Surat (and Bombay) shroffs had very substantial reasons not to negotiate bills on Bengal, Thomas Day, the incumbent Surat Chief, 'prevailed' on eight merchants—so they are called in the records—among whom Trivedi, to take up bills for Rs 85,000.⁶⁶

The above is an example of the Company distorting the market to its own advantage. But there are other cases in which the bungled economic policy of the Company distorted the market and, in the process, eventually damaged the Company itself. During the second half of the eighteenth century, the Bengal government, rather than buying bills and then sending them to the West Coast, often preferred to authorize Bombay and Surat to offer, in exchange for bullion, bills to be repaid in Bengal. This latter system implied not only a transfer of wealth from Bengal to the West Coast, but also a payment made on credit by the Surat and Bombay shroffs. No doubt this was a kind of additional service for which the English had to pay by accepting less favourable discount rates. Anyway, so far, we still are within the range of the normal activities of a free financial market. The rub lay in the fact that the 'Supreme Government' in Calcutta was excessively slow in repaying the bills negotiated in Bombay and Surat. Already in 1780, Arjunji Nathji Trivedi found it necessary to address a petition to the Governor General, Warren Hastings, complaining about the losses caused by the delay with which the bills negotiated in Bombay and Surat were repaid in Calcutta. Several months later, Claud Alexander, the Military Paymaster General admitted that Trivedi's complaints had some justification, as the bills were repaid some three months later than the stipulated time.⁶⁷ However, this admission of guilt on the part of the Military Paymaster General does not seem to have improved things. In 1784, the Surat Council noticed that the local shroffs were openly reluctant to discount bills on Bengal because of the delays on the part of the 'Supreme Government' in repaying them.⁶⁸ In the following years the situation worsened. In 1786, the Surat Council wrote to Bombay that the shroffs and principal merchants refused to accept bills on Bengal for Rs 3,33,000 because, in spite of the Bombay Government promise to put pressure on the 'Supreme Government', the latter was greatly in arrears in repaying

⁶⁶ FRS, 5 January 1784 (Consultation).

⁶⁷ Saletore, 'Forgotten Gujarati Brahman Banker', p. 157.

⁶⁸ FRS, 5 January 1784 (Consultation).

the bills of exchange negotiated in Surat. According to the shroffs and merchants, bills for no less than 10 lakhs, 'some of them of an old date', were still unpaid. Quite reasonably, the Surat merchants and shroffs had decided not to negotiate further bills on Bengal unless the old ones were paid.⁶⁹ However, still in 1788, the situation appears to have remained much the same. During a meeting of the Surat Board, Chief John Griffith confessed his inability to raise money from the shroffs and principal merchants in exchange for bills on Bengal. Again, one reason for the stalemate was the fact that former bills on Bengal still lay unpaid.⁷⁰

The Other Financial Activities of the Shroffs

Above we have examined the role of the shroffs *vis-à-vis* the English Company. But the servicing of the Company's financial needs did not exhaust all the functions of the shroffs. We have already hinted at the fact that they acted as bankers for both the indigenous population and the English residents. Lakhmidas Jagmohandas and Vanarsidas Jaidas, in their famous petition of 22 August 1795, pointed out that people from both Surat and many different parts of India, 'particularly the Maratta Country', deposited large sums with the Surat shroffs 'equally with a view of being safe and secret'.⁷¹ Not only were big merchants and notables among the depositors, such as one of the Maratha Chouteas,⁷² but also 'many people who do not trade' and 'widows of the banian caste and other castes' lodged their 'little savings' with the shroffs. Also, 'jewels and often gold' were pawned in exchange for money. Lakhmidas and Vanaridas pointed out that, on the sums deposited with the shroffs, 'little and sometimes no interest' was given.⁷³ One suspects that, the higher the sum kept in deposit, the

⁶⁹ FRS, 8 May 1786 (Letter to Bombay).

⁷⁰ This was capped by the fact that, that season, the returns of trade from Bengal, Basra and China had been disappointing. FRS, 21 February 1788 (Consultation).

⁷¹ *Petition of 1795*, p. 432.

