CHAPTER IX

THE IMPORT TRADE

If in the economy of the Coromandel coast in the seventeenth century, the one outstanding feature was the expansion of the export trade and consequently of production, a corresponding increase in imports was one of the results of that development. The increase in imports, however, primarily meant an increasing flow of cash specie, because the commodity market for imports does not appear to have undergone any substantial expansion.

For the Dutch, interested only to a very limited extent in the profits of the import trade on the coast, the imports were significant chiefly as investments. Their worry about the limited commodity market derived mainly from their inability to supply adequate quantities of cash specie and bullion, the items chiefly in demand. The profit and loss on the sale of the Company's wares in the coast factories were important only in so far as they increased or decreased the available supply of capital for the procurement of the return cargo. And in their eagerness to increase this supply, they imported, often experimentally, every likely item from the different countries of Asia and occasionally also from Europe.

Since increasing the supply of capital was the Company's main object in the import trade, a relevant phenomenon was the expenditure on the maintenance of the coast factories. The tendency of the establishment cost to increase steadily was among the Company's major problems and eventually a contributory factor in its decline.

The volume of imports, including specie, bullion and merchandise, — in other words the Company's investment in Coromandel, — was not considerable during the early years of Dutch activities on the coast. Silver rials, popularised by the Portuguese throughout Asia, then constituted the bulk of the Dutch imports to Coromandel. For the rest, they imported spices, — mace, cloves and nutmeg, — sandal wood, eagle wood, tin, spelter, alum, some Chinese wares like porcelain and fancy clothes etc. procured from different parts of south-east Asia, besides a
quantity of lead and some types of cloth from Holland.\textsuperscript{351} It is not possible to form any precise idea regarding the exact quantities of merchandise imported by the Company in the first and second decades of the century. The silence of the records, however, suggests that initially they were too small even to cause any slump in the very limited commodity markets, a phenomenon encountered as early as 1616—17.\textsuperscript{352} An increase in the volume of imports dictated by the requirements of the growing export trade took place by the 'twenties. As the demand for imported commodities was limited and highly inflexible, this increase consisted mainly in a larger supply of coins and precious metals, which too was subject to severe limitations. In Java, only small quantities of gold were available at very high prices. Japan supplied a quantity of silver. But, for the bulk of their requirements, the Coromandel factories were dependent on Holland. The Dutch, though by no means free from mercantilist inhibitions, were fortunately not “so curious to forbid exportation of money as the English”.

In the context of the poverty of the masses, the volume and variety of demand for imports was not insignificant in Coromandel. This demand, however, was adequately met in the past by the Asian and Portuguese merchants trading with various parts of Asia. As the total demand apparently had not increased, the arrival of the Dutch and the English with their fresh imports caused a slump in the market.\textsuperscript{353} The monopolistic policy of the Dutch in relation to their competitors can be partly explained in the light of this fact, though the tendency was built into the Mercantilist system itself.

By the 'twenties, however, the Dutch had succeeded in securing a

\textsuperscript{351} K.A.967, L. Ysaacx's "Informatie", "Memorie" of l'Hermite, Bantam, 15.10.1609, Bourgonje and Marcelis to Ysaacx, 3.3.1610, Bantam Council to van Wesick, 13.12.1610.

\textsuperscript{352} A document, probably dated 1614, gives the following list of commodities as being necessary for the Company's trade in Coromandel in an average year, but the available data regarding the import of capital in this period definitely suggest that only a fraction of this total requirement was actually imported by the Dutch:

100 candi (1 candi = 500 lb) cloves, 500 sokel (1 sokel = 154 lb) mace,
200 candi nutmeg, 6000 packs of Bantam pepper, 150 candi sandal wood,
4 candi China silk, 200 candi Achin sulphur, 20 candi eagle-wood, 80 candi benzoin, 300 candi tin, 300 candi spelter, 200 candi lead, 200 candi alum,
10,000 lb gun-powder, 2 candi quicksilver, 2 candi vermilion, 100 lb musk,
50 lb camphor, besides a quantity of porcelain, gold yarn, crystal glasses,
clock-works, pistols, muskets, pearls and coral. See K.A.968, "Generale memorie van de coopmanschappen etc.", ff.140—41.

