

TRADE AND COMMERCE UNDER THE MUGHALS

- In Mughal empire, land revenue was realized **in cash**.
- This meant that the **surplus agricultural produce** was to be sold.
- Most of the purchase was made by *banjaras* – the traditional grain merchants.
- They, in turn, carried it to other towns and markets.
- **Tavernier**, a French traveller, second half of the 17th century, says that every big village would have even a *sarraf* or **money-changer**.
- Apart from these regular markets, there were *hats and penths*
- These *hats or penths* were periodic markets which were held on fixed days in a week.
- Generally, these big towns also served as administrative headquarters of the *suba*. Patna, Ahmadabad, Surat, Dacca, Agra, Delhi, Lahore, Multan, Ajmer, Thatta, Burhanpur, Masulipatnam, Bijapur, Hyderabad, Calicut, Cochin, etc.
- There were some towns that **specialized in the trading of specific commodities**: for example, **Burhanpur (cotton mandi)**, **Ahmadabad (cotton textiles)**, **Cambay (gems market)**, **Surat-Sarkhej (indigo)**, **Agra and Bayana for indigo**, etc.
- All these commercial centres **had mints** which struck silver, copper and at some places gold coins.

Inter-Regional Trade

- Inter-regional trade was **phenomenally high in volume**.
- Goods produced at one place were carried to long distance of hundreds and in some cases thousands of miles for the purposes of trade.
- The main commodities of large-scale inter-regional trade were **foodgrains and various sorts of textiles**.
- **Luxury items, metals and weapons** also occupied a prominent place in the long-distance trade.
- **In the east, Bengal** had well developed trade relations with all parts of India.
- The important trading centres of Bengal were **Hugli, Dacca, Murshidabad, Malda, Satgaon, Tanda, Hijili, Sripur, and Sonargaon**.
- **Of these Hugli** was one of the most prominent centres of trade.
- The famous **marble from Rajasthan** was taken to all parts of the country, especially to Agra and Delhi.
- Most of the trade from south was along the coast.
- **Pepper and spices** of the Malabar coast
- **Diamonds from Golconda** mines
- **The bulk of copper** was produced in **Rajasthan**.

Coastal Trade

- **Inter-regional trade** was also conducted through the sea route involving large number of coastal areas.
- This coastal trade was most prominent on the **western coast**.

- **Piracy** on the western coast was rampant.
- As a result, most of the traffic here was conducted **through convoys**.
- The **eastern coast** also had substantial trading operations.
- While on the eastern coast small boats plied throughout the year.
- On the western coast between **May and September**.

Oceanic Trade

- **Entry of few prominent European countries** in the trading arena of India.
- **The Portuguese** had already settled in the Western parts of India by early 16th century.
- **In the 17th century, the French, Dutch and English** also participated in large-scale trading activities.
- A number of uncertainties and risks were involved in long-distance sea voyages.
- These uncertainties gave rise to a new practice called ‘avog’ or bottomry.
- In Bottomry, money was lent at high rates ranging between 14 to 60 per cent.
- The money was lent to be invested in a cargo for a particular destination.
- The lenders were to bear all the risks of voyage.

TRADE ROUTES

Inland Trade Routes

- we find an elaborate network of trade routes linking all the commercial centres of the Empire by the beginning of the 17th century.
- Generally, the roads were looked after by the **state or chieftains** through whose territory they passed.
- In certain regions, these roads were obstructed by a large number of rivers which were crossed by fords or sometimes bridges had to be built.
- The **for**ds (**घाटे**) and **bridges** were also built and maintained by the state or nobles.
- However, the condition of these roads during the rains was a bad commentary since long stretches became unusable during the monsoons.
- To mark the alignment of roads as also to indicate the distance travelled, the state provided towers known as *kosminars*.
- All the prominent routes had *sarais* at short intervals.
- Apart from residential quarters, big *sarais* also provided to the itinerant traveller space for storage of goods.
- Some important routes are:
 1. Agra-Delhi — Kabul Route
 2. Agra-Burhanpur—Surat Route
 3. Surat-Ahmadabad-Agra
 4. Agra-Patna-Bengal Route
 5. Routes for Foreign Trade

Overland Route

- The most frequented overland route during the medieval period was the one connected with the ‘**great silk route**’.

