
UNIT 25 BUSINESS COMMUNITIES

Structure

- 25.1 Introduction
- 25.2 Armenians
 - 25.2.1 Armenian Trading Network
 - 25.2.2 Success of Armenians
- 25.3 Jews
- 25.4 Karimi Merchants
- 25.5 Some Other Merchant Groups of Asia and Europe
- 25.6 Major Business Communities in India
 - 25.6.1 Banjaras
 - 25.6.2 Baniyas and Other Merchant Groups
- 25.7 Summary
- 25.8 Exercises

25.1 INTRODUCTION

In the previous Unit we discussed the Oceanic Trade in the medieval period. Here in this Unit we propose to discuss some of the major business communities in the medieval world. These trading communities in different parts of the Eurasian continuum were the main vehicles through whom the trade of the medieval period was conducted. The time span is from around the seventh century to the mid-eighteenth century, coinciding with the advent of Islam and the British conquest of Bengal. During this period the trading activities got a big boost with the development in shipping and trade across continents. We notice that apart from individual merchants large trading companies were established to handle growing volumes of commodities and requirement of finances. In spite of these developments the trading world of the medieval period was dominated by numerous business communities, both small and large, in different countries. It is not possible to make a detailed analysis of all of them within a limited space, we intend to take up an in-depth study of the major business communities who were actively engaged in trading in the medieval world. We would also take up some Indian merchant communities, in one separate section, who had a substantial share in the trading activities of the medieval period.

Among the major merchant communities in Eurasian continuum we have discussed the Armenians; the Jews; the Karimis; and the Arabs. Major Business Communities of India have been studied under two broad categories – 1) Banjaras and 2) Baniyas. Within the Baniya communities, the role of the several sub-communities such as Khatries, Komatis, Chettiyars, Moplas, Multanis and Labanas, have also been analysed, though briefly for lack of space. Let us start with the business communities of the Eurasian continuum.

25.2 ARMENIANS

The observation of the Court of Directors of the English East India Company

in 1699 about the Armenians that “most certainly they are the most ancient merchants of the world” was perhaps no exaggeration. Indeed, from the earliest times to the end of the pre-modern era, the Armenian merchant communities engaged themselves in international and inter-continental trade in the Eurasian continuum. They ventured out of the homeland (Armenia) to different parts of Asia and Europe, and settled themselves not only in important cities, ports and trade marts but also in remote production centres far away from their own country. And thus they created the infrastructure for an efficient and successful long-distance trade and a commercial network with strong link with their main centre at New Julfa. This “trading diaspora” of the Armenians was a unique feature of the trading world, especially of the seventeenth and eighteenth centuries.

25.2.1 Armenian Trading Network

The emergence of Armenian trading network and diaspora in the seventeenth century was to some extent helped by the historical developments of the preceding century when old Armenia fell a victim to Perso-Ottoman rivalry. In the early seventeenth century, the Persian emperor, Shah Abbas I, forcibly moved the professional Armenian merchants and artisans, and settled them in the new township of New Julfa in the suburb of Isfahan. The emperor’s main objective was to utilise the services and expertise of the Armenian entrepreneurs in transforming his newly founded capital city of Isfahan into a major trade centre. The latter did not disappoint him. As they had the necessary capital and commercial network in Asia and Europe, the Armenians were able to develop “Persia’s foreign trade in raw silk, create new markets and products and expand the scope of trade routes”. And they ceaselessly contributed to Persia’s economic prosperity under the succeeding Shahs until the invasion of Persia by the Afghans in 1722 which dealt a severe blow to the Armenians of New Julfa, and after which many of the prominent Armenian merchants migrated to other countries.

The Armenian networks extended over vast geographical areas stretching from Bengal to Delhi-Agra, and even to Surat or from Surat to the Red Sea and Persian gulf ports. It is more or less well known now that the Armenians played a significant role in the commercial and economic life of India. Though it is not possible to indicate as to when the Armenians established their trading networks in India, it can be reasonably assumed that they began their trading activities in India long before the arrival of the Europeans. They were active in Bengal trade from at least the late sixteenth and early seventeenth century, if not earlier. As an important trading group, their presence was a common feature in all the prominent centres of trade and manufacture, cities and ports. But what was most striking about them was that if there was any possibility of profit in trade, they would even go to remote places and deal in any commodity, unlike many other trading groups.

It was obviously the commercial expertise of Armenians in Bengal that prompted the Directors of the English East India Company to enter into an agreement in 1688 with Khwaja Phanoos Kalantar in London by which the Armenians were to provide Bengal goods for the Company’s investments in Bengal with their own capital and at their own risk at 30% profit on their cost and charges. It is significant to note that while writing to Bengal about this agreement, the Court of Directors of the English Company in London observed:

“Those people [the Armenians] are a thrifty, close, prudent sort of men that travel all over India and know almost every village in the Mughal’s dominions and every sort of goods with such a perfect skill and judgment as exceeds the ancientest of our linen drapers”. A few years later, the Company made another agreement with the same Kalantar which laid down that the Armenians would provide specially Patna goods for the Company with their own money and deliver them to the Company either at Hughli or Calcutta for which they were to be allowed 15% upon the prime cost and necessary charges. Here again the Directors of the Company noted that the Armenians “are diligent, frugal and very experienced merchants” and asked their employees in Bengal to try to procure some fine Bengal piece-goods through the Armenians as they would “know how to buy better than you can”.