\textsuperscript{353} K.A.451, 'Remonstrantie' of Franco van der Meer, 12.4.1617, f.201.
comparatively wider market for their imports, including bullion. The gross profits on the sales of the Company's wares in Coromandel rose from about 132,000 florins in 1625 to 225,000 florins in 1628, while the expenditure on the coast factories rose from 50,000 to 60,000 florins during the same period. Two alternative explanations of this development are possible. The Dutch, by undercutting prices, might have succeeded in capturing a considerable portion of the existing market. Since, however, they actually suffered a handicap in competition with their rivals so far as prices were concerned throughout their commercial career on the coast, this seems to be an unlikely explanation. It is more probable that the market for imports, particularly specie, continued to expand, so that the inercase in Dutch imports need not have been achieved at the cost of their rivals. One is, therefore, left to conclude that with better acquaintance with the market, the Company succeeded in exploiting a demand that had remained partly unsatisfied earlier and was now increasing. The investment of European merchant capital on the coast stimulated commercial activity and production. The consequent expansion in demand was chiefly concentrated in the bullion market where the main purchasers were the Indian merchants and middlemen who had profited directly or indirectly from the European trade.

The annual profits on the coast continued to increase in the 'thirties and early 'forties, though the inclusion in the Coromandel accounts of the profits made in Bengal and Pegu made them appear bigger than they were. In 1637—38, for instance, of the total gross profit of 285,000 florins, Pegu and Bengal provided 48,561 and 13,115 florins respectively. Insecure political conditions still at times adversely affected the demand for merchandise, resulting in a sudden fall in profit as in 1638—39 and 1641—42. The total volume of expenditure for the Coromandel government rose by some 33% owing to the establishment of the factories in Burma and Bengal.

The import market appears to have been subject to sharp fluctuations from time to time, and even the much sought bullion and specie were not immune from their effects. The poor demand for the Company's wares and the heavy losses on silver resulted in a steady decline in the profits of the Coromandel factories during the late 'forties which was in strange contrast to the buoyant export trade.\(^{354}\) During 1647 to 1649, the coast factories actually suffered some loss on the sale of their wares, and though the conditions improved after the famine ended in 1650, it

\(^{354}\) See *infra*, Appendix B.
was not always possible to make any profit because of the low price of silver and, after 1655, also of gold. But now, as before, the Company was ready to ignore the inadequate returns from the sale of its wares on the coast, in view of the supreme importance of the return cargo from Coromandel.355

In the 'sixties and early 'seventies, the demand for commodities in general suffered a decline owing to the fiscal policy of the Golconda government in the north, and the wars and famine in the south. But the new factory established in Golconda provided a passage to the north Indian markets for the Company's wares, — except during the years when the approach of the Mughal army blocked the normal trade routes, — and thus helped ease the situation.356

After the opening of the Golconda factory, the total demand for commodities returned to the level of the 'fifties.357 The gross profits on some items were still very high. In 1660, vermilion and quicksilver sold at a profit of 79½ % and 112½ % respectively. But the attempt of the authorities in Holland to fix a minimum price for some commodities, spices in particular, often created difficulties. In 1673, Batavia had to permit a reduction of 10 % to 12 % in the price of spices in order to revive the demand.358

The Company's chief imports, bullion and cash specie were procured from a variety of sources. The bulk of the specie imported from Holland consisted of silver rials. From 1616 onwards, a progressive decline in the price of rials throughout Coromandel seriously threatened the finances of the Company. The rials, valued at 48 stuivers, formerly sold at 10 to 11½ % fanums each. In 1616—17 the price fell to 8½/9½ fanums;