⁷² The Choutea of the Peshwa—namely the Maratha officer in charge of receiving the share of the Surat revenues accruing to his master—claimed to have deposited Rs 2,25,000 with Adit Ram, the main sufferer of the 1795 riots. FRS, 29 August 1795 (IOR, G/36/73, p. 396). The English doubted the truth of the Choutea's assertion, which was only to be expected, as they had been requested to refund that sum, allegedly plundered by the mob. However, the fact that the Choutea made his claim is a good enough indication that the habit of keeping money deposited with the shroffs was not unusual even among people of his rank and power.

⁷³ *Petition of 1795*, pp. 432-3.

higher the interest, and that, in the case of depositors from unsettled areas outside the city, secrecy and safety were a more important asset than the payment of interest.

Although Lakhmidas and Jagnohandas did not recall it, the Surat shroffs received money for deposit also from the English residents. We know that William Andrew Price, who, besides being Chief of Surat three times in the years 1759 to 1774, was a very substantial shipowning merchant, kept his money with a shroff.⁷⁴ William Stratton, a Surat Councillor during the 1760s, for a period of 7 years, up to his death, kept his money deposited with his shroff and cash-keeper, Manohar Mughal.⁷⁵ Those cases were probably not exceptional. In 1770, the proposal was discussed that the Bombay Government raised the rate of interest of the Company Bank in Bombay to 6% in order to induce the people who kept their money deposited with the shroffs to shift it to the Bank. The proposal itself was expressly aimed at all those under the Company's protection, which means both the Indian and English subjects of the Company.⁷⁶

Besides receiving money, the shroffs financed several economically relevant activities carried out by private merchants, both big and small, both Indian and European. Basically, the shroffs dealt with two kinds of financing: bills of exchange and loans.

We have already explained, when discussing the Bengal bills, how a bill of exchange network operated: bills of exchange could be and were negotiated in Surat in order to be discounted in any place which either had a positive balance of trade with Surat or was related to it by a two-way movement of bills of roughly the same value. In the two concluding decades of the century, it was the Bombay–Surat–Northward bills of exchange connection which became particularly important for private trade. We know that the Bombay cotton merchants, both English and Indian, negotiated in Bombay bills on Surat and, in Surat, exchanged those bills for others to be discounted in Broach, Jambusar, Bhaunagar and other places in the cotton producing area north of Surat. There, the merchants, by discounting the Surat bills, got the money necessary to buy cotton.⁷⁷

Apart from the bills of exchange business, the shroffs managed the moneylending business. As a matter of fact, the same bills of exchange

⁷⁴ Mayor's Court, Letter from Elisabeth Price, Surat 15 April 1774 (IOR, P/417/31, pp. 818–19).

⁷⁵ Mayor's Court, Jane Boucard contra Jane Stratton, 27 May 1776 (IOR, P/417/34, pp. 391ff).

⁷⁶ Public Prs, 26 October 1770 (IOR, P/341/33, p. 523).

⁷⁷ *Petition of 1795*, pp. 433–4.

connection linking Bombay and Surat to the cotton producing area north of Surat was—most of the time—eventually based on loans. This was the consequence of the fact that the bills granted to the cotton merchants in Bombay were ‘very often’ negotiated on credit, ‘without any money being paid at the time’.⁷⁸

Besides, the shroffs offered credit to the small Surat traders and shopkeepers, who managed ‘the whole retail supply of the city in the necessaries and luxuries of life’.⁷⁹ Finally, the shroffs loaned money to very substantial economic operators. We know that Anquetil de Briancourt, the French Consul in Surat, while pursuing his own business ventures, became heavily indebted to local moneylenders.⁸⁰ The same happened to people such as Mulla Fakharuddin, the Muslim merchant prince and shipowner, William Andrew Price, the Surat Chief and shipowning merchant, and Robert Gambier, a Surat Councillor.⁸¹ Last but not least, the English East India Company itself, sometimes, instead of having the Bengal bills discounted, asked for plain loans.⁸²

The Limits of the Shroffs’ Influence

From what we have said so far, it is clear that the shroffs extended financial support to several sectors of the Indian economy. Besides the English Company and the other European Companies, private merchants, both big and small, both European and Indian had to rely on the shroffs’ financial support. However, our information is based on English records and, therefore, slanted in such a way that, whereas many data are available on the shroffs servicing the Company’s needs, the known facts on financial operations unconnected to the Company’s business are few and far between. On these scarce and frankly insufficient data is based the previous section. The impressionistic picture given there is such as to raise rather than answer questions. In particular, two important questions stand unanswered. The first is the ratio between the financial support given to the East India Company and that given to other operators. The second is that we simply do not know if the shroffs servicing the Company were the same men or, at

⁷⁸ *Ibid.*, p. 433.

