

THE RISE OF MERCHANT EMPIRES

LONG-DISTANCE TRADE IN THE
EARLY MODERN WORLD, 1350–1750

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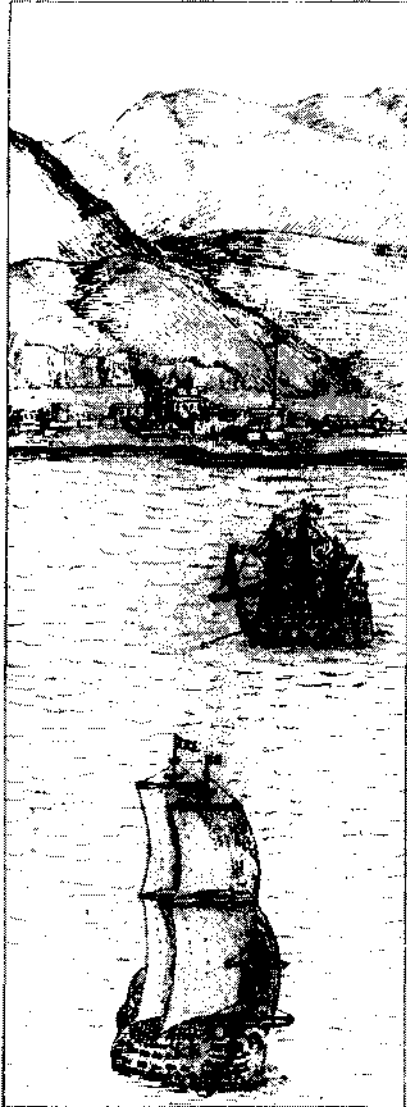
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*Merchant communities in
precolonial India*

IRFAN HABIB

IF it were possible to have statistics of the volume of internal and external commerce around the year 1600 for different regions of the globe, it is fairly certain that India, with an estimated population of from 125 to 150 million, would at least have claimed a share proportionate to its population. The land-tax accounted for the larger portion of the surplus in India, and in most areas taxes were collected in money. This alone generated extensive trade in agricultural produce. The ruling classes were largely town-based, and an urban economy flourished, with craft production for both local and distant markets. India was undoubtedly the greatest cotton-textile producer of the world, and the finer qualities of cotton cloth sustained brisk long-distance commerce. The country exported calicoes, indigo, pepper, silk, and numerous other commodities over sea and over land, in return for which it absorbed large quantities of silver. The coinage of the Mughal Empire, issued from numerous mints all over India, was of wonderful fineness and uniformity.

These facts should be sufficient to persuade us of the importance of studying how commerce in India was conducted just at the time that the merchant empires of western Europe had begun their progress toward a worldwide hegemony. The present effort focuses on the *merchants and selects two major mercantile communities, the Banjāras (long-distance transporters) and Banyas (village and town merchants)*, for description. The sketches of the two communities are followed by a discussion of the forms of mercantile organization and commercial and financial techniques of the Banyas. Financially, there will be a provisional attempt to evaluate some of the theories that have been advanced concerning precolonial Indian commerce.

THE BANJARAS

We may assume as a universal fact that as an agrarian society develops, interregional exchanges in certain agricultural products begin, and on this basis and, still more, on the basis of extraction of surplus from the countryside, an urban economy at last emerges. Commerce then assumes a number of varied forms depending upon the nature and scale of the exchanges between various communities and regions. Corresponding to such varied forms, there can be levels of organization, and so a hierarchy of mercantile communities, from the seemingly barbarous or nomadic to the patrician or aristocratic. At the lowest levels we come across communities that one would have readily assigned to a very primitive social stage until one realizes that the functions they performed could only have come about when social development had left prehistoric conditions far behind.

Writing in 1634, the author of a Mughal "gazetteer" of Sind tells us that

hill-people such as the Nahmardīs do not engage in agriculture, but possess capital (*māl*) and flocks of large numbers of animals, like camels, horses, sheep, and oxen, and their sustenance is obtained from [sales made in] the subdistricts (*parganas*) of Sehwan and Chakarhāla. Thus they bring and sell here camels, horses, sheep, felt, carpets, and other hill-products, and take away from here food grains, weapons, and cloth. (My translation)¹

Such hill-tribes thus maintained a pastoral life, supplying cattle to the agricultural communities and distributing products of the plains in the hills. The author considered them a lawless, troublesome lot, for he urged the governor of Thatta (Sind) to forbid their trade altogether in order to prevent the thieving or marauding activities with which they apparently combined their commerce.²

The Bhotiyas of the central Himalayas offer a parallel to the nomadic Nahmardī traders of Sind and Baluchistan. Here too we have the same combination of pastoralism and commerce, which is possible only when advanced agricultural communities exist between which the nomads can act as carriers and to which they supply pastoral products.³

¹ The author adds that merchants from the plains also went into the hill-country, taking cloth, food grains, and weapons and bringing back camels, horses, and sheep. So the hill-tribes did not monopolize the commerce. See Yūsuf Mirak, *Mazhari-i Shāhjahāni*, ed. Sayyid Husamuddin Rashidi (Karachi, 1962), 239.

² *Ibid.*, 239–41.

³ "At the highest level [in the Himalayas] live the Bhotiyas, among whom pastoralism and trading are more important than agriculture" (O. H. K. Spate and A. T. A. Learmonth, *India and Pakistan: A General and Regional Geography*, 3d ed. [London, 1967], 462).

The Bhotiyas still display these characteristics, because modern means of transport have not yet been fully extended into the Himalayas.⁴ When the railways had not yet spread their network over the Indian plains, there were also large communities in the plains that performed the same functions as the Nahmardīs and Bhotiyas – that is, combining pastoralism and the carrying trade. They were known collectively as Banjāras; and their role in Indian agrarian commerce was far more important than that of the hill-tribes on the margins of the subcontinent.

The basis for the trade and, indeed, for the existence of the Banjāras lay in conditions of inland transport. Goods were carried on boats and carts and by camels and bullocks. A bullock could travel quite fast, but it would normally be more expensive than a cart. However, when the pack-oxen traveled slowly, grazing as they went, and were assembled in herds so as to reduce the cost of watching and guiding them, the expenses of transport were so greatly reduced as to make it the cheapest form possible.⁵ Here was, then, the opportunity for groups of cattle breeders, who had large herds of oxen; they could travel with their herds over long distances, moving slowly and having their beasts graze directly off the land. They had to move in large groups for safety, and were kept together by strong clan ties and subordination to headmen.

Such carriers are first described in any detail in a historian's account of the price-control measures of Sultan 'Alā'-ud-Dīn Khaljī (1296–1316). On the one hand, the sultan tried to ensure that the peasants sold food grains at low, fixed rates to the *kārwānīs* (literally, people of the caravans); on the other hand, the headmen (*muqaddams*) of the *kārwānīs* were put in chains until they agreed to bind themselves "like one" and establish encampments for their "women and children, oxen and cattle" on the banks of the Yamuna, as hostages for their good conduct. So food grains began to be brought to Delhi in large quantities, enabling the sultan to have grain sold at approved prices.⁶ Another account (c. 1355) calls the carriers *nāyaks*:

⁴ Where modern transport and commerce disrupted traditional trade, the Bhotiyas had to leave their age-old occupation. Already by 1896, Bhotiyas in the Kumaun district of Uttar Pradesh were reported to be tenant-cultivators and field laborers and to be in the midst of a process of Brahmanization (W. Crooke, *Tribes and Castes of the North-western Provinces and Oudh* [Calcutta, 1896], 61–3).

⁵ From data for the seventeenth century presented in my *Agrarian System of Mughal India* (Bombay, 1963), 63 (and nn. 8, 9).

⁶ Zia' Barani, *Tārīkh-i Fīrūz Shāhī*, ed. Saiyid Ahmad Khan, Bibliotheca Indica (Calcutta, 1862), 305–7.

These are people who bring food grains to the City [Delhi] from various parts. Some bring ten thousand [laden] oxen, others twenty thousand. (My translation)⁷

The name Banjāra is not used by either Ziā' Baranī or Naṣīruddīn, our two informants. But their descriptions make any argument against such an identification superfluous. Kabīr's allegorical verse (c. 1500) about "one *nāyak*, five Banjāras with twenty-five oxen laden with bauble" shows that Naṣīruddīn's *nāyaks* were really the chiefs or headmen (*muqaddam*) of the Banjāras.⁸ The Banjāra headmen are still called by that name.⁹

The name Banjāra, first used apparently in the sixteenth century, is derived from Sanskrit *vanij* (also the source of the name for the Indian mercantile caste of Banyas).¹⁰ Its universal employment for the various communities of carriers of this kind is noteworthy, the name occurring unaltered in most regions of India, despite their different languages. In Karnataka it is varied to Banijagaru.¹¹

It is possible to construct a fairly detailed description of the Banjāras from seventeenth-century sources. The Mughal emperor Jahāngīr (1605–27) noted in his memoirs:

In this country the Banjāras are a fixed class of people, who possess a thousand oxen, or more or less, varying in numbers. They bring grain from the villages to the towns and also accompany armies. With an army [like the one then being prepared for Qandahār], there may at least be a hundred thousand oxen, or more. (My translation)¹²

Among European travelers, Peter Mundy (1632) took a great deal of interest in them. He calls the moving assemblage of the Banjāras a "Tanda," which is in accordance with the surviving terminology.¹³

⁷ Shaikh Naṣīruddīn's conversations recorded by Hamid Qalandar, *Khairu'l Majālis*, ed. K. A. Nizami (Aligarh, 1959), 241.

⁸ *Guru Granth Sāhib*, Devanagari text, Gurudwara Prabandhak Committee (Amritsar, 1951), II, 1194; *Kabīr Granthāvalī*, ed. Shyamsundardas, Kashi, V. S. 2008/1951, 300. The Urdu poet Naṣīr Akbarābādī (d. 1830), in his popular poem "Banjāranāma," using the terms and idioms familiar to Banjāras, employs the word *nāyak* in the sense of "possessor, master."