- The ‘great silk route’ beginning from Beijing passed through Central Asia via Kashghar, Samarqand, Balkh and Kabul. Indian hinterlands were connected with this great route at Lahore.
- It passed through **Multan, Qandahar** (and then entered Persia via Yezd, and Isfahan), Baghdad, and after crossing the Euphrates it reached Aleppo.
- From there, the commodities were taken to Europe aboard ships.

Overseas Routes

- The sea routes on both the **Arabian Sea and the Bay of Bengal** were well frequented.
- As for Eastern seas, since long the Indian merchants were having seaborne trade with **China and the Indonesia Archipelago**.
- From **Hugli, Masulipatnam and Pulicat**, commodities were sent directly to Achin, Batavia and Malacca.
- Through the Malacca straits, merchants used to go as far as Macao and Canton in China.

MEANS OF TRANSPORT

Land Transport

- They were used as **pack animals** for carrying load on their backs.
- We get references to grain merchants travelling with **10,000- 20,000 pack animals** in one *caravan* called *tanda*.
- **Camels** were commonly used in the western part of the country for carrying goods.
- On high mountain regions, **mules (খড়ব)** and **hill ponies (ঘোড়া)** were used to carry heavy loads.

River Transport

- Manrique noticed around **2,000 boats** in anchor at **Rajmahal** (Jharkhand).
- Our sources refer to around **40,000 boats in Sind**.
- Each ‘*patella*’ (a kind of flat boat) plying between Patna and Hugli had a carrying capacity of around 130 to 200 tons of load.
- The other goods carrying boats had a capacity of 1,000 to 2,000 maunds each.

Exports and Imports

- During the 16th and 17th centuries also, India had a flourishing trade with a large number of foreign countries.
- **Coming of the Europeans increased India’s foreign trade manifold.**
- **Most of this trade was in the form of exports of Indian goods.**
- **The imports were very small.**

Exports

- **Textiles, saltpetre and indigo** formed the major share of Indian exports.
- Other important items were **sugar, opium, spices** and other commodities.
- **Chintz or printed cotton textiles** were the most favourite items of export.

- **Saltpetre**, one of the important ingredients for making gunpowder was much in demand in Europe.
- In the 17th century, the **Dutch** started exporting it from Coromandal.
- Soon the **English** also followed.
- The English demand for this commodity continued during the 18th century.
- **Indigo** from **Sarkhej (Gujarat)** and **Bayana (near Agra)** was much in demand for exports.
- The **Portuguese** started its export around the last quarter of the 16th century.
- Europe's demand was very large for dyeing woollen cloths.
- The Dutch and English started exporting it in the 17th century.
- **Opium** was bought by the French, the Dutch and the English Companies.
- The main sources of supply were Bihar and Malwa.
- The **Bengal sugar** was also taken in bulk by the Dutch and English Companies.
- **Ginger** was exported to Europe by the Dutch.
- **Turmeric, ginger** and aniseed (*saunf*) were exported by the Armenians.

Imports

- **Silver** was the main item of import as it was brought to finance the purchases of European Companies and other merchants from different parts of Europe and Asia.
- **Copper**, too, was imported in some quantity.
- Lead and mercury (সীহ আৰু পাৰা) were other important commodities brought to India.
- **Good quality wine, carpets and perfumes** were brought from Persia.
- **Horses from Central Asia** were imported in large number for military uses.
- The state was the main purchaser.
- **Musk** (কস্তুৰী) was brought from Nepal and Bhutan to India where it was bought by the Europeans.

Taxes other than Land Revenue

- Almost everything sold in the market was taxable.
- The main sources were tolls and levies **on craft production, market levies, customs and *rahdari* (road tax) both on inland and overseas trade, and also mint charges.**
- **War booty, tributes and gifts** from various quarters.
- **Peter Mundy (1632)- even women bringing milk for sale** were not exempted.
- **from the rose-vender down to clay-vender, from the weaver of fine linen to that of coarse cloth – had to pay tax.**
- Apart from merchants, **all the artisans also paid taxes on their products.**
- ***Katraparcha*** was a tax levied on all sorts of cotton, silk and wool cloth.

