

CHAPTER FOUR

OTHER FACTORIES, INDIAN MERCHANTS AND
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The English East India Company took keen interest in Coromandel trade from the beginning. They succeeded in their efforts by establishing factories at Masulipatnam and Madras. Struggling with other European companies, they succeeded in establishing a strong foothold on Eastern side of India and in South East Asia. Not only that but they surpassed the Dutch in the Eastern trade in the latter part of the 17th century and the 18th century. In this commercial success, though Masulipatnam and Madras played an important role, the other factories on the Coromandel Coast also played an important role, (the other factories on the Coromandel Coast also played significant role) in commercial activities. There were various subordinate factories on Coromandel Coast such as Petapoli, Armagon, Madapollam, Naraspur, Cuddalore, Devanampatam, and Porto Novo. These factories supplied Indian goods to the chief factories on the Coromandel Coast and also sold European commodities.

1) PETAPOLI (Nizampatam)

Before establishing a factory at Masulipatam, the English factors, Captain Hippon and Peter Floris had taken shelter at Petapoli, on their voyages on Coromandel Coast in 1611.¹ Petapoli is

situated on Southern Channel of Krishna delta on Coromandel Coast, 36 miles from Masulipatam.² Captain Hippon landed here on August 18, 1611. He was well received by the local Governor. He left two merchants and thus laid the foundation of first settlement on Coromandel Coast. Peter Floris secured promises of concessions from Golconda King. In 1614, Peter Floris established a partially fortified factory at Petapoli.³ It was quite a substantial place of trade and traffic, situated close to the surroundings of weaving villages.

With the establishment of a factory at Masulipatam the English trade at Petapoli began to develop. During 1613-14 the English merchants collected piecegoods from the villages near Petapoli and sent them to Bantam. In return they brought spices from Bantam to Petapoli.⁴ In 1618-1624 Francis Futter and Mathew Duke were the factors at Petapoli and were looking into all the matters. With the help of the Komatees (Middlemen), they distributed money among the weavers to supply calicoes. Due to the Dutch competition they had to pay better prices for calicoes. In 1619, the English factors sent some merchandise and provisions to Masulipatam.⁵ In 1620, 178 fardles of calicoes and other provisions were sent to Masulipatam from Petapoli.⁶ For securing large quantities of goods the English merchants distributed advances. But due to lack of supply of money from England, the English trade at Petapoli could not make progress. The trade at Petapoli was not satisfactory, but the expenses were high, so in 1621 Methwold, the chief factor at Masulipatam decided to dissolve Petapoli factory.⁷ For some period of two or three years the factory was closed.⁸ For the period of ten years, i.e., from 1622 to 1633, the English trade of

Petapoli was not satisfactory. In 1625 Edward Trafford was the chief factor at Petapoli and some quantity of sundry sort of cloth was purchased there and was sent to Masulipatam.⁹ John Hunter and William Mathew, the factors at Masulipatam tried to purchase the calicoes from Petapoli and its neighbourhood. For this they took 1,500 pagodas from Kamaldin, the broker of Petapoli and bought only 14 bales of cotton goods at Petapoli.¹⁰ In 1632, 75 bales of cotton goods were sent to Bantam from Petapoli.¹¹ In 1633 Ralph Cartwright was sent to neighbouring centres such as Ventapooly, Baputla, Nayanapooly to collect goods. These villages provided thousands of pieces of cloth in that year.¹²

So in 1633, the English again settled their factory at Petapoli and Thomas Cooley was appointed a chief factor there. From 1633 to 1636 Thomas Cooley was there and he contracted with various Indian merchants for supply of cotton goods. Through these middlemen he purchased goods valued at 3,600 rials of eight in the year 1633 and sent it to Pegu, Arakan.¹³ In 1634, he purchased cloth valued at 1,100 pagodas and in 1635, 2,000 pagodas were invested in cotton goods.¹⁴

