Textile Manufacturing and Trade Without and With Coercion: The Indian Experience in the Eighteenth Century

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India has traditionally been a major textile manufacturing nation. Indeed, until the early part of the nineteenth century when the Industrial Revolution conferred a distinct cost advantage on the West, India had dominated world trade in textiles. Such domination was clearly in evidence in the Indian Ocean trade, alternatively referred to as Asian trade, in the period prior to the arrival of the Europeans in the Ocean at the end of the fifteenth century. In part, this indeed was a function of the midway location of the subcontinent between west Asia on the one hand and southeast Asia on the other. But perhaps even more important was the subcontinent's capacity to put on the market a wide range of tradeable goods at highly competitive prices. By far the most important of these goods was textiles of various kinds. While these included high-value varieties such as the legendary Dhaka muslins and Gujarat silk embroideries, the really important component for the Asian market was the coarse cotton varieties manufactured primarily on the Coromandel coast and in Gujarat. There was a large scale demand for these varieties both in the eastern markets of Indonesia, Malaya, Thailand and Burma as well as in the markets of the Red Sea, the Persian Gulf and East Africa. While it is impossible to determine precisely what proportion of total domestic demand for mass consumption textiles in these societies was met by imports from India, the available evidence would seem to point in the direction of this not being altogether insignificant. India's capacity to manufacture these textile in large quantities and to put them on the market at highly competitive terms made it in some sense the ‘industrial’ hub of the region surrounded by west Asia on one side and southeast Asia on the other.

The discovery in the last decade of the fifteenth century of the Americas as well as of the all-water route to the East Indies via the Cape of Good Hope resulted in the rise of an early modern world economy. The Cape route implied the overcoming of the transport-technology barrier to the growth of Euro-Asian trade. The volume of this trade was no longer subject to the capacity constraint imposed by the availability of pack-animals and river boats in the Middle East. The silver needed to pay for the Asian goods was now also abundantly available from the mines of South America.

By virtue of having discovered it, the Portuguese claimed monopoly rights over the Cape route which they were able to hold on to for almost the whole of the sixteenth century. In keeping with traditional composition of the Asian imports into Europe, the principal item sought by the Portuguese Estado da India in Asia was pepper which accounted for an overwhelming proportion of the total Estado exports to Lisbon throughout the sixteenth century. But as the recent work of James Boyajian suggests, there was in addition a very considerable amount of cargo exported from Goa to Lisbon on the account of private Portuguese merchants, the most important constituent group of whom were the so-called New Christians, descendants of Iberian Jews forcibly converted to Christianity at the end of the fifteenth century. According to Boyajian, these private cargoes accounted for an almost unbelievable 90 percent of the total value imported into Lisbon over the period 1580-1640 from Asia. By far the most important constituent of this cargo was textiles, accounting for as much as 62 percent of the total imports value-wise. I have argued elsewhere that the precise statistical basis of Boyajian’s estimates leaves a good deal to be desired but that the general direction of his revision of historical orthodoxy is correct. What now seems clear is that contrary to what was earlier believed, textiles, mainly of Indian origin, constituted a very important component of the total Portuguese imports into Europe.

The real expansion in the volume and value of Indian textile exports to Europe, however, took place only after the establishment of the English and the Dutch East India companies at the beginning of the seventeenth century. Of the two companies, the Dutch commanded a much larger resource base, the initial share capital being as much as ten times that of the English East India Company. The two companies started out looking mainly for pepper and other spices in Asia and initially concentrated on the Indonesian archipelago. Within a span of about two decades, the Dutch managed to wrest exclusive monopsonistic rights in the Moluccas in cloves, nutmeg and mace and have the English largely marginalized in the region. The Dutch also soon realised that by far the most important medium of exchange in the Spice Islands was Indian textiles. They could have obtained these textiles at Aceh and other places in Indonesia, but their acute business instinct took them to their source, the Coromandel coast, where four factories were established between 1606 and 1610 covering both the northern and the southern stretches of the coast. Thus began the Dutch East India Company's participation in intra-Asian trade which quickly assumed important proportions. By the middle of the seventeenth century, the Dutch operated from almost all the major points on the great arc of Asian trade stretching from the Persian Gulf in the northwest to Japan in the northeast. The three principal pillars of the Dutch success story in intra-Asian trade were (a) the extensive trade in Coromandel and Gujarat textiles as well as Bengal raw silk (b) the spice monopoly and (c) the exclusive access from 1639 onward to the bullion-providing Japan trade. There was no English East India Company counterpart to the extensive Dutch participation in intra-

Asian trade. Indeed, by far the most important single distinguishing feature of the Dutch East India Company amongst all the Northern European corporate enterprises was its official and extensive participation in intra-Asian trade as an integral feature of its overall trading strategy.

The evolution of the English East India Company's trading strategy in Asia was along very different lines. Like the Dutch, they had initially come to Coromandel in quest of textiles for the southeast Asian markets. Shortage of resources as well as Dutch hostility had, however, practically forced the English out of southeast Asia quite early. They had, therefore, concentrated their operations in both Coromandel as well as Gujarat towards meeting the requirements of their Euro-Asian trade.

What was the nature of the political and economic environment in which the European corporate groups and private traders were obliged to function while carrying on their trading activities in the Indian subcontinent? In other words, if the range of alternative scenarios under which the Europeans functioned in different parts of Asia in the early modern period is conceptualized as a broad spectrum, where precisely would South Asia figure in that spectrum? One might begin by drawing attention to the fact that in the pre-European phase of the history of commercial exchange in the Indian Ocean, there was a well-established tradition of foreign merchants being welcome at the Asian ports, since they were perceived as providers of additional business to the local merchants and of additional income by way of customs duties etc. to the ruling authorities. The visiting as well as the resident foreign merchants were, by and large, left free to manage their affairs themselves, including the arrangements they might make with their local counterparts, their business dealings in the market, and so on, without the administration unduly interfering in their decision-making processes. The Asian port at which such autonomy was allowed in the most unconstrained fashion was probably that of Malacca, which in the course of the fifteenth century had become a major centre of international exchange, and a meeting point of traders from the East and the West. Each of the four communities of foreign merchants resident in and operating from the port was even allowed to have a *shahbandar* (harbour-master) of its own, who managed the affairs of that particular community autonomously of the local authorities:

To what extent was this scenario modified by the arrival of the Europeans in the Indian Ocean at the beginning of the sixteenth century? By far the most crucial element in the new situation was the armed superiority of European ships over their Asian counterparts. Partly as a result of this, the Portuguese managed quite early on to obtain monopsonistic privileges in the procurement of pepper on the Malabar coast. On the strength of the assistance provided to the raja of Cochin in throwing the Portuguese out, the Dutch East India Company inherited, in 1663, similar monopsonistic privileges.

