

The Role of Bania Brokers in Trade and Commercial Networks of the Arabian Sea and Red Sea during Pre-Colonial Times

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ABSTRACT

The trade and commercial networks of pre-colonial times are vastly addressed in the economic history books. The importance of brokers in the functioning of the trade is a vital subject of the economic history. This article is an attempt to highlight the role of the Hindu brokers; the Bania specific, in the trade and commerce of the pre-colonial times. This article further extends and strengthens the idea that the Banias were actively involved in the overseas trade, and relates this information to counter the concept that the Hindus were not crossing the seas, owing to the fear of losing their caste and religious identities, which led to a lesser participation of the Hindus in the trade and commercial practices.

Key Words : Bania, Broker, Red Sea, Massawa, Cambay

INTRODUCTION

Centuries of trade and exchange in Western Indian port cities created a structure for the facilitation of trade. The brokers who dealt with foreign merchants are a vital link of this very complicated chain of economic relationships. The broker was expertise of local and had immense connections. He had detailed knowledge of the market that merchants could hope for, and by the time brokers left such huge impression that there study becomes pivotal for understanding the medieval trade structure.

In order to understand the importance of brokers in the economic history, one can cite Eric Wolf's theory of a tributary mode of production which he found in all the major world agricultural areas around 1400 and later. According to Wolf, "State power varied from region to region, but these states all represent a mode of production in which the primary producer, whether cultivator or herdsman, is allowed access to the means of production, while tribute is exacted from him by political and military means."¹ Tribute collection indeed involves surpluses and these surpluses could be dispersed either upwards or downwards. In this process the commercial intermediaries or merchants played a crucial role as they handed the actual transfer or exchange.²

The term merchant is of course a broad one; Ashin Das Gupta divides merchants into four

categories; Shippers, merchants, brokers, and sarrafs (money chargers). The third category *i.e.* the broker was also known as dallal (in Arabic) is the subject of our study. In the case of Surat, Ashin Das Gupta maintained a subdivision into general brokers, who did all the sales and purchases for a big merchant, and brokers who dealt in specific commodities such as cloths, spices, or saltpetre. Ashin Das Gupta stresses the ubiquity of brokers: “In short wherever there was an economic transaction in the city, you would very likely find a broker to smooth your way and take his cut.”³

Qaisar wrote that most brokers traded on their own account. In fact everyone traded, even if they were not merchants, for example, sarrafs, dubashis, or sailors. A. Jan Qaiser categorized brokers into four types:

- (i) Who were regular employers or agents of merchants, companies, etc., and who were paid either by a salary or a commission (they were agents rather than brokers.).
- (ii) Who worked for more than one employee
- (iii) Those who worked on ad-hoc basis
- (iv) Those who were appointed by the state.⁴

These above mentioned subdivisions give us a useful insight in the commercial role of the brokers. These brokers played other economic roles at other times. They used to serve both local as well as foreign traders, and they would also trade on their own account. Most visitors were known at a foreign port as they were affiliated to their mercantile communities. One or more member of merchant community on board would have local expertise all over the ocean, for example, if a Portuguese ignorant of Indian cities arrived at any Indian port; he would likely to find there an agent who used to deal with the Portuguese and even knew some of his language. Most often a visitor would have a recommendation to a particular local broker. Hindu agents were found at many foreign ports and they were connected with large Indian broking families.⁵

Foreign merchant had support available for him when he disembarked at a sixteenth century western Indian port. It did not seem that foreigner landing on a port was completely ignorant of what he would find. He always had some scattered information from his fellow-traders in his home area. A European would possibly have read Marco Polo, Linschoten, Cesare Federici, or one of the Portuguese authors. Conversations on the ship would reveal further detail. In major ports, foreigners had domination over a specific area that can be termed as ‘extraterritorial’. Brokers in particular commodities and brokers in general serviced these foreigners. “These brokers no doubt traded on their own account, and acted as brokers for other merchants.”⁶

Brokers were also very much needed due to the matter of language. Brokers often learnt one or more languages. Linguistically incompetent European often fell prey to cheat unless they find someone to guide them. Language difficulty led to the development of silent bargaining in which deals were conducted by showing movements of hands. In this silent bargaining brokers were quite useful.