As the English factors at Masulipatam obtained a Farman from Golconda king in 1634 and concessions of free trade in Golconda Kingdom, the English trade at Petapoli got some impetus and the English factors invested their money increasingly. Advances were given to various weaving centres and goods were collected in good number. In 1636, John Milward and Thomas Peniston were the factors

at Petapoli.¹⁵ In 1636, they sent 72 bales of piecegoods to Masulipatam. Upto 1640 the English merchants at Petapoli secured the goods valued at about 15,000 pagodas and sent it to England. Along with this they also improved the import trade of Petapoli.¹⁶

From 1640 onwards the trade of Petapoli dropped because the English found a new area of better and cheaper cloth in South Coromandel region. Petapoli factory, however, existed upto 1687. From 1640 to 1677 the volume of trade of Petapoli was very small. Other factors were also responsible for the weak state of the English trade at Petapoli such as the Dutch competition and Golconda officers.

In 1677, Mr Streyntsham Master visited Petapoli and he tried to revive the trade. He observed several vessels of 50 to 100 tons in the river. It was a port with a considerable country trade, besides providing goods for export. It was the home of a number of wealthy Telugu Hindu merchants.¹⁷ In 1679-80 goods of the value of 50,000 pagodas were taken from various merchants at Petapoli.¹⁸ In 1682, some good quantity of cloth was purchased at cheap rate and sent to Masulipatam.¹⁹ In 1683, 10,000 pagodas were allotted to Petapoli factory for investment from England and 15,000 £ were sent to Petapoli from Madras.² In 1683, 121 bales of calicoes valued to 9,885 pagodas and 23 fanam were sent to England.²¹ In 1686, agreement was made between Indian merchants and the Company for the investment of 20,000 pagodas in various types of cloth.²² But afterwards the English trade practically came to a standstill due to quality and rate of the piecegoods.

Complaints were made at London about their bad quality and the English merchants found places of better and cheaper cotton goods in the South Coromandel. As Madras presidency took more interest in Cuddalore Porto Novo, the trade of Petapoli became less important. Again in this period the whole region of north Coromandel became depopulated and trade was ruined due to Mughal wars. So the Company, in 1687 sent the orders to Madras Presidency to close the Petapoli factory.

2) ARMAGON

In 1613, the English merchants obtained a grant for fortified factory at Masulipatam from Hindu local Governor. Though the English established a factory at Masulipatam and started their commercial activities on Coromandel coast, they were opposed by the Dutch. The Dutch were trying to oust the English by bribing local Governor of Masulipatam. The new Governor of Masulipatam was very much fond of bribes and the Dutch won over the local Governor by giving him large presents. The English were unable to fulfil his demands. So, for many days dispute raged between the new Governor and the English.²³ In this situation the English were searching for a suitable site for their settlement.

In 1623 they received an invitation from Nayak of Tanjore District to settle a factory in his territory. Thomas Mills, accompanied by two other factors and sailors proceeded to Armagon, 40 miles north of Pulicat and established factory with 85,000 rials of eight as capital in January, 1626.²⁴ They were gladly received by

the inhabitants and the Nayak of Venkatagiri. On condition to bring a canon for him, the Nayak of Venkatagiri granted the English all concessions. By this grant the English obtained a piece of land (150x100 yards) for erecting a factory and permission of free trade in all parts of his territory. Further, the English got a concession in customs duties and permission to mint pagodas and fanam. Another notable thing was that the Dutch were prohibited any trade in this country.²⁵ Thus the English established their fortified factory at Armagon in 1626. This place had good anchorage for ships and was important place for the export of textiles which were made in neighbouring hinterland villages.²⁶

Thomas Johnson was placed as a factor at Armagon and with the help of local merchants about 400 £ were invested in calicoes. But the financial condition of the English was not satisfactory. They could not get timely supply of money from Bantam and from England. So the English merchants at Armagon could not buy large quantity of goods. In 1629, painted goods amounting to 24,941 rials of eight were sent to Bantam.²⁷ Armagon market was favourable for imported goods. From Bantam 18 candies of Sandlewood, 400 lb. lead and 5,000 lb. quicksilver were imported there.²⁸ In 1631 goods to the value of 1,996 rials were sent to Bantam. From 1631 to 1634 about 389 bales of cotton goods were sent to Bantam.²⁹

