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A Comprehensive Study Of The Merchants And Their Trade Development In Andhra Desa In Perspectives Of Profit Incentive Speculative Venture

Dr. Dudekonda Ramanjineyulu

Lecturer in History, TRR Govt. Degree College, Kandukur, SPSR Nellore Dist(AP)-523105.

Introduction:

During the 16th and 17th centuries the activities of the Europeans helped Indian merchants in expanding the trading relations of India with the West and other parts of the world. Like other regions of India, the Andhra also experienced an extensive trade and commercial activity from the early times. There were varied factors responsible for the commercial life of Andhra. The money-lenders played their own role, the rural population provided various products, the carriers took these goods from place to place. But, it was the community of the merchants which played a very significant role in monitoring the nature of commodities and other essential goods in the markets. I am making an humble effort to give an account of the merchants of different types and their role in the 17th and 18th centuries in Andhra Desa.

India had a good commercial relations with West and East since early times.[1] The trade was carried out by a group of merchants belonging to different sections of the society. During these periods Overseas trading became a family based operation in the entire coastal Andhra. This development linked them with the overall network of coromandal trade.[2] In South India the mixed character of merchants became a special feature as territory was the basis of organisation and not a particular caste or group.[3] Hindus dominated the entire commercial world, Coromandal, Overseas and Coastal inspite of other merchants such as Muslim and European's, participation.[4]

Different types of merchants:

We see many major and minor communities who participated in the trading world of this period. Among Hindu merchant's Telugu speaking people dominated north of the Palar river as far south as Nagapatnam. Kommatties, Chettiars, Naidus and some other communities were the main merchant classes in the south.[5] The right hand (Valankai) and left hand (Idankai) were prominent in the textile trade mainly as brokers and suppliers from producing villages to coastal ports, sometimes also as exporters and shippers.

They moved far and wide from their Andhra homelands southwards upto Nagapatnam and the Tanjore kingdom.[6]Beri Chettis were another important Telugu mercantile community who were wealthy and large-scale shippers, brokers and whole-salers.[7] The Balijas of different types such as Gazula Balijas who were large sellers, Pericavar Balijas-cloth and salt sellers, Kaveri-chettis, the Tamilised Balijas, were among the others. There were other individuals from a variety of other castes. The Telugu agricultural nobility, with Reddy and Naidu as suffixes to their names, also participated in the trade. Small-scale boatmen who came from fishing and related maritime communities dominated much of the coastal trade, along the coast north of Madras upto Srikakulam. And we have other major Telugu weaving communities namely Devangas and Sales in this trade.[8]

As we have scanty sources on the Tamil Hindu merchant groups, it is difficult to identify these groups that operated in our period of study. [9] However, we can find certain Tamil merchant groups like Chetty to which Vyapari Chetty, Kasukar Chetty, Kaveri Chetty belonged. Some of them also belonged to Tamil weaving castes like Kaikolar and Seniyar and others to fishing and boatmen communities.

The European records mention Coromandal merchants as Moors. [10] The merchants to the North of Pennar river were Golconda Muslims, predominatly Persian. The Golconda Muslims were mainly overseas shippers, who settled in Masulipatnam and in some smaller ports such as Nizampatnam, Vizagapatnam and Bhimilipatnam. The Muslim merchants south of Madras were a blend of Arabs, and Indo-Arabs who were the products of mixed marriages.[11]The coastal Muslims, Chullas, called by foreign observers, interacted socially on the basis of equality. The Marakkayar were the wealthiest group that dominated the South-East Asia, coastal trade east and west of the sub-continent.

The plight of merchants:

Guilds, known as "sreni," emerged as informal financial institutions, fostering trade within specific communities. A pivotal feature was the innovative "hundi" system, a precursor to promissory notes, which facilitated secure fund transfers for merchants engaged in long-distance trade.

A complex financial environment is revealed by the historical account of banking systems in ancient India, which spans from the Vedic era to the Gupta Empire. With the introduction of guilds, or "sreni," which served as unofficial financial institutions that promoted trade within certain areas, economic activity blossomed during the Vedic age. The clever application of the "hundi" mechanism represented an early example of safe money transfers that were especially helpful to traders who conducted long-distance business. The Gupta and Mauryan eras saw a further development in financial practices. Temples were important resource managers, and "Shroffs" became important middlemen, handling deposits and executing foreign exchange transactions. Cities such as Ujjain and Pataliputra developed into thriving economic centres, with the introduction of "akshaya patra" and the circulation of metallic coinage. But as this antiquated banking system began to falter, trade routes and commercial hubs began to disintegrate due to invasions and political upheaval. The persistent influence of these early financial activities is seen in the foundations of contemporary banking systems, despite its eventual downfall, which attests to the economic intelligence of ancient Indian civilizations. Examining this historical trajectory helps us better comprehend past economic systems and highlights the long-lasting influence of these pioneering financial inventions on the world.[12]

Ancient Indian banking represents a rich tapestry woven into the economic, cultural, and social fabric of one of the world's oldest civilizations. Tracing its historical trajectory unveils a sophisticated financial system that flourished from the Vedic period to the Gupta Empire, leaving an enduring legacy on modern financial practices. This exploration is critical for understanding not only the economic foundations of ancient India but also the profound influence these banking systems have had on the global financial landscape.

