
El capitalismo en la economía del temprano Gujarat moderno: estructura y organización de la producción textil y el mercado en Surat en el siglo XVIII

Capitalismo na economia do início da Gujarat moderna: estrutura e organização da produção têxtil e do mercado em Surat no século 18

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https://doi.org/10.7440/histcrit89.2023.04
Received: January 31, 2023 / Accepted: April 1, 2023 / Modified: May 11, 2023


Abstract. Objective/Context: This study has two main goals. First, it explores the structural and organizational dynamics of the textile industry and the market in early modern India, eighteenth-century Gujarat in particular. In this context, the paper also examines how the ascendancy of the English East India Company in the political economy of Western India and the region’s transition to a colonial economy impacted the industry, the market, and the relationship between weavers and merchants. Methodology: This paper draws on the literature on textile production and trade, as well as on capitalism in early modern and colonial India, and uses evidence about Gujarat from the records of the English and Dutch East India Companies. Originality: This paper argues that the relationship between weavers and merchants in Surat/Gujarat was dynamic, complementary, and at times, contentious. None of them was able to dominate the relationship, and the English East India Company could not substitute a coercion-based production relation for a market-based one. Conclusions: The dynamics—such as product specialization and innovation, division of labor, the contract system, and forward buying—point to the existence of commercial capitalism in the textile economy. The paper also argues that because of the extraordinary diversity of people engaged in the industry and their varying professional and transactional experiences, it is relevant to recognize that commercial capitalism represents a mode of production that co-existed with others in the economy.

Keywords: capitalism, european companies, market, Surat, textile industry, weavers.

El capitalismo en la economía del temprano Gujarat moderno: estructura y organización de la producción textil y el mercado en Surat en el siglo XVIII

Resumen. Objetivo/Contexto: Este estudio tiene dos objetivos principales. Primero, se explora la dinámica estructural y organizativa de la industria textil y el mercado en la India moderna temprana, en particular en el Gujarat del siglo xviii. En este contexto, también se examina cómo impactaron el mercado y la rel-

* This publication is the result of my research on textile production and trade in Surat, Gujarat, in the eighteenth century based on data I collected from English and Dutch archival sources. I did not receive any funding for this research.
acación entre tejedores y comerciantes tanto la ascendencia de la Compañía Inglesa de las Indias Orientales en la economía política de la India occidental como la transición de la región a una economía colonial. **Metodología:** Este trabajo se basa en la literatura sobre la producción y el comercio textil, así como sobre el capitalismo en la India moderna y la colonia temprana, y utiliza evidencias sobre Gujarat de los registros de las Compañías de las Indias Orientales inglesa y holandesa. **Originalidad:** Se sostiene que la relación entre tejedores y comerciantes en Surat/Gujarat fue dinámica, complementaria y, en ocasiones, contenciosa. Ninguno de ellos dominó la relación, y la Compañía Inglesa de las Indias Orientales no pudo sustituir una relación de producción basada en la coerción por otra basada en el mercado. **Conclusiones:** Las dinámicas —como la especialización e innovación de productos, la división del trabajo, el sistema de contratos y las compras a plazo— apuntan a la existencia de un capitalismo comercial en la economía textil. El artículo también sostiene que, debido a la extraordinaria diversidad de personas que trabajaban en la industria y a sus distintas experiencias profesionales y transaccionales, es relevante reconocer que el capitalismo comercial representa un modo de producción que coexistió con otros en la economía.

**Palabras clave:** capitalismo, compañías europeas, industria textil, mercado, Surat, tejedores.

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**Capitalismo na economía do início da Gujarat moderna: estrutura e organização da produção têxtil e do mercado em Surat no século 18**

**Resumo. Objetivo/Contexto:** este estudo tem dois objetivos principais. Primeiro, ele explora a dinâmica estrutural e organizacional da indústria e do mercado têxtil no início da Índia moderna, particularmente em Gujarat no século 18. Nesse contexto, ele também examina como o mercado e a relação entre tecelões e comerciantes impactaram tanto a ascendência da Companhia Inglesa das Índias Orientais na economia política da Índia Ocidental quanto a transição da região para uma economia colonial. **Metodologia:** este artigo baseia-se na literatura sobre produção e comércio de têxteis, bem como sobre o capitalismo na Índia moderna e no início da colônia, e usa evidências sobre Gujarat dos registros das Companhias das Índias Orientais inglesa e holandesa. **Originalidade:** argumenta-se que a relação entre tecelões e comerciantes em Surat/Gujarat era dinâmica, complementar e, às vezes, contenciosa. Nenhum deles dominava a relação, e a Companhia das Índias Orientais inglesa não conseguiu substituir uma relação de produção baseada na coerção por uma baseada no mercado. **Conclusões:** a dinâmica — como a especialização e a inovação de produtos, a divisão do trabalho, o sistema de contratos e as compras a prazo — aponta para a existência do capitalismo comercial na economia têxtil. O artigo também argumenta que, devido à extraordinária diversidade de pessoas que trabalhavam no setor e suas diferentes experiências profissionais e transacionais, é relevante reconhecer que o capitalismo comercial representa um modo de produção que coexistia com outros na economia.

**Palavras-chave:** capitalismo, empresas europeias, indústria têxtil, mercado, Surat, tecelões.

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**Introduction**

In the early modern period (sixteenth to eighteenth centuries), Gujarat was one of the four prominent regions of cotton textile production in the Indian subcontinent (Bengal, Punjab, and the Coromandel coast being the other three). This region produced a wide variety of cotton and silk textiles. Throughout the seventeenth and eighteenth centuries, European companies and Gujarati merchants purchased cotton and silk textiles at major trade and production centers, such as Surat, Ahmadabad, Cambay, and Broach. By the mid-eighteenth century, however, Surat emerged as the largest producer, and a large part of all textiles leaving the port of Surat for foreign markets originated in the city and its surroundings. As access to production centers in the interior became increasingly difficult in the first half of the eighteenth century, local merchants and corporate buyers, such as the English East India Company (hereafter eic), the Dutch East India Company (Verenigde
Oost-Indische Compagnie, hereafter voc), the Portuguese, and the French, largely depended for the supply of textiles on weavers, producers, and merchants in and around Surat. This happened when the political economy of Gujarat and other parts of India underwent a major transformation. In 1759, the eic took over the Surat Castle, became the qiladār (commander of the castle), and took control, at least partially, of the city’s economic resources. This endowed the Company with significant fiscal and administrative rights and privileges, which had relevant implications for commodity production, market, and trade. In 1800, the eic took control of the entire administration in the city and abolished the office of the governor (mutasaddi or chief administrative officer) appointed by the Mughal emperors. It is in this context that Surat’s emergence as a major textile production center becomes particularly significant. How the transition of Surat to a colonial port city impacted the production of textiles and trade, especially the relationship of the eic and other corporate buyers with merchants and producers, is a question this paper seeks to address. This study examines how the market in Surat responded to these developments and to what extent its structural and organizational dynamics withstood the ascendency of the eic in the political economy of Western India and the Indian Ocean world.

