5 The English and Dutch East India Companies and Indian merchants in Surat in the seventeenth and eighteenth centuries

Interdependence, competition and contestation

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Abstract
This chapter explores the dynamics of the commercial relationships between the European East India Companies and Indian merchants, and examines the local and global forces that shaped this relationship. In carrying out their large-scale trade in India, the EIC and the VOC depended heavily on Indian merchants, who extended a variety of professional commercial services to the companies. Indian merchants too benefited from this and sought affiliation with the companies as it presented lucrative commercial opportunities as well as social and political advantages. The relationship that developed between the two was one of interdependence and complementarity. It was also competitive and, at times, contestable. Through a comparative analysis of the EIC’s and VOC’s relationship with Indian merchants, this chapter seeks to understand the significance of this strategic alliance for European commercial enterprise in India in the early modern period.

Keywords: Portugal, Indian merchants, Banias, Parsis, Surat, Bombay, maritime trade, broker, Virji Vora

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This chapter investigates the dynamics of the commercial relationship between the European East India companies and Indian merchants in the seventeenth and eighteenth centuries. It explores the local and global forces that shaped this relationship. In carrying out large-scale trade in India, the English East India Company (EIC) and the Dutch Verenigde Oost-Indische Compagnie (VOC) came to depend heavily on Indian merchants, who offered a variety of professional commercial services to the companies. As bankers, brokers, large-scale suppliers and buyers of commodities, Indian merchants played a crucial role in the relative success of European commercial enterprise in the western Indian Ocean. The focus of this chapter is Surat, a port in Gujarat, where the companies had established their factories in the early seventeenth century and which served as their main trading post in the western Indian Ocean for the next two centuries. Surat was home to a large number of Indian and Asian merchants prominent in the region’s maritime trade with West, East, and Southeast Asia throughout this period. Thus, any interaction between the European companies and Surat merchants, each with their own commercial ambitions, was bound to be dynamic and constantly changing. The relationship that developed between the two can best be characterised as one underpinned by interdependence and reciprocity. Affiliation with the companies presented lucrative commercial opportunities as well as social and political advantages. Many prominent merchant families in Surat therefore sought association with the companies. Both sides benefitted, but this was a relationship that was highly competitive and at times sharply contested.

While the role of brokers in servicing the European trade is generally recognised, the complexities of the relationship between the European companies and Indian merchants/brokers and its significance in the commercial success of both have not been fully explored. Moreover, past studies have examined the role and activities of brokers in a limited time frame, usually a century or sometimes just a decade. There has been no attempt to study this group across a longer trajectory and to track the evolution of the relationship and the changes that took place over time, especially in the eighteenth century. This chapter is an attempt to address these issues and hence to shed light on the crucial role of brokers in European trading empire. Through a comparative analysis of the EIC’s and VOC’s relationship with

1 In this chapter, I use the term ‘Indian merchants’ to refer to indigenous or local Gujarati Bania, Muslim, and Parsi merchants, and ‘Asian merchants’ to denote Armenian, Jewish, Turkish and other merchants who lived in Surat or other Gujarat ports on a permanent or quasi-permanent basis and were engaged in the maritime trade of the region.

2 Qaisar, ‘The Role of Brokers in Medieval India’; Pearson, ‘Brokers in Western Indian Port Cities’; Gupta, ‘The Broker in Mughal Surat’.
Indian merchants in the seventeenth and eighteenth centuries, the chapter seeks to understand the significance of this strategic alliance for European commercial enterprises in India but also for Indian merchants. By examining the activities of those merchants with whom the companies conducted business and by detailing the genealogy of brokers, I aim to illuminate the complexities of this alliance and show how both sides attempted to assert their position and maximise commercial benefits from their connections. It underlines long-term continuities as well as changes in the relationship during one of the most dynamic phases of European interaction with India.

Older understandings of the European presence in the Indian Ocean and its implications for Indian merchants emphasised European domination and Indian subordination. Since the 1970s, this view has been contested by a number of scholars who have identified partnership and reciprocity in their relationship. By showing the companies’ dependence on Indian merchants and brokers and their inability to exert the desired level of authority over brokers across a longer timeline, this chapter contributes to our understanding of the European expansion in India in the early modern period. The following section outlines the historical context within which a relationship of trust and reliance was forged between the companies and Indian merchants.

European companies and Indian merchants in Surat: the beginning of a relationship

The arrival of the EIC and the VOC in India in the early seventeenth century marked the beginning of a new era of the European–Indian commercial exchange. The companies displayed a different approach to trade and trading from their predecessors, the Portuguese, whose relationship with Indian maritime merchants frequently ended in conflict. Unlike the Portuguese, the English and the Dutch had a strong mercantile tradition and tended to be more pragmatic in their dealings with Indian and other Asian merchants. They forged a close commercial relationship with Indian

3 Moreland, *India at the Death of Akbar*, pp. 200-203; Panikkar, *Asia and Western Dominance*.  
5 This was mainly because of the Portuguese assertion of monopoly of maritime trade in Asia, the Cartaz system, which required Asian ships to buy from the Portuguese a license to sail in the Indian Ocean, and violent reprisal against vessels without a license. Prakash, *European Commercial Enterprise in Pre-Colonial India*; Gupta and Pearson, *India and the Indian Ocean, 1500-1800*; Pearson, *The Indian Ocean*. 
merchants and secured permission from Indian rulers to establish trading stations or factories in port cities and in the interior. In part because of this, the volume and value of India–Europe trade substantially increased and there was also a significant shift in the commodities that were transported. Indigo and a variety of cotton and silk textiles came to constitute the largest proportion of exports from India to Europe and other parts of Asia. The companies’ large-scale trading enterprise and the kind of commodities that they exported from India required a close interaction with Indian merchants, brokers, and bankers. There was a well-developed market structure in place with a hierarchy of merchants and intermediaries as well as banking and brokering services. These merchants and intermediaries were willing to extend their commercial services to the EIC and VOC and to take the business opportunities that the companies presented to them. The outcome was the beginning of a long-term relationship between the two groups based on interdependence and mutual benefit.