⁹ "Each community has a chief or Naik, whom all implicitly obey" (Henry M. Elliot's note on Banjāras in his *Memoirs on the History, Folklore, and Distribution of the Races of the Northwestern Provinces of India*, ed. J. Beames [London, 1869], I, 56). The same usage in the Panjab: "The headmen of the Banjara parties are called *naiks* and Banjāras in general are not uncommonly known by this name" (Denzil Ibbetson, *Panjab Castes* [1883; Lahore, 1916], 254). The Banjāra headmen were similarly called *nāiks* in central India and the Deccan (R. V. Russell and Hira Lal, *Tribes and Castes of the Central Provinces of India* [reprint, Delhi, 1975], II, 188).

¹⁰ Elliot, *Memoirs*, I, 52.

¹¹ F. Buchanan, *A Journey from Madras through the Countries of Mysore, Canara and Malabar* (Madras, 1807), I, 205.

¹² *Tuzuk-i Jahāngīrī*, ed. Syed Ahmad (Ghazipur and Aligarh, 1863–4), 345.

¹³ According to Captain Mackenzie (1881), a *tānda* means "a large caravan of laden

Their Banjaras carry all their household along with them, as wives and children, one Tanda consisting of many families. Their course of life is somewhat like Carriers, continually driving from place to place. . . . There may be in such a Tanda 6 or 700 persons, men, women and children. There men are very lustie, there weomen hardie, whoe in occasion of fight, lay about them like men. Theis people go dispersedly [i.e., well spread out], driving their laden Oxen before them, their Journey not above 6 or 7 miles a day at most, and that in the Coole.¹⁴

Tavernier makes a similar statement about these carriers, whose name is misprinted in his text as "Manaris":

They never dwell in houses and they take along with them their women and children. Some of them possess 100 oxen, others have more or less, and they all have a Chief, who acts as a prince.¹⁵

Mundy further noted that they normally traded on their own account:

Their Oxen are their own. They are sometymes hired by Merchants, but most commonly they are the Merchants themselves, buyinge of graine where it is Cheape to be had, and carryinge it to places where it is dearer, and from thence again relade themselves with anything that will yield benefitt in other places as Salt, Sugar, Butter, etts.¹⁶

But it seems that the Banjāras did often depend on credit: hence their fear of doing business "where the capital (*mūl*) diminishes, while the interest (*biāju*) ever increases" (Kabīr).¹⁷ Certain verses in the *Guru Granth Sāhib* (c. 1600) picture the Banjāras as factors of a great merchant-banker (*sāhu*), obliged to buy only such goods as would have his approval. God is likened to a *sāhu*, dwelling in a palace, served by millions of Banjāras.¹⁸ The dependence of the Banjāras upon credit from big merchants was also noticed by early nineteenth-century observers.¹⁹

bullocks" (quoted in Crooke, *Tribes and Castes of the Northwestern Provinces*, I, 159). See also Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 186. The term *tānda* was also applied to customary encampments of the Banjāras; hence many place-names bearing the word (cf. Beames's note in Elliot, *Memoirs*, I, 53).

¹⁴ "Travels in Asia," *The Travels of Peter Mundy, in Europe and Asia, 1608–1667*, ed. Richard Carnac Temple, 5 vols. (Cambridge, 1907–36), II, 95–6.

¹⁵ Jean Baptiste Tavernier, *Travels in India*, trans. V. Ball, 2d ed. revised by W. Crooke (London, 1925), I, 33.

¹⁶ *Travels of Peter Mundy*, II, 95–6.

¹⁷ *Kabīr Granthāvalī*, 300.

¹⁸ *Guru Granth Sāhib*, I, 22, 180–1, 430.

¹⁹ "The monied men . . . make the Brinjarrees [Banjāras] advances at high interest, and then monopolize the power of employing them; rendering by this process, the recovery of their money secure, and the carriers dependent" (John Malcolm, *Memoir of Central India*, 2d ed. [London, 1824], II, 96). Cf. also Elliot, *Memoirs*, I, 56.

It is difficult to estimate the quantities involved in the trade carried on by the Banjāras. Roe (1615) met on his journey from Surat into Khandesh as many as "10,000 bullocks in one troupe laden with corne, and most days, others, but lesse."²⁰ Mundy (August 1632) once met "a Tanda or Banjara of Oxen, in number 14,000, all layden with graine as wheat, rice, etts.;" two days later he encountered another "Tanda of oxen, number 20,000 (as themselves said) laden with Sugar."²¹ Tavernier spoke of the "astonishing sight of 10,000 or 12,000 oxen together, for the transport of rice, corn and salt."²² A Banjāra headman at Aurangabad (August 1661) submitted to the authorities a complaint, in the course of which he stated that he had gone to Burhanpur with about 1,000 bullocks to sell millet and was returning from there with his animals "unladen" to Jālāna.²³ Aurangzeb (1659–1707) says in a letter from the last years of his reign that large numbers of Banjāras had gone to Gujarat but, failing to find food grains (to sell in the Deccan), had loaded their bullocks with salt and dispersed to other parts. Yet Banjāras with "a hundred thousand oxen" still remained in that province trying to buy grain and return to the Deccan across the Narbada.²⁴

According to Mundy each ox in a Banjāra convoy carried between 265 and 280 lb. av.; a little larger load is reported by Tavernier.²⁵ Mundy, as already noted, stated they traveled at the most six or seven miles a day.²⁶ Fitzclarence, writing of his observations in 1817–18, explains that the Banjāras could not move at above two miles an hour, as "the cattle are allowed to graze as they proceed on the march."²⁷

In spite of the slow speed, the quantities of the relatively cheaper goods they moved, essentially for the mass market, must have been considerable. Tavernier tells us that there were four tribes of the "Manaris" (Banjāras), each (doubtless according to popular belief) of a hundred thousand souls. This would give a total Banjāra population of 400,000; and if, as Tavernier says, each family had about a hundred oxen to load, we get a total ox population of about 9 million (assum-

²⁰ Thomas Roe, *The Embassy of Sir Thomas Roe, 1615–19*, ed. W. Foster (London, 1926), 67.

²¹ *Travels of Peter Mundy*, II, 95–8.

²² *Travels in India*, I, 32–3.

²³ *Selected Documents of Aurangzeb's Reign*, ed. Yusuf Husain Khan (Hyderabad-Deccan, 1958), 18.

²⁴ "Aḥkām-i 'Ālamgīri," India Office MS., I.0.3887, fol. 83a.

²⁵ *Travels of Peter Mundy*, II, 95, 98; Tavernier, *Travels in India*, 32. Cf. Irfan Habib, *Agrarian System of Mughal India*, 378, n. 6.

²⁶ *Travels of Peter Mundy*, II, 96.

²⁷ Quoted in William Irvine, *The Army of the Indian Moghuls* (reprint, New Delhi, 1962), 192.

ing the conventional ratio of 4.5 persons to a family).²⁸ Even if an ox carried loads for only a third of the year, at six miles a day, the Banjāras should have annually conveyed on their cattle 1.14 million metric tons each year over an average of 720 miles, or a total of 821 million metric ton-miles a year. Even for so large a country as India, this would be a massive volume of goods transported. (In 1882 Indian railways handled about 2,500 million metric ton-miles.)

From our sources of the Mughal Empire we get little information about the structure and customs of the Banjāra communities. Tavernier seems to be the sole exception. He tells us that they were "idolaters" (Hindus), and their "four tribes" were distinguished by the goods they carried, namely, corn, rice, pulses (legumes), and salt. Their women tattooed their skin from the waist upward. They had priests and had a serpentlike idol carried on a staff placed on a special ox.²⁹

There is no doubt that Tavernier's account, though essentially correct, has many inaccuracies. Not all Banjāras were Hindus. Muslims constituted an important segment of the Banjāras in northern India. Although some Banjāra communities were traditionally associated with trade in certain commodities, like the Lābanas with salt, the Mullānīs with grain, and the Mukeris with wood and timber, it is clear that most of them had no inhibitions about carrying anything that yielded a profit.³⁰

Nineteenth-century British anthropological research has provided us with much information about the Banjāras. The tendency to accept a common origin for all Banjāra communities – for example, from the Bhats and Chārāns of Rajasthān – may, however, invite skepticism.³¹ Their origins were, perhaps, various, the Banjāras being divided among

²⁸ Tavernier, *Travels in India*, I, 33–4. Tavernier's estimate of the Banjāra population is not implausible. In 1911 there were as many as 174,000 Banjāras in Hyderabad State, 136,000 in Central Provinces and Berar, and a slightly smaller number in the Bombay Presidency (Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 162). The North-West Provinces (present Uttar Pradesh) contained 66,828 Banjāras in 1891 (Crooke, *Tribes and Castes of the Northwestern Provinces*, I, 166–7). The 1881 census in the Panjab recorded 59,706 Banjāras, of whom 48,489 were Lābanas (a subcaste) (Ibbetson, *Panjab Castes*, table, 256–7).

²⁹ Tavernier, *Travels in India*, I, 33–5.

³⁰ In 1891 in the North-West Provinces (Uttar Pradesh) there were 26,953 Muslims in a total of 66,828 Banjāras: For the Lābanas, see Crooke, *Tribes and Castes of the Northwestern Provinces*, I, 159. For the Mullānīs and Mukeris, see Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 172.