The white cloth of all sorts, bettelles and long cloth of Armagon had much demand in South Eastern Asia. In 1632, Armagon English merchants received 10,000 rials in coins and gold, coral and

lead worth 2,458 £. By establishing friendly relations with Raga Chetti, the chief merchant and Governor of Armagon, the English merchants tried to improve their trade.³⁰ The English factors at Coromandel Coast secured the "Golden Farman" from king of Golconda in 1634 and improved the settlement of Masulipatam. Armagon factory became a subordinate one. From 1635 to 1639 Francis Day and John Turner were the factors at Armagon.³¹ During this period the English trade was very slow. In 1638, 500 bales of cloth, 20 bales of salpetre, 70 bales of Gulmac, 40 of indigo and 20 bales of cotton yarn were sent to Surat.³²

Armagon was not suitable place for the English to bring country cloth in sufficient quantities. So, the English factors began to search the places for sufficient supply of cloth. Francis Day discovered the place, which the English wanted, 30 miles down the Coast of Pulicat (south of Pulicat) and established another fortified settlement at Madras. The English trade at Armagon came to an end for some time since 1653, due to great disturbances in this area. Most of the weavers deserted Armagon due to war between Golconda kingdom and local Hindu Nayaks. Thus in 1653 the English merchants abandoned the Armagon factory.

3) MADAPOLLAM

Madapollam was an important factory in the latter part of the 17th century. It was suburb town of Narasapur and Narasapur was a ship building centre and dockyard in the 17th century. Ships were built here for Golconda royal merchants fleet, for native merchants

and for European companies. European ships made use of these facilities in the 17th and 18th centuries. Timber for ship building was supplied from upper Godavari delta. Iron and steel foundries of the upper Godavari region provided the raw material for nails, coupling and anchor.³³

The two places were significant as a port of trade and repairing ships and dockyards. There was some export of textiles from the neighbouring villages. Madapollam was surrounded by neighbouring areas of weavers, dyers, painters, bleachers and washers. In the interior part good rice was produced and brought to Madapollam for export. Nails, ropes³⁴ and coir were made here and Madapollam was famous for class of cotton goods known as Madaphons.³⁵

Sir Edward Winter had built a house in Madapollam for retiring in holidays and in 1664, Edward Winter built a factory there³⁶ which they withdrew in 1688 but resettled in 1698.³⁷ From last quarter of the 17th century Madapollam factory played an important role in the English commerce on Coromandel Coast. In 1678, King of Golconda granted the English a rent free land at Madapollam³⁸ and in this year the English invested 80,850 pagodas at Madapollam.³⁹ In the same year, 1114 bales of various cotton goods valued at 54,964 pagodas were sent to London.⁴⁰ In 1679, Christopher Hatton was the chief factor at Madapollam and in April, 1679 various kinds of cloth valued at 11,000 pagodas was despatched to Madras.⁴¹ Madras presidency and its council decided in April, 1679 to invest about 51,000 pagodas yearly on Madapollam factory.⁴²

In 1680, Madapollam factory received 50,000 pagodas from Fort St. George and cotton piece goods worth 12,000 pagodas were sent to England.⁴³ In 1681, Madapollam factors received 26,000 pagodas from Fort St. George and they sent 635 bales of cotton goods to Madras and 700 bales to Masulipatam.⁴⁴ In 1682, 200 bales of fine quality cotton were sent to Madras and 1,082 bales of calicoes were sent to England.⁴⁵ From the above data we find that Madras Presidency had given more attention to Madapollam factory and in the succeeding years most of the cotton goods were brought from Madapollam. In 1686, Madapollam supplied 420 bales of cotton and 70 bags of grains to Masulipatam and 120 bales of fine cloth goods to Fort St. George.⁴⁶ Thus we find that Madapollam became an important factory at the close of the 17th century.

In the first half of the 17th century the English East India Company was concentrating their attention on North Coromandel region and trying to secure a strong foothold in that area. But after securing a grant of Madras and establishing a fort there, they shifted their attention to South Coromandel region. In second half of the 17th century, English had given utmost attention to the South Coromandel. The availability of cotton goods was better in South Coromandel than in North Coromandel region and the prices were also low. Again the southern region was more convenient for Madras factory. So in the latter part of the 17th century the English established various factories in South Coromandel area. In these factories Cuddalore and Porto Novo were important, which developed the English trade in the latter part of the 17th century.