It should not be assumed that the field of brokerage was very smooth and easygoing. There was a strong competition in the field of brokerage. Brokers were happy to offer their services to the foreigners as it increased their income. However, a newcomer trader usually met opposition from established merchants who wanted to limit the competitions. In such situations brokers were often caught between a newcomer and already established merchants. This fact is evident from the seventeenth century accounts of the English in Surat. The career of Panji who worked under the English company for over 20 years from the 1620s to mid of the century highlight the vicissitudes of fortunes to which these brokers were subject. Panji worked in Surat, Ahmadabad, Broach and Cambay and suffered physical torture three times in the hands of the Mughal authorities.⁷

It is hard to differentiate the various tasks the broker performed. Brokers specialized in a specific commodity dealt with both local and foreign merchants, who wanted selected category of items. On the other hand General brokers dealt with foreigner merchants and offered many services that were not restricted to economic only. General brokers primarily dealt with foreigners as the group of strangers who were the most dependent visitors. The general brokers also dealt with those brokers who were specialized in a certain commodity. It should not be assumed that these general brokers functioned different from other brokers. Generally, “these brokers made their living by acting as an intermediary either within the production process or between buyer and seller.”⁸ Particular brokers who were specialized in particular commodity dealing made no communal distinction at all. M.N.Pearson, challenged the theory of lack of business dealings between Hindus and Muslims in India and within Hindus even caste and community exclusiveness. M.N.Pearson, quoted Barbosa who wrote that the ‘vanias, dwell among the Moors with whom they carry on all their trade.’ Qaiser claimed that the vast majority of brokers were Hindu, and even Muslims preferred to use Hindu brokers.

The situation in Pre-Portuguese Diu was different as the brokers did not play an important part in Diu. Diu was very much a transshipment centre. Its hinterland, the Saurashtra peninsula was not very productive. Basically, Diu served as a station between the major port cities of the Indian Ocean. Other ports such as Cambay acted as a station too but its hinterlands were fertile. So it is clear that transshipment of goods did not need brokers, and it was a matter dealt by the merchants themselves. Besides this, the state remained dominant force in controlling the commercial activities in Diu.

Malik Ayaz, governor of Diu controlled this port until his death. Malik Ayaz participated actively in trade and most of the goods were sold to Malik Ayaz, who afterwards sold them to merchants and made huge profits. After Malik Ayaz’s death, Sultan Bahadur of Gujarat participated in Diu’s trade. It is needless to say that the state’s involvement in trade and the role of Diu as a transshipment station confined the activities of brokers. The local brokers were less influential and less autonomous in Diu.

Evidences from Cambay are different. Unlike Diu whose trade was mostly under Malik Ayaz’s control, in Cambay both Hindus and Muslims controlled the bulk of trade. However, it was never the same case as Cambay port was one of the most dynamic trading centre. The Venetian Cesare Federici expatiated on the commercial practices in 1564. Cambay, wrote Federici, the city brokers had fifteen to twenty servants in their service. The merchants entering that country have their brokers, and those who were coming for the first time were already informed by their friends of what brokers they should be employed. As soon as a merchant enters into the port, the broker come to receive him and it was the responsibility of broker to provide merchant a furnished home for his stay. If the merchant desired to sell his goods instantly, broker sold it right away. Broker guided his customer in his other ventures by giving him the information about market.⁹

In 1565 Vincent Le Blanc wrote on Cambay that the trade in Cambay was very faithfully carried on as retailers are as careful in preserving other person’s goods as if they were their own goods. He further claimed that all the foreigners were living as freely as the natives, making open profession of their own religions. Le Blanc further claimed if a merchant died leaving his goods in the hands of his broker, they were faithful restored to his heir, or next of kindred.¹⁰

Both accounts by Federici and Le Blanc point out the utility of brokers for foreign traders. Brokers were a support for foreigners who had a little knowledge about the port that they entered. The reason could be attributed to the centuries of expertise and immense connections that were

passed from generation to generation. Thus, brokers were very much needed.