³¹ Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 163. James Skinner (1825) in his Persian work "Tashriḥ-i Aqwām" (British Museum MS, Add. 27,255, fols. 142b–43b) also gives this traditional derivation and says that all Muslim Banjāras were Chārāns who had become Muslims "either voluntarily or by force."

different endogamous communities (castes) with different traditions, customs, beliefs, and rites. Elliot (1844) recorded five large castes in what is now Uttar Pradesh, and Cumberlege (1869) distinguished four such in Berar.³² The communities were regarded by the settled population as of low status, though Elliot, writing before the railways deprived the Banjāras of their occupation, noted that "men of all tribes [castes] are constantly deserting their homes and joining the Banjara fraternity."³³ To European observers, the Banjāras often seemed to recall the Gypsies, and there was even a claim that a Hungarian nobleman had conversed with them in the "Zingari" tongue!³⁴ Superstitions of all kinds, including suspected witch killings and sacrifices, reinforced the Gypsy image of the class.³⁵ The similarities stemmed from the conditions in which the Banjāras lived; but unlike the Gypsies, there was nothing primitive in the work they did, which, as we have seen, was to undertake as both carriers and merchants the transport of food grains and other bulk goods.

John Malcolm, in his *Memoir on Central India*, written immediately after British occupation, noted that the Banjāras "often engage in great speculations on their own account," though, being illiterate, "few keep accounts." Yet "habit has made them very acute, and their memory is, from continual exercise, extremely retentive of the minutest particulars of their extended transactions." Over fifty years later another observer offered similar testimony.³⁶

At first sight, the operations of the Banjāras' might seem to be those of the "peddlers" of Van Leur's definition. No trace of communal possession of cattle has been found among the Banjāras, and Mundy and Tavernier refer to their being owners as individuals. Their joining in large groups led T. Raychaudhuri to comment that "here we have an instance of peddling trade organised on a massive scale."³⁷ But it is disputable whether just anyone could join a *ḥānda* at his own discretion. The headman's authority over the members of the *ḥānda* extended to what goods they were to carry and where – otherwise 'Alā'-

³² Elliot, *Memoirs*, I, 53–55; Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 163.

³³ Elliot, *Memoirs*, I, 53.

³⁴ Crooke, *Tribes and Castes of the Northwestern Provinces*, I, 166.

³⁵ Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 179–82.

³⁶ Malcolm, *Memoir of Central India*, II, 152–3; Russell and Lal (*Tribes and Castes of the Central Provinces*, II, 191) quote Colonel Mackenzie (1881): "A Banjara who can read or write is unknown. But their memories from cultivation are marvellous and very retentive. They carry in their heads, without slip or mistake, the most varied and complicated transactions and the share of each in such, striking a debtor and creditor account as accurately as the best kept ledger."

³⁷ *Cambridge Economic History of India* (Cambridge, 1982), I, 342.

ud-Dīn Khaljī's measures of controlling the Banjāras' trade through their headmen would be hard to explain. Such unified operations would enable the Banjāras' trading to be conducted on more informed lines and with much greater effect than would have been the case if each individual made decisions on the basis of rumor or intelligence available to him. One begins to think of the *ḥānda*, then, not only as an instrument of security for its members but also as a primitive substitute for a joint-stock company.

When the Banjāras acted on behalf of large merchant-bankers (evidenced as early as the sixteenth century), their position as peddlers would be still more radically modified when the *sāhu* (merchant-banker), who gave them capital, did so on a large scale. All this should warn us that van Leur's thesis of peddling trade being the principal form of "traditional" Asian commerce needs to be scrutinized even with regards to a sector that, at first sight, looks most primitive and so seems to be an ideal ground for such commerce.

THE BANYAS: THE CLASS

Important as the "primitive" merchants like the Banjāras were for inland trade, they represented only a subordinate sector in the Indian commercial world. Precolonial India had a very large mercantile class, the bulk of it composed of castes, or endogamous communities, which have been so marked a feature of Indian society. Among these communities, the subcastes grouped under the name *Banya* or *Bāniyā* were preeminent. When Kabīr (c. 1500) saw the Lord as a Merchant, he saw him as a *Bāniyā*:

"My Lord is a *Bāniyā*. He conducts His commerce righteously.
Without scales and balances, He weighs the entire universe."³⁸

The traditional view of the *Banya* caste was concisely stated by Abū'l Faḥl (1595):

"One caste of the *Bais* [Vaishyas], which is designated *Banik*, is called *Banya* in ordinary usage and *Baqqāl* in Arabic. It is divided into 84 sub-castes."³⁹

The Sanskrit word *banik* or *vanik* meant merchant, and the dictionaries too agree that the name *Banya* comes from this word.⁴⁰ The Arabic

³⁸ *Kabir Granthāvali*, 62. *Bāniyā*, *Banyā*, *Bānyā*, etc., are various forms of the same word. *Banya*.

³⁹ Abū'l Faḥl, *Ā'in-i Akbarī*, ed. H. Blochmann, Bibliotheca Indica (Calcutta, 1867–77), II, 57. For the use of the word *baqqāl* for *Banya*, see also 'Alī Muḥammad Khān, *Mirāt-i Ahmādī* (1761), ed. Syed Nawab Ali (Baroda, 1930), suppl., 132, 138.

⁴⁰ John Thompson Platts, *A Dictionary of the Urdu, Classical Hindī, and English* (London, 1930), s.v. "Bāniyā, Banyā."

word *baqqāl*, used in Indo-Persian writing as a synonym for *Banya*, meant "grain merchant" in India and "greengrocer" in Iran.⁴¹ The fact is that trade of almost any kind has been the proper occupation of the *Banya*, and more so and far longer than any other caste, the *Banyas* have remained loyal to their traditional occupation. As late as 1911 in the Central Provinces, 60 percent of the *Banyas* were found to be engaged in trade, whereas only 19 percent of the *Brahmans* had any religious occupation.⁴²

When one speaks of the *Banya* one means everyone who describes himself as such. Though there are some exceptions, the claim of one group to this status is generally recognized by other *Banya* subcastes – a situation rarer in other castes.⁴³ The recognition transcends religious affiliation to the extent that a large section of the *Banyas* in Gujarat and Rajasthan have professed Jainism for centuries.⁴⁴ The *Banyas* are spread over most of northern India and a large part of the Deccan, where they have dominated the commercial world. Only in Panjab proper did the rival caste of the *Khatri*s keep them at bay; and they did not penetrate southern India.⁴⁵ But the *Komati*s ("Committeys") in the Golkunda kingdom seemed to an observer (1618–22) to be "Banians transplanted and grown up in this country by another name."⁴⁶

The subcastes of the *Banyas* were defined by endogamy and restrictions on dining with members of different subcastes, as seen with some acuteness by Ovington (1696).⁴⁷ However, whereas Ovington

spoke of twenty-four subcastes, the more traditional figure was eighty-four, as given by Abū'l Faḡl. The *Mirāt-i Aḡmadī* (1761) actually gives us the names of eighty-four subcastes of the *Maishrī* and *Sarāvag baqqāls*, that is, the Hindu and Jain *Banyas* of Gujarat.⁴⁸ In fact, throughout the country, the *Banya* subcastes are far more numerous than eighty-four, and the major subcastes are much fewer than twenty-four.

There probably have been considerable movements of the subcastes over time. The author of the *Mirāt* correctly noted that they were "mostly named after places, villages and settlements."⁴⁹ The *Agarwāl*, which is widely dispersed today, is said to have originated in Agroha in Haryana, and the *Oswāl*, with perhaps even a larger spread, in Osi in Marwar.⁵⁰ Thirteenth- and fourteenth-century Sanskrit inscriptions in Delhi left by rich Hindu merchants show that they remembered the original seats of their families: Uchh (near Multan) in one case; Rohtak (Haryana) in two; and Agroha in one.⁵¹ Banārasīdās (writing in 1641), who was of the *Srimāl* subcaste, traced his sept (*gotra*) Biholia to Biholi (near Rohtak), was himself born at Jaunpur (eastern Uttar Pradesh), and married into a family of *Srimāls* settled at Khairabad (central Uttar Pradesh).⁵²

Undoubtedly, in the course of time certain subcastes became more prosperous than others. In the thirteenth and fourteenth centuries, the *Multānīs* (from Multan in Panjab) were the richest merchants and bankers of Delhi, as one can see from the observations of Zīā Baranī, the contemporary historian.⁵³ But now we cannot even say for certain whether they were *Banyas* or *Khatri*s.⁵⁴ Subsequently, there is no

⁴¹ Tek Chand Bahār, *Bahār-i 'Ajām* (1739–40) (litho., Lucknow, 1916), 153, s.v. "baqqāl."

⁴² Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 114.

⁴³ Cf. Ibbetson, *Panjab Castes*, 243; Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 112–14.

⁴⁴ The celebrated anonymous work on the religions of the world *Dabistān-i Mazāhib* (c. 1655) says that "many of the *Banyas* and *Bohras* belong to this (Jain) community. Most of them sell grain, and some live by service" (Bombay ed., AH 1292, 166). The *Baqqāls* (*Banyas*) following the Jain religion are known as *Sarāvags*, and the others, mainly *Vaishnavites*, are known as *Maishrīs*. *Mirāt-i Aḡmadī* (suppl., 136–7, 139–40), making this statement, gives, first, a list of eighty-four Jain subcastes and, then, eighty-four subcastes of "Maishrī and *Sarāvag* (or *Sarāvog*) *Baqqāls*"; this implies that the Hindu and Jain *Banyas* had common subcastes. This remains true at present (Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 120).

⁴⁵ Ibbetson, *Panjab Castes*, 247–50; Sinnappah Arasaratnam, *Merchants, Companies, and Commerce on the Coromandel Coast, 1650–1740* (Delhi, 1986), 213, 220.

⁴⁶ Methwold's "relation" (report) in *Relations of Golconda in the Early Seventeenth Century*, ed. and trans. W. H. Moreland (London, 1939), 16–17. For a detailed description of the *Komati*s, "the great trading caste of the Madras Presidency," see E. Thurston and K. Rangachari, *Castes and Tribes of the Madras Presidency* (Madras, 1909), III, 306–48.