Vedic Period (1500 BCE - 600 BCE):

The roots of ancient Indian banking can be traced back to the Vedic period, where economic activities gained prominence. Guilds, known as "sreni," emerged as informal financial institutions, fostering trade within specific communities. A pivotal feature was the innovative "hundi" system, a precursor to promissory notes, which facilitated secure fund transfers for merchants engaged in long-distance trade. This period laid the groundwork for the financial sophistication that would characterize subsequent eras.

Maurya and Gupta Periods (322 BCE - 550 CE):

The Maurya and Gupta periods witnessed a further evolution of the ancient Indian banking system. With the expansion of trade routes, such as the Silk Road, economic interactions reached new heights. "Shroffs" emerged as key financial intermediaries, managing deposits, providing loans, and facilitating foreign exchange transactions. Temples assumed a significant financial role, managing vast resources and acting as de facto banks. Urban centres like Ujjain and Pataliputra became economic hubs, boasting bustling markets and financial institutions.

Financial Instruments in Ancient India:

The use of metallic coins gained prevalence during these periods, reflecting the sophistication of economic transactions. Wealthy merchants issued "akshaya patra," indestructible promissory notes, contributing to the diversification of financial instruments. These instruments were not only pragmatic but also reflective of the advanced economic thinking that characterized ancient Indian societies.[13]

Decline and Legacy:

The decline of the ancient Indian banking system coincided with invasions and political upheavals, leading to the fragmentation of trade routes and economic centres. However, the enduring legacy of these banking practices is palpable. The roots of modern financial systems can be traced back to the foundations laid by ancient Indian banking. Concepts such as promissory notes, financial intermediaries, and the management of economic resources by temples have left an indelible mark on the global financial landscape.

Global Implications and Contemporary Relevance:

The study of ancient Indian banking systems is not merely a historical exercise but holds contemporary relevance. The global implications of these early financial practices are evident in the historical roots of modern financial systems. Concepts and practices that originated in ancient India, such as secure fund transfers and diverse financial instruments, have transcended time and continue to shape the way the world conducts financial transactions.

Therefore, the historical trajectory of ancient Indian banking is a testament to the economic sophistication of the civilization. The significance of this exploration lies in unravelling the economic intricacies, understanding the cultural and technological advancements, and recognizing the enduring impact that these ancient banking systems have had on shaping the foundations of modern finance. [14]

Status and role of merchants:

We have plethora of evidence on the status and role of merchants, provided by European travellers. The merchants had their own means of influence and access to centres of political power.[15]There were many powerful merchants who enjoyed a considerable power during this period. Malava, alias Astrappa chetty, one of the most outstanding merchants of his time, was a major ship- owner and overseas trader to South-East Asia and Ceylon, a supplier of textiles to the companies and a wholesale merchant in important goods. He controlled the customs on imports and exports. He purchased the revenue farm of Devanampatnam. He collected customs in these ports besides being an importer and exporter. He and his family members were invloved in political activities of coastal Carnataka. [16] His brother Chinnanna had maintained good relations with the rulers and was very close to Kristappa nayak of Jinji in trade, finance and revenue farming. In 1657 Chinnanna extended his influence upto Tanjore where he leased the revenues of Nagapatnam for 80,000 pardo (40,000 pagodas), a year. He was able to lease the ports of Devanampatnam from the Bijapur commander of coastal Carnatak.[17]

In the Islamic kingdoms of Golconda and Bijapur, the coromandal Hindu merchants lost the old revenue farms and had to share the profits with new officials and generals. Further Golconda Muslim merchants extended their influence and penetrated south-wards from Masulipatnam. [18]A number of political merchants like Mohmad Said, popularly called Mir Jumla, Governor of Golconda, who was a shipowner and exporter to many regions of Indian ocean and used his political influence to enforce a monopoly on the Dutch company's imports in Masulipatnam. [19] We have other political merchants, Khan-l-Khan the Bijapur general, who was involved extensively in overseas trade, owing ships, and Krishnappa, the commander of the armed forces of the Nayak of Jinji, secured administrative control over the ports of Porto-Novo, Pondichery and Devanampatnam in 1640's.[20]