Outside of the Malabar coast, however, the situation in India was very much in the mould of the Malacca model, characterized by the absence of coercion on either side. In the subcontinent, the relationship between the ruling authorities and the different European groups was by and large an amicable one, based essentially on perceived mutual advantage. The authorities basically looked upon the European companies' trade in their area as a net addition with the attendant benefits that such growth of trade entailed for the economy. More immediately, the resultant increase in the customs revenue, which in the case of the Mughal empire accrued directly to the central treasury and probably constituted a head of revenue in importance next only to land revenue, was an important consideration. An equally important consideration would seem to have been the 'bullion for goods' character of the Europeans' trade. The fact that the companies paid for the goods obtained in the subcontinent overwhelmingly in terms of precious metals made them probably the single most important conduit for the import of these metals into the country. The domestic output of these metals being practically nil, their import in reasonably large quantities was critical, among other things, for the successful conduct of the subcontinent's monetary system. As a result, European requests for permission to trade and the establishment of factories were routinely granted by Mughal imperial authorities and by regional authorities on the Coromandel coast. Under this dispensation, the companies operated in the market basically as yet another group of merchants availing no special privileges in their dealings with the Indian merchants or artisans. By the same token, they were at liberty to function in the system like any other merchant group, without restriction on the use of systematic infrastructure. Their factors and representatives were allowed to travel throughout the empire, buy and sell where they found it most profitable to do so, and deal with their Indian counterparts on terms strictly determined by the market.

The absence of coercion, however, did not preclude occasional conflict between Indian political authorities on the one hand, and the European trading companies on the other. In such an event, both sides were concerned that conflict did not escalate beyond a point. At work was, indeed, a rather finely tuned balance between unquestioned European maritime superiority as against their almost total vulnerability on land for a long time. Scholars such as Frederick C. Lane and, more recently, Niels Steensgaard have gone to the extent of arguing that "the principal export of pre-industrial Europe to the rest of the world was violence". While there is an element of truth in this formulation, it is imperative that it is not torn out of context. Violence on the sea was a weapon of the last resort to be used as sparingly as possible for the simple reason that it was by no means a costless process. Ordinarily, both sides would first seek to resolve conflict and only in the event of a deadlock would either side resort to actual violence.

As pointed out above, in the early part of the seventeenth century, the principal interest of the Dutch East India Company lay in the procurement of pepper and other spices in Indonesia. It was indeed in consequence of that interest that the Company had come to India to procure textiles on the Coromandel coast to use them to exchange against pepper and other spices. The Company's involvement in intra-Asian trade where Indian textiles figured prominently had grown at a rapid rate, but unfortunately the non-availability of information renders it impossible to provide a quantitative profile of the growth of this trade. But as far as the Euro-Asian trade of the Company is concerned, the available information shows that the value of exports from Asia to Europe registered a significant upward trend all the way. Thus from a modest figure of under f.1 million (£1 = f.12 = Rs.8) during 1619-21, the average annual value of these exports had gone up to f.5 million during 1698-1700, to f.6.4 million during 1738-40 and to f.6.9 million during 1778-80. Equally important was the changing composition of the exports. Pepper and spices together came down from an imposing 74 percent of the total exports in 1619-21 to 23 percent during 1698-1700, to 14 percent during 1738-40 and to 12 percent during 1778-80. On the other hand, textiles and raw silk together went up over the corresponding years from 16 percent to an incredible 55 percent down to 41 percent to finally recover to 50 percent. The fashion revolution in Europe in the last quarter of the seventeenth century had put luxury Asian textiles on the top of the market with even the royalty and aristocracy patronizing them in a big way. Of the Asian textiles, the majority were procured on the Indian subcontinent.

Thus at the turn of the eighteenth century, value-wise as much as 55 percent of the total of Asian textiles imported into Holland had originated in Bengal alone. The figure for all-India would be much higher. As for raw silk, between 1693 and 1720, Bengal raw silk accounted, on average, for as much as 88 percent of the total Asian raw silk sold in the Amsterdam market[1].

The picture in respect of the English East India Company which engaged only in Euro-Asian trade was not very different. The growth in the average annual value of exports from Asia was from f. 1.4 million in 1668-70 to f.4.4 million in 1698-1700, to f.7.6 million in 1738-40, to f.8.3 million in 1758-60 and to an incredible f.23.1 million during 1777-79. Over the first four of these time periods, textiles and raw silk together accounted for 57 percent, 81 percent, 80 percent and 66 percent respectively of the total exports from Asia. The overwhelmingly important role of India would be evident from the fact that the subcontinent accounted for 76 percent, 95 percent, 84 percent and 66 percent of the total exports. During 1777-79, this figure was 78 percent. Within India, as in the case of the Dutch Company, Bengal was by far the largest area of operation accounting for 42 percent of the total Asian exports in 1698-1700 and 54 percent in 1777-79[2].

In the subcontinent, the production of textile for export was concentrated mainly on the Coromandel coast, in Gujarat and in Bengal, though these were also produced in limited quantities in other areas. The specialization of Coromandel consisted in the manufacturing of relatively inexpensive cotton textiles which were either plain or patterned on the loom. They were often dyed in bright colours with plant dyes. The printing or

[1] Om Prakash, *European Commercial Enterprise in Pre-colonial India*, vol.II.5 in the *New Cambridge History of India* series (Cambridge, 1998), Chapter 4.
[2] Om Prakash, *European Commercial Enterprise*, ch. 4.

painting was done in floral and a variety of other motifs. While the northern Coromandel – the area between the rivers Krishna and Godavari – specialized in the production of plain textiles, the specialization of the south – the coastal stretch between Pulicat and Nagapttinam – consisted in the production of the famous painted textiles – the *pintadoes*. A census carried out by the Dutch East India Company in northern Coromandel in the 1680s provides useful details regarding the organization of textile manufacturing in the region. The weavers were not concentrated in towns but rather dispersed in industrial villages scattered throughout the coastal districts. In the weaving villages of the Krishna delta, a good part of the production was of the finer grades of fancy cloth while weavers in the Godavari delta concentrated on the production of plain calicoes. The inland centres produced mainly fine calicoes[3].

In western and northern India, the weavers producing for the export markets were usually either urban based or situated close to the main cities. Surat, for example, was the metropolitan market of three small weaving towns within a distance radius of 20 miles – Bardoli, Nausari and Gandevi. The other major textile centres of Gujarat, such as Ankleshwar, Broach, Baroda, Nediad, Dholka and Ahmedabad were all urban and located close to the main caravan route to Delhi and Agra. While both inferior- and superior-grade cotton textiles were manufactured in large quantities in Gujarat, the region also provided high-grade silk and mixed textiles using mainly Bengal raw silk as raw material. Towns such as Ahmedabad and Sironj provided

[3] Sanjay Subrahmanyam, 'Rural industry and commercial agriculture in late seventeenth century south eastern India', *Past and Present* Number 126, February 1990, pp.76-114; Joseph J. Brennig, 'Textile producers and production in late seventeenth century Coromandel', *The Indian Economiic and Social History Review*, vol. 23, 1986, pp.333-56.

fine embroidered quilts, satins, chintz and the famous transparent muslin known as *ab-i-rawan* or flowing water. Tavernier ascribed the superiority of Sironj *chintz*, its lively colours and their fastness, to the river that passed through the town, the water of which "possesses the property of giving the brightness to the colours"[4].