⁴⁷ "Among the *Bannians* are reckoned 24 Casts, or Sects, who both refrain from an indiscriminate mixture in marriages, and from eating together in common" (John

Ovington, *A Voyage to Surat in the Year 1689*, ed. H. G. Rawlinson [London, 1929], 168).

⁴⁸ *Mirāt-i Aḡmadī* suppl., 138–9.

⁴⁹ *Ibid.*, 137 (cf. Russell and Lal, *Tribes and Castes of the Central Provinces*, II, 115); F. Buchanan (c. 1810) in *History, Antiquities, Topography, and Statistics of Eastern India*, ed. Robert Montgomery Martin (London, 1838), II, 465.

⁵⁰ James Tod (1832), *Annals and Antiquities of Rajasthan, or the Central and Western Rajput States of India* (London, 1914), II, 127.

⁵¹ These are the *Palam Baoli* (1276), *Delhi Museum* (1291), *Naraina* (1327), and *Sarban* (1328) inscriptions. Their texts and translations, with annotation, are being published in Pushpa Prasad, *Nagari Inscriptions of Delhi and Uttar Pradesh under the Delhi Sultanate* (Delhi: Oxford University Press, forthcoming).

⁵² Ramesh Chandra Sharma, "The *Ardha-Kathānak*: A Neglected Source of Mughal History," *Indica*, Bombay, 7 (1970): 52, 57–8. One could not marry within one's *gotra*; so each subcaste consists of a number of *gotras*, or *septs*.

⁵³ *Tārīkh-i Firūz Shāhī*, 120, 284, 311.

⁵⁴ Thevenot (1666), doubtless on hearsay, reports that Multan contained a large number of "Banians," but also that the city was, "properly," the original seat of the "Catry," who had spread all over India from there (*The Indian Travels of Thevenot and Careri*, trans. S. N. Sen [New Delhi, 1949], 77–8).

mention of the Multānīs as being important merchants at Delhi. In the eighteenth century, the name came to stand for Hindu merchants trading in Islamic countries and, presumably thence, for a community of Sindi Lohana shroffs (bankers) settled at Bombay.⁵⁵

The emergence of the Mārwarīs, a major group of Banya subcastes tracing their origins to Marwar in Rajasthan, has been attracting some attention.⁵⁶ In 1832 Tod claimed, with obvious exaggeration, that "ninetenths of the bankers and commercial men of India are natives of Maroodes [Marwar]" and that of these the Oswāls alone numbered a hundred thousand families.⁵⁷ The Oswāls were already widely dispersed more than two hundred years earlier. Banārasidās not only reports them at Agra, the Mughal capital, but also tells us that even in a small city like Fatehpur, west of Allahabad, there was, around 1598, a quarter inhabited by the Oswāls.⁵⁸ Sāntidās Sāhu, the great merchant of Ahmadabad (Gujarat) and jeweler to Emperor Shāhjahān (1628–58), was an Oswāl.⁵⁹ Clearly, then, the eminence of the Mārwarīs among the Banyas of northern and western India long predates the colonial conquest.

It is possible that a sense of solidarity among members of a subcaste may have helped in maintaining its prosperity, whereas another similar group might decline for lack of it. In the original settlement of the Agarwāls at Agroha, so the tradition went, if a member of the community failed, each of the other members came forward with a brick and five rupees to enable him to reestablish his shop.⁶⁰

The subcaste identity existed alongside a very real sense of oneness of the entire Banya caste. There was, first of all, no bar to members of different subcastes of Banyas forming close business relations. Thus Kharagsen, a Srimāl and a Jain, had a partnership with Rāmdās, an Agarwāl and "a worshipper of Siva," for conducting jewel trade at Jaunpur (1576). Kharagsen's son Banārasidās had a partnership at Agra with Dharamdās, an Oswāl, and later worked as a factor for a sāhu of the Mauthia subcaste.⁶¹ Thus in addition to subcaste solidarity, there was a larger sense of fraternity among the Banyas, enabling them to

⁵⁵ Tek Chand Bahār, *Bahār-i 'Ajam*, s.v. "Multānio." See references given by Rajat K. Ray, "The Bazar: Indigenous Sector of the Indian Economy," in *Business Communities of India*, ed. Dwijendra Tripathi (New Delhi, 1984), 244, 253–4.

⁵⁶ A rather inadequate sketch is furnished in Thomas A. Timberg, *The Marwaris, From Traders to Industrialists* (New Delhi, 1978), 41ff.

⁵⁷ *Annals and Antiquities of Rajasthan*, II, 127.

⁵⁸ Sharma, "The Ardha-Kathānak," 60.

⁵⁹ Dwijendra Tripathi, *The Dynamics of a Tradition* (New Delhi, 1981), 9, 22ff.

⁶⁰ Reported by Buchanan (Martin, *History, Antiquities, Topography, and Statistics of Eastern India*, II, 465).

⁶¹ Sharma, "The Ardha-Kathānak," 56, 71, 108, 114–15.

join together in commercial enterprises irrespective of sect or subcaste. In the same spirit, certain codes had been developed by which bargains could be made among the Banyas secretly from others – like the communication of bids through hidden pressures of fingers described by Carletti (1599–1601) and other foreign observers.⁶² It was also reflected in common action by members of the entire Banya caste in the form of closure of shops or even departure from a place, when roused by a grievance. At Surat in 1616,

through some vyolence done by him [the judge of the customs house] to a chiefe Bannyane, the whole multitude assembled, shut up their shopps, and (as their custome), after a generall complaynt to the Governor lefte the cittie, pretendinge to goe to the courte for justice.⁶³

At the same city, in 1669, after a dispute with the qāzi (Muslim judge),

the Bannians having bound themselves under severe penalties not to open any of their shops without orders from their Mahager or Generall Councill, there was not any provisions to be got; the tanksall [mint] and customshouse shut; no money to be procured.⁶⁴

"Mahager" is *mahājan* ("great men"), the rather shadowy and often ad hoc body of leading men of the caste.⁶⁵ Here, obviously, it represented all the subcastes. The Hindi word for a general closure for shops was *hattāl* (now, *hartāl*); the occurrence was common enough for the word to be used to explain a Persian word of the same meaning in Bahār's great Persian dictionary (1740).⁶⁶

The control the Banyas exercised over commerce was certainly aided by such actions of solidarity. But the major reason for their success surely lay in the training they received from early childhood in arithmetic, accountancy, and methods of business, sharpened by constant, acute competition with their peers.

They are most subtile and expert in casting of accounts and writing, so that they do not only surpass and go beyond all other Indians and other nations thereabouts, but also the Portingales [Portuguese], and, in this respect, they

⁶² Francesco Carletti, "Regionamenti," translated by Herbert Weinstock as *My Voyage around the World* (New York, 1964, and London, 1965), 205–6. Cf. M. J. Mehta, "Some Aspects of Surat as a Trading Centre in the Seventeenth Century," *Indian Historical Review* 1, 2 (1974): 251–2, citing other sources.

⁶³ William Foster, *A Supplementary Calendar of Documents in the India Office, &c., 1600–1640* (London, 1928), 68.

⁶⁴ William Foster, ed., *English Factories in India* (Oxford, 1927), 1668–69 volume, 192.

⁶⁵ See Ashin Das Gupta, *Indian Merchants and the Decline of Surat, c. 1700–1750* (Wiesbaden, 1979), 87, 87–8n. The evidence on the Banya *mahājan* is regrettably scanty.

⁶⁶ Tek Cahdn Bahār, *Bahār-i 'Ajam*, s.v. *dar-bandān*.

have much advantage, for that they are very perfect in the trade of merchandise, and very readie to deceive men.⁶⁷

The members of this caste are so subtle and so skilful in trade that . . . they could give lessons to the most cunning Jews. They accustom their children at an early age to shun slothfulness, and instead of letting them go into the streets, teach them arithmetic which they learn perfectly, using for it neither pens nor counters, but the memory alone, so that in a moment they will do a sum however difficult it may be. They are always with their fathers, who instruct them in trade, and do nothing without at the same time explaining it to them. These are the figures [omitted] which they use in their books, both in the Empire of the Great Mogul, as well as in other parts of India, although the languages may vary.⁶⁸

Single-minded acquisition of the capacity for acquisition was the cornerstone of the Banya's traditional outlook. Banārasīdās (1641) quotes the practical counsel of the elders of his family: "Too much study was meant for a Brahman or Bhat. The son of a Banik [Banya] should sit in the shop."⁶⁹

In this outlook were married two Calvinistic virtues, namely, thrift and religious spirit. The Banyas would carefully refrain from display of wealth and not spend lavishly on anything, except jewelry for their womenfolk (which was a form of saving). They were equally careful in points of ritual and prescribed diet.⁷⁰ They, therefore, seemed to constitute with the Brahmans the twin pillars of orthodox Hinduism.⁷¹ It is, incidentally, interesting to remember that their religious affiliation to Hinduism (and Jainism) when "Mohometan religion" was the "authorised" faith in India served for William Petty (1676) as an illustration of how trade was "most vigorously carried on in every state and government by . . . such as profess Opinions different from that are publickly established."⁷²

⁶⁷ *The Voyage of John Huyghen van Linschoten to the East Indies*, from the old English translation of 1598, ed. E. C. Burnell (London, 1885), I, 252-3. I have modified the English translation according to corrections suggested by the editor.

⁶⁸ Tavernier, *Travels in India*, II, 143-4. Cf. Niccolao Manucci (1699-1709): "If the talk is of business, they [Banyas] give a ready answer and are such strong arithmeticians that in the shortest time they can make any sort of calculation, never making a mistake of a single figure" (*Storia do Mogor*, trans. W. Irvine [London, 1970], I, 156).

⁶⁹ Sharma, "The *Ardha-Kathānak*," 64.