357 The orders from Coromandel to Batavia for the supply of merchandise in 1667 and 1669 were as follows: 1667: 400,000 lb Japanese copper, 100,000 lb Malacca tin, 50,000 lb lead, 8,000 lb vermilion, 4,000 lb quicksilver, 10,000 lb alum, 40,000 lb cloves and 2,000 lb sandalwood. 1669: 300,000 lb Japanese copper, 120,000 lb Malacca tin, 50,000 lb spelter, 30,000 lb lead, 2,000 lb quicksilver, 1,000 lb sandalwood, 4,000 lb eaglewood, 2,000 lb tortoise shell, 20 socket mace, 8,000 lb nutmeg, 20,000 lb cloves, 100 black hats for Pegu, 1,100 mirrors, 1,000 pieces of Japanese porcelain, 72 pieces of European cloth and some stationery etc. for the factories, See K.A.1155, 10.2.1667, f.368; K.A.1160, 1.2.1669 f.433.
by 1626, it came down to 7½ fanums, eventually reaching some sort of an equilibrium at 9 fanums in 1627. In the Pulicat region conditions were worse than elsewhere, and even in 1628, a rial fetched no more than 7½ fanums there. A change in the relative value of gold and silver and the poor quality of its alloy probably explain the fall in the price of this specie. To make matters worse, the rials, no longer accepted by traders, had to be first exchanged for pagodas before any investment could be undertaken. The pagoda was valued at 90 stuiver, but under these circumstances, it actually cost much more, and the loss on rials varied from 10% to 20%. The consequent repercussions on the price of cloth were very serious indeed. The one variety of specie which was acceptable and rendered profit throughout Coromandel during these years was the Hungarian ducat, probably because of the high quality of its alloy and its comparatively low cost price. For all foreign coins were valued in Coromandel strictly according to their metallic content. In 1627, 114,000 Hungarian ducats were imported and these were accepted by the Company's middlemen at the rate of 15½ to 16 fanums each, while in the open market they at times fetched as much as 20 fanums.²⁵⁹ To cut the loss on rials, the Coromandel factors asked for larger supplies of gold, which was expected to render profit. But the high hopes entertained in 1617, — viz., 20% profit on unminted gold, — proved to be unjustified. Between 1620 and 1623, the profits on gold varied from 3% to 4% at Pulicat and were somewhat less at Masulipatam. But from 1623—24, there was a sudden change in this respect. At Pulicat that year the profit on guinea gold rose to 6% or even 7% and on other varieties to 5% or even 5½%. By 1626, Pulicat yielded 11% to 12% profit on gold. But throughout this period, there was a steady loss on gold as well as Japanese silver at Masulipatam. The scarcity of foodstuff in the Golconda region in the late 'twenties led people to disgorge their hordes of precious metals, creating a situation comparable to inflationary condition, in so far as it led to a fall in the value of the media of exchange. Besides, while in normal times, these metals were better distributed, now a few big financiers were able to corner them

buying them up cheap and then, as the only buyers in the market, could dictate prices to the European importers. All these facts, however, point to an important conclusion, viz., that the demand for precious metals was neither uniform throughout India nor in any way unlimited. While the sharp fluctuations in their prices were caused largely by exceptional circumstances and artificial manoeuvrings, they were almost certainly related in some measure to the increased volume of supply, and the limitations of the existing market.

The nature of the import trade remained relatively unchanged in the 'thirties. Only, as compared to the earlier periods, a larger proportion of the capital was now provided by the Asian factories and Coromandel was no longer primarily dependent on Holland for the supply of capital. Silver ducats and Abbas from Persia, Chinese gold from Formosa and Batavia, bar silver, taels and gold coubangs from Japan and gold from Siam and the west coast of Sumatra constituted, in ever increasing proportion, a substantial part of the Company's imports to Coromandel.

The low price of gold and silver, which had characterised the late twenties, continued to embarrass the Company in the subsequent decade. The exact mechanism of these price fluctuations is not clear. But the fact that the price of the pagoda, the legal tender, was artificially fixed at a high level in Golconda, while that of the imported specie and precious metals rose and fell, often in proportion to the volume of supply, was largely responsible for the situation. In 1630 the pagoda, officially valued by the Company at 90 stuivers, actually cost more than 100. Silver and silver coins were the most affected by fluctuations in price and could be sold only at a loss till 1639. There was a temporary improvement during 1639-42, when some varieties of silver and silver specie actually yielded a profit. But by the end of 1642, the decline in prices had again set in. The Company's general policy was to ignore the loss on silver, so long as it helped procure the all-important return cargo. Part of silver supply was diverted to Bengal where there was a good demand for it.