The scholarship on the Indian economy in the eighteenth century emphasizes the disruption and decline of textile production and exports in the latter half of the century. Economic historians, such as Irfan Habib, Ashin Das Gupta, K.N. Chaudhuri, Om Prakash, and Sushil Chaudhury, argue that the disintegration of the Mughal Empire, the fragmented nature of the post-Mughal political economy, and the eic’s political ascendancy in Bengal and Western India adversely affected the economy in general and textile production and exports to Europe in particular. K.N. Chaudhuri, for example, explains this in the following terms:

[T]he eighteenth century was a period of very great changes for India since the Mughals first established their powers in the country two centuries earlier. For the textiles industry, the century derived its distinctive character from a peak expansion in output for export reached in the earlier half and the contrasting disruption and decline which marked its closing years. Some of the reasons for this retrogression were to be found in conditions internal to India’s history. But the main challenge, which was to change radically the future course of events, undoubtedly came from the impact of the Industrial Revolution in Britain.

1 By the 1740s, the EIC and voc had withdrawn from the interior without having any more factories in Agra and Ahmadabad. The voc left Agra in 1713, Ahmadabad in 1742, and Cambay in 1744. See Ghulam A. Nadri, Eighteenth-Century Gujarat: The Dynamics of Its Political Economy, 1750-1800 (Leiden: Brill, 2008), 86.

2 By the treaty signed on May 13, 1800, the entire civil and military government of Surat and its dependencies were transferred in perpetuity to the Company. See Treaty with the Nabob of Surat and Arrangements for the Civil Administration of the City and its Dependencies, 13 May 1800, British Library (hereafter BL), F/4/92 Board’s Collections, No. 1894.


Other scholars, such as Hameeda Hossain, S. Arasaratnam, and Prasannan Parthasarathi, argue that in the late eighteenth century, weavers in Bengal and Coromandel lost much of their autonomy in the marketplace as they were increasingly coerced to produce textiles for the EIC and private English and other European buyers. This study examines whether the textile industry in Surat in the late eighteenth century conforms to these trends—i.e., declining output and substitution of coercion-based production relations for market-based ones. It is important to point out here that revisionist scholars, such as C.A. Bayly, Muzaffar Alam, Burton Stein, and others, underscore economic buoyancy and dynamism in many regions of post-Mughal India.

A second objective of this study is to explore to what extent the modes and relations of production and commercial enterprise in Surat in this period can be identified as a variant of capitalism. The exploration of this question has produced two main and somewhat contradictory arguments. Some scholars consider the Indian economy in the early modern period as pre-capitalist or, at best, proto-capitalist and associate capitalism with the emergence of the factory industry in the mid-nineteenth century, primarily because the characteristic production modes and relations of Western European capitalism are understood to be absent in India before the nineteenth century. In an article published in 1969, thus, Irfan Habib measures the development of commodity production and manufacture in Mughal India by the yardstick of European capitalism, defined as “a particular mode of production, in which a producer is separated from his tools, so that while he himself is a wage labourer, the implements of production, together with raw materials and the finished product, are owned by his employer, the capitalist.” He argues that the Mughal economy

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lacked potentialities for capitalistic development despite the overwhelming evidence of commodity production, a complex financial intermediation (banking) system, and a large domestic and foreign demand for merchandise. In a later study of non-agricultural production in Mughal India, Tapan Raychaudhuri argues that the economy underwent an industrial involution rather than transitioning to capitalist industrial production. He compares the conditions and developments in pre-industrial Europe and Mughal India and draws the following conclusion:

If there was a cluster of factors contributing to rapid change in pre-industrial Europe, an oppressive and spendthrift ruling class, a heavily exploited artisanate restricted in its occupational mobility, and a culture without mechanical curiosity represented a different sort of cluster in Mughal India. An expanding market, organizational changes and imitative innovation in technology did constitute a powerful combination of features which could have induced a break with the established traditions in manufacture. But these features evidently did not acquire the magnitude necessary to disrupt an immemorial system functioning at the level of a high equilibrium. Industrial involution is perhaps not an inappropriate label for the history of manufacture in our period.

Following this lead, many subsequent studies treat the early modern Indian economy as pre-capitalist or see no signs of a transition to capitalism. Echoing Irfan Habib and Tapan Raychaudhuri, Makrand Mehta, a historian of Mughal and colonial Gujarat, states that “in spite of the emergence of some healthy trends, the Indian business communities in Surat failed to bring about any qualitative change in business practices or production processes. The large merchants remained overwhelmingly wedded to liquidity preference.” Since the 1980s, however, scholars began to question this characterization and recognize the existence of capitalism in the Mughal Indian and other Asian economies. These studies show that capitalist modes and relations of production and trade were present in the Mughal economy during this period.

This second strand of scholarship also challenges the conventional understanding of capitalism as uniquely European by applying the term to a much broader range of production modes and relations than what existed in northwestern Europe. David Washbrook, for example, questions the view that considers industrialization an inevitable outcome of capitalism and argues that the two

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9 Habib, “Potentialities of Capitalistic Development,” 32-78.
11 Makrand Mehta, Indian Merchants and Entrepreneurs in Historical Perspective: With Special Reference to Shroffs of Gujarat, 17th to 19th Centuries (Delhi: Academic Foundation, 1991), chapter III; Shireen Moosvi, People, Taxation, and Trade in Mughal India (New Delhi: Oxford University Press, 2008).
12 Mehta, Indian Merchants, 48.
need to be disentangled. Eric Sheppard, a scholar of economic and urban geography, emphasizes the non-European origin of capitalism and states that “Europe did not invent capitalist practices but became globalizing capitalism’s center of calculation, catalyzed by the spatial dynamics of colonialism elevating Europe relative to its predecessors.” Consequently, in this rendition, the term “capitalism” is applied to a wide variety of production relations in non-Western pre-industrial economies, including pre-colonial India, mainly because of the shift in the literature from a narrowly-defined capitalism to a much ampler and more expansive definition of capitalism. Thus, Frederic C. Lane observes that capitalism is “sometimes used in such a very broad and literal sense as to mean any system of production which uses capital; and in some discussions of economic growth capital is sometimes so broadly defined as to include all past production used for further production.”

He calls for a narrower definition of capitalism, one that is more useful for studying the development of capitalism in early modern pre-industrial economies.