The relative decentralization of the textile industry in Bengal owed a great deal to the extensive and comparatively inexpensive river transport network in the province. The comparative advantage of Bengal in relation to other textile-producing regions of India consisted in the manufacture of fine cotton and silk textiles. Based on special geographical features and the cumulative effect created by a hereditary concentration of craft skills, a number of specialized centres of production had emerged in the province. The best quality muslins were produced in the district of Dhaka in eastern Bengal, where a particularly well-known centre of production was Sonargaon, situated at a distance of about 15 miles east of the city of Dhaka. The exquisite quality of the Dhaka muslins owed a great deal to a particularly high-grade cotton grown in a small and narrow belt in the district which happened to possess the right soil. The other important manufacturing centres were the Malda district and Santipur in Nadia district. Comparatively less fine varieties of muslins were also produced in Patna in Bihar and Balasore in Orissa. The staple varieties of muslins procured by the Europeans were *khasa* and *malmal*. Usually, both these were plain muslins but they could also be brocaded in gold, silver or silk threads, usually in floral patterns. Less frequently, they were instead embroidered in coloured silks in chain-stitch, in gold and silver threads or in cotton itself, which is what probably later came to be known as 'chikan' embroidery.

[4] K.N. Chaudhuri, *The Trading World of Asia and the English East India Company 1660-1760*, Cambridge, 1978, pp.242-9.

Many of the pieces also had their borders woven in gold threads. In the case of calicoes, the principal centres of production of the finer varieties were the Malda district and the area around Kasimbazar in Murshidabad district; the comparatively coarser varieties were manufactured in Birbhum district, in Patna, and in Pipli and Balasore in Orissa[5].

Besides cotton textiles, the Europeans procured substantial quantities of mixed and silk piece-goods in Bengal, which was by far the most important producer of these textiles in India. Mixed piece-goods were woven by the simultaneous use of cotton and silk yarns, the latter having been derived either from the usual mulberry silk worm or from the silk worm *anthereap aphia*, which produced the wild *tussur* silk. The silk textiles procured by the Europeans were almost exclusively of mulberry silk. The principal areas of production were Malda and Kasimbazar, though limited amounts of particular varieties were also produced in Radhanagar and other centres in Midnapore district[6].

Working on the basis of the cotton yarn procured from the spinner, the basic unit of production in the manufacturing of textiles was the weaver owning his loom and operating as an independent artisan. To a certain extent, the production of standardized varieties of textiles for traditional markets was carried on on the basis of weavers' own resources and at their own risk. There is evidence, for example, that several varieties of comparatively coarse cloth were produced on this basis in the district of Malda in north Bengal for eventual sale to merchants engaged in trade with Pegu, north India (Hindustan) and Persia, which had traditionally been important markets for these varieties. The bulk of the marketed output,

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[5] Om Prakash, *The Dutch East India Company and the Economy of Bengal, 1630-1720,* (Princeton, 1985), ch.3.

[6] Prakash, *The Dutch East India Company and the Economy of Bengal,* ch.3.

however, was produced on the basis of agreement between merchants – many of whom were intermediary merchants known in Bengal as *paikars* – and weavers specifying details such as the quantity to be produced, the price and the date of delivery. A part-often a substantial part – of the final value of the contract was given in advance to enable the weaver to buy the necessary raw material as well as to sustain himself and his family during the period of production. Clearly, the three key elements in this system were the weavers' need of finance, their relatively limited access to the market, and a desire on their part to avoid risks arising out of their inability to forecast correctly the behaviour of the demand for a given variety of textiles. This structure, which could be described as the contract system, was essentially a variant of the standard European putting-out system. Unlike in the European case, the Indian weaver bought his own raw material and exercised formal control over his output until it changed hands. Of course, the merchant who had given the advance had first claim on the output, and debt obligations often rendered the artisans subject to coercive control by the merchants.

As far as the procurement of textiles by the companies was concerned, an important functionary made use of by the Europeans was the *dalal* (broker), an Indian employee with an intimate knowledge of both the local market and the intermediary merchants. He was ordinarily a salaried employee, and his duties included collecting information about the market price of various goods as well as identifying merchants with a good reputation for honouring contractual obligations. These merchants were brought by the *dalal* to the relevant company and agreements concluded between the company and each of the merchants willing to supply at mutually agreed terms. The agreement specified the quantity to be supplied, the period of delivery, and the price per piece of each of the different varieties contracted for. The merchants had the goods manufactured mainly on the basis of the contract system which, as we have seen, obliged them to give a part of the value of the contract to the producers in advance. The merchants, therefore, insisted that the Company similarly give them an advance, which in the case of Bengal was ordinarily between 50 and 65 percent. The intermediary merchants who did business with the Europeans were an extremely heterogeneous group. In the case of the VOC in Bengal, at one end it included merchants such as Khem Chand Shah, who engaged in large scale domestic and overseas trade and who owned several ships. At the other end, there were marginal merchants who genuinely could not have operated except on the basis of the advances received from the Company. Once the goods were delivered into the Company's ware houses, the deviation from the samples was worked out and the price finally paid to the merchants was adjusted accordingly.

There were occasional deviations from this broad structure of procurement. At places such as Dhaka and Pipli, for example, the VOC is known to have used the services of commission agents (also called *dalals*) to procure export goods. The agent was given a certain amount of money, which he invested among the weavers on behalf of the Company and at the Company's risk. After the goods had been delivered, the agent was entitled to a 2 per cent commission (*arhat*) on the total value of the transaction. Another interesting functionary whom we come across is the head weaver (*hoofd wever*). His precise status is not clear, but he acted as an intermediary between the weavers and the buyers of their produce. He appears to have exercised some authority over the members of his community, ensuring a certain amount of regularity in the supplies. His services were often utilized by the intermediary merchants, who would enter into a contract with him and give him an advance. On the limited occasions on which it was able to do so, the Company dealt directly with the head weavers and saved on the margin of the intermediary merchants. Thus, in 1670, a head weaver of Hugli agreed to supply *fotas* – an ordinary calico – at Rs.70 per twenty pieces, whereas the merchants were asking for a price of Rs.90. The corresponding figures in the case of sailcloth were Rs.36 and Rs.43 respectively. Such deals, however, had to be made very discreetly because the intermediary merchants were always on the lookout to sabotage them[7].

Pecularities characteristic of certain regions should be noted. Prasannan Parthasarthi has analysed some of these in relation to the region he calls South India. Probably the most important of these was the distinctly superior position of the weaver vis-à-vis the intermediary merchant. Unlike in Bengal, a weaver in South India was evidently free to cancel a contract negotiated with an intermediary merchant at any time by simply returning the advance received. The merchant, on the other hand, did not possess the right to break a contract or demand the return of an advance[8]. In a situation where the average annual rate of growth of the supply of textiles failed to keep pace with the average annual rate of growth of demand for them, this would constitute an enormously important differential advantage. Around the turn of the eighteenth century when this was by and large the situation in all parts of the sub-continent, the weavers in South India took full advantage of this provision. The freedom to terminate a contract simply implied that the weaver was free to sell the finished product to the buyer willing to pay the most and use the proceeds of the sale to return the advance to the intermediary merchant. Such situations were by no means altogether rare in

[7] Prakash, *The Dutch East India Company and the Economy of Bengal*, ch.4.
[8] Prasannan Parthasarathi, *The Transition to a Colonial Economy, Weavers, Merchants and Kings in South India, 1720-1800* (Cambridge, 2001), pp.26-27.

