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Maximilian Martsch

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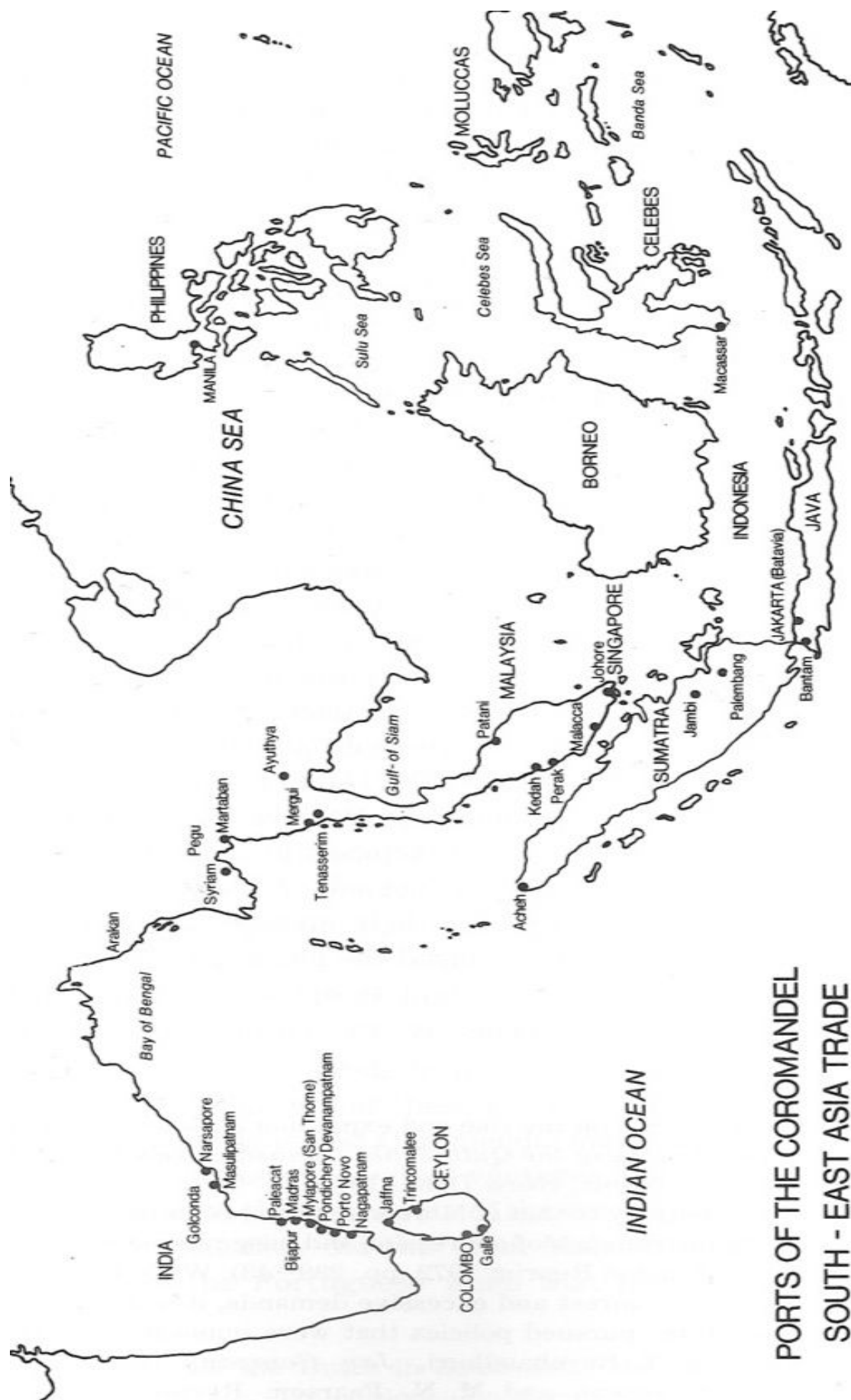
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PORTS OF THE COROMANDEL SOUTH - EAST ASIA TRADE

Source: *Arasaratnam, Maritime Trade.*

1. General Introduction

The Indian subcontinent in the 17th century was characterised by an exceptional cultural, political and geographical diversity.

On the cultural level, the different regions of the subcontinent exhibited occasionally big religious and linguistic differences. Buddhism, Jainism, Sikhism and Christianity were widespread throughout the country, in addition to the two major religions, Islam and Hinduism. The variety of languages and religions laid the basis for a tradition of tolerance and coexistence.

On the political level, India was far from being unified. Starting from the weakening Vijayanagara Empire in south India to the Muslim Sultanates in the north, India's political landscape was highly fragmented. Different kingdoms rose to power and perished over the centuries. Political borders were as fluctuating as cultural differences. In the course of the 17th century, the Mughal Empire established itself as the new hegemonic power on the subcontinent by the southward expansion of its territory.

Moreover, the varied geography of the Indian subcontinent created natural borders and boundaries. The great Himalaya Mountains in the north, the Deccan plateau in the centre, framed by the long mountain ranges of the Western and Eastern Ghats, the Arabian Sea adjoining on the western side of the subcontinent and the Bay of Bengal of the eastern side. These natural preconditions set the stage for different developments in certain regions.

The ubiquitous diversity makes it nearly impossible to define India as a coherent entity. It therefore seems reasonable to focus on a specific region of the Indian subcontinent for the study of trading relations and merchant communities. In this context, the Coromandel Coast situated on the south-eastern side of the subcontinent distinguishes itself as an appropriate region of study. Along the lengthy coastline, several port cities established extensive overseas trading relations and were specialised in interregional trade. The numerous trading centres, some only a short distance from one another, were not only specialised in different branches of trade, but also varied in the ethnic composition of their population. This ethnic diversity and the long tradition in overseas commerce, led to the coexistence of different indigenous and foreign merchant communities. These different merchant communities on the Coromandel Coast are at the centre of this study.

Nevertheless, before we continue with the general approach and the main questions of this paper, it is necessary to note that the definition of the Coromandel Coast as a region is problematic. The Coromandel Coast is more of an abstract concept than a defined region. For the purpose of this study we shall therefore define the borders of the Coromandel Coast along its natural boundaries. From a historical viewpoint, the Coromandel Coast is located on the southeastern side of the Indian subcontinent, stretching from the Krishna-Godavari delta in the north, down to Point Calimere as the apex of the Cauvery River delta in the south

The Coromandel Coast, as defined above, also seems an appropriate region of study with regard to its economic importance as a major centre of textile production. The numerous weaving villages scattered along the coastline and the extensive cultivation of plants needed for the textile production in the hinterland, supplied the trading centres on the coast with a variety of different textiles. Therefore, it is no surprise that the trade in textiles was fundamental for the merchant communities of the port cities.

Beside the indigenous trade from Coromandel, the upcoming European East India Companies soon recognised the commercial potential of the Coast and erected trading posts along the coast as early as at the beginning of the 17th century. The Portuguese *Estado da India* was by that time already established as a trading partner and maintained steady traffic from Coromandel to Southeast Asia, mainly via their trading hub Melaka. In the course of the 17th century, all the European East India Companies were established on the Coromandel Coast. Of particular importance for the European competition in Coromandel trade in the 17th century, was the Dutch East India Company (Vereenigde Oostindische Compagnie). In order to gain control over the spice trade of the Moluccas, the Dutch built up a vast trading network within the Bay of Bengal. In this 'intra-Asian trade' or 'country trade', the procurement of textiles from the Coromandel Coast played a pivotal role.

The above arguments show that the Coromandel Coast is not only an interesting region of study, but they also indicate that the overseas trade from the coast experienced some fundamental changes in the 17th century..

The modern historiography of the Coromandel Coast can be traced back to the beginning of the 20th century. W. H. Moreland wrote a book, which was essential for the study of early modern India in the 1920s. But in the same manner as other European historians at that time, Moreland regarded India and its economy as underdeveloped and inferior to the commercial skills of the European trading companies. Nevertheless, his theories are still widely discussed among historians. The

Eurocentristic view on Indian history continued to dominate scholarly works up to at least the late 1960s. First with the early works of Ashin das Gupta, Joseph Brenning, Holden Furber and Niels Steensgard, the picture of an unprogressive Indian economy began to totter. Since the 1980s, the Asian perspective has increasingly replaced the European domination of Indian historiography. K.N. Chaudhuri, Das Gupta, Om Prakash, Sinnappah Arasaratnam and Sanjay Subrahmanyam emphasised the progressiveness of the Indian economy and the commercial system. The Coromandel Coast as a region of vibrant indigenous trade, occupied an important position in most of these studies. This scholarly reorientation, in contrast to the antiquated Eurocentrism, reflects the modern view on Indian economic history and also forms the theoretical foundation for the thesis.

Unfortunately, for the study of the Coromandel trade in the 17th century, one can only draw on the extensive records of the European trading companies as primary sources. The companies collected this data for certain reasons, which has to be kept in mind while working with these records. Hence, reflected reading is inevitable. Apart from these problems, the records provide us with invaluable information on European and indigenous trade and give us an insight into the relationship between Europeans and Asians.

Because of the inaccessibility of the primary sources, this thesis is based on the vast corpus of secondary sources available on that topic. Especially noteworthy in this regard, is the study by Sanjay Subrahmanyam “The Political Economy of Commerce. Southern India 1500-1650”, which can generally be seen as a reference work on this topic. The limitation of primary sources could be one important reason why the economic history of southern India in the 17th century faded from the historical spotlight during the last decade and no major book was published on that topic. It is therefore interesting to revive the field of Coromandel trade and assume a different approach, as well as add recent research results to the ongoing debates. Due to the fact that this thesis is based on secondary sources, source analysis and criticism will be the primary working methods. The humanistic approach will be divided into a descriptive and an analytical part. The analytical part is based on the introductory overview of the descriptive section of this thesis, which is focused on the basic framework of the Coromandel trade. In this chapter we will introduce the different merchant communities on the Coast and the nature of Coromandel trade in general.

In reference to the traditional trading patterns of the Coromandel merchant communities, we will put an emphasis on the influence of the European trading companies on Asian overseas trade from Coromandel. We will analyse whether or to what extent European competition affected indigenous trade and led to a shift in trading routes and traded commodities. Moreover, we will discuss how far changes in patterns of trade had an influence on the Coromandel trade. Accordingly, we will analyse the patterns of trade of the different merchant communities in north and south Coromandel in the first part of this thesis. In this regard, we will look at the following questions: How was indigenous overseas trade from Coromandel organised? What were the most important trade links? How was their relationship with the Europeans, did it change in the course of the 17th century? Was there a change in the traditional patterns of trade? And most importantly: Did the changes in the pattern of traditional trade have a negative impact on the Asian volume of Coromandel trade?

On the basis of different case studies, we will also examine how the organisation of overseas trade changed and to what extent merchant communities were involved in the political decision process. At the end of the first part, we will summarise the results, which lay the basis for the second section.

The impact of secular markets trends in Southeast Asia on the overseas trade from Coromandel will be discussed in the second section of this thesis. The most central question is: what effect had international market trends on the trading activities of the Coromandel merchants and on the total volume of trade? Can secular markets trends be a reason for a possible decline in Coromandel trade? We will therefore leave the macro-level of the Coromandel Coast and shed some light on the interdependency of the Coromandel and the Southeast Asian market. The development in the partner ports will finally be embedded in the fundamental debate about a general decline in Coromandel trade. The question will be: Can we determine a general decline in volume or value from Coromandel and if so, when did this decline set in and what are the reasons for that? The results of this chapter will be summarised in a final conclusion, in which we will also evaluate the initial impact of European competition on indigenous trade and production.

The last chapter can be regarded as a thematic excursion. To complete the picture, we will put the developments on the Coromandel Coast and Southeast Asia in a global context. This is especially important because the field of global history is steadily gaining popularity and recent articles have widened our view on Indian economic history. Based on the results of the preceding chapters, we will discuss India's place in

a global economic system and look at the question of whether or not the process of globalisation was on its way in the 17th century.

The bottom line is that this thesis is practically divided into three different layers from a bottom-up perspective: (1) the macro-analysis of the Coromandel merchant communities, (2) the interdependency of international markets, (3) India in a global perspective.

1.1. The basic framework of the Coromandel trade

Before we start with the analysis of the various merchant communities, it appears necessary to give a descriptive overview to lay the knowledge base and set the stage for the analytical part of this thesis. In this regard we will first have a look at the different merchant communities on the Coromandel Coast in the 17th century in order to answer the basic questions of their composition and place in Coromandel trade. Furthermore, we will shed light on the commercial functions of these communities and how overseas trade was organised. Due to the fact that the relationship between the Europeans and the Asians is a major question of this thesis, we will also present some general problems of this relationship in the end.

Merchant communities

The various merchant communities gave the Coromandel Coast a diverse character. The composition of these merchant communities was generally determined by religious, ethnic and cultural means. These communities were well integrated in social and economic structure of the Coromandel Coast and thus do not have to be regarded as isolated from each other as a separate analysis of every single community might suggest. On the contrary, some merchant communities were in lively exchange with each other. However, due to the diverse character of the Coast, the influence of certain merchant communities was subjected to regional differences. For example, whereas the southern part of the Coast was predominantly influenced by Hindu tradition, Muslim merchants were dominant in the Sultanates of Golconda and Bijapur in the north.¹ In between the regional differentiation we find the communities of the Armenians and

¹ Tapan *Raychaudhuri*, Jan Company in Coromandel 1605-1690. A Study in the Interrelations of European Commerce and Traditional Economies (Den Haag 1962) 12.

Chulias, which were especially characterised by their geographical mobility. The emergence of European companies and merchants also effected the composition of Coromandel trade. The Europeans, be it the Portuguese or the trading companies of the 17th century, will be discussed within the scope of the merchant communities in the first part of this thesis.

In the following we will shortly introduce every merchant community discussed in this thesis.

Europeans

The Europeans were certainly not a traditional merchant community on the Coromandel Coast. Nevertheless, the intensive efforts of European trading companies to establish trade with various Coromandel port cities definitely changed the commercial landscape of the Coast in the long-term. Therefore we will treat the Europeans as merchant community in this thesis.

The prospects of the lucrative spice trade already lured the Portuguese *Estado da India* to the Coromandel Coast in the 16th century. The Portuguese built up a vast commercial network within the Bay of Bengal in competition with Asian merchants. They managed to conquer the important trade hub Melaka in the south-western part of the Malay Peninsula in 1511. Melaka subsequently became the centre of Portuguese commercial activity. On the Coromandel Coast, the *Estado da India* handled its overseas trade mainly from the ports of São Tomé and Nagapattinam. By the beginning of the 17th century, the Portuguese traders were well integrated in the trading network of the Bay of Bengal. A remarkable development was the increasing importance of the Indo-Portuguese traders, *mestiços*, which was a result of the on-going exchange between the Portuguese and Indian culture.

The beginning of the 17th century also marks the emergence of other European East India Companies in the Indian subcontinent and in Southeast Asia. The major companies, the Dutch VOC and the English EIC, established factories and trading post along the Coromandel coastline. The considerable numbers of port cities made it necessary for the Europeans to regionally subdivide their commercial activities on the Coast. Due to the importance of Coromandel as a main producer of textile varieties, the Coast soon occupied a central position the intra-Asian trade of the VOC in their quest for Moluccan spices. The Dutch primarily affected the indigenous trade from Coromandel, because the vigorously tried to control trading routes and restrict traffic to

central ports in Southeast Asia, such as Melaka. Beside the VOC and the EIC also other European countries tried to establish trade with the Coromandel ports in the course of the 17th century, most importantly the Danish and the French East India Company.

Persians

Persian merchants had an influential position in Golconda from the late 16th century on. They maintained close trading links within the Bay of Bengal, primarily with the ports of Aceh, the Malay Peninsula, Pegu, Arakan and Bengal. Nevertheless, the most important centre of Persian commercial activities was Masulipatnam. In the early 17th century, Persian ship-owners did not just dominate the commercial landscape of the major port cities of Golconda and Bijapur, they also gained access to the local administrations and court politics. We also find Persian merchants in court positions and in the central administration of the Kingdoms of Arakan and Ayutthaya. Besides the dominance of Persian merchants in Masulipatnam, royal merchants on behalf of the Kings of Pegu and the Sultan of Aceh were active in this trade at least from the last quarter of the 16th century on.²

Armenians

The Armenian community on the Coromandel Coast can be characterised by a high degree of flexibility and mobility, therefore we will from now on define the Armenian community as a merchant diaspora. Armenian merchant were involved in overland, retail and seaborne trade along the entire Coast. They even were established in remote production villages and trading posts. In the 17th century the Armenian merchant diaspora is well interacted in the commercial landscape of the Coromandel Coast. Of utmost importance is the close link of the diaspora to their home region in Persia. The Armenian merchant could also rely on a long tradition in interregional trade and a vast commercial network.

² Sanjay Subrahmanyam, *The Political Economy of Commerce. Southern India 1500-1650* (Cambridge/New York/Melbourne 1990) 193.

Chulias

The Chulia were a Muslim merchant community, mainly resident in the southern port cities of the Coromandel Coast. Similar to the Armenians, the Chulia community was characterised by a high degree of mobility and commercial flexibility. Beside their central ports of overseas trade, such as Porto Novo and Cuddalore, Chulias erected small settlements and trading posts all over Southeast Asia. Their intensive trading relations with Southeast Asia brought them into early conflict with the Dutch East India Company. Nevertheless, the Chulia merchant community successfully managed to adapt to the new competitive structure of trade and continued to participate in overseas trade during the 17th century.

Hindus

The commercial activities of Hindu merchants cannot be pooled into one coherent community. The Indian caste system laid the basic hierarchic structure not only for the social life, but also for the economic system. This strict stratification led to the fact that Hindus dedicated to mercantile activity usually belonged to one of the small groups of merchant castes. In northern India, Banias, Marwaris (Rajasthan) and Khattris (Punjab) count among the more important Hindu merchant castes, while Chettis and Komatis were influential in the south. We will focus our attention on the Hindu communities in south Coromandel, because they were dominating the commercial landscape of major port cities on the southern part of the Coast.

Functions of the merchant communities

One important characteristic of the Coromandel merchant communities was the diversification of economic activity for the purpose of risk minimisation. In this context the different merchant communities on the Coromandel Coast were active in several branches of trade. First of all, we have the direct involvement in trade. This includes overland, retail and seaborne trade. Secondly, individual merchants could function as brokers or intermediaries, who had the task of organising the supply of export articles for their employer or to mediate between different merchant communities. Thirdly, in an urban setting merchants also played a role as

moneylenders (*sarrafs*), who lent money over a certain period and interest rate to other merchants or companies.³ For some Hindu castes, such as the Banias, agent and broker services for nobles and officials of the Mughal Empire and the European traders played and even more important role than the involvement in direct trade. According to the subdivision of Indian merchant groups by functionality, Om Prakash suggests three different categories: (1) the maritime merchant, (2) the broker and intermediary merchant, (3) the money merchant.⁴

In addition to these categories we can add another one: involvement in local administration. This involvement was especially apparent in the collection of fiscal revenue. An example of this is the exercise of revenue farming, which included merchants acquiring the right from local authorities to farm port or transit duties. Beside the collection of revenue, some merchants were also directly involved in state affairs by holding a state office beside their trading activities.⁵ This integration of merchant communities in state affairs was especially widespread in the Sultanates of north Coromandel.

Direction and organisation of overseas trade

Coromandel trade was basically directed towards two different regions: (1) the western Indian Ocean, Persia and the Red Sea, (2) Southeast Asian, including various port cities within the Bay of Bengal. According to Subrahmanyam we have to regard these as two economic regions, which have not merged into one single Indian Ocean World by the beginning of the 17th century: “There are good reasons for stating then that [...] the western Indian Ocean and the Bay of Bengal were in about 1600 two quasi-independent sub-systems in the Indian Ocean commerce. At the very least, one can assert that the ‘high seas’ trade carried on *across* the boundary of these sub-systems was only a minor fraction of that carried on *within* each of these networks.”⁶ Regarding the direction towards the Southeast Asian ports, Indian merchants, with the Muslim merchants leading the way, dominated overseas trading activities.

The trade to Persia and the Red Sea was of growing importance for various Coromandel ports during the 17th century. Especially the Persian merchants of

³ Om Prakash, The Indian Maritime Merchant. 1500-1800. In: Journal of the Economic and Social History of the Orient, Vol. 47, No. 3 (2004) 436-37.

⁴ Ibid., 443.

⁵ Ibid., 448.

⁶ Subrahmanyam, Economy of Commerce, 161.

Masulipatnam established direct trade with partner ports in the western Indian Ocean. In general, direct overseas trade to the western Indian Ocean from Coromandel was limited in volume. The bulk of Coromandel goods were transported to Persia or the Red Sea via overland routes or transshipment in the beginning of the 17th century.

When we talk about the organisation of overseas trade, we have to keep in mind the different functions of merchant communities. Moneylending and brokerage services formed the basis of overseas trading ventures. In order to equip a commercial venture merchants needed capital and export articles. Over the years, different merchant communities developed a specialisation in certain branches of trade. For example, the Hindu merchant communities in south Coromandel were very active in working as a broker or intermediary merchant.

For individual involvement in overseas trade, sufficient shipping space was the most important requirement. The bulk of merchants, who were involved in individual overseas trade, owned only one ship. It was more common to freight goods on foreign vessels. We therefore have to keep in mind the differences between ship-owning merchants and freight space-owning merchants. Ship-owning merchants also earned money by renting out their freight space to other merchants or companies. The importance of freight traffic for the Coromandel trade is accurately summarised by Om Prakash: “The bulk of Indian coastal and high-seas trade in the Indian Ocean seems to have been on the basis of space freighted on others’ ships.”⁷

Asian-European relations

We already emphasised that the relationship between European and Asian merchant will be a main question of this thesis and will run like a common thread through the following chapters. We will therefore only present the basic points and problems of the relationship.

The relations between the Indian merchants and the Europeans included points of cooperation and conflict. The superiority of European vessels and their bigger size resulted in a constant demand of Indian merchants for freight space. Points of conflict occurred primarily because of the European struggle for monopolistic rights and their restrictive trading policies. An important factor, when talking about the restrictive trading policies of the European Companies, is the issuing of trading passes. Already

⁷ Prakash, *Maritime Merchant*, 442.

the Portuguese *Estado da India* introduced the so-called *concession system* according to which merchants had to buy concession in order to trade on a specific route. Also indigenous merchants had to buy concession in case they wanted to trade with port cities under Portuguese control, such as Melaka. The European trading companies of the 17th century borrowed the Portuguese system. Especially the Dutch VOC vigorously tried to establish a system of trading passes. As a consequence, VOC ships patrolled the coastline of the Coromandel Coast and Malay Peninsula in order to intercept Asian trading vessels without a valid pass. Other European companies, such as the Danish, were comparatively liberal in issuing trading passes. Nevertheless, it seems obvious that the system of trading passes was a major point of conflict between the European Companies and the Asian traders, generally regarded a virtual hindrance of competitive trade. Regarding the policy of trading passes, however, Om Prakash relativizes the impact on Asian trade: “But the reality was that the distorting effect of this system on the operations of the Indian maritime merchants was quite small and confined to specific and limited time periods and branches of trade.”⁸

Despite the probable ineffectiveness of the pass system, conflicts between the European and Asian traders were preprogrammed. But we will also see that the diverse character of Coromandel trade also laid the basis for commercial cooperation. One example for that is the importance of the Hindu intermediary merchants for the European Companies, which we will discuss in more detail in the chapter about the Hindu merchant communities.

⁸ Ibid., 453.

2. Coromandel Merchant Communities

In the last chapter we set the commercial stage on which the different Coromandel merchant communities acted and interacted. In this part we will analyse the functions and characteristics of six major merchants communities in detail. In order to do so, we subdivide the analysis into three sections: (1) north Coromandel, (2) merchant diasporas, (3) south Coromandel. In each section we will exemplarily discuss two case studies. The division into north and south Coromandel puts an emphasis on the regional differences of the composition of merchant communities along the Coast. Only the section about merchant diasporas is detached from the regional division, because of the geographical mobility of these merchant communities.

Beside the general characteristics and functions of the different merchant communities, we will determine how patterns of trade changed and what effect these changes had on the volume of Coromandel trade. With this structure we first try to find indications of basic changes in trading patterns, which could answer the main question of this thesis: Whether there was a general decline in the Asian volume of Coromandel trade or not and what could be possible reasons for a decline.

2.1. North Coromandel

The northern Coromandel Coast was politically dominated by the Muslim Sultanates of Golconda and Bijapur. Immigrated Persian merchants played an important position especially in the commercial sector of the Golconda Sultanate. At the centre of Persian mercantile activity was Masulipatnam, an important trading centre at the mouth of the river Krishna on the Bay of Bengal. Persian merchants dominated trade at Masulipatnam in the beginning of the 17th century and they were also integrated in the local administration. Because of these interesting characteristics, the Persian merchant community at Masulipatnam will be one of the two case studies of this chapter.

But first we will analyse the establishment of the Dutch East India Company in north Coromandel, primarily in Golconda. Against the backdrop that the Dutch mercantile activities and their impact on Asian trade will be constantly recurring during the course of this thesis, it appears reasonable to start with the emergence of the VOC as a competitor in the Coromandel trade in order to avoid eventual ambiguities.

2.1.1. Early Dutch trade in northern Coromandel

The importance of the Coromandel Coast as a major centre of textile production quickly aroused the interest of the Dutch East India Company (VOC). As early as in 1605 they started their first expedition to Coromandel, which led to the establishment of a small factory at Nizampatam in Golconda. One year later in 1606 the Dutch managed to obtain a *farman* (permission to trade) for Masulipatnam and the right to erect a factory in the city. Masulipatnam was soon declared head of the trading post at Nazimpatam. One big problem of the early phase of the Dutch Coromandel trade in Golconda was the fact that most of the trade was handled by the local governor (*havaladar*). The Dutch were therefore for the most part dependent on the governor's favour, a circumstance, which resulted in different conflicts and was hindering the Dutch commercial ambitions. In this first phase, the Dutch share of the total trade volume on the Coast of Golconda was rather small. On the one hand, this was caused by the problems with the local authorities, and on the other hand due to the fact that the spice trade of the VOC was not yet dependent on the textiles imports from Coromandel. Referring to the Asian merchants at Masulipatnam, Raychaudhuri is describing their resources as "limited" and "disorganised".⁹ Furthermore he says that: "The comparative absence of Indian competition in the trade in Coromandel wares in the overseas market during this early phase is perhaps to be explained primarily in terms of the inhibiting after effects of the century-long exclusive control enforced by the Portuguese at gun-point."¹⁰ We will see in this chapter, that Raychaudhuri's assumption is not supportable. From the end of the 16th century, a wide Persian merchant community became resident at Masulipatnam. These Persian merchants are maybe not the "Indian competition" Raychaudhuri refers to, but they quickly dominated trade and found their way into the highest ranks of the local administration. When the Dutch tried to enter trade at Masulipatnam, the dominance of the Persian traders caused them significant difficulties. Another weak spot in Raychaudhuri's argumentation is that he explains a virtual deficiency of Indian competition by the century-long Portuguese control of trade. More recent books written by Om Prakash or Sinnappah Arasaratnam show that the Portuguese influence on Asian trade was very

⁹ Raychaudhuri, Jan Company in Coromandel, 26-27.