In a recent publication, Capitalisms: A Global History, the editors and contributors underline the pitfalls in arguments at both ends of the spectrum, i.e., the one that does not recognize any form of capitalism in pre-industrial economies outside of Europe and the other that universalizes it. The editors rightly emphasize the need for an expansive view of the history of capitalism by paying attention to the modes and relations of commodity production and trade outside Europe and the West. The contributors to this book trace capitalism in the economies they study as a historically evolving institution and argue for a plurality or diversity of capitalism (hence the title Capitalisms). According to these studies, capitalism emerged in different economies at different times and assumed various forms and characteristics in accordance with the prevailing socio-economic and political conditions. Based on these attributes, scholars identify different types of capitalism and associate each with some specific features. They use the term “merchant capitalism” or “commercial capitalism” for the early modern period and distinguish it from industrial capitalism or finance capitalism of the nineteenth and twentieth centuries. Some identify capitalism in the Indian and other Asian economies with local or regional characteristics. They use “colonial capitalism,” “vernacular capitalism,” and “corvée capitalism” to characterize the way commodity production was organized and

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14 Washbrook, “Progress and Problems.”
18 Yazdani and Menon, Capitalisms, 10.
19 Lane, “Meanings of Capitalism.”
commercial and financial businesses were conducted in India and the Indian Ocean world in the eighteenth and nineteenth centuries.\textsuperscript{20}

The principal characteristics of capitalism in Europe and elsewhere include complex or roundabout production methods, private property rights, commercial or market economy, enforceable contracts, the labor market, and supportive government, among others.\textsuperscript{21} Did any or all of these features exist in the textile industry and the market in Gujarat in the eighteenth century? Thus, this paper aims to explore i) how the production of textiles and its procurement by merchants and corporate buyers in Surat were structured; ii) to what extent the extra-economic forces affected the day-to-day functioning of the market in the decades that saw the ascendancy of the EIC in the political economy of Surat; and iii) how capitalistic the modes and relations of production and trade were in Gujarat in the eighteenth century.

1. Textile Production in Early Modern India

Scholars have outlined the structural and organizational features of the textile industry and trade in early modern India.\textsuperscript{22} Some argue that the textile industry in pre-colonial India shared some of the characteristics generally associated with capitalism.\textsuperscript{23} A major strength of the textile industry

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in all production regions of India was the weavers’ extraordinary ability to adjust the output to the local and external demand in terms of quality and volume. Ruby Maloni captures this quite well when she states: “[T]he wide range of qualities and prices suited the entire spectrum of the market, from the superfine muslins of Bengal worn by aristocratic European ladies at one end, to the coarse blue Coromandel cloth sold for the slave population in the Caribbean at the other. The global matching of supplies to the estimated demands for such a wide range of varieties was a logistical marvel in the pre-industrial age.” The evidence of growing internal consumption and large-scale exports to markets all over Afro-Eurasia and the Americas point to an industry that continuously expanded since the early seventeenth century. The output rapidly grew as the European demand increased due to the so-called “fashion revolution” or “calico craze” in Europe since the mid-seventeenth century and the almost simultaneous opening of new markets in western Africa and the Americas. This is evident in the rapid growth in the triennial average values of textiles exported from India by the VOC and EIC in the seventeenth and eighteenth centuries (Table 1). Nevertheless, how did textile producers in Gujarat keep up with the demand, which was dynamic but susceptible to fluctuations caused by various internal and external forces?

<table>
<thead>
<tr>
<th>Year</th>
<th>VOC</th>
<th>EIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1619-1621</td>
<td>466,900</td>
<td>2,447,712</td>
</tr>
<tr>
<td>1648-1650</td>
<td>894,600</td>
<td>10,206,708</td>
</tr>
<tr>
<td>1668-1670</td>
<td>3,941,000</td>
<td>15,997,128</td>
</tr>
<tr>
<td>1698-1700</td>
<td>8,205,000</td>
<td>10,206,708</td>
</tr>
<tr>
<td>1738-1740</td>
<td>7,918,600</td>
<td>15,997,128</td>
</tr>
<tr>
<td>1758-1760</td>
<td>10,283,100</td>
<td>13,434,480</td>
</tr>
<tr>
<td>1778-1780</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Om Prakash, *European Commercial Enterprise in Pre-Colonial India* (Cambridge: Cambridge University Press, 1998), 115, 120. I have converted the EIC export values from pound sterling (£) into Dutch florin (f.) at the rate of £1 = f. 12.

The weavers and all others involved in the industry produced textiles for the world market as long as they were guaranteed a fair price for their labor and capital investments. As demand increased, the spinners and weavers produced more yarn and textiles by more efficient use of family labor and by employing an additional workforce. Similarly, new groups joined the industry and made fabrics for European and other foreign markets (discussed in the section on Surat below). There was a division of labor at the level of both household and industry. In general, in a household, some—especially women—operated spinning wheels and spun yarn, and others, usually men, handled the looms and produced cloths. Some people and households only spun yarn

24 Ruby Maloni, *The Route to European Hegemony: India's Intra-Asian Trade in the Early Modern Period (Sixteenth to Eighteenth Centuries)* (New Delhi: Manohar, 2021), 263.

for other weavers, while others specialized in washing, dyeing, and coloring cloths. When looking at the social composition of the industry, we find that certain castes or sub-castes were predominant in a production activity or the production of certain types of cloth. Such specialization, however, was not limited to one caste. People and households from other castes and communities were also engaged in these activities. In Gujarat, for example, weavers of different communities (Hindu, Muslim, and Parsi) and castes (Khatri, Kumbi, Bhandara, and Momna, among others) produced varied types of textiles for local, African, West Asian, and European markets (Table 2). There were regional specializations as well. Bengal, for example, specialized in fine-quality or luxury cotton and silk cloths, mixed fabrics, such as *Dhaka muslins* and calicoes, and a variety of other cloths collectively known as piece-goods for West Asian and European markets.²⁶ Southeastern India produced a variety of relatively inexpensive plain or patterned cloths, which were in high demand in East and Southeast Asia. Gujarat became known for various kinds of cotton and silk-cotton mixed fabrics, such as *baftas*, *chintz*, *niquanias*, *bherms*, *chader*, and *berampaut*, appropriate for markets in West Asia, Africa, and Europe.²⁷

The high European and Asian demand added dynamism to the textile industry and the market. Spinners and weavers independently produced yarn and textiles. Om Prakash rightly argues that while some weavers who manufactured coarse varieties of textiles used their own resources and at their own risk, those who produced expensive varieties did so based on a prior agreement with and cash advances from merchants and brokers.²⁸ In the capital-scarce economy of India, most weavers could not generally raise the output in view of an increased demand without first obtaining capital to pay for the raw materials and provisions.²⁹ They could borrow from local moneylenders (*sahukars*) or take cash advances from prospective buyers eager to remunerate weavers in advance to ensure the timely procurement of textiles. Since moneylenders charged a high (usually ¾ percent but as high as two percent per month in some regions) interest, the weavers preferred receiving interest-free cash advances from merchants and contracting to deliver the product to the latter. Those who produced textiles for European companies did so almost entirely through cash advances. This system, also known as *dadani*, was a prominent feature of the

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²⁷ The annual VOC order of goods from Gujarat usually listed textiles of various types, colors, and sizes, including *baftas*, *chintz*, *tapekankinias*, *niquanias*, *bherms*, *corroots*, *sawagazi*, and *berampaut*; Extract uijt den Eijsch van retouren uijt India voor den Jare 1725 [Extract of the Order of goods (return goods) from India for the year 1725], Surat, 20 May 1725, Het Nationaal Archief, The Hague (hereafter NA), VOC 9059, 71-77. For further information on various types of textiles produced and exported from Surat, see Balkrishna Govind Gokhale, *Surat in the Seventeenth Century: A Study in Urban History of Pre-Modern India* (Bombay: Popular Prakashan, 1979), 99-101.