The position with regard to gold and gold coins was somewhat different. These were the only commodities almost universally in demand, though the prices varied considerably from region to region and were subject to fluctuations. While in the Golconda kingdom the prices were lower and generally led to losses, in the south, the Company could sell gold at a profit. The price of the different varieties of gold depended on the quality of their alloy, but the rate of profit or loss, of course,
was dependent on the purchase price. Thus though Siamese gold, being finer, fetched somewhat higher prices, it was comparatively less profitable, because the purchase price was also very high. The Chinese gold purchased in Formosa rendered most profit, but its price fell after-1639 with a deterioration in the quality of its alloy.360

The crippling effects of war and famine on the demand for the Company's wares modified to some extent the nature of Dutch imports to the coast. By the mid-'forties bullion and cash specie accounted for an even larger proportion of the total volume of imports than before.361

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360 The available data regarding the profit and loss on coins and previous metals in the 'thirties and 'forties are as follows:

Price of rials fell to 7½ *fanums* each at Masulipatam in 1631. Japanese silver *taels*, valued at 70 stuivers each, gave a loss of 10½ % to 12 % at Masulipatam and 6½ % at Pulicat in 1640, but towards the end of the same year rendered a profit of 4½ % at Pulicat and 9½ % loss at Masulipatam. By 1642, the profits rose to 6½ % at Pulicat and a little less at Masulipatam. *Abbasia* rendered a loss of 18 % and Persian ducats of 22 % at about the same time. Towards the end of 1642 silver again sold at a loss of 5½ % at Masulipatam and prices fell by 10 % in the south.

In 1630, some articles of gold, melted and converted into *pagodas*, rendered a loss of 2½ % to 5 % at Masulipatam. In 1634, a mark of 24 carat gold fetched 65½ *pagodas* (1 Masulipatam *pagoda* = 90 stuivers) at Masulipatam and 82½ *pagodas* (1 Pulicat pagoda = 84 stuivers) at Pulicat. Chinese gold, purchased at Batavia, rendered a profit of 3 % to 8 % at Pulicat during 1636—39, and a loss of 20 % to 22 % at Masulipatam in 1639. Chinese gold from Formosa sold at a profit of 35½ % to 38 % at Pulicat and of 11 % to 15 % at Masulipatam during 1636—39. Later, the profits at Pulicat dropped to 25 % in 1641 and to 8 % in 1642, while at Masulipatam there was a 5½ % loss in the latter year. Japanese gold *coubangs* fetched a profit of 3 % to 8 % at Pulicat in 1640—41, but their supply was soon stopped for some years because of a decline in the Company's trade in Japan.


361 In 1643, bullion and specie worth 1,377,000 florins were imported to Coromandel, while the value of the merchandise imported that year was a little over 228,000 florins; the proportion of merchandise imported in 1644 was considered too negligible to be mentioned specifically. The situation in this respect does not appear to have changed radically during the years that followed. From the Far East in particular almost the entire supply consisted of bullion and cash specie.
Generally, the Company tried to supply the cash and bullion requirements of the Coromandel government in gold as far as practicable. But as silver was more easily procurable, Batavia was forced to provide the capital for the coast mainly in silver from time to time, — for instance in 1646 and again during 1655—57. For Bengal, however, it was found necessary to provide almost the entire cash capital in silver, as there was little demand for gold. The bulk of the cash capital now came from the Asian factories, the supply from Europe mainly consisting of rials. Japanese silver bars, Persian abbasis and gold ducats, Chinese and Formosan gold, as also gold procured in Java, Malacca, Laos and Indragiri, now constituted the staple of the Dutch imports to Coromandel. In the 'fifties, in order to find some employment for the capital lying idle in Pegu, gold and silver were procured from that country as well, though it occasionally meant heavy loss for the Company. After 1652, part of the capital sent to Surat was at times transferred to Golconda through bills of exchange payable in rials. The heavy loss on silver and a comparative shortage in gold supply from China and Formosa during 1655 to 1657 led to an increased demand for gold from Holland, but this was essentially a temporary phase.