The EIC began its trade relations with Surat in the 1600s while the Dutch company followed in the 1610s. Both companies were interested in buying merchandise such as indigo and textiles from Gujarat for European markets. Since the VOC carried out an extensive intra-Asian trade, the company also purchased textiles and other commodities for markets within Asia while importing a variety of European and Asian merchandise into Surat. The companies’ imports into Surat from Europe consisted mainly of gold and silver and some woollen and silk textiles as well as some non-precious metals and minerals like iron, lead, and vermillion. The EIC’s trade with India was primarily an exchange of precious metals for Indian textiles, indigo, pepper, and other commodities. Intra-Asian trade enabled the VOC to import into Surat large quantities of fine spices (clove, nutmeg, and mace), cinnamon, Japanese gold, silver, and copper, and Java sugar, ivory, sappanwood, and many other commodities. Since the sale value of its

Prakash, *European Commercial Enterprise in Pre-Colonial India*, pp. 81-82; van Santen, ‘De Verenigde Oost-Indische Compagnie in Gujarat en Hindustan’.  

imports often exceeded the purchase value of goods for Asian and European markets in much of the period after 1650, the VOC remitted the surpluses to its other establishments in India and occasionally to Batavia. Between 1672 and 1792, the average annual purchase value of VOC’s exports from Surat varied between 340,000 and 1.08 million guilders and the sale value of imports varied between 390,000 and 1.16 million guilders during 1711–1793.

To carry out a large-scale trading enterprise, access to the interior, where export commodities were produced, was vital. Soon after their arrival in Surat, the EIC and the VOC established subordinate factories at a number of major production or exchange centres in Gujarat, including Ahmadabad, Baroda, Broach, and Cambay, as well as in Agra, which was a major market for textiles and indigo. From these places, they could reach out to the surrounding villages where indigo and textiles were produced. For operations in these centres, the services of Indian merchants, bankers, and brokers were indispensable. Equally crucial was the support of Mughal imperial government and local governors and officials, who were also cognisant of the significance of the companies as importers of gold and silver and a source of revenue in the form of customs or import/export duties. As a result, the EIC worked to secure imperial permission to trade and other commercial privileges (including remission of customs duties and exemption from inland transit duties) via Emperor Jahangir’s farman (imperial order) which granted such permissions and privileges to the company.10 Its main rival, the VOC, obtained similar privileges from the Mughals. It is clear from several farmans issued by Emperor Shahjahan in the 1630s to the Dutch that the Mughals recognised the economic benefits that imperial ports and their inhabitants derived from European trade and ensured that the company was able to carry out its trade without undue hindrance and extortion.11 Sometimes, the companies used their naval power and violence against Surat merchants to secure trade privileges from the Mughal authorities or to force the latter not to hinder their trade or harm their commercial interests.12 However, given their large-scale commercial transactions in inland territories from Gujarat to Agra, which was the site of Mughal imperial headquarters, the companies were generally reluctant to use

10 The efforts began with Thomas Roe who visited the Mughal court and sought trade privileges and concessions in the empire. Foster, The Embassy of Sir Thomas Roe.
11 See the copies of Mughal farmans among the Geleynssen de Jongh papers. Nationaal Archief, The Hague, Collectie Geleynssen de Jongh, 100, Briefboek van verscheyde soo becoomen als versusde brieven als formannen int Persiaens geschreven ende int Nederlants getranslateert begonnen anno 1639 in Agra [Letter-book of various letters received and sent as well as farmans written in Persian and translated into Dutch beginning in 1639 in Agra], not foliated.
12 Clulow, ‘European Maritime Violence and Territorial States’.
violence. Their first responses were almost always petition and negotiation and only when such strategies failed to produce the desired result did they move to make use of their naval superiority.

Many Mughal governors and high officials also carried out trade from Surat to the Red Sea and Persian Gulf ports. They viewed the companies as competitors and, at times, used their political influence to restrict or stop the Dutch or the English from participating in this trade. Dealing with such competitors posed a considerable challenge to the companies, and it was here that the relationship with local authorities was fraught with clashing interests and fierce contests. As early as 1619, the governor of Surat ordered EIC’s brokers in Surat, Broach, and Baroda not to purchase any merchandise for the company for Mocha and Aceh.13 In the 1620s and 1630s, the indigo market in northern India was an arena in which local Mughal governors and nobles exerted their political influence by seeking to monopolise the indigo trade, generating resistance from the companies, which resisted any attempt to block their access to the indigo trade.14 Under such circumstances, the companies’ Indian brokers played a significant role in negotiating with the local administration and in obtaining permission to trade. In 1622, when the EIC was not allowed to trade in Baroda, its broker, Tapidas, offered to obtain permission from the Mughal authorities for the company to continue trade and also promised that if he failed to obtain the permission he would secretly supply the company with any merchandise that it wanted.15

Surat’s shipowners, especially those trading with Red Sea and the Gulf ports, were the main victims of maritime violence. As direct competitors of the companies in the marketplace in West Asia and elsewhere, they were highly vulnerable to European violence in the western Indian Ocean. On many occasions in the early seventeenth century, Surat vessels were captured and plundered by the companies. In 1612, an EIC fleet commanded by Henry Middleton plundered some fifteen vessels mostly belonging to Surat merchants.16 Similarly, in the early 1620s, the VOC and then the EIC captured several merchant vessels returning from the Red Sea to Surat and other ports of the Gujarat coast.17 The companies claimed that these were retaliatory measures and a pressure