⁷⁹ *Ibid.*, p. 435.

⁸⁰ FRS, 12 and 13 October 1778.

⁸¹ Public Prs, 29 October 1778. Mulla’s debt, originally contracted with a Hindu shroff, had been bought by a Parsi, Rastamjishaw Manjishaw, Danjishaw’s brother.

⁸² E.g. FRS, 4 May 1788, 1 July and 3 December 1796.

least, made up a representative sample of their colleagues servicing other corporate and individual merchants. For all we know, Armenians and Parsis—even Muslims—could have been much more prominent bankers than what appears through the English records—focused as they are exclusively on the East India Company activities.

The above are questions which will be answered—if answers are to be found—by drawing from sources other than the English records. No truly satisfactory assessment of the ethnic social and economic connotations of the Surat shroffs can be arrived at without those missing data. But, of course, from the more limited perspective of testing the validity of the Anglo-Bania order theory, the English sources are clearly adequate. It was the servicing of the English Company's financial needs that, allegedly, gave the Banias their leverage *vis-à-vis* the Company. In this perspective, there is no doubt that the discount of the Bengal bills of exchange on behalf of the 'Hon'ble Company' was the most important economic—and therefore 'political'—activity performed by the Hindu shroffs. As a matter of fact, the English records convey the unmistakable impression that those shroffs who, during our period, emerged as giants among their fellow businessmen, were those who were successful in concentrating in their hands a conspicuous share of the Bengal bills business. There is no doubt that the key operators in giving and discounting the bills by which the 'Supreme Government' financed the Bombay Presidency were considered important collaborators by the English Company and, as such, honoured and favoured *vis-à-vis* the other shroffs and indigenous notables. What is doubtful is that this inclination on the part of the Company to patronize its most useful indigenous collaborators could translate into some kind of political influence of the latter on the former.

Let us begin by discussing the case of Arjunji Nathji Trivedi. We have already noted that, during the second half of the eighteenth century, he emerged as a very substantial shroff, so much so that in 1790 the English turned to him when they had difficulties with Bhavani Das and Dwarka Das of Banares. As a matter of fact, by 1790, Trivedi was the most prominent Surati in the financial business and the only one who could rival the great Banares bankers both in Surat and elsewhere. Naturally enough, the English were more than willing to go as far as possible in humouring and favouring him. Actually, he was the only private citizen in Surat—at least judging from the English records—whose successive weddings were honoured by the exalted presences of the incumbent Chief and Council, a fact

that must have been of no small importance in boosting Trivedi's *ābrū*.⁸³ Another substantial support, given by the English to Trivedi's position, was the fact that he could ask and get the status of 'the most favourite shroff'. We have at least one example of this. In 1798, when Trivedi contracted to discount bills of exchange on Bengal to the amount of one lakh per month, during the first three months of the year, he asked the incumbent Surat Chief, Daniel Seton,

to respectfully mention [to the Bombay Government] his humble desire that, though he agrees to supply a lac monthly at par, yet, should the Government be induced to give more favourable exchange to other shroffs during the period he had contracted for, that your Hon'ble Board will extend the same exchange to him on such deals as may not be drawn in his favour on or before the 31 March next.⁸⁴

But, maybe the most convincing proof of the willingness on the part of the English to mete out very special treatment to so precious a collaborator as Trivedi is shown by the fact that he was allowed to get away with murder. In 1801, put on trial precisely for murder, Trivedi was found guilty. However, under pressure by some high ranking Company officials—who, of course, must have loathed the idea of dispensing with Trivedi's financial services—the Court came up with a quite light sentence. The convicted murderer was sentenced to support the widow of the deceased, to distribute cows to the Brahmans and to pay what was for him a paltry sum of Rs 8,000. This was meant, ironically enough, for the building of a new prison, in order, one supposes, to host less influential criminals than Trivedi. Last but not least, Trivedi was obliged to loan the Company the enormous sum of Rs 10 lakhs.⁸⁵

Do the above examples mean that Trivedi could influence the English? Of course the answer is yes, but with a very important qualification: the English, although most willing to favour one of their most influential indigenous collaborators, never did so in the absence of what the English themselves perceived to be their own self-interest.

