CHAPTER FOUR

GUJARAT IN ASIAN AND EURO–ASIAN TRADE: THE DUTCH EAST INDIA COMPANY

In many ways, Gujarat’s economic dynamism in the early modern period was closely linked with the intra-Asian and Euro–Asian exchange networks in which the European Companies, especially the Dutch East India Company (VOC), played a major role. Since Europe’s discovery of the New World and the opening of an all-water route to the East Indies at the close of the fifteenth century, the Asian economies had been closely linked with the world economy. East Asian sugar and precious metals, South-east Asian spices, South Asian indigo, pepper and cotton and silk textiles and West Asian silk travelled across regions and continents. From the late seventeenth century, the European demand for Indian textiles expanded rapidly on account of the growing European appetite for cloth. The subcontinent’s centrality in Euro–Asian trade was due to its ability to produce a variety of textiles for European markets on a large scale. As the demand for textiles grew further in the eighteenth century, the European Companies and Asian merchants fiercely competed with each other to procure the varieties most in demand.

In the Indian subcontinent, Bengal, Coromandel, and Gujarat catered to the enormous internal and external demand for cotton, silk and mixed cotton and silk textiles of varying designs and textures. Each of these regions specialised in the manufacture of certain types of cloth. Bengal enjoyed pride of place in manufacturing a wide range of piece-goods, both silk and cotton-silk mixed. Coromandel, similarly, was known for its patterned cotton cloth and essentially catered to the South-east Asian markets. Gujarat produced a variety of fine and coarse cloth of cotton and cotton-silk blend which was much in demand in Europe and throughout Asia. Most textiles were carried from Gujarat to the West Asian markets by local Asian merchants who, as we noticed in the preceding chapter, dominated this sector of the region’s trade. The European Companies catered mainly to consumer demand from Europe, South-east and East Asia. The production centres, widespread across the interior, were connected with globally dispersed consumers through the networks of trade in which Asians and Europeans competed, collaborated and complemented each other. The Companies stationed at Surat managed their commerce through a chain of subordinate factories in other major port
cities and towns and conducted trade with the help of brokers and suppliers of textiles.

In the absence of a large local demand for European goods, the exports from Gujarat were much in excess to what was imported. The balance was paid in silver rupees. A large part of the trans-Atlantic silver acquired by Europeans was used to pay off the balance in Asia. The general pattern of trade corresponded quite well to the axiom 'bullion for goods'. In Gujarat, however, the VOC had a unique position on account of its large-scale involvement in intra-Asian trade. A monopsony over the fine spices of South-east Asia and exclusive access to Japanese gold, silver and copper enabled the Company to exchange goods within Asia and raise funds locally for the procurement of export goods. The pattern of Dutch trade in Gujarat, therefore, differed from that of its trade elsewhere in the subcontinent as well as from that of other European Companies. This pattern has been characterised as 'goods for goods and bullion'. This was largely because the VOC was the main importer of European and Asian merchandise which in sale value was usually higher than the value of its total annual exports from the region. We have the most consistent and systematic data on the Company's imports, sales and exports for the eighteenth century which together with the evidence on imports and exports of other European Companies enable us to analyse the dynamics of production and trade in Gujarat.

The VOC's response to the early-eighteenth-century crisis

In the early eighteenth century, a combination of factors made it difficult for the VOC to retain its dominant position in the commerce of the Indian subcontinent. The political instability caused by the collapse of the Mughal's central authority and exacerbated by the Maratha advance into the north of India disrupted trade and production and caused insecurity on the routes that connected Surat with the interior. As access to the interior became difficult, the network that the VOC had built up over the preceding hundred years or so began to lose its efficacy. It was no longer possible for the Company to continue with its subordinate factories at different places in the interior. Agra was the farthest from Surat and abandoned first, in 1713. The uncongenial conditions prevailing in the 1720s and 1730s in most parts of Gujarat forced them to withdraw from Ahmadabad as well in 1742. Cambay was given up for the same reason two years later and in 1750 the only factory subordinate to Surat was that of Broach. In the second half of the eighteenth century, the Company conducted trade in Gujarat almost entirely from Surat through local intermediaries who knew the interior better than the Europeans and who