
*The British Monopoly On The Surat Trade To The Middle East And The Indian Ship-Owning Merchants’ Struggle Against It: 1759–1800**



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Abstract

Between 1759 and 1800, Surat, still an important trade and financial centre, was under the ultimate rule of the East India Company. Although the EIC justified this as necessary for protecting Surat’s inhabitants and, most particularly, the local merchant class, the Company failed not only to protect the Surat merchants against the depredations of Great Britain’s European enemies, but also to safeguard the merchants from extortion by local EIC top officials. In fact, the latter imposed what was essentially a protection racket on trade from Surat to the Middle East. This article focuses on the Surat merchants’ long-drawn out and ultimately unsuccessful struggle against what, in the official documents, was dubbed the [British] monopoly of the trade to the “Gulphs”. The episode demonstrates two theses: the first is that the interests of the Surat merchants held little importance to the EIC or its officials, and the second is that, during the period under examination, no mutually beneficial partnership tied the British to the Surat merchants — rather, the relationship was one of naked exploitation by the former of the latter.

Introduction

In the year 1759, a British expedition from Bombay conquered the Surat Castle and effectively established the hegemony of the East India Company (EIC) over the city. For some forty years Surat had a dual government, with one run by a British governor, styled ‘Chief of the English Nation and Governor of the Surat Castle’ and the other by a Mughal Nawab.¹ Finally, in the year 1800, the British pensioned the Nawab and his nobles, and assumed the total control of the city.

*This article is in memory of Thomas O. Eison (1944–98), gentleman, scholar, friend, and the last of my intellectual gurus, who, although a specialist in a different field, read and so intelligently criticised my earlier work on Surat.

¹When part of the Mughal Empire, Surat, was not included in the Gujarat *subah* because of its importance but directly depended upon the Mughal Emperor. The emperor governed it through two governors, one independent from the other: the governor of the city and the governor of the castle or citadel present inside the city. Following

The dual government in Surat, in contrast to the contemporary dual government in Bengal, allowed the local Mughal nobility to wield considerable powers up to the 1790s.² Simply put, the Nawab and some of his nobles engaged in three main governmental activities. First, they administered justice (barring the cases in which British nationals or Indians “under English protection” were concerned³). Second, they exacted both the land tax from the districts surrounding the city, still under Mughal control, and the customs on goods going through two of the three Surat custom houses. Third and finally, they levied the many tolls and fees on the internal trade and economic activities of a city which, although on decline, was the main urban centre on the West Coast, still much bigger than Bombay.⁴ Once this is said, however, there is no doubt that in 1759 the city was firmly brought into the British colonial system, with the final political and military power in the city lying firmly in the hands of the Surat Chief and his council (who, in turn, depended on the Bombay Governor and Council, and ultimately on the Company’s Directors in London).

Soon after the 1759 expedition, the British justified their newly acquired political power in Surat by claiming that their government had as one of its aims the protection of the local inhabitants and, particularly, the indigenous merchants.⁵ Although this claim has been taken at face value from that time until now by many observers, some contemporary

the disintegration of the Mughal empire, in the first half of the 18th century Surat became an independent city state, where all power was in the hand of the city governor, who came to control both the city and the castle, and, as in analogous cases in the remainder of India, assumed the title of Nawab. However, in the late 1740s and early 1750s, during a long civil war, the division of powers between the Nawab and the governor of the castle reasserted itself. In fact, the 1759 British expedition, which established the East India Company as the dominant military and political power in Surat, was waged against the governor of the Castle only, and not the city Nawab. Hence, the Chief of the British Factory in Surat officially assumed the title and the powers of governor of the castle, which traditionally included some undefined supervisory powers over the government of the city. On the British conquest of the Surat castle see Michelguglielmo Torri, ‘Mughal Nobles, Indian Merchants and the Beginning of English Conquest in Western India: The case of Surat, 1756–1759’, in *Modern Asian Studies* 32, 2, 1998, pp. 257–315.

²In Bengal the Mughal nobility or, rather, one of its representatives, Saiyid Muhammad Reza Khan, still wielded considerable powers up to the early 1770s, formally as Naib (second in command to the Nawab), in reality as the *de facto* chief administrator of Bengal, directly dependent on the British governor. But Reza Khan’s powers, already drastically reduced in 1769, came to their end in 1772. After that date, the dual government still went on existing only on paper, until Lord Cornwallis formally ended it. See Abdul Majed Khan, *The Transition in Bengal 1756–1775. A study of Saiyid Muhammad Reza Khan* (Cambridge, 1969).

³As long as the Portuguese, Dutch and French maintained their permanent establishments in Surat, they and their Indian dependents enjoyed the same rights of extraterritoriality as the British residents and British-protected Suratis.

⁴On the fact that Surat continued to be a wealthy and populous city, much bigger than Bombay, up to the end of the period under review, see Michelguglielmo Torri, “In the Deep Blue Sea: Surat and its Merchant Class during the Dyarchic Era (1759–1800)”, *The Indian Economic and Social History Review*, XIX, 3 & 4, 1982, particularly pp. 281–298. The working of the dual government in Surat is explored in Michelguglielmo Torri, “Surat During the Second Half of the Eighteenth Century: What Kind of Social Order?”, *Modern Asian Studies*, 21, 4, 1987, pp. 679–710. On how the British overlords of the city interacted with the Nawab’s administration as far as the taxation of the commercial wealth of Surat was concerned, see Michelguglielmo Torri, “Social Groups and the Redistribution of Commercial Wealth: The Customs Houses of Surat (1759–1800)”, *Studies in History*, 1, 1, n. s., 1985, pp. 57–86. Much of the primary sources shedding light on the Nawab’s administration of the city and the taxes exacted within the city and in the surrounding area still under the Nawab’s control were collected and published in 1806, in PR XVII.

⁵For an official enunciation of the EIC’s intention to act as the “advocate and protector” of the Indian merchants, see the Court of Directors’ commands of 25 April 1760, in PR XVII, p. 72. More generally, for a discussion of this ideology and its (limited) application as far as the Surat merchants were concerned, see Torri, “In the Deep Blue Sea”, pp. 269–270.

scholars included,⁶ the reality of British rule ‘on the ground’ was that it granted little in the way of protection. Indeed, this is not particularly surprising, as the East India Company, being a joint-stock company and a transnational public corporation, was institutionally interested less in the welfare of the far-away Surat indigenous inhabitants than in regularly paying dividends to its British stock owners and Directors in London.⁷ Official Company declarations notwithstanding, this situation could not but result in the exploitation of those Indians who had been brought under the Company’s political sway.

Of course, it could be argued that the Company had a vested interest in achieving stable relations with locally influential Indian social groups, to sustain profitability over time, and that, therefore, naked exploitation may not have been in the EIC’s interests. Nevertheless, what actually took place was that much of the EIC’s policy on the ground was made up “on the spot” by the EIC’s officials, who, by and large, had personal priorities which did not necessarily coincide with those of the “Hon’ble Company” as an institution. No doubt, among the British “men on the spot” in the second half of the 18th century – the period on which the present article is focused – there were persons whose vision went beyond their own self-interest, men such as Warren Hastings, Sir William Jones and, maybe to a lesser extent, Robert Clive. But the average Company official in India was a man who had gone, on a very limited salary, to an extremely dangerous place, where the death rate was extremely high,⁸ in order to amass personal wealth. Before the beginning of the conquest, the path to riches was through the participation in the ‘country trade’; namely trade in India or between India and other Asian and East African countries. On the west coast of India, where British territorial expansion came later than in the other parts of the subcontinent, participation in the ‘country trade’ did remain the main path, although a difficult one to tread, to personal wealth.⁹ Particularly during the second half of the 18th century, when trade on the Indian

⁶The idea that the rise of British power in India was initially based on an alliance between the EIC and the Indian merchant class, which was looking for shelter against the whims of the Mughal nobility, was already present in Kavalam M. Panikkar’s classical monograph, *Asia under Western Dominance*, (London, 1954), Part 2, Chapter 1. As far as the case of Surat is concerned, in the 1980s Lakshmi Subramanian theorised the existence of an “Anglo-Bania order”, namely a beneficial partnership between the EIC and the Indian bankers (the latter possibly being the stronger party), which, in her opinion, was the dominant factor in the political and economic set-up on the Western Coast of India in the 18th century. The basis of the “Anglo-Bania order” theory was set by Subramanian in two articles: “Capital and Crowd in a Declining Asian Port City: The Anglo-Bania Order and the Surat Riots of 1795”, *Modern Asian Studies*, 19, 2 (1985), and “Baniyas and the British: The Role of Indigenous Credit in the Process of Imperial Expansion in Western India in the Second Half of the Eighteenth Century”, in *Modern Asian Studies*, 21, 3 (1987).

⁷The fact that, during the second half of the 18th century, the EIC increasingly failed to acquire fat dividends is beside the point. Rather, the point is that the pursuit of fat dividends, although increasingly missed because of the cost of wars and the massive embezzlements of the EIC’s officials on the ground, did remain the principal aim pursued by the Directors. In turn, wars and embezzlements were a by-product of the uncertain control wielded by the Directors on their subordinates in India, an unpleasant reality which is explored in the present article.

⁸According to P. J. Marshall, in 18th century Bengal, “Even the civil servants who led the most sheltered lives, and whose chances of survival seem to have been the highest, were cut down for most of the eighteenth century at a rate comparable to that of subalterns on the Western Front in the First World War or the crews of British bombers in the Second. In the worst decade, 1747 to 1756, 74 per cent of the civil servants posted to Bengal were to die there”. P. J. Marshall, *East India Fortunes. The British in Bengal in the Eighteenth Century* (Oxford, 1976), p. 254. There is no reason to think that the situation was different in the rest of India. Things started to change only when the Europeans realised the need to adopt some simple health precautions such as boiling water before drinking it and not sleeping in the open after getting drunk. I owe this insight to a conversation with the late Burton Stein, which we had many years ago, when we both were doing research at the India Office.

⁹Just as the EIC, in the 18th century, became increasingly unable to reach its institutional target of distributing fat dividends to its stock-holders, its officials on the ground, at least in Western India, became increasingly unable to

Ocean went through a phase of visible decline, the EIC officials posted in the west coast of India, notably in Bombay and Surat, were willing to use any political power that they had to increase their share of the region's diminishing commercial wealth.

EIC officials partnered with both Asian and European merchants when they needed to,¹⁰ but as soon as possible, they transformed their partnerships into relationships of naked exploitation. This was difficult to do with their European partners, but easy enough with their Asian partners, particularly if, and when, the EIC established its own political control in any given area. In fact, as Ashin Das Gupta sums up:

Once the British were in control [along the Indian Ocean littoral] and whenever they were effectively in control, the rules of the game [as far as trade was concerned] changed basically for all merchants. Each British-Indian port would have a dominate group of British merchants, usually the top officials of the British Company. Any trade done at that port could only happen in such a manner as would not affect the interest of this group adversely. *In theory, the Company's interests came first, but in practice the dominating merchants served themselves before anybody else.* Put differently, the British [namely the top officials of the British Company] used political control systematically to further their commercial interests; *if not always the corporate interests of their organisation, invariably the personal interest of the men locally in power were taken care of.*¹¹

The personal practices of the EIC officials in India could, and sometimes did, have an adverse effect on the Company's overall interests. The Directors in London were well aware of this, but their problem was that, at least up to the end of the 18th century (when, in any case, the management of the Company's political affairs in Asia had shifted to a large extent from their hands to those of the Crown), they had limited control over what their 'servants' in India were really doing. This resulted from two main factors. The first was the geographical distance between London and India and the slowness of communications: any order from London, as well as any information from India, had to be sent by ship, travelling either around the Cape of Good Hope, or by ship and land through either Egypt or Syria. The sea-land route was faster but more dangerous than the route around the Cape of Good Hope. Moreover, even in the case of the former route, one leg would be along the sea routes that tied either the Red Sea or the Persian Gulf to India. Both routes exposed any courier to the danger of 'losing the passage': the ships sailing between the Middle East and the West Coast of India were usually merchant ships which sometimes, because they were too slow in collecting or disposing of their cargos, started too late in the season to complete their trips across the Indian Ocean, and risked failing to reach their destination before the monsoon turned. When this occurred, the ship involved had no option but to turn back and return to the side of the ocean from which she had started her journey, to wait for the next season.

reach their cherished primary aim to enrich themselves. See Michelguglielmo Torri, "Trapped inside the Colonial Order: The Hindu Bankers of Surat and their Business World during the Second Half of the Eighteenth Century", *Modern Asian Studies*, 25, 2, 1991, p. 383, fn. 50.

¹⁰Which was most of the time, as the Company's employees arriving in India were, as a rule, poor and needed financial support to enter trade, which was generally given by indigenous bankers and/or merchants.

¹¹Ashin Das Gupta, *Indian Merchants in the Age of Partnership*, in Uma Das Gupta (ed.), *The World of the Indian Ocean Merchant 1500-1800. Collected Essays of Ashin Das Gupta* (New Delhi, 2001), p. 123 (originally published in 1984). Emphasis added.

Even more important in rendering tenuous the control exercised by Company executives over their subordinates in India was, however, another factor. The Directors seem not to have had any permanent source of information on their subordinates' behaviour in India beyond those subordinates' own reports.¹² As first noticed by Ashin Das Gupta, one of the foremost scholarly authorities on the history of the Indian West Coast in the 18th century, this means that the Company's official documents were written in such a way to conceal all those activities which went against the rules set by the Directors.¹³ Of course, possible contradictions between one set of documents and another, possible factional clashes inside either a Council governing a Presidency or a Factory or between a Presidency Government and the Chief and Council of one of their subordinate Factories (which could result in additional information being sent to the Directors that contradicted the official line),¹⁴ and the occasional passage to India of somebody who did not belong to the local Company's bureaucracy and reported directly to the Directors¹⁵ could shed light on any questionable activities of Company employees.