Needless to say, there were many important Armenian merchants and traders in the flourishing Armenian settlement of Saidabad (a suburb of the capital Murshidabad), Hughli, Calcutta, Kasimbazar, Dhaka and Patna with their own localities and churches. They were also to be found in large numbers in Agra, Delhi, Benaras, Surat, Madras, Masulipatnam, and other important cities and ports in India. Among the Armenians in Bengal, however, it was Khwaja Wajid who played the most significant role in the commercial economy and political life of Bengal in the forties and fifties of the eighteenth century. His activities in Bengal will illustrate the role played by the Armenians as a business community in India. What is significant to note here is that the Armenians in Bengal/India were not dissociated from their mainstream in New Julfa. There are several instances that the Armenians in Bengal were in touch with New Julfa and there was regular traffic between Bengal and New Julfa, which only reiterates that cultural and ethnic ties were extremely important in the entrepreneurial networks built by the Armenians. The vast networks of enterprises created by the Armenians in Bengal in the seventeenth and the eighteenth centuries will be more than evident from a close look at Bengal’s silk and textile markets during this period. They were conspicuous even in the remote parts of Bengal wherever there was the possibility of good profit in mercantile activities.

Khwaja Wajid was one of the three merchant princes who collectively dominated the commercial life and hence, to a great extent, the economy of Bengal in the last three decades of the first half of the eighteenth century. An idea of the Armenian diaspora and Wajid’s extensive networks can be formed from the fact that he was not only involved in inland trade in saltpetre, salt and opium but was also quite active in maritime trade extending over a vast space from Bengal to Surat, and the Persian Gulf and Red Sea ports. He operated his extensive business empire from Hughli, the then commercial capital of Bengal. Like several other Armenians of Bengal at the time, it is possible that he too had links with New Julfa. Wajid consolidated his position through his political connections and influence at the nawab’s court at Murshidabad. Through subtle diplomacy and judicious financial support to Bengal nawab Alivardi Khan, he built up a powerful position at the *darbar*. He managed to gain the virtual control of the economy of Bihar. It is significant that he was not only the leader of the Armenian merchants but also of the community of merchants in Hughli.

Khwaja Wajid was actively engaged in the inland trade of Bengal both on his

own account and as a supplier to the European companies. He had extensive business transactions with the French and the Dutch, and to a lesser extent, also with the English. Extremely devious as he was, he had a passion for extending his commercial hegemony at any cost and was ready to swing his allegiance at the slightest prospect of commercial advantage. The main props of Khwaja Wajid's extensive operations in Bengal's internal trade were the monopoly of saltpetre and salt trade.

It is no wonder that the Armenian merchant prince settled in Hughli with its rich tradition of handling Bengal's maritime trade ventured also in intra-Asian and coastal trade. In the shipping lists of the Dutch records there are many instances of Armenian merchants sending their trading vessels to different parts of India and West Asia with rich Bengal commodities and bringing back bullion and other cargoes from those parts in the first half of the eighteenth century. We find in the lists of the Dutch records that he had at least six ships namely, *Salmat Ressian*, *Salamat Manzil*, *Mobarak*, *Gensamer*, *Medina Baksh* and *Mubarak Manzil*. which operated from Hughli to Jeddah, Mocha, Basra, Surat and Masulipatnam.

The Armenian diaspora and their extensive trading network in Bengal will be apparent from the fact that their presence not only in the various trade marts but also in the numerous production centres, especially of textiles and silk, of Bengal throughout the seventeenth and eighteenth centuries is well borne out by documentation in European records of the period. Their prominent role in the silk and textile trade of Bengal is beyond any doubt. Though we are not in a position as yet to make any estimate, in quantitative terms, of the Armenian involvement in Bengal's export trade in silk and textiles, there is no dearth of qualitative evidence indicating a significant role played by them in this particular area. The extraordinary diffusion of silk and textile industry, especially the textile industry, in Bengal was perhaps best matched by the Armenian diaspora and their extensive network which made them one of the most important groups of merchants in Bengal, often competing successfully with even the most powerful local merchant groups.

As the textile industry in Bengal was basically a rural domestic handicraft industry, the natural corollary was its extreme diffusion which suited the Armenians with their extensive networks throughout Bengal. That was why they could become formidable rivals of the local/Indian merchants, not to speak of the European trading companies, in procuring textiles for export markets. In an estimate of the textile export from Dhaka in 1747, the Armenian share, among the Asian merchants, is said to have been as large as 23 per cent. In the silk market too, they along with other Asian merchants (mainly Gujaratis and North Indian merchants from Lahore, Multan, Delhi, Agra, etc.) were the dominant buyers.