4) CUDDALORE

About 118 miles south of Madras were two ports Cuddalore and Devanampatam within two miles of each other. In early English records Devanampatam is mentioned as Teganapatam and it was primarily used by the English for shipping.⁴⁷ Cuddalore and Devanampatam were the historic ports of the Tamil country. Cuddalore had a remarkable long life and continuity as a port of trade. Cuddalore had grown, in spite of the port, as an urban settlement with many brick buildings and large population and was favoured under the Nayak of Jinji. The capital and market town of Jinji was two days journey from the port. Brisk seaborne trade had been carried on to Malabar, Ceylone and South East Asia.⁴⁸

The English were trying to expand their trade to the South of Madras when the Marathas established themselves in Jinji. In 1681, Elihu Yale was sent there to negotiate with the Harji Mahadik, Sirsubhedar of Jinji region. Elihu Yale secured from him a "caul" to settle and trade in Cuddalore and Kunimedu. It was valuable collecting mart of particular variety of textiles, indigo, and saltpetre. In 1682-83, settlements were founded in these places. The English were very much eager for fortified settlements in these parts.

In 1685 the Marathas were very much in need of money and they asked the English for a loan. The English at Madras replied that it could be considered favourably if permission was given for a fort at Cuddalore. The English also asked for autonomy

in administration and justice of the settlements. But the Marathas at Jinji refused these terms. Shortly after this, in 1689 the Mughal Army took possession of this area and laid siege to Jinji. The English took this opportunity to secure by purchase the old fort of Devanampatam in 1690 from hard-pressed Maratha Raja - Rajaram. They purchased the old fort and the adjoining land upto one gun shot fired in land from the fort, for 1,20,000 chakrams. By this sale deed the English acquired the surrounding area of Devanampatam including Cuddalore. At Devanampatam the English demolished the existing fort and built Fort St. David.⁴⁹

When Zulfikarkhan became the master of this area, he demanded a loan from the English. When this was refused by the English, he demanded return of Devanampatam and Cuddalore. His troops attacked Cuddalore in 1698. At last the matter was settled amicably and the English retained Cuddalore and Devanampatam in their possession. This enabled the establishment of a permanent machinery for entering into contracts for the supply of textiles in the south and tapped the markets to the west of Cuddalore as far as Salem.⁵⁰

We have very meagre information about the English trade at Cuddalore. In the year 1686, 60,000 pagodas were invested in calicoes and 744 bales of piecegoods were dispatched from Cuddalore to London and abroad. In this year Mr John Davis, factor at Cuddalore contracted 80,000 pagodas for forthcoming season.⁵¹ In 1687, 551 bales of cloth and 50 khandis of pepper were exported from Cuddalore.⁵² In 1688, 568 bales of cotton goods and 89 bales of indigo were sent

from Cuddalore.⁵³ In the same year 20,000 pagodas were invested for the next season.⁵⁴ From the above data we find that Cuddalore was important trade centre in last two decades of the 17th century.

5) PORTO NOVO

Porto Novo is a town and port of south Arcot district situated at the mouth of river Vellor. It is 15 miles south of Cuddalore. In 17th century it was most consistently flourishing port and carried on the coastal trade and Eastward trade. Its early history is obscure. It was known in Tamil as Parangi Pettai. The Portuguese settled here during the latter part of 16th century and renamed it Porto Novo. It was a port of free trade in the Jinji country and various merchants and companies traded there.⁵⁵

Porto Novo was a substantial port with all facilities. It had ship building and repair dockyards. It was also an urban metropolis. All types of vessels came here and it was a major port of South East Asian trade. Before establishing factory here the English merchants had maintained commercial relations with the merchants of Porto Novo.⁵⁶ From 1640's the English merchants fetched some sorts of cloth for eastern trade. In 1642, the English brought merchandise of the value of 13,365 pagodas from Porto Novo to send it to Bantam.⁵⁷ In 1647, the English merchants at Madras received 400 pieces of long cloth from Porto Novo.⁵⁸ There was considerable amount of the English private trade flowing from Madras.⁵⁹ In 1660 the English merchants

brought betelnut from Achin to Porto Novo and sent 445 bales of cotton-goods of Achin.⁶⁰