The situation described above, of difficulties in securing accurate information on the activities of subordinates, is a familiar one for scholars studying the EIC. Nevertheless, it is helpful to reiterate it at this point, in order to make the reader aware of the fact that the EIC's executive policies did not necessarily match up with the practices on the ground by persons who, like the Company's local officials, as a rule pursued their own private interests first and foremost, with the only constraint being the need not to *appear* to damage the Company's own business. In this environment it should not be overly surprising that the protection of the Indian inhabitants of Surat and of the local merchant class, although proclaimed in the EIC's official documents, was hardly a priority for the Company officials, as it will be shown in the present article.

Simply considering only the situation of the Surat merchant class, comprising those Surat inhabitants which, according to the official EIC ideology, were the privileged recipients of British protection, an in-depth analysis shows that EIC rule was a very mixed blessing. To offer one example: although the international status of the city remained ambiguous up to the end of the century, each time that the British went to war with the French, Surat shipping became a favourite target for the latter.¹⁶ The Surat merchants' losses were

¹²On the nature of the British official reports on which both the Directors in the 18th century and historians of today ground their evaluation of the political and economic developments in those areas of India which were under either British control or influence, see Michelguglielmo Torri, "Surat, its hinterland and its trade, c. 1740-1800: The British documents", *Moyen Orient et Océan Indien*, 10, 1998, pp. 35-56.

¹³Ashin Das Gupta, *Indian Merchants and the Decline of Surat c. 1700-1750* (Wiesbaden, 1979), pp. 298-299.

¹⁴Both the Presidencies Governments and the Councils of each of their subordinate Factories produced their own sets of volume-bound records, in two copies in the case of the Presidency records, in three copies in the case of the Factory records. One copy was eventually dispatched to London. See Michelguglielmo Torri, "Surat, its hinterland and its trade, c. 1740-1800", *passim*.

¹⁵As far as I know, only two confidential reports have been incorporated in the official documentation. One is the "Information by William Ewer, dated Surat 12 February 1797", in HMs 438; the other is the "Information respecting Surat communicated by Mr. — 1775. London, Nov. 28, 1772 (sic)", in vol. 119 of the FRS collection kept at the India Office Library and Records (a volume that I myself numbered). The existence of these two reports suggests that others might have been sent to individual Directors; as noticed below, the Directors sometimes appeared quite knowledgeable of the minutiae of the daily life in Surat.

¹⁶Of course the EIC was the paramount power in Surat, but most of its inhabitants were considered by the English themselves and by the Indian potentates at large as Mughal subjects. Accordingly, for example, during the period under analysis, the Marathas put the city under blockade on more than one occasion, because of their

conspicuous, particularly along the routes linking Surat to the ‘Gulphs’— namely the Red Sea and the Arabian/Persian Gulf.¹⁷ The British did little to prevent these attacks, despite being a major part of the reason why the Surat merchants faced this risk in the first place.¹⁸ One possible explanation for this careless attitude was that, whereas control of Surat gave the East India Company considerable political and economic advantages, those advantages were not seen by the Directors as related to the trade to the Gulfs, as shown by the fact that, beginning with the early 1760s, the EIC stopped sending its ships there.¹⁹

It is worth noting that a major cause for the downturn of Surat’s trade to the Gulfs, which had already begun to decline in the first half of the 18th century and continued during the dual government period (1759–1800), was not so much the occasional depredation by French privateers as three other factors. The first factor was the political turmoil and economic contraction occurring in the main states of the era — namely, the Ottoman Empire, the Persian Empire, and the Mughal Empire. The reasons behind this development are complex, but, in any case, lie outside the scope of this article.²⁰ The second factor was

recurring disputes with the Nawabs on the sharing of the Surat revenues (the Marathas had acquired a legal right to a third of it, but the Nawabs cheated all the time on the sums to be paid). Every time the Marathas blockaded Surat however, there was no direct intervention on the part of its British overlords, who, sometimes but not always, acted as mediators between the Nawab and the Marathas. The English — who were not directly disturbed by those blockades, which were effective only on the land side — considered such disputes as the Nawab’s problem alone, in his position of Mughal ruler of the city. Any mediation exercised by the English happened only following requests from the Marathas. This means that — apart from a minority made up of merchants, bankers and indigenous Company’s servants, all of them “under British protection”, and, consequently, considered British subjects to all effects — the bulk of the Suratis, up to the year 1800, were considered, at least in India, as Mughal subjects. The point is that the French, each time that they went to war against the English, had no qualms in praying on the Surat shipping, claiming that Surat was an English possession.

¹⁷Particularly famous was the case of a ship belonging to Abdel Kader Chellabi — a merchant who was never under British protection — which carried an enormously rich cargo and was taken by French privateers in November 1759, soon after the establishment of the English hegemony on Surat. On this see Anquetil Du Perron, *Discours Préliminaire*, Tome 1, Partie 1 of *Zend Avesta, Ouvrage de Zoroastre* (Paris, N. M. Tilliard, 1771), pp. cccxvii ff.

¹⁸The British organised regular convoys in the Gujarati coastal waters and, particularly, on the Bombay–Surat route. These convoys seem to have been less an effective defence against local pirates than a pretext in order to extract protection money from the Indian merchants. On this, see the testimony of the Polish scientist, Dr Hove, who visited Surat in 1787 and 1788 and was a direct witness of the behaviour of the British naval officer in charge of the Surat–Bombay convoy (see Torri, “Trapped inside the Colonial Order”, p. 380, fn. 37, for the relevant sources). Apart from that, the British organised a convoy from Surat to the Gulfs only exceptionally, namely twice during the whole period between 1759 and 1800. See below. This is in stark contrast with the attitude of the Dutch. The Dutch, who maintained their own “Factory” in Surat for most of the period under review, organised convoys on behalf of the local Surat merchants under their protection upon request from the latter (see Ghulam Ahmad Nadri, “Commercial World of Mancherji Khurshedji and the Dutch East India Company: A Study of Mutual Relationship”, *Modern Asian Studies*, 41, 2, 2007, pp. 330, 335). This implies that the Dutch convoy service was effective and did not entail too heavy a cost for the merchants.

¹⁹Surat performed two main economic functions that were quite useful to the Company. One was the fact that Surat and its hinterland was the catchment area of the quite extensive “investment” in piece goods carried out by the Company as a trading institution. In spite of some difficulties particularly in the 1780s, the Surat investment was a quite important business and, in fact, in the closing years of the century, it was on a steep increase. The other useful function, possibly more important than the investment itself, was that Surat was an important financial centre, whose *shroffs* (indigenous bankers) played a crucial role in discounting the bills of exchange through which Calcutta refinanced the deficits of the Bombay Presidency and, in time of war, bank rolled its armies. On this, the most detailed quantitative analysis is made in Joel Goldberg, *Bombay Presidency: Problems of Foreign Policy Administration and the Marathas 1768–1779*, a sadly unpublished manuscript written by the author in the early 1980s. Goldberg kindly showed it to me in that same period, while I was in his home city, Montréal, as visiting scholar and member of the Centre for Developing-Area Studies, McGill University.

²⁰The first to notice this phenomenon and its importance for the history of India was M. Athar Ali. See his “The Passing of Empire: The Mughal Case”, *Modern Asian Studies*, Vol. 9, No. 3 (1975), pp. 385–396. Both Ashin

the dynamics of the rising colonial order in India, the examination of which, once again, lies outside the scope of this article and, as far as Surat is concerned, has already been discussed elsewhere.²¹ The third factor, which will be the focus of this article, was the monopolistic regime imposed by top Company officials in the Bombay Presidency on that branch of trade, once the Company withdrew from it. The “monopoly on the trade to the Gulphs”—as it is called in the British sources—allowed the top British officials in Surat and Bombay (and for a time in Basra) either to corner much of that branch of trade or, at least, to exact a conspicuous toll from it.

This monopolistic and extractive system was actively resisted by the Surat shipping merchants through a variety of non-violent, mainly diplomatic, means.²² The Surat shipping merchants waged a spirited battle against the British monopoly on the trade to the Gulfs which went on for nearly 40 years, lasting most of the dual government era. Unfortunately for the Surat ship-owning merchants, in the period under analysis battles against British control over trade, although spirited, could not but end in defeat. Still, quite apart from the fact that the battle against the monopoly on the trade to the Middle East was a form of resistance that deserves to be remembered, recounting it has merit; it sheds light on interactions at the local level, in a great Indian city, between the Company’s officials, their own superiors in London, and an Indian social group which, although on decline, was, at least at the beginning of the period under review, still quite influential.

It is also important to note that the following analysis is not dedicated to the Company’s high politics or to the history of the Company as an institution, but rather to the specific question of monopoly imposed over the Surat trade to the Gulfs by some of the Company’s top official in the Bombay presidency. During the period under review, the fact that the EIC went through a succession of wars, which did have a series of (adverse) consequences on the turnover of the Surat trade, did not have any influence on the kind of control wielded by the local EIC officials on the trade to the Middle East.²³ Still, the financial crises experienced by the Company starting in the 1770s and the resulting imposition by the Crown of increasingly tight control, particularly over the EIC’s foreign policy vis-à-vis the Indian states, did not have any visible consequence on the relationship between the EIC’s top official in the Bombay Presidency and the Surat shipping merchants. This changed—though only up to a point—when the tightening of the Crown’s control over the EIC’s political and military affairs resulted in the British government appointing Lord Cornwallis as Governor General of India (1786–93), and granting him unprecedented and exceptionally wide powers. The consequences of the new political set up on the management of the monopoly are detailed in the concluding part of this article.

Das Gupta (see his *Indian Merchants and the Decline of Surat*) and René J. Barendse (see his *Arabian Seas, 1700 – 1763*, 4 vols., Leiden, 2009) have been influenced by Athar Ali’s thesis.

²¹Torri, “Trapped inside the Colonial Order”, pp. 367–401.

²²Still in 1751–52, Sidi Massud, a minor political chieftain and a merchant, victoriously challenged the EIC’s military might in Surat in what, in the British records, is obliquely referred to as ‘Mr. Lambe’s war’. But by the early 1760s, the balance of power had so much changed that, for both the Surat Mughal aristocracy and the local merchants, armed resistance against the EIC was simply out of the question.

²³For an overview of the damage wrought by war (and natural disasters) on Surat and the recovery experienced by the city, see Torri, “In the Deep Blue Sea”, pp. 284–288.

The establishment of the British ‘monopoly’ on the trade to the ‘Gulphs’

The man who first sought to establish the British hegemony in Surat, namely Brabazon Ellis, the East India Company’s top official in that same city during 1755–58, enticed Richard Bouchier, the governor of Bombay, to take up the project, by pointing out the private gains that he (Bouchier) could secure through the control of the Surat sea trade to Middle East.²⁴ Bouchier and Ellis were conspicuous ship-owning merchants, and, as mentioned earlier, Company officers in India had no qualms in making use of their political power in order to promote their own interest. Thus it is somewhat surprising that, in the two years following the conquest of the Surat Castle and the establishment of the EIC hegemony over the city, the existing liberty of trade to the Gulfs appears to have been untouched. A possible explanation is that, soon after the conquest of the Surat Castle, the East India Company sent some of its ships to take freight at Surat for the Gulfs.²⁵ One might hypothesise – and there is no indication to the contrary in the surviving documentation – that the Governor of Bombay and the Surat Chief decided not to send their ships to the ‘Gulphs’ in order not to enter in direct competition with the Company’s business, which would have exposed them to the displeasure of their ‘Hon’ble Masters’ in London. However, in the following years, the EIC stopped sending its ships to the Gulfs, which left the field open for the top officials of the Bombay Presidency to exercise their own *political* power in order to appropriate for themselves a conspicuous share of the commercial wealth flowing along the Surat-Gulfs route.

When and how the Bombay Presidency’s top officials imposed their political control on the Surat trade to the Gulfs is not totally clear, but, as detailed below, by 1762 it appeared to be firmly in place.²⁶ As at its beginning, the whole business had no legal sanction on the part of the Company’s directors, it should not come as a surprise that any information regarding it was studiously kept out from those official records which were the main source of information for the Court of Directors on the happenings in India. Yet, to cite Ashin Das Gupta’s words quoted earlier, in Surat not only “the rules of the game” had changed, as far as the trade to the Gulfs was concerned, but this change, which involved what still was one of the principal ports in the Indian Ocean, could not but provoke some kind of visible backlash. In turn, this was bound to make the whole affair emerge in British records.

The first clue that not all was well for the Indian shipping merchants trading to the Gulfs can be gathered from an official account presented in September 1762 by Daniel Draper to the Bombay Government. In it, Draper – an official of the Company who, in due course, was to become a member of the Bombay Government and a Chief of Surat

²⁴This comes out unambiguously from a passage of Ellis’s private correspondence with Bouchier, quoted by the former in a dispatch to the Bombay Select Committee. In it, Ellis said that, if the planned expedition against Surat was successful, “in that case [I] think not only the [Company’s ship] Latham [bound to the Red Sea] will be sure of a full freight but that if Your Honour chuses [sic] to send a private ship to each gulph you may depend on cargos for them”. Secret, 15 May 1758: Letter from Mr. Ellis, dated 8 May 1758.

²⁵FRS, 21, 22, 25, 26 December 1759; Public, 18 February 1761.

²⁶When and how the monopoly started was a question without an answer already in the 1790s. As stated by Daniel Seton, the last Chief of Surat: “Neither the records of the Presidency nor those of this settlement [Surat] furnish any particulars that point out the origins of the freight ships [the ships dispatched to the Gulfs under the monopoly system]”. FRS 1st July 1796: The Chief’s Minute, § 2.