13 Prakash, The Dutch Factories in India, pp. 95-96.
14 For a discussion of this clash of interest in the indigo market and trade, see Nadri, The Political Economy of Indigo in India, pp. 155-164.
15 EFI 1622-23, Broach to Surat, 20 January 1622, p. 20.
17 In 1623, the EIC despatched a fleet to capture Chaul and Dabhol ships returning from Mocha. EFI 1622-23, Consultations, Surat, 18 February 1623, p. 200; Ibid., Consultations, Surat, 3 March 1623, pp. 204-06; Ibid., Instructions from the President and Council at Surat to Captain John
tactic to make up for the losses and extortion they had suffered at the hands of the Mughal officials and governors as well as to secure trade concessions and privileges. They succeeded to a degree in forcing their terms of trade upon the local administration. The relationship became increasingly bitter at the end of the seventeenth century when some Surat ships were captured and plundered by European pirates in the Gulf of Aden. The merchants and the Mughal authorities held the companies (the English, Dutch, and French East India companies) responsible for this and demanded compensation from them. The companies were also forced to provide convoy protection to Surat ships in the western Indian Ocean.18 Again in the second half of the eighteenth century, a prolonged conflict took place between the two when the EIC attempted to monopolise the freight trade from Surat to West Asia.19

The early seventeenth century was also the period when commercial relationships between the companies and Indian merchants, especially brokers and bankers, were forged and consolidated. From the very beginning, the companies depended on local merchants, brokers, and bankers to procure merchandise and dispose of their imports. Due to the shortage of funds for the timely purchase of merchandise, the companies often had to borrow money from local merchants and brokers. Many prominent merchants in Surat and elsewhere in Gujarat readily lent money on interest to the companies. By the mid-seventeenth century, as the EIC and VOC consolidated their trade, each employed a leading merchant of Surat as its broker, who then looked after its imports and exports. The families of some merchants who served the European companies as brokers during this period retained the position for several generations.20 The meanings and functions attached to the office of the broker also changed over the period. Brokering, originally a purely commercial intermediation aimed at bringing buyers and sellers together and facilitating a smooth transaction in return for a commission from both sides, had by the mid-seventeenth century acquired social and political significance.21 It had become a privileged

18 For a detailed description of these incidents, see Gupta, Indian Merchants and the Decline of Surat, pp. 94-133.
21 This was more so the case in the eighteenth century. Ashin Das Gupta has rightly pointed out that the position gave the holder 'enormous prestige' and 'the power to manage all official trade in the city'. Gupta, 'The Broker in Mughal Surat', p. 401.
position, with the result that some merchant families competed to obtain these roles, sometimes leading to a protracted struggle, as happened between the families of Tapidas Parekh and a Parsi merchant, Rustamji Manikji, in the early eighteenth century. The companies too, it seems, preferred to employ different generations of the same family as their brokers because it ensured stability and longevity for a relationship that was considered crucial to their success in Asia.

During this developmental phase, the European companies traded with a number of prominent merchants of Surat, possibly with the help of their brokers. Virji Vora was one such merchant with whom the companies, especially the EIC, transacted business on a large scale. By lending money to the companies, buying goods that the latter imported into Surat, and supplying key export commodities such as pepper, indigo, and textiles, he played a vital role in the EIC’s and VOC’s trade. A close look at the commercial transactions between Vora and the companies shows how much European commerce depended on Indian merchants and their capital and how Virji Vora drew commercial benefits from this association and almost always succeeded in dominating the terms of the relationship.

**European companies and Virji Vora: a relationship of interdependence**

Early seventeenth-century EIC records present Virji Vora as a prominent merchant, who often lent money to the company while also buying merchandise that the latter imported into Surat. He was not formally a broker of either of the companies but he was often the principal buyer of merchandise that the English and Dutch companies imported into Surat. He held a sort of monopsony by keeping his competitors out of his way and buying the companies’ imports almost entirely by himself. Being an

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22 The EIC and VOC often borrowed money from the Bania merchant, Virji Vora. In 1622, the VOC borrowed 36,000 mahmudis from him. *Pieter van den Broecke in Azië*, vol. 2, p. 275; DFI 1617-1623, Surat to Batavia, 25 December 1623, p. 286. In 1628, EIC merchants in Agra received a letter of credit from Virji Vora for 20,000 rupees. EFI 1624-29, Agra to Surat, 1 February 1628, p. 234; Ibid., Agra to Surat, 17 March 1628, p. 271. In the same year, Virji Vora bought the company’s coral. Ibid., Surat to London, 21 December 1628, p. 310. In 1629, the EIC bought 20,000 maunds of pepper from Virji Vora. Ibid., Surat to London, April 11-13, 1629, p. 327. In 1630, the EIC received a letter of credit from Virji Vora for 25,000 rupees. EFI 1630-33, Surat to London, 30 September 1630, p. 56. In 1634, the EIC borrowed 30,000 rupees from him. EFI 1634-36, Surat to London, 2 January 1635, p. 147. Mehta, *Indian Merchants and Entrepreneurs*, pp. 53-57.
influential merchant, he exerted monopolistic control over Surat’s trade in major commodities like pepper and coral. A statement made at the EIC council meeting in Surat in 1625 describes the nature of Virji’s commercial transactions with the company and other merchants in Surat.

The President has accordingly been in treaty with ‘Vergee Vora’, ‘a prime marchant of this towne’, for 10,000L. worth [of pepper] at 16 mahmudis the maund; but the latter demands 16 ¼ mahmudis, and requires as part of the bargain the sale to him of 25 chests of their best coral at a price which would seriously diminish the expected profit. Meanwhile he has engrossed all the pepper brought in by ‘the Decannee marchants’, who are not permitted to sell it to any other.23

When the company sent its brokers to the Deccan to buy pepper, Virji Vora frustrated them by offering a higher price than the English could afford and forced the company to accept the deal that he had earlier proposed.24 In 1634, similarly, EIC authorities noted:

The potency of Virgee Vorah (who hath bene the usuall merchant, and is now become the sole monopolist of all Europian commodities) is observed to beare such sway amongst the inferiour merchants of this towne that when they would oftentymes buy (and give greater prices) they are still restrayned, not dareing to betray their intents to his knowledge and their owne sufferance, insomuch that the tyme and price is still in his will and at his owne disposure.25

Virji Vora also used the company’s indebtedness to his own advantage or that of Surat merchants more generally. On many occasions, he forced the companies to provide Surat merchants with freight services to Mocha, Jeddah, Gombroon, and Basra. Company officials in Surat were forced to comply with his demands even if they had to defer the dispatch of their vessels to Batavia or England.26 Both the EIC and VOC had extensive