¹⁰ Ibid., 27.

small and locally limited.¹¹ The Portuguese neither tried to bring Asian trade to a standstill, nor did they ever have the resources to do so. Raychaudhuri's argumentation in this case seems way to Eurocentristic and clearly underestimates the fast trading network within the Bay of Bengal existing long before the 17th century. In contrast to the Portuguese, the Dutch vigorously tried to control and restrict Asian trade. However, the Dutch East India Company had some problems in consolidating its position in north Coromandel. Thus, the Dutch were not firmly established on the Coromandel Coast before 1620. At this early phase, the cloth trade at Masulipatnam was just profitable to a limited extent. The local authorities tried to squeeze as much money from the Dutch merchants as possible. The toll to be paid by the VOC on imports and exports was fluctuating over the years, starting at 4% for imports and exports throughout the whole Sultanate of Golconda, the governor of Masulipatnam fixed the toll in 1612 at 4% plus an annual payment of 3.000 *pagodas*. At this time the value of the company trade was not worth more than 2.000 *pagodas* per annum.¹² Another factor was that the *havaladar* decided who was allowed to trade with the Dutch and who was not. In 1619 for example, the right to trade with the VOC was farmed out to one single merchant.¹³ Considering these restrictions, there is a good reason to believe that the VOC was not more than a minor trade participant on the commercial scene at Masulipatnam in the early years of the 17th century. Confronted with these restrictions, the Dutch temporarily abandoned their factory at Masulipatnam, but the Golconda Sultanate was to a certain extent reliant upon the silver and gold payments of the Dutch traders. Hence, the new governor of Masulipatnam Mir Quasim soon persuaded the VOC to resume trading under more favourable conditions. Despite that, company trade was not totally unfettered. The privilege to trade with company merchants was still vested or even publicly auctioned by the governor, as Raychaudhuri describes it: "Early in 1625, these trading rights, including even the right to sell victuals to the Dutch, were publicly auctioned by the governor and secured by three merchants on payment of 3.000 *pagodas* each."¹⁴ After a short time of improvement, things turned worse again as the Persian merchant Muhammad Taqi again was appointed governor. Even during his first term of office, Taqi and the VOC tangled with one another on

¹¹ In this context, see Om *Prakash*, *European Commercial Enterprise in Pre-Colonial India* (Cambridge 1998); Sinnappah *Arasaratnam*, *Maritime Trade, Society and European Influence in South-Asia, 1600-1800* (Aldershot/Brookfield 1995); as well as Ashin *Das Gupta* (ed.), *The World of the Indian Ocean Merchant 1500-1800* (New Delhi 2001).

¹² Raychaudhuri, *Jan Company in Coromandel*, 26.

¹³ *Ibid.*, 28.

¹⁴ *Ibid.*, 31.

several occasions. By then, the company found itself in the unfavourable position in which they were only allowed to trade with the three lease-holding merchants and the governor himself. Not only was the governor already deeply in debts with the company, the privileged merchants were also not able to supply the Dutch with quality textiles. In this situation the Company's council at Batavia was ordering to stop shipping to Masulipatnam as long as no contracts regarding prices and quality standard were defined. The VOC also insisted on the repayment of all the debts worth about 105.000 *pagodas*.¹⁵

The early trading activities of the Dutch East India Company in north Coromandel were coupled with a number of difficulties. The local administration continuously tried to take advantage of the Dutch efforts to establish trade. The influential position of the Persian population in trade and politics at Masulipatnam made them highly unpopular among their European competitors. The Dutchman Pieter Gilliez Ravesteyn characterized them around 1615 as “a nation exceedingly haughty and self-regarding, beyond all other Indian nations”¹⁶.

The case of Masulipatnam also illustrates that the naval strength and financial power of the Company not inevitably led to the control of indigenous trade. On the contrary, the political obstacles the Company was facing and the vital competition of local merchants made it clear, that the VOC was not more than a minor trader in the early years of their presence in north Coromandel. Nevertheless, resident merchants and officials quickly realised that the injection of silver specie was beneficial for local trade and production with the result that a permanent expulsion of the Dutch traders would have a counterproductive effect on the latter.

2.1.2. The Persian trading community at Masulipatnam

At the beginning of the 17th century, the port city of Masulipatnam in the Golconda Sultanate was a thriving centre of trade. Wealthy Muslim merchants of Persian origin dominated commercial activity at this time. A reference work on the Persian merchant community at Masulipatnam is the book “The Political Economy of Commerce” by Sanjay Subrahmanyam. In one chapter, Subrahmanyam analysed the development of

¹⁵ Ibid., 34.

¹⁶ Quoted from Sanjay Subrahmanyam, *Persians, Pilgrims and Portuguese. The Travails of Masulipatnam Shipping in the Western Indian Ocean, 1590-1665*. In: *Modern Asian Studies*, Vol. 22, No. 3 (1988) 511.

Masulipatnam as a centre of commerce and the importance of the Persian merchant community resident in the city. For that reason, the book by Subrahmanyam as well as another article on this topic written by him¹⁷ will form the basis of this chapter.

The city of Masulipatnam was an important centre of regional and interregional commerce and in close contact with the royal court of the Golconda Sultanate at Bagnagar. As early as by the end of the 16th century, Sultan Muhammad Quli constructed a road to link the port city with the capital in the production centres in the hinterland. As a result, Masulipatnam was well connected to inland markets such as Rajahmundry, Makkapeta, Bezwada and Bagnagar, as well as to more distant markets as Burhanpur, Bijapur, Dabhol, Goa and Surat. The overland trade was carried out by the periodic arrivals of the trade caravans (*qafilas*). The annual arrival of the trading vessels was concentrated around March and April, while the departure was in September and October. The ships for the Red Sea and Persian Gulf left later in the season, in late December to early January.¹⁸

When trying to determine the volume of Asian overseas trade in the first half of the 17th century at Masulipatnam, one can unfortunately only draw on the Dutch records from that time. No indigenous sources exist to which one can refer. The records of the Dutch East India Company provide us with data about Asian shipping from the early 17th century on. Albeit the existing records are intermittent and barely mention the exact number of indigenous trading vessels up to 1620, the data seems to be more complete as one enters the 1620s. The reason for that lies in an incident that occurred in the early 1620s. After the seizure of a trading vessel bound for Arakan by the Dutch, their Director of the coast factories, Abraham van Uffelen, was arrested and imprisoned. As a reaction to this insult, the Dutch tried to gain control over Asian shipping at Masulipatnam and demanded reparation. In this regard, company officials had to monitor Asian inbound and outbound shipping.¹⁹ The exact figures from these records are shown in the table below. Unfortunately the shipping records from the Red Sea are incomplete, due to the late arrival of the trading vessels in September. Nevertheless the table illustrates the strong trading links with Pegu, Aceh and the kingdom of Arakan. Most interesting is that the Dutch records also provide us with information about the identities of the various ship-owners, what allows us a closer study of the composition of the mercantile community trading at Masulipatnam.

¹⁷ Subrahmanyam, *Persians, Pilgrims and Portuguese*.

¹⁸ Subrahmanyam, *Economy of Commerce*, 213.

¹⁹ *Ibid.*, 214.

Striking is the dominance of Persian ship-owners. As an example, the cargo of Mir Muhammad Murad, a Persian merchant resident at Masulipatnam, arriving on a ship from Pegu in 1627, was valued at over 300,000 *pagodas* or 1,350,000 Dutch *florins*, which exceeded the entire export bill of the VOC from Coromandel in that year.²⁰

Table 1: Recorded Asian shipping at Masulipatnam, 1624-30.

From/to	1624(d)	1625(d)	1626(a)	1627(a)	1627(d)
Arakan	6	2	3	2	1
Aceh	2	3	2	2	2
Pegu	4	2	4	2	2
Mergui	1	3	2	1	1
Mocha	2	?	?	?	1
Maldives	-	-	-	-	-
TOTAL	15	10	11	7	7

From/to	1628(a)	1628(d)	1629(a)	1629(d)	1630(d)
Arakan	?	2	3	1	1
Aceh	?	2	2	2	1
Pegu	4	2	1	2	3
Mergui	1	3	-	2	1
Mocha	?	1	?	?	?
Maldives	-	1	-	-	-
TOTAL	5	11	6	7	6

Note: (a) refers to arrivals and (d) to departures from the port.

Source: *Subrahmanyam*, *Economy of Commerce*, 214.

The available data suggests that trade flourished during the 1620s at Masulipatnam. In this decade, the overseas trade within the Bay of Bengal from this port expanded. Major participants in the trade were a handful of wealthy Persian merchants, predominantly Sayyids (descendants of Prophet Mohammad). Beside the two ships of Muhammad Murad and Mir Kasim to Pegu, the records list the ships of Mir

²⁰ *Subrahmanyam*, *Persians, Pilgrims and Portuguese*, 511.

Kamaluddin and Mulla Muhammad Taqi Taqrishi destined for Aceh. These Persian merchants, most of them descended from aristocracy, emigrated from their homeland to Golconda and settled in the port cities of the Sultanate. Apart from their commercial activities, most of these Persian merchants were also involved in court politics and occupied highly influential positions in the administration. Mulla Muhammad Taqi Taqrishi was the governor (*havaladar*) of Masulipatnam in 1627-28 and thereafter became *Sar-i-Khail* of the Sultanate until he died in 1631.

In this context, Subrahmanyam argues that “these Persian shipowners were – almost without exception – participants in a major way in court politics and administration. Almost every *havaladar* of Masulipatnam in the period is seen to partake of the seaborne commerce [...]”²¹. On this issue Subrahmanyam stands in clear contrast to Arasaratnam, who argues in one of his articles that: “[...] in virtually no southern Asian state did the merchant class have such political ascendancy as to influence state policy.”²² Though, in another of his articles, Arasaratnam concedes: “In the 17th century, the relationship of merchants to rulers and administration [sic] was close and mutually dependent.”²³ K. N. Chaudhuri is a supporter of the thesis that Asian merchants had “no direct access to political or military power.”²⁴ We will see that Chaudhuri’s assumption is not accurate for the merchants at Masulipatnam. On the contrary, the political dimension was an important feature of the Persian mercantile community operating at Masulipatnam in this period.

To get a better and more accurate insight into the Persian merchant community at Masulipatnam, we will exemplarily examine the careers of two highly influential Persian ship-owners.

Mir Kamaluddin

A merchant who appears in the Dutch records from the early beginnings of their activities on the Coromandel Coast is Mir Kamaluddin Mazendarani. In contrast to the

²¹ Subrahmanyam, *Economy of Commerce*, 315.

²² Sinnappah Arasaratnam (ed.), *Pre-Modern Commerce and Society in Southern Asia*. In: *Maritime Trade, Society and European Influence in South Asia, 1600-1800* (Aldershot/Brookfield 1995), I, 19.

²³ Sinnappah Arasaratnam (ed.), *Indian Merchants and the Decline of Indian Mercantile Activity: The Coromandel Case*. In: *Maritime Trade, Society and European Influence in South Asia, 1600-1800* (Aldershot/Brookfield 1995), XIV, 35.

²⁴ K. N. Chaudhuri, *Trade and Civilisation in the Indian Ocean. An Economic History from the Rise of Islam to 1750* (Cambridge 1985) 212.

majority of the Persian merchants in Masulipatnam, Mir Kamaluddin was in close contact with the European companies. His mercantile activities were widespread. As a ship owning merchant, he was involved in the extensive trade with Bengal. He also sent out ships to Aceh and sold freight space to other Asian merchants on a regular basis. Besides his participation in seaborne trade, Mir Kamaluddin was engaged in overland trade to Bijapur, Goa and Surat. The Dutch were in close relationship with Mir Kamaluddin from the beginning, relying on his assistance in negotiations with the local authorities and on his alliance with the administration of the Sultanate. Nonetheless, Dutch suspicion was growing after finding out about Kamaluddin's collaboration with the Danish regarding clove imports from Makassar and rumours about him maintaining trade relations with the Portuguese at Pipli and Nagapattinam.²⁵ We already noted the important link between mercantile activities and political involvement. Alongside his position as a powerful merchant, Mir Kamaluddin also played an important role in the politics of Golconda. Already in 1612, he commanded a military campaign against the ruler of Bastar on behalf of the Sultan. In addition, he was appointed as governor of Narsapur. After his entanglement in a political affair and his temporary arrest at Bagnagar in 1627, Mir Kamaluddin resumed his activities as early as by the middle of 1628. Caused by the tense relations between the European companies and the authorities at Masulipatnam, the Dutch and English decided to withdraw their factors from the port and began to seize shipping that was on return to Masulipatnam. Mir Kamaluddin obviously underestimated the assertiveness of the companies, to the extent that he did not order his ships to avoid the port. As a result, one of his ships was captured on the return from Aceh. The cargo comprised twenty-three elephants, 14.000 kg of tin, 10.000 kg of pepper, eighty-three *bahars* of sulphur and additionally around 5.000 *pagodas*.²⁶ The list of the cargo gives us a good insight into the commodities traded on this route. Aceh was a flourishing trading hub connecting the economic zone of the Bay of Bengal with the hinterland production centres of the Indonesian archipelago and the Malay Peninsula. In this favourable position Aceh occupied an important place, and particularly for the Asian merchants. In contrast to other important trading hubs in Southeast Asian, such as Melaka and Bantam, the city managed to evade European domination.

Merchants, like Mir Kamaluddin, could procure large amounts of pepper cultivated in the surrounding regions, as well as tin from the Malay Peninsula. Associated with

²⁵ *Subrahmanyam*, *Economy of Commerce*, 316.

²⁶ *Ibid.*, 317.

the Chulia merchants, we hear of Aceh as a market for cheap gold, elephants and ivory. Also the Dutch records of shipping at Masulipatnam suggest consistent trading relations with Aceh throughout the 1620s with an average of two trading vessels per year.²⁷

After the seizure of his ship and another destined for Mocha later by the English, the Dutch believed Mir Kamaluddin to be financially ruined. This was not the case, as showed by his nomination alongside a few other merchants by the *Nawab* of Bengal to manage the rates of duty on imports by the VOC into Mughal dominion in 1634. More importantly, Mir Kamaluddin shifted his attention to the Persian market. With Ormuz no longer under Portuguese control and a growing presence of European traders, the Persian Gulf region embodied a lucrative market with promising profit potential for Asian merchants. Persia was already a notable market for northern Coromandel textiles, largely supplied through transshipment at the Red Sea ports or via complex overland routes. In 1634, a Dutch factor at Bandar Abbas estimated the Persian market for northern Coromandel textiles to be worth around 270.000 Mughal *rupees* per year.²⁸ Animated by these prospects, Mir Kamaluddin equipped several ventures for the Persian Gulf, sometimes escorted by Dutch company ships. So it happened in 1632, when Mir Kamaluddin was on a trading mission to Persia in the name of the Sultan of Golconda, indicating once again the close ties between the political and economic spheres.

However, compelled by rather poor profits and strong English competition on the freight-trade, Mir Kamaluddin shifted his trading activities and concentrated his efforts on the trade with Makassar in cooperation with the Danish East India Company.

The last reference to Mir Kamaluddin we find in the Dutch records from 1636. From this date on, we lack further information about his life. There is a good reason to believe that he either died or returned to Persia.²⁹

The crisis of the 1630s

The 1630s indicate a major decline for the trade at Masulipatnam. Bad climatic conditions caused by a shift in the annual weather cycle led to poor crops, supply shortfalls and price increases in the region around Masulipatnam. In 1634 the price for

²⁷ See table 1, 18.

²⁸ *Subrahmanyam*, *Persians, Pilgrims and Portuguese*, 512.

²⁹ *Ibid.*, 516.

yarn had already risen by 75 per cent. Rice prices were about two-and-a-half times higher than before the crisis. Massive rainfall in the region brought the overland trade routes around Masulipatnam to a halt. The situation continued during the following years and things just slowly returned to normalcy around 1637. By then, the agrarian sector of the Golconda Sultanate found itself in a miserable state and was facing a serious fiscal emergency. Bottlenecks in food supply led to riots in the population. The *qalifas* were robbed and overseas shipping decreased to a low point. The crisis was a severe blow, especially for the Persian merchant community. Most of them were highly involved in the administration of the Sultanate, gaining a big part of their income through revenue farming. Their assets were, to a large extent, tied up in the economic sector of the Sultanate. The agrarian crisis of the 1630s led to a liquidity crisis among the Persian merchants, clearly discernable by means of sharply decreasing participation in overseas ventures, which we can see in the table below.

The rising food prices and bad crops resulted in a serious shortage of rice. In this context, we have to see the ventures to Arakan in 1633 partly as an emergency supply mission to secure basic foodstuffs for the population.³⁰

Table 2: Departures from Masulipatnam, 1632-3.

From/to	1632-3	1633-4
Arakan	-	3
Aceh	1	1
Pegu	-	1
Tenasserim	1	-
Mocha	-	-
Persia	1	2
TOTAL	3	7

Source: *Subrahmanyam*, Economy of Commerce, 334.

The crisis changed the diverse picture of the merchant community at Masulipatnam in a distinctive way. The greater part of the major Persian ship-owners had to retire from overseas trade. Names like Mir Quasim, Mir Murad or Muhammad Taqi disappear from the scene. Even though for some major merchants the crisis marked the

³⁰ *Subrahmanyam*, Economy of Commerce, 334.

end of their mercantile activities at Masulipatnam, it also opened up new opportunities. In the following year, one particular merchant managed to fill out the gap left by the former merchants and worked his way up to dominate trade at Masulipatnam. This merchant was Muhammad Sayyid Ardestani at whose career we will now have a closer look.

Muhammad Sayyid Ardestani

Another probably better-known Persian merchant, who ascended to dominate trade and politics in the Golconda Sultanate from the late 1630s to the middle of the 1650s, was Muhammad Sayyid Ardestani. The life of Muhammad Sayyid Ardestani is relatively well documented and especially his military career is discussed in his only biography “The Life of Mir Jumla, the General of Aurangzeb”.³¹ Following the topic of this paper, we will concentrate on his mercantile activities and his involvement in the Sultanate’s politics.

Muhammad Sayyid started his career as a horse trader, arriving in Golconda in the early 1620s. Subsequently, he made a fortune by managing one of the most productive diamond mines in Golconda on the right bank of the river Krishna. After a short period as keeper of the royal records, Muhammad Sayyid got appointed *havaladar* of the Nizamapatnam area in 1636. His trading efforts to Persia and his connections to the *Estado da India*, led to an open conflict with the Dutch settled at Nizamapatnam. After an attack on the Dutch factory, Muhammad Sayyid was summoned to the court at Golconda. But opposed to the Dutch demands, he came out stronger than before, vested with the title of *Sar-i-Khail* and granted a salary of 3.000 *hun*.

His shipping to Persia continued during the following years. In February 1641, a Dutch factor at Bandar Abbas reported the arrival of a ship owned by Muhammad Sayyid. The cargo of the ship comprised some 800 packs of textiles, 500 packs of Bengal sugar and 400 bales of north Coromandel indigo.³² Noteworthy is again the dominance of northern Coromandel textiles for which Persia was a booming market. Beside his ventures to the Persian Gulf, Muhammad Sayyid expanded his trading interests to Southeast Asia, in particular to the Burmese coast, Aceh and Makassar.

³¹ Jagadish Narayan Sarkar, *The Life of Mir Jumla. The General of Aurangzeb* (Calcutta 1951).

³² Subrahmanyam, *Economy of Commerce*, 324.

In 1642, he was leading the military campaign against the Chandragiri *raja* as head of the army (*Sipah salar*). Following his initial military success in the campaign, he was appointed *Mir Jumla* and *Nawab* of the southern conquests. At that point, at the latest, Muhammad Sayyid found his way into the highest levels of Golconda politics. His far-reaching political influence was of good use for his commercial activities. Even though his commercial focus lay on the trade to the Persian Gulf, he maintained close relations with the *Estado da India*. Already in the 1630s he had an arrangement with the Portuguese about the jewellery trade between Golconda and Burma. Furthermore, he supplied the Portuguese garrisons on Ceylon with rice in exchange for cinnamon and elephants.³³

By the 1640s, Muhammad Sayyid was dominating shipping at Masulipatnam. He was in a financially superior position and better equipped than his competitors. His merchant fleet consisted of ten ships, which we get to know from the account of an English factor at Fort St. George: “Concerning forran navigation, hee [Muhammad Sayyid] hath trade to Pegue, Tenassaree, Acheen, Rackan, Persia, Bengalla, Moka, Peruk, Maldeevaes and Macassar. Hee hath ten vessels of his owne, and intends to augument them, making much preparation for building more.”³⁴

Additionally, Muhammad Sayyid maintained an impressive number of 5.000 personal guards just for his protection. Well aware of his position, he even demanded special prerogatives from the VOC for purchasing copper and cloves imports.

The strong economic and political position of Muhammad Sayyid was becoming a thorn in the Sultanate’s side and things changed as his son was imprisoned in late 1655. Muhammad Sayyid already thought about returning to Persia, but the course of events brought him and his son to the court of the Mughal Emperor Aurangzeb, in whose service he died in 1663.

Muhammad Sayyid’s wide success can only be explained by his ability to combine his political and economic ambitions, or as Subrahmanyam puts it: “A pure trader would have found it difficult to survive in the overseas trading world of the Coromandel in the 1640s, with the VOC clamping down severely on Asian shipping to many parts of South-East Asia and the Bay of Bengal following on the Dutch capture of Melaka.”³⁵

³³ Ibid., 325.

³⁴ Quoted from Subrahmanyam, *Economy of Commerce*, 326.

³⁵ Subrahmanyam, *Persians, Pilgrims and Portuguese*, 522.

The departure of Muhammad Sayyid left behind a vacuum of power. No other single merchant had the financial means to take his place. In general, we see a sharp decline of Asian owned shipping from the years of the 1630s crisis to the departure of Muhammad Sayyid in 1655. Still, some Persian merchants continued their trade from Masulipatnam, including Mir Fakruddin and Mir Quasim. However, they were minor coastal traders, non-comparable with influential merchants such as Mir Kamaluddin, Mir Muhammad Murad or Muhammad Sayyid in the later years. They owned ships with up to 600 tons of cargo capacity and were in the financial position of taking the risk of long distance ventures. The type of the influential Persian merchant or as Subrahmanyam calls it, 'portfolio capitalist', disappears with the departure of Muhammad Sayyid. By 1680, English ship owning traders were dominating overseas trade from Masulipatnam. The bigger part of the Asian merchant used English freight space for their mercantile ventures.³⁶

Nevertheless, the careers of Mir Kamaluddin and Muhammad Sayyid clearly show the existence of a merchant community, mainly of Persian origins, which was characterised by a strong link between economic and political ambitions. Mir Kamaluddin and even more so, Muhammad Sayyid, in his position as *Mir Jumla*, were involved in large-scale overseas trade, as well as in the administration of the Golconda Sultanate at the same time.

Revenue farming

We already observed, that Persian merchants as Muhammad Sayyid played an important role in the administration of the Golconda Sultanate. Beside their income as traders, they also put their money into revenue farming. Revenue farming describes a fiscal arrangement between the local administration and a third party, in which the authority rents out the right to collect the revenue of a specific region. The method of revenue farming came into general use on the entire Coromandel Coast during the 17th century. Persian merchants from northern Coromandel were farming revenue, as well as Hindu merchants in the South. In fact, if we refer to Joseph Brenning: "In Golconda as in the *Nayaka* polities a great part of the revenue collected was collected by revenue

³⁶ Subrahmanyam, *Economy of Commerce*, 327.

farmers.”³⁷ Brenning divides the revenue farmers into two different categories. There were revenue farmers who saw their investments merely as a form of financial speculation, whereas the second category of revenue farmers thought of it as part of their administrative duties. The problem with the first category was that these farmers intended to collect as much revenue as possible during the time of their appointment. They saw their farm as sort of a cash cow. The price for the right to farm revenue was different from region to region. Brenning says that the Hindu merchant, Achyutappa³⁸, invested around 33.000 *pagodas* in the revenue farm for Pulicat. Two other members of Achyutappa’s family, Kasi Viranna and Timanna invested only about 12.000 *pagodas* in their revenue farms in Golconda.³⁹ These licences to collect state revenue were normally issued for a period of about three years. Of the Persian merchants we already talked about in this chapter, the majority was involved in revenue farming, such as Malik Muhammad, Mir Kamaluddin and Muhammad Sayyid in the Sultanate of Golconda.⁴⁰ When we talk about revenue farming, there are divided opinions about whether or not it benefits agrarian expansion. Brenning points out that there are indeed two types of revenue farmers, albeit he inclines towards seeing revenue farming as counterproductive for agrarian growth. Most revenue farmers invested a lot of their capital in order to obtain the right to collect state revenue for a limited time span. In times when famines and catastrophes in any shape or form were a common threat, the risk to lose one’s investment was ubiquitous. It does therefore seem obvious to assume, that the greater part of these revenue farmers wanted to maximize their profit in the short-run. Tapan Raychaudhuri holds an even more one-sided opinion. In his work about the Dutch on the Coromandel coast, he puts it straight as follows: “The desire to maximise the immediate income, with no thought for consequences, was built into the system of revenue farming, an extreme form of feudal exploitation.”⁴¹

Sanjay Subrahmanyam however, does not agree with these assumptions. In his opinion, revenue farming is not only “the single most important fact of the political economy of south-eastern India in the period.”⁴² Moreover, it also “provided the wherewithal for agrarian expansion.”⁴³ In his argumentation Subrahmanyam builds on

³⁷ Joseph J. *Brenning*, Chief Merchants and the European Enclaves of Seventeenth-Century Coromandel. In: *Modern Asian Studies*, Vol. 11, No. 3 (1977) 337.

³⁸ Brenning is referring to Achyutappa as ‘Malaya’ based on the name given to him by the Europeans.

³⁹ *Brenning*, Chief Merchants, 336.

⁴⁰ *Subrahmanyam*, *Economy of Commerce*, 331

⁴¹ *Raychaudhuri*, *Jan Company in Coromandel*, 16.

⁴² *Subrahmanyam*, *Economy of Commerce*, 330.

⁴³ *Ibid.*, 332.

a thesis written by André Wink about the method of revenue farming in the 18th century Maratha territories.⁴⁴ Although Wink is giving a more general overview of the method of revenue farming in India, it is questionable if we can adapt Wink's theses to a different political system one hundred years before.

Nevertheless, Subrahmanyam is hitting the nail on the head. Revenue farmers often injected a lot of capital in the specific region. Most of them were permanent residents, who had their political and economic ties within the local authorities. Therefore, the long-term productivity of the revenue farm was in their own interest. Especially if we consider that a greater part of these revenue farmers were also involved in mercantile activities. A stable and productive agrarian sector is therefore needed to supply the port cities with export articles. To burden the population with high taxes would maximize the profit of the farmer in the short run, but would also affect his commerce as a merchant, who in turn is dependent on a functioning supply chain of export articles. A collapse of the agrarian sector, as happened during the crisis in the 1630s, would not just deprive him of his income basis as a revenue farmer, but equally of his commercial basis as a merchant.

We cannot put it as simple as Raychaudhuri does it and see revenue farming as a mere form of feudal exploitation. But we have to admit that revenue farming offers the possibility of agrarian exploitation. Simultaneously, it is considered as a form of agrarian restoration in means of the administrative organisation in the more recent studies. In this context, Wink summarises in his introduction: “ [...] Revenue farming was one of the organizational means of agrarian restoration and expansion, internal as well as external”, furthermore “But even in its most unalloyed form, revenue-farming did not normally have a destructive effect upon agriculture in either the short or the long term.”⁴⁵

⁴⁴ André Wink, *Maratha Revenue Farming*. In: *Modern Asian Studies*, Vol. 17, No. 4 (1983) 591-628; as well as, *Land and Sovereignty in India. Agrarian Society and Politics und the 18th Century Maratha Svarajya* (Cambridge 1986).

⁴⁵ Wink, *Maratha Revenue Farming*, 592 et seq..

2.2. Merchant Diasporas

In this chapter we will turn our attention to two different merchant diasporas of the Coromandel Coast in the 17th century. Before we start with the analysis we shortly have to define the term ‘diaspora’ as it is used in this paper. Diaspora derives from the Greek and means ‘scattering’ or ‘dispersion’. The term diaspora therefore refers to a dispersion of people who settled away from their ancestral homeland. These diasporas are characterised by a high degree of flexibility and geographical mobility. On the Coromandel Coast we can identify two important merchant communities as diasporas: (1) the Armenians and (2) the Chulias. The Chulias are regarded as a merchant diaspora in this case because their area of settlement was widespread. Beside their major concentration in the port cities of south Coromandel, groups of Chulias settled in various areas scattered all over Southeast Asia and established long-term trading relations with their ancestral hometowns.

2.2.1. Armenians in Coromandel

When we examine the merchant diasporas on the Coromandel Coast in the 17th century, we also have to mention the Armenians. Due to their long history in international commerce, Sushil Chaudhury calls the Armenian trading community a ‘traditional diaspora’.⁴⁶ The discovery of the sea-route to the Indian Ocean opened the door for many adventurers, who tried to make a fortune with trade. Due to their commercial experience and social mobility, Armenian merchants managed to establish a worldwide trading network, concentrated on the commercial link between Europe and Eurasia. The Armenian diaspora was characterised by a strong link to the city of New Julfa, which emerged as their main settlement after the Persian Emperor, Shah Abbas I, resettled Armenian merchants and artisans by force to the suburbs of the newly founded capital Isfahan in the early 17th century.⁴⁷ We cannot pinpoint exactly when Armenians established trade relations with the Indian subcontinent, but referring to the more recent works of V. Baibourtian and Bhaswati Bhattacharya, we first hear of the Armenians participation in the Asian country trade in European documents from

⁴⁶ Sushil Chaudhury, *Trading Networks in a Traditional Diaspora. Armenians in India, c.1600-1800*. In: Ina Baghdiantz McCabe, Gelina Harlaftis, Ioanna Pepelasis Minoglou (eds.), *Diaspora Entrepreneurial Networks. Four Centuries of History* (Oxford/New York 2005) 51-72, here 53.