The price of precious metals declined steadily in Coromandel almost till the very end of the 'fifties. In the opinion of the coast factors, this tendency was mainly a result of the artificial market conditions created by the nobles interested in commerce, who hampered the free sale of the Company's wares and thus forced the Dutch to import increasing quantities of bullion and cash specie with adverse effects on their prices. The worst effects were felt in connection with silver coins. The demand for silver in Golconda was very poor because the government had stopped minting silver coins except for a small quantity required as tribute for the Mughal emperor. The price of the metal was in sharp decline throughout the coast owing partly to the large supplies of rials brought by the English. The loss on Persian silver coins was indeed so heavy that at one stage it outbalanced the profit on the sale of Coromandel cloth at Gombroon. By 1655, the silver distributed among the Company's middlemen could not be disposed of even at a loss of 8% or 9%. There was a revival in the demand for silver in Golconda after 1656, when the minting of silver coins was resumed to cover the increased tribute payable to the Mughal. But in 1658, Qutb Shah tried to impose a monopoly on the purchase of silver and was dissuaded only by the Company's threat to close the Masulipatam factory. As a result of the increased demand in that year the Dutch actually made a profit on
silver in Golconda after a long time, but their stock at Pulicat still could not be disposed of. In Bengal, on the other hand, the position was very different. Japanese silver bars, minted into rupees, gave a high profit there, while rials fetched a slightly lower rate of profit.

The declining profits on gold in Coromandel was attributed partly to the increasing purchase price in the Asian markets and the deterioration in the quality of the alloy. By 1652, nearly all varieties of gold sold at a loss throughout the coast. The decision taken in 1652 to fix the value of the rial at 51 stuivers, i.e., 3 stuivers more than the previous rate, showed an adverse effect on the price of gold in the accounts of the coast factories. The cost price, estimated in rials, now appeared higher than before in terms of florins, the value of which remained unaltered. But the sale price on the coast was estimated first in pagodas and later computed into florins. The loss on the sale of gold, as estimated by the Company, thus assumed a slightly exaggerated character.

A new danger which later became far more serious was the artificially high price of old pagodas in Golconda in relation to the Pulicat pagodas and new Golconda pagodas. The preposterous demand that all dues to the government must be paid in pagodas minted in previous reigns, the quantity of which was naturally limited, was at the root of the trouble. Though the intrinsic value of the Pulicat pagodas was 2% higher than the old pagodas, in Golconda the former rendered a loss of 17% to 30% when exchanged for the latter; and, by 1649, 100 old pagodas cost 130 new, which resulted in heavy losses, as part of the Golconda trade could be carried on only with old pagodas.

The position with regard to imports improved to some extent by the sixties, because gold once more sold at a profit. This was partly owing

362 For a more detailed explanation of this policy and its consequences, see supra, Chs. III and IV.

363 The following data are available regarding the profit and loss on bullion and cash specie during 1643—58:

By 1647, Japanese silver bars and rials were sold at a loss of 6% to 7% at Pulicat, and 15% in Golconda. In 1656, the loss dwindled to 2%. Pegu silver sold at a loss of 30% to 32% in 1653. The loss on abbasis was 4% to 5% in 1656, and 9% to 10% in 1657 (in Pulicat). In 1658, silver gave a profit of 32½% in Golconda.

On Chinese gold, there was a profit of 21% to 30% in 1643; it came down to 6% to 9½% in 1648 and a mere 1/16% in 1653. In 1652, there was a loss of 13½% on gold procured at Batavia; in 1656 the loss on this variety amounted to 35⅛/16%. The loss on Laos gold was 12½% in 1643, and on Persian gold ducats 5½% in 1644 and 1656. The loss on gold from Holland was 7% in 1655 and 2% the following year. Gold
to the fact that the Mughal emperor wanted his tribute to be paid in gold *pagodas*, which immediately created a demand for gold. The new valuation of the *pagoda* in relation to the florin also showed an increase in profits in the Company’s account, for the sale price as computed into florins now appeared to be comparatively higher. Some gold coins, like Persian ducats, and Pegu gold, however, continued to sell at a loss for some years. But, by 1667, the average profit on different varieties of gold was as high as 13½ %. In 1669, some varieties procured in Batavia sold at a profit of 59 % while the profit on Japanese *coubangs* was also over 35 %. Only the gold from Macassar caused a loss of over 40 % in 1672 owing to poor purchases, and special measures were taken to stop any repetition of such mistakes. Supplies from Sumatra, Tonkin and Europe had to be increased during the period when imports from the Far East were affected by disturbances in China, though some *coubangs* were smuggled from Japan even at that time. To improve the procurement of gold *pagodas*, Coromandel traders were allowed to pay on the coast the price of elephants purchased in Ceylon, equivalent amounts being deducted by the Ceylon authorities from the silver imported from Persia. The problem of gold supply for the coast was more or less solved when Japan permitted unlimited export of the metal in 1668, especially because the *coubangs* could be easily minted into *pagodas*, as their metallic content was nearly the same.