Customs and Transit Dues

- When the goods were taken from one place to another, a tax was levied.
- All merchandise (ব্যৱসায়িক সামগ্ৰী) brought **through the ports was taxable.**
- Abul Fazl says that **during Akbar's time the duties did not exceed 2½ per cent.**

- Aurangzeb levied separate transit taxes for separate groups.
- The rate fixed was **2½ from Muslims, 5% from Hindus and 3½ from foreigners.**
- In spite of the emperor's instructions, the merchants were often charged more than the prescribed customs.
- We find the foreign merchants complaining about the custom dues.
- Apart from customs, another tax called **rahdari or transit tax** was collected.
- This was a road-toll collected on goods passing through various territories.
- This tax was collected **on river routes also.**
- At times customs were exempted on certain items.
- For example, Jahangir abolished customs on the trade with Kabul and Qandahar.
- During the famine of Gujarat, tax on a number of commodities were remitted.
- Aurangzeb at his accession in 1659, abolished tolls and taxes on food stuffs.
- Aurangzeb at one stage abolished all road tolls.
- According to the decrees of the emperors, **the state policy towards trade appears to be liberal but in actual practice the case was different.**

Personnel of Trade

- **Brokers and sarrafs** played their role at various levels.
- Systems of **banking, bills of exchange and lending of money** were important ones.
- **Trading partnership and insurance** were also in vogue.
- At times the same person did two or more tasks at the same time.

Merchants

- Theoretically, **Vaisyas** were supposed to indulge in commercial activities, but in actual practice people from a wide range of background could and did participate in it.
- **Certain groups and castes dominated** in particular regions.

Banjaras

- They were an important **link for rural-urban trade.**
- The banjaras confined their trading activities to some limited commodities like **grain, pulses, sugar, salt, etc.**
- Jahangir in his **Tuzuk-i Jahangiri records:** 'In this country the Banjaras are a fixed class of people, who possess a thousand oxen, or more or less, varying in numbers.
- They bring grain from the villages to the towns, and also accompany armies.
- The banjaras generally **moved with their families and household in groups.**
- These groups moving together were called a **tanda.**
- Each **tanda** had its chief called nayaka.
- The **banjaras were both Hindus and Muslims.**
- There were other similar traders known by different names.
- The **Nahmardis** was one such group of traders operating in **Sind.**
- Another such nomadic traders were the **Bhotiyas** operating between the **Himalayas** and plains.

Merchants in Different Regions

- An important *Vaisya sub-caste*, that is, the *Baniyas* were the leading merchants in North India and Deccan.
- They belonged to the **Hindu and Jain (mainly in Gujarat and Rajasthan) communities.**
- Their counterparts were the *Khatris in Punjab and Komatis in Golconda.*
- The word Baniya is derived from a **Sanskrit word *vanik*** meaning merchant.
- Many of the Baniyas carried surnames pointing to the place of their origin.
- The *Agarwals came from Agroha* (in present Haryana)
- Marwar gave probably the highest number of traders who are generally referred to as *Marwaris.*
- Tavernier (1656-67) marvelled at the skills of the Baniyas as merchants and had all praise for their accounting and book-keeping.
- The Baniyas also acted as **moneylenders**, giving loans to peasants and other people including state officials and nobles.
- In towns they dealt in **grain, textiles, gold, silver, jewels, spices** and sundry other commodities.
- Some of them **possessed assets of millions of rupees.**
- They **owned ships** also.
- In the region of Punjab, the *Khatris* were a major trading community.
- **Guru Nanak**, the founder of Sikh religion, was also a Khatri.
- The **Multanis** were an important trading community of Delhi, parts of Punjab and Sind in the 13th-17th centuries.
- The *Bohras* were important merchants of Gujarat.
- They were **mostly Muslims.**
- They were an urban community mainly based in Gujarat and other western parts.
- The *Mopilla Muslims* of Indo-Arab origin were also important merchants in the region.

Foreign Merchants

- We get a large number of references to the presence of foreign merchants in almost all commercial centres of the period.
- Among other foreign merchants, the Armenians were the most prominent.
- The Khorasanis, Arabs and Iraqis also frequented Indian markets.

Merchants in South India

- The *Chetti* was one such group.
- This term is derived from Sanskrit *shreshthi (seth).*
- Perhaps the Chetti were very wealthy merchants.
- The merchants along the Coromandal coast up to Orissa were known as *Kling.*
- The *Komatis* were the merchants belonging to a trading caste.
- They were mainly Telugu speaking.
- Like the Chettis another merchant group called *Chulias.*

Moneylenders and Sarrafs

- In large parts of Northern India, the traditional merchants played a dual role as traders as well as moneylenders.
- In villages we hear of traditional Baniya lending money to individual peasants to pay land revenue.
- In towns and bigger places also, merchants acted as moneylenders.
- Another category among the personnel of trade which played a significant role was that of the *sarrafs*.
- They performed three distinct functions: **(i) as moneychangers; (ii) as bankers; and (iii) as traders of gold, silver and jewellery.**
- As money-changers, they were considered as experts in judging the **metallic purity of coins as well as their weight.**
- They also determined their current exchange rate.
- also acted as banker to make remittances of money and issue letters of exchange’.
- The *sarraf* was also a part of **Mughal mint** establishment.
- As bankers, they would receive deposits and give loans on interest.
- They used to issue bills of exchange or *hundis* and honour the ones issued by others.