In 1661, some musters of calicoes of Porto Novo were sent to London and Company approved the quality of calicoes and suggested to purchase it in considerable quantity.⁶¹ Thus from 1662 onwards the English merchants of Madras extended their attention to Porto Novo trade. When the Marathas established hold on Jinji, the English established friendly relations with the Subedar of Porto Novo, Gopal Pant. Through his intercession a "cawl" was secured allowing the English to settle and trade in Porto Novo. In 1683, the English established a settlement there but the shortage of capital forbade the expansion of trade there.⁶²

But after 1685 the English extended their attention to Cuddalore and Porto Novo. In 1686, 228 bales of cotton-goods were sent from Porto Novo to Madras. In this year Madras Presidency decided to invest 80,000 pagodas for calicoes at Cuddalore and Porto Novo.⁶³ In 1687, 100 bales of calicoes were carried from Porto Novo to Cuddalore.⁶⁴ Some 134 bales of calicoes were purchased in January, 1688 and brought to Madras and 500 bales of calicoes from Porto Novo were sent to England.⁶⁵ Thus it appears that in last decade of the 17th century Porto Novo emerged as an important port and a trade centre.

INDIAN MERCHANTS AND THE ENGLISH FACTORIES

It is necessary to understand the nature of relationship

of merchants, mediators and Indian joint stock companies with the English merchants, while taking the survey of the English trade on Coromandel Coast in the 17th century. The contemporary sources mention numerous names of the merchants and others who had helped the English to develop their trade. Generally the merchants in the Coromandel region were known as the chettis, in spite of their caste distinctions. It is not known whether the word chetty referred to a particular caste or it was a professional term.

In all Coromandel region the Hindu merchants mostly dominated all commercial activities such as overseas trade and coastal trade, wholesale and retail, brokerage, banking and shroffing. Among Hindu merchants Telugu speaking Komatties were recognised a caste group among the communities engaged in commerce and handicraft production. Many prominent personalities from this group are referred to in sources. In the vertical division of South Indian Society they were known as the leaders of the right hand faction.⁶⁶ They were prominent in the textile trade mainly as brokers and suppliers from producing villages to coastal ports. Besides textiles they also traded in foodstuffs, kept retail shops and functioned as money lenders.

Another important Telugu merchant caste was Beri Chetties. From this group came many wealthy and large scale shippers, brokers and wholesalers. They were the rivals of the Komatties and were the leaders of left hand faction.⁶⁷ The Baliya was another large Telugu mercantile caste. There were number of sub-divisions among them based on commodity specialization, e.g., gazule baliyas were

barge sellers, Perika balijas were cloth and salt sellers. Tamilized balijas were known as Kaveri chetties. Balijas were identified with right hand faction. In mid 17th century, some influential leaders from this caste dominated commerce and politics along the coast. Through their political influence, they emerged as revenue farmers in addition to their usual occupation of trade.

Besides these three major Telugu merchant castes, there were other castes from which many other merchants came. Some of the merchants came from fishing and related maritime castes and some came from the Telugu weaving castes or Tamil weaving castes. These merchants generally took the suffix mudali.⁶⁸

There were a few Tamil Hindu merchants who came from Tamil Chetty castes such as Vyapari Chetty, Kasukara Chetty, Kaveri Chetty. There were some who came from Tamil waving castes such as Kaikolar, and some came from Brahmin agriculturist castes, Vellalar, Mudaliyar, Kanakapilai. Some were from fishers and boatman castes. There were some shipowners and overseas merchants among the Tamils. But most of the Tamils were in brokerage and supply, wholesale and retail trade, money lending and peddling.⁶⁹