– related his activities as “supracargo” (supercargo)²⁷ of one of the Company’s ships, the *Boscawen*, during her stay in Jiddah (Jeddah). The *Boscawen* had been sent to Jiddah in 1762, carrying freight, mostly owned by Surat merchants, and with the aim to procure coffee for the Company. On his arrival there, Draper had been treated “with great civility” by the Vizier, acting on behalf of the Sharif of Mecca. Then, quite suddenly, the Vizier’s behaviour had undergone a total alteration for the worse, as he had started requesting additional sums of money, far beyond the amount which, according to Draper’s information, was customarily paid by foreign merchants (and which, indeed, Draper had already disbursed).²⁸

This abrupt change of heart on the part of the local authorities at Jiddah and Mecca – of course, the Vizier’s actions had the Sharif’s full support – was not so strange, however, as Draper made it to appear in his report. Rather, it was an understandable response to the news that, during that year, no Indian ship from Surat would be forthcoming, as all Surat ships were “being detained by the Chief and Council”. As the custom taxes paid by the Surat ships made up a significant share of the Sharif’s income, the Sharif and his government were unsurprisingly concerned by this sudden development. Apart from this, another cause of the stand so abruptly taken by the Sharif and his government was no doubt related to the fact that some of the Surat ship-owning merchants carrying trade to the Middle East had strong connections with the local authorities. This was the case of the Chellabis, an influential merchant clan of ‘Turkish’ origin²⁹ that, at the time, included some of the most influential merchants in Surat.³⁰ A branch of the family also continued to live in the Asian domains of the Sublime Porte.³¹ The Surat Chellabis themselves, who by then had been Surat residents for some seventy years, claimed to be Turkish subjects when it turned to their advantage.³² Accordingly, there is reason to think that the Sharifian and Turkish authorities in Mecca were spurred to action not only by strictly economic reasons, but also by their personal connections with the Chellabis.

²⁷The “supracargo” was the officer in charge of the freight. Once a ship was in a port, he took charge as the ship commanding officer.

²⁸Public, 5 October 1762: Letter from Daniel Draper of 30 September 1762, giving an account of his transactions as Agent of the *Boscawen* at Judda.

²⁹The Chellabis are indicated in the sources as Turkish, and this ethnic affiliation has usually been accepted by modern historians such as Ashin Das Gupta (*Indian Merchants*, p. 241), Rene J. Barendse, *Arabian Seas, 1700 – 1763, Vol. 1: The Western Indian Ocean in the Eighteenth Century* (Leiden, 2009), p. 236 and Michelguglielmo Torri (“In the Deep Blue Sea”, p. 272). In reality, although “Chellabi” was a Turkish title, the Chellabis could have been Arabs. As remembered by Ashin Das Gupta himself, on the basis of Charles Fawcett (ed.), *English Factories in India* (New Series), Vol. 3 (1954), p. 311n., the Chellabis could have been Maronite (namely Arab) merchants, originally from Syria (Das Gupta, *Indian Merchants*, pp. 76–77, fn. 3). The Arab hypothesis is strengthened by the fact that in modern day Iraq, an old Baghdadadi family called Chalabi is still flourishing. In fact, one of its members, Ahmad Chalabi, in the first decade of the present century was a well-known and controversial Iraqi politician.

³⁰On the economic and political role of the Chellabi clan in the first half of the 18th century, a great deal of information is available in Ashin Das Gupta’s work. See his *Indian merchants, passim*, and Uma Das Gupta (ed.), *The World of the Indian Ocean Merchant, passim*. Some hint about Salah Chellabi’s political role in the 1750s is given in Torri, “Mughal Nobles, Indian Merchants and the Beginning of English Conquest in Western India”, pp. 261, 265, 268 (fn. 38), 294, 306, 307 (fn. 189).

³¹That the Chellabis had relatives in Iraq is clear from a letter written in 1768 by the Pasha of Baghdad. See FRS, 11 June 1769: Translation of a letter from the Bashaw of Babylow to the Grand Visier, dated Bussora 7th July 1768. Still in 1792 a branch of the family lived in Jiddah and two of its members came to Surat in order to get their share of the inheritance left by Salah Chellabi. See FRS, 22 September 1792.

³²Public, 3 January 1764: Translation of a letter from Salah Chellabi.

All this explains why, as already mentioned, the Sharif, personally and through his Vizier, started to systematically harass Draper, demanding of him the payment of further sums of money besides the usual *baksheesh* that was expected by any merchant and that the British “supracargo” had already turned in. In order to give additional strength to his request, the Sharif resurrected a claim to a *tanka*, or stipend, that, since the early years of Muhammad Shah’s reign (namely, since the 1720s), had been paid to him by the Surat Nawabs.³³ With much effort, and thanks to the mediation of a newly arrived Turkish Pasha, Draper was somehow able to extricate himself and complete his commercial mission, paying only a fraction of the additional sum requested by the Sharif.

One might plausibly conclude, albeit without documental evidence,³⁴ that the Sharif and the Pasha acted in concert, with the former playing an aggressive and uncompromising role and the latter the accommodating mediator,³⁵ in order to stress the difficulties awaiting British trade if the Surat ships did not reappear the next year. Even the requests for a renewal of the stipend formerly paid by the Surat Nawabs to the Sharif does not seem anything different from an easily expendable bargaining chip in a game where the continuation of the Indian trade from Surat was the main stake. In fact, the Sharif and the Pasha appear to have played a finely balanced act: they wanted to intimidate Draper, and through him his superiors in Bombay, but without triggering any kind of armed reaction, as they must have been well aware of the military might of the ‘Hon’ble Company’ and the dangers of a possible naval blockade.

In fact, when the Bombay Government discussed Draper’s account, one of the first options to be considered was the “stoppage” of trade “both up and down the Gulph as likewise their supplies of grain from Suez”³⁶ The only problem was that such an action could cause some unpleasant diplomatic backlash in Europe, triggering a formal protest on the part of the Sublime Porte to His Majesty’s Government. Wisely, the members of Bombay Government decided not to take any rash steps but, for the time being, to simply limit themselves to notice their “Hon’ble Masters” in London to the “material parts” of Draper’s account.³⁷ Neither the Governor, nor any of his fellow Councillors, uttered a single word on the causes of the

³³The stipend had been of Rs. 100.000 per year during the reign of Muhammad Shah (1720–48) who, each year, used to send an order from Court to that purpose. Later the stipend had been reduced to Rs. 50.000 and, when Ali Nawaz Khan had been in power in Surat, namely in the 1750s, no stipend at all had been paid. In sum, the payment of the stipend was subordinate to the orders from the Court of Delhi and these had not been given for quite some years. Of course, the Sharif could claim his stipend as a form of payment sanctioned by custom. From the contest of Draper’s account, one gets the impression that the Surat merchants and ship owners used to pay some money in lieu of the (by then discontinued) stipend.

³⁴For that we should have the Sharifian government’s official records or the Pasha and/or the Sharif’s private papers, which I much doubt are still in existence.

³⁵According to Draper, the Pasha always behaved as a true gentleman and even turned down Draper’s offer of a *baksheesh*. All he requested for his efforts was that Draper, once back in Bombay, would send him “a watch, and two clocks, the latter to strike as often as possible”. In fact, in his account to the Bombay Government, a grateful Draper asked his superiors to honour his promise, considering the manifold assistance offered by the Pasha. Unfortunately, I do not know if the Bombay Government complied with Draper’s request. It is of some interest to remember that, from the contest, this nice Turkish gentleman appears to be the same person who sent the diplomatic protest to Constantinople that in due course, as we see below, exposed the monopoly business to the Court of Directors.

³⁶This possibility was hinted at by Draper himself in his account. See Letter from Daniel Draper of 30 September 1762 for the quotations.

³⁷Public, 5 October 1762: Consultation.

disappearance of the Surat ships from the Red Sea ports. This suggests that the Bombay Government, while knowing such causes only too well, were not particularly eager to bring this topic up in the official proceedings, a copy of which was to be sent to the Company's Court of Directors.³⁸ In fact, in the letter dispatched by the Bombay Government to the Court of Directors, the "material part" of Draper's report was cogently summed up by the statement that,

Mr Draper . . . advises that some time before his departure from Juddah he was embarrassed with a peremptory order from the Sherif of Mecca to pay him 50,000 rupees on account the *tanka*, which he alleged was due to him from the Government of Surat, but which Mr. Draper, fortunately, evaded by applying to a new Basha, arrived from Constantinople and repeatedly declaring that he would not pay any part of it, unless compelled thereto.³⁹

The first round of the struggle against the monopoly and its legalisation

The understandable desire of the Bombay Government not to kick up any fuss concerning the preclusion of the Surat ships from the Middle East trade was, however, based upon unrealistic expectations. In fact, even as Draper was navigating back to Bombay, the Sharif of Mecca's protest against the British embargo was on its way to the Sublime Porte. By the beginning of 1763, the protest was forwarded by the British ambassador in Constantinople to his superiors in London, who, in turn, asked for some explanation from the Court of Directors at the EIC. At the beginning of January 1764, a letter from the Court of Directors was received by the Bombay Government, in which the latter was "positively ordered to enter upon an immediate and strict examination" of the whole affair. The letter ended with the Directors' "express command that you [the Bombay Government] are to take the utmost care to prevent any obstacle or interruption being given to the . . . trade which it is alleged the Turks have enjoyed from time immemorial".⁴⁰

It is doubtful that the Directors really thought that the whole diplomatic fuss kicked up by the Sublime Porte only concerned Turkish merchants. In their letters to Bombay, they sometimes appear quite knowledgeable about the minutiae of politics and commerce in Surat. This is to be expected because, apart from the Bombay and Surat records, they could have further input on the situation from returning officers. And one can remember that such a knowledgeable person as Brabazon Ellis – the former Surat Chief who had conceived the take-over of the Surat Castle – was by that time back in England. Regardless, those familiar with the situation in Surat could not but be fully aware that what the 'Turks' alluded to could only be the Chellabis and, possibly, some other shipping merchants residing in Surat,

³⁸Of course, this is only a suspicion, which cannot be substantiated through the surviving sources. However, the only alternative explanation for the lack of curiosity about the disappearance of the Surat trade to the Gulfs shown by the members of the Bombay Government is to argue that, although all of them involved in trade, they were so inept in their mercantile dealings not to be interested in such an important trade route as that relating the Gulfs to the West Coast of India. I find this hypothesis rather hard to accept.

³⁹IOR, E/4/463: Bombay general letter to the Court of Directors, dated 17 November 1762, received on the 27 April 1763, § 10. See also § 11, on the origins of the Sherif's *tanka*.

⁴⁰FRS, 10 June 1796: Extract from the Hon'ble Company's commands dated the 6th of April 1763, and received the 5th of January 1764 per ship Speaker, § 61.

such as Salim and Hadji Mahomet Baghdadi, who, although possibly not Turks ethnically, had migrated to Surat from the domains of the Sublime Porte.⁴¹

A few days before the date under which the Company's letter is inserted in the diary recording the public transactions of the Bombay Government, two letters were recorded on the same topic discussed by the Directors. One had been written by the Pasha of Baghdad and Basra and the other, giving cover and support to the first, by Salah Chellabi.⁴² The Pasha, claiming somewhat grandly that Chellabi's ships were his own, asked the British to allow them to come freely to his "side" of the Indian Ocean. Likewise Chellabi asked for the Bombay Government's protection in dispatching his ships every year and claimed that similar letters from the Pasha were on their way to Calcutta and Madras.

It was at this point that the Bombay Government contacted the Surat Chief, asking for his versions of the facts. The incumbent Chief, Thomas Hodges, was not unduly worried about the threatening letter from London. In his answer he claimed that no Turkish subject lived in Surat and traded to the Middle East, as all the shipping merchants in Surat had been subjects of the Great Mughal for several decades. In addition, he freely admitted that, in the previous years, only British-owned bottoms – among which was his own vessel, but he was shy enough not to point it out⁴³ – had gone to the Gulfs. However, according to Hodges, this had been in accordance with the merchants' own wishes, as the bulk of them were not ship owners, and when looking for ships to carry their goods, always chose British ships. This was no wonder because, claimed Hodges, not only were British ships faster than those owned by Indians, but they never "lost the passage" – in other words, they always sailed in time to reach the opposite side of the ocean before the turning of the monsoon. Moreover, the British, he explained, being honest men, never entered in devious schemes aimed at defrauding the freighting merchants. Hodges recalled the notorious case of one of Salah Chellabi's ships who, according to a popular rumour, had purposely been run aground in the Shatt-al-Arab, in order to have the goods on board divided between Chellabi himself and the local Turkish authorities.⁴⁴ Furthermore, Hodges pointed out that the proof that all he claimed was the plain truth was given by a statement that he enclosed within his letter. This was a declaration expressing approval for Hodges's behaviour, duly certificated by the Qazi, signed by a group of 59 people who, according to Hodges, were the "principal freighters" in the city.⁴⁵

⁴¹Salim and Hadji Mahomet Baghdadi were among the Surat merchants plying on the route to the Gulfs before the imposition of the monopoly. As it is clear from their surname, they hailed from Iraq. See FRS (EC), 28 February 1764 (Letter to Bombay).

⁴²Public, 3 January 1764.

⁴³In his answer, Thomas Hodges waxed eloquent about the ship *Crescent* who, in the years before, had gone to the Gulfs and shown herself to be much faster than the vessels owned by the Surat merchants. FRS (EC), 28 February 1764. Writing in 1796 on the question of the «monopoly», Chief Daniel Seton noticed that "the then Chief, Mr. Hodges, was the owner of several ships, one in particular named the *Crescent*..." FRS, 1 July 1796 (Chief's minute relative to the Gulph freight, § 3).

⁴⁴FRS (EC), 28 February 1764. According to the then prevailing customs, a wrecked ship and all its contents became the properties of the rulers of the land in front of which the wreckage had occurred.