⁸³ The term *ābrū* conveys the meaning of both social reputation and economic credit. See Douglas E. Haynes, 'From Tribute to Philanthropy: The Politics of Gift Giving in a Western Indian City', in *The Journal of Asian Studies* 46, 2 (May 1987), p. 342. The three Chiefs who honoured Trivedi's weddings were Rawson Hart Boddam (1776–1783), John Griffith (1787–1795) and Daniel Seton (1796–1800). See FRS, 16 February 1798 (Circular note to the Council) and 18 February 1798.

⁸⁴ FRS, 19 January 1798 (Letter to Bombay).

⁸⁵ Neil Rabinov, 'Sovereignty, Profits and Social Change', PhD dissertation, University of Pennsylvania, 1972, pp. 173–80, quoted in Haynes, 'From Tribute to Philanthropy', p. 349.

Accordingly, all examples which could be adduced in order to show the Hindu businessmen's influence—once closely examined—will reveal that English favours either did not cost them anything or were the by-product of policies autonomously set by the English Company and aiming at extending its influence. On the other hand, other examples could be given, showing the Hindu merchants and bankers' inability to get a result any time that it clashed with the 'Hon'ble Company's' self-interest.

Let us consider some examples belonging to the latter category. Once again, we may begin by turning our attention to Trivedi. After the English assumed full control of Surat and its hinterland, Trivedi was put in charge of land revenue collection. However, the English insisted that Trivedi deposited five lakhs of rupees as security for the funds he held after collection. Trivedi refused, claiming that accepting that request would hurt his credit. The end result was that the illustrious Trivedi—certainly, at the time, the wealthiest and most influential notable in Surat—was summarily relieved of his revenue-collecting duties and dismissed as a common clerk.⁸⁶

What holds true for Trivedi applies to other Hindu merchants and bankers—or, for that matter, to any other indigenous notable—as is shown by the following example.

From 'time immemorial', the Surat Hindus sent provisions such as sugar, bettlenuts and other similar articles to the much respected temple of Shri Nathji. Those provisions were sent inland through one of the two Mughal custom houses, the Furza, and were tax-exempt. During the 1790s the English were going to great lengths in order to make more effective the exercise of their existing rights in the city. Accordingly, they tightened their control on the Furza, from which they obtained a third of its revenues, hitherto rarely paid in full. In 1797, Edward Galley, the new Furza Master—namely the English officer in charge of the Company interests at the Furza—decided that if the Nawab, and the Marathas—who had right to another third of the Mughal customs—wanted to remit their shares of the customs on the articles meant for Shri Nathji, that was their business. For his part, he, the Furza Master, did not feel obliged to do the same on the English Company's behalf. Greatly upset by this decision, a group of Surat Hindu notables petitioned both the Surat Chief and, through one of their correspondents, the Bombay Government for a custom exemption. It is worth stressing that among these notables there were

⁸⁶ Rabitoy, 'Sovereignty', p. 181, quoted in Haynes, 'From Tribute to Philanthropy', p. 349, fn. 9.

such important persons as Lakhmidas Jagmohandas, the 'Hon'ble Company's broker, and Nagurdas Cursondas, one of the two Contractors for the 'Europe investment'. In spite of the fact that such influential persons were behind the petition, the Bombay Government rejected it. However, because of some failure in communication between the Bombay Government and the Surat Board, the Surat Chief—acting, it seems, in agreement with the Furza Master but without consulting the Board—decided not to collect the new custom. However, this was only temporary: the following year the whole question came up again and, once more, the Surat Hindu notables petitioned both the Surat Council and the Bombay Government in order to have the custom rescinded. To give additional weight to their petition to the Bombay Government, they had it presented by a group of local notables including both Hindus and at least one Parsi. However, once again the Bombay Government rejected the petition and wrote to Surat ordering it to go ahead with the collection of the disputed custom. At that point 'a new petition of some of the principal natives' of Bombay brought to the Government's attention the fact that, until then, the custom under discussion had never been collected, which implied that the Surat Hindus had never given up their rights to export their charities duty-free. This time the Bombay Government wavered and, as a consequence, wrote to the Surat Board that, as 'There is reason to doubt of [the Surat Hindus] having ever abandoned their former pretensions on this subject, we are willing *in that case* to dispense with the exaction *this year* of any duty never hitherto paid as far as regards the necessaries requested.'⁸⁷