The demand for silver, which sold at 7 % profit in Masulipatam in 1659, again suffered a decline after the Mughal emperor wanted his revenue in gold coins, and the minting of silver rupees in Golconda was nearly stopped. The demand for silver in the south continued to be as poor as before. The policy of accepting payments in silver for the Company’s wares and procuring bills of exchange from Surat payable in

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from Pegu rendered a loss of 3 % in 1657 and 9 % in 1658. Manilla gold, purchased at Batavia and Macassar, sold at a loss of 15½ /% in 1652 and 12½/8 % in 1657.

rupees, which were then exported to Bengal, was partly prompted by the intention to revive the demand for silver bullion and specie in Golconda. But as the Company had to pay for their purchases partly in silver, owing to the inadequate supply of gold, the expected results were not achieved. With the increase in the supply of gold and the prohibition of silver export from Japan, the Coromandel factories invested part of their gold bullion in silver for export to Bengal. But this was not continued on any large scale after 1668 when rupees became scarce in Golconda and gold became acceptable in the Bengal market as a medium of exchange.  

The demand for silver had definitely revived by the mid-seventies in Golconda where some rixdollars yielded 37% profit in 1678. But this was due to a purely fortuitous circumstance, viz., the fact that the king of Golconda had to pay a heavy tribute to the Mughal emperor in silver coins. Though the coast factors took a rather cynical view of the prospects of steady profit on silver, they made the best of their opportunity while the boom lasted. In fact, later, the proximity of the Mughal army, paid in silver coins, gave a certain stability to the demand for silver in Golconda and this proved very convenient for the Dutch as export of silver from Japan was permitted once again.

The history of Dutch bullion and specie import to the coast underlines two related facts: the flexibility of demand for these items and the close link between this market and the state policy with regard to coinage. The effective demand for the precious metals was to a large extent equivalent to the state demand for the purposes of minting and the metal preferred by the state at any given moment enjoyed a booming market. It is also significant that the increasing volume of bullion and specie import does not appear to have had any serious effect on the general price level, but mainly affected the price of the precious metals themselves. We do not have on the coast a price revolution of the European variety. Despite the growth of the export trade, the degree of monetisation must have been extremely limited.

In the list of merchandise imported by the Dutch to the coast, spices

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365 K.A.1222, 10.11.1678, f.547, 7.3.1678, f.560vo; K.A.1273, 16.1.1683, f.33.
were the chief item for a long time. According to their estimate, in the 'twenties, Coromandel could annually consume spices worth about 180,000 to 200,000 florins. In terms of weight, this came to about 70/80 bahar cloves, 100 bahar nutmegs, 50 bahar mace, a quantity of pepper as also some benzoin. The last item, however was mostly re-exported by Muslim merchants to Mokha. The above figures, compared to those for the preceding decade, indicate a shrinking market for the Dutch spice imports. Import of pepper by the Indian merchants from Achin and Queda, and of various spices from Amboina and Macassar by the English and the Danes, were the chief obstacles to the Dutch spice trade in Coromandel. Specially, the low prices at which the Danes offered their wares at times seriously embarrassed the Company. The demand for spices being more or less inflexible, the prices reacted violently to extreme scarcity of supply. Following the Dutch withdrawal from Masulipatam in 1619, the price of nutmeg went up to 5 pagoda per man, i.e., by more than 100%. In their spice trade with Coromandel, the Dutch had to be specially careful on two points. First, they had to avoid offering prices so low that their European competitors might buy up the imports and profitably re-export them to Europe. Secondly, as a large part of the spices sold at Wingurla and Surat and in Coromandel eventually went to Northern India via Burhanpur, large supplies of the same varieties to both regions had to be avoided, otherwise the sales in one place affected the demand in others.