⁷⁰ Both qualities are described in detail in J. Ovington, *Voyage to Surat*, 168-72, 184-8. Surely, there is nothing in polytheism or image worship that is less or more rational than monotheism. But see K. N. Chaudhuri, who seems to treat monotheism as an index of "rational thinking minds" among the Banyas (*The Trading World of Asia and the English East India Company, 1660-1760* [Cambridge, 1978], 151).

⁷¹ When the fourteenth-century radical monotheist Nāmdev went into a Vaishnavite temple, he was expelled by "the Brahmans and Bānyas . . . since he was not acceptable in their assembly" *Dabistān-i Mazāhib*, 160-1.

⁷² *Political Arithmetick* (London, 1691), 25-6. His other example is that of Jewish and

Clearly, the Banyas were well placed to command a very large part of Indian commerce, although we have no evidence that they enjoyed any exclusive legal rights or officially sanctioned privileges, let alone monopolies.

The world of trade that the Banya was master of began with the village. The Indo-Persian name *baqqāl* for him suggests a popular picture of the Banya as a grain merchant. The "village Banya," later to be a familiar figure in official British writing, bought grain from the peasants as well as from the state (when it collected its tax in grain). This is fairly well brought out in S. P. Gupta's analysis of agrarian trade in eastern Rajasthan, on the basis of the relatively richer sixteenth- and seventeenth-century documentation we have for the area.⁷³ He was also the local moneylender (*mahājan*, *bohra*) and advanced loans to peasants at 1.5 to 2 percent per month.⁷⁴ Model village accounts reproduced in a textbook of the late seventeenth century, without any indication of locality, show a *mahājan* receiving the repayment of a loan of Rs. 80 from the village as a whole, the original loan presumably taken to meet the land-tax, which in that year amounted to a fraction over twice the sum of the loan.⁷⁵ Money was also advanced to the landholders. A judicial decision of 1611 recites that an earlier group of Muslim "owners" of a village near Shamsabad (district of Farrukhabad, Uttar Pradesh) had mortgaged their rights with the *baqqāl* of a neighboring village some time before 1530, the redeemed mortgage deed being still in existence in 1611.⁷⁶

In the towns, the Banyas could be found hawking cloth, cowries, or even salt.⁷⁷ More characteristic, however, was the Banya shopkeeper, commonly selling rice and ghee (Indian butter) to a poor

Christian merchants in the Ottoman Empire. His conclusion: "Trade doth not flourish (as some think) best under Popular Governments."

⁷³ *The Agrarian System of Eastern Rajasthan (c. 1650-1750)* (Delhi, 1986), 92-115, 140-3.

⁷⁴ *Ibid.*, 142. Gupta takes *mahajans*, or Banyas, as grain merchants and *bohras* as moneylenders.

⁷⁵ Nandrām, *Siyāqnāma* (Lucknow, 1879), 1694-6, 77-9.

⁷⁶ See my calendar of this collection of documents in "Aspects of Agrarian Relations and Economy in a Region of Uttar Pradesh during the Sixteenth Century," *Indian Economic and Social History Review* 4 (1967): 230-2.

⁷⁷ J. Ovington (*Voyage to Surat*, 130) describes how near the marketplace at Surat "tis not very easie to pass through the multitude of *Bannians* and other Merchants that expose their Goods. For here they stand with their Silks and Stuffs in their Hands, or upon their Heads, to invite such as pass by to come and buy them." Banārasīdās hawked cowries, when a boy, at Shahzadpur near Allahabad (Sharma, "The *Ardha-Kathānak*," 60). Abū'l Faḥl in the *Akbarnāma* (ed. Agha Ahmad Ali and Abdur Rahman, Bibliotheca Indica [Calcutta, 1873-87], 337) alleges that Hemūn (killed, 1556) belonged to the lowly Baqqāl (Banya) subcaste of Dhūsar and early in life sold "salt in the by-lanes with a thousand indignities."

clientele, who often had to ask for credit and expected harsh conditions in return.⁷⁸ Such shops in a large city like Delhi vastly outnumbered shops selling the finer commodities, though Banyas must have been prominent in keeping shops of the latter kind as well.⁷⁹

Shopkeepers are naturally to be distinguished from merchants proper. Among these, first there were the true peddlers. Tapan Raychaudhuri aptly compares the Banya jewelers Kharagsen and his son Banārasidās to the Armenian Hovhannes, Steensgaard's typical peddler of the Asian markets.⁸⁰ Banārasidās himself was sent by his father from Jaunpur in 1610 to Agra with jewels, ghee, oil, and cloth, all worth Rs. 200, some of the capital having been borrowed. Banārasidās sold the goods gradually by going to the market, but, alas, at a loss. Then he went round Agra with a partner, buying and selling jewels (1611–13), with an initial capital (borrowed) of Rs. 500. In his subsequent operations at Jaunpur (1616), Banārasidās again started with a capital of Rs. 500, borrowed against a bill (*hundī*), which he used to purchase cloth.⁸¹

Above such peddlers stood the larger Banya merchants, respectfully styled *sāhs*. Through advances, they committed artisans as well as peddlers to work in their interest. The system of advances to artisans, binding them to work on orders of the merchant and sell at his price, was an established system and has been discussed often, though as yet mainly from information in the commercial records of the European companies.⁸² Could it be that in the following allegorical verses, addressed to himself, Kabīr, the weaver, has this relationship in mind?

⁷⁸ See the story of Kabir, his wife, and the Baqq'al shopkeeper "in their lane" at Banaras, in *Dabistān-i Mazāhib*, 160.

⁷⁹ Bernier (1663) speaks of shops at Delhi "where nothing is seen but pots of oil or butter, piles of baskets filled with rice, barley, chick-peas, wheat and an endless variety of other grain and pulse." These outnumbered the shops selling fine cloth and silk and other fine stuffs by twenty-five to one (*Travels in the Mogul Empire*, trans. A. Constable, ed. V. A. Smith [London, 1916], 248–9).

⁸⁰ *Cambridge Economic History of India*, I, 341–2. Cf. Niels Steensgaard, *The Asian Trade Revolution of the Seventeenth Century* (Chicago, 1974), 22ff. The ledger of Hovhannes Joughayetsi is described in an instructive paper by Levon Khachikan, "The Ledger of the Merchant Hovhannes Joughayetsi," *Journal of the Asiatic Society of Bengal*, 4th ser., 8, 3 (1966): 153–86. Steensgaard has used the French version of the same paper: "Le registre d'un marchand arménien en Perse, en Inde et au Tibet (1682–1693)," trans. Nina Godneff, *Annales* 22, no. 2 (1967): 231–78.

⁸¹ Sharma, "The *Ardha-Kathānak*," 67–71, 111.

⁸² See, e.g. Irfan Habib, "Usury in Medieval India," *Comparative Studies in Society and History* (The Hague), 6, 4 (1964): 399–400.

Kabir, the capital (*pūñjī*) belongs to the *sāh*;
and you waste it all.
There will be great difficulty for you at the
time of the rendering of accounts.⁸³

The relationship of the *sāh* (= *sāhu*) with the smaller merchant or peddler is invoked allegorically in the *Guru Granth Sāhib*. We have already seen how some of its verses show the *sāhu* financing the Banjāras and expecting them to buy and bring goods as will be approved by him. Arjan (d. 1606) tells of a similar relationship between the *sāhu* and *bāpāris*, where the former clearly stands for the financier or principal and the latter for his factors or agents.⁸⁴

Among the Banya merchants, a process of specialization led to two distinct lines of commercial activity, those of brokers (*dallāls*) and shroffs (*ṣarrāfs*, bankers and money changers). K. N. Chaudhuri notes that the institution of conducting business through brokers was unknown in south India, but elsewhere it was all-pervasive, and the Banyas dominated the profession.⁸⁵ Thevenot (1666) simply states that "everyone hath his Banian in the Indies" as a broker and that some of the brokers grew into the richest merchants in India.⁸⁶ The Banyas, on their part, had no inhibition against acting as brokers for anyone. According to Pelsaert (Agra, 1626), the Hindus acted as brokers to all the Muslim merchants. The European companies too invariably had to make use of their services.⁸⁷

The *ṣarrāfs*, or shroffs, were practically all Hindus, and, in large part, Banyas. Evidence has yet to turn up of the existence of a single Muslim *ṣarrāf*. The *ṣarrāfs* were moneychangers, dealers in bills of exchange, deposit receivers, and insurers. "In India," says Tavernier, "a village must be very small indeed if it has not a moneychanger

⁸³ *Kabir Granthavali*, 42.

⁸⁴ *Guru Granth Sāhib*, Nagari ed., I, 180–1.

⁸⁵ *Trading World of Asia*, 307. It seems that the point is not discussed by S. Arasaratnam in his *Merchants, Companies, and Commerce on the Coromandel Coast, 1650–1740*. "Brokers" does not appear in the index.

⁸⁶ *Indian Travels of Thevenot and Careri*, 78.

⁸⁷ Francisco Pelsaert, "Remonstrantie," trans. W. H. Moreland and P. Geyl, *Jahangir's India* (Cambridge, 1925), 78. Contrast this with K. N. Chaudhuri's view that "it was unusual for a Hindu merchant to conduct business with a Muslim" (*Trading World of Asia*, 150). It apparently escapes him that the celebrated Muslim merchant of Surat Mullā 'Abdu'l Ghafūr had Gangādās as his broker; and his grandson Muḥammad 'Alī had two brokers who were Hindus, Rājārām and Jedda Rām (Das Gupta, *Indian Merchants and the Decline of Surat*, 84). The "Moore brokers" at Surat referred to in a Surat Consultation of 1625 (*English Factories in India, 1624–29*, vol. 92) were brokers of Muslim merchants, not Muslim brokers. They could well have been, and probably were, Banyas.

called 'cheraf', who acts as banker to make remittances of money and issue letters of exchange."⁸⁸

The very specialized profession of *ṣarrāf* led to a separation between them and other Banya merchants. When in the 1650s the English had a dispute with the *ṣarrāfs* of Surat over the payment of insurance on the ship *Supply*, a committee of "four Banyans" (apparently, Banya merchants) appointed by the governor supported the English case, but the *ṣarrāfs* refused to accept their decision.⁸⁹ A sharper cleavage occurred in 1715 at Ahmadabad, where matters came nearly to an armed conflict between the merchants led by the *nagarseṭh* ("town merchant") Kapūr Chand Bhansālī and the *ṣarrāfs* led by Harī Rām, factor to Madan Gopāl, the head of the *ṣarrāfs* (then at Delhi), over the issue of an increase in a deduction called *ānth* that was made when cashing bills.⁹⁰ We thus have an example where divergent professional interests could divide the Banya caste vertically.