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23 EFI 1624-29, Consultations, Surat, 10 July 1625, p. 90.
24 Ibid., Consultations, Surat, 24 September 1625, p. 94.
26 In 1628, he forced the Dutch to offload the merchandise on a VOC ship in Surat and take freight goods to Persia and also forced the EIC to defer the despatch of the Hart to England and sail instead to Persia with merchandise belonging to Surat merchants. EFI 1624-29, Consultations, Surat, 8 December 1628, p. 300; ibid., Surat to London, 21 December 1628, p. 306.
commercial dealings with Virji Vora. The EIC purchased large quantities of pepper from him and Virji often bought corals, amber, quicksilver, silver, and gold from the company. For Virji, the companies presented excellent business opportunities and he maintained cordial relations through the use of customary presents. The companies too depended on him for the supply of money that was so crucial to the timely procurement of pepper and other merchandise. They were so dependent that the EIC was hesitant to take any commercial measure that would have displeased him. An EIC official, Edward Knipe, expressed the following sentiment when he wrote to London in 1643:

I understood that Virge Vora yearly sends downe his people hither to Callicutt with cotten and opium, by which hee doth not [gain?] less then double his mony to those people hee buyeth his pepper off, [and] afterwards disposeth of his pepper to us for double what it cost him; for I finde pepper to bee worth here but 15 ½ and 16 fannams the maund, which is not halfe the rate hee usually valleweth it to our people in Suratt. It would obviously be cheaper to deal direct;’ but indeed Virge Vora, by reason of our continuall mighty ingagments, must not bee displeased in any case........ Hee knoweth that wee (in regard of our extreame ingagment) must sell, and so beats us downe till wee come to his owne rates; and thus hath bynn his proceedings this many yeares. And I conclude that, so long as Virge Vora is so much our credittor, little or no proffitt [is] to bee made uppon any goods wee can bring to Surratt.28

Virji Vora kept his position as the richest merchant of Surat well up to the early 1660s and the EIC remained indebted to him. His commercial fortunes began to decline around the midpoint of the seventeenth century when he got into trouble with the governor of Surat and the local administration. The plunder of Surat in 1663 by the Marathas was catastrophic for Virji Vora and many of the city’s other affluent merchants.29 He was not, however, completely ruined. Soon he was back in business and once again the richest merchant. By the mid-seventeenth century, many other Bania merchant families of Surat rose to prominence and began to vie with each other to

27 In 1634, Virji Vora presented nine pieces of white cloth to the EIC as gift. EFI 1634-36, Surat to London, 19 January 1635, p. 97. In 1661, Virji Vora presented some calico pieces to the company. EFI 1661-64, Surat Presidency, 1661, p. 21.
29 According to an estimate, Virji Vora lost about half a million rupees. EFI 1661-64, Shivaji’s attack upon Surat, 1664, p. 310.
serve the companies as brokers, bankers, and suppliers of merchandise as well as to keep the position and its associated privileges within the family. One such family was that of the Parekhs, whose members served the EIC as brokers for much of the seventeenth and eighteenth centuries.\footnote{Somji Chitta and Chota Thakur served as EIC’s brokers on several occasions in the seventeenth century. In 1652, Benidas replaced Tulsidas Parekh as the Company’s shroff. Gokhale, \textit{Surat in the Seventeenth Century}, pp. 122-23.}

\section*{The EIC and the Parekh family of brokers}

In the early seventeenth century, the merchant family of Tapidas and Tulsidas Parekh consolidated its hold as the company’s broker and shroff (Persian \textit{sarraf}; money changer or banker) in Surat. For just over five decades from 1609 to 1660, Tapidas served as a broker and was engaged in diverse activities, from lending money to taking care of the logistics for the EIC in Surat.\footnote{Qaisar, ‘The Role of Brokers in Medieval India’, p. 230; Gokhale, \textit{Surat in the Seventeenth Century}, p. 119; Nadri, ‘The Maritime Merchants of Surat’.} In the records of the EIC, he is referred to as the house shroff, signifying the crucial role he played in the company’s maritime trade.\footnote{In 1636, he issued a bill of exchange for 50,000 rupees to the EIC. EFI 1634-36, Surat to Ahmadabad, 12 February 1636, p. 169; Qaisar, ‘The Role of Brokers in Medieval India’, p. 235; EFI 1642-45, Swally Marine to London, 27 January 1642, p. 21.} In recognition of his services, the company paid him an annual allowance of 500 \textit{mahmudis} in addition to his usual brokerage.\footnote{Gokhale, \textit{Surat in the Seventeenth Century}, p. 119. Mahmudi was a silver coin of smaller denomination current in Gujarat, whose exchange value with the Mughal rupee varied between 2/5 and 4/9 of a rupee in the seventeenth century.} He had an extensive commercial network that reached into the interior. Disposing of merchandise that he bought in large quantities from the company was possible only through a chain of reliable sub-brokers and agents spread all over the region. Bania ingenuity in building such networks was famous among their contemporaries and because of this they came to dominate the profession of brokering and banking in Gujarat. Tapidas traded extensively in commodities like coral and silver, which he purchased from the company. As a maritime merchant, he also had trade relations with West Asian ports like Basra. He did not own ships but freighted merchandise to his partners at other ports and sometimes sent them on a hired ship.\footnote{In 1642, he hired an English vessel, the \textit{Prosperous}, for 5,000 mahmudis to send his goods to Basra. EFI 1642-45, Surat to London, 27 January 1642, p. 21.}

Tapidas traded extensively in commodities like coral and silver, which he purchased from the company. As a maritime merchant, he also had trade relations with West Asian ports like Basra. He did not own ships but freighted merchandise to his partners at other ports and sometimes sent them on a hired ship. His brother, Tulsidas Parekh, also served the company as its main shroff for several years between 1636
and 1667. Tulsidas was a rich merchant in his own right and had extensive commercial dealings with the company and private English merchants. Both brothers received an annual allowance from the company.35