⁴⁷ Chaudhury, *Trading Networks*, 52.

the 16th century. Already in the 17th century, Armenian merchants were active in nearly all important trading centres in Europe and Asia.⁴⁸ The importance of the Armenian trade is mostly acknowledged by recent historians, as the following quotation by Chaudhury attests: “It is more or less well known now that the Armenians played a significant role in the commercial and economic life of India [...]”⁴⁹ Whereas other researchers in that field, with Ina Baghdiantz McCabe leading the way, deny the cooperation between Armenians and Europeans in India before the colonial period,⁵⁰ Bhattacharya argues that the arrival of the European companies opened up new possibilities for the Armenian traders to expand their commercial relations and maximize their profit.⁵¹

The European trading companies were well funded and centrally organised. They were endowed with extensive privileges, which effectively gave them a semi-sovereign character overseas. The Armenian merchants were not organised in European-type companies, which Shushanik Khachikian substantiates in her work about the organisation and structure of Armenian trade in Russia.⁵² Also Bhattacharya comes to the conclusion that “so far as Armenian trade in India and the Indian Ocean was concerned, there seems to have been no European-type chartered joint-stock Armenian company.”⁵³ Armenian trade in India was not centrally organised and not endowed with any kinds of national monopolistic rights. Most of the Armenian merchants had their basis in Persia, where they played a vital role in the commercial community. Armenian merchants in India were operating as individuals on the basis of extended family or personal networks. Their extensive private networks of trade provided them with capital, credit, goods, and information. This far-reaching ethno-religious network was the source of their strength.⁵⁴

Another factor of the Armenian presence in India was the proximity to their main trading partner, Iran. There is evidence that many Armenian along with Persian traders came to India by the overland routes in the 17th century. A Dutch source from 1630

⁴⁸ See Bhaswati *Bhattacharya*, Armenian European Relationship in India, 1500-1800. No Armenian Foundation for European Empire? In: *Journal of the Economic and Social History of the Orient*, Vol. 48, No. 2 (2005) 278; as well as V. *Baibourtian*, International Trade and the Armenian Merchants in the Seventeenth Century (Delhi 2004) 198.

⁴⁹ *Chaudhury*, Trading Networks, 53.

⁵⁰ Ina *Baghdiantz McCabe*, Shah’s Silk for Europe’s Silver. The Eurasian Trade of the Julfa Armenians in Safavid Iran and India, 1530-1750 (Atlanta 1999) 344-45.

⁵¹ *Bhattacharya*, Armenian European Relationship, 279.

⁵² Shushanik *Khachikian*, The Armenian Trade of New Julfa and its Commercial-Economic Ties with Russia during the XVIIth and XVIIIth centuries (Yerevan 1988).

⁵³ *Bhattacharya*, Armenian European Relationship, 283.

⁵⁴ *Ibid.*, 316.

tells us that Armenian merchants in India were involved in the overland trade to Persia and further to Turkey.⁵⁵ By the beginning of the 17th century they were already well integrated in the existing socio-economic society of India. In overland, as well as overseas commerce, they were working together with merchants of different Indian and west Asian communities. Because of their Christian faith, their relationship was normally limited to trade. Nevertheless, their good relations with the Persians provided them access to the Muslim society.⁵⁶ Recent studies by Ina Baghdiantz McCabe and Sushil Chaudury emphasise the importance of overland trade for the Armenian diaspora. Baghdiantz McCabe is especially referring to their major role in the Eurasian silk trade.⁵⁷

Their reputation as experienced traders and their market expertise made the Armenians a lucrative trading partner for the European companies. By the late 1660s, the English had ceded the bigger part of the country trade to private traders. Consequently, many private Asian merchants were encouraged to establish commercial relations with the English. Madras soon became an important trading hub for Armenian merchants sailing to Bengal, Manila, Aceh, Persia and other ports.⁵⁸ In contrast, due to the Dutch's attempts to control and streamline the inter-Asian trade in their favour, private traders often avoided the Dutch settlements. The short distances between centres of trade on the Coromandel Coast, made it also possible for private traders to operate from more than one port at the time.⁵⁹

Bhattacharya is giving a late example of an Armenian merchant. Khoja Zachary di Avetik of Isfahan traded in glassware and cloth on English company ships at the end of the 17th century. In 1718 he replaced the alderman of the Armenian municipality in Madras. As an owner of two trading vessels, Zachary was involved in the trade with Pegu and other partner ports. Zachary's commercial relations were widespread and he had several different trading partners. However, it is evident that his far-reaching commercial network was established over many generations. This is fitting the general pattern of family-organised Armenian trade, whereby family-ties and connections form the basis for long-lasting commercial activities. In reference to Zachary, Bhattacharya puts it as follows: "He was part of a wide-ranging network of commercial transactions

⁵⁵ Ibid., 296.

⁵⁶ Ibid., 293.

⁵⁷ In particular, see Ina Baghdiantz McCabe, *Global Trading Ambitions in Diaspora. The Armenians and their Eurasian Silk Trade, 1530-1750*. In: Ina Baghdiantz McCabe, Gelina Harlaftis, Ioanna Pepelasis Minoglou (eds.), *Diaspora Entrepreneurial Networks. Four Centuries of History* (Oxford/New York 2005) 27-50.

⁵⁸ Bhattacharya, *Armenian European Relationship*, 302.

⁵⁹ Ibid., 301.

in which the interest of his principals (including his father), their other factors, his own interests as well as those of his sons were intertwined in an extremely intricate cross pattern of partnership.”⁶⁰

Sushil Chaudhury gives another example of an influential Armenian merchant in his study about the trading activities of the Armenian diaspora in early modern Bengal. Khwaja Wajid dominated trade in Bengal during the last three decades of the first half of the 18th century. An interesting fact is that Khwaja Wajid maintained close relations to the *Nawabs* of Bengal, which made him a key figure in local politics. The political commitment of some wealthy Armenian merchants reminds us of the Persian merchants of Masulipatnam, which we already examined in detail in the last chapter. Successful entrepreneurship and political influence often go hand in hand in early modern India.

In association with the Dutch in Masulipatnam, we hear of Armenian merchants as early as in the beginning of the 17th century. In their continuous rivalry with the Portuguese, the Dutch captured a ship belonging to a Portuguese merchant. The following dispute with the *Mir Jumla* was aggravated by the fact that part of the seized cargo belonged to an Armenian merchant. In the end the goods were restored and the dispute was settled.⁶¹ The commercial relations between the Portuguese and the Armenians in the 16th century seemed to be quite vibrant. Together with other merchant communities, Armenians traded with Melaka on a regular basis during this period. The common Christian faith could be a reason whereby mercantile partnership was simplified. At Pulicat, Portuguese merchants from Melaka lived side by side with Armenians.⁶²

Even before the upcoming European companies could expand their influence, Armenian merchants were active in different parts of the Indian subcontinent. Armenian shipping was in particular concentrated in Surat, Bombay, Madras and Calcutta. Trading relations were especially strong with Pegu, where special agents were handling the business for their Armenian employer.⁶³

We now have examined the pattern of Armenian trade and how Armenian merchants were integrated in the Indian trading world. Further on it will be interesting to see in which way the Armenian community cooperated with the European companies. One point of cooperation is the participation in country trade promoted by

⁶⁰ Ibid., 286.

⁶¹ Raychaudhuri, Jan Company in Coromandel, 25.

⁶² Bhattacharya, Armenian European Relationship, 291.

⁶³ Ibid., 288-289.

the English East India Company. Madras was the main attraction for Armenian capital in this regard. Armenians also cooperated with Europeans on many other accounts, such as money lending, working as agents or middlemen, utilising freight capacity and providing manpower. Later, Armenians were sent as emissaries to the Mughal court on behalf of the English.⁶⁴ A typical example is the participation of the Armenian Khwaja Surhaud Israel in the famous Surman embassy of Delhi in 1715.⁶⁵ An interesting point is that quite a few servants of the Dutch East India Company married Armenian women, which was, from the viewpoint of the English, an attempt to get access to the credit and the commercial network of the Armenian community.⁶⁶ But the most important point of the cooperation between Europeans and Armenians was risk-minimisation. The size of the Indian subcontinent and the long distances to some major partner ports in Southeast Asia made large-scale trading ventures extremely insecure. Prices were constantly fluctuating and reliable market information was hard to get hold of. These intransparent market conditions made it more secure for merchants to spread their investments into different ventures. Beside the individual Armenian traders involved in the country trade, we also have influential traders like Zachry Avetik, Khoja Catchick Khojamal, Khoja Minas and Khoja Petrus who can be characterised as ‘portfolio capitalists’ in the sense of Bayly and Subrahmanyam.⁶⁷ Bhattacharya summarises: “In spite of all the elements of tension and conflict involved, Armenians, like many other groups of Asian merchants, co-operated with Europeans because the presence of the latter provided Asian merchants with further opportunities of spreading the risks.”⁶⁸ The Armenian mercantile community was represented in all major trading ports on the Coromandel Coast. Their role as a merchant diaspora should not be underestimated. The commercial success of the Armenians is in general attributable to their family based networks, share of information and mutual support.⁶⁹ Even so, one has to make it clear that family based commercial networks were a typical organisational structure of early modern merchant diasporas and were not a unique characteristic of the Armenians. Other Asian merchant diasporas like the Marwaris, Gujarati and the Parsis were reliant on the same organisational foundation. The common ground of these different diasporas was their geographical mobility and

⁶⁴ Ibid., 310.

⁶⁵ Chaudhury, *Trading Networks*, 54.

⁶⁶ Bhattacharya, *Armenian European Relationship*, 306.

⁶⁷ In particular, see Sanjay Subrahmanyam, C. A. Bayly, *Portfolio Capitalists and Political Economy in Early Modern India*. In: *The Indian Economic and Social History Review*, Vol. 25, No. 4 (1988) 401-424.

⁶⁸ Bhattacharya, *Armenian European Relationship*, 308.

⁶⁹ Chaudhury, *Trading Networks*, 68.

flexibility, which allowed them to adapt to diverse market systems.⁷⁰ The relationship between the European companies and the Armenians had points of tension and of cooperation. In summary, it can be stated that they accepted each other in favour of mutual profit.⁷¹

2.2.2. The Chulia merchant community

In the general pattern of Coromandel trade, the Chulia merchant community occupied an important position. The major source on the mercantile activities of the Chulia community is an article written by Sinnappah Arasaratnam. For that reason this chapter will mainly be based on his article.⁷²

The Chulias were a Tamil Muslim merchant community concentrated in the port cities of the south Coromandel Coast and the Bay of Madras. The Chulia merchants were involved in coastal and overseas trade as well as in retail trade. From the four sub-castes of the Chulias, the Labbais and Marakkyar were mainly active in overseas trade. In the close trading relationships with Southeast Asia, the Chulias acted as a merchant diaspora by establishing permanent commercial links as well as founding long-term merchant settlements in Southeast Asia. The primary directions of Chulia trade were towards Southeast Asia and along the Indian coastline. In Southeast Asia they were concentrated on northeast Sumatra, with Aceh leading the way, the western Malay Peninsula, lower Burma and Siam. Aceh was emerging as the new entrepôt of Chulia trade after the Portuguese *Estado da India* conquered Melaka in 1511, which was the centre of Chulia trade in Southeast Asia before then.⁷³ Chulia merchants subsequently dominated the textile imports to Aceh together with Coromandel Hindus in the 17th century. In return they procured tin, elephants, ivory and sometimes cheap gold. The presence of Chulia merchants in Aceh was massive and they also handled the bulk of the Southeast Asian trade in the second half of the 17th century. Arasaratnam states in this context: “From the 1660s to the 1680s, Chulias were trading in every major Southeast Asian port of inter-regional trade.”⁷⁴

⁷⁰ See Chaudhury, *Trading Networks*, 68. Chaudhury refers in this context to the work of K.N. Chaudhuri, *The Trading World of Asia and the English East India Company* (Cambridge 1978).

⁷¹ Bhattacharya, *Armenian European Relationship*, 310.

⁷² Sinnappah Arasaratnam, *The Chulia Merchants in Southeast Asia. 1650-1800*. In: Sanjay Subrahmanyam (ed.), *Merchant Networks in the Early Modern World* (Aldershot/Brookfield 1996), 159-178.

⁷³ Arasaratnam, *Chulia Merchants*, 160-61.

⁷⁴ *Ibid.*, 162.

One example of a wealthy Chulia merchant at that time was Nellabuka Marikkar of Cuddalore, who owned several ships and traded from his homeport to Aceh.

From the 17th century on, the Chulia merchants were also present on the Burmese coast in the kingdoms of Arakan, Pegu, Tenasserim and Ayutthaya. They were primarily in competition with Golconda Muslims from Masulipatnam and Coromandel Hindus from several south Indian ports. Arasaratnam assumes that trade volume appears to increase in this period, based on the evidence that Chulia merchants expanded their trading network in Pegu and Tenasserim. Additionally, Chulias erected small settlements in Syriam, Mergui and Tenasserim, as well as on the tin-rich islands off the south Siam coast. From their settlement in Tenasserim they could manage the transit of goods to the east coast of the Malay Peninsula and the Kingdom of Ayutthaya. Chulia merchant from Porto Novo primarily dominated the transshipment of trade goods from Mergui and Tenasserim to the Kingdom of Ayutthaya. This especially appeared to be an advantageous position due to the fact that Ayutthaya was also an important link to the Japanese and Chinese markets, where one could procure valuable luxury goods in exchange for Indian textiles.⁷⁵

The vast trading network of the Chulia merchants in Southeast Asia soon resulted in conflicts with the ambitious Dutch East India Company, which continuously expanded its trading activities in the Bay of Bengal during the first half of the 17th century. The tense relationship with the Dutch competitors is therefore a crucial point for the development of Chulia overseas trade during the course of the 17th century. A severe blow to Chulia commerce was the Dutch conquest of Melaka in 1641. In the aftermath the Dutch began to strictly control the imports and exports of the port. Under these restrictive circumstances Chulia trade was to a greater part diverted towards the northern coast of the Malay Peninsula, mainly to the ports of Perak and Kedah. In the Perak region, Chulias got involved in the lucrative tin trade and by 1670 they managed to obtain an influential position in this trade. An example of that is the Chulia merchant Sidi Lebbe from south Coromandel, who occupied the court position of *saudagar raja* and handled the trade of the Malay royal family for many years in the 1670s.⁷⁶ The intensive trade of the Chulia soon became a thorn in the side of the Dutch. By instituting a pass system, they wanted to restrict direct trade from Perak and Kedah to Coromandel. According to this system, every ship had to call at Melaka first and pay duty for the cargo. In the beginning the toll was fixed at 20%, but later reduced to 10%.

⁷⁵ Ibid., 163-65.

⁷⁶ Ibid., 166.

With the intention of avoiding this toll, Chulia merchants regularly tried to circumvent the Dutch blockade. It seems therefore plausible to assume that the introduction of the Dutch pass system did not have a hindering effect on Chulia trade. Regarding the policy of trading passes, Om Prakash supports this assumption: “But the reality was that the distorting effect of this system on the operations of the Indian maritime merchants was quite small and confined to specific and limited time periods and branches of trade.”⁷⁷

Besides the intensive trade with Burma, Siam and the Malay Peninsula, the Chulias established trading links with other port cities east of the Melaka Straits. According to the English East India Company’s trade records concerning this region, Chulia merchants from Cuddalore, Porto Novo and Karikal sailed to Makassar on a regular basis. The exports from Coromandel were largely textiles of various kinds. Also in Makassar, Chulia merchants created close links with the royal family. The conquest of Makassar by the Dutch in 1663 put an immediate end to these trading relations.

Associated with the demise of Makassar, Bantam became an important entrepôt in network of Chulia trade in Southeast Asia. From Bantam Chulia merchants traded with the Coromandel Coast, the Indonesian Archipelago and Manila. As in Makassar and the Malay Peninsula, they established close connections with the royal authorities. The cooperation with the Sultan of Bantam is reflected in different partnership ventures. Two ships active in the Coromandel trade, the *Bonaventure* and the *Klaverblat*, were under the ownership of Chulia Muslims and the Sultan of Bantam at different times. It is plausible to assume that the Sultan was giving them cover to procure Dutch passes. Furthermore the Sultan had Chulia agents in Porto Novo to provide his trading vessels with needed goods.⁷⁸ The conquest of Bantam in 1682 by the Dutch had a big impact on Indian merchant activities, because it marked the loss of the Javanese market for Indian textiles. As a reaction to that, Indian merchants intensified the shipping to Johore, Lama and Pankor.⁷⁹

At the end of the 17th century, Johore was another port city on the rise. Chulia Muslims acted as important partners of the Sultan and the royal family in matters of trade. Trade under the Sultan’s flag allowed Chulias to obtain passes from the Dutch. After the loss of his position in Perak, the influential Chulia merchant Sidi Lebbe moved to Johore, where he managed to enter the local administration. Chulias acted as

⁷⁷ Prakash, *Maritime Merchant*, 453.

⁷⁸ Arasaratnam, *Chulia Merchants*, 167-68.

⁷⁹ Prakash, *Maritime Merchant*, 455.

factors and agents in the port cities of Johore and used their good relations with the royal administration to trade in textiles, tin and other commodities. Arasaratnam summarises the position of the Chulia merchants: “Thus by the end of the 17th century, the Chulias had spread into all major and some minor trade centres of mainland and island Southeast Asia.”⁸⁰

By their conflicts with the European competitor, they learned how to live with the Dutch restrictions and toll policies, but also managed to evade the Dutch system by utilizing the help of other European companies and their royal allies. However, we have to emphasise that Chulia Muslims did not enter into long-term relationships with Europeans. In this context they did not settle in European-controlled port cities either. Relationships with Europeans were always purpose and profit-oriented. Nevertheless, Chulias often used European shipping space for their mercantile ventures, especially English. As an example of this, they transported rice and textiles to Aceh, Bantam and Makassar. In some cases they even used Dutch freight capacity from Pulicat and Nagapattinam to Melaka, Pegu or Arakan. By 1670 Chulia Muslims regularly used European ships for freight traffic to Bantam and Johore.⁸¹ For ports not under Dutch control, like Kedah, Johore or Bantam, Chulia Muslims also procured passes from other European nations. Most of them came from the Danes and later the French. Because the French East India Company was constantly lacking sufficient shipping space, they chartered Chulia ships, which then carried goods under French flag. Even so, Chulia merchants never drew so close to the Europeans that they became dependent on them.

A main characteristic of the Chulia merchant community was that they developed advantageous relationships with the ruling classes. They were able to establish long-lasting and continuous relationships with Asian states and kingdoms, which was reflected in their political and administrative influence. The trading network of the Chulia merchant diaspora was spread all over Southeast Asia and managed to adapt to the emergence of the European trading companies. In this context, Arasaratnam argues that it is hard to say if Chulia trade increased throughout the 17th century, but there is a good possibility for that.⁸²

⁸⁰ *Arasaratnam*, Chulia Merchants, 169.

⁸¹ *Ibid.*, 171.

⁸² *Ibid.*, 170.

2.3. South Coromandel

The southern part of the Coromandel Coast has to be seen as an own sub-region, basically distinguishable from the northern part. This is not only the case due to economic and geographical difference, but also because of its cultural and political diversity. The Coromandel Coast is linguistically divided into two different regions, the Telugu-speaking north and the Tamil-speaking south. This division is rather permeable and characterised by a high migration rate between these two regions. Significant in this case was the extensive migration of Telugu warriors, the *Nayakas*, into the south due to the Muslim conquest in the 14th century. These warrior chiefs established regional dominions, which shaped the political landscape of the following centuries. The southward migration of the Telugu-speaking community also comprised numerous merchants, who gained an important position in the south Coromandel interregional, as well as in the emporia trade. The influence of the Telugu merchants can be seen in their dominant position in Madras and Pulicat.⁸³

Throughout the first half of the 17th century the political relations between the Carnatic dominions in southern Coromandel were tense. The consequence of a long-lasting civil war was the partial devastation of the hinterland and led to the disruption of the rural production and hindrances of trade. Another threat to the political stability of the south was the Muslim Sultanates of Golconda and Bijapur. Whereas the frontier between to the northern Sultanates had been relatively stable in the early 17th century, the independent Hindu dominions had to face several invasions of Bijapur and Golconda forces by the middle of the 17th century. The conquest of Chandragiri located in close proximity to Pulicat and Madras, resulted in the sudden transition from Hindu to Muslim belief, which profoundly affected the organisation of the hinterland production.

The rural production centres in south Coromandel were concentrated in two areas. The first was located in the centre of Coromandel in an interior belt around thirty miles off the coast between Pulicat and Madras. Even though this region has no distinct geographical characteristics, it was the main source for patterned calico textiles, which were in great demand, especially for the spice trade with the Indonesian Archipelago.⁸⁴ The second important production centre was concentrated around the Cauvery river delta in the southern part of the Coromandel Coast. In the beginning of the 17th

⁸³ *Brenning*, Chief Merchants, 322.

⁸⁴ *Ibid.*, 323.

century, the single most important trading centre in this region was Nagapattinam. Compared with the Muslim-controlled north, the Portuguese were still a major player in south Coromandel trade. Beside their enclave in São Tomé, which soon had to face massive competition from the Dutch in Pulicat, Portuguese merchants had a large share of the trade at Nagapattinam. Portuguese, Indo-Portuguese and Muslim merchants dominated the trade of Nagapattinam in the first half of the 17th century. On that account we will have a closer look at the trade of Nagapattinam and the composition of merchant communities at this port in the first case study of this chapter. The second case study will be focused on the Hindu merchant communities, which occupied an important position in the trade of southern part of the Coromandel Coast. Beside individual participation in overseas trade, Hindu merchants were primarily involved in brokerage services and the intermediary trade. In this regard we will specifically discuss how the intermediary trade was organised and to what extent the emergence of the European companies led to a reorganisation of the system.

2.3.1. The Portuguese and Indo-Portuguese trade at Nagapattinam

The port of Nagapattinam in south Coromandel was at least till the 1630s an important centre of Asian shipping. Other smaller port cities on the southern Coromandel Coast, such as Porto Novo, Pulicat, Pondicherry and a bit later also Devanampattinam, benefited from the commercial ascent of the region. For a further study of the southern and central Coromandel ports, one has to demarcate a boundary to the northern part of the Coromandel Coast. That is because both regions were producing different varieties of cloth on the one hand and their trade was organised in a different way on the other hand.

Unfortunately, the secondary sources only sporadically provide us with information about the trade at Nagapattinam in the 17th century. One exception is the book by Sanjay Subrahmanyam, which has already been cited a couple of times. The trade at Nagapattinam and the participation of the Portuguese and Indo-Portuguese traders are discussed in a separate chapter. The study of Subrahmanyam is especially valuable, because it also contains detailed shipping lists regarding the trade from Nagapattinam in the first half of the 17th century. Hence, also due to the lack of other secondary sources, we primarily will draw on Subrahmanyam's results in this chapter.

The Portuguese *Estado da India* was well established in the southern regions since

their arrival on the Coromandel Coast in the 16th century. The hub of Portuguese trade in the 16th century was the port of São Tomé. The two pillars of Portuguese trade from São Tomé were the annual carrack to Melaka and the trade to Pegu, even though the unstable political conditions in Burma in this period made trade to the latter a rather speculative business. Subrahmanyam estimates the average value of trade on each of these routes at around 350.000 *xerafines* during the last decade of the 16th century.⁸⁵ The establishment of the Dutch East India Company in the nearby port of Pulicat in 1600 had a negative impact on Portuguese trade at São Tomé. The Dutch competition and open rivalry soon became a thorn in the side of the *Estado da India*. The rapid decline of São Tomé as an important trading centre by about 1630 induced the Portuguese to relocate their commercial centre to Nagapattinam.

It is widely discussed among historians of Early Modern India, if the emergence of the European trading companies had a disruptive effect on Asian trade. When we look, for example, at works from Sinnappah Arasaratnam, Tapan Raychaudhuri, Joseph J. Brenning and Sanjay Subrahmanyam, one can summarise that European participation in Asian trade had an undeniable effect on the latter. We see that European competition did not mean an inevitable decline of indigenous trade as a whole. The Companies, including the *Estado da India*, rather had a re-orientating effect on Asian trade as Subrahmanyam puts it.⁸⁶ Asian merchants managed to adapt to the new market conditions and to take advantage of them. They were working as middlemen and brokers for the Europeans, who were to a great part dependent on their indigenous employees in terms of obtaining market information and gaining access to rural production centres. Furthermore Asian merchants were freighting goods on company vessels to minimise the financial risk of overseas ventures. We will have a closer look at the European companies and their effect on the Coromandel trade during the further course of this thesis. For now, it is sufficient to clarify that the trade of Nagapattinam in the first half of the 17th century was characterised by the coexistence of Portuguese and indigenous trade, both Muslim and Hindu.

Regarding the Portuguese interests in the rice trade with Jaffna and Malabar, Subrahmanyam states: “They were not alone in this, as the Marakkayar traders of the same area also pursued the same set of activities, so that there developed a symbiotic relationship between the two, with mutual freighting of space on board one another’s

⁸⁵ Subrahmanyam, *Economy of Commerce*, 191.

⁸⁶ Ibid., 195.

ships.”⁸⁷ The quotation of Subrahmanyam is especially interesting, because he is not just talking about Portuguese-Muslim coexistence, but about mutual cooperation. It is important to note that Portuguese trade at Nagapattinam in this period can better be defined as Indo-Portuguese trade, most notably because of its large *mestiço* component.⁸⁸ As late as the 1630 the Indo-Portuguese merchants, operating from southern Coromandel, still had a considerable share in the textile trade to Southeast Asia.

Trading links between Nagapattinam and Southeast Asia were particularly strong at the beginning of the 17th century. Aceh played an important role in the trading network of the Chulia merchants, also operating from Nagapattinam. Additionally, the trade to Melaka was of great importance in this period, even though merchants had to buy specific concessions from the Portuguese for this route. After 1600, the trade between São Tomé and Melaka had become irregular, which opened up new chances for merchants resident at Nagapattinam to engage on this route.⁸⁹

At Nagapattinam, the residential areas of the different merchant communities were spatially divided. Therefore we find separated settlements for the Portuguese, Hindu and Muslim merchants. In the 1630s the Portuguese settlement consisted of around 500 households of Portuguese, *mestiços* and native Christians. According to the contemporary description of António Bocarro, the population of the Portuguese settlement encompassed around 2.000 people at this time.⁹⁰ Whereas the Hindu-district can be located in the south of the town, close to the Portuguese district, the location of Muslim-area is not quite clear. However, Subrahmanyam assumes that the centre of the Muslim communities lay in fact eight kilometres further north in an area called Naguru. In this case it would also be more likely that the Muslim merchants of Nagapattinam used the northern river of the city, a branch of the Kolladam, for their shipping. In contrast to the southern river of the city, the Uppanar, the Kolladam was deeper and broader, allowing ships up to 300 tons freight capacity to enter the river at high tide.⁹¹

Although Nagapattinam was an important centre of Asian trade in the beginning of the 17th century and a great part of its inhabitants achieved affluence through commerce, indigenous merchants had to face some severe trade obstacles. The *Estado*

⁸⁷ Ibid., 195.

⁸⁸ Ibid., 204.

⁸⁹ Ibid., 200.

⁹⁰ For an abstract of Bocarro’s description, see *Subrahmanyam*, *Economy of Commerce*, 196.

⁹¹ Ibid., 197.

da India tried to control the flow of trade at Nagapattinam to a great extent. Especially the overseas trade to Southeast Asia was restricted by the Portuguese concession system, whereby merchants had to procure monopolistic rights from the Portuguese Crown to trade on a certain route. At Nagapattinam the trading routes to Martaban, Mergui, Ujangselang and Kedah, for example, came under the concession system from the last quarter of the 16th century on.⁹² This concession system was already established in the 1570s. By the end of the 16th century the *Estado da India* raised the customs at Melaka and collected an export duty, in addition to the existing import duty, on wares destined for Coromandel. Moreover, the Portuguese managed to extend their direct influence on Syriam in the early 17th century, which gave wide scope to control trade to lower Burma and the Malay Peninsula. The Portuguese even tried to redirect coastal trade to Ceylon. Hence, ships destined for Ceylon ports had to call at Colombo first and pay duty before they were allowed to head for their final destination. Nevertheless, one has to question the direct influence over indigenous trade exercised by the Portuguese. Even though the Portuguese commercial activities were concentrated on the southern Coromandel Coast, their military strength and their general presence was insufficient to have a severe impact on indigenous trade in the region. Muslim as well as Hindu merchants continued to engage in coastal, overland and overseas trade despite the Portuguese restrictions. One possibility was to sail under the protection of the *Nayaka* rulers of Tanjavur, who controlled the city of Nagapattinam. Another possibility was to circumvent the loose network of Portuguese patrols and to avoid partner ports under their direct control. According to the Dutch records, the Muslim merchant, Kunjali Marakkayar, was trading on a regular basis from Nagapattinam to Pegu by evading the Portuguese authorities.⁹³ Nonetheless, we also hear of Muslim and Hindu merchants, who procured Portuguese passes to trade on routes under their concession system and who were working for the *Estado da India*.