⁴⁵Forty-seven signatures appear to be those of Muslims. The balance is made up by 8 Hindu, 3 Armenian and a Portuguese name. FRS (EC), 28 February 1764 (Letter to Bombay). This letter and the enclosed certificate appear in FRS, 11 June 1796, as well. Yet, in the version inserted in the 1796 volume, the list of the signatories to the certificate is imperfect.

However, the fact that the signatories of the 1764 certificate really were the “principal freighters” in Surat appears to be of questionable veracity; indeed not one of them is ever to be found in any of the British records either before or after that episode. For example, none of the 59 supposed principal freighters in Surat appears among the 49 merchants who, only a few years before, in 1759, freighted their goods on the Company’s ship Harcourt, bound for Mocha.⁴⁶ In other words, these 59 merchants, like a falling star, seem to have crossed the sky of Surat only once. This is in stark contrast with the examples of other Surat merchants, whose names continue to appear both in the Bombay and Surat records, and, often, in the Mayor’s Court proceedings. In fact, a close evaluation of the many petitions by the Surat merchants included in the British records show that the “principal freighters” in Surat were themselves ship owners,⁴⁷ which means that, at the time of the 1764 certificate, they would uniformly have opposed the British monopoly on the trade of the Gulfs.⁴⁸

When all the above is taken into consideration, it does not seem credible that the 59 signatories of the certificate of 1764 really represented either the bulk of the Suratians involved in the freighting business or the “principal freighters” in the city. But the members of the Bombay Government did not have any of the above expressed doubts; on the contrary, they found Hodges’s answer and the enclosed certificate absolutely satisfactory. No doubt, they had good reasons to accept the certificate at face value: even if it is impossible to pinpoint the exact moment when that had happened, surviving documents show that, by then, the Governor of Bombay, the Chief of Surat, and the Agent in Basra had established their control on the Surat trade to the Middle East and were sharing the money accruing from it.⁴⁹ More precisely, from the ships bound for the Red Sea, two-thirds of the earnings accruing from the monopoly went to the Governor of Bombay and one third to the Chief of Surat, while from the ships bound for the Gulf of Persia the split was identical, unless the Agent had the rank of member of the Bombay Government, in which case the gains were split in three equal parts.⁵⁰ All this means that the monopoly was the preserve of the most powerful institutional figures in the Bombay presidency, which would have made it risky to defy their will. On the other hand, as the future Governors of Bombay, Chiefs of Surat and, sometimes, Agents in Basra were chosen from among the Bombay councillors, each councillor could at least entertain the hope to become, in future, a co-sharer in the considerable economic gains coming from the monopoly. Finally, some of the members of the Bombay Government must have known that, as was to become clear to all only a few years later, Hodges was extremely well connected with the Company Directors,

⁴⁶See FRS 21, 22, 25, 26 December 1759.

⁴⁷Although focussed on a somewhat different theme, what has just been said is substantiated in the study of a series of petitions by the Surat merchants, included in Michelguglielmo Torri, “Ethnicity and trade in Surat during the dual government era: 1759–1800”, *The Indian Economic and Social History Review*, 27, 4, 1990, pp. 377–404.

⁴⁸As explained in the next section, things changed in the following years, when the principal Surat shipping merchants were co-opted in the monopoly system.

⁴⁹FRS, 11 June 1795: Extract from the minute of [the Bombay] Council under the 7th October 1769: Item 1 of Hodges’s regulations, where Hodges, in officially establishing the shares accruing to the Bombay Governor, the Surat Chief and the Basra Agent unambiguously states that they are the same “as heretofore”.

⁵⁰*Ibid.*

which, quite apart from his institutional charge, made him a very dangerous person to challenge.⁵¹

The end result of all this was that, from 1764 onward, both Hodges's letter and, most particularly, the certificate with the 59 names provided the justificatory warrant for the British to openly admit to their monopoly and to flaunt it as a beneficial service rendered to the citizens of Surat, securing them from the supposed predations of their (ship-owning) countrymen. This had the side-effect of forestalling any objections if the Chief of Surat, the Governor of Bombay, and the Agent in Basra benefitted personally from the arrangement while performing their protective function. Accordingly, as neatly recalled in 1796 by the last Surat Chief, in an official letter:

...from that period, as I have been given to understand from some of the oldest inhabitants here, may the investiture of the freight to the Gulphs be considered as under the Chief, with the consent of Government, the advantage arising therefrom having become a part of the emolument of the stations of Governor, Chief of Surat, and of another member of Government, at that time Agent at Bussorah.⁵²

The co-opting of the main Indian merchants into the system

The final outcome of that first round of the struggle against the Company's monopoly was, rather ironically, that the British sanctioned it as perfectly legal. However, one may assume that the reason why, in the following years, the system worked fairly smoothly was that some kind of settlement had been worked out between Hodges on one side and the principal shipping merchants in Surat on the other. In 1762 no Surat ship had gone to the Red Sea, and the same likely holds true as far as the Persian Gulf is concerned. But in the following years, things changed. Records show that many ships belonging to several Surat shipping magnates were sent to the Gulfs. Among these magnates were Salah and Ibrahim Chellabi, and two wealthy Parsi merchants, namely Dadabhai Manockji, who was Hodges's personal *protégé*, and Dunjishaw Munjishaw, a man who was strictly related to some other main British officials in Bombay and Surat.⁵³ This shows that the system created by Hodges was flexible; the right to send ships to either the Red Sea or the Persian Gulf could be sold to the highest bidder, who, in turn, was bound to be one of the principal shipping merchants in town. In these circumstances Salah and Ibrahim Chellabi, still among the wealthiest merchants in

⁵¹In 1766, the Bombay Government, following accusations of misconduct by some Councillors, removed Hodges from his position as Chief of Surat and suspended him from his membership in the Company. However, in the same year, direct orders from the Directors propelled Hodges the position of Governor of the Bombay Presidency.

⁵²FRS, 1 July 1796: Chief's minute relative to the Gulph freights, § 3.

⁵³See Public, 20, 22, 30 May and 16, 17 August 1765, from which it can be gathered that, that year, several Surat ships belonging to different Indian merchants went to the Gulfs. Three of them, all belonging to Saleh Chellabi, lost their passage. Two others, the Indian Queen and the Fattee Eloy completed their trip. The former belonged to Dadabhai Manockji and his partner Eddul Dada, two Parsi merchant princes. See Mayor's Court, 6 February 1775: Elizabeth Price contra Dadabhoi Monackjee and Edduljee Dada. The latter to Danjishaw Manjishaw. See Public, 17 May 1772. In 1766, one of Saleh Chellabi's ships successfully completed her voyage to Basra. See Public, 4 September 1766. I want to stress here that the information available in the English records, related to shipping, are far from exhaustive. For all we know, the ships going to the Gulfs could have been much more numerous. Anyway, the data that we have are sufficient to make the case that, with the 1765 season, the Surat merchants could send their ships to the Gulfs once again.

Surat, must not have had any particular problem in buying the right to send their ships to the Middle East.⁵⁴

No doubt, some people were penalised by this system. One such person was Mancherji Carsetji, who, although still a conspicuous ship-owning merchant, was now excluded from the trade to the Gulfs.⁵⁵ This was unsurprising, however, as he was a “Dutch protected” merchant and an old enemy of the EIC, whose past hostility had not been forgotten by the British.⁵⁶ Besides Mancherji – who seems to have been the only pre-1759 shipping magnate to be penalised by the new system – the British monopoly shunted out the minor ship owners who did not have the money and the connections necessary to buy the right to proceed to the Gulfs. The reverse side of the coin was that those major ship owners who were successful in buying the right to sail were themselves protected from the competition of their lesser brethren and, one can assume, at liberty to pass over the additional cost to their freighters.⁵⁷

Ironically enough, the category of merchants most disadvantaged by the monopoly was exactly that to which the signatories of the certificate of 1764 allegedly belonged. The monopoly raised the cost of freighting goods, as the freighters had now to pay both the Company’s top officials and the Indian ship owners. But that was not all. After the establishment of the monopoly, only a limited number of ships were allowed to go to the Middle East, which made that branch of trade riskier for the freighters. Before the monopoly, the freighters could limit the danger of losses, due to natural disasters or human predators, by spreading their goods across several vessels. Now this became impossible. To the contrary, given the limited number of vessels now allowed to sail to the Gulfs, freighted goods had to be so tightly packed into the holds of ships that bales of textiles were often cut to facilitate their storage, meaning that the content of the bales was itself cut and damaged. Even more costly was that the concentration of all wares on a few vessels forced the freighters to take *respondentia* – namely a form of maritime insurance – on a regular basis. This, in turn, made *respondentia* rates soar. As selling *respondentia* was a quite profitable business, the Surat Chief and the Bombay Governor soon monopolised it, as far as the traffic to the Gulfs was concerned. By doing so, they were at liberty to further hike up the rates, and, by the beginning of the 1770s, when *respondentia* on both legs of a voyage for any other maritime route could be got for 9 or 10% of the value of the insured goods, the rates on the goods sent to the Gulfs on the onward voyage reached 28.5%. Moreover, by then the purchase of *respondentia* on the goods carried on the freight ships to the Gulfs was not optional any more. Even those merchants who would have preferred to run the risk to go without *respondentia*

⁵⁴FRS, 1 July 1796: Chiefs minute cit., and Mayor’s Court, 4 March 1773: Daniel Draper and the trustees in India of the late Thomas Hodges contra Mulna Fakarooddeen.

⁵⁵Still on the eve of the British expedition of 1759, Mancherji appears a very active participant in the trade to the Gulfs. See, e.g., FRS, 13 April 1757, and 24 March 1758. But, after 1759, there is no indication connecting him to that line of business. This happened in spite of the fact that Mancherji continued to be an influential merchant, whose ships travelled wide and far in the Indian Ocean and beyond, going as far as China. On Mancherji continuing relevance as a merchant see Nadri, “Commercial World of Mancherji Khurshedji and the Dutch East India Company”, pp. 315–342 (particularly p. 349, and fn. 85, on his trade to China).

⁵⁶On the role played by Mancherji against the English during the 1750s, see Torri, «Mughal Nobles», pp. 263–264, 272, 306–308.

⁵⁷This comes out from the testimonies given in the first trial against Mulla Fakaruddin. See Mayor’s Court, 4 March 1773: Daniel Draper and the trustees of the late Thomas Hodges contra Mulna Fakarooddeen.

were now forced to take it, on pain of having their goods refused transport on Gulfs-bound ships. Again, it was the freighters who had to bear the additional burden of the enhanced *respondentia* rates.⁵⁸

Yet, when all this is said, it is worth noting that in a situation characterised by rather inelastic markets, such as the one then typical at the time of West and South Asia, most of the additional costs generated by British control were eventually passed on to the final buyer of the goods. In sum, the monopoly system could work because the main shipping merchants were co-opted into it, and the additional costs to the freighters could be passed over to the (Middle Eastern) consumer.

The second phase of the struggle against the monopoly

The monopoly system continued smoothly while Thomas Hodges was Chief in Surat. However, in 1766, when he was replaced by William Andrew Price, himself a conspicuous merchant and ship owner, things started to go wrong. Price farmed out the right to access the monopoly, but, at the same time, made use of his political clout to send his own vessels to the Gulfs in advance, delaying the departure of the official freight ships. Moreover, he prevented the Chellabis from freighting their own wares, in spite of the fact that some of the Chellabis' ships had been chosen as official freight ships.⁵⁹ Finally, he started to prevent certain merchants trading to Basra – most of them merchants under British protection – from sending their goods there, even if that meant that the Basra-bound ships were not dispatched at full cargo.⁶⁰

There are some plausible hypotheses that can be given as to the reasons for Price's decisions. As previously noted, sometime during the period under review, the Surat Chiefs monopolised the right to give *respondentia* on the goods sent to the Gulfs and, additionally, made it compulsory for the merchants to purchase it. Our sources are silent on the exact moment when this happened, but, as shown below, this system was already well established in 1770. As the monopoly on *respondentia* on the goods sent to the Gulfs was one of the factors making its rates skyrocket, the change from voluntary to obligatory *respondentia* purchasing would likely have been resisted by the Surat merchants. Given this, it is likely that, in 1766 and 1767, Price started to make the taking of *respondentia* on the trade to the Gulfs compulsory by preventing those who were recalcitrant from sending their wares there.

The same hypothesis explains Price's decision to prohibit the Chellabis from transporting their goods on official freight ships — ships which, incidentally, belonged to the head of their own clan, Salah Chellabi.⁶¹ In other words, it would appear that the Chellabis were being penalised for their unwillingness to take *respondentia* on their goods bound to the Gulfs.

⁵⁸ *Ibid.* and Public, 18 September 1770: Statement signed by Mulna Fackorudeen and many other principal merchants at Surat, *passim*.

⁵⁹ Public, 18 September 1770: Statement *cit.*, item 6th and comment by the Bombay Government. Of course, this was a rash decision, which was bound to provoke some kind of reaction on the part of such an influential man as Salah Chellabi, then the head of the clan. On the Chellabis see *fn.* 29, 30, 31.

⁶⁰ FRS, 11 June 1796: To Henry Moore Esq., Agent of Bussora, the remonstrance and petition of the Bussora Merchants trading to Surat, dated Bussora, the 1st December 1768.

⁶¹ As can be inferred from FRS, 11 June 1796: Translation of a letter from the Bashaw of Babylow to the Grand Vizier, dated Bussora 7th July 1768.

What is perplexing, however, is that British members of the Surat and Bombay governments, Price included, must have known that Salah Chellabi had the capability to make his own complaints heard directly by His Majesty's Government, through the diplomatic mediation of the Sublime Porte. Therefore, Price's decision to displease the Chellabis appears peculiar. One possible explanation is that that Price counted on Hodges's protection; after all, as discussed earlier, Thomas Hodges, as Chief of Surat, had already weathered the consequences of Salah Chellabi's previous protests.