²⁸ Prakash, “From Market-Determined to Coercion-Based,” 220.

²⁹ Tirthankar Roy argues that the Indian economy was capital scarce, hence the high interest rates; Tirthankar Roy, *A Business History of India: Enterprise and the Emergence of Capitalism from 1700* (Cambridge: Cambridge University Press, 2018).
textile industry in India during the early-modern period,\textsuperscript{30} and it worked for weavers as much as it did for merchants. By receiving cash advances, the weavers not only obtained the operating capital but also ensured that their product would not remain unsold. As K.N. Chaudhuri succinctly puts it:

[T]he high cost of the fine luxury products, especially in the case of silk piece-goods, made it a highly speculative venture on the part of producers to undertake the weaving of those types at their own risk. A commercial agreement between wholesale merchants in touch with the consuming markets and weavers reduced the element of risk on both sides. The merchant was assured of receiving supplies on time, before the seasonal sailing dates of his ships, and the producers knew in advance that they would not be left with costly unsold stock on their hands. The whole system of marketing cotton or silk textiles in pre-modern exchange economies incorporated a most important element of capitalism, that of advance finance.\textsuperscript{31}

This system of advance finance or forward buying—an important element of capitalism, according to Chaudhuri—was a prominent feature of commodity production in early modern and colonial India.\textsuperscript{32} A hierarchy of professional brokers, agents, and sub-brokers or under-dealers mediated the contracts between the weavers and European companies and other large-scale buyers. These intermediaries were in contact with the weavers, entered into contractual relationships, paid cash advances and/or supplied raw materials to them on behalf of their merchant clients or employers, and arranged product delivery to the latter.\textsuperscript{33} The weavers who received cash advances were in control of the production process; they had the freedom to buy raw materials from wherever they preferred and negotiated the price at which the final product would be delivered to the lender. While both parties generally abided by the terms of the agreement, there were occasions when deviations occurred. The weavers, sometimes, were tempted to sell their product in the \textit{bazaar} to buyers who offered a higher price rather than deliver it to the one who had paid them in advance.\textsuperscript{34} This was particularly so when the demand exceeded the output. Sometimes,

\textsuperscript{30} This system was different from the putting-out system prevalent in Europe in which the merchant provided tools and/or raw materials to the producer, controlled the production process, and possessed the final product. See Raychaudhuri, “Non-Agricultural Production,” 281-282; Chaudhuri, “The Structure of Indian Textile Industry,” 151; Kaveh Yazdani, “Dadani,” in \textit{Changing Theory: Concepts from the Global South}, edited by Dilip M. Menon (New Delhi: Routledge, 2022), 181-196.


\textsuperscript{32} Contracts and cash advances were also common in the indigo industry in early modern and colonial India. See Ghulam A. Nadri, \textit{The Political Economy of Indigo in India, 1580-1930: A Global Perspective} (Leiden/Boston: Brill, 2016).

\textsuperscript{33} Subramanian, “The Political Economy of Textiles,” 255-257. Given that commercial transactions in early modern India were generally documented, these contracts were presumably made in writing, or, at least, local agents on the ground would record these transactions in their account books for use as evidence in case of any dispute on account of non-compliance.

\textsuperscript{34} I use the term “market” (“\textit{bazaar}”) in this article for spaces—that physical and virtual—where transactions occurred. In pre-colonial India, there were designated spaces where sellers and buyers met in person and transacted business. The bankers and moneychangers in Surat had designated spaces where they met and from where they determined the exchange rates and other issues related to money supply and coinage. See Memorie van Overtave [Memoir of the outgoing director], Jan Schreuder, Surat, 1750, NA, Hoge Regering te Batavia, 838, 54-55. Transactions were also made outside these physical spaces. Merchandise bought in advance was transported from primary producers to the buyers’ warehouses by intermediaries.
the output failed to match the demand under unusual circumstances, such as mortality or flight of working men and women due to famines, invasions, or wars, as happened in the 1790s.\footnote{In 1791, \textit{eic} contractors failed to supply textiles as stipulated in the contract due to “famine and misery among poor people” and “dreadful mortality” in Surat. BL, \textit{f/414/51} Consultations, Bombay, 25 October 1791, 287-288. In the 1790s, weavers of Cambay migrated to Surat and Bombay due to a dreadful famine and ill-treatment by the local government. BL, \textit{f/414/55}, Consultations, Bombay, 27 March 1795 and 23 June 1795, 200-203, 459-465; BL, \textit{g/36/73}, Factory Records Surat, Proceedings, Surat, 14 March 1795, 181-221; BL, \textit{g/36/77}, Proceedings, Surat, 18 January 1798, 41-45.} A recurring problem, however, was the shortage of raw cotton due to poor harvests caused by droughts or untimely and excessive rains. When this happened, the price of this raw material increased, which raised the overall cost of production subsequently. The evidence of occasional supply shortages abounds in our sources, but these do not reflect any lack of production potential.\footnote{\textit{Eic} and \textit{voc} employees in Surat often complain of weavers demanding higher prices because of increased production costs. See Nadri, \textit{Eighteenth-Century Gujarat}, 124-126.} The producers could still buy cotton and other raw materials at higher prices and manufacture textiles if the merchants were willing to pay a sum that would absorb the increased production costs. In these circumstances, the merchants either paid higher prices for what was available in the market or suspended purchases until prices stabilized. To avoid this situation, the \textit{eic}, \textit{voc}, and other corporate buyers had recourse to forward buying through contracts with and advance payments to the weavers.

Merchants had the option to buy textiles on the site in the \textit{bazaar}. Doing so, however, entailed bearing risks of not getting fabrics of the desired quality and specifications. They also ran the risk of paying higher prices than the cost they would have paid if contracted in advance. Textile prices in the spatially-defined \textit{bazaars} were usually higher than contract prices; the difference depended on the season, the timing of the transaction, and competition among buyers. The records of the \textit{eic} and the \textit{voc} are replete with complaints of a price rise during peak seasons due to merchants competing and frantically buying what was available in the market. For all these reasons, European companies and other large-scale buyers resorted to advance buying through contracts.