We have to note that the direct Portuguese control over Asian trade was quite limited and less marked in some regions. The influence on south Coromandel trade, primarily in ports such as Nagapattinam and São Tomé was more appreciable than in the northern part of the Coromandel Coast. Also Tapan Raychaudhuri relativizes the scope of the Portuguese influence on Indian trade: “Coromandel appears to have been less affected than many other parts of Asia by Portuguese attempts to control the sea-routes. Their settlements at San Thome and Nagapattinam were in no position to force

⁹² Ibid., 197.

⁹³ Ibid., 203.

Indian merchants to take passes or licences – an essential element of the Portuguese colonial and commercial system – and there is no evidence to show that Coromandel traders applied for passes to Goa or Colombo.”⁹⁴ Apart from localised effectiveness of the Portuguese concession system, one should not underestimate its effect on various branches of the indigenous trade.

The Portuguese concession system was still in effect during the first half of the 17th century. One proof of that can be found in a general auction of all public offices and concession for voyages held by the *Estado da India* in 1614 as a measurement of fund raising. We see in the compilation of the data below that the voyage from Melaka to São Tomé still yielded a considerable sum. The average prices for other concession voyages were way lower. Nevertheless, the *Estado* did not manage to sell all the concessions, thus no buyer could be found for the trade routes from Nagapattinam to Tavoy and Martaban. In the course of the auction, also the office as captain of Nagapattinam was sold for 6.050 *xerafins* to António Ferreira da Câmara on a three-year contract.⁹⁵

Table 3: Sale of concession voyages, c. 1614

Voyage	Buyer	Price for 3 voyages
São Tomé - Melaka	Simão Teixeira	12.010 <i>xerafins</i>
São Tomé - Pegu	Henrique de Souza	1.100 <i>xerafins</i>
Nagapattinam - Trang	Martim Cota	1.120 <i>xerafins</i>
Nagapattinam - Mergui	António Gonçalves	1.205 <i>xerafins</i>

Source: *Subrahmanyam*, Economy of Commerce, 201.

It was not before the Dutch specifically tried to wreck Portuguese trade, that the Portuguese system and their shipping from São Tomé and Nagapattinam distinctly declined. The Dutch interference with trade also impaired indigenous merchants, who freighted space on Portuguese ships. In the early years of the Dutch activities in Coromandel, their main goal was to cut off the Portuguese from the supply markets and to bring shipping on their main routes to a standstill. The trading route between São Tomé and Melaka was especially lucrative in this regard. As early as in 1602 we

⁹⁴ Quoted from *Das Gupta*, Indian Ocean Merchant, 426.

⁹⁵ *Subrahmanyam*, Economy of Commerce, 201.

have records of a Dutch privateering expedition under the command of Silberghen with the order to raid Portuguese ships on the way to Melaka.⁹⁶ Most of the shipping from Nagapattinam was concentrated on the months of August and September, when the winds were most favourable. For that reason, the Dutch factors and informers kept close track of indigenous and Portuguese trade from that port to facilitate raids on trading vessels. The capture of Portuguese trading vessels was in fact a very lucrative business for the VOC. For example, the booty of the captured ship *Nossa Senhora do Rosário* on its return from Melaka in 1631 was worth fl. 41.000.

The early records of the VOC provide us with information on shipping at Nagapattinam in the 1620s. The collected data are displayed in the table below. As in the case of Masulipatnam, we have detailed information about the ship-owners for the year 1625. There are various Portuguese or Indo-Portuguese merchants: Manuel de Barros' ship destined for Manila. Three ships to Melaka belonged to Cosmo Ledo de Lima, to Antónino Figueirdeo, and to a merchant from Cochin. The ship to Bangeri was under the ownership of Heitor de Celes and the Captain of Nagapattinam, one to Ujangselang was owned by Manuel Pacheco and by the Captain of Nagapattinam, and another one to Trang belonged to Manuel de Correa and João Pacheco. Two ships to Bengal and another two owned by Nuno Machado. Beside these, we also have several ships which belonged to Asian merchants: Two heading for Aceh, owned by 'Beridongan Moor' and Patana, one ship to Kedah, which belonged to 'Fammanoda Moor' and one ship to Pegu, whose cargo was worth 80.000 *pardaus*, under the ownership of the Chulia merchant Kunjali.⁹⁷

Beside the large number of Portuguese ship-owning merchants, the dominance of Muslim traders is striking. This can be seen as evidence of the strong position of Muslim merchants, primarily Chulias, at Nagapattinam. Moreover, we clearly see in the table that the trade links to Melaka are still of significant importance, even though the number of ships on this route is changing annually.

⁹⁶ Ibid., 198.

⁹⁷ Ibid., 204.

Table 4: Recorded shipping form Nagapattinam, 1624-9

Destination	1624	1625	1629
Manila	1	1	-
Aceh	2	2	-
Melaka	5	3	1
Kedah	1	1	1
Bangeri	-	1	1
Unjangselang	-	1	1
Trang	-	1	1
Martaban	1	-	-
Tavoy	-	1	1
Bengal	-	3	-
TOTAL	10	14	6

Source: *Subrahmanyam*, Economy of Commerce, 203.

Table 5: Recorded shipping form/to Nagapattinam, 1630-50

Destination	1632	1639	1645	1649*	1650
Makassar	-	-	1	1	1
Aceh	1	3	2	2	3
Melaka	2	3	1	-	-
Kedah	1	-	-	-	-
Bangeri	1	1	-	-	-
Unjangselang	1	-	1	-	-
Johor	-	-	-	1	-
Mergui	-	-	1	1	1
Pegu	-	1	-	1	-
TOTAL	6	8	6	6	5

Note: * only arrivals

Source: *Subrahmanyam*, Economy of Commerce, 208.

Melaka was the main hub of the Portuguese trading network and a greater part of shipping to Southeast Asia was processed at Melaka. Nonetheless, we also have to take

note of Indo-Portuguese and Muslim merchants from Nagapattinam and São Tomé, who were sailing directly to Southeast Asian ports, such as Perak, to procure various commodities in exchange for cloth without paying the high duties at Melaka.⁹⁸ The general assumption that Portuguese trade in Coromandel was already in decline by the 1620s can thus be refuted. On the contrary, the Portuguese and Indo-Portuguese merchants still had a big share of the textile trade to Southeast Asia.

The greater part of the textiles transported to Melaka were re-exported to different parts of Southeast Asia. The Dutch Commissioner, Joost Schouten, estimated the flow of textiles from Coromandel to Melaka in 1640 to comprise around 51.600 pieces of various textile varieties, which correspond to a total sale price of approximately 107.000 *xerafins*. Compared to the account of António Bocarro written in the early 1630s, we can detect a decline in commercial profit. Based on Bocarro's account, Subrahmanyam estimates the average volume of trade to Melaka in the early 1630s to be worth around 135.000 *xerafins*.⁹⁹ Apart from the basic fact that we are talking about estimates here, it is questionable if we can assume a general decline in trade as Subrahmanyam suggests it. The statistical records are too incomplete to allow a well-founded assumption. The difference between Schouten's and Bocarro's estimate could equally be traced back to fluctuating market demand and sale prices or even more simple, the unreliability of their informants.

The discussion of the Portuguese and Indo-Portuguese trade at Nagapattinam must be seen against the background of the advanced decline of São Tomé as a centre of trade. This can be closely linked to the early Dutch efforts to blockade trade at São Tomé. The decline of São Tomé also resulted in a large number of merchants leaving the city to enter service with the VOC at Pulicat.¹⁰⁰ In 1635, São Tomé was nothing more than a shadow of its former prosperity as the account of the local Bishop elucidates: "That city which was formerly one of the most opulent in India, has fallen so low that it has but few residents and no capital."¹⁰¹

We already noted that the first half of the 17th century in southern Coromandel was characterised by several military conflicts. The southward expansion of the Sultanates of Goloconda and Bijapur only came to an end with the fall of Senji in 1649. By then, Golconda forces controlled a territory reaching to São Tomé. Bijapur had control over

⁹⁸ M. A. P. *Meilink-Roelofs*, *Asian Trade and European Influence In the Indonesian Archipelago between 1500 and about 1630* (The Hague 1962), 169.

⁹⁹ *Subrahmanyam*, *Economy of Commerce*, 205.

¹⁰⁰ *Ibid.*, 205.

¹⁰¹ Quoted from *Raychaudhuri*, *Jan Company in Coromandel*, 98.

the hinterland of the ports of Devanampattinam, Pondicherry and Porto Novo. The political instabilities, due to the continuous conflicts, had a big impact on trade in the region. Concerning the Dutch trade at Pulicat, we already mentioned that the changing political order and devastation of larger parts of the hinterland temporarily affected the Company's supply of export articles.¹⁰² But not just the political instability in southern Coromandel had an influence on trade up to the 1650s. The Dutch conquest of Melaka was a severe blow for the Portuguese *Estado da India* and changed the circumstances of trade within the Bay of Bengal. Furthermore, the Dutch attempt to gain control over the spice trade of the Moluccas was one of the main reasons for the rise of Makassar as an entrepôt in the Indonesian Archipelago. Another important event was the Mughal expansion and the loss of Hugli as a consequence of that. The capture of Hugli in 1632 stopped trade to that port for a period of time, which was especially disadvantageous for the coastal trades.

Nagapattinam continued to be an important trade hub for Portuguese and Asian merchants after 1630, though the recorded departures from Nagapattinam declined in comparison with the records from the early 1620s.¹⁰³ After initial conflicts with the Danes settled in the nearby port of Tarangambadi (formerly Tranquebar), the Portuguese, *mestiços* and local Muslims settled their dispute with the Danish Company and accepted the mutual interest in the trade to lower Burma and Makassar.¹⁰⁴ The port of Makassar in the eastern part of the Indonesian archipelago particularly aroused the attention of the European companies and independent Asian trade due to its supply of cloves. In this period, the Dutch East India Company vehemently tried to gain control over the Spice Islands in order to establish a monopoly on the spice supply of the Moluccas. In this way, Makassar emerged as a 'black market' for spices from the Moluccas, primarily cloves. The English already started to trade at Makassar in 1613, however it was not until 1624 that the port became of major importance for the company. The Danish Company also established trading links with Makassar in the 1620s. Before the Danes and English, private Portuguese merchants frequented the port and contributed to its rapid development in the first half of the 17th century. Important in this context was the transshipment of textiles via Melaka to other parts of Southeast Asia and Makassar in particular. The English captain, John Jourdain, already noted in 1613 that Makassar was a suitable market for Coromandel textiles as long as its

¹⁰² Ibid., 41.

¹⁰³ See table 5, 44.

¹⁰⁴ Subrahmanyam, *Economy of Commerce*, 206.

demand was not satisfied by Portuguese imports.¹⁰⁵ Based on a letter written by Couldson and Ivy from Makassar to the English East India Company in 1636, Anthony Reid states that the Portuguese and English shipped cloth worth more than 100.000 *reals*, which is equivalent to circa 2,5 tonnes of silver, to Makassar in the 1630s.¹⁰⁶ Subrahmanyam traces the direct trade between Nagapattinam and Makassar back to the middle of the 1620s. But when one looks at the Dutch records of shipping at Nagapattinam, the first departures directly to Makassar are recorded in 1645.

The Dutch *Dagh-Registers* from Batavia provide us with information about ships from Nagapattinam heading for Makassar in the late 1620s and 1630s. The first proof of Portuguese trade with Makassar without the detour over Melaka is the account of a ship sailing from São Tomé to Makassar through the Sunda Straits in 1623. Nevertheless, it is more likely that the greater part of these ships heading for Makassar called in Melaka first and continued their voyage subsequently. Until the Dutch conquest of Melaka in 1641, the Portuguese merchants used Melaka as central port of transshipment.

The trade between Melaka and Makassar was carried on by Portuguese and indigenous merchants in cooperation. We come across British accounts of native ships chartered by the Portuguese or mixed crews, composed of Portuguese and Malayan sailors.¹⁰⁷ Also Charles Boxer observes the cooperation between Portuguese and Asian merchants in his well-known book about the Portuguese seaborne empire: “In the Portuguese ships plying the Indian Ocean for inter-port trade the captain or master was sometimes the only white man on board, for even the pilot and boatswain as well as the sailors were often Gujarati Muslims.”¹⁰⁸ An example of an important Portuguese merchant from Nagapattinam, who ascended to a major trader and eventually obtained wide political influence at Makassar, was Fransico Viera de Figueredo.¹⁰⁹

After the loss of Melaka to the Dutch, Makassar became for nearly twenty years the principal base for the Portuguese in Southeast Asia.¹¹⁰ Another leading figure in trade at Makassar around the middle of the 17th century, was the Indian Muslim Howsenena Khoja, know as Mapule. Mapule originally came to Makassar as an agent in the service of the *Mir Jumla* of Golconda in the 1650s. He soon became a principal trading partner

¹⁰⁵ Ibid., 207.

¹⁰⁶ Anthony Reid, *Southeast Asia in the Age of Commerce 1450-1680*. Vol. 2: Expansion and Crisis (New Haven/London 1993) 31.

¹⁰⁷ M. A. P. Meilink-Roelofs, *Asian Trade*, 163.

¹⁰⁸ C. R. Boxer, *Portuguese Seaborne Empire* (London 1969) 57.

¹⁰⁹ Subrahmanyam, *Economy of Commerce*, 208.

¹¹⁰ Reid, *Age of Commerce*, 213.

of the English, procuring cloth in exchange for cloves and tortoiseshells. Beside his trade with the EIC, Mapule owned one junk, which he annually sent out to Manila. The Dutch estimated the average value of its cargo to be worth 100.000 *reals* (or 2,5 tonnes of silver), which normally carried a yield between 50 and 60%.¹¹¹

When we look at Asian shipping, it is indeed highly probable that indigenous merchants from India maintained direct trade with Makassar from the beginning of the 17th century.¹¹² We know that several Coromandel merchants were active in the clove trade at Makassar, such as Mir Kamaluddin and later Muhammad Sayyid from Masulipatnam.¹¹³

The decline of Nagapattinam as a centre of non-company shipping began with the intensified Dutch efforts to redirect the flow of trade from Coromandel. Hence, Asian merchants were not allowed to trade directly with ports of the Malay Peninsula or Aceh. Ships on these routes had to call at Melaka first and pay duties, before they were able to continue their voyage. After the conquest of Melaka in 1641, the Dutch tried to transform Melaka into a universal port of call and thereby control the flow of trade to the Malay Peninsula and Indonesian Archipelago. The new political line issued by the Dutch council at Batavia was to exclude the Indians from trade with Aceh and the tin-rich areas of the Malay Peninsula.¹¹⁴ To put the Asian shipping out of business, the VOC developed plans to provide Asian merchants with freight capacity on company ships at dumping prices to ruin indigenous competition.¹¹⁵ Even though these plans were never put into practice, the continuous Dutch oppression of free trade had a negative effect on Nagapattinam in the long term.

Another reason for the decline of Nagapattinam was the dwindling strength of the Portuguese. Despite the Dutch seizures of numerous trading vessels during the 1630s, Portuguese and Indo-Portuguese merchants successfully continued their mercantile activities. In reference to Raychaudhuri, the booty attained by the Dutch from Portuguese shipping during 1630-32 amounted to fl. 24.851. Vice versa the VOC lost fl. 1.260 due to Portuguese raids.¹¹⁶ Furthermore, the relationship with the *Nayaka* of Tanjavur constituted an unpredictable threat. The Portuguese community's richly endowed churches at Nagapattinam were lucrative targets for raids. An example of that

¹¹¹ Ibid., 118-119.

¹¹² The Chulia merchants of south Coromandel are in this regard the most probable candidates due to their wide trading network in Southeast Asia.

¹¹³ See page 20, 24.

¹¹⁴ Raychaudhuri, Jan Company in Coromandel, 47.

¹¹⁵ Subrahmanyam, Economy of Commerce, 211.

¹¹⁶ Raychaudhuri, Jan Company in Coromandel, 97.

was the attack on the Portuguese settlement by forces of the *Nayaka* in 1632. The insecure position in between the power game of the *Nayaka* and the VOC became more and more a problem for Nagapattinam. In 1642 ships of the VOC positioned themselves outside the river of Nagapattinam and demanded a ransom. But before the money could be handed over, the settlers saw no other way than capitulating and the town was officially handed over to the Dutch. One Portuguese attempt to take the town back was repelled, and the troops of the *Nayaka* were also unable to take the town back. But an unimpaired relationship with the *Nayaka* was vitally important for the VOC in order to pursue its cloth trade in south Coromandel. Hence, the VOC finally abandoned its plans to occupy Nagapattinam.¹¹⁷ These conflicts with the local authorities and the VOC temporarily strengthened the position of the *Estado da India* in the eyes of the population of Nagapattinam, which even resulted in the construction of fortification in the city.

The ten years' truce with Holland, which became effective in 1642, gave the ailing *Estado da India* some time to recover. Nevertheless, the Portuguese influence in Coromandel was in a downturn. Another severe blow for the stricken *Estado da India* was the loss of their strongholds in Ceylon. Nagapattinam finally yielded to the Dutch pressure in 1658, when a naval squadron blockaded the harbour of the city. With it, Portuguese commerce came to a final standstill.¹¹⁸ Some of the indigenous merchants at Nagapattinam subsequently entered service with the VOC. Some of the Portuguese and Muslim traders shifted their commercial activities to neighbouring port cities, such as Porto Novo, which was the principal port of the Chulia merchant community in Coromandel throughout the 17th century.¹¹⁹ Small groups of Portuguese merchants continued to trade from Coromandel, mainly to the ports of Siam and Sumatra, but total volume of trade was rather small. Historians like Subrahmanyam and Raychaudhuri agree that Portuguese and Indo-Portuguese trade became quite immaterial since the 1660s at the latest. They were no longer a serious threat to the commercial ambitions of the big European companies. The importance of the Portuguese trading network for the Indian Ocean World and the consequences of its decline are well summarised by Ashin Das Gupta: "Most Portuguese were merchants of the Indian Ocean by the early seventeenth century and they had wide and intimate contacts with Indian businessmen. The decline of the Portuguese therefore meant a

¹¹⁷ Ibid., 99.

¹¹⁸ Subrahmanyam, *Economy of Commerce*, 212.

¹¹⁹ Ibid., 213.

large readjustment within the Indian world. Some of the India and Asian ports which were clearly allied with the Portuguese declined at the time and some of the Indian maritime merchants declined with them.”¹²⁰

2.3.2. The Hindu brokers and intermediary merchants of south Coromandel

When we examine the Hindu merchants, we cannot talk about a Hindu merchant community. The caste system and the different Indian languages cause a cultural diversity, which cannot be consolidated into one single coherent community. Profession and social position were highly dependent on the caste someone belonged to. Most of the Indians engaged in any form of trade belonged to one of the traditional merchants castes. In northern India Banias, Jains, Marwaris and Khatri were the most important merchant castes and sub-castes, while Chettis and Komatis were widespread in the south.¹²¹

Hindu Chettis were especially involved in bullion, grain and textile trade in Coromandel. Moreover, different Chetti sub-castes specialised in moneylending, which brought them in close contact with the European companies from the early years of the 17th century on. Due to their well-established trade network in Coromandel, Chetti merchants were tough competitors for the upcoming European companies in their quest for Indian textiles. In contrast to the Muslim merchant communities, which normally avoided too close contacts with the Europeans, Hindu merchants were effectively taking advantage of the market opportunities associated with the increasing European demand for textiles and capital during the 17th century. They were working as middlemen and brokers for the Europeans as well as independent entrepreneurs.

During the 17th century we can determine a general shift in the commercial activities of the Hindu communities. Independent participation in overseas trade gradually decreased and made way for various brokerage and intermediary functions. This was mainly caused by the demand for direct access to the Indian textile markets by the Europeans, which opened up new commercial fields of activities for local merchants. We have to keep in mind that large-scale ventures to Southeast Asia and other parts of the Indian Ocean World not only require sufficient funds, but also implied a high financial risk. Coastal or retail trade was in contrast less capital-

¹²⁰ Ashin Das Gupta, *Indian Ocean Merchant*, 284.

¹²¹ Prakash, *Maritime Merchant*, 436.

intensive, but still required adequate freight capacity. Thus, brokerage and intermediary functions by being less capital-intensive and financially speculative represented a genuine commercial alternative for indigenous merchant groups.

Intermediaries were of crucial importance for the European companies. The nature of Coromandel trade, with its fragmented political structures and numerous small production centres scattered all along the coastline, made it necessary for the Europeans to establish a number of trading posts in different cities on the coast in order to procure the sought-after Indian textile varieties. Intermediaries therefore fulfilled two major functions: on the one hand they were the company's middlemen in affairs with the local administration and the political authorities. On the other hand they were the company's link to the local market and hinterland production centres. These collaborations between the companies and their intermediaries could take formal and informal shapes.¹²² One example of a formal shape was the system of Chief Merchant, which was a common form of commercial organisation among the European companies during greater parts of the 17th century. In this system the Chief Merchant was the most important single contractor, who was not only handling the company's supply of export articles in a specific region, but also mediated between the company and its various subcontractors. The system of Chief Merchant will be discussed more in detail in the second part of this chapter.

In the course of the 17th century, the European companies were able to obtain far-reaching privileges and rights from the local authorities, which led to rapid growth of some European trading enclaves, for example Pulicat, Madras and Pondicherry later on. These quasi-autonomous port cities were attracting many Hindu merchants at least during the second half of the 17th century. An important factor, which also lured indigenous merchants to the European-controlled cities, was silver. European participation in Indian trade resulted in a huge injection of capital, primarily in silver. Considering the fact that the Indian economy was traditionally short of money and natural resources, the constant input of capital had a stimulating effect on trade and commerce.¹²³ It seems not farfetched to assume that the custom of paying advances attracted many indigenous merchants to enter into business relations with the European companies. However, we need to qualify the statement in the regard that the European

¹²² Sinnappah *Arasaratnam* (ed.), *Indian Intermediaries in the Trade and Administration of the French East India Company in The Coromandel (1670-1760)*. In: *Maritime Trade, Society and European Influence in South Asia, 1600-1800* (Aldershot/Brookfield 1995), X, 133-134.

¹²³ Sinnappah *Arasaratnam* (ed.), *Indian Commercial Groups and European Traders, 1600-1800. Changing Relationships in Southeastern India*. In: *Maritime Trade, Society and European Influence in South Asia, 1600-1800* (Aldershot/Brookfield 1995), III, 46.

companies also had to face liquidity bottlenecks at different times. The French East India Company for example, was constantly short of capital, which forced them to take out loans with Asian merchants.¹²⁴ For the European private merchants, who increasingly entered the trading world of the Indian Ocean during the second half of the 17th century, limited financial resources were a permanent problem. As a consequence, moneylending was becoming a lucrative profession for the different merchant communities on the Coromandel Coast, especially for the various Chetti sub-castes.¹²⁵

Another form of commercial engagement, which already crossed our way in association with the Persian merchants of Golconda, was the pattern of revenue farming. Some influential Hindu merchants invested enormous sums to acquire the right to farm the revenue of different regions. We already heard of the long-time Chief Merchant of the Dutch East India Company, Achyutappa, who invested 33.000 *pagodas* in the revenue farm of Pulicat. Achyutappa was a central character in south Coromandel trade during the first half of the 17th century and we will have a closer look at his career in the following segment.

Achyutappa is just one example of a handful of Hindu merchants, who expanded their influence and became powerful individuals during the first half of the 17th century due to their close relations with the European companies. Even though they were officially working for the Europeans, these powerful merchants most widely managed to retain their commercial flexibility and continued trade on their own account. The Dutch records provide us with information about Achyutappa's active trade to several ports of Southeast Asia and along the Indian littoral. The cargo of his ship to Pegu in 1626 was worth 15.000 *pagodas*, whereas the return shipping in 1628 was valued well over 100.000 *pagodas*.¹²⁶ The brother of Achyutappa, Chinanna, was beside his commitment to the VOC also active in trade to Southeast Asia and maintained a merchant fleet of around 10 ships.¹²⁷ The vast distances to the trading centres in Southeast Asia made it necessary for the wealthy merchants to employ agents or proxies in the partner ports to carry on trade in their name.¹²⁸

¹²⁴ *Arasaratnam*, Indian Intermediaries, X, 136.

¹²⁵ *Arasaratnam*, Indian Commercial Groups, III, 46.

¹²⁶ *Subrahmanyam*, Economy of Commerce, 305.

¹²⁷ *Ibid.*, 309.

¹²⁸ Sinnappah *Arasaratnam* (ed.), Aspects of the Role and Activities of South Indian Merchants c. 1650-1750. In: Maritime Trade, Society and European Influence in South Asia, 1600-1800 (Aldershot/Brookfield 1995), XII, 592.

The reorganisation of the intermediary trade

The reorganisation of the intermediary trade was an important development of the Coromandel trade in the 17th century and highly linked to the organisation of European trade and the functioning of Hindu merchants as brokers and intermediary merchants. At the centre of this development was the system of Chief Merchant, which we already introduced in this chapter and the formation of joint-stock companies, which were based on the model of European shared stock organisations.

In the beginning of the second half of the 17th century, the model of the influential Chief Merchant slowly began to crumble. The Coromandel market for textile varieties changed. Whereas the price for textile was steadily increasing, the quality was getting poorer. Furthermore the lower quality of the delivered textile resulted in bad debts. The advances paid by the European companies to the weavers were appropriate to the ordered quantity and quality of the specific textile variety. It was getting quite common by the middle of the 17th century that the delivery varieties were not worth the advances already paid by the companies.¹²⁹ To counteract this development, the Dutch Governor of Coromandel, Laurens Pit, transferred the European model of joint-stock companies to India. In 1658 the VOC placed an exclusive order of fine textile varieties with a conglomerate of the wealthiest merchants at Pulicat. One year later another company was formed out of 12 trusted merchants for the supply of fine cotton cloth. The result of these first joint-stock companies was promising. Not only was the delivered quality more satisfying, but the assigned merchants also had to raise the necessary capital themselves, no advances from the VOC were made. The first experiments with local joint-stock companies proved to be successful, and over the next decades the VOC gradually extended the system of joint stock to other production centres along the Coromandel Coast.¹³⁰ Usually these merchant companies were only formed for one specific order and the cooperation terminated afterwards. But in some cases the contracts were issued for multiple years and orders by the VOC. There were two major advantages of this organisational system: first, the financial security for the Dutch, who just paid the price negotiated in advance, if the quality was according to the order, and second, the Company no longer depended on one single merchant. The capital of these joint-stock companies varied. According to Arasaratnam, the usual

¹²⁹ Arasaratnam describes the phenomenon of bad debts more in detail. He states that bad debts were getting a serious problem for the English and Dutch during the 17th century. See *Arasaratnam*, *South Indian Merchants*, XII, 587.

¹³⁰ *Brenning*, *Chief Merchants*, 334.

share equalled 1.000 *pagodas*, which would amount to a total budget of around 10.000 to 50.000 *pagodas*. The highest recorded capital was 150.000 *pagodas*, subscribed by 11 merchants from Nagapattinam under the management of a Chetti named Sunku Mutturama.¹³¹

The joint-stock companies were not a completely new form of commercial organisation among the Indian merchants. As early as the times of the Vijayanagara Empire we find trade organised by different merchant guilds. In the second half of the 16th century these merchant guilds came to an abrupt end. Overseas trade was thereafter carried out by a couple of individual merchants or merchant combinations.¹³² These merchant combinations, which financed their ventures by raising shared capital, can be identified as early forms of the European type of joint-stock companies. Nevertheless, Arasaratnam limits the scope of these early merchant combinations: “However, these combinations did not develop strong or permanent structures, but remained ad hoc ventures operating on a year to year basis.”¹³³ Unfortunately the commercial organisation structures in India during the 16th and 17th century are not well analysed in the historiography so far. Brenning, Arasaratnam, Subrahmanyam, Prakash as well as several European authors indeed mention the upcoming joint-stock companies initiated by the Europeans in the 17th century, but a detailed study of different kinds of merchant conglomerates in early modern India still has to be written. This is especially worthwhile, if we consider joint-stock organisations as a key-feature of modern economies.