Now coming back to the activities of Hindu brokers, Banias managed a number of mercantile functions. Many Banias were working as brokers under their richer caste fellows, Arab, Europeans and Indian Muslim merchants. Others were shroff or money changers and bankers, wholesalers, insurance men, head of business houses etc. and many were shopkeepers engaged in retail trade. The importance of Bania was known to European observers. European maintained a large number of brokers, who performed various tasks. Brokers looked after the loading and unloading of vessels, transshipment of goods from place to place. The brokers were so pivotal that, for instance, in 1647, an English voyage from Mokha to Teticorin was called off because of the illness of the broker. The English often in order to avoid the authorities restrictions, sought the help of brokers as in 1619 when the Governor of Baroda put a general ban on the English buying goods for their Red Sea Cargo, they attempted to buy through their brokers. In 1632 the English arranged a caphila (caravan) of theirs to shift their goods to the house of Surji Naik near Surat so that they can avoid paying Mughal customs dues on 20,000 rials intended for Ahmadabad and Agra. On their part, the brokers also benefited from Europeans, they used the advances given them by the English for their own investments, circulated defective coinage and controlled the weavers.¹¹

By the seventeenth century the Mughal social structure underwent significant changes. The new aristocracy composed of city merchants and traders emerged. Despite of various imports, fines and customs, a class of prosperous traders and financiers emerged in many towns of India. They were the Banias, who, according to De Jongh, were skilled traders, sharp and prompt in payments and found along the entire coast to Goa, Coromandel and Bengal, in Persia, Ormuz and Gombroon, Diu, Dabhol and Mokha. In Surat, states Hamilton, the Banias were most numerous and are either merchants, bankers, brokers or pen-men as accountants, collectors and surveyors. Surat was their city as they were certainly responsible for its prosperity. Banias had amazing memory power in counting and recall, sharp business acumen and with this, they excelled in business.¹²

In 1670s the English even felt the obligation of employing Bania broker to keep an eye on the activities of their rival Portuguese merchants. These brokers were so powerful that in 1650 they interfered in Merry's succession to the Surat Presidency and Oxenden feared that they might poison him. The careers of a few leading brokers would be examined to have a general idea of their mercantile activities in the pre-colonial India.

The famous broker was Tapidas Parekh. He is first recorded in 1609 and the last reference to him is of 1660 thus covering a period of more than half a century. He assisted the English in finding accommodations in Baroda and took pains in their establishments. In 1634 he was getting an annual paid of 500 mahmudis, but he continued to trade in several commodities such as coral and silver and gave his own bills of exchange for Agra. At the trouble time of English, he even gave them a loan of Rs. 50,000 and hired boats for transporting his goods to Basra and back.¹³

Another notable merchant was Mohandas Parekh who was often described as the broker to the Dutch. The Dutch usually sold some selected goods such as spices and tin to him. Shivaji, during his raid on Surat, spared his house because he was well known for his charity works to Hindus and Christians. Although a broker, Mohandas Parekh was certainly a man of great wealth.

It is not the case that Bania brokers were only operating in India, and they did not cross the Ocean owing to the fear of losing their caste identity. The Bania brokers were also attesting trade in the Red sea countries. The port of Massawa was also inhabited by the largest Banyan (Bania) community and it was in close commercial contact with India. Valentia, the nineteenth century

observer noted that there were eighteen Indians at the port and they carried on a considerable trade. He further added that no local merchant had enough capital to purchase the entire cargo, so it was done by dealers, one of the two most prominent being a Banyan, Currum Chund who would:

‘... receive the cargo, and consider themselves responsible for the whole; they would dispose of it in smaller quantities to people whom they know worthy of credit, who would depart with it into the interior, and would, in about three months; return with the value of gold and other articles. ‘A large ship belonging to the Nawab of Surat’ he adds ‘arrived a few years ago, and [...] disposed of her cargo in the above manner.’¹⁴

Currum Chund was able to procure two thousand ounces (waqet) of gold at a month’s notice. Currum Chund was also in constant contact with the East India Company’s Indian broker at Mocha and owned at least one dhow charged £12 (96 Maria-Thersa dollars) from Henry Salt, the British traveller. The Bania acted as messenger for the local authority of the port of Massawa and charged 30 Maria-Thersa dollars to deliver a letter from Massawa to Antalo. However, sometimes, the English were not satisfied with the Bania dealing as a letter dated September 17, 1813 claimed that Currum Chand had cheated Captain Rudland, the representative at Mocha and released a large sum of money from him. However, on one occasion, Valentina stated that, the English heard that Currum Chund has refused to join the English saying that he had made nothing by the English; that he was out of the pocket by Mr. Salt.¹⁵