Bengal but in that case the diversion of output to a buyer other than the one who had provided the advance was done clandestinely and under great secrecy on both sides.

The other major difference between Bengal on the one hand and South India on the other relates to the nature of the contract between the European companies and intermediary merchants. It was pointed out above that in Bengal the norm was for the intermediary merchant to be provided with a substantial part of the value of the contract in advance. But according to Parthasarthi the merchants providing cloth to the English East India Company in the early eighteenth century rarely received capital from the Company and raised much of their finance from South Indian bankers[9] The closest the Dutch East India Company came to this arrangement on the Coromandel coast was the essentially abortive experiment with the notion of a joint stock company. The innovation in this arrangement consisted essentially in the fact that the funds needed for investment in textiles were raised jointly by the intermediary merchants themselves rather than being provided by the Company in the form of advances to the customary extent of 50 to 70 percent of the value of the contract. Each merchant was supposed to subscribe to the pool of funds in accordance with his share in the total value of the contract given out by the Company. These merchants were also encouraged to operate in different segments of the production areas so as to minimize competition amongst themselves leading to a rise in the cost price of the textiles procured. This was a highly welcome development from the point of view of the Company. But, over time, the distinct characteristic feature of the institution – namely, the investment by the participating merchants of their own funds in procuring the textiles obviating the need for

[9] Parthasarthi, *Transition to a Colonial Economy*, p.35.

the Company to give them advances and run the risk of bad debts arising – tended to disintegrate and the joint stock system increasingly followed the norms of the ordinary cash-advance contracts. Thus, in the 1760s at Jagannathpuram in northern Coromandel, the Company dealt with two joint stock companies. One of these consisted of the Masulipatnam merchants (or their descendants) who had moved with the Company to Jagannathpuram in 1750, while the other was constituted by the local merchants[10]. In southern Coromandel, the arrangement was much looser. An ordinary partnership between two merchants, or even a single merchant unit, qualified to be designated as a joint stock company there. Thus in the 1760s, the VOC procured textiles both at Nagapattinam and at Porto Novo through six joint stock companies each. At each of the two places, two of the companies consisted of two merchants each, while the remaining four contained only one merchant each[11]. Each of the units received an advance from the Company and was expected to settle its accounts at the end of the year. Bad debts nevertheless arose on a regular basis and the best that the Company could do was to oblige each unit to clear each year, in addition to meeting its obligation for that year, a part of its outstanding obligations from earlier years. It was again the desire to minimize bad debts that prompted the Company to allow a deceased merchant's heir(s) almost automatically to

[10] NA, Memoir of the outgoing Governor of Coromandel, Pieter Haksteen, for his successor, Reynier van Vlissingen, dated 20 September 1771, *Hooge Regering Batavia* (HRB) 344, ff.53-5.

[11] At Nagapattinam, one of the partnership companies consisted of Palikonda Kistna Chettiar and Venkatasala Mudaliar, while the other had Kondapilly Venkata Kistna Rama Chetty and Kondapilly Venkatasalam Chetty as members. The four individual merchants constituting a company each were Tirumani Chetty, Ramalinga Pillay, Muthu Venkatalinga Mudaliar and Godawari Sadasiva Chetty. In Porto Novo, Tambu Naikar and Rangasay Chetty constituted one of the two partnership companies, while the other consisted of Papa Chetty and Ramalinga Chetty. The four single merchant companies there consisted of Masulimani Mudaliar, Shiva Chidambaram Mudaliar, Vedenada Muthu Chetty and Rama Sama Chetty (NA Haksteen Memoir, HRB 344, ff.206, 146)

succeed him. The relatively less well-off among the merchants were also obliged to produce a guarantor acceptable to the Company[12]. To counter the problem of the poor quality of the *chintz* supplied, the Nagapattinam factors also decided in 1767 to depute a 'supervisor' to oversee the work of the artisans engaged by the joint stock units to produce this variety. The innovation was reported to have produced positive results and was extended to other varieties such as *muris*[13].

The growing amount of intra-Asian and Euro-Asian trade in textiles carried on by the English and the Dutch East India companies evidently brought in increasing profits to the companies and contributed enormously to their prosperity. But at the same time this created a situation of near panic among the European producers of various kinds of textiles. In England, the manufacturers' opposition to the import of Asian textiles was sufficiently vocal to lead to the passage of a Parliamentary Act in 1700 prohibiting the import of "all wrought silks, Bengals and stuffs mixed with silk or herba, of the manufacture of Persia, China or the East Indies and all calicoes painted, dyed or printed or stained there". But since this simply involved an increase in the import of while calicoes and muslins from India, which were then printed in England, another Act was passed twenty years later altogether prohibiting the use or wear of printed calicoes in England. Of course, neither of the two Acts affected in any way the re-export trade in Eastern textiles. Holland also had a fairly well-developed linen and silk-textile industry. As early as 1643, several manufacturers of silk textiles in Amsterdam had

[12] This requirement at times created rather peculiar situations. For example, when they succeeded their father, the late Godawari Sadasiva Cherry, his two sons pleaded with the Nagapattinam factors not to enforce the requirement of a guarantor in their case, for this would adversely affect their standing and credit in their community. The Company agreed on the condition that they would ensure that no bad debts ever arose on their account (N.A. Haksteen memoir, HRB 344, ff.206-08).

[13] N.A. Haksteen memoir, HRB 344, ff.208-10.

complained to the States of Holland that, as a result of the import of silk textiles from the East Indies, a number of their apprentices had been thrown out of work. They, therefore, petitioned the States for a total prohibition on the import of silk textiles by the Dutch East India Company. While nothing came of these efforts, the matter came up again at the time of the renewal of the Company's charter in 1694-5. At the behest of the silk-textiles manufacturers and merchants of their province, the representatives of Haarlem in the States-General declared their intention of not voting for the renewal unless a ban was imposed on the Company's imports of cotton textiles, silk textiles and twisted silk. But all that the representatives eventually achieved was the extraction of a promise from the Company that in future it would 'consult' the Haarlem silk industry each year before placing orders with the factors in the East. The industry's 'advice' was not to be binding, and in 1740 a number of "leading manufacturers of gold-, silk-, wool-, and cotton stuffs' informed the States of Holland that the Company had in any case not bothered to carry out the promised consultations[14]. The difference in this regard between the English and the Dutch East India companies was obviously due to the latter's much stronger position in national politics. Such perceived threats of a 'de-industrializing' Europe in response to the invasion by Indian textiles, however, makes one wonder as to which, between north-western Europe and south Asia in the early modern period, was the 'core' and which the 'periphery'.