As the companies and other large-scale buyers were not in direct contact with weavers, they signed contracts with their brokers and \textit{leveranciers} (purveyors or suppliers in the case of the \textit{voc}). Every year, a formal contract was signed between the companies and their brokers and \textit{leveranciers} specifying the types of textiles, price, purveyors’ commission, and the timeline for advance payments and the delivery of the contracted merchandise.\footnote{\textit{Duplicaat Contract geslooten tuschen den ondergetekende Directeur en ’s E. Comp:s makelaars en leveranciers} [Duplicate of the contract concluded between the undersigned Director and the Company’s brokers and suppliers], 19 Nov. 1767, NA, VOC 3207, ff. 50r-51v. For a discussion of such contracts between \textit{voc} and its brokers, see Nadri, \textit{Eighteenth-Century Gujarat}, 123-124.} Prospective suppliers, including \textit{eic} brokers, submitted written proposals, from which the companies approved the ones that offered the best prices. The reputation and trustworthiness of the proposer was, indeed, an important consideration in the selection process. In the eighteenth century, especially in its second half, both the \textit{eic} and the \textit{voc} usually approved the proposals of their own brokers and suppliers. The contractors and their local agents (sub-brokers or under-contractors) then contacted the weavers to secure contracts with them. They were also responsible for
ensuring that the weavers produced cloths of the quality and size specified in the contract and that the finished product was delivered on time.

In normal circumstances, the system worked quite efficiently for both. The companies procured the merchandise to export, and the weavers received a guaranteed price for their products, partially or wholly, in advance. When a weaver breached the contract, the lender sought to deal with it locally. Whenever such non-compliance occurred, and they generally occurred under unusual circumstances, there was hardly anything that merchants or their agents could do. There are references to weavers not honoring the contract and fleeing to other places after receiving cash advances. In such cases, the lenders could petition the local administration to take remedial measures or resolve the matter through a select group of local arbiters. Sometimes, the government issued prohibitory orders, but there is no information on how effectively those orders were enforced. In 1795, for example, the EIC requested such an order from the local governor, but it is unclear whether this order was issued and executed. The best the brokers and agents could do was thoroughly monitor the weavers’ activities to ensure they honored the contract by producing and delivering the product to the lender.

These market dynamics and insecurity regarding the procurement of textiles induced the EIC to use its newly acquired political power to regulate the market in its favor and coerce weavers to produce for them. In the second half of the eighteenth century, the EIC introduced measures to control the weavers and to make them supply the Company. Its local agents and employees interfered in every production stage, including the purchase of raw materials, and forced the weavers to deliver textiles to none other than them. A rich literature explores this substitution of state-determined production relations for market-based relations in early colonial India (Bengal and southeastern India), and it underlines the distress and economic hardships this caused to weavers. In Gujarat, too, the EIC endeavored, in the late eighteenth century, to exert political authority to control the producers and dominate the relations of production in the textile industry. Did the Company succeed, or did the weavers and producers retain their autonomy in the industry and the marketplace? I address these questions in the next section and explain the somewhat different spatial dynamics of the textile industry and the political economy of production, all of which shaped the modes and relations of production in Gujarat in the eighteenth century.

2. The Textile Industry and the Market in Surat, Gujarat

The textile industry in Gujarat, like those of Bengal and Coromandel, was highly responsive to fluctuations in demand, especially foreign demand. Quantitative and qualitative evidence from Dutch and English records confirm that the industry was able to adjust the output to the demand from Europe, East Africa, West and Southeast Asia, and the Americas. Recent studies of textile production and trade in Gujarat in the eighteenth century by Lakshmi Subramanian, Ghulam Nadri, Pedro Machado, Kaveh Yazdani, and others show a large-scale production of textiles and their exports.


from Surat and other ports by the EIC, the VOC, the Portuguese, and Gujarati merchants.\textsuperscript{40} In the seventeenth and eighteenth centuries, Gujarat supplied a variety of cotton textiles for African, Western and Central Asian, European, and American markets. The EIC and the VOC exported high volumes of fabrics each year from Surat to these markets. During 1750-1792, the VOC's average annual export value of goods (overwhelmingly textiles) from Surat to Europe and Asia amounted to 385,866 rupees (578,799 guilders).\textsuperscript{41} The EIC's yearly exports of textiles from Gujarat too were extensive until the 1720s, after which they dropped considerably.\textsuperscript{42} The EIC's exports increased again in the 1770s and continued to rise in the 1790s and early 1800s. Data show that, on average, the Company contracted to purchase textiles worth 423,262 rupees in Surat every year during 1770-1796.\textsuperscript{43} By the end of the century, the procurement of fabrics by European companies and private merchants increased significantly. For example, the EIC's annual investment in textiles in Surat increased substantially from 371,497 in 1790 to 1,060,750 rupees in 1796, and Portuguese merchants exported Gujarat piece-goods worth 547,198 rupees in 1799-1800.\textsuperscript{44} In his analysis of Gujarat's trade with East Africa and imports into Mozambique, Pedro Machado states that “it is more likely that annual imports of Indian textiles [from Gujarat] stood at 300,000-500,000 pieces from the middle of the century, a remarkable volume that represented close to two million meters of cloth.”\textsuperscript{45} Thus, it is evident that European demand for Gujarat textiles was high and grew further towards the end of the eighteenth century even though Bengal fabrics had a much larger share in the EIC's total annual exports from India since the late seventeenth century and more so after the EIC's political ascendancy in the region in the aftermath of the Battle of Plassey in 1757.\textsuperscript{46} This happened primarily because of the structural and organizational dynamics of the textile industry and the market in early modern Gujarat.

Although not as rich as regarding Bengal, the literature covers many important social, economic, and political aspects of textile production and the market despite its principal focus on


\textsuperscript{41} Nadri, \textit{Eighteenth-Century Gujarat}, 117, 138 (Table 5.1), 221 (Appendix 10).

\textsuperscript{42} Chaudhuri, \textit{The Trading World of Asia}, 540-541.

\textsuperscript{43} Nadri, \textit{Eighteenth-Century Gujarat}, 138.

\textsuperscript{44} Nadri, \textit{Eighteenth-Century Gujarat}, 138-139.


\textsuperscript{46} Prakash, \textit{European Commercial Enterprise}, chapters 5-6.
merchants, merchant communities, and trade. It shows that textile production in Gujarat shared the structural and organizational features discussed in the previous section. The industry and people engaged in it faced similar challenges in the eighteenth century as those of Bengal and the Coromandel coast. Like elsewhere in India, the industry was not centrally organized in Surat or other places in Gujarat. Instead, it comprised a diverse group of artisans engaged and specializing in cleaning cotton, spinning yarn, weaving, dyeing, and printing. It was dynamic and responsive to market conditions, demand, the availability of capital, labor, and raw materials, as well as to policy regimes of the state or government. Production modes and relations in the industry were governed by a complex set of long-established written or unwritten norms and practices.