Their family fortunes improved still further in the second half of the seventeenth century when Tulsidas's son, Bhimji Parekh, entered the service of the EIC as a broker along with his three brothers, Kalyandas, Kisso and Vithaldas.36 Bhimji Parekh was the most dynamic of all, and apart from being a leading merchant he also exercised great influence over the Bania community of Surat.37 Under him the family fortune, as reported in a letter of 5 July 1682 from the Court of Directors to Surat, exceeded one million pounds sterling (approximately 8 million rupees).38 Until his death in 1686, he was at the helm of affairs in Surat and as a key broker was influential in the management of the company's imports and exports. What is also remarkable is that he held this position jointly with his brothers, each having a fixed share in the joint undertaking with the EIC. After Bhimji, his brothers Vithaldas Parekh and Kisso served the company in much of the 1680s and 1690s. The Parekh family played a vital role in the EIC's commercial enterprise. The company depended heavily on the financial services and commercial mediation of the Parekh merchants. For the latter, too, affiliation with the company was equally vital for their extensive trade as well as for their reputation and prestige in Surat.

In the early eighteenth century, the family lost this office to a Parsi family, that of Rustamji Manikji. It was only after Manikji's death in 1719 that Laldas Parekh, son of the former broker Vithaldas Parekh, regained the position. Laldas was also instrumental in the private commercial undertakings of Robert Cowan, governor of Bombay, and Henry Lowther, the EIC chief at Surat, in the 1720s and 1730s.39 With the support of people in the upper echelon of the company at Bombay and Surat he restored the position and respectability of the family. After his death in 1732, the feud between the families of Laldas Parekh and Naoroji Rustamji flared once again. Jagannath,

35 Tapidas received 500 mahmudis while Tulsidas got 25 English pounds and later 500 mahmudis. Gokhale, Surat in the Seventeenth Century, pp. 119-20.
37 In 1669, Bhimji Parekh protested against the local Qazi who had forcibly converted a member of his family to Islam. He mobilised his community and withdrew from Surat together with about 8,000 Bania merchants. Mehta, ‘Some Aspects of Surat’, p. 258; Chaudhury ‘The Gujarat Mahajans’.
39 Prakash, ‘English Private Trade in the Western Indian Ocean’.
son of Laldas Parekh, lost the position and was imprisoned in 1736. With much difficulty, he managed to escape to the Marathas in 1738 but the family fortune was greatly damaged. This was mainly because, with the departure of Robert Cowan and Henry Lowther, the family lost its company patronage and it took some time to cultivate cordial relations with Cowan and Lowther’s successors, who were not so favourably inclined towards the Parekhs initially.

Jagannath Laldas Parekh made a comeback in the 1740s and regained his commercial prominence. He took up the role of marfatia (agent or go-between) for the EIC and continued in that position until his death in 1761. He played an important role in the politics of Surat in the 1750s and was active in the struggle for political control of Surat which culminated in the English takeover of the castle in 1759. Since the EIC had already, by 1740, curtailed the authority of the broker by changing the designation from broker to marfatia, Jagannath Laldas and later his son, Naraindas Jagannath, played a limited role in the commerce of the company. But against all odds, the family’s commercial enterprise was still considerable and the Parekhs certainly benefited from their association with the EIC. As the marfatia of the company, they were involved in the company’s sales in Surat and were, often, the principal buyers of the imports.

The VOC and the family of Kishandas, the broker

Like the EIC, the VOC was also dependent on brokers. In the first half of the seventeenth century, Mohandas Naan, a leading Bania merchant and shipowner of Surat, served as a broker to the VOC. In 1659, another Bania merchant, Kishandas, was appointed as a broker and the role remained in his family until 1795 when the VOC was dissolved. Kishandas served the

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42 Gupta, The World of the Indian Ocean Merchant. As the marfatia, Naraindas Jagannath was no longer involved in the procurement of merchandise.
43 In 1762, he bought 5,000 maunds of copper from the company, and the Bombay Presidency advised Surat authorities to assist him in disposing of copper either through minting coins or by other means. Maharashtra State Archives, Mumbai, Surat Factory Diary, 1761-63, No. 16 part 1, Surat to Bombay, 10 November 1761, p. 55; ibid., Bombay to Surat, 5 February 1762, p. 119. In 1764, his name appears among other buyers of tin from the company. Surat Factory Diary, 1763-65, No. 17 part 1, p. 187.
company in that capacity from 1659 until his death in 1686. He was a rich merchant who was primarily engaged in buying merchandise and selling it to others in Surat and in the interior through his network of sub-brokers and agents. Throughout his service tenure, he was the principal buyer of most of the Dutch imports into Surat. He owned ships and his trading enterprise extended to several overseas destinations. After him his grandsons, Risikdas and Bhagwandas, served as brokers and as such played an important role in the VOC’s trade in Gujarat. They usually exercised their monopoly and bought all merchandise that the company imported into Surat. They did their best to prevent other merchants from buying goods from the company. In the late 1680s and 1690s, the VOC attempted to sell its imports in small quantities to other merchants who were offering higher prices instead of selling everything to the brokers, but the strategy proved a failure.

In the eighteenth century, the descendants of Kishandas served the VOC as brokers but there were times when they had to share this office with other Bania or Parsi merchants. Between 1715 and 1727, for example, Risikdas and a Bania merchant, Wannamalidas served as co-brokers. From 1749 to the mid-1780s, Rudraram Raidas and his son Govindram Rudraram shared an office with a Parsi merchant, Mancherji Khurshedji. In partnership with their co-broker, Mancherji Khurshedji, they conducted large-scale trade and jointly bought the merchandise imported into Surat by the VOC. Rudraram Raidas and his son Govindram Rudraram were not shipowners but conducted overseas trade by sending merchandise on their co-broker’s ships, as well as that of another Parsi merchant, Manik Dada, the company’s modi (supplier of provisions to the company at Surat and caretaker of its logistics). After the fourth Anglo-Dutch War (1781-83), which caused the suspension of all commercial activities of the VOC in Surat and elsewhere in India, Govindram’s son Prem Shankar was instated as a broker. But he had to share the office with two other merchants as his co-brokers, Ram Narain Shiv Narain and Tarachand Nagardas. Unlike their predecessors, however, these brokers were not the principal buyers of the company’s merchandise. Other merchants of Surat generally purchased the company’s imports.