The overwhelmingly strong position of South Asia in the textile trade with Europe was the outcome in the first place of the extremely cost competitive character of these textiles. But what was equally important was the rise of a sellers' market in South Asia. This was a necessary outcome of

[14] Prakash, *The Dutch East India Company and the Economy of Bengal*, pp.203-7.

the fact that the average annual rate of growth of the Europeans' demand for the specific varieties of textiles they dealt in was greater than the average annual rate of growth of the output and the supply of these textiles. Considering that the relationship between the European companies on the one hand and the Indian intermediary merchants and the artisans on the other was completely free of any kind of coercion on either side and was governed entirely by the market forces of demand and supply, the Indians were able to take full advantage of the phenomenon of the sellers' market which had became almost a perennial feature of the European procurement of textiles.

I have argued in my earlier work that in this scenario, the Europeans' trade would have become a vehicle for an expansion in income, output and employment in the subcontinent. The increase in the output of textiles and other export goods in the subcontinent would seem to have been achieved through a reallocation of resources, a fuller utilization of existing productive capacity and an increase over time in the capacity itself. A reallocation of resources in favour of the production of particular varieties of textiles and raw silk would have been signalled, among other things, by a continuous rise in the prices of these goods in the markets where they were procured. Evidence regarding such a rise in the context of the absence of a rise in the notional general price level in the economy is available in plenty in the European company documentation. The available evidence also suggests both a fuller utilization of existing capacity as well as expansion thereof over time. In the case of textile manufacturing, artisans engaged in the activity on a part-time basis seem to have increasingly found it worth their while to become full-time producers and to relocate themselves in the so-called *aurungs* – localized centres of manufacturing production, where the Europeans were increasingly concentrating their procurement through the intermediary merchants. Among the other factors of production required, land was clearly in abundant supply practically all over the subcontinent at this time. As far as the necessary capital resources needed for the production of new spindles, wheels and looms etc. was concerned, given the extremely small amounts involved, and the fact that the European companies were ever willing to advance the necessary sums, the availability of funds also is highly unlikely to have been a constraining factor. It need hardly be stressed that across a country of the size of the Indian subcontinent, there are likely to have been regional variations with regard to the degree of dynamism, flexibility and potential for continuing expansion in the scale of production that this scenario envisages. However, evidence available at least in respect of regions such as Bengal, which was by far the most important theatre of company activity on the subcontinent, would generally seem to confirm the presence of such attributes in ample measure[15].

[15] Nearly thirty years ago, in a paper entitled "Bullion for Goods: International Trade and the Economy of Early Eighteenth Century Bengal" published in the *Indian Economic and Social History Review* (vol. 13, No.2, April-June 1976), I had provided a crude estimate – the first of its kind – of the additional full-time jobs created by the English and the Dutch East India companies' procurement of textiles and raw silk in Bengal in the early years of the eighteenth century. Prasannan Parthasarathi has now characterized this exercise as "flawed in crucial respects". According to him, I "relied upon an estimate of Bengal's population in 1700 and contemporary figures for cloth consumption to derive an estimate for total local consumption. His population estimate is essentially a guess, and is quite possibly very far off the mark. Given the enormous changes in the level and distribution of income, there is nothing to suggest that levels of cloth consumption in early eighteenth century Bengal were identical to those in post-independence India. "(Parthasarathi, *The Transition to a Colonial Economy*, p.76). On re-reading the paper at this distance in time, I find that what I had done there was to first estimate the average annual number of pieces exported by category by the two companies respectively between 1709-10 and 1717-18. By assuming on the basis of carefully spelt out information, a figure of average annual output per loom category-wise, I had worked out the number of looms that the European procurement would have provided year-round employment to. Next, the number of full time jobs associated with this number of looms was worked out by assuming a figure of 5 to 6 artisans to a loom. In order to put the number of additional full time jobs attributable to the European companies' procurement in a broader perspective, I tried to estimate the total

size of the work force in the textile manufacturing sector in the province of Bengal. This size was estimated at one million. It was against this figure that the relative importance of the jobs created by the European companies' procurement was situated. The exercise was complete at this point and I could have stopped there. But as an independent check on the broad validity of the figure of one million as the size of the work force in the textile manufacturing sector, an estimate of the population's consumptions requirements of cloth was attempted. It was in the course of this particular exercise-which I repeat was not central to my overall purpose-that contemporary figures for cloth consumption were used. In retrospect I can see that this particular excise was quite redundant and could have been avoided. But Parthasarathi's comment regarding my population figure of 20 million for 1711 being "essentially a guess and possibly very far oft the mark" is more pertinent. I had based this figure essentially on the work of the Pre-census population Studies Unit at the ISI Calcutta, probably the only major research unit in the country working in the area. Based on Colebrooke and other sources, Rajat Datta in his recent book has put the figure of Bengal's population in 1800 at 27 million against the ISI Calcutta unit's estimate of 28 million for 1801. (Rajat Datta, *Society, Economy and the Market, Commercialization in Rural Bengal, C 1760-1800*, Delhi, 2000, p. 266).

The other criticisms that Parthsarathi has to offer in relation to my work are of a more general nature. In my discussion of the mechanisms by which textile production in Bengal had increased, I had argued that the rising prices of the varieties procured by the Europeans (in the overall context of the notional general price level measured in terms of the movement of the prices of wage goods not registering an increase) had constituted a clear signal for the shift of resources to the production of these varieties. I had provided such evidence not only in relation to raw silk but also major varieties of textiles procured by the Europeans. On the question of labour availability and the phenomenon of surplus labour, while one could certainly do with more information, one has to go by one's overall reading of the materials available. This would also hold for Parthasarathi's assertion regarding the phenomenon of shortage of labour in seventeenth and eighteenth century South India.

Finally, just one comment on Parthasarathi's own method of using total output of raw cotton in South India as a proxy for total cloth output. This would assume a complete absence of trade in raw cotton from and into the region. Such an assumption would be totally absurd in a region such as Bengal where the bulk of the raw cotton used was imported from other areas, mainly Gujarat. In 1802, for example, against a domestic estimated output of 7.2 million lbs of raw cotton, the imports during that year were reported to be of the order of as much as 43.2 million lbs. (Hameeda Hossain, *The Company weavers of Bengal, The East India Company and the Organization of Textile Production in Bengal 1750-1813*, Delhi, 1988, p.28). More specifically, while dealing with Dutch cloth purchases, Parthasarathi uses S. Arasaratnam's figures given in terms of bales. He assumes the weight of a bale to be 300 pounds. This is done on the basis of Kristof Glamann's suggestion that a Dutch bale in the seventeenth century contained twenty pieces of guinee cloth (or longcloth) of 30 to 40 yards in length . The figure of 280 to 300 ponds for a Dutch bale is then reached on the basis of early eighteenth century evidence regarding a piece of English longcloth weighing 14 to 15 pounds. Parathasarathi may well be completely right in all this. But when one finds that according to Arasaratnam, a Dutch bale generally consisted of as many as 110 pieces (obviously guinees were not the only variety of textiles the Dutch East India Company procured in Coromandel), the desirability of providing more definitive evidence is strongly suggested.