All the merchants politically strengthened their position to further their commercial activities. They took control over the produce of weaving villages in areas under their jurisdiction. Rich and influential merchants wielded their power and sometimes led to the volatile and uncertain political situation.[21]

With the growth of European port-settlements, we find a fundamental shift in the relations between merchants and political power and between merchants of the coast and their hinterland. Earlier the merchants operated freely in both segments. This was hampered due to several political, administrative and economic factors. The merchants were intermediaries for the companies with local powers. Both in Indian ports and in the European enclaves south of Machilipatnam, Indian merchants had dealings with the companies and continued their coastal and inland acitivities.[22] Coromandal merchants, traded on their own as well as with companies. There were, significantly a number of merchants who continued to operate independently of the companies in many Indian ports of the coast, of which were the Golconda Muslims centred in Masulipatnam and nothern ports and Chulia merchants south of Madras.[23]

Influencial merchants frequently mentioned in European records, were Veeranna and Timmanna, who were major suppliers of textiles to the English and monopolised the English imports woollens, lead and copper.[24] Veeranna was the sole head of a joint-stock company of Indian merchants trading with the English. He exercised a great influence in the Golconda kingdom. He succeeded in getting the favourable FARMAN of 1676 from the ruler of Golconda granted to the English.[25]

According to the Dutch and the English company records, the joint-stock association of the merchants became popular in several parts of the coastal region- Masulipatnam, Draksavaram, Madapallem, etc. [26] Merchants took up the joint-stock [27]in all the English settlements and factories. The joint-stocks not only stood for the purchase of textiles like woollens, lead, copper, zinc, quicksilver, brinstone and coral. The shares were allotted in accordance with the capacity of the merchant.[28]

There was an increasing drift of merchants towards European companies as a result of Mughal penetration into the region, especially Golconda. When the Mughal administration was established in Jinji, merchants could not establish permanent relationships. [29]Indian merchants relationships with Europeans Coromandal become institutonalised in the subsequent periods.[30]In all the European enclaves there evolved an office of chief merchants held by one or two of the most prominent merchants of the settlements. In fact it was not an European innovation. The merchant community all over India had heads who exercised some control over others. The chief merchants were the sole agents for the supply of large textile order every year besides other important items such as indigo, saltpetre, and redwood. They shared some privileges enjoyed by the company. [31]They were given some concessions on taxes within the settlement. The Dutch exempted them from poll tax. The English allowed them to carry on their own export and import trade from their settlements at half duty. They were also given some judicial power over Indians of the settlements. [32]As European exports of the Indian textiles increased in the second half of the 17th century, the Europeans instituted partnership among Indian merchants. Dutch were the first in this regard. Many merchants wanted to come into the supply trade with English.[33]

There were, no doubt, a number of mixed castes participating in the commercial activities, but there was an understanding between the merchant communities of Andhra Desa and the foreign trading activities which in turn resulted in a tremendous commercial network in this region.[34]

To sum up, the above mentioned features give a clearpicture about the merchants and their active role in the overall development of the trading world in South-India. The main motive which inspired their activities was the profit incentive, realised either through straight cash transaction or speculative venture.

Exploring the intricacies of ancient Indian banking reveals a multifaceted narrative encompassing economic, cultural, and technological dimensions. Crucial insights point to the decentralized structure of these systems, featuring the pivotal roles of guilds and local shroffs. Innovative financial instruments, exemplified by the "hundi" system and "akshaya patra," underscore the resourcefulness of ancient Indian banking in facilitating secure fund transfers and credit transactions. Temples emerge as significant financial hubs, where economic and religious functions intricately intertwine. The evolutionary journey of banking across periods, spanning from the Vedic era to the Gupta Empire, showcases a remarkable adaptability to the ever-changing socio- political landscapes. The study's challenges, including sparse historical records, interpretation complexities, and limited archaeological evidence, emphasize the meticulous approach necessary to piece together this historical puzzle.

The enduring legacy of ancient Indian banking echoes prominently in contemporary financial systems. The decentralized attributes reminiscent of ancient guilds find resonance in the diverse spectrum of modern financial institutions. The innovative spirit exemplified by ancient financial instruments is reflected in the complexity of modern derivatives and electronic transactions. While the role of religious institutions has transformed, the historical fusion of finance and religion permeates the broader societal impact of contemporary economic activities. The adaptability demonstrated by ancient banking systems in response to changing environments offers a timeless lesson for navigating the constantly evolving global economy. In essence, the study of ancient Indian banking provides profound insights into the historical foundations shaping and persistently influencing the trajectory of modern financial systems.

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