The demand for the Company's merchandise suffered a general decline in the 'thirties as a result of wars, famine and large supplies brought by the other European companies and Asian merchants. The Company imported only small quantities of spices to Coromandel in the early 'thirties in order to revive the demand. Still, the excessive supply of cloves by the Danes from Macassar kept the price as low as 30 stuivers per pound. As price-cutting ran counter to the Company's general policy of not selling spices very cheaply for reasons already explained, the Coromandel factories were burdened with 107,00 lbs of unsold cloves by 1634. The Company was hence forced to reduce the price of cloves to about 27 stuivers per pound in 1636 and, as a result, 91,736 lbs were sold in a year at a gross profit of about 19 stuivers per pound. The demand for nutmeg and mace also improved on prices

being reduced. But large imports of cloves by the English in 1638—39 again caused a slump. Still, in 1640, the Company imported over 84,000 lbs of cloves in order to retain its hold on the market.367

While the total volume of capital supply had increased enormously by the 'fifties, the import of at least some of the major items decreased in comparison with the preceding period, as a result of the poor demand for the Company’s wares. The sale of spices, largely an article of luxury, suffered badly. 50,000 lbs of cloves were ordered for 1644; in 1653 and 1654, the orders were for 5,000 lbs and 10,000 lbs respectively. True, in 1650, 160,000 lbs were imported to Coromandel, but this was a measure meant to dispose of a bumper crop in Amboina, and it caused a sharp fall in prices. The import of nutmeg and mace also suffered a proportionate decline. Only the supply of pepper was increased to meet the requirements of the Bengal and Pegu markets. The price of some varieties went up considerable by the 'fifties, probably owing to the reduced supply and the general rise in the price level caused by economic dislocation. In 1644, nutmeg sold at 30 pagodas a bahar, while the price for the same amount in 1656 was 70 pagodas. A man (24 lbs) of cloves sold at 5½ pagodas in 1644 and at 13 to 15 pagodas in 1656. But the total volume of sales was not large enough to make any material difference, though the profit per unit had increased. Towards the very end of this period, however, the demand for spices improved with the return to normal conditions and the relaxation of monopolistic measures.368

A variety of cargo in small quantities were always included in the Dutch imports to Coromandel. Chief among these were copper from Japan, spelter from Malacca, lead from Holland, sandalwood from Solor and Timor, besides camphor, alum, porcelain, vermilion, quicksilver, tortoise-shell, eaglewood, etc. Individually often of little importance, together these items helped to supplement the Company’s limited cash capital. In the second decade of the century, there was a good demand for Japanese copper which sold at 90 to 108 rials per bahar.


Lead, too, was in considerable demand, but the market for spelter was seriously undermined by the large imports of tin by the Indian merchants. Good quality sandalwood could be sold up to 20/25 bahars a year at 100 pagoda per bahar. Some fancy cloths from Holland, velvet, Chinese armosin etc. also sold at a profit. Tortoise-shell sold at 10 pagodas per man and was much in request, but the supply was rather limited. In 1616, some pearls from Holland fetched more than 100 % profit and Amsterdam was informed that pearls worth 30,000 rials could be sold annually. But this lucrative trade could not be developed through lack of supplies. Some weapons, mirrors, clocks, jewellery etc. were also sent from Holland to be sold as curios, or presented to the princes and nobles. The weapons were in little demand, but metal cannon, sold by weight, fetched high profit.  

The general decline in demand in the 'thirties affected all items. Quantities of vermilion, quicksilver, alum, lead, sappan wood, cardamom and porcelain remained unsold for long periods. The demand for spelter, as a suitable substitute for Japanese copper, improved from 1638. There was a good market for it in Bengal and Golconda, but the strong competition of Achinese traders undermined all prospects of profit. Sulphur, required in large quantities for the manufacture of gun-powder, was also in great demand in Coromandel and Burma, but only Dutch sulphur, and not the Achinese variety, could be sold, because the latter was of very poor quality. Following the English lead, the Dutch also tried to develop a trade in red coral and European textiles, but were not very successful. The import of Chinese silk proved more profitable. Besides these, rattan and chillies from Banjer Masin, and elephants and large dogs for purposes of presents were occasionally shipped to Coromandel.