25.2.2 Success of Armenians

That the Armenians often acted as a group rather than individual entrepreneurs is because of the pride they took in their identity. That they had one language, one culture and one religion was the most crucial factor, which helped them in developing and extending their networks. Unlike other groups of Indian or foreign merchants, the Armenians had built their own colonies and settlements with their own churches in different parts of India which only underlines the

strong ethnic and cultural overtones of the Armenian entrepreneurs and their enterprises.

The crucial question that remains to be answered, however, is what were the reasons for the fabulous success of the Armenian merchants *vis-à-vis* even the advanced organisational form of the European joint stock companies. It has been suggested recently that the success of the Armenians was primarily due to “organisational form or arrangements” which seems to be quite tenable. Indeed, the widely spread but highly interrelated Armenian enterprises operated under the “ethos of trust” which served as a human capital, accrued to the community as a result of their “collective socio-political experiences over many generations”. The structuring of their business enterprises, based as it was on family kinship and trusted fellow-countrymen, gave the Armenian merchants two significant advantages – organisational cost savings and organisational innovations. In all probability, the Armenians succeeded because they were able to create networks of trust, shared information and mutual support based upon the fact that they were a distinctive ethnic and religious minority. There is no doubt that some of the other diaspora people like the Jews had all these characteristics but perhaps the Armenians were ahead of the others in these respects and hence their success was more spectacular than that of the others.

However, the Armenian commercial system, based as it was on close family ties, was not something extraordinary. The well-known Italian merchant families are a European example of the same family system. This was a common trading pattern in the early modern period. The Indians, especially the Marwaris and Gujaratis as also the Parsis in India, had the same system of operations. And all of them were quite successful in their enterprises. In fact, one of the main factors that contributed to the fabulous success of the Armenians was their will to better their situation in exile, which gave them their knowledge of languages and of the custom of others. Their flexibility was an asset. They were capable of assuming multiple identities as and when required for the sake of their commercial prosperity. At the same time the Armenians had a higher level of awareness of the international scene and the expertise to link up local and regional markets to intra-Asian markets.

In fact, the Armenian merchants were highly skilled arbitrage dealers who were forced through historical circumstances to develop very flexible and geographically mobile forms of commerce. An ability to measure the risks of overland trade and a readiness to vary the size of commercial transactions were the special service which the Armenians brought to the trading world of the Middle East, India and even Europe, and this was one of the secrets of their tremendous success. Indeed, the ability of the Armenians to thrive on low profit margin, their readiness to deal in any commodity and move into even remote producing centres when there was the prospect of a profit, their ability to adapt themselves to the language and culture of their trading country without losing their own identity were some of the important factors behind their phenomenal success in inter-regional and international trade in the seventeenth and eighteenth centuries.

25.3 JEWS

The role played by the Jewish business communities in the field of international trade and finance was almost as important as the one played by the Armenians.

In the early centuries of Islamic history, Jewish communities could be found in almost every city and the Jews participated in trade ventures far beyond the frontiers of the Islamic state. Everywhere from North Africa and Egypt to Persia and Khorasan and in India, as far as Malabar, the Jewish communities had originated in antiquity. In fact, on the eve of the Muslim conquests, the Jews of Iraq or Babylonia, appear to have been particularly numerous and here they were second in number only to the Nestorian Christians. In effect, when Baghdad became the capital of Islam and trade surged in the eighth and ninth centuries, the Jews there took an active part in it. In the ninth century, the Indian trade became the backbone of the international economy. This contributed to a tremendous upsurge of internal commerce and subsequently a shift towards a unified bimetallic currency system which encompassed the eastern and western Caliphate.

At this point, the central and hegemonic position of the Babylonian Jewry gave them a headstart not only in the long-distance trade with India but in the organisation of finance and also state finance generally. In Baghdad and Isfahan, great finance and banking institutions arose with important and pivotal Jewish connections. Indeed, corporate international finance as it has come to be known today with a clear Jewish preponderance appears to date back to the Abbasid Caliphate of the late ninth and early tenth centuries. During this period, Jewish bankers loomed large in the entourage of the rulers, lending money to the government and consolidating the finance of the state, at the same time becoming involved in the fiscal system and in tax farming. Jewish bankers probably gained control of the Abbasid money market during the early tenth century and became instrumental in the development of sophisticated financial techniques such as the use of bills of exchange (*suftaja*) and cheques (*saak*). The same bankers also operated as traders (*tujjar*) or as financiers of other Jewish as well as Muslim traders. We find them supplying funds for African slave trade, equipping caravans to Central Asia and China, and organising maritime expeditions in both the Mediterranean and the Indian Ocean.