This extremely positive constellation of circumstances from the perspective of the Indian weaver, the Indian intermediary merchant and more generally the Indian economy, however, came to an end around the middle of the eighteenth century. The key element at work was the assumption of political authority by the English East India Company around this time in each of the major textile producing regions in the subcontinent. That altered the basic relationship between the Company on the one hand and the Indian intermediary merchant and the artisan on the other. The earlier relationship based on the absence of coercion and the working of the market forces of demand and supply was now replaced by one of the availability to the Company of wide powers of coercion over the Indian trading and artisanal groups. Not only were these groups no larger entitled to a market-determined return to their endeavours, they were often no longer free even to decide whether to enter into a business relationship with the Company at all. The position of these groups was further worsened by the use of its political authority by the English East India Company to increasingly marginalize the rival European trading companies engaged in the textile trade such as the Dutch East India Company and the French East India Company. These Companies were no longer allowed to operate in the market as an equal, substantially cutting into their role as major alternative buyers of the textiles manufactured by the weavers. As one would expect, the degree of coercion in a given region of the subcontinent was directly proportional to the degree of political authority available to the English Company in that region.

Of the three major textile producing regions in the subcontinent viz. Gujarat, the Coromandel coast and Bengal, political authority capable of being misused to generate coercive control was available to the Company in its mildest form in Gujarat. Despite the assumption of political office as the *qiladar* of Surat in 1759, the Company was not really in a position to institute restrictive and coercive mechanisms of procurement of textiles. And indeed the investment requirements of the Company at this time did not warrant any major re-hauling of the existing system. It was only in the 1780s that the growing procurement of textiles by rival Europeans – the Dutch, the French and the private Portuguese traders – put the system under a certain amount of strain making the weavers increasingly unwilling to conform to the English specifications. When pressed to do so by the Bania/Parsi intermediary merchants of the English Company, what followed was a riot in 1788 by the Muslim weavers against the Parsi intermediaries. But as far as the Company was concerned, it was clear that uncertain and partial political control precluded the enforcement of coercive mechanisms for textile procurement. Conciliation rather than coercion appeared to be the Company's official watchword[16].

It was only in 1795 that a Commercial Board was established in Surat under a Commercial Resident, the first appointee to the office being one John Cherry. Attempts were now under way to coerce the weavers to sell their goods exclusively to the Company at prices below those in the market. Cherry described the system as being moderately restrictive rather than coercive. In 1797, a set of regulations was prescribed constituting the first definitive means of control over textile producers in Western India. Among other things, these regulations prescribed that in the case of weavers who failed to deliver the textiles by the stipulated date, the Commercial Resident would be at liberty to place peons upon them to expedite the delivery. The Commercial Resident was to henceforth maintain a register of weavers and

[16] Lakshmi Subramanian, "Power and the Weave; Weavers, Merchants and Rulers in Eighteenth century Surat" in Rudrangshu Mukherjee and Lakshmi Subramanian (eds.),

merchants employed in the provision of the Company's investment. It is important to realize that even these mild regulations could be framed only in the context of the expansion of English power in the region[17].

In the matter of dominating both the rival European trading companies and, more importantly, the Indian intermediary merchants and weavers, the English East India Company was able to do substantially better on the Coromandel coast in the second half of the eighteenth century. This was the direct outcome of the much more substantive political power base that the Company had been able to build for itself in the region than had been the case in Gujarat. In the 1760s and the subsequent decades of the eighteenth century, the principal centres where the Company procured its textiles on the Coromandel coast were (a) the area around Madras where muslins and other fine textiles were manufactured (b) Cuddalore to the south which specialized in the production of calicoes and (c) the manufacturing villages in the northern sarkars where calicoes were bought through the factories at Ingeram and Madapollam. In the first of these areas, extensive *jagir* (revenue collection) rights were obtained by the Company in 1763 in the equivalent of the present day Chingleput district. Further additions to these territories were made in the subsequent decades of the century. Between the southern factories of Cuddalore (where two weaving villages of Chinnamanaikpollam and Naduvirapattu were obtained as *jagir* villages in 1762) and Madras on the one hand and those at Ingeram and Madapollam in the north, the political power that the Company was able to wrest was much greater in the former than in the latter. Both at Ingeram and

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Politics and Trade in the Indian Ocean World: Essays in honour of Ashin Das Gupta, OUP Delhi, 1998, pp.52-82.

[17] Subramanian, "Power and the Weave", pp.68-70.

Madapollam, the Company's authority was really indirect and was significantly intermediated by the zamindars of the area[18].

The strategy followed by the Company was a simple but effective one. In the areas where significant political authority was available, including the *jagir* territories, the first step was to try and exclude rivals from operating in the area. The multiplicity of buyers which had hitherto constituted the principal bargaining strength of the weavers would thus be significantly compromised. This is precisely what the Company tried to do at Cuddalore in 1766 obliging the weavers to accept advances exclusively from the Company's intermediary merchants. Following the protests from the French at Pondicherry who also operated in the area, it was agreed that the weavers could indeed work for the French but only after the contracts given out by the English Company's merchants had been duly supplied. Two years later, the intermediary merchants were dispensed with and the Company arranged to provide advances to the weavers directly. This was done by a Commercial Resident operating through *gumashtas* who, in turn, were assisted by brokers, an office held by head weavers in some of the villages. As an incentive, the Company agreed to provide advances on a regular basis so as to guarantee continued employment besides reducing the loom tax in the weaving villages around Cuddalore[19].

A system of direct advances to weavers was also started in 1771 in the *jagir* territories near Madras In the southern part of the *jagirs*, the advances were sought to be made in both yarn and money, the former accounting for as much as two-thirds of the total. The weavers protested that the money component was not sufficient for subsistence purposes but

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[18] Parthasarathi, *Transition to a Colonial Economy*, pp.96-98.

the Company refused to relent. It also sought to divide the weaving villages in the *jagir* territories among the Dutch, the French and itself. But strong weaver opposition who considered an exclusive dependence on the English Company with its relatively lower prices potentially damaging forced the Company to drop the plan. It was only later in the decade that coercion and force enabled the Company to put its plan into action. Weavers in Cuddalore also complained that the Company made large deductions in the price paid for textiles supplied to it while if the same had been supplied to the merchants, they would gladly have paid the full price[20]. The growing weaver dissatisfaction in Cuddalore eventually found expression in a large protest in 1778. The protest began in two large weaving villages known as the Pollams villages where the weavers had been receiving advances of money and yarn directly from the Company. In February 1778, on finding that the loom combs were defective and might account for the decline in cloth quality, the Commercial Resident insisted that the combs be replaced. Coupled with weaver grievances such as insufficiency of the yarn provided to produce good quality cloth, the combs issue led to a collective protest and abandoning of looms. At its peak a thousand weavers from Cuddalore participated in the work stoppage. Many of the weavers travelled to Pondicherry where they supplied cloth to the French East India Company. After several months the Nawab of Arcot intervened on behalf of the English Company and ordered his officials to seize any weavers who had recently migrated from the Company's villages but only after protesting that "it is contrary to the customs of the country". After returning to the Company's territory – some after being forced to do so and others voluntarily – the

[19] Parthasarathi, *Transition to a Colonial Economy*, pp.85-89; S. Arasaratnam, "Trade and Political Dominion in South India, 1750-1790", *Modern Asian Studies*, vol.XIII.1, 1979, p.29.

weavers resumed the production of cloth for the Company which agreed to give higher prices[21]. Even so, the weavers claimed in 1779 that since 1768, their income had fallen by 35 percent[22].