Brokers

- They **worked as middlemen** in various commercial activities and transactions.
- **Merchants from foreign lands and distant regions** heavily depended on them.
- According to **A. Jan Qaisar**, the foreign merchants – who were unacquainted with the centres of production, pattern of marketing and language – had to depend on the native brokers for their trading transactions.
- The need for brokers in India was mainly due to (i) centres of production for the same commodities were scattered all over the country; (ii) individual output of these centres was small (some centres specialized in particular commodities only), and (iii) large number of buyers competing for the same commodities in the same markets.
- The **English East India Company** records refer to brokers being employed at their different factories.
- **Fryer (late 17th Century)** says that ‘without brokers neither the natives nor the foreigners did any businesses.
- Indian brokers were to be found in **foreign ports also.**
- Sometimes, the whole family worked as brokers **in partnership.**
- **Bhimji Parak, a prominent broker**, had a joint business with his brothers.
- A. Jan Qaisar has divided brokers into four categories: (i) those employed by Companies or merchants, (ii) those who worked for several clients, (iii) those who worked on an ad-hoc basis as broker-contractors, and (iv) state appointed brokers at commercial centres to register sale and purchase of articles.
- Some dealt only in one specific commodity like silk, saltpetre, cotton, textile, indigo, etc.
- Brokers’ fees or commission was not strictly fixed.

- In ordinary dealings, the brokerage **was 2% of** the value of transaction, 1% was charged from each of the parties (buyers and sellers).
- Brokers who were in regular employment were paid fixed salaries and also some commission in some deals.
- English Company records show the salaries of their brokers between Rs. 10 and Rs. 38 per month.
- Most of the money advanced (*dadni*) to the artisans were made through brokers.

Bills of Exchange (*Hundi*)

- It was a paper document promising payment of money after a period of time at a certain place.
- the practice started because of the problems involved in carrying large amounts of cash for commercial transactions.
- The merchants interested in carrying cash to a particular place would deposit it with a *sarraf* who would issue a *hundi* to the merchant.
- The merchant was to present it to the agent of the *sarraf* at his destination and encash it.
- In due course, *hundi* itself became **an instrument of transaction**, which could be presented against a transaction.
- In this process, **it became a medium of payment**.
- In 1599, the state treasury sent Rs. 3,00,000 to the army in the Deccan through a *hundi*.
- Tributes paid by Golconda (Rs. 10,00,000) and Ghakkar chief (Rs. 50,000) to the Mughal Emperor were also transferred through *hundis*.
- A **commission** was charged by the *sarrafs* on each *hundi*.
- The **rate of exchange** depended on the rate of interest prevalent and the period for which it was drawn.

Banking

- The *sarrafs*, apart from issuing bills of exchange, also received money for safe deposit.
- The depositor was paid some interest on his deposits.
- The rate of interest payable to depositors kept changing.
- The bankers in turn would give money on loan to the needy on a higher rate of interest.
- **Sujan Rai** (1694) says that the *sarrafs* who accepted deposits were honest in dealings.
- **Even strangers** could deposit thousands for safe keeping and demand it at any time.

Usury and Rate of Interest

- Moneylending for personal needs and commercial purposes was an established practice.
- Generally, the *sarrafs* and merchants both indulged in moneylending.
- Sometimes the moneylenders were called *Sah*, a distinct category.
- The loans were taken for various purposes.
- The money was taken on loan by peasants **for paying revenue** and repaid at harvest.
- Moneylending **for business purposes** was also very common.

- The difference in interest rates in various regions suggest that the integration of financial market had not taken place.

Insurance

- on a limited scale was that of **insurance or *bima***.
- In many cases, the *sarrafs* used to take responsibility for the safe delivery of goods.
- At sea, **both the ship and the goods** aboard were insured.
- the 18th century, the practice was well-established and widely prevalent.
- The **rates of insurance for sea voyages** were higher than goods going through land.