But this possible explanation appears to be contradicted by Price's much more curious decision to detain the official freight ships in order to send first his own ships. This, of course, gave a considerable commercial advantage to Price, as the freighters were bound to prefer sending their goods in advance, rather than have their expedition delayed with the official freight ships. This, in turn, while greatly advantaging Price, was bound to cut in the earning of the Governor of Bombay and the Agent in Basra, as their gain was related to the value of the cargoes on the official freight ships. And risking the wrath of his direct superior, the Governor of Bombay, was, for Price, extremely dangerous.

Hence Price's decisions had a high probability of provoking reactions from several powerful men, which was exactly what happened. Already in 1766, as soon as Price started to operate as Chief of Surat, new complaints were forwarded by the Sharif of Mecca through the usual diplomatic channel and eventually reached London. The Sharif protested about "the inhabitants of Mecca and Medina and other Mahometans suffering great trouble and uneasiness in their trade and otherwise since the government of Bender Surat [had] devolved in the hands of the English".⁶² The Sharif was likely aggrieved by the fact that those small Arab ship owners, who had previously taken part in the Surat-Jiddah run, were now excluded from it by the new system. In 1768, a more specific complaint was forwarded by the Pasha of Baghdad to Constantinople. In a letter to the Grand Vizier, the Pasha pointed out that,

it is set forth that letters from certain merchants /known by the name Cilibiter/ residing in Surat and other cities of India have been lately received by your servant and the Musselim of Bussora and by their relations and friends, which letters contain the reasons of their missing the season of this year, contrary to custom, and of their not coming to Bussora. By an extract from these letters, it appears that they as usual took up several vessels and procured many valuable goods which having loaded there on and being ready to send to the city of Bussora, the Company's agents and officers of the English nation living in Mibnai (Bombay), Surat and other cities of India, not only ordered effectually and with threats that no bale of merchandise except their own should be carried to Bussora, but by their influence engaged the vessels which belonged to the said merchants and loaded them with their goods.⁶³

The Pasha – who, evidently, was both a compassionate Muslim and a believer in the benefits of free trade – went on in a later letter stressing that "this transaction, besides cutting off the means of life and support from Mussulman merchants leads in consequence to the prejudice and ruin of the customs of Bussora and Babylow".⁶⁴

⁶²IOR, E/4/998: General Letter dated 31 March 1769, § 48.

⁶³FRS, 11 June 1796: Translation of a letter from the Bashaw of Babylow ... dated Bussora 7th July 1768.

⁶⁴*Ibid.*

This time, the Grand Vizier, in forwarding the Pasha's letter to the British ambassador, made it clear that the Sublime Porte expected a more substantial response than the vague excuses received in connection with the previous remonstrance. This was duly notified to the Court of Directors, who shortly before had received a similar complaint through a different channel, namely their own top representative in the Persian Gulf, the Agent in Basra.⁶⁵ In fact, while the Chellabis were contacting their relatives and friends in Basra and Baghdad, another group of merchants, mostly under British protection, had complained in a petition to the Basra Agent how Price, allegedly under orders from the Governor of Bombay, had prevented their correspondents in Surat from sending goods to Basra.⁶⁶ The Agent, perhaps because he was a honest man much aggrieved by the bad behaviour of his fellow officials in Surat and Bombay, or perhaps because he was annoyed by the fact that Price and, possibly, Hodges's conduct cut into his own share of the monopoly dividends, ensured that the merchants' complaint was heard in London.⁶⁷ He did so by sending the petition both to Bombay and to London, instead of forwarding it – as he was supposed to do – to his direct superior only, the Governor of Bombay, and only through him to the Court of Directors.⁶⁸

Hodges's regulations

When Hodges received a copy of the Basra petition and the news that another copy had been sent to the Directors, he immediately swung into action. He wrote back to the Agent stating his absolute non-involvement in the abuses committed by Price who, Hodges added ominously, would be called upon to answer for his conduct. Finally, the Governor announced his intention to rectify things "to prevent all complaints of the kind in future".⁶⁹

⁶⁵FRS, 11 June 1796: Extract of an address from the Agent and Council at Bussora to the Hon'ble the Court of Directors, dated 24th October 1768. IOR, E/4/998, General letter of 31 March 1769. The relevant parts are available also in FRS, 11 June 1796: Extract from the Hon'ble Company's Commands...

⁶⁶According to the aggrieved merchants, Price, in preventing them from sending their wares, claimed to be acting following the orders of the Governor of Bombay, who, at the time, happened to be Hodges. FRS, 11 June 1796: ...the remonstrance and petition of the Bussora merchants cit.

⁶⁷FRS 11 June 1796: ...the remonstrance and petition cit. and Extract of an address from ... Bussora cit.

⁶⁸Why did Price behave in the ultimately self-defeating way in which he did? An in-depth examination of the British records not only does not give any final answer to this question, but raises more problems than it solves. In fact, the hypothesis can be made that, when he became Chief of Surat in 1766, Price – who, though a substantial merchant, died insolvent (see Public, 8 October 1777, Letter from several of the senior merchants of the Presidency) – was, already in such a difficult economic situation that he risked everything in order to maximise his chances to earn as much as possible. Accordingly he cheated his two British partners, namely Hodges and the Agent in Basra, while, at the same time, shunting off from the Middle East market such dangerous competitors as the Chellabis. This explanation, however, is satisfactory up to a point: however rash Price was, the fact that he could hope to escape detection on the part of Hodges defies comprehension. But even stranger is that Price's action in delaying the official freight ships *did indeed escape Hodges's detection*, or, *at least, that is what evidenced from the British records*. In fact, according to the British documents, Hodges seems to have become aware of Price's actions only following the merchants' petition to the Agent of Basra. What makes all this decidedly strange is that the contacts between Bombay and Surat were frequent and, no doubt, a Bombay Governor had sufficient sources to know what was happening in Surat, particularly if his own private interest was involved. If all this is correct, *the hypothesis must be made that Price did act with Hodges's full consent*. But the reason why Hodges either decided that Price detained the official freight ships or allowed Price to do so remains an open question, which, given the limitations of our sources, cannot be answered.

⁶⁹FRS, 11 June 1796: Extract of a letter from the Governor and Council of Bombay to the Agent and Council of Bussora, dated the 27th April 1769.

In fact, the relationship between Hodges and Price was too close to allow either of the two to break it lightly.⁷⁰ But by the end of August 1769, the Bombay Government had received precise orders from the Court of Directors, ordering the removal of Price from both his post as Surat Chief and the service of the Company.⁷¹ The reason of the decision was clearly stated as arising from the fact that Price's behaviour had been "highly injurious to the Company as well as oppressive to the merchants and trade of the place".⁷²

Price's dismissal was as clear an indication as any that, this time, the Directors meant to assert significant control. Such being the situation, Hodges decided that the best tactic to cope with the forthcoming crisis was to pre-empt any possible action by London. Accordingly, by the beginning of October 1769, he enacted a set of regulations concerning the official freight ships going to the Middle East.⁷³ While the regulations were presented by Hodges as directed at redressing the merchants' grievances, clearly their main purpose was to prevent any of the partners in the monopoly from betraying or compromising the others. Accordingly, as far as the merchants' complaints were concerned, the regulations enjoined that particular care should be taken that "no undue preference" would be shown to freighters taking *respondentia vis-à-vis* those who chose otherwise. But the regulations left a way open for the reintroduction of discrimination by immediately adding that "this is not meant to exclude the owners of the ships [from] their right of chusing [sic] such goods to be laden on them which may be most advantageous to themselves in point of the freight". Another useful provision for the merchants was that the regulations, in order to prevent ships from being withheld until too late in the season, fixed the deadlines by which the freight ships had to be dispatched. But the rules with real impact were the fixing of the geographical areas to which the monopoly applied and the shares pertaining to the Governor, the Chief and the Agent.⁷⁴ In doing this, the regulations established that,

to prevent the possibility of the private interest of any one of the above three Gentlemen interfering with that of the freighters, they are none of them jointly or separately to send any investment of goods to the Gulphs of Mocha or Bussora or be concerned direct or indirectly in any other bottom or bottoms but the freight ships above mentioned on penalty, if proved, of such person forfeiting his share to the other or others concerned in the freight ship bound to the same port or the limits thereof...⁷⁵

As shown by the above passage, the rules proscribing swindling of monopoly partners by other monopoly partners – or rather, by the Surat Chief, as he was the partner well positioned to deceive the others – were the only regulations that carried some real threat of sanction.

⁷⁰It is significant of the intimate connection between Hodges and Price that, once the latter was removed from the Surat chiefship and the Company service (see below), he remained in Surat in charge of recovering the money due to Hodges because of his share in that season voyages to the Gulfs. See Price's testimony in Mayor Court, 4 March 1773: Daniel Draper and the trustees in India of the late Thomas Hodges contra Mulna Fakarooddeen.

⁷¹Public 29 August 1769.

⁷²IOR, E\4\998: Court of Directors' letter to Bombay, 4 April 1769, § 127.

⁷³Public, 7 October 1769.

⁷⁴As detailed above regarding ships bound for the Red Sea, two thirds of the earnings accruing from the monopoly went to the Governor of Bombay and one third to the Chief of Surat, whereas on ships bound for the Gulf of Persia, if the Agent had the rank of member of the Bombay Government, the gains were split into three equal parts, but if the Agent was not a member of the Bombay Government profits were shared as with the Red Sea trade.

⁷⁵FRS, 11 June 1796: Extract from the minutes of [the Bombay] Council under the 7th October 1769.

Likely, what Hodges had in mind, beyond preparing an alibi for himself as proof against the possible wrath of the Company's directors, was to guarantee his own interests as the main co-sharer of the monopoly business.

The Surat merchants' statement of 1770

Hodges's actions were taken on the eve of the arrival of a new threatening letter from the Court of Directors, which had been sparked by the latest round of complaints from the Porte and the receipt of the petition from the Basra merchants. In the letter, the Directors ordered an immediate enquiry into the grievances of the Surat merchants, to be conducted through an official sent for that purpose from Bombay, who was empowered to suspend any servant of the Company found guilty of abuses, pending a final decision from the Directors themselves.⁷⁶

These new orders arrived at the end of a period that saw the management of the monopoly at its worst. The late 1760s were characterised by a slump in the Middle East markets,⁷⁷ which, by itself, made things difficult for anybody involved in that branch of trade. It was against this background that many freight ships experienced several 'losses of passage'. The nadir was reached when, in 1768, Hodges's famed ship, the *Crescent*, lost her passage to the Red Sea. Soon after, the ship was sold, which makes one suspect that, by then, she had become too old. In substitution of the *Crescent*, Hodges and Price chartered another ship, the *Dadabhoi*, belonging to the Parsi merchant Danjishaw Manjishaw. The *Dadabhoi* embarked with the goods originally freighted on the *Crescent* and, in 1769, sailed to the Red Sea. Yet the *Dadabhoi* too lost her passage. She reached Mocha, but arrived too late to proceed to Jiddah. The captain, an Englishman, could have remained in Mocha, waiting for the change of the monsoon, which – at least – would have allowed the *Dadabhoi* to reach Jiddah early in the following season. That had always been the norm, but the captain decided otherwise and went back to Bombay, in spite of the protests of the merchants. As each loss of passage cost the payment of double freight plus a 25% extra premium, the unfortunate freighters of the *Crescent* and *Dadabhoi* paid hugely inflated freight charges for a cargo that reached its destination more than two years after having been despatched.⁷⁸

It was against this background that the enquiry ordered by the Court of Directors was eventually carried out. In the merchants' own words,

On [...] the 1st February 1770, the Chief and Council for affairs of the Hon'ble Company at Surat did send for all merchants, owners of ships, Moormen, Armenians and Gentoos and agreeably

⁷⁶General letter of 31 March 1769 cit., § 49. Of course, as the Governor of Bombay was involved in the monopoly business, an envoy from Bombay was no guarantee of a serious inquiry being made in Surat on that problem. Given that the least that the Director should have done to guarantee an honest investigation would have been to despatch a special envoy from one of the two other two Presidencies, one wonders how serious they were in their proclaimed desire to redress the Surat merchants' grievances.

⁷⁷Public 2 February 1770: Abstracts of the Bombay customs of the 1 August 1768 to 31 July 1769.

⁷⁸The above paragraph is based on the information available in the Statement of Mulla Fakhruddin and other principal merchants cit. and William Andrew Price's testimony during the first trial against Mulla Fakhruddin cit. That the *Dadabhoi* belonged to Danjishaw and was navigated under an English captain can be seen in Public, 30 September 1774.

to the Hon'ble Company's orders enquired of them what hardship or oppression they laboured under[.]⁷⁹

The merchants took some three weeks to respond, and when they did so, it was through a statement couched in artfully diplomatic language. This was unsurprising, as their protest against the monopoly, in order to be routed to the Directors, had to be presented to the same people who were responsible for imposing and managing it. As the merchants knew all too well, those were people able and willing to ruin any Indian, no matter how influential, who presumed to challenge them too openly.