Throughout the period, capital (merchants) and labor (producers) were in a dynamic relationship characterized by complementarity and contestation. Merchant capital played a vital role in commodity production, including textile manufacturing, but what rendered it so significant and relevant in the economy was the labor that produced textiles for the market. One depended on the other, and the merchants’ desire to obtain goods at the lowest possible prices and the producers’ longing for a fair reward for their work rendered this relationship contentious at times. This mix of interdependence and contestation was a characteristic feature of the production relations in the industry. What made Surat/Gujarat somewhat different from other production regions was the inability of merchant capital, despite its vital role in the industry, to dominate this relationship as it did in Bengal during the early colonial rule of the EIC.

A distinguishing feature of textile production in Gujarat was its concentration in towns and urban centers, while in Bengal and southeastern India, it was scattered in suburban towns and villages. Major cities, such as Ahmadabad, Cambay, Broach, Baroda, and Surat, and suburban towns, like Ankleshwar, Dabhoi, Nediad, Dholka, Bardoli, Navsari, and Gandevi, were prominent centers of textile production. In the second half of the eighteenth century, while manufacturing in Cambay and Ahmadabad declined, Surat, along with its satellite towns of Bardoli, Navsari, and Gandevi, emerged as the largest textile producer in Gujarat and Western India, mainly because of the migration of weavers and artisans of Cambay, Ahmadabad, and other places to Surat. According to a 1795 report on textile production, Surat had 15,777 looms operated by weavers of different castes and communities (Table 2). In the absence of comparable data for an earlier period, it is impossible to determine the extent of growth of the textile industry in Surat. The figure, however, indicates a large concentration of weavers in the city and, therefore, the urban nature of the industry. Other factors, such as high local and foreign—especially European—demand, proximity

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with cotton-growing districts of Broach and Baroda, a large and autonomous merchant class, a stable money market with credit and exchange facilities, and a non-interventionist government, greatly contributed to the success of the industry in Surat. Surat was the headquarters of European companies in Western India and the home of numerous Gujarati and other Asian merchants and artisans, including weavers. The ensuing intersection between demand and supply within the city had some major implications for the structure and organization of the textile industry, modes and relations of production, and the functioning of the market.

### Table 2. Number of looms and the castes of people who operated them in Surat, 1795

<table>
<thead>
<tr>
<th>No. of looms</th>
<th>Caste identity of weavers</th>
<th>Religion</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,086</td>
<td>Momnas, Ties, and Bhandaras</td>
<td>Muslim</td>
</tr>
<tr>
<td>1,365</td>
<td>Khatris</td>
<td>Hindu</td>
</tr>
<tr>
<td>849</td>
<td>Borahs, Ties</td>
<td>Muslim</td>
</tr>
<tr>
<td>2,298</td>
<td>Khatris</td>
<td>Hindu</td>
</tr>
<tr>
<td>1,265</td>
<td>Kumbis</td>
<td>Hindu and Muslim</td>
</tr>
<tr>
<td>2,614</td>
<td>Parsis</td>
<td>Parsi</td>
</tr>
<tr>
<td>535</td>
<td>Kumbis</td>
<td>Hindu and Muslim</td>
</tr>
<tr>
<td>1,491</td>
<td>Parsis</td>
<td>Parsi</td>
</tr>
<tr>
<td>171</td>
<td>Kumbis</td>
<td>Hindu</td>
</tr>
<tr>
<td>135</td>
<td>Kumbis and Muslims</td>
<td>Hindu and Muslim</td>
</tr>
<tr>
<td>115</td>
<td>Kumbis and Muslims</td>
<td>Hindu and Muslim</td>
</tr>
<tr>
<td>462</td>
<td>Kumbis and Muslims</td>
<td>Hindu and Muslim</td>
</tr>
<tr>
<td>391</td>
<td>Malivis, Puncholis, and Decrahs</td>
<td>Hindu</td>
</tr>
</tbody>
</table>

Total looms: 15,777

**Source:** BL, p/414/57, Consultations, Bombay, 2 January 1796, 18.

As the center of textile production, Surat also benefited from its proximity to the cotton-growing districts of Broach, Jambusar, Ahmod, and Baroda. In these districts, cotton was grown on a large scale, with a considerable part exported to foreign markets. Cotton cultivation in these regions significantly expanded in the last quarter of the eighteenth century, primarily in response to its large-scale exports to China and Europe. It was reported in 1789 that cotton production in Gujarat doubled within a decade from 50,000 bales to nearly 100,000 bales. Supplies of cotton gave stability to the industry. Even when cotton crops failed due to droughts or other reasons and cotton production sharply dropped, the weavers received it first, and only the surplus got exported to other markets. In 1790, for example, when crops failed, causing the total production to fall to 3,000 bales, the EIC could not find any merchant willing to supply cotton to the Company. EIC officials in Surat

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reported to Bombay about their inability to secure contracts with merchants to provide cotton because the total production was hardly enough for the local cloth manufacturers.52

When looking at the structural features of the industry in Surat, we find caste identity, product specialization, and a division of labor as the three most important characteristics.53 Thanks to a 1795 report, we know about the caste composition of the people in the industry and professional mobility within it. As shown in Table 2, artisans and workers of different castes or sub-castes engaged in producing textiles for the market. The report also indicates that the weavers of each caste or sub-caste specialized in producing a particular type of textiles suitable for local consumption or specific regional markets in Asia, Africa, Europe, or the Americas.54 Weavers of the Khatri caste, for example, specialized in producing sarees and fine piece-goods, such as neganepauts, bejutapauts, chelloes, and chaders, and those of the Kumbi caste manufactured musroo of different kinds, hembroos, pattahs and chaders with silk borders, and patkas and dupattas with gold/silver borders.55 These were the types and quality of textiles that European companies and other merchants purchased for export to Europe and Asian markets.

Similarly, the Muslim weavers of the Momna, Tie, and Bhandara castes produced mainly coarse cloth for local consumption.56 They may have supplied this to Europeans who also purchased coarse (or “inferior”) textiles likely for re-export to Africa and the Americas. Nevertheless, such references to product specialization do not mean that they could not or did not produce other types of cloth, or weavers from different castes could not manufacture these types of fabrics. An East India Company letter from Surat to Bombay, dated October 15, 1795, mentions Muslim weavers manufacturing textiles for the EIC and for the Portuguese, the Dutch, and the French.57 The statement of an EIC official that “each branch of the manufactures of this place is confined to one set of people who by tradition and religious custom can never be persuaded to change their occupation” must not be taken uncritically.58

Professional mobility was not uncommon in Gujarat or elsewhere in India. After all, a rapid expansion of the industry was possible only because new people and groups joined and produced textiles for the market. Affiliation with an occupational caste must have enabled people to get initiated into the profession with relative ease, but the lack of it was not always disqualifying. People changed their professions, and, at times, new occupational castes were formed when several people decided to adopt another trade.59 Product specialization, regional or caste-based, was a prominent feature of the textile industry in early modern India. It reflects the dynamism of the

52 bl, p/414/50, Consultations, Bombay, 27 December 1790, Surat to Bombay, 15 November 1790, 272-273, 305-306.
53 The term “caste” here represents jati (occupational category) and not varna (based on birth and ritual purity).
For a further analysis of the caste system, see Irfan Habib, “Caste in Indian History,” in Essays in Indian History: Towards a Marxist Perception, edited by Irfan Habib (New Delhi: Tulika, 1995), 161-179.
54 Subramanian, “Capital and Crowd,” 221.
57 bl, p/414/56, Consultations, Bombay, 27 October 1795, 809.
59 The scholarship on Indian social and economic history underlines professional mobility as a significant aspect of Indian society. See Habib, “Caste in Indian History,” 174-5.
industry and the weavers’ extraordinary ability to adjust the output to not only demand but also to color, texture, dimension, and overall quality.