The Southeast Asian market was in constant growth during the period up to the end of the 17th century, which was in this connection characterized as an ‘Age of Commerce’ by Anthony Reid. The close trading relations with the Indian subcontinent stimulated the rise of various port cities, such as Aceh, Bantam or Makassar. The Dutch restrictions and conquests in the course of the 17th century interfered with the model of free trade. Nevertheless, trading links between Coromandel and Southeast Asia remained strong. Asian merchants were a big competition for the European companies, because their profit margins were generally lower. In exchange for textiles, these individual merchants could procure spices and precious metals in Southeast Asia, which in return yielded a big profit in India. We already heard that with the growing presence of the European companies, other branches of business were getting more

¹³¹ Arasaratnam, *South Indian Merchants*, XII, 588.

¹³² Arasaratnam, *Indian Commercial Groups*, III, 43.

¹³³ *Ibid.*, 49.

lucrative and secure than individual trade. In this regard we can observe that numerous Hindu merchants made a living out of serving one of the big companies.¹³⁴

One can summarise that the emergence of joint-stock companies on the Coromandel Coast coincidentally initiated the demise of the influential Chief Merchant. Joseph Brenning convincingly expounded that the second half of the 17th century marks the organisational transition from the Chief Merchant model to the joint-stock companies.¹³⁵ In the following segment we will have a closer look at the development of the Chief Merchant and the formation of joint-stock companies as an indicator of the reorganisation of the intermediary trade. This development will be discussed on the basis of two case studies, which exemplarily show the transition of the Chief Merchant system in the course of the 17th century.

The influential Chief Merchant: Achyutappa, Chinanna and Sesadra

One of the most influential Hindu merchants of southern Coromandel in the first half of the 17th century was Achyutappa Chetti. The life of Achyutappa as the chief merchants of the VOC in the early years of their commercial engagement in south Coromandel has already been briefly discussed in two papers written by Sanjay Subrahmanyam and Joseph Brenning. Both historians bear upon the wide corpus of English and Dutch records from the 17th century, which provide us with extensive information about their indigenous business partners. The career of Achyutappa stands in an exemplary way for the cooperation between the European companies and the indigenous Hindu communities of south Coromandel in the early years of European participation in Asian trade.

In the beginning of the 17th century European access to the Coromandel markets and production centres was highly limited, hence they depended on indigenous merchants, who functioned as their linkage to the local economy. In this position, Hindu merchants for south Coromandel ascended to important brokers and thereby occupied an important position in the commercial organisation of the different European companies. We already mentioned earlier in this chapter that the model of 'Chief Merchant' was widespread during the first half 17th century and central for commercial organisation of the European companies. Achyutappa is a good example of a Chief

¹³⁴ Arasaratnam, *Indian Commercial Groups*, III, 52.

¹³⁵ In particular, see *Brenning*, *Chief Merchants*.

Merchant. Due to his importance for the Dutch East India Company, we can draw on sufficient records of his mercantile activities and his relationship to the European companies until his death in 1634.

Achyutappa was a member of the Telugu-speaking Baliya cast, who maintained close contacts with the ruling *Nayakas*. The evidence suggests, that Achyutappa first came into contact with the Dutch East India Company in 1608 as interpreter of Jacob de Bitter in the Sinji area, who was negotiating with the local *Nayaka* on behalf of the company about the right to erect a factory at Devanampattinam. Early records of Achyutappa's commercial activities indicate that he maintained business relations with both the English and Dutch until he left his basis at Devanampattinam to enter into permanent service of the VOC at Pulicat. He there quickly ascended to one of the most important brokers of the Dutch East India Company in south Coromandel, supporting the company in commercial as well as political affairs.

We already observed in the preface of this chapter that the economic landscape of the Coromandel Coast was highly fragmented. Production centres were scattered along the coastline and numerous rather small port cities carried on brisk trade in the early years of the 17th century. In order to successfully establish a trade network on the Coromandel Coast, the European companies had to get into as many port cities as possible and gain access to local markets and production centres. This fact made them to a great extent dependent on indigenous middlemen, who consequently were a crucial part of the Company's organisation in India.

South Coromandel occupied a central position in the commercial network of the VOC, since it was not only the most important supplier of different textile varieties, but also of indigo grown in the area around Devanampattinam and saltpetre transported on overland routes from Madurai. Out of their factories in south Coromandel, Pulicat soon evolved into the main hub of Dutch shipping. In order to centrally organise the supply with Coromandel textiles, the VOC was reliant on the assistance of local merchants. Most promising was the collaboration with the Chetti Achyutappa, who, due to his political and economic influence, subsequently became Chief Merchant of the Dutch at Pulicat. In reference to the Dutch, English and Portuguese records we are able to reconstruct the greater part of Achyutappa's career up to his death in 1634. Accordingly, Achyutappa managed to employ the continuous warfare of the 1620s to his own advantage and developed close diplomatic relations with the court at Chandragiri. With his wide political connections, he was of good use for the Dutch, who sent him on emissary missions to the local *Nayaka* on several accounts.

Beside his diplomatic functions, we have indications of his own commercial activities. Together with his brother Chinanna, Achyutappa maintained trade routes to Ceylon, Arakan, Pegu, Mergui and various ports of the Malay Peninsula. Of particular importance was the connection with Pegu. From the Dutch records we know that Achyutappa purchased the yacht *Masulipatnam* from the company for his own shipping. We already pointed out earlier that in 1626 the cargo of the *Masulipatnam* destined for Pegu was worth 15.000 *pagodas*, though a big part of the cargo belonged to other merchants. In the same year Achyutappa also sent ships to Mrauk-u and Mergui, which clearly emphasises his strong trading links to Southeast Asia. Among these links, the route to Pegu seems to have been the most valuable. If we look at the return cargos to Pulicat, solely the value of the cargo from Pegu in 1627 was worth 100.000 *pagodas*.¹³⁶ In 1632 we have evidence of shipping owned by Achyutappa and his brother on at least five different routes to Southeast Asia. During the 1620s the shipping from Pulicat to Arakan was frequently via Masulipatnam on the return. This triangular scheme of trade was related to Achyutappa's commercial relations in Golconda, which were probably sponsored by his friendship with Mansur Khan Habshi, who was *Sar-i-Khail* at Golconda in that period. Furthermore, Achyutappa maintained an agent, Pedde Chetti, at Masulipatnam, who was handling the business dealings on his behalf.¹³⁷

Even if it might seem obvious, Achyutappa's extensive individual trading activities did not impair his business relations with the Dutch East India Company. The Dutch apparently promoted Achyutappa's trading activities to a certain extent, because they believed that they could benefit from his extensive trading network. Moreover, they made use of his agent at Pegu to establish trade with lower Burma in the first half of the 17th century.¹³⁸ Achyutappa's extensive commercial activities apart from the Dutch company are a clear indicator that indigenous merchants retained their individual economical flexibility despite their collaboration with the Europeans. Further the service for the European companies implied some privileges and protection. Therefore it cannot be assumed that the service for the European companies limited the commercial scope of the indigenous merchants and drove them into economic dependence. On the contrary, indigenous merchants like Achyutappa and

¹³⁶ *Subrahmanyam*, Economy of Commerce, 305.

¹³⁷ *Ibid.*, 306.

¹³⁸ *Ibid.*, 302-303.

later his son Chinanna quickly learned to utilise their advantageous position in the Company's service to foster their individual mercantile ambitions.

How important Achyutappa was for the Company's supplies in textiles is impressively displayed in the following figures: of the total Dutch textile orders placed at their factory in Pulicat in 1632, which comprised 32.460 *pagodas*, Achyutappa supplied the Company with textiles worth 23.565 *pagodas*, whereof the greater part was only paid on delivery. Converted into percentage this equals almost 73%. Compared with the share of the other suppliers, the dominance of Achyutappa is striking.¹³⁹ According to Brenning's calculation, Achyutappa had to pay the weavers advances at the amount of maximum 12.000 *pagodas*. This could be accurate from the perspective that Achyutappa had to raise the entire capital for the order himself without any financial support of the VOC.¹⁴⁰ Even if the actual amount of Achyutappa's direct investment has to be put at a lower grade, the financial extent of his participation in brokerage activities is remarkable. Moreover, Achyutappa supplied the VOC also with saltpetre, which was transported via overland routes from Madurai, and basic foodstuffs such as rice. Hence, one can conclude out of the evidence presented that the Chief Merchant was of utmost importance for the European companies and a crucial factor for the functioning of their commercial system in India. We are talking about a handful of wealthy and political influential merchants, who not just possessed the necessary funds to participate in large-scale trade, but also established a wide commercial network. This makes it highly improbable that the company's Chief Merchant was simply replaceable. In fact, in his position as main supplier and link to the local economy the Chief Merchant was indispensable for the European trading companies.

Another characteristic of the Hindu merchant communities of south Coromandel was their diverse economic engagement. In one earlier chapter we already examined the system of revenue farming and his widespread dissemination in early modern India. When we look at the commercial investments of Achyutappa and his son Chinanna, we see that their expenses in brokerage functions are rather small in comparison with their investment in revenue farming. In 1633 for example, Achyutappa paid 33.000 *pagodas*

¹³⁹ Based on Subrahmanyam's figures the rest of the textile supplies were portioned as follows: Padmanabha Brahmin (1.960 *pagodas*), Bommai Chetti (2.060 *pagodas*), Nalla Bommai Chetti (1.450 *pagodas*), Nalla Thamby Sarapa (410 *pagodas*), Andi Chetti (1.020 *pagodas*), Murthi (995 *pagodas*) and Siva Chetti (1.000 *pagodas*). Noticeable is the number of Hindu merchants, predominantly Chettis. Extracted from *Subrahmanyam*, *Economy of Commerce*, 306, footnote 27.

¹⁴⁰ Brenning, *Chief Merchants*, 324. Brenning assumed that the advances normally varied between one-third and one-half of the total value of the order textiles.

to the ruler of Chandragiri for the revenue farm of Pulicat. We also have earlier references of Achyutappa and Chinanna farming the revenue of Porto Novo, Devanampattinam and Pondicherry. In 1653, Chinanna's revenue farm of the Senji coastal areas was assigned to a competing Chetti merchant.¹⁴¹ Referring to Achyutappa's extensive investments in revenue farming, Subrahmanyam adds: "Such activities were clearly not devoid of impact on his overseas trade and intermediary activities; the English for example complained bitterly that as a revenue-farmer of a crucial area in central Coromandel, he blocked their access to weaving villages, and attempted the control of highways to their detriment."¹⁴² The quotation clarifies that the right of framing revenue often went hand in hand with the control over specific production areas. A good relationship to the local revenue farmer was therefore extremely beneficial in order to gain access to the market and its productions centres.

Investments in revenue farming were not only widespread among the wealthy merchants of south Coromandel. In connection with the Persian merchant community at Masulipatnam, we already heard of Mir Kamaluddin and Muhammad Sayyid's involvement in different revenue farms in Golconda. The capital invested in revenue farms by Coromandel merchants in the 17th century was enormous and generally exceeded the funds spent for intermediary or brokerage functions. The investors apparently saw the farming of revenue as a secure business with lucrative profits. It is important to emphasise that the indigenous merchants in Coromandel did not confine their commercial activities to one specific branch. Instead they divided their investments in order to maximize their profits and ensure a steady income. For Achyutappa as well as for other influential merchants in the 17th century, revenue farming was a second economic mainstay.

A completing characteristic, which is in particular striking, when we look at Achyutappa and his several relatives, is the importance of family networks. In the chapter about the Armenian merchant community in Coromandel, we emphasised the significance of the family-based character of Arminian trade and their close ties to their homeland. A similar family-based character we can recognise in the trade of Achyutappa. He was working together with his brother Chinanna in his early career at Devanampattinam. Chinanna even succeeded Achyutappa as Chief Merchant of the Dutch East India Company after his death in 1634, resting upon the company's trust in his brother. His nephew, Sesadra, was working as a textile producer, intermediary

¹⁴¹ *Subrahmanyam*, *Economy of Commerce*, 303, 313.

¹⁴² *Ibid.*, 303.

merchants and agent for Achyutappa. Whereas Chinanna was more politically ambitious, Sesadra was occupied in various mercantile functions.¹⁴³ Even though the family ties were weakened by different rivalries after the death of Achyutappa, family-based trading networks were a common feature of 17th century Hindu communities in Coromandel.

With the death of Achyutappa the fortune of the family started slowly to decline. A fatal turning point was the Muslim conquest of the Chandragiri and Senji areas in the mid-17th century, which put an abrupt end to the military ambitions of Chinanna. The destruction of the *Nayaka* courts deprived Chinanna of his political power basis. As a result, he subsequently followed the invitation of the Dutch and moved back to Pulicat.¹⁴⁴ Unfortunately, Brenning does not give more information about the activities of Chinanna in the following years. However, Subrahmanyam's study sheds some light on his commercial and political return. Hence, Chinanna found his way back in the politics of the Bijapur administration and established trading relations with the English East India Company, probably through intermediation of his nephew Koneri, who was working for the EIC in Madras. Chinanna not only succeeded in obtaining the revenue farms of Devanampattinam, Porto Novo and Pondicherry for 25.000 *pagodas*, but also resumed direct trade to Southeast Asia. In 1649 for example, he sent ships from Porto Novo to Kedah and Perak on behalf of the *Khan-i-Khanan* of Bijapur.¹⁴⁵

In 1659, tempted by the Dutch takeover of Nagapatnam, he finally left Pulicat for the Tanjavur region, where he acquired the revenue farm of all coastal ports in the region for 47.000 *pagodas*.¹⁴⁶ Chinanna died in the very same year, bringing a diverse career to an end. The ups and downs of Chinanna's career illustrate the political and economic adaptability and mobility of the Hindu merchants in Coromandel in the course of the 17th century.

Examining the careers of Achyutappa and his brother Chinanna, we mainly concentrated on the cooperation with the Dutch East India Company in Pulicat up to this point. We already briefly noted the activities of the other family members Sesadra and Koneri. Especially Sesadra is an interesting character with regard to the development of the position as Chief Merchant in the middle of the 17th century. In his early career, Sesadra was working together with Achyutappa and Chinanna in their trading activities from their basis at Devanampattinam. In his short description of

¹⁴³ Ibid., 304.

¹⁴⁴ Brenning, *Chief Merchants*, 328.

¹⁴⁵ Subrahmanyam, *Economy of Commerce*, 313.

¹⁴⁶ Brenning, *Chief Merchants*, 332.

Sesadra, Subrahmanyam called him the 'ideal type merchant'.¹⁴⁷ With this simplified characterisation, we clearly do not appreciate Sesadra's field of activity. After a time as an advisor to the *Nayaka* of Senji, Sesadra turned his attention to the European-controlled enclaves on the coast. In this regard, he established relations with the English East India Company, which from the 1640s on expanded its central seat at Madras. In the course of his economic ascent, Sesadra soon became the Chief Merchant of the EIC in Madras. In his new position he was managing the greatest part of the English trade in south Coromandel and was leading negotiations with smaller indigenous merchants on behalf of the company.

However, Sesadra got into a conflict with two competing brothers of the Brahmin caste, Venkata and Kanappa. This conflict about trading privileges soon became associated with a more longstanding dichotomy in the India society between the Left-hand and Right-hand castes. To address this topic in detail would not only go beyond the scope of this thesis, but also miss the point. It seems therefore sufficient to summarise the outcome of this conflict for Sesadra and to refer for a more detailed discussion to the studies by Brenda Beck and Arjun Appadurai.¹⁴⁸

The conflict between the Left and Right-hand castes led to several riots during the early 1650s in Madras and could only be settled by an agreement in 1654. Even though Sesadra came off as the winner and he could restore his position as Chief Merchant of the English East India Company, his victory did not last long. His former ally Henry Greenhill, who replaced Aaron Baker as Agent of the Company after the settlement, revealed Sesadra's heavy indebtedness to the Company. For years Sesadra was investing in the private trade of Greenhill to gain his favour and thereby ran into debts. Due to his indebtedness to the Company, Sesadra was no longer supportable and lost his position as Chief Merchant.¹⁴⁹

The conflict between the Left-hand and Right-hand castes and the following conflict with Greenhill and Sesadra clarifies the dependence on the support of the English Council. Without the support of the Council, no merchant in Madras could climb the ladder of the stratified hierarchy. Without the backing of Greenhill, Sesadra was no longer in the favour with the English Council and hence lost his position as Chief Merchant. Also the Brahmins, Venkata and Kanappa, could only assert their position

¹⁴⁷ Subrahmanyam, *Economy of Commerce*, 313.

¹⁴⁸ See Brenda Beck, *The Right-Left Division of South Indian Society*. In: *Journal of Asian Studies*, Vol. 29, No. 4 (1970) 779-798; Arjun Appadurai, *Right and Left Castes in South India*. In: *Indian Economic and Social History Review*, Vol. 11, No. 2 and 3 (1974) 216-59.

¹⁴⁹ Brenning, *Chief Merchants*, 332.

due to the support of Council Agent Baker. In his paper about the social order in early Madras, Arasaratnam emphasises the close relationship between the Agent of the English Council and the Chief Merchant.¹⁵⁰

With the departure of Sesadra in 1655, the family of Achyutappa virtually lost its influence in south Coromandel. Indeed, Chinanna and his nephew Koneri tried to establish themselves in the trade of Nagapattinam, but this endeavour ended with the death of Chinanna in 1659.

If we look at the different careers of Achyutappa, Chinanna and Sesadra, then we can summarise that the family members managed to adapt to varying political constellations and proved an extraordinary flexibility in their commercial activities. We can also see that the links between politics and trade were particularly strong, although sometimes more and sometimes less distinct, what is especially remarkable in the comparison between Achyutappa and Chinanna. Furthermore, in the person of Sesadra we see the first evidence of a transition of the Chief Merchant position. Whereas Achyutappa and also Chinanna made no clear distinction between their political ambitions in the *Nayaka* kingdoms and their service for the VOC, Sesadra drew closer to the English Company and limited his sphere of interest to the European-controlled trading emporia.¹⁵¹ As a result he made himself economically dependent on the EIC, which finally led to his ruin. The increasing dependence of the Chief Merchant is clearly visible in the case of his successors. Since the Dutch East India Company, initiated by their Governor Laurens Pit, gradually abandoned their old intermediary system in favour of joint-stock organisations, the EIC held on to their Chief Merchant.

A new generation of Chief Merchants: Timanna, Viranna and Pedda Vencatadry

By replacing the Chief Merchant system with joint-stock companies, the Dutch succeeded in breaking away from their dependence on one single merchant. The joint-stock system was quickly extended from Pulicat over their whole sphere of influence in Coromandel and soon became the new organisational structure of the Dutch textile supply. In contrast to the Dutch, the English East India Company did not immediately

¹⁵⁰ Sinnappah Arasaratnam (ed.), *Society, Power, Factionalism and Corruption in Early Madras 1640-1746*. In: *Maritime Trade, Society and European Influence in South Asia, 1600-1800* (Aldershot/Brookfield 1995), VIII, 123-24.

¹⁵¹ Brenning, *Chief Merchants*, 333.

abandon the Chief Merchant system. After a short interim period after the dismissal of Sesadra, in which the position as Chief Merchant was vacant, the EIC appointed a certain Timanna as their new Chief Merchant in 1662. According to Brenning, an agreement between either Sesadra or Timanna and the EIC ensured the Chief Merchant two important privileges. First: the Chief Merchant was permitted to invest up to one quarter of the Company's capital in placing orders and paying advances. Second: the Chief Merchant was empowered to autonomously negotiate with the local merchants and to act as a mediator between the subcontractors and the Company. These monopolistic privileges made the Chief Merchant the right arm of the EIC in Madras.¹⁵²

Nevertheless, with the appointment of Timanna in 1662 we see the emergence of a new type of Chief Merchant. Whereas Achyutappa, Chinanna or even Sesadra pursued their own political and economic ambitions and thereby most widely managed to maintain their commercial independence, Timanna and his successors became more and more dependent on their European employer. Before Timanna entered service of the EIC, he was a quite unknown merchant in Madras. Belonging to a family of weavers and as a member of the Perike caste, Timanna was trained in the production and distribution of textiles. After he moved to Madras, which by then was already established as a European trading enclave, he worked as a broker and toll collector for the English. His commercial success and ascent was from the beginning closely linked with the English at Madras. In this regard, he clearly can be distinguished from the former type of Chief Merchants such as Achyutappa, Chinanna and Sesadra who already were influential merchants before their appointment by the Europeans. In this context, Brenning accurately summarised: "A migrant with no identifiable associations with the region outside Madras, a member of a caste of relatively low status who had reached financial success and high ascribed status in the Company's service, Timanna far more than Seasdra identified himself with the Company and the enclave it dominated."¹⁵³

The course to appoint a new Chief Merchant was not unchallenged within the Company. However, the Council held on to its decision in view of the fact that dealing with one single merchant as the Company's intermediary in Madras simplified the structure of trade operations. Equipping a single merchant with extensive monopolistic right was chosen over the cost-intensive supervision of several small merchants,

¹⁵² Ibid., 334.

¹⁵³ Ibid., 335.

handling collectively the Company's trade. Based on their positive experience with Timanna up to then, the English saw in him a trustworthy candidate to manage their trade at Madras and to avoid bad debts.

Timanna's time in office ended with his death in 1669 and his partner Kasi Viranna was subsequently appointed new Chief Merchant of the EIC. Viranna belonged to the Komati caste, which was a Telugu-speaking merchant community widespread in south India at that time. Exactly as Timanna, Viranna was of humble family's origins climbing the social ladder as a successful merchant in Madras. His appointment as Chief Merchant quickly expanded his sphere of influence and he gained control over the cities' trade. In contrast to the family members of Achyutappa, Viranna's as well as Timanna's power was highly limited to the European enclave and depended on the support of the English Company. Their influence on Coromandel politics was by far not as distinct as in the case of their predecessors in office. This fact is particularly visible in their investments in revenue farming. Compared to the 33.000 *pagodas* paid by Achyutappa solely for the revenue farm of Pulicat, Viranna's and Timanna's total investments in revenue farming only amounted to 12.000 *pagodas*. It is revealing that Viranna lost his right to collect the revenue of São Tomé to a local Golconda merchant, after he was complaining at the court about Viranna's business at Madras.

The changing relations with the local administration could be connected with the Muslim invasion and the associated restructuring of the political landscape in the south. Brenning tries to explain this change with the general differences between Golconda and *Nayaka* politics. In his view, revenue farming and political influence went hand in hand in the *Nayaka* kingdoms, whereas in Golconda revenue farming was generally seen as an investment or as part of an administrative appointment and therefore did not necessarily imply political influence.¹⁵⁴ Brenning's argumentation however appears as too simplified. More research has to be done about the administrative differences between the *Nayaka* kingdoms and the Muslim Sultanates. In the chapter about revenue farming we already discussed the two sides of revenue farming as sheer exploitative or beneficial for agrarian expansion. For a further discussion of that topic, it should be sufficient at this point to refer to the study of André Wink, who examined the south Indian system of revenue farming in more detail.¹⁵⁵

¹⁵⁴ Ibid., 336-37.

¹⁵⁵ André Wink, *Maratha Revenue Farming*.

To come back to our original topic: it can be stated that the close political ties to the local administration were no longer a characteristic of the new type of Chief Merchants. Even though Viranna was controlling the greater part of trade at Madras, he could not rely on unconditional support from all local merchants. A great deal of Viranna's income was generated by transaction costs and duties, collected from the indigenous merchants. He charged higher duties on imports and paid less on exports than the English. These methods of enrichment made a strong support by the Company indispensable. This dependence on Company support is most probably the reason, why Viranna took the Company's side in two major disputes with the local merchant community. Due to his consistent loyalty to the EIC, Viranna was freed from the tolls levied on goods, which are not traded on the Company's account. Therefore, Viranna could maintain his individual trading activities without paying additional tolls to the Company. Unfortunately the sources do not provide us with figures concerning the value of Viranna's individual trade or his trading routes. According to Brenning, Viranna's dominating position in the market and his concomitant enrichment at the expense of the indigenous merchants, weakened his position as an individual trader.¹⁵⁶ If we regard the trading networks of Achyutappa, Chinanna and also Sesadra as remarkably strong, the close connections and commercial activities on behalf of the Company undermined the indigenous networks of Viranna and his successors by all accounts.

The body of source material concerning the individual trading activities of Viranna and his successors is relatively thin and the secondary sources do not provide us with any comparative figures. A single indication of personal trade is given by Arasaratnam who mentions that Viranna and his successor Pedda Vencatadry both were involved in overseas trade. "The Governor Streynsham Master (1674-81) had a half share on a voyage of the ship *Tandore* owned by Kasi Veeranna and likewise there is some evidence that he had an interest in Pedda Venkatadri's ship *Trivilore* in its round trip to Manila."¹⁵⁷ Arasaratnam's statement does not only suggest that the Chief Merchants of Madras were still following their own commercial ambitions, but also that Company officials were at least financially involved in indigenous overseas ventures. Nevertheless, it remains questionable how frequently and in which order of magnitude these large-scale ventures were organised.

¹⁵⁶ Brenning, *Chief Merchants*, 339.

¹⁵⁷ Arasaratnam, *Society in Early Madras*, VIII, 122.

The last merchant, who was appointed as Chief Merchant of the EIC in Madras, was Timanna's younger brother, Pedda Vencatadry. Vencatadry succeeded Viranna after his death in 1680. It soon became clear that the enrichment of Viranna at the expense of the lesser merchants led to major problems with the local merchant community. After the investiture of Timanna, the lesser merchants announced that they would boycott trade with the Company as long as the old accounts with Viranna were not settled. This condition was not sustainable for the English and the head of the English Council at that time, Streynsham Master, urged his Chief Merchant to come to a compromise with the lesser merchants. In the end, an agreement could be signed and trading relations with the local merchants and the Company went back to normal. However, the confidence in the Chief Merchant system was irreversibly damaged. The developments since the 1660s led to a tense relationship between the local merchants and the Chief Merchant, which implied an inhibiting factor for trade. The result was that the English Council in Madras decided to finally abandon the Chief Merchant system in favour of joint-stock organisations following the example set by the Dutch in 1663. At first Vencatadry refused his participation and the local merchants hesitated without the assent of the Chief Merchant. Vencatadry was obviously aware of the fact that the formation of a joint-stock company would not only reduce his personal income, but also mean the loss of his mediating position between the lesser merchants and the Company. In the end Vencatadry yielded to the Company's pressure and agreed upon joining the joint stock on the condition that he retained his quarter share of the investment. By doing so, he was excluded from English trade outside of the joint-stock company and thereby lost his dominant position as intermediary merchant. The charter of the first joint-stock company was subsequently signed in July 1680. About 20 years after the Dutch in Pulicat, the English renounced their monopolistic Chief Merchant system. In this connection it is really interesting that Arasaratnam did not mention the formation of a joint-stock company at all in his paper about the society in early Madras. He talks about Sunka Rama Chetty as the Chief Merchant of the EIC in 1730, as if the system still would have been in effect. This seems especially dubious, because he refers to Brenning's article about the transition of the Company's Chief Merchants for a more detailed study on this topic.¹⁵⁸ One possible explanation for that could be that the joint-stock companies were hierarchically structured and the head of

¹⁵⁸ Arasaratnam analyses the social structure of early Madras, in which context he identifies the Chief Merchant 'at the apex of the stratified hierarchy'. However, he does not concretely speak about the abolition of the system. In particular, see *Arasaratnam, Society in Early Madras*, VIII, 126-27.

the company occupied a superior position among the shareholders. In this position he was mediating between the shareholders and the EIC, a function that had been performed by the Company's Chief Merchant beforehand.

Even though Vencatadry was discharged from his position as Chief Merchant of the EIC, his relentless resistance was not at an end. After his request for help at the *Tarafdar* of Poonamalee led to a blockade of Madras in late 1680, the English company revoked Vencatadry's agreement with the local merchants, claiming 65.000 *pagodas* as redemption of his debts with the local merchants. Vencatadry's conflict with the English Council was settled not before Master's term as Agent of the Company ended in 1681. In the following years, Vencatadry managed to be on good terms with the English again, finding more sympathy in the newly assembled Council at Madras. He also restored his place as head of the joint-stock company and his general position as a major merchant at Madras. Nevertheless, Vencatadry and his successors never gained the same level of control over English and indigenous trade and supply as their predecessors.¹⁵⁹ The change from the Chief Merchant system to a system based on joint-stock companies was a crucial turning point in the organisational structure of Coromandel trade in the late 17th century.