The petition itself, duly certified by three principal Sayyids, contained eleven points: the first ten listed the merchants' grievances, while the last expressed the hope that the Company would heed their complaints and redress them. The merchants described the rise in the risks connected to the trade to the Gulfs caused by the concentration of all goods in a few vessels, which in turn had made the *respondentia* rates skyrocket. Then, the merchants described how the need to cram all goods meant for the Gulfs into a limited space sometimes resulted in damage to the goods themselves. The merchants complained about the fact that official freight ships – navigated by supposedly skilled British officers – frequently lost their passage, which resulted in the merchants paying outrageously high freight rates. The merchants even went so far to give a watered down version of the Dadabhoi affair, and protested that ships owned by British merchants – unnamed, but who could by logic only be either the Governor of Bombay or the Chief of Surat – left early, while the official freight ships were detained.⁸⁰ The merchants made other, smaller complaints too. One concerned the difficulties and delays that they experienced when reclaiming and re-coining the bullion brought back from the Gulfs. While the merchants were too prudent to dwell on who bore responsibility of this state of affairs, the cause of this problem had been Hodges, who had intervened in the management of the Surat mint in pursuit of personal advantages.⁸¹ Finally, the merchants quoted a specific instance in which certain goods meant for Muscat, the duty for which had already been paid at one of the Mughal custom houses, had been seized by the British and charged duty again at the British custom house.⁸²

Apart from these complaints, which were closely related to trade, the letter contained two additional points. One concerned the Muslim pilgrims going to the *Hajj*. Before the British monopoly, the needy among them had been carried without charge, but this practice had been discontinued by the British. The other concerned the fact that the merchants from Jiddah and Basra, who formerly used to come to Surat to buy goods to bring back to the Middle East, weren't coming anymore, due – in the Suratis' opinion – to the impediments brought about by the monopoly system.

⁷⁹Public, 18 September 1770: address from the Merchants at Surat cit.

⁸⁰*Ibid.*

⁸¹IOR: G/36/119 (Information respecting Surat communicated by Mr. — 1775, pp. 119–122. From internal evidence, it seems that this anonymous report was written – following the directions of a person who, very possibly, was one of the Directors – by somebody who had been a member of the Surat establishment in the 1760s.

⁸²In Surat there were three custom houses. One, the Latty, was the British custom house, where customs were paid by British merchants and by Indian merchants under 'British protection'. The remaining two were the Phoorza and the Khooshkee, where customs were paid by all other merchants. Of course, once a merchant paid custom at one of the custom houses he was supposed to export his wares without any further ado. But this was not always the case. See Michelguglielmo Torri, "Social Groups and the Redistribution of Commercial Wealth", pp. 57–86.

As noted earlier, the statement of 1770 by the Surat merchants was couched in diplomatic and prudent language. The nearer it went to asking for the outright abolition of the monopoly – likely the only realistic solution to the kind of problems that were the focus of the merchants' complaints – was when, in the statement final article, the hint was offered that the Surat trade could be revived “by the [listed] above impediments being removed and everyone [being] permitted to send his goods when and where he pleases”.⁸³ Yet, for all its caution and mild tone, the statement was a very damaging document. What made it so was not only its content, but the fact that it represented a cogent expression of the concern of the whole body of the Surat merchants.

In fact, the statement of 1770 was a much more significant document than the certificate of 1764. It is true that we do not know the exact list of the signatories, but every clue that we have points to the fact that the statement was signed by most of the principal Surat merchants and that the signatories represented both the ship owners and the freighters, along with a wide cross-section of the various ethnic communities. What appears at the close of the statement is the indication: “Surat, [...] 23rd February 1770. Signed Mulna Fackorudeen and many other principal merchants at Surat”. On the other hand, from the already quoted opening of the statement, it is clear that its authors claimed to be “all the merchants, owners of ships, Moormen, Armenians and Gentoos”. This is a claim that could be contradicted by pointing out that, apart from the one by Mulla Fakhruddin, no other name is appended to the statement, and thus there is no proof that the statement represented the whole Surat merchant class. On the contrary, it could be argued that the (unknown) merchants who signed the statement of 1770 were only a section of the Surat merchants, very possibly those Muslim shipping merchants, of whom Mulla Fakhruddin was a typical example.⁸⁴ But, had there been even the remotest possibility that the signatories of the statement were only a section of the merchant class, the Bombay Government would have gladly denied the social and, therefore, political relevance of the protesters. They did not do this here, though as shall be discussed presently, this did occur on a different occasion, when the Bombay Government discussed a petition that, although with a similar heading, could be indeed dismissed as signed by a section only of the Surat merchant class.⁸⁵

In fact, the members of the Bombay Government – and, one would assume, Hodges in particular – were fully aware of the fact that the statement might result in some kind of unpleasant decision on the part of their ‘Hon’ble Masters’ in London. For this reason, they examined and commented on it before forwarding it to Europe. While their comments on any single point were designed to convince the Directors that all was well, and that what was not well had already been corrected, the fact that the signatories truly made up a fully representative cross-section of the Surat merchant class never came up for criticism. Rather, the Bombay Government, in an effort at damage minimisation, laid the responsibility for the specific abuses listed in the statement mainly at Price’s door, and explained away the case

⁸³Public 18 September 1770: address from the merchants at Surat cit., item 11.

⁸⁴On Mulla Fakhruddin, a Bohra and one of the last Surat merchant princes, see Torri, “In the Deep Blue Sea”, p. 275, and Ghulam A. Nadri “The Maritime Merchants of Surat: A long Term Perspective”, *Journal of the Economic and Social History of the Orient*, 50, 2/3, 2007, pp. 244–245. However both appraisals are only introductory, and neither takes into account such an important source as the Mayor Courts’ Proceedings, where much valuable information on the Bohra merchant prince can be gathered.

⁸⁵Public, 29 October 1778, and the section *Tahar Chellabi’s gamble*, in the present paper.

of the Dadabhoi as “entirely owing to an omission at Surat in the orders usually given to the commanders of all freight ships”. Apart from that, the Bombay Government confessed ignorance in the case of the double custom paid on the goods for Muscat, promised a further enquiry on the specific case, put down the disappearance of the merchants coming from Jiddah and Basra to “the general decline of trade”, and magnanimously declared that those pilgrims going to Mecca who were a “real object [of charity]” would be received on board “without any [financial] consideration”. More generally, the bulk of the Bombay Government comments praised the benefits of the freight system – the famous certificate of 1764 was duly quoted – and noted the fact that any malfunction in its working would speedily be corrected by those regulations that Hodges had just enacted.⁸⁶

The continuation of the merchants’ troubles

Hodges’s protests that he wanted to put the trade to the Gulfs on fairer bases were soon shown to hold little in the way of committed will. During roughly the same period when the Bombay Government was examining and commenting on the Surat merchants’ statement, Hodges ordered that all ships coming from the Gulfs – many of whom used to put into Bombay harbour before proceeding to Surat – were to have the bullion that they carried landed and re-coined at the Bombay mint. This was to be done regardless of its owners’ wishes.

The motive behind Hodges’s orders was once again the accumulation of personal wealth. As Governor, he was entitled to a fee on the bullion coined at the Bombay mint. Yet Hodges’s decision damaged the Asian merchants whose bullion was being re-coined. In Surat, the custom was that if the bullion was not re-coined in 25 days, the owners were entitled to the payment of interest. In Bombay, no similar regulation existed, which, together with the unusual amount of bullion brought in because of Hodges’s orders, delayed the re-coining of the money for more than three months.⁸⁷

This was to be Hodges’s last show of high-handedness towards the merchants, as he died in February 1771. Yet the cavalier attitude he showed towards the Indian merchants was by no means unique to him. It is significant that the promised enquiry into the double duty paid on the goods bound to Muscat was never carried out. Even more significant, by April 1771, the Court of Directors arrived at the unanimous conclusion that poor Price had already been punished enough. Consequently, orders were sent to re-admit him to the Company’s service and to give him a seat in the Bombay Government, with the same rank and seniority that he held at the time of his dismissal.⁸⁸ Not long after the receipt of those orders, Price was back in Surat as Chief.⁸⁹ A final demonstration of the low priority that the Surat merchants’ problems had among the preoccupations of the Directors is that after the burst of energy that had led to Price’s dismissal and the beginning of an enquiry in Surat, the Court took no further action. One would expect that, after the Directors’ threatening language of their

⁸⁶Public, 18 September 1770, *passim*.

⁸⁷Information cit., pp. 121–122.

⁸⁸Court of Directors’ letter to Bombay, 25 April 1771, § 50.

⁸⁹Public. 31 October 1771, for his appointment. He took charge in Surat on 11 November 1771, see FRS, same date.

letter of March 1769 and the damaging document produced by the principal merchants of Surat, a swift retribution would follow. But, for a period of some five years, no decision related to the Gulfs' trade was produced by the Directors in London.

Yet, during this period, among the top crust of the Bombay officials there must have been some uneasiness as far as the right of monopoly was concerned. All the fuss made by the Directors – whose intervention had been brought about by the involvement of both the Sublime Porte and His Majesty's Government – seemed to indicate that, sooner than later, London would officially and explicitly put an end to the right of monopoly. The result was that, whereas the incumbent Governors, Chiefs and Agents went on extracting protection money from the merchants trading to the Gulfs, the justification for doing it changed.

This transformation of the ideological underpinning for the right of monopoly emerged during the long-drawn case brought against Mulla Fakhruddin by Hodges's heirs. In 1770, Mulla Fakhruddin had bought the right to send two ships to Mocha and Jiddah during the following season. As was usual in these cases, he had entered into a verbal contract with the incumbent Surat Chief, the latter acting for himself and the Governor of Bombay. The business had gone on as normal, and Mulla Fakhruddin had paid the first instalment of the sum agreed upon to the Chief, who was that same Daniel Draper already mentioned for his role as "supracargo" of the *Boscawen*. However, when Hodges died (22 February 1771), the new Governor, William Hornby, claimed the payment of the fee previously agreed between Hodges and Mulla Fakhruddin for himself. The Bohra merchant prince had little choice but to acquiesce to Hornby's request, and discontinued the payment of the remaining and major part of the agreed fee to the representative of Hodges's estate, namely Draper himself. The result of this development was that the attorneys of Hodges's estate and Daniel Draper brought a suit against Mulla Fakhruddin in the Bombay Mayor's Court, accusing him to have broken his contract with Hodges. Draper's claim was that the money that Fakhruddin had engaged to pay was not paid because of any presumed monopoly right. In fact, according to the pleading by Draper – who acted as attorney – and the lawyers of Hodges's estate, a right of monopoly did not even exist and, if it had ever existed, had been abolished by the latest directions from the Court of Directors. Rather, he claimed when ships "so well fitted out and ably commanded" as those of the former Governor and Chief were put up for freight, freighters simply preferred them to any vessel belonging to native merchants. Accordingly, the contract between Mulla Fakhruddin and Draper – the latter acting on his own and Hodges's behalf – was to the effect that those two gentlemen would refrain from putting up their own ships for freight, leaving the field clear for Fakhruddin. If Fakhruddin had paid a further sum to William Hornby, that was his own business and did not exempt him from paying the agreed amount of money to Hodges's heirs.⁹⁰

This position was highly questionable from a legal standpoint. Mulla Fakhruddin argued that the right of monopoly did exist and the contract entered by him was with Hodges and Draper in their official capacities as Governor of Bombay and Chief of Surat. He even recalled a similar case that had occurred in 1766, when Hodges, then Chief of Surat, had been removed from his position by the Bombay Government, following accusations

⁹⁰All the information related to this trial are in Mayor's Court, 4 March 1773: Daniel Draper and the trustees in India of the late Thomas Hodges contra Mulna Fakarooddeen.

of misconduct by some Councillors. That had happened in February, just on the eve of the departure of the ships to the Gulfs. Hodges, who as Chief, had charged merchants for access to the monopoly, now claimed as his own the Chief's share. He had been rebuffed as the contract had been entered with the Chief and Governor in their official capacity, and Hodges, having been suspended from the Company's service, had lost any right to that fee.⁹¹

Mulla Fakhruddin was able to convince the Mayor's Court to dismiss the case against him. Yet, as Fakhruddin was soon to learn himself, it was extraordinary and exceptional for an Indian litigant to get the upper hand against an Englishman. Less than one year after the conclusion of the first case, the Court of Appeal overturned the Mayor's Court decision and ordered Mulla Fakhruddin to pay whatever Draper and the attorneys of Hodges's estate had requested from him.⁹²

Leaving apart Fakhruddin's personal predicament, what matters here is that the court's judgement established that, legally, the right of monopoly did not exist. What did exist was a private agreement between ship owners. The fact that one of the parties had the political means to destroy the other was apparently irrelevant to the ruling on the case.

The Court of Directors' regulations of 1775

The trial involving Mulla Fakhruddin had just drawn to its conclusion when, in June 1775, the long awaited response by the Court of Directors to the Surat merchants' official grievances finally arrived. Dated 12 April 1775, it included a set of regulations prepared with the declared aim "to prevent the operation of all undue influence on the part of the Governor of Bombay and the Chief of Surat, or any other person" on the trade to the Gulf of Persia and the Red Sea.⁹³

The first item of the 1775 regulations stated that "all Merchants whatever whether Mahomettans, Gentoos, Parsees, English or others will be permitted to put up their ships to freight for the Gulf of Persia and the Red Sea". The second stated that when the Governor of Bombay and the Chief of Surat, "put up their ships for freight", definite dates were to be fixed for the beginning and end of operations of cargo and for the dispatch of the ships.⁹⁴ In case of delays, the responsible party, be it the owners of the ships or the freighting merchants, would be "made liable to proper penalties". The third item of the regulations established that any agreement concerning the freight ships should be "reduced to writing", and a "copy of every instrument entered in a book to be kept separately for that purpose, and copy thereof [...] sent for our [the Directors'] information". The fourth item set down

⁹¹Then, the case ended there, even because, as noted above, Hodges was unexpectedly propelled from his unhappy situation to that of Governor of Bombay by a direct order from the Court of Directors.

⁹²Mayor's Court, 28 October 1773. Whereas the first trial, which had ended with Mulla's acquittal, took some three years, only a few months were necessary to reverse that decision. By then Draper had taken upon himself the task to destroy the Bohra merchant prince by making use of trumped up charges pushed through the compliant Bombay Courts. He did it rather effectively and, in the following years, played a not inconspicuous role in bringing about Mulla Fakhruddin's economic ruin.