Besides the Hindu merchants, there were some Muslim merchants also, who carried on commercial activities on Coromandel Coast. The Muslim merchants of North Coromandel region were called as Golconda Muslims. They were predominantly Persians with admixture of Arab and Turk. The Golconda Muslim merchants were mainly overseas

shippers. The Muslim merchants who moved southwards to Madras were called as Pathans. But in the 17th century the coastal Muslim merchants who domiciled in south of Madras were totally Tamilized. They spoke Tamil as their mother tongue, followed the Tamil habits of diet and dress. These Muslims were then known as Chulias. In Chaulias, there were also sub-divisions as Marakkayar, Labbai, Rawther and Kayalar. These chulia merchants were dominant in the ports of South Coromandel such as Cuddalore, Porto Novo, Negapatam and Karikal.⁷⁰

Many prominent merchants coming from merchant community played significant role in the politics and commerce. Mallaya Chetty (a balija chetty) from Pulicat region was one of the most outstanding merchants of his time, both in the scale of commercial operations and in the extent of his political influence. He was a major shipowner and overseas trader to the South East Asia and Ceylone. He was supplier of textiles to the Companies and wholesale merchant in imported goods. He was also a lease holder of Pulicat revenues for some years and collected the customs of exports and imports in Pulicat.⁷¹

Mir Jumla, the Golconda Governor of Andhra region was a shipowner and exporter to many regions of the Indian ocean. Wealthy Persian merchants of Masulipatam, some times looked after his commercial interests. The English merchants had commercial relations with Mir Jumla in freight trade from Persia to Masulipatam. The English had tried to get commercial concessions in Masulipatam and other ports of Golconda by offering him presents.⁷²

It seems that a number of prominent merchants were rentiers and tax-farmers. Wherever there were artisan villages in the neighbourhood of the ports, they imposed taxes on craftsmen. In all these villages, there was paddy cultivation and the rentiers had control over land rents. They had also the rights of collecting other taxes such as market rent, road tolls etc. By these privileges merchant could control over weaving villages and food producing villages. These villages produced commodities which were vital in overseas and inland commerce. In the first three or four decades of the 17th century, when companies were striving to establish their trade in Coromandel, the merchants promoted their establishments in various ways. They were intermediaries for the companies with local powers. They secured for them trading and settlement privileges. When the Company was so established, they also participated in their trade and thus they too were benefitted by the company's trade.⁷³

Political situation changed in the second half of the 17th century. The fall of Golconda and Bijapur kingdoms, expansion of Mughal power in Karnataka and the growth of the European port settlements, changed the relations between merchants and political powers. Political and administrative instability in this region hindered easy commercial movement and economic activities. Thus Indian merchants came closer to the European companies and their settlements. Other factors were also responsible for this closer relations of Indian merchants and the English East India Company. In the latter half of the 17th century the English were well settled in Madras and consolidated all previous privileges. Their increasing vast investment in textiles

led to closer relationship between the merchants and the Company. Further, as the Central Government of Golconda state tightened its control over revenues and resources of Karnataka upto the coast and as burden of taxes increased after 1660, the Hindu merchants shifted their areas and took shelter in European enclaves.⁷⁴

In early period of Madras settlement, the English gave various concessions to Indian merchants and weavers to settle in Madras. By 1652 baliyas and beri chetties and komatties migrated to Madras and settled in large number. The first prominent merchant to settle in Madras under the English jurisdiction was Sheshadra. From this time onwards eminent merchants domiciled in Madras and came in close relationship with the English. Another influential merchant after Sheshadra was Beri Timanna (a perika baliya). He started his career as dubash to one of the English factors and rose to the position of Chief merchant. He was a supplier of textiles to the Company and accepted great part of their imports. He had concessions on Madras customs for his trade, paying only half what the Europeans paid. He sometimes lent money to the English. He also seems to have managed the mint. He was one of the native magistrates who sat on the choultry court. His position was institutionalized as Chief Merchant. He was deeply concerned in private trade of Company's servants. Even Neknam-khan, the Golconda General had granted a caul, allowing his goods to pass through the whole kingdom paying only half customs.⁷⁵