2.4. Asian overseas trade in the face of European competition

Before we summarise the main developments and changes in traditional patterns of trade based on the study of the different merchant communities, we shall briefly discuss the effects of European competition on Asian overseas trade from Coromandel. As a starting point, we will take a look at a more recent article by Femme S. Gaastra about the relationship between the Dutch East India Company and the Indian merchants. In this context, two points are especially interesting. Gaastra argues that the Dutch pass policy would obviously fail from the beginning, due to the extensive mobility and flexibility of the Indian merchants.¹⁶⁰ Good examples of this mobility and flexibility were the communities of the Chulia merchants and the Armenians. The Chulia merchants established far-reaching trading networks in the Bay of Bengal during the 17th century, with particularly strong links to Southeast Asia.

¹⁵⁹ Brenning, *Chief Merchants*, 338-39.

¹⁶⁰ Femme S. Gaastra, *Competition or Collaboration? Relations between the Dutch East India Company and Indian Merchants around 1680*. In: Sushil Chaudhury, Michel Morineau (eds.), *Merchants, Companies and Trade. Europe and Asia in the Early Modern Era* (Cambridge 1999) 189-201.

Simultaneously they managed to evade Dutch influence and circumvent the Dutch control system on specific trading routes. Even with the growing presence of European competition in the second half of the 17th century, the Chulia merchants maintained steady shipping to their partner ports in Southeast Asia.

The Armenian merchants are maybe best described as the chameleon under the different merchant communities. No other community showed such a high degree of social flexibility and geographical mobility as the Armenians. Armenian merchants managed to gain access to all the different markets and production centres in India, always being able to rely on their vast commercial networks and family based structure. Their commercial activities ranged from direct participation in small-scale and large-scale trade, money lending and brokerage functions.

In reference to the trade in Melaka, Gaastra illustrates how important the Asian trade was for the Dutch Company. After the conquest of Melaka by the Dutch, Asian trade at that port was handled in a relatively liberal way. Income was mainly generated by the duties on import and export. However, the new guidelines introduced by the Company's Council in Batavia 1676, prescribed a stricter control of Asian trade at Melaka. Additionally, the duties on imports and exports were doubled. A direct result of these restrictive measurements was that many Asian merchants avoided the port and shifted their trade to other ports, such as Bantam and Aceh. Already in 1682 the Dutch Council acknowledged that their restriction of Asian trade damaged the Company's commercial position at Melaka and other ports in Southeast Asia benefited from the shift of Asian commerce. The new guidelines were subsequently abandoned and the duties on import and export lowered.¹⁶¹ This example clearly indicates that the Asian trade was a crucial element of the Dutch country trade. Up till the 1680s the VOC was reliant on the income generated by the duties levied on Asian trade. Furthermore, the commercial activities of the Asian merchants were still a factor and did not dwindle in importance.

However, Femme Gaastra's general point of view seems too focused on the European side. This becomes especially clear when he talks about the Indian merchants who 'captured' the textile markets of the Indonesian Archipelago or the strong competition of Asian merchants in the overseas trade.¹⁶² One needs to emphasise that already the Gujarati merchants in the 16th century supplied the Indonesian Archipelago with large quantities of Indian textile varieties. The importance of the Southeast Asian

¹⁶¹ *Gaastra*, Competition or Collaboration, 194-97.

¹⁶² *Ibid.*, 190-91.

markets for Indian textiles is not a development of the 17th century. Moreover, our analysis of the different merchant communities of the Coromandel Coast pointed out that the trading links to Southeast Asia were of utmost importance for all merchant communities involved in overseas trade, long before the European companies were established on the Indian subcontinent. Also with the upcoming competition of European traders, the participation in overseas ventures among the influential merchants of the Coromandel Coast remained strong. The evaluation of the shipping lists supports the general assumption that the volume of overseas trade from India saw sustainable growth during the greater part of the 17th century. The exact proportion of this growth still remains undetermined, but there is a consensus among historians, such as Arasaratnam, Ashin Das Gupta, Om Prakash or Sanjay Subrahmanyam, that the 17th century was a century of commercial expansion. To put it in Subrahmanyam's words, the size of the 'commercial cake' seems to be growing up to the end of the 17th century.¹⁶³

Table 6: Recorded Asian shipping from central Coromandel*, 1641-44

Destination	1641-42	1642-43	1643-44
Aceh	2	3	2
Melaka	-	-	1
Kedah	4	1	1
Mergui	3	1	2
Pegu	2	-	1
Arakan	1	1	2
Bengal	1	1	-
TOTAL	13	7	9

Note: * from Pulicat, Devanampattinam, Pondicherry and Porto Novo

Source: *Subrahmanyam*, *Economy of Commerce*, 311.

Nevertheless, the limitation of primary sources makes it difficult to determine the total share of Asian trade. The analysis of the different merchant communities, however, revealed that the commercial relations between the European and Asian

¹⁶³ In particular, see Sanjay *Subrahmanyam*, *Asian Trade and European Affluence? Coromandel 1650-1740. A review of: Sinnappah Arasaratnam, Merchants, Companies and Commerce on the Coromandel Coast, 1650-1740. In: Modern Asian Studies, Vol. 22, No. 1 (1988) 185.*

traders were characterised by brisk competition in the export trade to Southeast Asian and in the control over the local markets. The competitive aspect can be distinguished as a key-feature of the 17th century Coromandel trade and was not phenomenon of the 18th century. Winius and Vink, for example, postulated in reference to the Dutch presence in the Indian Ocean that the 1680s marked the end of ‘the monopolistic phase’ and the beginning of ‘the competitive phase’ lasting from 1680 to circa 1748. Merely by its restriction to the Dutch perspective, Winius and Vink’s classification of the Indian Ocean trade seems rather inappropriate and antiquated.¹⁶⁴

2.5. Changing patterns of Asian participation in trade: a conclusion

In order to complete the main part of this thesis about the major merchant communities on the Coromandel Coast in the 17th century, we shall summarise the important characteristics and developments.

It is essential to emphasise the diverse character of Asian participation in trade. Based on the examples of the Achyutappa family and the Hindu merchant community at Madras, we focused on the transitional development of the Chief Merchant system and the associated intermediary functions of indigenous merchants in the service of the European companies. In this regard we were talking about the reorganisation of the intermediary trade. Furthermore, the involvement of single merchant communities in local politics and administration in form of revenue farming was also highlighted as an important characteristic of several communities along the Coromandel Coast. In the following sections we will shortly summarise the most important developments and changes in trading patterns. In addition, we will evaluate the relationship between the European and Asian merchants on the basis of two different concepts.

2.4.1. Revenue farming and political influence

We already observed the emergence of revenue farming as a second economic mainstay of Coromandel merchants. Investments in revenue farming were distinctly high among the wealthy merchants in south Coromandel as well as in north Coromandel. There is no evidence to assume that revenue farming was a form of

¹⁶⁴ See George D. *Winius*, Marcus P. M. *Vink*, *The Merchant Warrior Pacified. The VOC (Dutch East India Company) and its Changing Political Economy in India* (Delhi 1991).

economic participation exclusively practised by a single merchant community. In contrast, investments in revenue farming were a common characteristic of all Coromandel merchant communities.

In the chapter about the Persian merchant community in Masulipatnam we clarified which forms of economic importance revenue farming could assume. The liquidity crisis of the 1630s was to a great extent attributable to the asset tied up in the administrative sector of the Golconda Sultanate. Revenue farms were the financial basis of a large number of Persian merchants and their total revenue was to a high degree dependent on the profit yielded by their farms. The agrarian crisis resulted in a general drop of revenue and consequently affected the Persian participation in overseas trade in a negative way. The interaction between revenue farming and participation in overseas trade is a striking feature not only of the Persian merchant community, but also of the Hindu merchants in the *Nayaka* kingdoms. However, one has to restrict the scope of these investments. We already mentioned that in the case of the Persian merchants of Golconda and the Hindu merchants of the *Nayaka* territories revenue farming often went hand in hand with political influence. When we look at the Hindu merchants settled in the European enclaves during the second half of the 17th century, revenue farming appears as a mere form of capital investment detached from direct political involvement. This assumption can only be made with the limitation that further research in this field has to be done. Based on Brenning's theory, the political participation of intermediary merchants was diminishing as a consequence of the Europeans' success in tying their merchants to the limited sphere of the trading enclave.

2.4.2. Organisational turn

Against the background of the growing importance of the European-controlled trading enclaves, we have to turn our attention to a fundamental restructuring of the commercial organisation, namely the changing pattern in the intermediary trade.

The transition of the Chief Merchant system had a big impact on the organisational structure of the Coromandel trade. Brenning regards the introduction of joint-stock companies as insignificant in terms of functionality: "The Dutch were the first to replace the Chief Merchant with the joint-stock company, indicating in the process that in terms of Coromandel trade the Chief Merchant and the joint-stock company were

functionally quite similar.”¹⁶⁵ Brenning might be right, if we reduce his statement to the fact that European export goods were still supplied by indigenous intermediaries. However, the scope of his assessment seems too limited. The formation of joint-stock companies was advantageous for both the East India companies and the indigenous merchants. We already mentioned that joint-stock companies as a form of business entities were hierarchically structured. The inner hierarchy was defined by the proportional distribution of company shares. If the shares of a single merchant exceeded the share of the others, one could generally talk of an unequal ownership. This unequal ownership often led to the dominance of one single or a handful of merchants. In reference to the English records, we know that the head of the first joint-stock company was Pedda Vencatadry, the former Chief Merchant, who acquired a majority of the company’s shares. If Brenning therefore concludes that the function of the joint-stock company did not essentially differ from the Chief Merchant, he is insofar right that the head of the company also acted as mediator between the EIC and the different subcontractors.

From Arasaratnam we know, that these early joint-stock companies were strictly organised and in many points similar to the European models: “When the capital is subscribed and the company formed the share-holders elect about 3 or 4 among them as their managers who have control over its affairs. Usually they were people who held a larger number of shares than the others.”¹⁶⁶ After the formation of a joint-stock company, the newly elected board entered negotiations with the Europeans about prices and the extent of the order. An important advantage of the joint-stock company was the limited liability of the shareholders. Hence, each shareholder was only liable for the company’s debt according to the value of his own investment. This meant not only a legal assurance for the individual merchant, but also minimised his financial risk and the jeopardy of personal bankruptcy.

On the side of the East India companies the formation of joint-stock companies was promoted in order to improve the quality of delivered goods and to prevent the dependence on a single intermediary merchant. Even though the board of the company outranked the lesser shareholders and thus was in charge of the decision process, no single merchant possessed monopolistic privileges like the Chief Merchant before. Another advantage was the shared capital of the joint-stock companies. Before that,

¹⁶⁵ Brenning, *Chief Merchants*, 340.

¹⁶⁶ In the quotation, Arasaratnam is referring to the formation of the first joint-stock companies induced by the Dutch in south Coromandel. See *Arasaratnam*, *South Indian Merchants*, XII, 589.

advances to cover the production and material costs of the weavers had to be paid by the East India companies. With the reorganisation of the intermediary system, these advances were paid from the capital of the joint stock. This was especially favourable for the European companies, because bad debts had become a serious problem regarding the business relations with the indigenous merchants along the entire Coromandel Coast.

We talk about bad debts, when for example the quality of the delivered cloth was not according to the value of advances already paid and the intermediary merchant was not able to repay the difference to the Company. Thus the Company as a creditor consequently suffered a loss. Referring to bad debts, Arasaratnam appropriately summarises the basic problem of the intermediary trade: “Contracting with individual merchants for large quantities was a tedious business. Until the end of the season when the goods were due for delivery one was never sure whether the entire demand could be fulfilled. Given the excessive mobility of the merchants and their transactions in many places it was difficult to pin them down and get what was exactly desired.”¹⁶⁷ The Dutch expected that by handing over the financial responsibility to the shareholders of the joint-stock companies not only the quality of the delivered goods would improve, but also the problem of bad debts would be solved in the long run. To what extent the introduction of the joint-stock system can be considered a story of success remains questionable. Further research concerning the direct effects on intermediary trade has to be done. However, the fact is that by the end of the 17th century the greater part of the European textile supply on the Coromandel Coast was handled by joint-stock organisations.¹⁶⁸

We have to see the emergence of joint-stock companies also against the background of the changing structures of the Coromandel market in the second half of the 17th century. Whereas the demand in Indian textile varieties was constantly on the rise, the quality was getting poorer. The Indian textile market gradually evolved into a seller's market. The European companies realised that their commercial organisation was not adequate to solve the problems triggered by the changing market structure. Thus the restructuring of the intermediary trade initiated by the formation of the first

¹⁶⁷ Arasaratnam, *South Indian Merchants*, XII, 587.

¹⁶⁸ „[...] by the end of the century, both Companies placed a great proportion of their orders through associated merchants or, as the English called them, ‘Joint-Stocks’. See Arasaratnam, *South Indian Merchants*, XII, 589. Noticeable in this context is that Arasaratnam obviously changed his mind about the impact of joint-stock organisations in comparison with his earlier article about the society in Madras, wherein he still talks about the position of Chief Merchant in 1730. For the latter, see Arasaratnam, *Society in Early Madras*, VIII, 126-27.

joint-stock company in the early 1660s marks an organisational turn, which fundamentally changed the character of the textile supply chain and the commercial relations between the European companies and their intermediary merchants in the long run.

2.4.3. In between ‘age of Partnership’ and ‘age of contained conflict’

At this point of the thesis, we shall turn our attention to a topic, which is still much discussed among historians of early modern India. The debate is basically about the interaction between Europeans and Asians. The American historian Holden Furber introduced the basic concept underlying the debate in the late 1960s.¹⁶⁹ Furber states that the relationship between Europeans and Asians from roughly 1500 to 1750 can be characterised as an ‘age of partnership’. This assumption is based on the continuous cooperation and mutual respect of Europeans and Asians in their commercial interactions.

Ashin Das Gupta criticised Furber’s concept in particular because of its simplification of violent conflicts. He therefore modified Furber’s notion of ‘partnership’ in a way that implies ‘the acceptance of a structure of trade and politics within which everybody functioned’ rather than ‘unreserved human acceptance of each other.’¹⁷⁰ Niels Steensgaard adopted a reverse opinion. Whereas he defines the character of Portuguese presence in India as ‘parasitical’ and ‘redistributive’, the European companies of the 17th century were described as ‘productive enterprises’, which were able to compete with the Asian merchants due to their commercial expertise.¹⁷¹ Steensgaard was especially criticised because he neglects the development of the Portuguese character of Asian trade and his generalisation of European-Asian relationship in the country trade.

More extreme is the viewpoint of Tapan Raychaudhuri in his paper about the commerce of the Dutch East India Company on the Coromandel Coast. We already noted in one of the earlier chapters, that the weak point of Raychaudhuri’s

¹⁶⁹ This concept was first mentioned in Holden *Furber*, *Asia and the West as Partners before ‘Empire’ and after*. In: *The Journal of Asian Studies*, Vol. 28, No. 4 (1969) 711-21.

¹⁷⁰ Quoted from *Subrahmanyam*, *Economy of Commerce*, 252, in reference to Ashin *Das Gupta*, *Indian and the Indian Ocean in the Eighteenth Century*. In: Ashin *Das Gupta*, M.N. *Pearson* (eds.), *India and the Indian Ocean 1500-1800* (Calcutta 1987) 131-32.

¹⁷¹ See Niels *Steensgaard*, *Carracks, Caravans and Companies. The Structural Crisis in the European-Asian Trade in the Early 17th Century* (Copenhagen 1973) 151-53.

argumentation is his unreflecting view on the contemporary European sources. Accordingly, he repentantly states that the European use of violence was a mere reaction on specific measures adopted by the local authorities to hinder European trade.¹⁷²

K. N. Chaudhuri tends more to the suppressive nature of European trade. He argues that violence and force were a 'implicit part' of the relationship between European and Asian, because the profit margin of oppressive trade was higher than 'peaceful commerce'.¹⁷³ Subrahmanyam endorsed this concept of a negative relationship between the European and Asian traders: "The procedures, while far from perfect, reveal to us a picture of a world permeated, in its language and images, as indeed in its actions, by violence. What distinguished this period was the extent to which this conflict and potential for violence remained bounded; thus, we shall argue, rather than an 'age of partnership', it was in reality an 'age of contained conflict'."¹⁷⁴ Subrahmanyam's concept rests on the rejection of Furber's original theory.

After this short summary of the most influential positions in this debate, the general question in the debate remains: was the relationship between European and Asian traders rather characterised by points of violence or by points of cooperation? The preceding analysis of the different merchant communities suggests that the concept of an 'age of partnership' is more supportable than the concept of an 'age of contained conflict'. This assessment is based on the evidence that European trade was widely regarded as beneficial by the indigenous rulers and merchant societies. European-Asian commercial interactions were normally characterised by mutual respect and the aim of mutual profit. In this connection, Furber convincingly argues: "There is, however, hardly a doubt that the East India companies in building empires of trade in the Orient stimulated rather than retarded the economy of all lands bordering the Indian and China seas."¹⁷⁵ In contrast to Subrahmanyam, Furber clearly emphasises the beneficial character of European trade: "Until the mid eighteenth century, the trading activities of the European East India companies and of Europeans generally were regarded as beneficial by many local rulers from Basra to Borneo."¹⁷⁶ As an early example of a

¹⁷² Raychaudhuri, Jan Company in Coromandel, 13, 27 passim.

¹⁷³ For the complete discussion, see K. N. Chaudhuri, *The Trading World of Asia and the English East India Company 1660-1760* (Cambridge 1978) 111-14.

¹⁷⁴ Subrahmanyam, *Economy of Commerce*, 254

¹⁷⁵ Holden Furber, *Rival Empires of Trade in the Orient 1600-1800* (Minneapolis 1976) 338.

¹⁷⁶ Furber, *Rival Empires of Trade*, 338

fruitful commercial cooperation, Furber refers to the close relations between the Portuguese and the Gujarati merchants in the country trade of the 16th century.¹⁷⁷

Another good example of cooperation already crossed our way in the course of this thesis; the intermediary trade and the general position of intermediary merchants in the commercial organisation of the European companies. We noted that the European companies, especially the Dutch in their early years on the Coromandel Coast, were to a high degree dependent on their intermediary merchants in order to gain access to the markets and the local production centres. For the individual Asian merchant the brokerage service for the Company was an additional income on his balance sheet. The position as Company's merchant, moreover, brought some advantageous privileges along, which, for example, simplified individual trade within the Dutch control system.

However, we cannot deny that different types of regional conflicts overshadowed the mutual consensus of commercial interest. One has to make it clear at this point that we examine the relationship between Asian and European traders from the viewpoint of the Coromandel Coast. The Dutch strategy in the Indonesian Archipelago was far away from an 'age of partnership' and was based on economic exploitation rather than competitive commerce.

But the relationship on the Coromandel Coast was not free of conflicts either. We heard of the different conflicts between the European companies and the local authorities. The first wanted to expand its sphere of influence; the latter was not willing to curtail its power. We have to look at these conflicts as a form of power games, a rattling of sabres. Even though we have indeed several accounts of battles and raids on factories, these incidents were temporary and not permanent conflicts. This becomes particularly clear in the case of the tense relations between the Persian merchant community and the Dutch at Masulipatnam. The Persians wanted to profit as much from Dutch trade as possible, whereas the Dutch saw themselves at a disadvantage. The temporary abandonment of the Dutch factory in the course of this conflict was regarded as a damper on local trade by the port authorities. Subsequently negotiations were opened to bring back Company trade. This example emphasises the competitive character of Coromandel trade.

To sum it up: The traders of the several merchant communities along the Coromandel Coast saw the emergence of the European companies on the one hand as a possibility to expand their commercial activities, on the other hand Europeans were

¹⁷⁷ Ibid., 315.

regarded as competitors. Thus, the relationship between Europeans and Asians on the Coromandel Coast in the 17th century was characterised by mutual respect, but also by mutual awareness of aggravated competition. If we finally look at Furber and Subrahmanyam's concepts in economic terms and focus on the Coromandel Coast, we have to admit that both concepts have their weak points. This is mainly due to the fact that the relationship between the Europeans and Asians was not as one-sided as the terms 'partnership' and 'conflict' suggest. The study of the different merchant communities has shown that this relationship was indeed characterised by points of collaboration and conflict, but most important was the competitive character of interregional commerce.

We now have summarised the most important developments and characteristics of the different merchant communities in Coromandel and have embedded them into the context of the enduring debate about the European-Asian relationship. The results of the analysis are the basis for the second part of this thesis. In the following part we try to place the developments on the Coromandel Coast in a broader context. We will examine how far secular trends in the textile markets changed the multilateral trading links between Indian Coromandel Coast and Southeast Asia.

3. Secular market trends and the decline of Asian overseas trade

In this part of the thesis we shall take a closer look at the interdependency of the Coromandel and the Southeast Asian market. In the first section, we will analyse the bilateral trading relations between Coromandel and Southeast Asia and their general importance for the different merchant communities. The focus of the following section will be on the debate about the decline of Coromandel trade and based on the results of the analysis of the various merchant communities, we try to determine the starting point for this decline. In the last section it will be shown how secular market trends in the Indonesian Archipelago and the change of the general pattern of exchange had a long-term effect on the trading activities of the Coromandel merchants.

3.1. The Coromandel Coast and Southeast Asia

We heard in the last chapter, that one of the main characteristics of Coromandel trade was its competitive nature. When the European East India companies entered the trading world of the Indian Ocean, they found a highly commercialised economic zone with developed market structures and thriving interregional trading links. The analysis of the different merchant communities in addition with the shipping lists illustrate that Asian shipping from and to the Coromandel Coast was prosperous during the greater part of the 17th century. It seems to be widely accepted among historians that the volume of the Indian Ocean trade was rapidly expanding during the 17th century. This can partly be explained by the stimulating effect of European demand and the aggravated commercial competition. However, improvements in productivity, increasing labour division and specialisation as well as advancing monetisation were important indications of India's economic ascent. In the course of this chapter we shall take a look at the origins of these developments and clarify to what extent one can talk of the 'European footprint'. Furthermore, India experienced another dynamic economic development during the 17th century. The growing demand in textile varieties, first for the intra-Asian trade, later for the European market, led to the development of a specialised economy, in which production was orientated towards the international market. Although this assumption surely has to be verified for other regions of the

Indian subcontinent, it is at least applicable to the economic sphere of the Coromandel Coast.¹⁷⁸

In this market-orientated economy the trading links to Southeast East played a central role. We already noted earlier that trading links between Coromandel and Southeast Asia were particularly strong and were established long before the 17th century. The trading relations to Southeast Asia were the lifelines of the independent Asian merchants, participating in overseas trade. We have to keep in mind that overseas trade was not only the business of a handful of wealthy merchants, but also of a great number of small-scale traders, freighting goods on foreign vessels. Arasaratnam summarises as follows: “Coromandel overseas ventures have generally been an aggregate of small-scale operation rather than a few large merchant-captains owning fleets of merchant vessels. A vessel would carry the goods of up to about 100 merchants together with the merchants themselves or their agents.”¹⁷⁹ This shows that the trading links to Southeast Asia were the mercantile backbone of a vast majority of the Coromandel traders.

In the case of the Persian merchant community we noted the continuous trade with the Burmese littoral ports. The Burmese ports of Pegu, Arakan and Mergui, with its hinterland connection to Tenasserim and thence to the kingdom of Ayutthaya, occupied an important position in the trading network of the Coromandel merchants. The Hindu merchant and Chief Merchant of the VOC at Pulicat, Achyutappa maintained individual shipping to Pegu on a regular basis. Also the Chulia merchants established commercial links with lower Burma and erected trading posts in the Irrawaddy delta to get a share of the lucrative transshipment trade to Tenasserim and Ayutthaya. The main commodities for the barter trade with Burma were Indian textiles. Burma did not produce significant amount of fines spices or pepper, but its coastal ports benefited from the commercial exchange with other parts of the Southeast Asian mainland and islands. Main cities such as Pegu, Mergui or Mrauk-u therefore

¹⁷⁸ For example, detailed studies on Bengal and Gujarat by Om Prakash, Ashin Das Gupta and Van Santen already indicated the market-orientated character of these regions. In particular, see Ashin Das Gupta, *Indian Merchants and the Decline of Surat, c. 1700 to 1750* (Wiesbaden 1979); Om Prakash, *The Dutch East India Company and the Economy of Bengal, 1630-1720* (Princeton 1985); H. W. Van Santen, *De Verenigde Oost-Indische Compagnie in Gujarat en Hindustan, 1620-1660* (Meppel 1982).

¹⁷⁹ Sinnappah Arasaratnam (ed.), *Indian Merchants and the Decline of Indian Mercantile Activity: The Coromandel Case*. In: *Maritime Trade, Society and European Influence in South Asia, 1600-1800* (Aldershot/Brookfield 1995), XIV, 35.

functioned as entrepôt for a variety of Southeast Asian goods and also Chinese luxuries.¹⁸⁰

A proof for the bilateral nature of the trading relations between Burma and the Coromandel Coast was the participation of Burmese rulers in overseas trade.¹⁸¹ The records on shipping to Masulipatnam, for example, mention the annual arrival of a ship owned by the ruler of Ayutthaya and another owned by a merchant from Arakan. The Burmese coast, including Arakan and the internal links to Siam, occupied an exceptional position in the economic zone of the Bay of Bengal. This is due to two major reasons: On the one hand the economy of the Burmese coast was not specialised in the cultivation of pepper or any other cash crop. On the other hand the coast remained outside the sphere of influence of the Dutch East India Company. The VOC indeed tried to control direct trade to lower Burma by temporarily patrolling the coast, but the system was inefficient. Trading links between Burma and Coromandel continued to be strong even with the expanding influence of the European companies. Evidence of that we do not only find in the shipping lists of Coromandel ports, but also in the documents about the trading routes of the Chief Merchants.¹⁸²

It is at this point crucial to distinguish the economic developments on the Burmese coast from the other parts of Southeast Asian, mainly the Indonesian Archipelago. According to the study on the economic history of Burma by Victor Lieberman, Asian shipping to Burma seems to be continuous and relatively stable throughout the greater part of the 17th century. Lieberman states: “Political disorders at the coast may have depressed maritime activity for some years in the early seventeenth century, but European company records indicate that by the 1660s, and especially by the 1700s, Burmese trade with India and the Malay peninsula was again vigorous.”¹⁸³ Lieberman’s statement is especially interesting against the backdrop that the last decades of the 17th century mark a watershed in Asian shipping from Coromandel. The steady expansion of Asian participation in overseas trade turned into stagnation or slow decline. In the further course of this chapter we will clarify how far the economic developments in the Indonesian Archipelago had a direct impact on the commercial activities of the Coromandel merchants.

¹⁸⁰ Victor Lieberman, *Secular Trends in Burmese Economic History, c. 1350-1830, and their Implications for State Formation*. In: *Modern Asian Studies*, Vol. 25, No. 1 (1991) 14.

¹⁸¹ For a more detailed study on Burmese royal trade, see Victor Lieberman, *Burmese Administrative Cycles. Anarchy and Conquest, c. 1580-1760* (Princeton 1984) 23-32 passim.

¹⁸² From 1643-44 five ships were dispatched from central Coromandel ports to Pegu and Mergui and Arakan. We also heard of Achyutappa’s participation in the trade to Pegu beside his service for VOC. In 1626, for example, the cargo of his ship destined for Pegu was worth 15.000 *pagodas*.

¹⁸³ Lieberman, *Trends in Burmese History*, 14.

3.2. Decline in the Asian volume of Coromandel trade

There is a controversy among historians of early modern India over the magnitude and starting point of a decline in Asian shipping. The opinions are deeply divided on this issue. Before we analyse the possible reasons behind a general decline or stagnation in Asian shipping from Coromandel, it is therefore necessary to expound the different positions in this debate.