As K.N. Chaudhuri points out, another prominent feature of the industry was the absence of any centralized organization due to its differentiated character, many intermediate stages, and separation of functions. However, this promoted a division of labor in this industry. In Gujarat, there were occupational castes that carried out specific tasks in the production process. The Pirijarrahs, for example, cleaned cotton and sold it to Sootreahs (yarn dealers). The people of the Deerah caste twisted and divided the thread into the requisite length and dimensions, preparing it for others to dye and to make it ready for the loom. The finished product then went through dyeing and coloring or printing processes. There are references to people who specialized in these tasks. In the cited 1795 report, the people of the Cheepa caste are mentioned as printing the fabric (or chintzing) in Surat. This social and structural peculiarity likely prevented any single group, including merchants, from dominating the production relations in the industry. The general dependence of people at each stage of the production on credit or cash advance must have enabled these differentiated groups to form an informal social network through which they ensured the internal flow of money (as credit or advance payment) and raw materials. This prompts us to explore the market and the role of credit and forward buying in textile production and trade.

Depending on the type and quantity of cloth, some weavers used their own money or borrowed it from others in the family or community or from professional moneylenders. These weavers were free to sell their products to anyone who offered the highest price in the bazaar or through intermediaries, such as wholesale dealers. The manufacturers of less expensive coarse cloth—which was highly sought after by local and foreign consumers—generally produced at their own risk and without making any contracts in advance with merchants. Doing so was advantageous for them because bazaar prices were almost always higher than contract prices due to competition among merchants. Those weavers who produced fine cloths or piece-goods for foreign Asian markets or Europe usually received cash advances from brokers and under-contractors authorized to do so through formal contracts by European companies and other merchants. As mentioned above, this was a long-established practice in the textile industry, and it benefited both weavers and merchants. It was a risk-sharing mechanism. It guaranteed employment and income to weavers and assured merchants of timely delivery of textiles. The market structure, the nature of consumer demand, and the monsoon-circumscribed trade made such contracts desirable for both parties. In general, the weavers honored the contracts; nevertheless, sometimes, they sold their products to other merchants at a higher price. In certain circumstances, as it prevailed in Surat in the mid-1790s, the monetary benefits of selling the product at market prices outweighed the risks of not abiding by the contract terms. In 1795, EIC officials in Surat described the market in the following terms: “[P]rices of inferior goods were higher and sometimes more than those of standard goods, due to large purchase of the former by many merchants and companies during the

60 Chaudhuri, “The Structure of Indian Textile Industry,” 147.
62 BL, P/414/57, Consultations, Bombay, 2 January 1796, 40.
63 K.N. Chaudhuri states that irrespective of the source of funding, a weaver was “dependent on the wholesale dealer for marketing his products”; see Chaudhuri, “The Structure of Indian Textile Industry,” 147.
season when ships arrive from Europe, Gulf of Persia and Arabia.” In another letter, the officials complain of the fact that “the Portuguese brokers procure goods on their own accounts and lure the weavers who work for the English to sell their goods against ready money, who are otherwise obliged to work for the Company’s investments only.” Situations like these must have encouraged the weavers to sell their product to the merchant offering higher prices. Sometimes, weavers deliberately ignored the specifications provided in the contract and produced textiles of poorer quality so that they, upon rejection by the Company, could sell to other buyers at higher prices. The weavers’ non-compliance was, thus, a major concern for merchants and their under-contractors because weavers were often in a strong bargaining position.

This problem became acute in the 1790s when, on one hand, the EIC’s investment in Surat textiles increased substantially, and, on the other, the French and Portuguese competition to buy fabrics in Surat intensified. Textile procurement became a contentious issue. In 1795, the brokers employed by the Portuguese complained that EIC brokers impeded their procurement of fabrics, and the latter accused the former of luring the weavers working for the EIC and surreptitiously taking away their product. The EIC responded by persuading Khatri weavers to agree to manufacture exclusively for the Company and to work for others only after first completing the Company’s investment. For this, however, the Company had to commit to protecting them from any molestation and oppression and agree to the condition that after meeting the Company’s requirements, they would be completely free to produce whatever and for whomsoever they would like. The Company also requested the governor of Surat to prevent the brokers working for Portuguese merchants from doing so and take punitive measures against them and the weavers who did not comply with the contract terms. It is not clear whether any prohibitive order was issued by the governor or any punitive measures were enforced. All that the EIC could do was mark the goods produced for the Company and deploy agents and peons to examine every parcel passing the city’s inner gate to make sure that the goods were not taken anywhere other than the Company’s warehouse. Nevertheless, the Company could not coerce the weavers to work exclusively for them. The producers’ considerations about profit and comparative prices continued to determine their behavior in the market. With the complete takeover of the city’s government in 1800, the Company made some structural changes, which included eliminating intermediaries/contractors and dealing with the weavers directly through commercial residents. The mode of textile procurement, however,

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64 BL, p/414/56, Consultations, Bombay, 27 November 1795 [Surat to Bombay, 17 November 1795], 909-910.
65 BL, p/414/56, Consultations, Bombay, 25 September 1795 [Surat to Bombay 15 September 1795], 817.
66 Copia Resolutie pro Patria [Copy of the proceedings in Amsterdam], 1762, NA, voc 3122, 23. BL, g/36/68, Proceedings, Surat, 14 April 1790, 216-219; BL, g/36/70, Proceedings, Surat, 15 April 1792, 149-151; BL, p/414/61, Consultations, Bombay, 1 May 1798, 406-408.
68 BL, p/414/56, Consultations, Bombay, 27 October 1795, 813-819.
69 [Arzee of the weavers of the Khatri caste], Bombay, 27 October 1795, BL, p/414/56, Consultations, 813. The Company also tried to secure such a commitment from Muslim weavers as well.
70 BL, p/414/56, Consultations, Bombay, 27 October 1795 (Surat to Bombay, 15 October 1795), 809-810; Nadri, Eighteenth-Century Gujarat, 30-31.
71 BL, p/414/56, Consultations, Bombay, 27 October 1795, 813-819.
72 BL, p/414/56, Consultations, Bombay, 27 October 1795, 809-810.
did not change much. Evidence shows that the Company continued to advance money to local merchants and weavers and purchased textiles at mutually agreed market-determined prices. This testifies to the fact that there was a great degree of continuity in the weavers’ position in Surat throughout the eighteenth and early nineteenth centuries.