THE BANYAS: COMMERCIAL TECHNIQUES

The Banya usually appears as an individual merchant, broker, or banker, but the family (the Hindu joint family of modern law) often acted as a firm, with joint investments and profits. Tavernier, speaking of the brokers, gives a lively description of the family firm:

These brokers are commonly, as it were, chiefs of their families, for whom they hold all the joint property in trust to turn it to account. For that reason those qualified by years and experience are selected so that they may be able to secure benefit to all the kinsmen, being both the depositories and guardians of their goods. Every evening, when they return from business . . . the oldest of the kinsmen assemble at the house of the broker, who renders an account of what he has done during the day, and they hold counsel together as to what should be done in the future. He is especially exhorted to take care of their business, and if possible to defraud rather than be defrauded.⁹¹

Descriptions of individual firms are unfortunately very rare. But, to take a late example from John Malcolm, a firm of insurers at Indore, functioning before the British obtained control over the territory, was called Poornassa Maun Singh after the father; the eldest son, Kewal-

⁸⁸ *Travels in India*, I, 24.

⁸⁹ *English Factories in India*, 1651-54 volume, 224. See also the 1655-60 volume, 15, 62, 71, 74.

⁹⁰ *Mirāt-i Ahmādī*, I, 410-11; see also 405-6 for more information on Kapūr Chand Bhansālī, Madan Gopāl, and Hari Rām. The *nagarseṭh*, says the *Mirāt*, 406, was "the head of the Hindu community." The Muslim Bohras of Ahmadabad had then a separate *seṭh*, or head, Mullā 'Abdul 'Azīz.

⁹¹ *Travels in India*, II, 26.

jee (fl. 1801), was known for his bold ways of doing business; and his brother and "partner" in the firm, Seeta Chund, was able to show Malcolm the firm's books detailing all the old transactions.⁹²

A second form of organization was the pure partnership firm, where kinship was not involved. We have already seen that the Srīmāl jewelers, Kharagsen and his son Banārasīdās, formed partnerships with men of other Banya subcastes who were unrelated to them. The terms of one such partnership (*sirkau*)⁹³ formed in 1611 are described in some detail. An Oswāl youth, Dharamdās, was put in partnership with Banārasīdās by his father and uncle, rich dealers in jewels (a family firm?). They advanced the partners Rs. 500 as capital (*pūnjī*). The two partners used it to go round Agra and buy and sell jewels, keeping a daily accounts book (*rojnāma khatiāi*). After two years, Banārasīdās wished to end the partnership. All the goods held under the partnership were then sold, and the capital of Rs. 500 was returned to Dharamdās's father. Banārasīdās had hoped to make a profit had the goods fetched more than this sum; but that was not to be. When in 1616 he terminated his partnership with Narottamdās at Jaunpur, all the assets were divided (equally?) between the two partners, the statement of settlement being made in two copies, one to be kept by each.⁹⁴

It is doubtful whether the forms of partnership were further elaborated; for example, we have no evidence that the Banyas developed institutions similar to the joint-stock firms of the Europeans. Tapan Raychaudhuri was the first to notice four joint-stock companies of the Indian suppliers to the Dutch, formed under the Dutch company's auspices at Pulicat (Coromandel) in the 1650s and 1660s.⁹⁵ The same organization was thereafter imposed by the English on their suppliers at Madras. There have been detailed studies of these companies by Arasaratnam and Brennig.⁹⁶ Arasaratnam has now suggested that the long-held view that joint-stock companies were alien to Indian commercial practice ought to be revised in the light of our knowledge that "partnership trading" existed in India. But we also know that the public raising of capital stock and the predetermined constitution of the firm (replacing the individual contracts of partnership) that went with joint-stock were totally absent. There was, therefore, no natural

⁹² Malcolm, *Memoir of Central India*, II, 97-98n.

⁹³ From *shirkat*, Arabic/Persian for "sharing, partnership."

⁹⁴ Sharma, "The *Ardha-Kathānak*," 71 and 71n, 110.

⁹⁵ *Jan Company in Coromandel, 1605-1690* (The Hague, 1962), 147-8.

⁹⁶ S. Arasaratnam has followed up his earlier studies with a discussion in *Merchants, Companies, and Commerce on the Coromandel Coast*, 239ff. Joseph Jerome Brennig, "Joint-Stock Companies of Coromandel," in *The Age of Partnership*, ed. Blair B. Kling and M. N. Pearson (Honolulu, 1979), 71-96.

transition from Indian forms of partnership to the seventeenth-century European system of joint-stock. At the same time one could agree with Arasaratnam that the joint-stock companies of the kind promoted by the Dutch and English in south India in their own interest could not be formed elsewhere in India under their aegis because of the greater independence of the merchants in, shall we say, the Banya zone.⁹⁷

The absence of joint-stock companies did not prevent the growth of large Banya firms, whether of the individual, family, or partnership type. In such a firm the *sāhu*, or principal, had a number of factors (*bāpārī* or *vāpārī*). Some allegorical verses of Arjan (d. 1606), the Sikh guru, show how the *bāpārīs* had to strive to win the *sāhu*'s approval all the time, deal in the proper commodities, and devote themselves wholly to his service. The distance between the *sāhu* and *bāpārī* was such that the guru exulted that in God's service

All markets (*hāt*) contain the wares of Peace, Righteousness and Happiness. The *sāh* and *bāpārī* become as of one band (*thāṭ*).⁹⁸

The merchant's house, including the warehouse, was called *koṭhī*. The word occurs in this sense in the seventeenth century (Banārasidās) and was much used in the eighteenth and nineteenth centuries. The merchant would have *gumāshtas* (Persian for "agents," "factors," or *bāpārīs*) to manage his *dukāns* ("shops"), or "factories" in the seventeenth-century English sense of the word.⁹⁹

The merchants had factors placed at great distances inland. Pelsaert (1626) tells us that "some wealthy banians (Banyas) of Agra maintain agents in Golconda [Hyderabad] to buy diamonds and spices, which their people in Masulipatam send" to Agra. He regretted that the Dutch had no agents at Golconda to warn them of the quantities of goods being sent thence to Agra so that they could be forewarned like the Indian merchants, who received the requisite intelligence from their agencies.¹⁰⁰ Here, then, there is an interesting inversion of the

⁹⁷ Cf. Susil Chaudhuri, "Bengal Merchants and Commercial Organization in the Second Half of the Seventeenth Century," *Bengal: Past and Present* (1971): 201; K. N. Chaudhuri, *Trading World of Asia*, 307; and Brenning, "Joint-Stock Companies of Coromandel," 72, 93n.

⁹⁸ *Guru Granth Sāhib*, Nagari ed., 1, 180-1, quotation on 430.

⁹⁹ Banārasidās uses *koṭhī* for merchant's house (1641) (Sharma, "The *Arḍha-Kathānak*," 69). He left his goods at Udharan's *koṭhī* upon arrival at Agra in 1610. The *sarrāfs* drew bills "on their *gumāshtas*, who have their honestly-run shops (*dukāns*) in the various regions, towns and cities" (Sujān Rāi Bhandārī [1695-6], *Khulāsatu't Tawārīkh*, ed. Zafar Hasan [Delhi, 1918], 25).

¹⁰⁰ "A single merchant," mourns Pelsaert, commenting on this situation, "has much difficulty in dealing with such emergencies, and often neglects such warnings, to the Honourable Company's serious loss" (*Jahangir's India*, 22).

picture presented by Steensgaard of the well-informed European companies and ignorant, rumor-fed Asian peddlers.

Tavernier tells us that letters of exchange on Agra could be given from Surat, Dacca, Patna, and Banaras, and we may assume that there were many *sarrāfs* with factors at Agra and also at the other places. This is the implication too of bills being drawn on Surat from (besides Agra) Lahore, Ahmadabad, Sironj, Burhanpur, Golconda, Bijapur, and other cities. The *sarrāfs* must have had factors at Surat as well as the other places.¹⁰¹ Some *sarrāfs* had branches closer together as well. In 1717 Keshav Rāi Kishanchand, whose headquarters seem to have been at Agra, discounted the Surman embassy's bills on Calcutta through his factors at Delhi, Kora, and Allahabad to the total sum of Rs. 59,000.¹⁰²

Banya merchants of the ports similarly had factors overseas. "Banian merchants" of Surat maintained factors at Gambroon in the Persian Gulf.¹⁰³ In the Red Sea, the Banya factors were probably even more numerous, and Ashin Das Gupta has drawn a charming picture of their life there.¹⁰⁴ No one seems to have heeded any superstitions against crossing the sea, where profits were involved.

The conduct of trade in India was very greatly assisted by the system of brokers' services, mainly supplied, as we have seen, by the Banyas. The brokers performed all kinds of services for the merchants, from arranging the sale and purchase of goods to securing finance. Thevenot (1666) gives us a layman's view of their value, stating that the Banya brokers are

so expert in their business, that hardly any body can be without them. They give them commissions of all kinds; though it be known that they make their profit of everything, yet Men chuse rather to make use of them, than to do their business themselves; and I found often by experience, that I had what they bought for me much cheaper than what I bought myself or made my servants buy. They are of a pleasing humor, for they reject no service, whether honourable or base, and are always readie to satisfie those who employ them.¹⁰⁵

We are fortunate that we have so much information about the various services supplied by brokers in the records of the English East India

¹⁰¹ Tavernier, *Travels in India*, 1, 30.