The situation was somewhat better in the northern factories of Ingeram and Madapollam, though even there the Company used coercive measures whenever it could. In 1768, for example, the Company imposed a 4 percent tax on all weavers at Ingeram except for those producing for the Company. Private traders, though not the French and the Dutch Companies, were also banned from trading in the varieties of long cloth procured by the Company. The weavers protested and refused to work for the Company. The protest lasted several weeks and not a single loom was operated in the weaving villages surrounding the Ingeram factory. Local rulers also reacted negatively because they viewed this as an attempt to usurp their authority to tax. The combined opposition of the weavers and the local authorities forces the Company to withdraw the tax[23].

In 1774, the system of direct advances was extended to the northern Coromandel factories of Ingeram and Madapollam. On being faced with weaver opposition, the Commercial Resident at Ingeram, Anthony Saldeir, retaliated with violence and corporal punishment for the weavers administered through his *gumashtas* and sepoys. On the strength of an advance of 3 to 4 pagodas, the weavers were forced to sign a paper that they would not work for anyone else. Peons were stationed in the weavers' homes to collect the completed pieces and to ensure that they were not diverted to a third party. The weavers stopped work and deserted their

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[20] Parthasarathi, *Transition to a Colonial Economy*, p.86-92.
[21] Parthasarathi, *Transition to a Colonial Economy*, pp.103-08; S. Arasaratnam, "Trade and Political Dominion", pp.35-36.
[22] Parthasarathi, *Transition to a Colonial Economy*, p.78.
[23] Parthasarthy, *Transition to a Colonial Economy*, p.89-90

villages to move to Dutch and French enclaves. The English Council at Madras reprimanded Saldeir and persuaded the weavers to return to their villages. The system of direct advances was withdrawn and the intermediary merchants brought back[24].

In the 1780s, the Company increasingly depended upon its own officials to supply its textile requirements on the basis of open tenders. The Company's Resident in Cuddalore, John Skardon, for example, became an important supplier in 1787. In the north, two important suppliers were John Snow and Basil Cochrane. The latter even managed to persuade the zamindar of Peddapuram to instruct the weavers in his area to enter into contracts with Cochrane at fixed prices. The Company's sepoys and peons were used to enforce this arrangement. The Board of Trade in Madras was not very happy about this and issued instructions to stop the use of the sepoys and peons[25]. An essentially similar story unfolded itself in the 1790s. The income of weavers in Baramahal and the northern sarkars was reported to have fallen dramatically in the course of the decade. In 1796, the Commercial Resident at Vizagapatnam reported that yarn for a piece of fourteen-punjam long cloth cost 8 rupees, but the price paid to the weavers was only 7½ rupees[26]. There could not be a more telling evidence of what coercion could do to a group of artisans who had no protection against a body such as the English East India Company.

It is, however, important to realize that while the case of Coromandel did indeed represent a much greater use of coercive authority by the English East India Company in its dealings with the weavers in the last quarter of the

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[24] S. Arasaratnam, "Trade and Political Dominion", pp.33-34.

[25] S. Arasaratnam, "Weavers, Merchants and Company: The Handloom Industry in Southeastern India 1750-1790", *The Indian Economic and Social History Review*, vol.XVII.3, 1978, pp.257-281.

[26] Parthasarthy, *Transition to a Colonial Economy*, p.78 and f.n.3.

eighteenth century than had been the case in Gujarat, the experience of the ultimate in coercion was left to the fate of the poor weavers of Bengal. The weavers of Coromandel could at least organize protests against the English highhandedness even though the degree of success achieved was never more than marginal. The poor Bengali weaver, being subject to more substantive and direct political and administrative control, had no such outlet for presenting his side of the story.

The 1740s had been marked by a certain amount of dislocation in the procurement of textiles and other goods in Bengal by the European companies because of the Maratha incursions into the province. Among other things, the incursions had caused financial ruin of some of the leading intermediary merchants of the province leading to the emergence of large scale bad debts for the companies. In 1746, therefore, the Court of Directors of the English East India Company instructed the Calcutta Council to try and persuade the merchants to accept the contracts without insisting on the usual advances being made available. The merchants, however, refused to oblige and the Company decided in 1753 to shift over to the *gumashta* system of procurement. After the Company had wrested political power in the region later in the decade, the *gumashta* system became the principal vehicle through which the Dutch and the French East India companies were marginalized as rivals, and the merchants and the weavers doing business with the Company subjected to intense coercion.

The Company began by dividing the province into procurement units each headed by a Commercial Resident. In 1769, there were nineteen of such residencies. These were at Boalia, Buddaul, Chittagong, Kuttora, Dhaka, Golaghar, Harial, Haripal, Khirpai, Lakhipur, Malda, Midnapur, Radhanagar, Sonamukhi, Santipur, Surul, Kasimbazar, Rangpur and Birbhum. Of these, the residencies at Boalia, Kasimbazar and Rangpur were used mainly for the procurement of silk textiles, those at Malda and Midnapur for textiles made from a mixture of silk and cotton yarn while the remaining ones supplied mainly cotton textiles. Each residency consisted of several *aurangs*, one of which was designated the principal *aurang* where the chief *gumashta* of the residency, answerable to the Commercial Resident, was based. The number of *aurungs* in a residency depended upon the extent of the procurement there. Thus Chittagong consisted of seven *aurungs*, Lakhipur of ten, Santipur of eleven and Malda and Khirpal of eight each. The number of weaving villages that each *aurung* contained could also vary a good deal. The weavers in a given village were placed under a particular *aurung* and given a registration number according to the revenue unit (*dihi*) to which they belonged[27]. The chief *gumashta* of a residency received from the Company both a salary (a modest sum of around Rs.50 per month) as well as a commission. He operated with the Company's funds and was, in principle, responsible for any bad debts that might arise from the sums advanced to him. At the *aurang* level, the *gumashta* was assisted by several employees including a *muqim* (supervisor of looms, yarn etc.), a *muhrir* (clerk), a *tagadgir* and a *dihidar* (village supervisors), cash-keepers and peons[28]. The *gumashta* usually dealt with the weavers through a *dalal*. Alternatively, he could operate directly through *paikars* who would be a counterpart of the *dalals*. Thus the chief *gumashta* based at Khirpai and having under his jurisdiction the *aurungs* of Chandrakona and Hariasjoul dealt with a total of forty-one *paikars*[29].

[27] Hameeda Hossain, *The Company Weavers of Bengal, The East India Company and the Organization of Textile Production in Bengal, 1750-1813*, Delhi, 1988, p.46.
[28] Hameeda Hossain, *The Company Weavers of Bengal*, p.88.
[29] NA, J.M. Ross to Director at Hugli, Appendix A, HRB 247 (the volume is not foliated).