In Iraq and Persia, the Jews appear to have surpassed the Muslims in importance in the institutions of finance and credit. In Egypt, both the Jews and Christians played roles in the economic and administrative spheres which were out of proportion to their numbers. By the tenth century, Egypt (with North Africa) began to seek an outlet for its increasing strength, and the Fatimids took over an important part of the India trade from their rivals in Iraq. The result was a vast migration of Jews to Cairo. Abbasids began to lose more and more power in the east and in the west from the late tenth century, especially after the Seljuq invasion, and the beginning of the Crusades (1096) and Baghdad declined. This affected trade also and even a larger portion of the India trade was redirected to Egypt. Simultaneously, the volume of transferred goods expanded steadily. In Egypt, the Jews again obtained a disproportionate share in this trade in the eleventh and twelfth centuries when it became one of their main pursuits.

The chance discovery of a large number of papers belonging to the Jewish community of North Africa who traded extensively in the eastern Mediterranean in the tenth and eleventh centuries is of great help in reconstructing the trading activities of the community. The geographical dimensions of long-distance trade are clearly visible in the correspondence of these Cairo Genizah merchants.

The members of the community had presence in towns as far apart as Qayrawan in Tunisia, Alexandria and Fustat in Egypt, and Aden at the entrance of the Red Sea. This facilitated the sale of goods by friends and associates resident there on behalf of the distant owners. The Genizah documents reveal that these Jewish merchants were held together in a mutual bond of personal friendship, complete trust and financial interest. In a community of such close-knit ties, the sanction against a defaulting member was the loss of his credit and reputation; a man who was not worthy of trust would quickly exhaust his goodwill.

Moreover, the Genizah documents bring to light in vivid detail the actual conditions under which a community of Mediterranean merchants organised their international business life from North Africa to India. The most interesting revelation of these documents is the activity of Jewish traders from Tunisia, Andalusia, and even Sicily in the trans-oceanic trade. A great number of them were closely involved with western India, moving constantly between the Malabar ports, Aden, and Fustat. The extent to which the Fatimid connections with North Africa had encouraged these merchants to engage in very extended commercial transactions is amply clear from the Genizah documents. But it is also true that the shipment of goods from the Indian Ocean to the Mediterranean West did not take place on the basis of direct connections. The commercial dealings of the Genizah merchants between India and the Maghreb relied on intermediaries..

In fact, Jewish trading stations, linked to Egypt and the Red Sea, can be located in over twenty different places on the west coast of India to the south of Broach, and further in Indonesia. But they were no longer as dominant as in the previous period, and the India trade of the tenth to twelfth centuries was carried out and financed to a far greater degree by Muslims based in the Mediterranean area. Still, Cairo became an increasingly important centre of Jewish mercantile and financial activity. Egypt became the new intermediary between the Mediterranean and the Indian Ocean. In the eleventh century, therefore, merchants from Iraq and Persia were found settling in the Mediterranean area but not vice versa. From 1050 onwards, a large number of Jews began to emigrate from Baghdad to Spain. The Mediterranean in the eleventh century was still, despite Italian encroachments, largely in Islamic hands and Arab-speaking Jews participated in the Mediterranean trade as well.

At the time of the expulsion of the Jews from Spain in 1492, a considerable proportion of Spanish Jewry converted at least nominally to Christianity. Hence, as nominal Christians, they had much more freedom than before. Meanwhile, the bulk of those Jews who left Spain in 1492 migrated either to the Ottoman seaports or else to Portugal (where they were forcibly baptized in 1497). There were the two most decisively situated locations from which to respond to the new commercial opportunities and take part in the reshaping of the world's trade routes. Thus nearly all the Jews and crypto-Jews in the three key maritime and commercial cross-roads of the early sixteenth-century world who were in a position to participate in long-distance trade they could manage it successfully in a new context of freedom, having been liberated from all the usual restraints besetting medieval European Jewry either by the Turks or else by more or less forced conversion. All these Jews and crypto-Jews were of Iberian background, language and culture, and were frequently linked by close social and family

ties. Their background social and family ties helped them to overcome the distances and contrasting conditions they had to negotiate. In the early sixteenth century Portuguese crypto-Jews gained an important share in the burgeoning overseas commerce of Portugal. Spanish-speaking Jews, fanning out from Salonika and Istanbul, rapidly acquired a prominent and in certain respects dominant position in the internal trade of Greece and the Balkans. Again, when Rhodes fell to the Turks in 1523 and Cyprus in 1571, the Ottoman authorities deliberately issued orders for the settlement of Ottoman Jews on those islands as a way of reducing Italian and western Christian influence. No less deliberately, the Sultan forced the ships of the Italian trading republics to leave the Black Sea region and compelled westerners to pay higher tolls and customs than his own subjects in the inland Balkan and Anatolian commercial centres.