⁹³FRS, 11 June 1796: Extract from the Hon'ble Company's commands dated 12 April 1775, § 78, item 1.

⁹⁴Significantly enough, this rule was enunciated in reference to a possible role of the Bombay Governor and the Surat Chief as owners of the freight ships. Clearly, the Directors assumed that in all other cases the owners of the freight ships did not have the political clout to be able to bend the prevailing customs according to their own interests.

rules to be followed by the Chief and Council, “in Council assembled”, in the case that the freight ship belonged to “the Governor and Chief, or any other British subject”. The fifth item established that “these Regulations be forthwith translated into the Country Languages and that copies under the Company’s seal be distributed among the Merchants of Bombay and Surat”. The sixth and final item proclaimed that: “Neither the Governor of Bombay nor the Chief of Surat shall send any freight ships whatever to the Gulf of Persia or to the Red Sea, but on terms and conditions herein directed to be observed and complied with, on pain of dismissal [sic] from the service”.⁹⁵

On the whole, there is no doubt that the Directors did intend to put an end both to the power of monopoly on the sea trade to the Middle East and to any possible lingering political influence on that branch of trade by the Governor of Bombay and the Chief of Surat. As the Directors stated in the letter including the regulations: “We flatter themselves the above regulations will [...] render all persons on that equal and fair footing which is so essentially necessary for the encouragement of commerce in general”.⁹⁶ The problem was that, as already noted, the Directors had insufficient independent sources of information on what their subordinates in India were doing. In the case of the 1775 regulations, the only effective control on their correct application could be exercised through the implementation of the directive included in the third item. As above mentioned, this required the maintenance of written records on the freighting of the ships bound for the Gulfs, to be collected “in a Book to be kept separately for that purpose”, copy of which was to be sent to London for the Directors’ information.⁹⁷ However, these books do not appear to have ever been kept; certainly they are not either in the Maharashtra State Archives or at the India Office.

Of course, by itself, the fact that the books, including the written records concerning the freight ships to the Gulfs, are not available now does not necessarily mean that they have never been written, as a major portion of the Company’s documents (including its original charter) were either destroyed or dispersed once the Crown took over. However, when the problem of the monopoly resurfaced again in 1796, and became the subject of extensive discussion in the ruling circles in Bombay, Surat and Calcutta, not even a single indirect reference to the freight ships books and their contents ever emerged in British records. It thus appears that the only directive which, if implemented, could have put an end to the self-serving behaviour of the top Company officials in the Bombay Presidency vis-à-vis the Surat merchants remained a dead letter. More generally, all the monopoly-related orders from the Directors either remained unimplemented or were applied to the limited extent that they suited the Governor of Bombay and the Chief of Surat. After 1775, the Directors, possibly under the impression that they had put an end to the scandal of the monopoly once and for all, never took any further interest in the matter. Perhaps their attention – and that of their servants on the West Coast, who were supposed to prepare the freight ships books – was distracted by the more momentous events that, in those years, saw the Company go to war against the Marathas. Regardless, the monopoly continued, even if, for reasons unrelated

⁹⁵ Extract from the Hon’ble Company’s commands dated 12 April 1775, § 78, items 1–6 (capital letters as in the original).

⁹⁶ *Ibid.*, § 79

⁹⁷ *Ibid.*, § 78, item 3.

to the Directors' efforts, it underwent some changes that made it somewhat less odious than before.

The transformation of the monopoly

The main change which transformed the structure of the monopoly was that, after Price's death, on the 11 March 1774, no ship owner was ever again Chief of Surat. Likewise, Thomas Hodges had been the last Governor of Bombay in the shipping business. Therefore, starting with the 1775 season, the Chief's role became that of a sort of super-broker mediating between the freighters and the ship owners, in exchange for a significant commission.

Another change was that the monopoly privileges were consolidated in the hands of the Chief. By the mid-1770s the Turks had lost Basra to the Persians and the British had withdrawn their Agency. The trade itself was at a standstill for some years. Eventually it resumed and the British sent their representatives back to the city. But the Basra Agency was downgraded to a residency, whose head did not enjoy that monopoly privilege that had been part of the Basra Agent's emolument in previous times. Apart from that, by the mid-1780s, all the emoluments pertaining to the Governor of Bombay were cancelled in exchange for a much more substantial salary than before. Accordingly, "the advantages of the freight ships became, by and with the consent of the Governor, solely those of the then Chief, Mr. Ramsay".⁹⁸ Because no ship owner ever wielded the monopoly right again, the claim that it really consisted in a private agreement between ship owners was discretely discarded. As a consequence, when, between the autumn of 1795 and the beginning of the 1796, three different Chiefs alternated in Surat, the economic advantages arising from the monopoly were shared among them, without any adverse consequence for the merchants.⁹⁹

Up to 1775 the method for organising the yearly voyages to the Gulfs had been that the freight ships were chosen either from among those belonging to the Chief and Governor, or from among those owned by some private Indian ship owners who paid a substantial sum for that privilege. At that point, the owners of the freight ships – be they the Chief or the merchants who had bought access to the monopoly – got in touch with the freighters. To facilitate this, one or more assemblies were convened by the Chief, who, as a rule, acted through a broker of his own choosing. It was during these assemblies that an agreement was reached concerning the different freight rates for the various goods which were to be shipped. Of course, either the broker who represented the Chief or the same shipping merchants who had bought access to the monopoly were able to wring out of the freighters assent for the highest rates possible.¹⁰⁰

After Price's death, this method of fixing the freight rates was reversed, which effectively put a ceiling to freighting costs. The system was described by William Ewer, a former Director who visited the West Coast of India in the second half of the 1790s. According to him, when the time came to prepare the yearly voyages to the Gulfs,

⁹⁸FRS, 1 July 1796: Chief's minute relative to the Gulph freight, § 10. Andrew Ramsay was Chief of Surat from the 11 December 1785 to the 2 April 1787.

⁹⁹FRS, 1 July 1796: The Chief's minute *cit.*, § 12.

¹⁰⁰This is based on the documentation in Mayor's Court, 4 March 1773: Daniel Draper and the trustees in India of the late Thomas Hodges *contra* Mulna Fakarooddeen, in particular Danjishaw's testimony.

the [freighting] merchants meet and agree among themselves what freight they will give the Chief; when that is fixed, he is informed of it and he provides the ships, which he gets [at] as low a rate as possible; the difference belongs to him. The persons present at this meeting know at what price the ships may be procured, and are at liberty to act as they think proper; *there is however, I believe, some secret influence used on the part of the Chief.*¹⁰¹

Hence, during the last quarter of the century, the unfair competition by the top British officials of the East India Company in Bombay and Surat came to an end, and access to the monopoly was farmed out to private shipping merchants. Although during Griffith's chiefship (2 April 1787 – 4 March 1795) that right was sometimes sold to British merchants, as a rule the privilege to go to the Gulfs was sold on a more or less regular basis to the Chellabis, Mulla Fakhruddin and, after the latter's death, his son Mulla Waliuddin.¹⁰² Sometimes that prize went to Arab merchants, which means that the Arabs, who had for some time deserted Surat during the period when the monopoly was at its worst, were now back. Moreover, beginning with the second half of the 1780s, the ruling Nawabs joined in that branch of trade.¹⁰³

One final note: even if it cannot be verified, one might plausibly assume that the cost of the voyages to the Gulfs had now gone down. And whereas the Chief went on lending *respondentia* on a large scale, that right was not exclusively his own any more.¹⁰⁴ This, in turn, must have brought the *respondentia* rates down.

Tahar Chellabi's gamble

In sum, the monopoly as it had evolved after 1774 was a much less odious system for the Surat merchants than during its initial phase. It still implied an extra cost, nearing 3% of the freighted goods;¹⁰⁵ however, although by stretching the truth a little, that charge could be justified as a fair payment for some useful functions performed by the Chief. According to Daniel Seton, the last Surat Chief (1796–1800), these allegedly useful functions were basically three. The first consisted in protecting the freighters against any possible imposition and fraud by the ship owners. This was because the existing system allowed the Chief to exclude from the Gulfs business those – such as, allegedly, the Arab ship owners – who, according to Seton, made a living, or would have liked to, by “designedly run[ning their ships] on shore and [having] the goods of the freighters plundered”.¹⁰⁶ Apart from protecting the gullible Surat

¹⁰¹HMs 438: Information by William Ewer, dated Surat 12 February 1797, § 49 (emphasis added). I take this to mean that the freight merchants could not set the price as they wanted, but had to take into account the amount of money that the Chief expected to earn from the whole transaction.

¹⁰²FRS, 1 July 1796: Chief's minute relative to the Gulph freight, §§ 9 to 14.

¹⁰³*Ibid.*, §§ 12, 13 and the heading «shipping» in the FRS, from 1786 – when it first appears – onwards.

¹⁰⁴*Ibid.*, § 15, where Seton quotes a petition from the merchants, complaining that, that year, because of the threat of French privateers, «the assurers and respondentiers [sic] won't accept the risk» to assure the merchants' Middle East-bound goods. The clue offered there is strengthened by the fact that we know that, in 1796, the Chief's earnings from *respondentia* were equal to Rs. 18,620 (see PR XVII, p. 10). As we know that, in the same year, the exports to the Gulfs totalled Rs. 12,70,909 (FRS, 26 December 1796: Statement of trade...), that would mean that the *respondentia* rate had plummeted to something around 1.47%. This is a too unrealistically low a rate to be accepted as correct. Clearly, the Surat Chief was not the only *respondentia* giver any more.

¹⁰⁵According to Ewer's calculation, it was 2.74%. Information by William Ewer, § 49.

¹⁰⁶FRS, 11 June 1796: The Chief's minute relative to the Gulph freights, § 35. In this occasion, even the old canard of the Chellabi's ship purposely run aground in the Shatt-al-Arab was duly reported.

freighters from the rapacious Arabs, the Chief ensured that the freighters were protected from "... possible losses of passage and cutting of bales in order to cram them in less space".¹⁰⁷ Both justifications appears rather unconvincing, as the Surat freighters were smart operatives, who certainly did not need any outside help in guarding their own interest; on the other hand, as noted above, losses of passage and the cutting the bales had been the by-product of the imposition of the monopoly. More convincing was the third justification offered by Seton, who vindicated the Chief's role in writing annually and sending "considerable presents" to the Governor of Mocha and the Sherif of Mecca, "recommending the ships and the freighters as his own [the Chief's] concern".¹⁰⁸

This agreeable state of affairs was suddenly disturbed in 1796 by a quarrel between Tahar Chellabi – the man who had succeeded as head of the Chellabi clan in Surat after Saleh's death – and Daniel Seton, who had just taken charge as Surat Chief. That season, two of the several ships that had been chosen as official freight ships bound for the Gulfs belonged to Tahar Chellabi. Yet, before Tahar's ships could be laden, rumours made the rounds of the city that a hostile French squadron had been seen off Diu. The freighters, panic-stricken, petitioned Seton to be allowed to spread their wares on as many ships as possible, as a form of insurance against the danger of all their goods or most of them being lost in the capture of a single ship. Seton, acquiescing to what appeared to be a reasonable request, issued an official proclamation straight away, giving leave to the freighters to do as they wanted. That was a decision that "gave general satisfaction to all the merchants".¹⁰⁹

However, this arrangement was certainly not to the satisfaction of Tahar Chellabi; after all, he had entered into a regular contract – and undoubtedly dearly paid for it – in order to be sure to have a full freight for his ships to the Gulfs. In response, Tahar wrote to the Governor of Bombay, Jonathan Duncan, complaining about the right of monopoly and asking to be allowed to take up the freight for his ships without paying the Chief's share.¹¹⁰ While Tahar tried to strengthen his petition by getting other merchants to sign it, he was not too successful: besides that of Tahar himself, the other signatures appended to his appeal were those of 16 Arab and 2 Jewish merchants. According to Seton, all these men were agents of Arab ship owners and did not represent the Surat freighters who, on the contrary, were so happy with the existing situation that many of them, when approached, had turned down Tahar Chellabi's request to sign his petition.¹¹¹

Nevertheless, whatever Seton might have claimed to the contrary, there is some reason to believe that the merchants would have been pleased should Tahar's rash response have resulted in the unmaking of the monopoly. In 1764, in a similar case, Thomas Hodges had pulled out of his hat the famous certificate sanctioning the right of monopoly. Now, some months after Tahar's petition, a considerable body of 40 merchants, including a Chellabi and Mulla Waliuddin, addressed another document to the Governor. In it they stated that in the previous petition – namely the one sent by Tahar – "there was no complaint against any

¹⁰⁷ *Ibid.*, § 31.

¹⁰⁸ *Ibid.*, § 36.

¹⁰⁹ FRS, 11 June 1796: The Chief's minute cit., § 16.

¹¹⁰ *Ibid.*, § 17, and FRS, 31 March 1796: Translation of a paper written in Persian and addressed to the Governor of Bombay... dated the 10 March 1796.

¹¹¹ *Ibid.*, §§ 35 to 37.

individual”, and stressed how “exceedingly happy and content” they all were under Seton. Yet, what was left unspoken was more significant than what was said: not a single explicit word was spent in defence of the monopoly.

The sudden demise of the monopoly

We have no way to assess if, after so many failed attempts to put an end to the monopoly, Tahar Chellabi thought he had any real hope of success. It seems more likely that he was venting his anger and seeking to embarrass Seton. Nevertheless – and, perhaps, to the surprise of practically everybody – Tahar’s gamble seemed to pay off.