The Company's operations at the Khirpai residency provide a good example of the manner in which the system was run. Soon after the assumption of *diwani* rights in 1765, the Commercial Resident of the area arranged for information to be collected regarding the number of weavers, looms, pieces of textiles of different kinds manufactured in each *aurung* in his area in a year, the number ordinarily procured by rival European trading companies as well as private merchants each year, and so on[30]. Since the Company's textile requirements took precedence over everyone else's, individual *paikars* of the Company were allotted weavers who were banned from working for anyone else till such time as they had met their contractual obligations towards the Company. The terms offered by the Company to the *paikars*, and, in turn, by the latter to the weavers, were extraordinarily poor. The perennial complaint of the weavers was that the price allowed them by the Company hardly enabled them to cover the cost of the raw material. In 1767, the weavers went so far as to send a delegation to Calcutta with a petition (*arzi*) requesting that the prices offered to them be increased by at least so much as to afford them a subsistence wage. They did manage to obtain an order directing the Commercial Resident, identified in a Dutch report as one John Bathoe, to do the needful. But this evidently was no more than eyewash because Bathoe not only openly disregarded the order but indeed threatened to have the weavers arrested in the event that they continued with their efforts[31].

The pieces of textile received from the *paikars* were classified by the Company's evaluators from quality one to five. Pieces not found good enough to make even quality five were rejected as 'firty' (ferreted). A rough idea of what the Company subjected the weavers to can be formed by the

[30] NA, J.M. Ross at Khirpai to Director at Hugli, 18 July 1767, Appendix D, HRB 247.
[31] NA, J.M. Ross at Khirpai to Director at Hugli, 16 May 1767, Appendix C2, HRB 247.

fact that pieces classified as third quality would gladly have been accepted by the Dutch Company as first quality at a considerably higher price[32]. It is remarkable that even the pieces rejected by the Company as 'firty' had a profitable market. The margin between the price that these pieces fetched in the open market, and the rate at which they had been evaluated by the Company before being rejected, would convey some idea of the extent of the exploitation of the weavers. This margin was shared clandestinely between the Commercial Resident, the chief *gumashta* and the *paikars*. To take an example from 1767, Resident Bathoe rejected 896 pieces of textiles as 'firty' that year. Many of these pieces were eventually sold by the *paikars* in the open market at between Rs. 6½ and Rs.7 per piece higher than the price at which they had been evaluated by the Company's factors before being rejected. Bathoe had returned the pieces to the *paikars* after keeping a margin of Rs.3 per piece for himself and Rs.½ per piece for the chief *gumashta* Radhamohan Basak. But even after paying Rs.3½ extra, the *paikars* managed to earn a net profit of Rs.3 to Rs.3½ per piece in the market for themselves[33]. Besides, the Company also exploited the weaver by manipulating the raw material market to its advantage. It was reported in 1767, for example, that Resident Bathoe had bought silk yarn from the producers at 16 tolas to a rupee and had supplied it to the weavers of silk textiles at 7 to 9 tolas per rupee. The profits were shown in the Bardwan accounts of the Company[34]. An overall decline necessarily followed. In 1769, Governor Henry Verelst observed that despite years of peace

[32] NA, J.M. Ross at Khirpai to Director at Hugli, Appendix A, HRB 247.
[33] NA, J.M. Ross at Khirpai to Director at Hugli, 18 July 1767, Appendix D, HRB 247.
[34] NA, J.M. Ross to Director at Hugli, Appendix A, HRB 247; also Appendix D, HRB 247, NA.

"Manufactures are scarcely increased, aurangs are not as well peopled as they were twenty years before"[35].

In 1771, the Board of Trade reverted to the contract system and formally invited local merchants to undertake to supply to the Company. But in its actual working, the new arrangement represented no more than a change in form and left the content by and large unchanged. Often, the Commercial Residents themselves undertook the responsibility of supplying to the Company on a contractual basis. After 1774, their names were listed as direct suppliers to the Company and an official agency commission payable to them was agreed upon[36].

On the basis of its political muscle power, the Company enforced unilaterally determined below-market terms on the producers of textiles. The blatant manner in which this was done, robbing in the process the producers and the intermediary merchants of a good part of what was legitimately due to them would, in turn, have introduced distortions in the incentive structure in the domain of manufacturing production in the province. Some data relating to 1686-87 in respect of *khasas*, a staple variety of muslin procured by the Dutch East India Company in fairly large quantities in Bengal suggests that about two-thirds of the price obtained by the weaver covered his costs while the remainder was the reward for his labour[37]. In 1794, John Taylor, the Commercial Resident at Dhaka, estimated that the weaver's proportion of earnings had come down to as little as 6.25 percent[38].

The position of the weavers vis-à-vis the Company was further eroded by the Company's policies designed to increasingly marginalize the rival

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[35] H. Verelst, *A View of the Rise, Progress and Present State of the English Government in Bengal*, London, 1772, p.107. Quoted in Hameeda Hossain, *Company Weavers of Bengal,* p.xiv.
[36] Hameeda Hossain, *The Company Weavers of Bengal*, pp.90-1.
[37] Prakash, *The Dutch East India Company and the Economy of Bengal*, ch.4.

trading companies such as the French and the Dutch East India companies operating in the region. Within a few months of Plassey, for example, the English factors were reported to be forcibly taking away pieces woven for the Dutch[39]. In 1767, the Dutch proposed without success that they should be assigned weavers in the various *aurungs* who would then be allowed to work for them without hindrance. Intermediary merchants who nevertheless managed to supply textiles to the Dutch Company were able to charge prices about 25 percent higher than what the English Company paid for comparable varieties[40].

To sum up, this paper has argued that the central feature distinguishing the second half of the eighteenth century – particularly the decades after 1760 – from the first half in the matter of the interaction between the European trading companies on the one hand and the Indian intermediary merchant and artisanal groups on the other was the rise of the English East India Company as an important political power in the subcontinent in the latter period. This power was grossly abused by the Company to coerce Indian intermediary merchants and artisanal groups – the most important of which was that of weavers – to supply it with Indian textiles and other goods at terms substantially below the market. The kind of benefits reaped by these groups in the period until about 1760 through a significant enhancement in their bargaining strength as a result of the emergence of a sellers' market was now a thing of the past. The regional

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[38] D.B. Mitra, *Cotton Weavers of Bengal*, Calcutta, 1978, pp.113-15.

[39] G.C. Klerk de Reus, "De Expeditie naar Bengale in 1759", *De Indische Gids*, vol. 11, 1889, p.2099.

[40] To take a specific example, in 1767, against Rs.10 per piece paid by the English for a particular variety, the Dutch had to pay Rs.12.44 (NA, J.M. Ross to Director at Hugli, Appendix A, HRB 247; J.M. Ross to Director at Hugli, 12 May 1767, Appendix C, HRB 247; Memoir by George Vernet for his successor, Faure, 8 March 1770, HRB 249; Memoir by outgoing Director Johannes Bacheracht for his successor J.M. Ross, 31 July 1776, HRB 252).

differences in the matter of the degree of coercion resorted to by the Company was directly related to the extent of political authority wielded by the Company in the region.