The debate was initiated by a theory developed by W. H. Moreland. Moreland argues that in the 16th and 17th century Asian shipping lost considerable ground to the European traders. The competition of the European companies, Portuguese and private traders led to a gradual decline in Indian mercantile activities.¹⁸⁴ Although Moreland wrote his book quite some years ago, his theory is still discussed among historians. However, contemporary historians mostly reject Moreland's theory due to his emphasis on European influence, while neglecting the Asian context. In reference to Moreland's theory, Ashin Das Gupta argued that European competition did not lead to an immediate decline in Indian mercantile activities, because it did not change the nature of Asian trade. Das Gupta sees the decline in Asian shipping and its displacement by European traders as a phenomenon of the 18th century. On the basis of his study of Surat, he outlined that internal factors and changes in the political systems were the dynamics of commercial changes.¹⁸⁵ Subrahmanyam generally agrees with Das Gupta's argumentation. However, Subrahmanyam traced back the first signs of stagnation or as he restrainedly puts it 'deceleration' of Asian trade to the last decades of the 17th century: "I have argued elsewhere that the growth of trade within Asian (as opposed to the Euro-Asian trade, from which Asians were as a rule excluded) had probably begun to decelerate by the last quarter of the 17th century." Furthermore, he adds: "Trade revives after a shock in the 1630s, but the first signs of listlessness appear in the 1670s and 1680s."¹⁸⁶ Subrahmanyam suggests several reasons for a deceleration of trade. First of all he points out the decline of Masulipatnam as a centre of Asian shipping against the backdrop of the growing presence of European private traders. According to the results of his research: "By the 1680s, then, the routes that had in the

¹⁸⁴ See W. H. Moreland, *From Akbar to Aurangzeb. A Study in Indian Economic History* (London 1923).

¹⁸⁵ *Das Gupta*, the Decline of Surat, *passim*.

¹⁸⁶ *Subrahmanyam*, *Asian Trade and European Affluence*, 185.

1640s and even the 1650s been extensively dominated by Masulipatnam-based shipowners [...] were increasingly in the grip of European private traders.”¹⁸⁷

The European traders not only punctuated the intra-Asian overseas trade, but also competed with the small-scale merchants in the coastal trade. The private traders were able to operate on a lower profit margin than Company merchants and were therefore a serious competition for the numerous small Asian merchants involved in any kind of direct trade. Alongside the growing number of European private traders, we can determine a shrinking in importance of certain merchant communities in overseas trade. One example of that is the Persian merchant community at Masulipatnam. Another one, the growing number of mainly Hindu merchants involved in brokerage or intermediary trade in south Coromandel. Subrahmanyam also indicates another possible reason for the decline of Asian share in the commercial cake, namely the loss of the Indonesian market for Indian textiles. Subrahmanyam confines the changes in the Indonesian market structure mostly to the oppressive expansion of the Dutch East India Company. In the course of this chapter we shall see that the secular market trends in the Indonesian Archipelago during the 17th century were not only a product of the Dutch expansion, but rather due to changing patterns in market demand and agrarian production.

In contrast to Subrahmanyam, who merely talks of a ‘deceleration’ of Asian trade, Arasaratnam states that Asian trade was expanding up till the 1680s and then changed into a slow decline: “It could be argued that the trade which was on the ascendant up to the 1680’s, peaked at about this time and we see then the beginning of a slow decline which could be directly linked to the Moghul conquest.”¹⁸⁸ The southward expansion of the Mughal Empire is traditionally adduced as a reason for a change in Asian participation in trade, be it a general decline or stagnation. In this regard, Arasaratnam continues: “In the south, the Moghuls did not have the opportunity to consolidate and unify their new conquests, but rather contributed to their fragmentation and eventual economic disintegration.”¹⁸⁹

The burden of maintaining the Mughal troops in the south had a disruptive effect on the producing sectors of the economy. Furthermore, the political fragmentation and the practice of short-term revenue maximisation weakened the position of Asian entrepreneurs according to Arasaratnam. In a review of his book about the commerce

¹⁸⁷ Ibid., 181.

¹⁸⁸ *Arasaratnam*, *Decline of Indian Mercantile Activity*, XIV, 32.

¹⁸⁹ Ibid., 32-33.

of the Coromandel Coast, Ashin Das Gupta agrees with Arasaratnam's line of argumentation: "Political breakdown in the hinterland still provides the only explanation for the downturn of trade towards the close of the period that Arasaratnam examines. The explanation should not be rejected because it is old."¹⁹⁰ Das Gupta's acceptance of Arasaratnam's explanation seems rather short-sighted and definitely insufficiently reasoned.

We already mentioned that there are various other reasons to explain a decline in Asian shipping apart from the effects of political disruption on the commercial system of the Coromandel Coast. When we analyse changes in market structures and the commercial system, one has to distance oneself from the antiquated approach of reducing economic developments simply to political changes. The changes associated with the southwards expansion of the Mughal Empire had an undeniable effect on the commercial system of the Coromandel Coast. Arasaratnam convincingly describes the deep cut in the relationship between the administration and the merchant communities, which consequently led to the division of political and commercial spheres. Also the mentioned negative effects of continuous warfare on agrarian production are comprehensible, though rather striking in the beginning of the 18th century. Nevertheless, we have to search the root for a possible decline in Asian trade primarily in the economic developments of the 17th century.

Om Prakash agrees with Das Gupta regarding the impact of political changes and the minor role of European influence. However, in a more recent study, Prakash determined a distinct decline in Asian shipping as early as by the end of the 17th century: "The available evidence would seem to suggest that from the closing years of the seventeenth century onward, there was a distinct decline in Indian merchants' trade with the Malay Archipelago. But this decline was related mainly to political and economic developments in the relevant Indian region and/or in the partner ports. The role of the VOC policies or trade in this regard was of no particular consequence."¹⁹¹ This quotation is especially noteworthy, because Prakash confines his assumption to the Malay or Indonesian Archipelago. Furthermore, Prakash is the first, who mentions political and economic changes in the partner ports as possible reasons for a decline in trade. Prakash's assumption of a distinct decline in Indian merchants' trade is mainly

¹⁹⁰ Ashin *Das Gupta*, a Review of: Sinnappah *Arasaratnam*, *Merchants, Companies and Commerce on the Coromandel Coast, 1650-1740*. In: *The Journal of Asian Studies*, Vol. 48, No. 2 (1989) 416.

¹⁹¹ *Prakash*, *Maritime Merchant*, 455. Prakash already emphasised the impact of political changes on Asian trade in an early paper, see *Prakash*, *The Dutch and the Economy of Bengal*, passim.

based on the Dutch shipping lists for the ports of Hughli and Balasore. Although he is referring to Indian merchants in general, his research results are focused on the trade of the Bengal ports. It seems therefore questionable, if his assumption is applicable for the Coromandel trade in a similar way. In this regard, Arasaratnam's study of the Indian mercantile activity on the Coromandel Coast is of particular interest.

We already noted that Arasaratnam determined the southward expansion of the Mughal Empire as the main reason for a possible decline of Asian mercantile activity on the Coromandel Coast. Additionally, he presents two more reasons, which could indicate a slow decrease in Asian participation in overseas trade. First he shares Subrahmanyam's standpoint that the upcoming private European traders constituted a tough competitor in trade: "It was not the Companies but the private Europeans who were in direct competition with Indian merchants. In this competition the Coromandel merchants were relegated to a subordinate role."¹⁹² To what extent private European traders were established in the network of intra-Asian trade in the Bay of Bengal as early as in the last quarter of the 17th century remains unanswered. It proves to be difficult to find an exact answer to this question due to the lack of sufficient primary sources on the topic. But there is evidence, which suggests that the expanding volume of private trade was not only a phenomenon of the 18th century. An example, which would support this assumption, is the growing dominance of private European traders at Masulipatnam during the last decades of the 17th century.¹⁹³

Another development, which would suggest a dwindling participation of Coromandel merchants in overseas trade, is the structural shift in the intermediary trade. The growing commercial importance of the European enclaves attracted the indigenous merchants. Ports such as Pulicat and especially Madras prospered from the intensive trade of the European companies in the 17th century. That these port cities expanded their commercial sphere and lured wealthy indigenous merchants to a city under European control can be traced back to the fact that local rulers made more and more territorial and juridical concessions to the Europeans over the years in prospect of

¹⁹² Arasaratnam, *Decline of Indian Mercantile Activity*, XIV, 39. Arasaratnam pinpoints the broad emergence of private traders in the 1670s, after the EIC ceded the bulk of its country trade to individual entrepreneurs. These private merchants soon established a wide trading network in the Bay of Bengal.

¹⁹³ Talking about the early 1680s, Subrahmanyam states: „In fact, the major shippers operating out of Masulipatnam in the period, besides the odd Luso-Indian, were northwest European private traders. These included Robert Freeman, the English Company's chief and the most substantial shipowner of all, as well as other Englishmen, but also the Dutch free skipper Thomas Keerdecoe (?), whose trade across the Bay of Bengali s conspicuous.“ See *Subrahmanyam, Asian Trade and European Affluence*, 182.

financial benefits. As a result the European administrations managed to expand their influence from the nucleus of the inner city to the neighbouring villages and production sites. Arasaratnam concedes that the expanding trade of the European enclaves offered commercial opportunities, which other traditional port cities and branches of trade already lost. Nevertheless, he emphasises the coincident character of intermediary functions and independent export trade: “Already in the 17th century, these merchants saw opportunities in brokerage and supply functions for the Companies in their ports. But at that time they could combine these roles with the continuance of their own export trade. There was no major functional shift on the part of these merchants; no major dependence on European investment.”¹⁹⁴ Arasaratnam’s observation is certainly accurate. In the case study of the Hindu merchant communities we noted the general importance of the intermediary merchants for the European companies in order to gain access to the textile market and the rural production centres. In this connection the companies were in fact to a greater part dependent on their indigenous middlemen, not the other way round. Also the engagement in independent overseas trade was not hindered by the service for the Europeans. The Chief Merchant of the VOC, Achyutappa, maintained vital individual trading relations to Southeast Asia.

However, this picture seems to change in the second half of the 17th century. Arasaratnam mentions no concrete date but he admits: “With the weakening of the assets base of these merchants and the increasing difficulties confronted in the trade to Southeast Asia, it is not surprising that these merchants concentrated more on brokerage functions and avoided overseas risks.”¹⁹⁵ It seems plausible that Arasaratnam refers to the last quarter of the 17th century, taking into account the change of the political system, which certainly had an impact on the merchants’ assets tied up in revenue farming, and the market developments in Southeast Asia. We already mentioned the effects of the restructuring of the intermediary trade caused by the introduction of the joint-stock companies on the Coromandel Coast. Based on the chapter about the English intermediary trade at Madras, we analysed the transformation of the Chief Merchant system, stating that the commercial activities of the new type of Chief Merchants were mainly limited to the sphere of the European enclave. The evidence therefore not only suggests a restructuring of the intermediary trade in the second half of the 17th century, but also a general shift in commercial activities of certain indigenous merchant communities to brokerage and intermediary

¹⁹⁴ Arasaratnam, *Decline of Indian Mercantile Activity*, XIV, 38.

¹⁹⁵ *Ibid.*, 38.

functions. The Hindu merchants of south Coromandel and the Armenians were the most active communities in the intermediary trade. It also became common for indigenous merchants to freight goods on European vessels, because it was less capital-intensive and the risks were much lower.

If we compare Arasaratnam's and Subrahmanyam's argumentation and align them with our results concerning the different merchant communities, we come to the following conclusion: During the last quarter of the 17th century, Coromandel merchants lost ground to the private traders at least in the northern part of the coast and we can determine a commercial shift towards brokerage functions and freighting goods on foreign vessels. These economic developments suggest a general decline of the Asian share in the Coromandel trade. This assumption is based on the condition that the total value of Coromandel trade within the Bay of Bengal was stagnating in that period and was not expanding anymore. There are several indications for stagnation or even a decline of Coromandel trade since the 1680s.

After we primarily concentrated on the changing patterns of trade on the Coromandel Coast in the first chapters, we will now turn our attention to the developments in the Indonesian Archipelago in order to find additional reasons for a decline in Asian trade. In the following chapter, we will determine that secular market trends had a negative impact on Asian overseas trade from Coromandel.

3.3. Secular markets trends

The term secular market trend generally describes a long-term trend of changing market conditions, which lasts up to 25 years. The secular market trends discussed in this section are on the one hand the demise of the Indonesian pepper market which is associated with the decline of international demand in pepper, and on the other hand the collapse of the Indonesian market for Indian textiles. As we will see, the demise of the Indonesian pepper market and the collapse of the sales market for Indian textiles are at the same time closely connected and interwoven.

First of all, it is important to note that since the 1650s growing amounts of Indian textiles were shipped to Europe. As a result of the falling pepper prices in Europe, the VOC finally abandoned the bulk of its intra-Asian trade and focused on textile exports to Europe. Whereas in the first half of the 17th century Southeast Asia was the primary market for cloth, a major part of the flow of Indian textiles was increasingly diverted to

Europe since the 1650s.¹⁹⁶ The importance of Indian textiles especially for Dutch East India Company is closely linked to the lucrative spice trade with Southeast Asia. From their early presence in the Indian Ocean world, the VOC vigorously tried to expand their influence in the Indonesian Archipelago and to gain control over the production centres. The violent method of the VOC in the Moluccas, the ‘Spice Islands’, finally led to the establishment of a monopoly position in trade with Moluccan spices in the first half of the 17th century. According to a Dutch estimate, one-third to half of the Moluccan spice supplies were shipped to Europe in that period.¹⁹⁷ Furthermore, over the period from 1641-60 the VOC sold annually about 25 tonnes of cloves on the Coromandel Coast. According to Kristof Glamann, Indian demand in finer spices declined more rapidly than European demand by the mid-17th century. In the 1660s the VOC could only sell about five tonnes of cloves on the Coromandel Coast.¹⁹⁸ It seems, however, more likely that this was influenced by the fact that the retail price of cloves was fixed at a rate two to three times higher than the earlier level by the Company. This assumption is supported by the growing importance of Makassar as a port for Moluccan spices, primarily cloves. The thriving trade of Makassar from the 1620s on already crossed our way in the chapter about the Indo-Portuguese merchant community in Nagapattinam. We heard of the successful trading activities of the Lusitanian merchant Fransico Viera de Figueredo at Makassar and the importance of the port for the English and Danish companies. Makassar was also an important trading centre for Coromandel merchants, such as Mir Kamaluddin. These merchants procured large amounts of cloves in exchange for Indian textiles and shipped them to the Coromandel Coast. It is therefore important to emphasise that a big amount of finer spices from the Indonesian Archipelago was shipped to India by Coromandel merchants. These indigenous spice imports declined with the growing control over the production centres by the VOC. But other ports, which were located outside the Dutch sphere of influence, such as Aceh and the Burmese ports, maintained their position as entrepôt for Indonesian spices and pepper. For example, the cargo of a ship owned by Mir Kamaluddin on its return from Aceh comprised among other goods also ten tonnes of Sumatran pepper.¹⁹⁹ Pepper was indeed the most valuable export article of the

¹⁹⁶ Reid, *Age of Commerce*, 29.

¹⁹⁷ The figures are abstracted from Reid, *Age of Commerce*, 19. Reid is referring to the figures given by Gerrit Knaap. See Gerrit Knaap, *Memories van overgave van gouverneurs van Ambon in de zeventiende en achttiende eeuw* (The Hague 1987) 234, 245-46.

¹⁹⁸ The figures are displayed in the table in Kristof Glamann, *Dutch-Asiatic Trade, 1620-1740* (The Hague 1981) 301-2.

¹⁹⁹ See page, 20

Indonesian Archipelago beside finer spice, and the local economy was to a great extent dependent on pepper exports.

3.4.1. Coromandel textiles for Indonesian pepper

The general pattern of exchange in the trade between the Coromandel Coast and the Indonesian Archipelago was based on barter trade with Indian textiles in exchange for different articles, primarily pepper. Beside the finer spices from the Moluccas, Southeast Asian pepper was also the main export article in the companies' trade with Europe. In reference to the figures given by Glamann, the pepper prices in Europe reached their maximum between 1616-41.²⁰⁰ Because spices normally could not be procured for silver payment in the Indonesian Archipelago, Indian textiles became the single most important commodity in the intra-Asian trade of the VOC. The striking dominance of Indian textiles is clearly visible in the rapid growth of purchases on the Coromandel Coast. In 1619 the VOC purchased textiles worth about three tonnes of silver. In the 1621 this figure nearly doubled to five tonnes of silver. In 1623 the total value of purchased textiles was already seven tonnes of silver. Finally in 1640, the VOC procured Coromandel textiles worth up to eight tonnes of silver. The peak was reached in 1664-69; in that period the Company's annual exports from Coromandel were worth over 20 tonnes of silver in average.²⁰¹ The bulk of these exports were various textile varieties for the sales markets in Southeast Asian.

The rising textile purchases of the Company were closely linked to the trade in finer spices and pepper. After the VOC established a monopoly on Moluccan spices, the exports to Europe were reduced in order to keep the sales price in balance. Anthony Reid estimates that in 1620 two-third of the Dutch cloth purchases on the Coromandel Coast were destined for the Southeast Asian market. With the general decline of spice exports to Europe and the downward trend of the pepper prices, only one-third of the Company's textile exports went to Southeast Asia in 1652-53. By the end of the 17th century Southeast Asia lost its position as a lucrative sales market for Indian textiles, therefore only 15% of the Company's textile purchases were shipped to Southeast

²⁰⁰ Glamann, *Dutch-Asiatic Trade*, 77-83.

²⁰¹ Reid, *Age of Commerce*, 29-30.

Asia.²⁰² This development is basically due to the shift of European demand from spices and pepper to Indian textiles.

Even if we concentrated on European companies in the last paragraph, one has to emphasise the importance of the Southeast Asian sales market for the Coromandel merchants. All merchant communities we discussed in the first part of this thesis maintained close trading links to various ports in Southeast Asia. We even defined the trading links to Southeast Asia as the ‘lifeline’ of Coromandel trade. We also mentioned that the general pattern of the barter trade with Southeast Asia was based on the exchange of Indian textile varieties. If we come back to our original discussion about a general decline of the value of Asian trade from Coromandel, we have to focus our attention on the secular market trend in the Indonesian Archipelago. This market trend is closely linked with the widespread cultivation of pepper, simulated by increased demand. According to Kenneth Hall: “The movement towards a material market economy is associated with the development of commercial pepper growth [...]”²⁰³ Mainly based on contemporary court chronicles Hall analyses the developments in the Southeast Asian textile industry in the period between 1400 and 1800.

The rising European demand and the perspective of high trade incomes for the local rulers stimulated the commercial pepper growth in the 17th century in the Indonesian Archipelago. Pepper soon became the most important cash crop of the Archipelago. The rapid expansion of the pepper cultivation is displayed in the map above. The traditional production moved towards a ‘market-based materialism’ in the first half of the 17th century.²⁰⁴ The pepper cultivation in the Indonesian Archipelago was especially concentrated on Sumatra and Java. Aceh was not only the main important Asian entrepôt for Sumatran pepper, but also for tin from the Malay Peninsula. The important position of Aceh in the trading networks of the Coromandel merchants is clearly recognisable by the steady traffic with that port.²⁰⁵ The decline of Aceh as a port city is just as well linked with the sharp decrease in pepper exports as with the political changes happening at the end of the 17th century.

The character of the trade between Coromandel and Southeast Asia was highly determined by an interdependency of cloth and pepper. Hall points out that: “[...] the

²⁰² Ibid., 30.

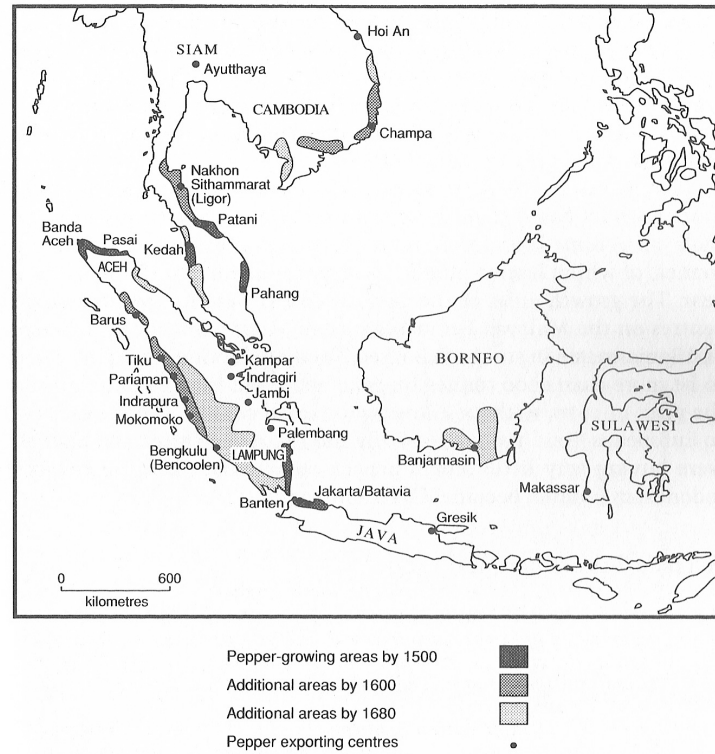
²⁰³ Kenneth R. Hall, *The Textile Industry in Southeast Asia, 1400-1800*. In: *Journal of the Economic and Social History of the Orient*, Vol. 39, No. 2 (1996) 98.

²⁰⁴ See Hall, *Textile Industry*, 99.

²⁰⁵ This is clearly visible in the shipping from central Coromandel ports. See: table 6, 61.

thirteenth through seventeenth century Malay sources reflect movement to a material (market) culture in which cloth was central [...].”²⁰⁶ According to Hall, the importance of Indian and Chinese textiles can be traced back to the widespread influence of Indian and Chinese cultures in Southeast Asian courts.²⁰⁷

Map 1: Extension of Pepper Cultivation in Southeast Asia



Source: *Reid, Age of Commerce*, 9.

We have to keep in mind that Southeast Asia had a developed textile industry, which is often neglected by historians due to the later dominance of Indian textile imports. However, the Southeast Asian textile industry was specialised in the production of bark cloth. Initiated by Indian and Chinese cultural influences, the textile markets of Southeast Asia marked the transition from bark cloth to the more durable cotton cloth. For Hall the transition to cotton cloth is essential for the development of a material culture in Southeast Asia and the commercial interdependency with the Indian subcontinent: “This lay the groundwork for Gujarati and south Indian merchants, who became dominant in the sixteenth century by trading their silk and cloth for pepper.”²⁰⁸

²⁰⁶ *Hall, Textile Industry*, 97.

²⁰⁷ *Ibid.*, 102.

²⁰⁸ *Ibid.*, 103.

In his study on maritime India, Arasaratnam states that south Indian merchants, not Gujaratis, were the favoured trading partners of Sumatran port city in the 17th century.²⁰⁹ Referring to Arasaratnam, Anthony Reid summarises: “Whereas the northern Indian traders progressively dropped out of the Southeast Asian contest in the last half of the seventeenth century, Coromandel ship owners continued to carry most of their cloth exports, profiting from the more localized nature of the trade, up until at least the 1680.”²¹⁰ According to Reid, the peak of Southeast Asian imports of Indian cloth was reached in 1620-55, with an annual value of about 40 tonnes of silver. When the VOC dominated the import of Indian textiles around 1680, these figures must have dropped to only half that level, and were even lower by the end of the 17th century.²¹¹

The expansion of the VOC in the Indonesian Archipelago had a disruptive effect on indigenous commerce. As a consequence, former urban centres descended into economic isolation. The immediate decline of Makassar as a thriving port of international trade after the Dutch conquest in 1667 is a clear example for this development. But beside the expansion and monopolistic aspirations of the VOC, a secular trend in the pepper market was the crucial reason behind the demise of the Indonesian market for Indian textiles.

In the exchange pattern with the Indian subcontinent, the cultivation of pepper seemed more profitable for Southeast Asian producers than weaving. Reid puts it in a nutshell: “Pepper was by far the most valuable Southeast Asian export in the age of commerce.”²¹² Pepper cultivation was not only stimulated by the barter trade with the Indian subcontinent, but also by the apparently insatiable European demand. This specialisation of Southeast Asian agrarian production began to totter as the market price for pepper sharply dropped in the 1650s. The drop in pepper prices is clearly visible in the diagram below.

The agrarian sector was not able to quickly adapt to the new market trend and pepper production was still on the rise despite falling prices. In 1670, Southeast Asian still exported around 8.000 tonnes of pepper.²¹³ Taking into account the pepper exports to Europe, displayed in the chart below, we can see that the watershed of pepper exports by the European companies was reached in 1670, after that the export volume

²⁰⁹ See Sinnappah *Arasaratnam*, *Maritime India in the Seventeenth Century* (New Delhi 1994) passim.

²¹⁰ Reid, *Age of Commerce*, 31. Reid’s statement is based on Sinnappah *Arasaratnam*, *Merchants, Companies and Commerce on the Coromandel Coast, 1650-1740* (Delhi 1986) 119-25.

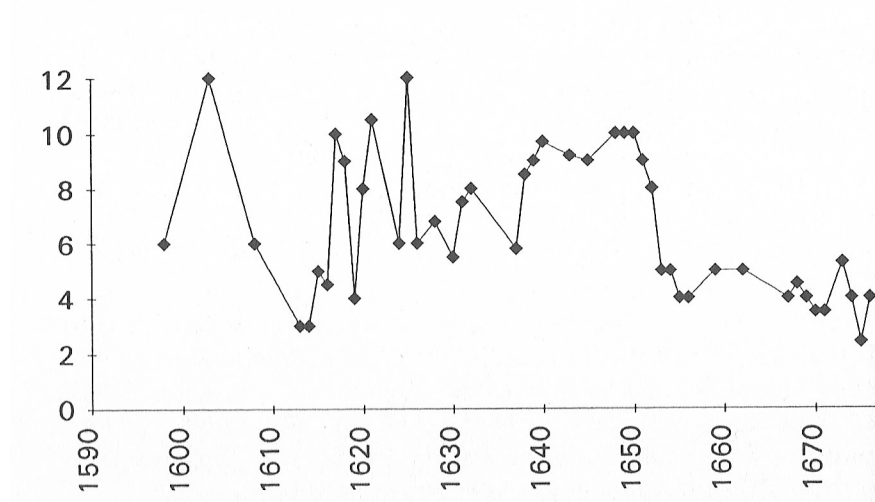
²¹¹ Ibid., 31.

²¹² Ibid., 300.

²¹³ Ibid., 300.

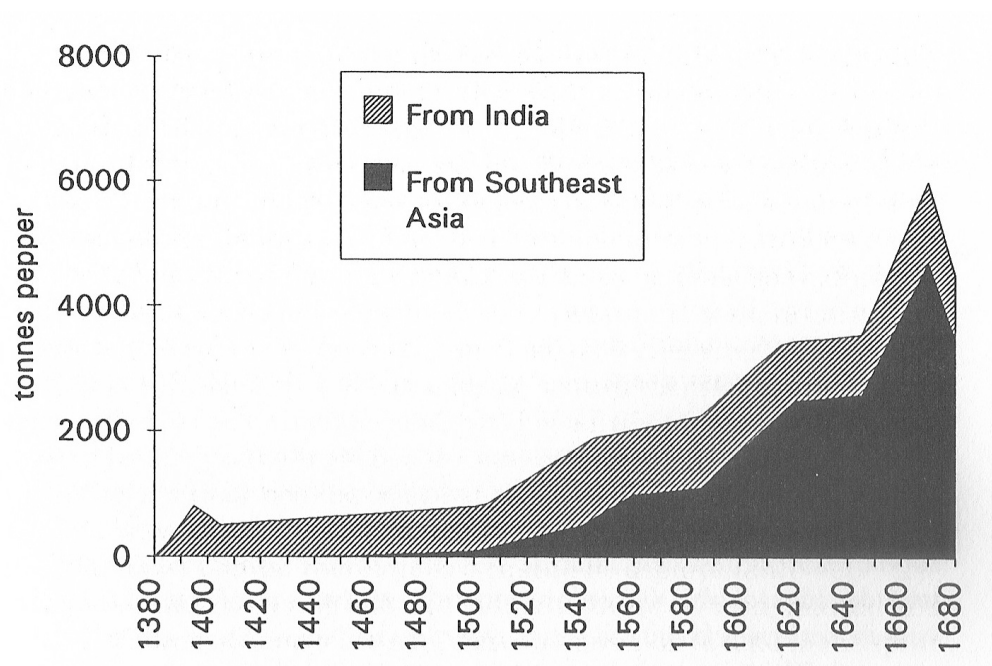
is steadily declining. Indian textiles gradually replaced pepper as the major export article.

Fig. 1: Development of pepper prices in Southeast Asian, in reals per pikul.