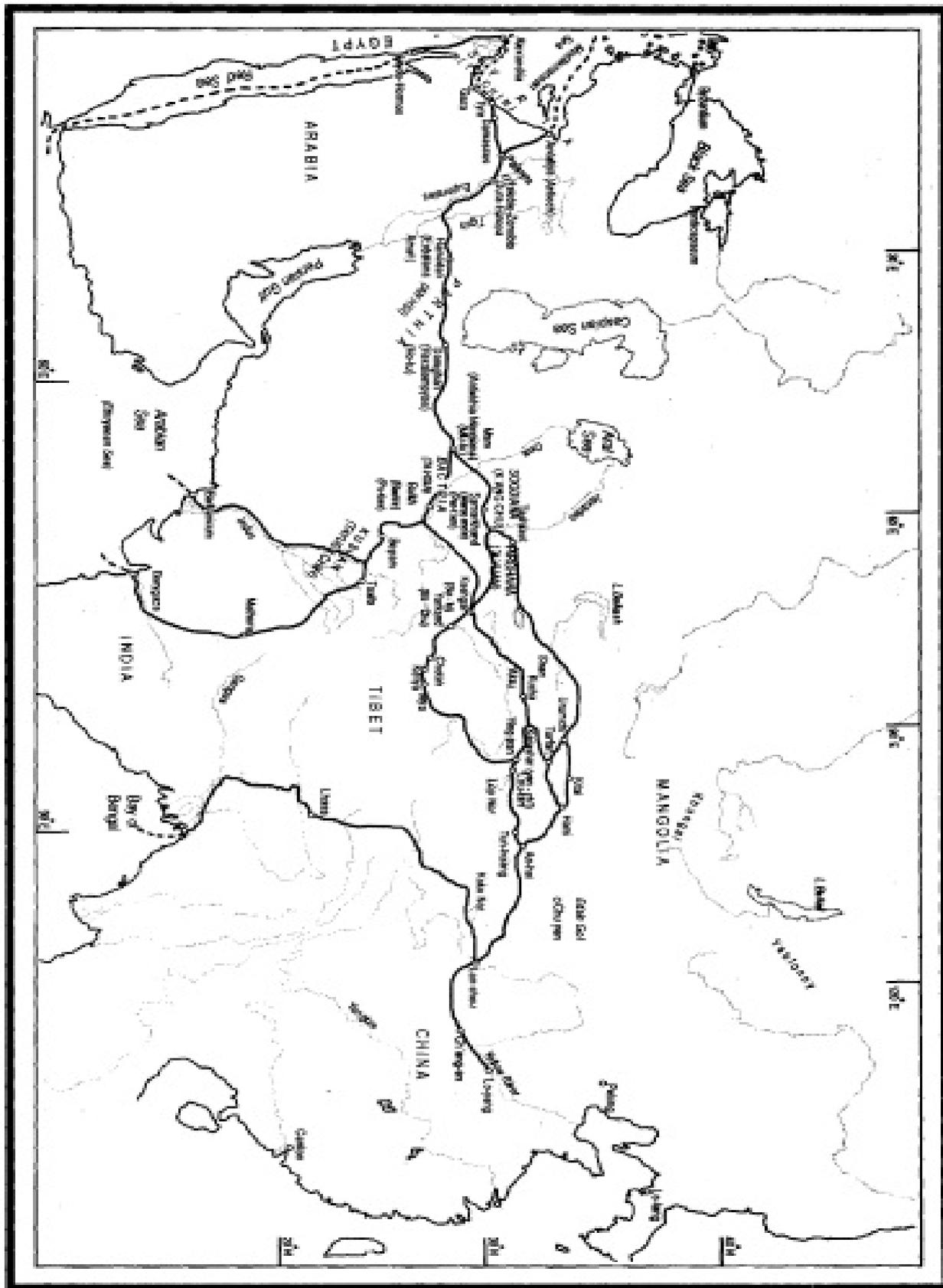
25.4 KARIMI MERCHANTS

If the Cairo Genizah papers richly illuminate the multi-faced life of one community of long-distance traders in the eleventh and twelfth centuries, they also cast some light on a baffling economic organization known as the “Karim”. The Karimi merchants of the Red Sea are mentioned in the Egyptian sources as being actively concerned with the spice trade of the Indian Ocean. However, the word “Karim” also occurs frequently in the Genizah papers in the context of the India trade. It has been argued most convincingly by S. D. Goitein on the basis of materials in those papers that in the twelfth century, the “Karim” was neither a guild of merchants nor a particular branch of international trade but some sort of annual convoy or a sea-borne caravan. Though Goitein provides no explanation for this, we can only speculate as to why there should have been such an organization at this time in the history of Indian Ocean trade. There is no doubt that the total volume of Euro-Asian trade had become very considerable between AD 1000 and 1300. This would have made the ships and cargo of individual merchants trading by sea to India very vulnerable to pirates and political taxation. A convoy system organized by wealthy merchants may have been in a position to buy protection from the political rulers of the Middle East and to organise better protection against attacks by the pirates of the Indian Ocean. There is evidence to suggest that Karim merchants organised their trade from port at Quresia-al-Qadim on the Red Sea Coast of Egypt. This trade was frequent with Yemen, South Arabia and India. They dealt in pepper, spices, wheat, rice, sugar, silk and textiles.