Conclusions

Textile production was the largest and the most dynamic manufacturing sector in the economy of early modern Gujarat. Its structural and organizational features, such as the division of labor, product specialization, and advance buying, were deep-rooted and greatly contributed to the industry’s ability to produce a large variety of textiles for the local and global market. The relationship between weavers and merchants was dynamic and full of complementarity, competition, and even contestation. Neither was able to dominate or control the relationship. The credit and advance cash payment mechanisms enabled weavers to raise operating capital through contracts and merchants to procure textiles in a timely manner. Weavers usually complied with the contract terms but also, at times, exercised their discretion and sold the product to other merchants at a higher price. Non-compliance, therefore, occurred, and it rendered the relationship somewhat contentious.

However, European companies and other merchants were not in a position to force the weavers to comply with the contracts. Unlike in Bengal, the EIC, even with its acquisition of power and resources in Surat, could not substitute a coercion-based production relation for one based on market economic forces. This happened mainly because of the concentration of weavers in Surat and other nearby towns, resistance from the weaving communities, and the fact that the EIC only partially controlled the city’s government and resources. Until 1800, the city’s administration and economic resources were still partially under the control of the Mughal governor. Lakshmi Subramanian has rightly pointed out that “the Company [EIC] was only one among many players to affect a disjunction in existing practices and labour relationships. It took a longer time for labour in Western India to come under the disciplining apparatus of the Company, and even when it did, the consequences were not entirely anticipated.”

How capitalist was the mode and relations of production in the textile industry in Surat in the eighteenth century? The Encyclopedia Britannica defines capitalism as an economic system “in which most means of production are privately owned and production is guided and income distributed largely through the operation of markets.” If one takes this definition, it is appropriate to characterize the textile industry and the market in early modern Gujarat/India as capitalistic. The two main features of capitalism according to this definition—i.e., private ownership of capital and other means of production and free market/enterprise—were present in the economy. Besides, as this study shows, there were many other features of pre-industrial commercial capitalism present in the textile economy of Surat, such as division of labor, product specialization, manufacturing innovations, provision for credit and advance cash payment, forward buying, and formal written

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73 References in our sources evidence the Company helplessly acquiescing to the price demanded by the weavers and cotton producers. BL, p/416/30, Consultations, Bombay, 29 March 1820 and 19 April 1820, 352-353, 429.
contracts. Some of these features may have been present in the economy for centuries, but they became the defining characteristics of the textile industry in the early modern period.

The view that the early modern Indian economy was non-capitalist or pre-capitalist is based on two main arguments. First, the putting-out system was not prevalent in India, and, therefore, there was no transformation of artisans into proletariats or wage workers, an essential feature of European capitalism. Second, no major innovations or breakthroughs existed in manufacturing or production technology that would have paved the way for capitalism and industrialization in India. The literature distinguishes advance cash payment under the dadani system in early modern India from the putting-out system prevalent in Europe. However, it is important to point out that this system of advance buying took many forms depending on local circumstances. The standard form of dadani was the advance payment in full or a part of the stipulated purchase values with which the recipient purchased tools, raw materials, and provisions. Sometimes, merchants or under-contractors gave raw materials, such as cotton, yarn, or even supplies like grain, to the weavers. It is not clear who owned the finished product in that case. The mentioned 1795 report on textile production in Surat is indeed useful and deserves a full quotation here:

It has been stated that the materials for the cloth are purchased and provided by the merchants or under-contractors, who deliver them, prepared for the loom, to the weavers. In some instances, however, the materials are provided by the weavers themselves, that is by such of them as are in circumstances, or have the means of doing it, in which case, they are enabled to sell their goods themselves to the contractor, or to anyone else, without the intervention of the under dealers, whose ordinary profits on the sale of the good, fall then to the share of the weavers in addition to what he gains by his workmanship.

The above certainly is a reference to the putting-out system. This and all other evidence of merchants supplying raw materials and grain to artisans lead us to conclude that in a complex production system with informal relations and dealings, the advance buying system is likely to take many forms, including advances in the form of raw materials or tools. Similarly, product innovation and specialization became characteristic features of the industry during the early modern period when weavers and artisans produced textiles and other goods as per specifications regarding size, color, and thread count that came with the European demand for Indian fabrics. The consumption of high-quality silk and cotton cloths by the Mughal and other regional political elites must have had a similar impact on product innovation and specialization. Innovation in production processes is generally understood as and measured in terms of changes in technology and output.


77 BL, p/414/57, Consultations, Bombay, 2 January 1796, 39-40.

78 In 1732, for example, EIC officials in Surat noted the making of negenapauts of silk checks in imitation of the pattern received from Bombay and stated that, “having examined the said piece by the pattern we all agreed it was very well Executed as to the colours and checks, & of a much better Cloath, therefore we ordered the merchants in to contract for the thousand pieces indented by our Hon’ble Masters.” BL, g/36/17, Proceedings, Surat, 11 October 1732, 47. Giorgio Riello, “Factories before Factory: The English East India Company’s Textile Procurement in India and British Industrialization, 1650-1750,” in Reinventing the Economic History of Industrialization, edited by Kristine Bruland, Anne Gerritsen, Pat Hudson, and Giorgio Riello (Montreal: McGill-Queen’s University Press, 2020).
However, this should not be the case, as Maxine Berg has rightly pointed out. In her analysis of manufacturing in eighteenth-century Britain, she writes: “[I]nnovation was not necessarily mechanization. It was also the development of hand and intermediate techniques, and the wider use of and division of cheap labour. It was, above all, a conjuncture of old and new processes.” The role of consumption and the quality of products in commodity production and product innovation in Mughal India is yet to be examined. Exploration of these issues in European history has led scholars to revisit and challenge many past assumptions about capitalism and industrialization.

The available evidence now supporting the existence of commercial capitalism in the early modern Indian economy is overwhelming. Many scholars commonly employ capitalism and its variants to describe this economy. Merchant capitalism is commonly used in the literature on the early modern Indian economy. In this article, I use commercial capitalism and prefer it over merchant capitalism to recognize that small-scale artisanal production can also be capitalistic. This study shows that, although on a small scale and at the household level, textile manufacturing was a complex enterprise. Weavers and artisans pooled their capital and labor resources, skills, and raw materials to produce textiles for domestic and foreign markets and consumers. They produced textiles independently, privately owned the output, and shared the risks and rewards of the market economy. The modes and relations of production in the textile industry and the market in Gujarat shared many features of pre-industrial European capitalism and may appropriately be identified as capitalistic. But, given the extraordinary diversity of economic actors and the immense variety of ways they experienced the industry and the market, it is equally important to emphasize that commercial or merchant capitalism represents only a part, not the entirety, of the economy. It is important to recognize that many pre-capitalist modes and relations of production and exchange endured through the early modern and colonial periods and have continued today in some parts of India.


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