¹⁰² C. R. Wilson, ed., *The Early Annals of the English in Bengal*, vol. 2, pt. ii, 237-8, 268, 288, 292, 297.

¹⁰³ *English Factories in India, 1655-60* volume, 30. The English vessel *Seahorse* carried their letters to their factors.

¹⁰⁴ "Gujarati Merchants and the Red Sea Trade, 1700-1725," in *Age of Partnership*, 132-8.

¹⁰⁵ *Indian Travels of Thevenot and Careri*, 77-8.

Company. There is an adequate study of this information by A. J. Qaisar, which makes detailed treatment unnecessary here.¹⁰⁶

Still more interesting techniques adopted by the Banyas were in the financial field, where the *ṣarrāfs* operated.¹⁰⁷ The *ṣarrāfs'* work, as indicated by the derivation of their Arabic name, was essentially to test and change money. Their skill was especially needed since, despite the uniformity of Mughal coinage, a coin always had to be expertly examined for its genuineness or metallic purity, age, and weight. This function seems to have led to the *ṣarrāfs'* accepting deposits of money; and there thus developed what can only be called a system of deposit banking. Sujān Rāi (1695) cited this practice as an instance of "the honesty of the people of this country," because "even when a stranger and unfamiliar person deposits hundreds of thousands in cash, for safekeeping, with the *ṣarrāfs*, those righteous ones repay it on demand without any evasion or delay" (my translation).¹⁰⁸

A more circumstantially convincing account of deposit banking at Agra in 1645 appears in the pages of the English factory records:

Those that are great monied men in the towne, and live onely uppon interest receive from the sheroffs [*ṣarrāfs*] noe more than $\frac{1}{2}$ per cent. per month. The sheroffs they dispose of itt to others [at] from 1 to 2 per cent. running some hazzard for the same, and that is their gaines. Now when a sheroff (for lucre) hath disposed of great summes to persons of qualletie att great rates, not suddenly to be call'd in to serve his occasions, then beginn his creditours (as in other partes of the world) like sheepe one to runn over the neck of another, and quite stifle his reputacion. Thus hath . . . two famous sheroffs bynn served within a moneth, one of which faileing for above three lack (300,000) of rupees, diverse men have lost great somes and others totally undone thereby; which hath caused men of late to be verie timerous of putting their monies into sheroffs hands.¹⁰⁹

The alarm felt by depositors must, of course, have been a passing phase, as happens in similar situations "in other partes of the world." The normal conditions when moneyed persons kept their money with

¹⁰⁶ A. Jan Qaisar, "The Role of Brokers in Medieval India," *Indian Historical Review*, Delhi, 1, 2 (1974): 220-46.

¹⁰⁷ In this and the following paragraphs I have drawn heavily on my own papers: "The Currency System of the Mughal Empire," *Medieval India Quarterly*, Aligarh, 4 (1961): 3-21; "Banking in Mughal India," in *Contributions to Indian Economic History - I*, ed. Tapan Raychaudhuri (Calcutta, 1960), 1-20; "Usury in Medieval India," *Comparative Studies in Society and History* 4, 4 (1964): 393-419; and "The System of Bills of Exchange (*Hundi*s) in the Mughal Empire," *Indian History Congress, Proceedings of the Thirty-Third Session: Muzaffarpur* (New Delhi, 1972), 290-303.

¹⁰⁸ *Khulāṣatu't Tawārikh*, 25.

¹⁰⁹ *English Factories in India*, 1642-45 volume, 303.

ṣarrāfs enabled the latter to gain capital, which they could employ in directly lending out or in discounting bills.

The quotations of a commercial rate of interest, or the rate (per month) the *ṣarrāfs* and merchants charged other merchants (seemingly without any barrier of caste or community), signify a fair development of commercial finance. Quotations of the rate collected from the English records offer a reasonable picture of movements of interest rates in various important commercial centers in India between the 1620s and 1660s.¹¹⁰ There is a downward trend in the interest rates, a distinct fall occurring a little before or about 1650, though the rates still remained above those in England and Holland. The interest rates at Surat fell from about and above 1 percent per month to 0.5-0.75 percent; this was also the case at Ahmadabad and Agra.¹¹¹

One major instrument of extending short-term credit, combined with a transfer of funds, was the bill of exchange, called *hundī* or *hundwī*. The *ṣarrāfs* issued *hundīs* when they actually received deposits to be repaid at some other place, and they also discounted the *hundīs* when they made a loan to be repaid elsewhere. To draw a *hundī* and have it discounted was the normal way even for a small man to raise capital, as witness Banārasīdās drawing a *hundī* for RS. 500 at Jaunpur to establish his business and purchase cloth.¹¹² The establishment of a standard commercial rate of interest was reflected in the similarity of the discounts on *hundīs* drawn by *ṣarrāfs* and merchants. In 1622, for instance, the *ṣarrāfs* at Ahmadabad allowed a discount of 7.25 percent on the *hundīs* they themselves drew on Burhanpur, whereas they claimed a discount of 8.5 percent on *hundīs* drawn by merchants and accepted by them.¹¹³ Obviously, the difference of 1.25 percent reflected the *ṣarrāfs'* own service charges rather than risks arising out of the lack of creditworthiness of the merchants drawing *hundīs*.

Sujān Rāi, who marvels at the *hundī* as at deposit banking, tells us that the bill was fully salable.¹¹⁴ The Indian practice was different from the European in that in India those who had discounted a *hundī* and then sold it became liable if the drawee failed to honor it.¹¹⁵ It natu-

¹¹⁰ See Irfan Habib, "Usury in Medieval India," 402-4; also Shireen Moosvi, *The Economy of the Mughal Empire, c. 1595* (Delhi, 1987), 373, who has collected some new quotations.

¹¹¹ The evidence seems to contradict K. N. Chaudhuri's assertion that "there was no long-term downward movement in interest rates in India" in the seventeenth century (*Trading World of Asia*, 159; cf. S. Moosvi, *Economy of the Mughal Empire*, 372, 374).

¹¹² Sharma, "The *Arāḥa-Kathānak*," 111.

¹¹³ *English Factories in India*, 1622-23 volume, 68.

¹¹⁴ *Khulāṣatu't Tawārikh*, 25.

¹¹⁵ *English Factories in India*, 1668-69 volume, 177.

rally made for a *hundī* being more readily accepted if it had been previously discounted by *ṣarrāfs* or merchants of reputation. The *hundīs* could also be insured, presumably with the *ṣarrāfs*.¹¹⁶

The negotiability of *hundīs* naturally made them a medium of payment and so gave rise to bill-money in the same way as in contemporary Europe. The conditions of the creation of such money are thus described in 1761:

Suppose a person having paid a fixed sum at the port of Surat to a *ṣarrāf* of that place brings a *hundwī*, which in Persian is called *sufta* [bill], drawn by him [the *ṣarrāf*] on his partner or agent at Ahmadabad; he may, if he chooses, collect cash, paying the deduction on account of *ānth* at the current rate; or, in case another person has a claim against the possessor of the *hundwī* for that sum, the latter may give it to that person, and so free himself from that obligation. Similarly, he [the new possessor] may transfer it to another, until it reaches a person against whom the drawee of the *hundwī* has claims, and who, therefore, surrendering it to the latter, relieves himself of his debt. But cash is not used throughout. (My translation)¹¹⁷

The English documents from Agra in 1652 show that the money used in actual transactions ("Cutche Ant," *kachchā-ānt*) was deemed 1 percent less in value than the bill-money ("the good exchange money, rupees paid to the merchants, called Pucka Annt assignation," or *pakkā ānt*).¹¹⁸ In other words there would be an inducement not to convert the bills into money but to use them to cancel equivalent obligations. In central India, Malcolm (1824) found that this practice of circulating "Oant, or accommodation bills" led to the rise of a "bill-currency," though when "capital" (coined money?) became easily available, it contracted.¹¹⁹ Unfortunately, there is no means of knowing how much money in the seventeenth century circulated in the form of bills rather than coin.

Since the *hundīs* were usually drawn to purchase goods, the *ṣarrāfs* discounted them on the assumption that the goods would be transported safely to where they were to be sold and the bill honored. The next step, apparently an independent innovation in India, was for the *ṣarrāfs* to insure the goods. Sujān Rāi took insurance to be a praiseworthy feature of his country and noted that here "if merchants from dangers on the routes entrust their goods and merchandise and other

¹¹⁶ When in 1647 the English at Ahmadabad discounted two bills on Thatta, they took care to insure it for 0.5 percent (*ibid.*, 1646–50 volume, 103).

¹¹⁷ *Mirāt-i Ahmādī*, I, 411.

¹¹⁸ *English Factories in India*, 1651–54 volume, 105.