The Bania, in fact had a magnificent popularity among foreigners, for instance; the German traveller Edouard Ruppell wrote that the Indians were the best regarded of Massawa’s traders and they were the men of property, had houses made of stone and shop near the governor’s (Kaimakan) house. These Banias wore Indian dresses and in Massawa they were free to practice their religion.

The number of Bania in Massawa varied from time to time. Though small in number, the Bania seem to have control the trade. Rassam wrote that “the trade of Massowah with India is carried on chiefly by Bania merchants, of whom there are about ten residents at that port. Bengal supplies rice; Surat, silk and tobacco; Bombay, sugar, spices and cotton goods. In exchange for these commodities, they export gold, ivory, pearls and hides.”¹⁶

The Bania influence in textile trade was so much that for the measurement of cloth, the port used the Indian cubit, locally known as the drah hindasi, and one could often hear Hindustani while travelling through the market. Apart from all this Indian craftsmen were also active in Massawa as W. Munzinger in the mid nineteenth century observed that Massawa had very good artisans, who were of Indian origin and they built excellent and strong boats.¹⁷

Not only Massawa, Bania were also operating in important Red Sea ports that include Aden, Mocha, Jeddah and so on. The influence of Bania in Mocha is evident from the nowroz: the new-year system of payment. For everything except coffee, payment was calculated according to the Bania calendar. “The Bania closed their books as soon as the fleet of Hindustan sailed. Any sale after that date would automatically go on the next year’s book and be paid on 100, 200, or 300 nowroz: that is, in January, April, and July...And at Mocha they were crucial dates of the trading season.”¹⁸ In the same way, Banias were also active at the Yemenite port Aden where they were dealing in myrrh and gum-arabic that was bought from the Somali Coast, and made profits. Wellsted wrote that the Bania monopolised the greater part of trade, and lived in good houses.¹⁹ Banias brokers at Aden worked even for the Portuguese, for example, at Aden, Van den Broecke described the “Aden Banias as Portuguese factors and noted with concern that one of them was in the council of the governor.”²⁰

The above biographical sketches of the Bania brokers prove that the Bania broker was an

essential link in the trade and commerce of the the pre-colonial times. His agents were spanned over the countryside and were in constant contact with the productive process. The broker, on the part of his European patrons, could better negotiate with local merchants. He had detailed knowledge of the quality of goods and their prices and he often had a command of various languages and translated for his foreigner customers. On the one side broker was a vital link between producers and customers and indigenous markets and overseas trade while on the other side broker knew the indigenous method of banking and often had enough money to lend to needy parties though at stiff rates of interest. He even availed the system of insurance for goods in transit overland or across the seas. The members of this class had the potential of becoming future capitalists but the process was checked by the government.²¹

Sometimes, the European reports of the times speak negatively about the trading activities of native mercantile communities. An English report of August 30, 1609 claimed that as soon as the English ships arrived in Surat, prices rise sharply and that the merchants were ‘subtle as the Devil’. A report of 1616/1617 described the people as faithless and covetous. The brokers are called untrustworthy and inborn cunning. Unfortunately we have little information on how native brokers viewed the European activities. It is an established fact that while a few brokers and merchants were trouble for European trade but in general the European trade was heavily dependent on the probity and reliability of the Banias.²²

In conclusion it can be added that the Banias were a vital link of trade and commerce in the pre-colonial times, and they helped in the smoothing of trade that perhaps could have become much more complicated in their absence. The Banias were such skilled brokers that they even carried out their brokerage in the Red Sea ports, and made significant dealings. Banias were not only successful in India, but also in Egypt and Yemen. The Banias were actively participating in trade during pre-colonial times, and with enough information on the role that they played in foreign ports, one can challenge the idea that the Hindus did not cross the sea, owing to the fear of loss of their caste and religious identities. However, they were not only crossing the seas, but also inhabited the foreign ports temporarily.

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