Timanna's long time partner and successor to the position held by him was Kasi Viranna. Viranna probably of Komatty

caste, was one of the most famous merchants. Viranna shared the management of the English Company's business with Timanna. Both were major suppliers of textiles to the English and held monopoly over the purchase of the English imports. After Timanna's death Viranna succeeded to his post of Chief merchant. Like Timanna, he was granted a concession of half customs on all goods passing through Golconda kingdom. It seems that he had great influence with the Golconda Government in tax farming. He was a rentier of the coastal territories north of Madras upto Armagon.⁷⁶ He represented the English interests in Golconda court and secured many concessions for them. Through Viranna the English secured a farman of 1676 from Golconda, when Lingappa, the Governor of Poonamallee blockaded Madras in 1676, over the disputes of its customs, Viranna helped to break the blockade and brought supplies.⁷⁷ He was reported to have been heavily involved with Edward Winter, Agent at Madras from 1662-65, both in Company's trade and Winter's private trade.⁷⁸ After Kasi Viranna, his two brothers Pedda Venkatadri and Chinna Venkatadri rose to the position of chief merchants and enjoyed all previous privileges.⁷⁹ Thus some Indian merchants played an important role in attracting Indian merchants towards the Company's trade. The English merchants were in some ways dependent on these merchants to secure their textiles for exports and sell their imports.

The Indian merchants' relationship with the English merchants in Coromandel tended to become an institution during this period. In all the English settlements there soon developed an office of chief merchant held by one or two of the most prominent merchants

of the settlement. The chief merchant's authority was accepted partly because of his own standing among merchants and and partly because of his acceptance by the European establishment.⁸⁰

The privileges of the chief merchants were considerable. They were sole agent for supply of the large number of textiles every year as well as of the other export commodities required. They had first call on the European imports. So, they tended to be monopolists both in the export and import trade. They would then sublet the textile contracts to small merchants on terms favourable to them and retail the imported goods in small lots at suitable moments. They shared in the fiscal privileges enjoyed by the Companies. They also enjoyed customs exemptions and were given concessions on the taxes within the settlement. They also enjoyed the status and social privileges. In the English settlements there was tendency to deal with one or two or three powerful merchants rather than with large array of diverse merchants. By this method the senior officials could have control over the transactions more closely and also could secure own personal interests.

In last quarter of the 17th century, the joint stock companies or associations of Indian merchants were involved in textile export trade. The idea of joint stock company of Indian merchants for export trade was launched by the Dutch merchants in their settlement. This was followed by the English merchants two decades later. Europeans' exports of Indian textiles expanded in the second half of the 17th century. So, it was necessary to put the whole order and delivery process on a firm and steady footing. It was impossible

for the few powerful merchants to provide the large volume of orders in specific time. Contracts had to be made well in advance to ensure delivery of enough goods for the shipping season. As the scale of their investment increased the Dutch moved towards encouraging formally instituted partnership among Indian merchants. Their annual orders included special varieties of fine and painted goods in large quantities. For increased volume of orders there was necessity of other suppliers. Again due to rise of demand, there arose problems of competition, rise of prices and maintenance of quality. Increased volume of trade meant vastly increased cash advances to several merchants, with the danger of large debts. To avoid these problems the Dutch merchants encouraged the joint stock companies of Indian merchants.

Though the idea of formation of joint stock companies of Indian merchants was supported by the English merchants, it was not altogether a new idea. The idea of subscribing money to create common stock and to use it for commerce jointly by many merchants was prevalent throughout the region during this period. But the only significance of the joint stock companies of Indian merchants in the English settlements was that the customers themselves played the leading role in their formation and also looked after the management of these bodies.⁸¹

The English also extensively took up the practice of forming joint stock of all the supplying merchants. At first their joint stock were headed by Beri Timanna and Kasi Viranna. The chief merchants laid out almost the entire stock and the so called partners

were in their service working for small commission. But as the English demand increased in 1680's, they did not wish to depend on one or two suppliers and forced these chief merchants to bring several others into the partnership. Many merchants wanted to come into the supply trade with the English. In one joint stock Company there were as many as sixtyseven shareholders.⁸² Soon these joint stocks took hold in all the English settlements and factories.

The central base of a joint stock company was a fund. The limits of the fund was determined by agreement between the Company and the participating merchants. It would depend on the value of the annual order of the Company in that port and the liquidity of the merchants. The Companies were always pressing for a large fund. The size of the fund in this period varied from about 8,000 pagodas to 150,000 pagodas. When the amount of fund was determined it was divided into shares of 100 to 1,000 pagodas and shares allotted to participating merchants. There were a few merchants who took the lead in the proceedings and between them had majority of the shares. These were recognized as the head merchants. There were a number of others who took one or two shares each and they were subordinate merchants.