In sum, the Surat Hindu notables had mobilized all their influence bringing into play the 'Hon'ble Company's broker, one of the contractors for the 'Europe investment' and 'some of the principal natives' of Bombay. The result was that they had obtained a temporary exemption thanks, to a large extent, to a fortuitous breakdown in communication between the Bombay Government and the Surat Council. Here, another element must be highlighted. The dispute between the English and the supposedly all-powerful Banias was waged around a sum of *forty-four* rupees (*sic!*), as such was the 'Hon'ble Company's one third share [of the] custom' on the goods meant for Shri Nathji.⁸⁸ Clearly, what was involved on the side of the Surat

⁸⁷ FRS, 28 April 1799 (Letter from Bombay of 23 April 1799: IOR, G/36/78, pp. 294-5; the definition of the authors of the petition as 'principal natives' is at p. 294). On the whole episode see also FRS, 1 April 1798, and 5, 8, 11, 24 April and 5 May 1799.

⁸⁸ FRS, 5 May 1799 (Letter and account from the Collector).

Hindu notables was a problem less of money than ābrū, namely prestige. It is highly significant that, although the ābrū of their collaborators cost the Bombay Government the really paltry sum of some forty rupees per year, the Bombay Governor and his fellow Councilors were most unwilling to make such a ridiculously light sacrifice.

The Reasons for the Shroffs' Political Weakness

Here, one is led to ask why the Hindu merchants and shroffs were politically such light weights. One has to bear in mind that, eventually, any influence that they had rested on their economic solidity which—as it has been pointed out—was far from being as firm as it appeared and was not strengthened by any class or business organization. However, we have already hinted at the fact that the actual fragility of the shroffs' economic position was never perceived by the English. Besides, the point can be made that—with the exception of the utilization of the agency houses—the commercial techniques which characterized the *modus operandi* of the European merchants were not significantly different from those employed by the Indian businessmen.

What set the European merchants in a class apart from their Indian counterparts, shroffs included, was their different position *vis-à-vis* the colonial state. Consider it: the European merchants either sat in the Bombay Government or were closely related through personal friendship, often backed by shared economic interests, with the men who were the Bombay Government. In the same way, the Surat Board was made up by European merchants great and small; European merchants sat on *ad hoc* committees created in order to take crucially important political and economic decisions. Finally, those English merchants who had become wealthy could, on going back to England, buy their way into the Court of Directors or the same British Parliament and mobilize British public opinion behind their designs.⁸⁹

This, most certainly, was not the case with the 'black merchants'.⁹⁰ As far as the British political system was concerned they were outsiders: because of their race, they never sat in the Bombay Government, or on the Surat Board, or on the *ad hoc* committees; they could not become Directors of the 'Hon'ble Company' or Members of the Parliament; they could not hope to mobilize British public opinion

⁸⁹ E.g., Nightingale, *Trade and Empire*, *passim*.

⁹⁰ As the Indian merchants were called by the English. See, e.g., IOR, G/36/119, pp. 111, 114 (Information respecting Surat communicated by Mr — 1775).

behind their designs. The attitude of the British towards their Indian collaborators, shroffs included, oscillated between a more or less benign paternalism and a hardly disguised racial contempt. By the mid-1790s—at least as far as Surat is concerned—one has the impression, by reading the English records, that the latter attitude was hardening.⁹¹

However, the fact that the shroffs were outsiders *vis-à-vis* the British political system is only a part—admittedly a very important part—of the explanation of their political weakness. Here, once again, the comparison with their English counterparts is illuminating. The English merchants in India were part of a social class, the British bourgeoisie, fully aware of its own interests as a class, and fully capable of pursuing them vigorously and effectively. The story of the expansion of British merchant capitalism in Western India between the end of the eighteenth and the beginning of the nineteenth century is an example of this capability on the part of the more dynamic sectors of the British bourgeoisie to sketch out a general strategy and follow it to its logical conclusion.⁹² Starkly different was the shroffs' world and *weltanschauung*: they were well aware of their *personal* interests and as capable as anybody else of pursuing them; but they showed no awareness of making up a social class endowed with its own interests and, most certainly, they were never able to devise common strategies which could enable them to cope with the crisis times through which they were living. The truth is that, in India in our period, no social class—considered as a horizontal social formation self-aware of its own interest as an autonomous group and at least in the process of self-organizing—had yet appeared. Nor had castes appeared as an element of supra-local social organization and, even at the local level, castes—and religion—were as often a divisive as a cohesive element.⁹³ In conclusion, the only form of social organiza-

⁹¹ My impression is that the brief chiefship of William Gamul Farmer in 1795 marks the turning point.