25.5 SOME OTHER MERCHANT GROUPS OF ASIA AND EUROPE

The brisk trading activities of the medieval world brought into prominence a number of merchant groups and communities other than Armenians and Jews.

Sogdian merchants were one of the dominant groups in the trade of early medieval period. They were people of Iranian origin and inhabitants of Central Asia (more precisely the present regions of Uzbekistan and Western Tajakistan). They were highly skilled in crafts, as interpreters, horse breeders and craftsmen. Sogdians were among the first translators of Buddhist texts into Chinese. They generally followed Zoroastrian beliefs system. Their presence in China is recorded before the beginning of the Christian era. Their colonies were spread



in West parts of Central Asia, China, even Ceylon and other places on the maritime trade route between India and China.

Sogdians completely dominated the Silk Road one of the important trade route spacing around 7000 kilometers which developed from China right across Asia to the eastern Roman Empire to the shore of Mediterranean. The Sogdian language was the most spoken language on the route. The trade on the route declined by the end of 9th century and was abandoned by the 14th century. The Sogdian dominance was most evident from 4th to 9th century A.D. The Silk from China was the most important trading commodity traded by Sogdians. The other items of trade by Sogdians were linen, pepper, silver and musk.

The Chinese merchants got involved in the maritime trade in a big way from 10th century onwards. Their knowledge of geography, astronomy, invention of compass and technology of ship building gave them an edge. However, the government in China exercised a lot of control over overseas trade closely monitoring all imports and exports. Song dynasty (960 – 1279) encouraged trading activities. Their trade relations were with Champa, Khmer empire, port cities of Sumatra and Malay Peninsula. In late 13th century Marco Polo had all praise for Chinese ships. Ibn Batuta (travels in Asia and Africa 1325 – 1354) describes their ships in details and says, “There is no people in the World wealthier than the Chinese”. It was, however, during the Ming period (1336 – 1644) that the big boost was given to Chinese traders. In 1405 Ming emperors founded marine expedition for business as well as collecting tribute. The ships were loaded with silk and porcelain. They visited ports around Indian Ocean. Here Arab and African merchants exchanged spices, ivory, medicines, wood and pearls. Cheng Ho or Zheng He (1371 – 1433) led the expedition with a fleet of more than 300 ships with around 27800 sailors and soldiers. In all from 1405 to 1433 Cheng Ho made seven such expeditions covering around 50000 kilometers and touched 37 countries through South East Asia, Arabia and Africa. These expeditions helped in forging trading links over a vast region. Such expeditions were in a way an attempt to keep the trade out of private hands. The Chinese government gave freedom to private merchants from China for trading in 16th century only.

The Venetian merchants were also one of the important groups involved in overseas trade. They had their trading ventures from 12th century in Egypt but from 13th century onwards they started penetrating into Muslim territories in a big way. The Ayyubid rulers of Egypt granted them trade privileges in Egypt and Syria. Though there was a break in between because of the prohibition on trade with Egypt by the Church (in the wake of crusades). The Mamluks who replaced Fatimids in the middle of the 13th century granted fresh privileges. In the 14th century the Venetians developed trade with Cyprus, Armenia, Persia and Black sea region. (The second half of 14th century the trade got set back with renewed crusade by the king of Cyprus). The Venetian trade was restricted to the coastal areas from where the Jewish and Muslim traders carried it over land to interior area.

Portuguese merchants as a group dominated the trade in the region of Latin America in the 16th century. They penetrated into areas of domination under Spain and Portugal. They controlled trade in Mexico city, Lima, Santo Domingo, Cartagena (Colombia), Panama, Buenos Aires etc. in the region. Apart from bringing merchandise they established shops also in the markets.

The main items carried by them to these regions were Sugar, rice, fabrics, black slaves and gold. They returned mainly with silver.

25.6 MAJOR BUSINESS COMMUNITIES IN INDIA

In medieval India the trading activities were very well developed and large scale trade was carried both inland and overseas. Highly specialized business communities had emerged. There were different groups of merchants dealing in specific commodities and regions. There were some groups who dealt in trading between hinter lands and towns while some others as big merchants in towns. Still other groups were involved in long distance trade over land or seas. In this section we will discuss these varied business communities and their organisation. We begin with banjaras the indigenous traders who were always on the move with the commodities they traded in.

25.6.1 Banjaras

The two major business communities in medieval India were the Banjaras (long-distance transporters) and Baniyas (village and town merchants). The Banjaras combined pastoralism and the carrying trade. Their role in Indian agrarian commerce was extremely important. The basis for the trade and, indeed, for the existence of the Banjaras lay in conditions of inland transport. Goods were carried on boats and carts, and by camels and bullocks. A bullock could travel quite fast but it would normally be more expensive than a cart. However, when the pack-oxen travelled slowly, grazing as they went, and were assembled in herds so as to reduce the cost of watching and guiding them, the expenses of transport were so greatly reduced as to make the cheapest form possible. Here was thus the opportunity for groups of cattle breeders who had large herds of oxen. They could travel with their herds over long distances, moving slowly and having their beasts graze directly off the land. They had to move in large groups for safety, and were kept together by strong clan ties and subordination to headmen.