¹¹⁹ Malcolm, *Memoir of Central India*, II, 90–1.

property and baggage to them [the *ṣarrāfs*], the latter, taking their recompense, convey the goods to the appointed place and hand them over to the owners. In the language of these people this is called *bīma* [Hindi for "insurance"] (my translation).¹²⁰

One could also insure one's goods without having the *ṣarrāfs* take custody of them. The *ṣarrāfs* offered fairly modest rates for this type of insurance for goods going overland or by sea. The rates are quoted occasionally in the English records of the seventeenth century.¹²¹ Cargo and ships were both insured. When a vessel of a Banya shipowner, Banji Revadas of Surat, was burnt, the English factors at Surat were sure that the ship had been purposely destroyed by the owner for "making his gains here at home by the insurers."¹²² Rates of insurance on cargo or ships naturally rose if the vessels were delayed or were thought to be in danger.¹²³

This may be the appropriate place to mention the Indian version of *respondentia* and *bottomry*, called "awg," "avog," or "avugge" in the European records; the Indian term has not yet been satisfactorily traced. This was a form of speculative investment in a ship's cargo in which the investors lent money for its purchase. The money would be repaid if the ship carried the cargo safely to the stipulated port, the premium upon the principal naturally varying with the risk involved.¹²⁴ This method of raising capital for shipping is again mentioned in connection with Banji Revadas, who is said to have taken "a great avog upon" his ship.¹²⁵ Thus it was a technique in which the Banyas dabbled, though they might not have necessarily been its originators. Since the *ṣarrāfs* furnished insurance for cargo, and a

¹²⁰ *Khulāṣatu't Tawārīkh*, 25. In 1662 the English also "consulted with several sherroffes for the provision of said goods (from Agra) on Bemah or Ensurance" (*English Factories in India*, 1661–64 volume, 86).

¹²¹ See table in Irfan Habib, "Banking in Mughal India," 16. Malcolm has very interesting observations on insurance by the Indian firms of central India, and he gives tables of insurance rates in 1795, 1800 (and later years), and 1820 for different kinds of merchandise for transport between different places (*Memoir of Central India*, II, 92–96, 97–98n., 366–9).

¹²² *English Factories in India*, 1665–67 volume, 202. It was said to be "his common practice."

¹²³ *Ibid.*, 1642–45 volume, 92, 161; 1651–54 volume, 177, 224.

¹²⁴ Cf. Habib in "Usury in Medieval India," 405. To the sources cited there should be added the evidence of the Armenian merchant Hovhannes, who writes of *avag* (which implies the pronunciation *avag*, with "g" as in "get") on ventures from Surat to Isfahan at 27 and 26 percent and from Surat to Basra at 20 percent during the period 1683–6 (Khachikan, "Ledger of the Merchant Hovhannes Joughayetsi," 175). In these cases the parties were all Armenians.

¹²⁵ *English Factories in India*, 1665–67 volume, 202.

speculator could presumably cushion himself against loss by insuring the whole or part of the cargo, the availability of insurance could have greatly facilitated respondentia arrangements.¹²⁶

THEORIES OF PRECOLONIAL INDIAN COMMERCE

The foregoing study of Indian merchant communities has focused on just two such communities. I have not dealt with the Khatrijs of the Panjab, the Muslim Bohras of Gujarat, the south Indian merchants (recently studied by S. Arasaratnam), and foreign merchants, such as the Persians and Armenians. There is no doubt that a full description of commercial institutions and practices in precolonial India must come to grip with their immense variety, which has not been possible within the limited space here. Yet, the information that I have assembled is sufficiently illustrative for us to see that the precolonial commercial world of India was one of openness and competition, where separate social groups (castes) tried to establish an advantage in one sphere or another by means of inherited skills and ways of life. Such a situation led to brisk commodity exchanges and the development of a number of relatively refined commercial and financial techniques.

To the historian of an earlier generation like W. H. Moreland, these conclusions would not have seemed novel or open to much criticism.¹²⁷ To him the vulnerability of Indian commerce lay not in its structural backwardness but in the political environment, that is, in its constant constriction by the taxation and expropriations of the arbitrary, absolute despotism of the Mughal government.¹²⁸ This view has been strongly contested, however, based on evidence concerning Mughal commercial taxation and law enforcement and on the rarity of specific instances of confiscations of mercantile wealth. More recent detailed studies, like that of the merchants of Surat by Ashin Das Gupta, have also tended to reinforce skepticism about Moreland's thesis.¹²⁹

¹²⁶ It will be interesting to compare our description of insured bills, risk-sharing through "avog," and insurance proper in India with Jacob Price's discussion of bills against insured cargoes, spreading of investments in shares in various ships, and, finally, marine insurance in European-American trade, which is to appear in volume 2 of this collection.

¹²⁷ See W. H. Moreland, *India at the Death of Akbar* (London, 1920), 248-50. He ranked Indian men of business in the seventeenth century as "merchants of the highest class."

¹²⁸ *Ibid.*, 50-2, 264-5. For a similar view, advanced by B. B. Misra, see his *Indian Middle Classes* (London, 1961), 22-35.

¹²⁹ An early critique of Moreland is to be found in Brij Narain, *Indian Economic Life, Past*

A variant of Moreland's theory has now been offered by K. N. Chaudhuri, who sees a constant threat to mercantile prosperity (Hindu) from religious persecution (Muslim).¹³⁰ I have already had occasion to comment on his statement about it being unusual for Hindus to conduct business with Muslims. As a matter of fact, the brokers of Muslim merchants were invariably Hindus.¹³¹ Chaudhuri adds that "the Surat disturbance of 1669 was far from being an isolated incident," when the entire history (relatively well illumined) of Surat tells us that in its religious genesis the disturbance was unusual. It is also surely noteworthy that the sympathies of the local Mughal officials during the incident were clearly with the Banyas and not with the *qāzi*.¹³² The only important act of discrimination in the commercial sphere was when Aurangzeb (1659-1707) increased duties on goods of non-Muslim merchants to 5 percent ad valorem, while keeping them at 2.5 percent for Muslims. But even here, the higher rate was often avoided by the Hindu merchants by passing off their goods as those of Muslims.¹³³ All this cannot amount to any great "Islamic pressure."¹³⁴

For quite some time now, yet another theory of the weakness of Indian (and Asian) commercial structure has been popular. This argument accepts the fact that competition, and not monopoly, was the normal background for commerce in India (and Asia). This meant that a large number of individuals with small amounts of capital ("peddlers") accounted for most of the trade. Since the "peddlers" worked perforce on faulty intelligence and could not plan controlled responses, there were violent gluts and scarcities in different markets, great price fluctuations, and therefore an enormous wastage of economic effort. These defects were rectified in the trade controlled by the European companies, which were blessed with large capital, efficient organization, and informed planning. The argument has been set out elaborately by Niels Steensgaard, who derived the concept of the peddling trade from van Leur.¹³⁵

and Present (Lahore, 1929). My own arguments against Moreland's thesis appeared in my paper, "Potentialities of Capitalistic Development in Mughal India," *Enquiry*, Delhi, n.s., 3, 3 (Winter 1971): 47-53. Das Gupta, *Indian Merchants and the Decline of Surat*, 89-90.

¹³⁰ *Trading World of Asia*, 150-1.

¹³¹ See n. 87.

¹³² See quotations from English records in *English Factories in India, 1668-69* volume, 192, 205.

¹³³ This apparently happened even more frequently when for a period of fifteen years the Muslims were exempted from the duty altogether (*Mirāt-i Ahmadi*, I, 265, 298).

¹³⁴ K. N. Chaudhuri, *Trading World of Asia*, 150.

¹³⁵ Steensgaard, *Asian Trade Revolution of the Seventeenth Century*, 22-59.

Steensgaard's arguments have been contested by Tapan Raychaudhuri, who denies that peddlers dominated precolonial Indian commerce.¹³⁶ We have ourselves seen how larger merchants appear in our sources and how they control the activities of the smaller men. Even Hovhannes, the Armenian merchant, whom Steensgaard takes to be the typical peddler, was a factor operating in India and Tibet for his principals in Isfahan.¹³⁷ What place, moreover, is there in Steensgaard's scheme for a Banya merchant like Virji Vora of Surat, who had an "estate" estimated at Rs. 8 million in the 1660s and large numbers of factors spread all over India and overseas?¹³⁸

Facts such as these have led Ashin Das Gupta to dilute the van Leur-Steensgaard thesis and to include even the rich merchants among peddlers, seeing them essentially as "insecure men," made so by limitations of information and vagaries of commerce. He sees the development of a sophisticated structure of credit and brokerage in India as an attempt "to facilitate the trade of atomized men."¹³⁹ So described, one begins to wonder how Indian or Asian trade could have been different from commerce within western or central Europe. The fact that the Red Sea, not the Cape of Good Hope, remained the main conduit for India's external trade in the seventeenth century shows that the "atomized" commerce was by no means less efficient than the trade of the Dutch and English companies (using the Cape of Good Hope route) wherever there were possibilities of free and open competition.

There has been little discussion so far, in comparative terms, of Indian commercial and financial techniques and their influence on "transaction costs." Misapprehension prevails on some elementary facts. Thus Steensgaard suggests that "trade on commission" was a specifically European practice, not "demonstrable" for Asian trade;¹⁴⁰ and this despite the numerous attestations to the all-pervasive nature of brokerage in Indian commerce, a field in which the Banyas had so greatly specialized.

What must, indeed, strike us as a crucial fact is the creation out of India's own commercial fabric of institutions like brokerage, deposit

banking, bill-money, and insurance. These institutions did not indicate a static or stagnant state of commerce. Could it be that the European triumph over Indian (and Asian) merchants was not, then, one of size and techniques, of companies over peddlers, of joint-stock over atomized capital, of seamen over landsmen? Might it not have been more a matter of men-of-war and gun and shot, to which arithmetic and brokerage could provide no answer, whether in the earlier "Age of Partnership" or after Plassey?

¹³⁶ *Cambridge Economic History of India*, 1, 340-2.

¹³⁷ Steensgaard, *Asian Trade Revolution of the Seventeenth Century*, 23-5.

¹³⁸ *English Factories in India, 1661-64* volume, 308; Thevenot, *Indian Travels of Thevenot and Careri*, 22. Other information about Virji Vora is scattered in the other volumes of *English Factories in India*, where references to him can be located from the indexes.

¹³⁹ *Indian Merchants and the Decline of Surat*, 11-12. Das Gupta goes on to describe even Mullā Ghafūr, with his numerous ships, large trade, and closely knit organization, as a peddler (13).

¹⁴⁰ Steensgaard, *Asian Trade Revolution of the Seventeenth Century*, 42.