Among the miscellaneous items of import, Chinese and Formosan velvet fetched 32 % profit in 1643. Coal from Formosa and Japanese camphor were added to the list of imports around this time. The former, apparently, was required not for sale, but meant for the Company's gunpowder factories. The attempt to develop a market for China tea was not very successful. A significant development in the import trade

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of the Coromandel government was the considerable increase in the sale of elephants in Bengal, the supplies being provided by Malacca, Batavia and Ceylon.371

The importance of copper as an item of import increased with the passage of time. Until Japan again permitted the export of this metal in 1646, supplies of Hungarian and Swedish copper were regularly brought to the coast, and 30,180 lbs of these varieties were imported in 1644. The average annual requirement in the 'fifties was between 40,000 and 50,000 lbs. After 1645, Japan became the chief source of supply. Besides, small quantities were occasionally procured from Pegu for the Bengal market. The price of copper, — 55 to 60 pagodas a bahar, — was fairly steady on the coast throughout the period. Besides copper, tin was in good demand. The annual requirement was estimated at 140,000 lbs in 1643, and 60/70,000 lbs in the 'fifties. Malacca and Queda were the main sources of supply. In a good year, the Company could also sell 50,000 lbs of lead. But even the demand for copper, a much sought after commodity, was very poor around 1661 and part of the unsold stock had to be sent to Surat where it was more in request. The demand revived in the mid-sixties and 40,000 lbs were ordered in 1667. In 1668, the trade in copper had to cope with a double problem. Exports from Japan, the chief source of supply, had to be severely reduced as the emperor ordered that the bulk of what was available should be minted and despatched in the treasury. In Golconda, the king prohibited the free sale of copper, as he sought to monopolise it for minting nevals. But export from Japan was again permitted in 1669 and the orders of the Golconda king were also relaxed about this time. During 1670—72, copper sold at 100% profit in Coromandel despite strong English and Indian competition.372

During the years when Bengal was under the Coromandel government, the imports to the coast included the capital for the Bengal trade. While silver coins and Japanese silver were the commodities chiefly in demand, the Company also imported to Bengal quantities of spices, — specially cloves, Ceylon cinnamon and Malabar pepper, — lead, tin, quicksilver, spelter, ivory, sappan wood, Coromandel tobacco, Persian

rose-water, Japanese lacquer works, silk stuffs and curios. The knowledge that cowries imported from the Maldives were accepted as currency in Bengal and gave a profit of 14% to 18%, induced the Dutch to decide on a reconnoitring voyage to those islands in 1640, but nothing came of it until many years later.373

The one striking fact about the pattern of Dutch imports to Coromandel, — and in fact of India’s import trade in general, — during this period, is the relative stagnation of the market for imported commodities. The major items of import, other than bullion and specie, were in the nature of luxury items. The non-precious metals, — copper, tin, spelter etc., — imported in limited quantities were an exception and may be described as the basic raw material for the manufacture of certain commodities. The fact, however, remains that the coast’s increasing export trade secured no mentionable increase in the return flow of consumer’s goods or raw material. The increase in import being mainly equivalent to an increase in the flow of specie and bullion, it affected the producer and production only in so far as it enlarged the volume of money in circulation. The expanding foreign market, despite the expropriation of the bulk of the surplus by the foreign companies and Indian merchants, almost certainly meant an extension of employment and increase in real income for the producer. Such increase, however, was not enough to secure substantial expansion of the import market. As to the bullion import, a significant proportion, though not the bulk of it, went into luxury consumption or hoarding and, to that extent, did not even contribute to the process of monetization. While from the point of view of the individual hoarding was a rational activity, in so far as it ensured economic security, from the point of view of the economy it was a wastage of resources. That precisely was the end product of a considerable proportion of commercial activity in this period which otherwise might have contributed to the expansion of the country’s productive capacity.