46 Van Dam, Beschrijving van de Oost-Indische Compagnie, pp. 368, 374.
48 Nationaal Archief, Hoge Regering te Batavia, Memorie van Overgave, J. Jesua Ketelaar, 1716, pp. 257-259; VOC 3238, Resoluties, Surat, 1758, 29 October 1768, ff. 378r-379r.
European companies and their Parsi brokers

By the end of the seventeenth century, the Parsis (Zoroastrians who had immigrated from Persia to western India during the preceding centuries) emerged as a prominent merchant community in Surat. They were not simply another addition to the already ethnically diverse merchant community; rather, the rising fortunes of the Parsis contributed to the dynamism of the trading world of Gujarat and the western Indian Ocean. In the 1700s, Rustamji Manikji was one of the richest merchants of Surat. It was around this time that the Parsis began to challenge Bania domination of broker-ing in Gujarat. Rustamji Manikji made his debut in the early years of the eighteenth century, when he became a broker for the New English East India Company. After the merger of the new and the old companies, he managed to overthrow Banvalidas Parekh and replaced him as the United East India Company’s broker in 1712.\(^{49}\) After Rustamji’s death in 1719, his three sons Framji, Bahmanji, and Naoroji Rustamji assumed the office of the broker. Soon after, they were removed from the office, however, and were replaced by Laldas, son of the former broker, Vithaldas Parekh. After the family’s removal from the position of broker, Naoroji Rustamji travelled to London to plead his case before the Court of Directors, the EIC’s apex governing body. He not only secured from the directors a compensation for the family, but also succeeded in reviving an old EIC claim of 150,000 rupees against the Parekhs.\(^{50}\) However, Laldas Parekh managed to survive the counteroffensives from the Rustamji family and brought the office of broker for the company back to the family. The tussle between the two families over the office of company broker continued up to the early 1740s, during which period the office swung back and forth between these families. In 1736, Naoroji Rustamji once again assumed the office of the company’s broker, albeit for a short period. In the early 1740s, he forever lost the office to his rival, Jagannath Laldas.

In the second half of the eighteenth century, several other Parsi families rose to prominence and served as brokers and contractors or suppliers to the companies. Mancherji Khurshedji was one of the richest merchants of Surat, owning about half a dozen ocean-going ships that carried out large-scale

\(^{49}\) In 1698, the New East India Company was established, which rivalled the old company in the trade of the East. The two, however, merged officially in 1709 as the United East India Company. Rustamji as the chief broker of the united company worked in such a way that the Parekhs lost the credibility and trust of the company. Gupta, ‘The Merchants of Surat, c. 1700-1750’, pp. 324-327.

\(^{50}\) Ibid., p. 325.
maritime trade with West and East Asia.51 From 1750 to the early 1780s, he was the broker of the VOC, a position which he held together with Bania merchant Rudraram Raidas and after him his son, Govindram Rudraram. Like other brokers before him, Mancherji Khurshedji and his co-broker looked after the company’s sale of imports and usually bought most of its merchandise. Throughout his tenure as broker, he exerted a monopsonistic control over merchandise that the VOC imported into Surat.52 He kept other merchants from competing with him and purchased the company’s most important imports including spices, sugar, copper, tin, tusk, lead, and alum. VOC authorities tried to reduce their dependence on brokers by selling goods through public auctions and requiring the brokers through written contracts to pay the company in a timely manner. Mancherji Khurshedji, however, frustrated them by disregarding the terms of contract. He did not pay in time for merchandise he bought, which resulted in him amassing a huge debt to the company. Notwithstanding these inconveniences, Mancherji Khurshedji was indispensable for the company because of his important role in the sale and purchase of merchandise. Several factors including large-scale imports of merchandise into Surat and purchase of export goods from the sale proceeds and the political ascendancy of its commercial rival in Surat seem to have hampered the VOC in its assertion of control over its brokers.53

Another prominent Parsi merchant, Dhanjishah Manjishah, was also a shipowner and a maritime trader. He was for some time a broker for the EIC and therefore came under the protection of the company. Sorabji and Ratanji and their sons similarly served as contractors and suppliers of merchandise to the VOC throughout the eighteenth century. Other Parsi merchants, such as Dadabhai Manikji and Edul Dada, were contractors and suppliers of textiles to the EIC. Both the companies depended heavily on these merchants for their annual purchase of textiles and other commodities. The merchants also generally kept the terms of the contract and supplied the specified quantity and variety of textiles at the prices stipulated.

The above data underlines the role and significance of the commercial relationship for the companies as well as for brokers and merchants in the seventeenth and eighteenth centuries. The relationship was dynamic and was shaped by several economic and political forces, like availability of funds to finance trade, merchant networks and structure of the market, political power, and the degree of control over production and market. These

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51 Nadri, ‘Commercial World of Mancherji Khurshedji’.
52 Ibid., pp. 334-340.
53 Ibid., pp. 334-341.
forces were transient and changed rapidly across the eighteenth century. What were the implications of the economic and political changes for the companies’ relationship with their brokers and other Indian merchants? How and why did the role and position of brokers change over the period? The rest of the chapter addresses these questions by first outlining the change and long-term continuity in the relationship and then explaining what caused the change.

Companies’ relationship with Indian merchants: continuity and change

In the seventeenth century, the companies and Indian merchants were highly dependent on each other in the marketplace, but it was often the latter who were better positioned to benefit from European trade. Indian merchants were well placed to take advantage of the standing constraints on the companies’ trade. These were, first, a shortage of funds, which required the companies to borrow from local merchants, and second, the urgent need to sell their imports and purchase export goods in order to ensure a timely dispatch of ships from Surat. Having a broker and forging a trustworthy commercial relationship with Surat merchants were responses to this specific situation, and the arrangement seems to have worked reasonably well for the two companies. This was a relationship of interdependence and shared benefits, but each side was also always eager to take advantage of the other’s situation and to maximise its share. The companies attempted, sometimes through the use of violence, to turn the balance to their favour, but could not succeed. The nature of this relationship finally changed in the eighteenth century, although even then it continued to be based on interdependence and mutual benefit. The companies managed to assert their position and curtail the authority of brokers.