What followed stems from both the personality of the incumbent Governor of Bombay, Jonathan Duncan, and the reforms that, during the previous years, had changed the internal organization of the Company government in India. Duncan, unlike his predecessors, was a man who had made his career outside the Bombay Presidency, namely in Bengal and Banaras. In 1792 he had been appointed Commissioner in the newly conquered British domains in Malabar. Then, in 1796, to the astonishment and resentment of the Bombay Company officials, he had been designated Governor, thanks to Cornwallis’s patronage. His involvement in the matter of the monopoly, following Tahar Chellabi’s petition, was one of his first acts as Governor. Duncan was unencumbered by either any personal interest in the monopoly business or any close personal connection with the Company’s servants in Bombay and Surat. Moreover, he had a reputation for honesty, which he was no doubt anxious to preserve.¹¹² Whereas he was basically a weak and gullible person who ended up consorting with and being exploited by unsavoury characters, there is no doubt that – with some justification – he thought of the Bombay Presidency as akin to the Augean stables and – with much less justification – thought of himself as playing the role of Heracles, who had succeeded in the supposedly impossible task of cleaning them. Accordingly, Duncan decided to act on Tahar’s petition: he wrote to Surat in order to have the Chief and Council’s version of Tahar’s complaint and an account of the whole monopoly business, and started a further correspondence on the case with the Supreme Government in Calcutta.

By then the internal organisation of the Company in India had been overhauled, and the Bombay and Madras Presidencies brought firmly under the control of the Calcutta Government. Accordingly, this time, the matter of the monopoly, instead of being referred to the far away Court of Directors, was brought to the attention of the Governor General and his Council. In presenting the case, Duncan made it clear that his own position was against the maintenance of the monopoly, even in the diminished form that it had now assumed. In this, his views coincided with those of the Supreme Government in Calcutta, which came down heavily not only against the maintenance of the monopoly but against the continuation of any trading privileges for the person of the Surat Chief. In unambiguous terms, the Governor General stated that the Chief of Surat “should be restricted from all commercial concerns, except on account of the Company, as well as from lending

¹¹²On Duncan’s personality and career in the West Coast of India see Pamela Nightingale, *Trade and Empire in Western India 1784-1806*, (Cambridge, 1970), *passim*, and pp. 94-96 in particular for an illuminating discussion of his character.

respondentia on any ship belonging to, or carrying freight to or from Surat, or any goods exported or imported".¹¹³

By November 1796 the decision taken by the Governor General was duly communicated to the Surat Chief and, on the 23rd of that month it was publicly announced to the inhabitants of Surat.¹¹⁴ Yet the merchants' unexpected victory was less than a complete one. In his correspondence with Bombay, the incumbent Chief, Daniel Seton, had pithily vindicated his official role in the Gulfs business. He had pointed out that the consideration paid to the Chief by the merchants could not be equated to an "amercement" (namely an arbitrary fine) – as it had been labelled by Tahar Chellabi – but, rather, to a fair compensation for the Chief's role of mediation and protection of the rights of all categories of merchants involved in that branch of trade. Seton had also drawn the attention of his superiors to the fact that the Chief's role in the Gulfs business gave him some additional leverage that could be used to the Company's advantage. These arguments did not cut much ice with either Bombay or Calcutta, but another one did: the salary given to him by the Company, amounting to 10,000 Rupees per year, was so pitiful as to be scarcely enough to cover expenditures for the Chief's household. This is hardly surprising when one remembers that the Surat Chief, in order not to be outshone by the Nawab and his nobles, lived in considerable splendour. This being the situation, the bulk of the Chief's earnings came from his role as manager of the trade to the Gulfs, which, in 1796, gave him an yearly income of 60,800 Rupees, a sum that, once added to what he got from the *respondentia* business, went up to 79,420.¹¹⁵

The Supreme Government, when confronted with this problem, acknowledged the legitimacy of Seton's preoccupation. Eventually, the remedy suggested by Calcutta was that the additional money needed to pay the Chief could be found "by a slight duty on the Gulph trade... or by any other arrangement which may appear to you preferable, and that can be adjusted to the satisfaction of the merchants and without burthening the trade".¹¹⁶ Consequently, and rather ironically, on the same day on which it was publicly and solemnly announced that the infamous monopoly had finally been dismantled, the merchants were "requested to decide for an alternative duty".¹¹⁷

The resurrection and transmutation of the monopoly

Not surprisingly, the first reaction of the Surat merchants to this request was one of disbelief and unwillingness to pay any further tax.¹¹⁸ Pressured by the British, they eventually split into two parties. Whereas one did not want to pay anything, the other eventually volunteered to accept a 2% extra custom on the goods imported and exported from and to the Gulfs

¹¹³FRS, 16 November 1796: Extract of a letter from the Government General, dated 17th October 1796, § 3.

¹¹⁴*Ibid.*: Letter from Bombay, sigd. Jonathan Duncan, dated 11 November 1796, and Notification by Government, same date; FRS, 26 November 1796.

¹¹⁵FRS, 11 July 1796: The Chief's minute ... relative to the Gulph freights cit., *passim*; PR XVII, p.10 (quoting from a Letter from Surat dated 31st December 1796); see also FRS, 13 September 1797: Minute by the Chief, § 22.

¹¹⁶FRS, 16 November 1796: Extract of a letter from the Government general, § 4.

¹¹⁷FRS, 26 November 1796.

¹¹⁸In Ewer's words, "The merchants are assembled, they are asked what they will give towards the salary of the Chief? They answer 'nothing', 'that the Company may pay their own servants'". HMs 438: Information by William Ewer, § 48.

and a 1% custom on the bullion carried from there. The Surat Chief and Council were both unenthusiastic about the proposed solution. They were afraid that the resulting income would not be sufficient to fully close the gap created in the Chief's earnings by the abolition of the monopoly. Yet, as the offer made by the more accommodating party of merchants was the only one that seemed to offer a solution, the Surat Council and, in due course, the Bombay Government, opted for it.¹¹⁹

The transactions related to the search for the Chief's new source of income took quite some time, dragging along for two years. This, in itself, is as clear an indication as any that the Surat merchants were unenthusiastic about putting out the money needed for the Chief. Meanwhile, the merchants had to cope with an additional problem. Britain and France were once again at war – and, as noted above, the chain of events leading to the abolition of the monopoly had been started by the threat of a French squadron. Once again, the ships of the Surat merchants were in the eye of the storm and, soon enough, they started to fall prey to the European foes of the British. It is true that, in 1796, taking the cue from the fact that two British warships were on their way to the Red Sea, Seton arranged that they escorted Tahar's ships bound there. But nothing like a regular convoy service was ever arranged and, in the following seasons, the losses of the merchants began to pile up.¹²⁰ On one hand, this made the merchants at large still more unwilling to pay any further tax; on the other, it offered the British an inducement to convince the merchants to accept the new toll. After some forty years of overlordship on Surat, and after the innumerable losses that it had caused to the Surat shipping because of the activities of French privateers, the Bombay Government offered that a convoy could be organised on a regular basis – subject to the request of the merchants – in order to protect the Surat ships plying along the Middle East route. It was by making use of this promise that the Nawab – following British instructions – officially announced the imposition of the new custom on the sea trade to the Middle East.¹²¹

The new custom was introduced on the 1st November 1798 and, the next year, true to their word, the British introduced the convoy system.¹²² But, by then the losses of the Suratis at the hands of the French privateers had reached a record high.¹²³

Conclusion

The relationship that existed between European and Asian merchants is usually seen as a bilateral relationship between the European corporate merchant, namely the European Companies, and the private Asian merchant, from 'peddler' to merchant-prince and anything in between. However, this relationship was much more complicated. In fact, it was at least

¹¹⁹On the whole question see FRS, 26, 30 November, 5, 8, 29 December 1796, 1 November 1798.

¹²⁰E.g., FRS, 18 September 1798; PR XVII: Bombay to Fort William, 6 November 1798; FRS, 24 December 1798: Letter to the Company's historiographer; FRS, 25 March 1799: Petition of the merchants trading to Mocha, Judah and Bussorah; FRS 25 March 1799. Petition of the merchants trading to Mocha, Judah and Bussorah.

¹²¹FRS, 5 December 1798: Roca from the Nawab, received on the 3rd inst.

¹²²FRS, 1 and 2 November 1798. On the convoy see FRS, 30 January 1799: Extract from a letter from... Admiral Rainier, dated 18 January 1799.

¹²³FRS, 25 March 1799: Petition by the Merchants trading to Mocha, Judah [sic] and Bussorah, where it is stated that "for some years past, owing to the war between the English and French all the merchants have suffered ruinous losses and particularly in the capture of the Shâh Alum by the French last season from which we all experienced loss and misfortune and in consequence relinquished commercial enterprise".

a trilateral relationship, the third element being the private European merchant.¹²⁴ What complicated things was that, sometimes, the European private merchant was an official – in certain cases a top official – of one of the European Companies. In the case of the East India Company, wherever and whenever it acquired political and military power, its top officials who acted as private merchants made use of that power to their own advantage.¹²⁵

Before the rise of the EIC's political and military power, particularly in the period from the sixteenth century to around the middle of the eighteenth, this relationship was one which implied the "sharing of the rules of the game and [that] these rules were not twisted to the advantage of any particular group throughout the period".¹²⁶ But, conterminous with the rise of the EIC's military and political power, things changed so much that, as Das Gupta writes, "the notion of 'partnership' must be abandoned and the Indians must be seen as already a subservient factor within a structure dominated by Europeans".¹²⁷

In fact, as shown in this article, during the period that began with the 1759 British conquest of the Surat Castle and the establishment of the EIC's hegemony in Surat, the relationship between the EIC's top officials and the Surat merchants became a profoundly unequal one. The Surat merchants, a much weaker party, were subordinated to an immensely more powerful one, the EIC's top officials. Significantly, at the beginning of the period on which this article is focussed, this relationship brought about the complete exclusion, by political means, of the Surat merchants from a still-valuable branch of trade which they had previously dominated.¹²⁸ It was only when the merchants, particularly the Chellabis, showed the capacity to put political pressure on the Bombay Governor and the Surat Chief that some of the Surat merchants – really, the most powerful among them – were co-opted into the monopoly system. Still, as shown by the merchants' statement of 1770, it was a co-optation which left the Surat merchants at the mercy of the whims of the Bombay Governor and the Surat Chief. For the Surat merchants, things improved only because, after 1774, no Bombay Governor or Surat Chief was ever again a shipping merchant. Even so, the relationship in the Bombay Presidency between the top British officials and the Surat merchants, although less grossly exploitative than before, was still one in which the former party hardly contributed anything useful. In other words, the relationship between the Surat merchants and the top local representative of the EIC was not a 'partnership'; rather it was a parasitical relationship in which one of the two parties made use of its strength to extract a substantial degree of wealth from the other, returning either nothing or – if one wants to take Daniel Seton's defence of the monopoly at face value – very little in exchange.

All this happened in spite of the official EIC ideology, which claimed that the Company intended to act, and did act, as the 'advocate and protector' of the Indian merchants. This was the inevitable result of two factors. The first was the nature itself of the EIC, which had been built in order to provide gains to its owners and Directors, and certainly not to

¹²⁴Of course, as shown in this article, this relationship could have a fourth side, represented by those Asian powers which, up to the late 18th century and, sometimes, beyond that period, remained powerful enough to try to counterbalance the rising European powers.

¹²⁵In case of the Dutch Company, things were different, as its officials had no right to trade privately.

¹²⁶Das Gupta, "Indian Merchants in the Age of Partnership", p. 124.

¹²⁷*Ibid.*, pp. 124–125.

¹²⁸Ashin Das Gupta, "Gujarati Merchants and the Red Sea Trade, 100–1725, in Uma Das Gupta (ed.), *The World of the Indian Ocean Merchant*, pp. 369–398 (originally published in 1979).

protect the interests of anybody else. The second was the limited control that the Directors in London could exert over their subordinates in India. The first factor means that, in spite of noble-sounding declarations about how the EIC's policy aimed at protecting the Company's Indian subjects at large and the Indian merchants in particular, the Directors never put any sustained effort in implementing these aims, particularly when the offenders were the EIC's own officials on the ground. The second factor means that even when, although briefly and fitfully, the Directors did put some effort in trying to give some concrete content to their policy declarations, in practice no concrete positive results ensued for the unfortunate Surat merchants.

In a way, William Andrew Price's career during the 1760s and 1770s is paradigmatic: Price was a veritable scourge of the Indian merchants, a fact seemingly unnoticed by the Directors; it was only when Price went beyond the pale, causing the diplomatic complaints of the Sublime Porte and triggering the protest of his own fellow official, the Agent in Basra, that the Directors seem to have become aware of the situation in Surat. As outlined earlier, Price was eventually punished, being suspended from the Company's service, but remained in Surat, where he continued to act as the agent of the Governor of Bombay, which must have left him with considerable power. Eventually, after a while, Price was recalled to the service of the Company, and soon reinstated as Chief in Surat. Only the hand of death was able to liberate the Surat merchants from the unwanted 'partnership' with him.

This being the situation, it is no wonder that even the more eminent Indian merchant-princes were in a position of weakness *vis-à-vis* the Company officials, and could challenge them only to their own risk. It is all the more relevant – and worth our admiration – that the Indian merchants in Surat did so time and again, showing resilience and political skills. This, alas, does not detract from the fact that, at the end of the day, their battle could not but be a losing one. <mg.torri@gmail.com>

Abbreviations used in the footnotes

EC: Elphinstone College, Maharashtra State Archives, Bombay [This indication is inserted for those documents which, although belonging to collections kept both at the EC and the IOR, are available only in the former archives, because of gaps in the IOR collection.]

FRS: Factory Records: Surat.

IOR: Indian Office Library and Records, London.

HMs: Home Miscellaneous, IOR.

Mayor's Court: Proceedings of the Mayor's Court, Bombay, Elphinstone College, Maharashtra State Archives, Bombay.

PR XVII: Papers presented to the House of Commons relating to East India Affairs (Paper no. 308), in Parliamentary Reports, Vol. XVII, 1806.

Public: Bombay Public Proceedings.

Secret: Bombay Political, Secret and Select Committee Consultations.

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