⁹² The main political goal pursued by the British merchants operating along the West Coast and elsewhere in India was to get rid of any obstacle to their economic activities in the sub-continent. One main hindrance to their design was represented by the monopolistic economic privileges of the East India Company. British merchants returning from India—and unable to buy their way into the Court of Directors—joined hands with the majority sector of the British bourgeoisie which was, in turn, becoming increasingly impatient with the economic privileges of the 'Hon'ble Company'. The result was the 'Charter Act' of 1813, which abolished the Company monopoly on the trade to India.

⁹³ On this last point see Torri, 'Surat During the Second Half of the Eighteenth Century', pp. 707–8. For the insight that, in pre-colonial India, castes did not represent an element of supra-local solidarity, see Rajat K. Ray, 'Political Change in British India', in *The Indian Economic and Social History Review* XIV, 4 (1977).

tion, in Surat as in India at large, was the patron–client trans-class and trans-communal vertical connection. At least the most powerful shroffs can be considered as heads of some of these vertical connections.⁹⁴ This explains why they did not have a common design: quite simply the shroffs did not make up a unified social grouping.⁹⁵

Conclusion

The shroffs have been shown to perform an economic role basically identical to that of today's bankers. The key difference between eighteenth-century Indian shroffs and today's bankers was their relation to the state: whereas the latter can rely on its support, the former could not. As we have seen, the reasons for this crucial difference were two. The first was that the shroffs, because of their race, were barred from holding formal power in the East India Company, namely in the colonial state. The second, possibly more important reason was that any informal influence that the shroffs could have *vis-à-vis* the 'Hon'ble Company' was severely restricted by the fact that they did not make up a coherent and organized group, self-aware of its own interests *as a group*. In sum, the shroffs did not make up a social class. They were men who performed the same work and followed the same religion but were not bound by the more important ties of political organization and ideology. Which means that no Anglo-Bania order could exist, as one of the two partners of that supposed alliance had no existence.

No doubt, a close relationship did exist between the Hindu merchant-bankers and the British. Its most important manifestation was the discounting of the Bengal bills by the Surat and Bombay shroffs. However, as we have seen, the shroffs could service the financial needs of the 'Hon'ble Company' only by relying on a traditional and poly-ethnic network of trade *which was giving way under the weight of the rising colonial order*. In other words, the shroffs were trapped in a vicious circle: they serviced the same colonial system which was destroying

⁹⁴ This comes out quite convincingly in the *Petition of 1795*, pp. 430, 434–5.

⁹⁵ It was only as late as the beginning of the present century that Indian big merchants and substantial moneylenders—often in conjunction with other privileged elements of Indian society, such as big landlords—started to coalesce in horizontal formations. Their organizers and speakers were, as a rule, members of the Westernized élite. On this see M. Torri, "'Westernized Middle Class', Intellectuals and Society in Late Colonial India', in *Economic and Political Weekly*, 27 January 1990.

the economic world of which the shroffs were part. There are two possible explanations for this rather puzzling situation. One is blindness on the part of the shroffs to the long-term implications of their activities. This is an explanation which nicely fits with the fact that the shroffs had neither class-consciousness nor class-organization, but were only swayed by an all too understandable desire for individual survival and enrichment. The second explanation, which really is complementary to the first, is that the alignment of the shroffs—and other Indian merchants and magnates—with the British did not result from a free choice. Quite simply, the rise of the colonial order was foreclosing any other option, by breaking down the traditional economy. So, the shroffs were people who lived on borrowed time, while trying to appease forces fundamentally inimical to them. Both the above explanations suggest that the shroffs, by making *rational* economic decisions *as individuals*, drifted towards catastrophe. Those who survived were eventually stranded in the backwaters of the stunted traditional economy which was allowed to continue to exist at the margin of the colonial order.

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³ **Surat during the Second Half of the Eighteenth Century: What Kind of Social Order? A Rejoinder to Lakshmi Subramanian**

Michelguglielmo Torri

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