In the eighteenth century, the role of the company’s broker was more or less confined to the disposal of merchandise, although the brokers could outmanoeuvre the sales at the auction to make transactions in their favour. A division of tasks seems to have occurred between brokers and suppliers of merchandise. Both the EIC and the VOC had access to merchants other than their brokers as suppliers of merchandise. The VOC, for instance, distinguished its brokers (makelaars) from its suppliers (leveranciers). The former generally bought the company’s imports and the latter supplied the export merchandise. The VOC and the EIC in Surat employed two merchants
jointly serving as brokers and two others jointly working as suppliers.\textsuperscript{54} This was the companies’ strategy to diversify risk and avoid too much dependence on a single merchant family. The relationship, however, was still essentially based on interdependence, with brokers being more dependent on the companies than their seventeenth-century predecessors. Most brokers in the eighteenth century were merchants with several portfolios in their hands. They diversified their risk and invested their human and capital resources in multiple businesses such as banking, brokering, large-scale overseas trading, and shipping. Brokering became an additional source of wealth and it gave them respectability in the community as well as in political circles.\textsuperscript{55} Association with the company also ensured protection for their person and wealth from threats and actual losses. As stakes were high, the latter came to depend more on the companies. The promise of protection made an impact on the relationship between the companies and their brokers and suppliers and hence requires further analysis.

**Protection: its impact on the relationship**

Why did brokers and suppliers work closely with the companies? One obvious reason was because it was profitable, but they also relied on the companies for protection. Protection did not necessarily imply patronage or an unequal relationship; it was rather contractual and based on mutual trust and cooperation. It seems that the merchants promised not to harm the commercial interests of the companies and, in return, the companies ensured protection and extended other privileges such as low customs duties at the ports, which the EIC and VOC controlled. This may have circumscribed the brokers in the exercise of power that came with the office. The companies too, in view of growing competition and the problems of logistics, vied with each other to secure this commitment from the leading merchants of the city. Merchants and the companies both benefited from this complementarity.\textsuperscript{56}

\textsuperscript{54} In much of the eighteenth century, two Parsi merchants, Sorabji and Ratanji, and after them their sons, Bahramji Sorabji and Hormusji Ratanji, managed the VOC’s purchase of textiles and other goods in Surat. Similarly, Parsi merchants, Dadabhai Manikji and Edul Dada, were the principal contractors of the EIC’s investment in textiles in the late eighteenth century. Nadri, *Eighteenth-Century Gujarat*, pp. 75-76.

\textsuperscript{55} Gupta, ‘The Broker in Mughal Surat’, p. 401.

\textsuperscript{56} Nadri, ‘Commercial World of Mancherji Khurshedji’, p. 318.
On many occasions in the late eighteenth century, the companies intervened and protected their brokers. In 1768, the VOC protected Mancherji Khurshedji when he was threatened by the Parsi merchant (and commercial rival) Dhanjishah Manjishah. Three years later, the EIC and the Portuguese entered into a prolonged conflict over the latter’s capture of a ship belonging to Dhanjishah Manjishah, a former broker of the EIC who sailed under the company’s protection. This remarkable episode illustrates the significance of protection and the alliance that existed between the companies and their Indian allies. It shows how beneficial it was for Indian shipowners to be under the companies’ protection, especially under the EIC’s protection. It also reveals what protection actually meant for the EIC and what else that entailed. The capture by the Portuguese of Dhanjishah’s ship returning to Surat from the East African coast and its taking over to Daman in September 1771 initiated a protracted fight over the legality of the capture, its recovery, and reprisals. It soon turned into a contest between two sovereign nations, each claiming and defending its authority in the Indian Ocean.

The Portuguese cruisers in Daman captured the ship because it did not have a Portuguese pass and the captain also failed to produce a pass issued by the EIC. When the matter was reported in Surat, the EIC demanded the ship’s return by claiming that its owner was the company’s marfatia and therefore a company subject under its protection. EIC authorities in Bombay wrote letters to the Portuguese governor of Goa demanding the return of the captured ship to Surat and informing him that, if he failed to comply, reprisals would be made to the amount of the value of the ship and its cargo. The governor of Goa persisted in his refusal to return the ship, insisting that the Portuguese cruisers were within their rights to capture the ship as it did not have a valid EIC pass to sail. The English blamed the Portuguese for violating the company’s rights to issue passes and protect its subjects, while the Portuguese invoked their ‘ancient’ and exclusive jurisdiction over Indian waters and the rights to issue passes to Asian ships. In a letter to the EIC President in Bombay, the governor of Goa wrote:

I very well know the conditions by which the nuptial treaties of Senhora Donna Catherina were made and by which the Island of Bombay was given to the British nation, and the said nation did thereby promise and bind

57 Ibid., pp. 315-316.
59 Ibid., Extract of Bombay General Consultations, 17 December 1771, p. 159.
themselves not to prejudice in any manner the ancient rights which the Crown of Portugal had acquired in Asia; These treaties alone would have been sufficient; wherefore the Hon’ble Company could not grant the abovementioned pass without infringing and prejudicing the rights of the Crown of Portugal.\textsuperscript{60}