Organisation of Banjaras and Their Trading Activities

It is possible to construct a fairly detailed account of the Banjaras from contemporary sources. The Mughal emperor Jahangir (1605-27) noted in his memoirs that that the Banjaras are a “fixed class of people, who possess a thousand oxen, or more or less, varying in numbers. They bring grain from the villages to the town and also accompany the army. With an army, there may be a hundred thousand oxen, or more.” Peter Mundy (1632), an English traveller, calls the moving assemblage of the Banjaras a “Tanda”. He wrote that the Banjaras carried all their household along with them, as also their wives and children, and that a “Tanda” consisted of many families. In such a “Tanda” there might have been 6 or 700 persons including men, women and children. Usually, they travelled 6 or 7 miles a day. Mundy further added that they normally traded on their own account. Their oxen were their own. They were sometimes hired by merchants but most commonly they were merchants themselves, buying grains where it was cheap and carrying it to places where it was dearer. Again, from there they would buy anything such as sugar, salt, butter, etc. that could be profitably sold in other places.

It seems that the Banjaras often depended on credit. Certain verses in the *Guru Granth Sahib* depict them as factors of a great merchant-banker (*sahu*), obliged to buy only such goods as would have his approval. It is difficult to estimate the quantities involved in the trade carried on by the Banjaras. Thomas Roe (1615) met on his journey from Surat into Khandesh as many as “10,000 bullocks in one troop laden with corn, and most days, others, but less”. Mundy once met a “Tanda” or Banjara of oxen, laden with such grains as wheat, rice, etc. Two days later, he encountered another “Tanda” of oxen, numbering 20,000 and laden with sugar. Tavernier, (1650’s) the French traveller, spoke of the “astonishing sight of 10,000 or 12,000 oxen together, for the transport of rice, corn and salt”. According to Mundy, each ox in a Banjara convoy carried between 265 and 280 lb. av.; a little larger load is reported by Tavernier. Thus it seems that despite the slow speed, the quantities of the relatively cheaper goods they moved, essentially for the mass market, must have been considerable.

As regards the structure and customs of the Banjara communities, Tavernier tells us that they were “idolatrours” (Hindus), and their “four tribes” were distinguished by the goods they carried, namely, corn, rice, pulses and salt. Their women tattooed their skin from the waist upward. They had priests and had a serpentlike idol carried on a staff placed on a special ox. There is no doubt that Tavernier’s account, though essentially correct, has many inaccuracies. Not all Banjaras were Hindus. Muslims constituted an important segment of the Banjaras in northern India. Although some Banjara communities were traditionally associated with trade in certain commodities, like the Labanas with salt, the Multanis with grain, and the Mukeris with wood and timber, it is clear that most of them had no inhibitions about carrying anything that yielded a profit. Again, the origins of the Banjaras were perhaps various, they being divided among different endogamous communities (castes) with different traditions, customs, beliefs, and rites. To European observers, the Banjaras often seemed to recall the gypsies. Superstitions of all kinds, including suspected witch killings and sacrifices, reinforced the gypsy image of the class. The similarities stemmed from the conditions in which the Banjaras lived. But unlike the gypsies, there was nothing primitive in the work they did, which was to undertake as both carriers and merchants the transport of food grains and other bulk goods.

At first sight, the operations of the Banjaras might seem to be those of the “peddlers” of Van Leur’s definition. No trace of communal possession of cattle has been found among the Banjaras, and Mundy and Tavernier refer to their being owners as individuals. Their joining in large groups led Tapan Raychaudhuri to comment that “here we have an instance of peddling trade organized on a massive scale”. But it is doubtful whether just anyone could join a “Tanda” at his own discretion. The headman’s authority over the “Tanda” extended to what goods they were to carry and where. Such unified operations would enable the Banjaras’ trading to be conducted on more informed lines and with much greater effect than would have been the case if each individual made decisions on the basis of rumour or intelligence available to him. Thus perhaps one may think of the “Tanda” not only as an instrument of security for its members but also as a primitive substitute for a joint-stock company.

25.6.2 Baniyas and Other Merchant Groups

Baniya was used as a generic name for business communities in larger parts of India. They belonged to various casts and sub-castes specific to different regions and with certain amount of mobility. Here we are including all indigenous business communities under *Baniyas*. However, we will provide specific names and business interests of different groups falling under this category.