The chief shareholders were the managers of the affairs of the Company. They looked after signing contracts, disbursing money out of the funds, keeping accounts and calculating profit and losses. These functions were divided among the head merchants. In a Comply, with a management of twelve, two would keep the seals

and summon meetings, two were incharge of cash chest, three were responsible for the trade in textiles, two for the European imported goods and three looked after the washers, weavers, dyers and painters working on their orders. The other merchants were sent out into the country to outlay money in the weaving villages and look after the business there.⁸³

The formation of the joint stock took place in the presence of a senior officer of the Company. Both the merchants and Company officers had a say in the admission of the persons as shareholders. In the case of admission of the merchants, caste consideration and good social relations among them were important factors. On the foundation of the joint stock Company and before the signing of the contracts cash had to be deposited to form the fund in the presence of the officer of the Company. This fund was kept in custody under management of the authorised cashiers of the joint stock partnership.⁸⁴

Once the contract had been signed, merchants drew the money and sent it out to the weaving villages to make the first deposit on orders. Merchants' interest was to make first delivery to Company's godown as quickly as possible. When they brought goods, the specialist sorters of the Company would, in the first instance credit the merchants with the value of this cloth reckoned at the third or lowest quality. The merchants were then paid the amount due which they took into country. Sometimes the English, on signing of the contract laid out advances which were depending upon the size of the contract. This amount was debited to the account of the joint stock company

and set off against the cloth they brought in.⁸⁵

The ordered cloth was thus delivered, the Company's qualified clothiers examined the delivered cloth after it was washed and bleached. It was matched against the samples which had been presented before the cost was determined and the contract signed. In some of the high quality cloth, there were five grades into which the cloth was sorted and price lessened with each grade. Seldom was cloth passed as of first grade. At this stage there was lot of bickering between merchants and the Company, but the Company's sorter had the final word. When last batch of cloth for that trading season was delivered, the accounts were concluded and merchants paid whatever arrears were due to them.⁸⁶

After completion of the season's delivery, the merchants had to finalise the accounts of their own joint stock Company. The cashier had statements of what they had drawn from the fund and the value of cloth they had delivered and the amount they had drawn from the Company. A first balance sheet drew up the profit and loss made by the joint stock company on the entire contract. On the basis of this, dividends were declared for each shareholder. Merchant, then received the amount due to him, after deduction of what he had drawn from the common fund. However, the joint stock of the merchants of Madras seems to have run for two or three years, after which they completed their accounts.⁸⁷

The Indian joint stock companies enjoyed certain rights.

The merechants participating in them enjoyed the exclusive right to the import and export trade of the European companies. They enjoyed certain fiscal and legal privileges. In return they had their obligations as well. In all the contracts the merchant signatories were jointly and severally bound for the performance of the contracts and for payment of debts, they may have been outstanding. There were also penalty clauses in the contracts for non-fulfilment of delivery and some collective fine was charged or forfeiture of about 20 per cent of the value of unfulfilled cloth. There were also some clauses of exemptions on several circumstances like war or natural calamities.⁸⁸

These joint stocks were not only instruments for the purchase of textiles, they were also used for the sale of the English imports like woollens, lead, copper etc. The English had difficulties with disposing of their imports. So, they decided to tie up their imports with their export trade and used these joint stock companies as instruments of both. The merchants of joint stock had to accept payments for the textiles in woollen in varying proportion from one quarter to one third of the total value.

It can be noticed from the organizational structure and the manner of working of the above Indian joint stock companies that the English used these companies for the expansion of their trading activities. Due to the joint stock companies they could control the increasing prices of cloth and could succeed in purchasing large quantities of cloth. It was only because of them that they could compete with the Dutch in Europe. They could also use joint stock companies for the sale of their import goods. In short we can say that the English

East India Company in Coromandel used the merchants, mediators and joint stock companies in such a way that at the end of the 17th century they could compete and surpass the Dutch in India and in Eastern countries.

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