Source: *Reid, Age of Commerce*, 300

Fig. 2: Estimated pepper exports to Europe



Source: *Reid, Age of Commerce*, 21

3.4.2. The collapse of the Indonesian textile market

The decline of the international pepper trade had a crucial impact on the general purchase power of Southeast Asia, in particular the Indonesian Archipelago. Anthony Reid convincingly argues: “The effect of this reduction in export revenue was apparent in the declining ability to buy imported Indian cloth.”²¹⁴ In addition, Kenneth Hall emphasises the impact of political changes in India: “In the late seventeenth century there was a transition in the Sumatra cloth market, which was mostly precipitated by the decay of the international pepper market, but also a consequence of the political upheaval within India that had a negative consequence to India’s export of inexpensive cloth.”²¹⁵ Hall and Reid agree upon the fact that the changing market situation in Southeast Asia resulted in decreasing demand for high priced and low quality Indian textiles. The diminished importance of the Indonesian market within the pattern of international trade led to the economic decline of the region. Reid talks about the Southeast Asian ‘retreat from the World Economy’, which led to a widespread impoverishment of the region: “The urban-centred world of Southeast Asia [...] had vanished by 1700. When census data became available in the late nineteenth century, the region was one of the least urbanized.”²¹⁶

Reid’s theory of general impoverishment goes hand in hand with his observation of a 17th century crisis in Southeast Asian trade. This theory, however, has been rejected by other histories of early modern Southeast Asia. In his study on the Burmese economic history, Victor Lieberman clearly denies a continuous crisis and a general impoverishment: “In the case of Burma, the thesis is surely untenable: seventeenth century dislocations in maritime trade were but temporary, and even in that period had no discernable impact on agricultural production.”²¹⁷ In our study on the Coromandel merchant communities, we also could not determine a distinct decline in Asian shipping to Burma. On the contrary, trading links between Burma and the Coromandel Coast seem to be stable and insignificantly influenced by the market developments in the Indonesian Archipelago. It is therefore important to limit the impact of collapse of the international pepper trade to the Indonesian Islands. Kenneth Hall also questions a general decline of the economy of the Indonesian Archipelago. In reference to the theory of long economic cycles, Hall argues that local textile production in Southeast

²¹⁴ Reid, *Age of Commerce*, 301.

²¹⁵ Hall, *Textile Industry*, 106.

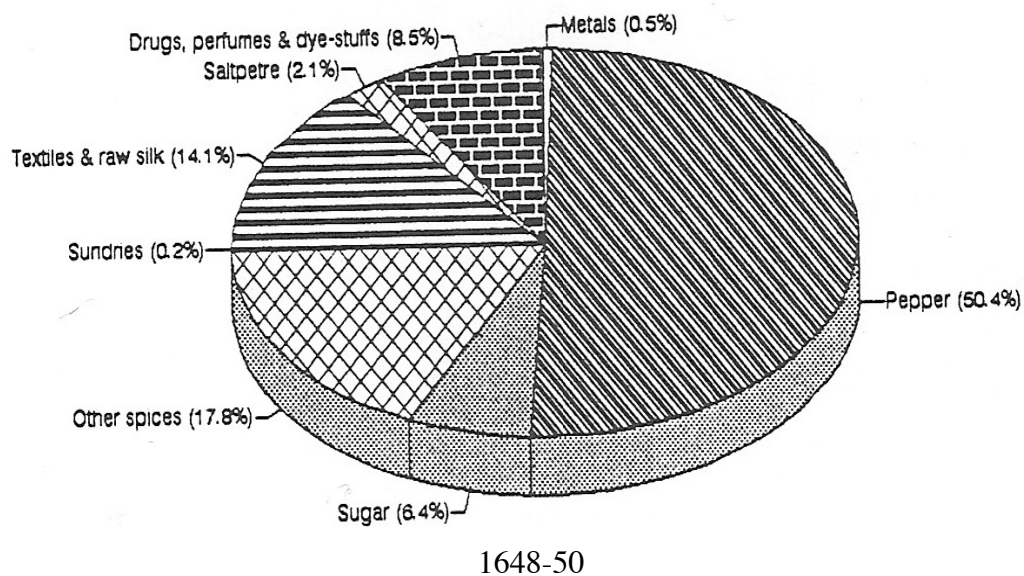
²¹⁶ Reid, *Age of Commerce*, 303.

²¹⁷ Lieberman, *Burmese Economic History*, 29.

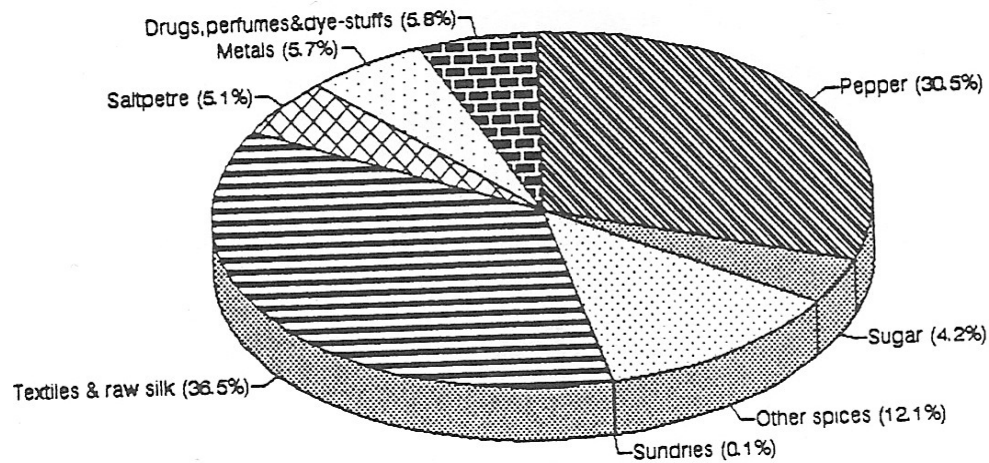
Asia never fully vanished. The changing market patterns stimulated the local cotton cultivation and weaving industry. The demand in reasonably priced cotton varieties was increasingly satisfied by local textile production instead of Indian imports. In his presentation of a Southeast Asian textile industry, which is subjected to the ups and downs of long economic cycles, Hall argues against Reid's picture of an economic crisis. According to Hall, the 17th century is "a period of fluctuation rather than crisis, wherein new regional patterns of exchange emerged to nourish newly integrating societies."²¹⁸

We already mentioned the growing importance of Europe as a sales market for Indian textiles. With the general decline of the Indonesian demand in low quality cloth by the end of the 17th century, the major flow of Indian textile exports finally shifted to Europe. We can clearly see the growing importance of textiles in the composition of the VOC's imports into Europe below.

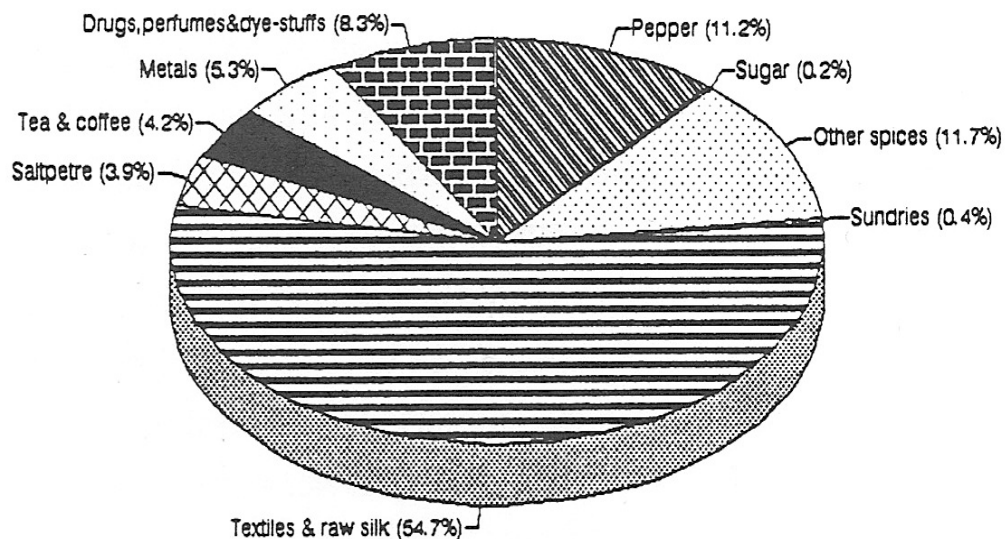
Fig. 3: Composition of the VOC's imports into Europe 1648-1700



²¹⁸ Hall, Textile Industry, 109.



1668-70



1698-1700

Source: *Prakash*, *European Commercial Enterprise*, 116-17.

The impact of the loss of the Indonesian textile market is clearly visible in the sharp decline of exports from India. Dutch textile purchases on the Coromandel Coast for the Indonesian market were on a downward drift after the 1670s. Only exceptions were the years from 1682-85, when the Company tried to buy up stocks in order to break competition. Referring to the VOC textile purchases, Reid states: “VOC sales to vessels from Archipelago ports visiting Batavia to buy Indian cloth dropped more precipitately, by 43 percent between 1665-69 and 1679-81, and even more rapidly in

the subsequent twenty years.”²¹⁹ In comparison with the European competition, textile exports of Bengal and Coromandel merchant don’t seem to drop till the mid-17th century. In his study of Bengal, Om Prakash determines the peak of Bengal cloth exports to Southeast Asia around the mid-17th century.²²⁰

Another development, which was closely linked to the growing textile exports to Europe, was the concentration on the production of higher quality textiles. The new international market patterns influenced a shift in production from low-quality cotton textiles to highly profitable textile varieties. This shift was associated with the loss of the Indonesian market for cotton textiles and the European demand in high quality textiles.²²¹ The growing importance of the European sales market for Indian textile varieties led to the exclusion of Coromandel merchants from direct export trade. We already noted that Asian merchants were generally excluded from the trade between Europe and India.

We finally have to embed the changing patterns of trade with the Indonesian Archipelago in our discussion about the reasons for a decline in value of the Asian trade from Coromandel. The trading links to Southeast Asia were the lifeline of the overseas trade of Coromandel merchants during the 17th century. Every major merchant community involved in overseas trade maintained steady traffic to partner ports on the Burmese coast, in the Malay Peninsula and/or the Indonesian Archipelago. The changing pattern of the interdependent trading relations between the Coromandel Coast and the Indonesian Archipelago can be traced back to the demise of the international demand in pepper and the subsequent collapse of the Indonesian textile market. Secular market trends led to a basic disruption of these trading links. It is therefore highly probable that these developments had a negative impact on the value of the overseas trade of the Coromandel merchants.

In some parts of Southeast Asia, such as the Burmese Coast and most widely also the Malay Peninsula, demand in Coromandel textiles as a major commodity in the barter trade remained high. Hence, a sharp decline in trade between Coromandel and Southeast Asian as a whole seems unlikely. Nevertheless, it is necessary to emphasise that the decline in value of Asian trade since the last quarter of the 17th century was

²¹⁹ Reid, *Age of Commerce*, 301.

²²⁰ See Om Prakash, *Asian Trade and European Impact. A Study of the Trade from Bengal, 1630-1720*. In: Blair King, M. N. Pearson (eds.), *The Age of Partnership. Europeans in Asia before Dominion* (Honolulu 1979), 51-53.

²²¹ The theory of a general shift in the production pattern is supported by different leading historians. In particular, see Arasaratnam, *Commerce on the Coromandel Coast*, 272, 336-341; Prakash, *The Dutch and the Economy of Bengal*, 144; Das Gupta, *the Decline of Surat*, 7-8.

mainly associated with shifts in international demand and changing patterns of global trade. The trading activities of the European companies within the Bay of Bengal and the Indonesian Archipelago only had a minor and mostly regional effect on commerce.

4. Conclusion

In the last chapter, we focused on the discussion about a general decline in Asian trade and tried to pinpoint the watershed of Asian trade on the basis of secondary works. Arasaratnam, Prakash and Subrahmanyam convincingly argued that the last quarter of the 17th appears to be a turning point for Asian participation in overseas trade from Coromandel. Even though, in contrast to Arasaratnam and Prakash, Subrahmanyam talks about deceleration of trade and not a general decline, all agree on the point that the political and economic changes during the last decades of the 17th had a severe impact on Coromandel trade. This is mainly due to four reasons: (1) the southward expansion of the Mughal Empire, (2) the penetration of Coromandel trade by private European traders, (3) the withdrawal of some merchant communities from independent overseas trade and (4), changing patterns of the intermediary trade.

In the course of the last chapter we came to the conclusion that another important factor seemed to have a negative effect on the trading activities of Coromandel merchants. This factor is closely associated with the interdependency and the patterns of exchange between the Coromandel and the Southeast Asian, primarily the Indonesian, market. The decline of the international pepper trade led to the loss of the Indonesian market for Coromandel textiles. Furthermore, the progressive specialisation in manufacturing of high quality textiles initiated the development of an export market, which was orientated towards European demand. Based on the fact that Indian textiles were the most important commodities in the barter trade with the Indonesian Archipelago, the disruption of this pattern of exchange definitely had a negative effect on the overseas trade of Coromandel merchants. Moreover, the subsequent decline of Aceh and the earlier conquests of Makassar and Bantam by the Dutch marked the loss of three thriving ports of Asian commerce. We can therefore summarise that the value of Asian trade from the Coromandel Coast reached a watershed in the last quarter of the 17th century and was in decline from then on.

By the end of the 17th century, the commercial focus in the Indian Ocean shifted from Southeast Asia to the Indian subcontinent. This was due to a sharp decline in international demand for finer spices and pepper. The descent of the Indonesian Archipelago into a periphery of the economic world-system was mainly correlated to the fact that agrarian expansion was orientated towards international demand. Without a steady demand in agrarian products the export-orientated market system collapsed.

This dependence on international demand is also applicable to the Indian system of production in the 18th century. An economy based on the export of specific products, can only prosper, as long the international demand for these products is not saturated or distorted by artificial trade restrictions. The importance of international demand for the economic development of the Indian Ocean World is not to be underestimated. One has to emphasise that international demand cannot be equated with European demand. The Indian Ocean world was a highly developed and integrated economic system, characterised by interdependencies of markets and a vast network of inter-regional trading relations. International demand also includes regional changes in market and production patterns, which had a direct effect on commodity flows within this economic system.

Against the backdrop of intercontinental trade we finally have to discuss the influence of the European East India Companies on the Coromandel Coast. We already mentioned that the direct effects on overseas trade were marginal. Asian overseas shipping remained strong throughout greater parts of the 17th century despite European competition. This was mainly due to the mobility and flexibility of the Coromandel merchant communities as well as to the localised character of Coromandel trade. Only the upcoming private traders in the last decades of the 17th century changed the balance of Coromandel trade. European competition and demand rather stimulated trade and economic developments. The constant input of bullion promoted and accelerated the process of monetisation and a general accumulation of capital. The widespread demand in Indian textiles varieties led to the development of manufacturing industry, which was orientated towards the international markets. Improvements in agrarian cultivation and production technique initiated a process of proto-industrialisation along with an increasing degree of labour division and specialisation. The European companies just had a minor effect on these developments, but their constant demand in manufactured goods and the input of bullion stimulated economic growth and expansion. Nevertheless, the growing demand of the European market for Indian textiles influenced the textile production, which specialised in the production of textiles matching the European taste. The European presence on the Coromandel Coast also had a direct effect on the organisational structure of trade. The organisational turn, initiated by the introduction of joint-stock companies permanently changed the intermediary trade.

We should not overestimate the European influence on the economic development of the Indian subcontinent, but it appears plausible, considering all the arguments of this thesis, that we can talk of a ‘European footprint’.

5. The Indian market from a global perspective

At the end of this thesis it seems necessary to put the developments in Southeast Asia and on the Coromandel Coast in the 17th century in a global context. In the last decades, the field of global history has become increasingly popular. Of great importance for that field were the theoretical concepts of global economic systems by Fernand Braudel, Immanuel Wallerstein and more recently, Andre Gunder Frank. We will therefore have a closer look at the different concepts and discuss the results of this thesis against the backdrop of a beginning globalisation process.

According to Andre Gunder Frank, “there was a single global world economy with a worldwide division of labour and multilateral trade from 1500 onward.”²²² In contrast to Wallerstein and Braudel, Frank developed a concept of a single world-system with East Asian, primarily China, in its centre. In his opinion, the shift of the hegemony towards Europe did not take place until the 19th century. The change of perspective implies a rejection of the European exceptionalism. Frank argues that Asia was not an economically inferior region, but indeed further developed than Europe. The core of Frank’s single world-system is the assumption that the whole is more than the sum of the individual parts.

On the basis of the analysis of the different merchant communities on the Coromandel Coast and the extensive trading relations with other sub-regions in the Indian Ocean, Frank’s characterisation of Asia as a highly developed and advanced economic area is certainly true. However, it remains questionable to what extent the trading relations between Europe and Asia can be characterised as multilateral and the economic regions of Europe and the Indian Ocean were part of one single world-economy as early as in the 17th century. The concept of a single world-economy assumes a high degree of intercontinental exchange and global market structures.

In their article “When did globalisation begin?” O’Rourke and Williamson reject the assumption of a globalised world economy before the early 19th century. In their definition, globalisation means commodity market integration, which can be measured by commodity price convergence.²²³ In reference to the years 1492 and 1498 as a starting point for a globalisation process, O’Rourke and Williamson state: “If 1492 and 1498 saw the beginning of a truly global world economy, then we should see plenty of

²²² Andre Gunder *Frank*, *ReOrient. Global Economy in the Asian Age* (Berkeley 1998) 52.

²²³ Kevin H. *O’Rourke*, Jeffrey G. *Williamson*, When did Globalisation begin? In: *European Review of Economic History*, Vol. 6 (2002) 25-26.

evidence of transport cost declines, commodity price convergence and trade booms along Euro-Asian trade routes in the three centuries that followed.”²²⁴ Both authors convincingly argue that no transport revolution or commodity price convergence can be determined before 1800, which was closely associated with the predominance of ‘non-competing’ goods in the pattern of intercontinental trade.²²⁵ Although O’Rourke and Williamson’s line of argumentation is admittedly convincing, their final statement about the 16th and 17th century Southeast Asian trade is inappropriate: “Thus, to take the best known example, the sixteenth and seventeenth centuries saw violent conflict over who would control the South East Asian spice trade. But a world in which monopoly rents, mercantilist intervention, and better warships played such an important part in intercontinental trade was not a world whose economy would be considered globalised by today’s standards.”²²⁶ This statement by O’Rourke and Williamson appears rather badly formulated, because it neglects the complex developments of the Southeast Asian Market associated with the emergence of the European companies and the general adaptability of the indigenous merchants communities.

One of the major arguments of this thesis is the existence of capitalist market structures within the Bay of Bengal which were characterised by commercial competition and market-orientated production. The spice trade of the VOC could only be maintained by the Company’s involvement in the intra-Asian trade. Whereas the expansion of the VOC in the Indonesian Archipelago was based on repression of indigenous trade in order to establish a monopolistic position in the spice trade, the Dutch tried to get access to the Coromandel markets mainly by entrepreneurial means. In this connection we highlighted the competitive character of Coromandel trade based on Holden Furber and Sanjay Subrahmanyam’s original concepts regarding the nature of the European-Asian relationship in the 17th century. The VOC was only one of many different players in the trading world of the Indian Ocean and did not have the direct impact on Asia trade as early European historians, such as Moreland, tried to prove. The analysis of the different Coromandel merchant communities on the contrary suggests an expansion of Asian trade or at least steady overseas traffic despite European competition. Subrahmanyam comprehensibly explained that the ‘commercial

²²⁴ O’Rourke, *Williamson*, When did Globalisation begin, 30-31.

²²⁵ *Ibid.*, 46.

²²⁶ *Ibid.*, 47.

cake' of the Indian Ocean trade was growing throughout the greater part of the 17th century and only the size of the different pieces of the cake changed.

The Indian Ocean World was a highly integrated economic zone in which single regions operated in an intercontinental context. In the 17th century trading links between India and Southeast Asia were particularly strong, but also the Persian market, the Chinese market and the Japanese market were integrated in a network of interregional commerce and exchange. This conception of the Indian Ocean world was already established by K. N. Chaudhuri in his major work "Asia before Europe".²²⁷

Also Dennis Flynn and Arturo Giráldez put emphasis on the progressiveness of some Asian economies. They hold the opinion that Europe was a 'late bloomer' in a single world-system characterised by economic unity.²²⁸ In this context, Flynn and Giráldez obviously agree with Frank's basic concept of a single world-economy. The approach of Flynn and Giráldez is especially noteworthy because by their description of a highly integrated global economy, they do not drive a wedge between Europe and the rest of the world. In their study of global silver cycles, they draw a picture of a global flow of silver, which was based on arbitrage trade in bullion.²²⁹ Flynn and Giráldez follow the recent trend in global history on focus on the development of the China market and the importance of the gold/silver ratio as the foundation of arbitrage trade. Even though the emphasis of the article lies on China, we can find some similarities with the developments of the Indian market in the 17th century. The arbitrage character of trade and the importance of silver imports are also applicable to the Indian economy.

However, the integration of trans-regional markets in a vast network of commercial exchange cannot exclusively be reduced to the flow of bullion. We already mentioned that the greater part of the trade from the Coromandel Coast within the Bay of Bengal was barter trade. If we see silver as a form of commodity as Flynn and Giráldez suggest, the trade between Europe and Asia in the 17th century would have been a kind of barter trade as well. This assumption does not neglect the arbitrary character of trade. To sum it up: the global flow of silver is not the only indication of a worldwide integration of markets and commodity exchange. We also have to emphasise the trans-regional trading networks based on barter trade, which not only integrated markets on a

²²⁷ See K. N. Chaudhuri, *Asia before Europe. Economy and Civilisation of the Indian Ocean from the Rise of the Islam to 1750* (Cambridge 2000).

²²⁸ Dennis O. Flynn, Arturo Giráldez, *Cycles of Silver. Global Economic Unity through the Mid-Eighteenth Century*. In: *Journal of World History*, Vol. 13, No. 2 (2002) 391.

²²⁹ See Flynn, Giráldez, *Cycles of Silver*, 396.

domestic, but also intercontinental basis. A good example of this is the involvement of the VOC or the private European traders in the country trade of the Indian Ocean and China Sea, which was also defined by demand-and-supply mechanisms. This should be regarded as an expansion of Flynn and Giráldez's theory and not as an opposing view. In fact, the general outcome of this thesis supports the concept of an increasing integration and exchange of intercontinental markets as early as in the 17th century. In this context, the bottom-up perspective allows us to put regional developments and changes in patterns of exchange into a broader context. Sometimes it seems reasonable to search for connections and question a general unity, instead of postulating a global unity and forgetting the individual parts.

In contrast to Frank's single world-system, Braudel and Wallerstein developed a concept of multiple (world)-systems. Wallerstein argues that it was "in the sixteenth century that there came to be a European world-economy based upon the capitalist mode of production."²³⁰ This European world-system expanded over the centuries and merged with other systems. Braudel claims that the European world-system included other economic systems by expansion. Wallerstein emphasised the commercial character by talking of the incorporation of other economic-systems. According to Immanuel Wallerstein, the incorporation of the Indian subcontinent into the capitalist world-economy was completed somewhere between 1750 and 1850.²³¹ It would be beyond the scope of this thesis to discuss the pros and cons of the different concepts of world-systems. However, This thesis has shown that the Indian Ocean World, specifically the Bay of Bengal was a highly developed economic zone with integrated market structures and vast trading relations. The nature of the trade between Asia and Europe was different. This gets especially clear, if one looks at the domination of European traders in the direct trade with Europe. Asian merchant were generally excluded from the direct trade to Europe. The dominance of European traders in the overseas trade between Europe and the Indian Ocean suggests that the links between these two economic zones were comparatively weak and based on 'non-competitive' goods.

In the end we shall go back to the article of O'Rourke and Williamson about the beginning of globalisation. According to them, globalisation can be measured in terms of declining transport costs and commodity price convergence, which laid the basis for

²³⁰ Immanuel *Wallerstein*, *The Modern World-System. Vol. 1: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (San Diego 1974) 67.

²³¹ Immanuel *Wallerstein*, *The Modern World-System. Vol. 3: The Second Era of Great Expansion of the Capitalist World-Economy, 1730-1840s* (San Diego 1989) Chapter 3.

a global competitive market system. Based on the trading relations between Europe and Asia in the 17th century, we maybe should define globalisation as a general form of worldwide market integration and commodity exchange. Following this definition, globalisation as a process was already on its way in the 17th century.

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Abstract

Deutsch

In dieser Arbeit wird auf Grundlage von Sekundärliteratur der Frage nachgegangen, in wie fern die Europäischen Ost-Indien Kompanien Auswirkungen auf die Handelsaktivitäten der einheimischen Händlergemeinschaften an der indischen Koromandelküste hatten. Als Zeitraum wurde das 17. Jahrhundert gewählt, da es in dieser Zeit in Zusammenhang mit der zunehmenden europäischen Konkurrenz zu grundlegenden Veränderung in der Struktur und Organisation des Überseehandels kam. Anhand der Auswertung von zeitgenössischen Schiffslisten und der Untersuchen der verschiedenen Handelsgemeinschaften entlang der Koromandelküste, kann allerdings nachgewiesen werden, dass der direkte Einfluss der Europäer auf den einheimischen Handel relativ gering war. Der einheimische Überseehandel von der Koromandelküste wächst sogar bis zum Ende des 17. Jahrhunderts weiter an. Die Arbeit liefert Argumente dafür, dass ein allmählicher Rückgang im Wert des indigenen Überseehandels erst gegen Ende des 17. Jahrhunderts festgestellt werden kann. Damit im Zusammenhang stehen vor allem grundlegende Veränderungen in der Organisation des Handels und die wirtschaftlichen Entwicklungen in Südostasien. Ein wichtiger Zusatz zur aktuellen Forschungsliteratur ist dabei die Tatsache, dass die Märkte der Koromandelküste und Südostasien schon im 17. Jahrhunderts im engen Austausch standen und sich gegenseitig beeinflussten. Als Beispiel dafür, wird der Zusammenbruch des internationalen Pfefferhandels genannt, welcher schlussendlich zum Verlust des Indonesischen Absatzmarktes für indische Textilien führte. Zum Schluss der Arbeit werden die Ergebnisse in einen globalen Kontext gesetzt und in aktuelle Theorien eingebunden. Dabei werden speziell die unterschiedlichen Konzepte eines Weltwirtschaftssystem von Braudel, Wallerstein und Franz gegenübergestellt und mit den Ergebnissen dieser Arbeit abgeglichen. Abschließend wird der Frage nachgegangen, in wie fern die wirtschaftlichen Entwicklungen an der Koromandelküste ein Indiz für einen voranschreitenden Globalisierungsprozess sind.

English

This thesis will answer the question of to what extent the European East India Companies had an impact on the commercial activities of the different merchant communities on the Indian Coromandel Coast. The 17th century was chosen as the period of investigation, because of fundamental changes in the structure and organisation of overseas trade associated with the growing European competition during this period. Based on the analysis of contemporary shipping lists and the study of the different merchant communities along the Coromandel Coast, it can be justified that the direct impact of the Europeans on indigenous trade was relatively small. The indigenous overseas trade from Coromandel even experienced a time of considerable growth up until the end of the 17th century. The thesis provides arguments for the assumption that a gradual decline in the value of Asian overseas trade from Coromandel cannot be detected until the last quarter of the 17th century. Reasons for that decline can be found in the fundamental changes of the organisation of trade and the economic developments in Southeast Asia. An important addition to the recent research literature is the fact that the markets of the Coromandel Coast and Southeast Asia were closely linked and characterised by a mutual interdependency as early as in the 17th century. One example of that is the decline of the international pepper trade, which subsequently led to the collapse of the Indonesian sales market for Indian textiles. At the end of the thesis, the results are embedded in a global context and recent theories. In this regard, Braudel, Wallerstein and Franz' concepts of a world-economy are compared with one another and aligned with the results of this thesis. Finally, the question will be answered of whether the developments on the Coromandel Coast can be regarded as an indicator of a progressing process of globalisation.

Name: Maximilian Robert Egon Martsch
Address: Herminengasse 4/1
1020 Austria
Email: Maximilian.Martsch@gmx.de
Birth date: October 22, 1987
Nationality: German

Education

2007-2013 **Magister in History**, University of Vienna, Austria
2011-2012 **Erasmus-Exchange** (one semester), **Universiteit Antwerpen**,
Antwerpen, Belgium
1998-2007 **Gymnasium Oberschule zum Dom**, Lübeck, Germany
1994-1998 **Elementary School**, Krummesse, Germany

Scholarly Publications

2012 Friedrich *Hauer*, Sylvia *Gierlinger*, Clara *Nagele*, Jonas *Albrecht*, Till
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