In the same letter, the governor also warned the EIC’s Bombay government that if reprisals were taken against the Portuguese in Surat, they would do whatever was ‘necessary for due recompence and satisfaction’. He wrote, ‘I will acquaint his most faithful Majesty therewith that he may make an end of recompencing in the interests which England now has in Portugal; and it is certain that his British Majesty and all the English nation will make you responsible for all that may happen on this account.’ The dispute also involved the question of jurisdiction. Because the EIC claimed that the owner of the ship was its subject, it was not acceptable to the company that he should seek justice at the Portuguese court in Goa. In reply to Portuguese claims, EIC authorities at Bombay wrote that ‘though we pay a due regard to the rights of other nations, we shall not permit our own to be infringed; on this account our broker cannot be permitted to apply to your tribunal for justice’.\textsuperscript{61} In another letter, the Bombay authorities justified reprisals and wrote to the Portuguese that we ‘hereby declare that you are answerable for every bad consequence which may ensue therefrom as you may be assured that we shall not suffer the rights and privileges of our Nation to be infringed under any pretence or by any power whatever.’\textsuperscript{62} An exchange of letters, claims, and counter-claims continued between Bombay and Goa for months. The matter was reported to the authorities in London and Lisbon. In November 1772, the EIC persuaded the \textit{nawab} (governor) of Surat to detain the property of Portuguese merchants equal to the value of the captured ship and its cargo (amounting to 48,808 rupees).\textsuperscript{63}

We do not know if the ship and cargo were restored to the owners or whether the Portuguese were able to get back their merchandise detained

\textsuperscript{60} Ibid., Extract of Bombay General Consultations, 27 March 1772 (English translation of a Portuguese letter from Goa, 20 February 1772), p. 168. Similar sentiments were expressed in another letter from Goa to the EIC president at Bombay. Ibid., Extract of Bombay General Consultations, 10 November 1772 (English translation of the Portuguese letter from Goa, 15 October 1772), pp. 174-183.

\textsuperscript{61} Ibid., Extract of Bombay General Consultations, 9 April 1772, p. 172.

\textsuperscript{62} Ibid., Bombay to Goa, 16 December 1772, p. 110.

\textsuperscript{63} Ibid., Extracts of the East India Company’s Advices received by the ship \textit{Speaker}, 10 September 1773, pp. 83-97. In early 1773, the governor of Surat detained goods belonging to the Portuguese merchants to the value of 61,517 rupees. Ibid., List of articles belonging to the Portuguese detained by the Nabob, 2 February 1773, p. 107.
in Surat. What is remarkable about this incident is that it opened up a discourse on their respective jurisdictions in the Indian Ocean and within it the position of Indian merchants and shipowners. It tells us something about the meaning and implications of issuing passes for sea voyages and protection that the company granted to its brokers, bankers, suppliers, and other merchants. The persistence with which the EIC undertook to retrieve the ship and its cargo for their owners in a period when Britain and Portugal were in a relationship of peace and amity reveals the significance of Indian merchants for the company’s successful commercial enterprise. This also shows how beneficial such a strategic alliance could be for Indian merchants and their commercial world during this period. Instances like this point to the persistent value that a company association held for Indian merchants.

Conclusions

As is clear from the discussion above, the relationship between the European East India companies and their Indian brokers, bankers, and other merchants evolved over a period of time and was based on interdependence and complementarity. In transacting business in the seventeenth century, the companies were heavily dependent on Indian bankers and brokers and the latter often exercised monopsonistic and monopolistic control over the companies’ sales and purchases of merchandise in Surat. A qualitative change in this relationship, however, occurred in the eighteenth century. Instead of dealing with one broker, the EIC and VOC split the broker’s portfolio of responsibilities and employed several merchants, each with a particular assignment. One merchant, designated as a broker, mainly looked after the sale of the company’s imports. Another merchant was responsible for supplying export goods, and yet another was employed to handle daily affairs relating to local administration. By doing so, the companies were able to curtail the authority of their broker. Several factors seem to have created the circumstances in which these changes took place.

First, the character of Surat’s mercantile community changed in the eighteenth century. It was no longer dominated by a few merchant princes possessing enormous wealth and commanding influence in political circles and local administration. Mercantile wealth was not concentrated in a few hands, instead several wealthy merchants came to represent the merchant

64 Abdul Ghafur (d. 1718), who owned about 17 ocean-going ships and whose total wealth at the time of his death exceeded 8 million rupees, was perhaps the last of this generation of merchant
community of eighteenth-century Surat. These merchants were not able to assert their monopoly or monopsony in the marketplace to the same degree as their seventeenth-century predecessors, like Virji Vora. Second, these merchants lost their political patronage due to the decline of the Mughal central authority and the ensuing political instability in Gujarat in the early eighteenth century. Third, the EIC’s takeover of Surat castle in 1759 and its political ascendancy in the region certainly had an impact on the relationship. This enabled the company to assert itself and maximise commercial benefits. For many years, the company monopolised freight trade between Surat and West Asia and attempted to control the textile market of Surat. Fourth, the potential and real threat of piracy and vulnerability of Asian shipping to maritime violence forced many to turn to the European companies for protection. Finally, the rise of the Parsi merchant community in Surat as competitor of the Banias in brokering and, to some extent, in banking sectors enlarged the pool of resourceful merchants with whom the European companies could transact business and thereby reduced the latter’s dependence on a particular Bania family of bankers and brokers.

The companies succeeded to a degree in limiting the role of their brokers. The EIC did this more successfully than the VOC because the balance of political and economic power had shifted in favour of the former, both in Europe and India. Neither, however, could dominate the relationship. The companies and the Indian merchants continued to play complementary roles and their relationship remained mutually beneficial. Even the EIC’s 1759 takeover of the Surat castle and its control over the city’s revenue resources did not free the company from its dependence on brokers/merchants. This reflects the limited power of the European companies in Surat and their need to rely on indigenous allies. The commercial profiles of Mancherji Khurshedji and Dhanjishah Manjishah are illustrative of this. Their relationship with the VOC and the EIC was dynamic, interdependent, and endowed with extensive complementarity.

princes in Surat. For more details on his trading activities, see Gupta, *Indian Merchants and the Decline of Surat*, pp. 94-133.

The monopoly implied that only ships chartered by the English chief were first allowed to take in freight goods and proceed to the Red Sea and the Persian Gulf. For more details on and merchants’ response to the monopoly, see Torri, ‘In the Deep Blue Sea’; Nadri, ‘Sailing in Hazardous Waters’. For an analysis of the EIC’s attempt to control Surat’s textile market, see Nadri, *Eighteenth-Century Gujarat*, pp. 145-146.
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