Though the Banjaras were quite important for inland trade, they represented only a subordinate sector in the commercial world. Medieval India had a very large mercantile class, the bulk of it composed of castes, or endogamous communities, which had been so marked a feature of Indian society. Among these communities, the sub-castes grouped under the name Baniya were prominent. According to Abul Fazl (1595), the Baniyas were divided into 84 sub-castes. The claim of one group to its status is generally recognized by other Baniya sub-castes. The recognition transcends religious affiliation to the extent that a large section of the Baniyas in Gujarat and Rajasthan has professed Jainism for centuries.

Spread of Merchants in India

The Baniyas were spread over most of northern India and a large part of the Deccan, where they dominated the commercial world. Only in Punjab proper did the rival caste of Khatri keep them at bay; and they did not penetrate southern India. The Khatri were a vigorous Hindu urban community engaged in trading activity not only in the Punjab but also in Afghanistan, Central Asia, etc.

But the Komatis in Golkunda kingdom seemed to an observer to be “Baniyas transplanted and grown up in this country by another name”. There is no doubt that in South India, the Komatis in Andhra Pradesh and the Chettis/Chettiers of the Tamil country were the most important trading communities. They pervaded the whole of their native regions and were also found operating in neighbouring areas. On the Kerala coast there were no important elements among indigenous Hindu castes who were engaged in trade. Moplas who were Muslims of mixed Arab and local descents were important in trading, especially in inland trade. To some extent, the local Syrian Christians also were engaged in trading activities. There was also the localized but highly important community of Cochin Jews.

The sub-castes of the Baniyas were defined by endogamy and restrictions on dining with members of different sub-castes, as seen with some acuteness by Ovington (1696). However, Ovington spoke of 24 sub-castes but the more traditional figure was 84, as given by Abul Fazl. The *Mirat-i-Ahmadi* (1761) actually gives us the names of 84 sub-castes of the Maishri and Saravag *baqqals*, that is, the Hindu and Jain Baniyas of Gujatr. In fact, throughout the country, the Baniya sub-castes were far more numerous than 84, and the major sub-castes are much fewer than 24. It may be probable that there had been considerable movements of the sub-castes over time. The author of the *Mirat* correctly noted that they were “mostly named after places, villages and settlements”. The Agarwal, widely spread in different parts of the country, is said to have originated in Agroha in Haryana, and the Oswal, with perhaps even a larger spread, in Osi in Marwar. Some of the Baniya families remembered

the original seats of their families. Banarasidas (end of 16th Early 17th century) who was of the Srimal sub-caste, traced his sect (*gotra*) Biholia to Biholi (near Rohtak), was himself born at Jaunpur and married to a family of Srimals settled at Khariabad (central U. P.)

In the course of time, undoubtedly, certain sub-castes became more prosperous than others. In the thirteenth and fourteenth centuries, the Multanis (from Multan in Punjab) were the richest merchants and bankers of Delhi. But it cannot be said for certain whether they were Baniyas or Khatri. In the eighteenth century, the name came to stand for Hindu merchants trading in Islamic countries and, presumably thence, for a community of Lohana shroffs (bankers) settled at Bombay. In fact, the Lohanas seem also to have their origin in western Punjab but they moved to the west and south through Sind and later to Kutch, and still later to Saurashtra and Bombay. The emergence of the Marwaris, a major group of Baniya sub-castes tracing their origins to Marawr in Rajasthan, can be traced to early seventeenth century. Of them, the Oswals were widely spread in different parts. Banarasidas not only mentions them in Agra, the then Mughal capital, but also tells us that even in a small city like Fatehpur, west of Allahabad, there was, around 1598, a quarter inhabited by Oswals. Santidas Sahu, the great merchant of Ahmedabad, and jeweller to Emperor Shah Jahan, was an Oswal.

The spread of merchants in different areas shows that a few groups more dominant in some regions. Baniyas, Bohras and Parsees in Gujarat; Hindu and Jain Marwaris in Rajasthan; Khatri in Punjab and North India; Chettis and Komatis on the east coast; Muslim merchants, probably of foreign origin in Gujarat, Deccan and Bengal were a few such important groups.

Organisation of Merchants

It is possible that a sense of solidarity among members of a sub-caste may have helped in maintaining its prosperity, whereas another similar group might decline for lack of it. In the original settlement of the Agarwals at Agroha, so the tradition went, if a member of the community failed, each of the other members came forward with a brick and five rupees to enable him to reestablish his shop. The sub-caste identity existed alongside a very real sense of oneness of the entire Baniya caste. There was, first of all, no bar to members of different sub-castes of Baniyas forming close business relations. Thus Kharagsen, a Srimal and a Jain, had partnership with Ramdas, an Agarwal and a “worshipper of Siva” for conducting jewel trade at Jaunpur (1576). Kharagsen’s son, Banarasidas had a partnership at Agra with Dharamdas, an Oswal, and later worked as a factor of a *sahu* of the Mauthia sub-caste. Thus in addition to sub-caste solidarity, there was a larger sense of fraternity among the Baniyas, enabling them to join together in commercial enterprises irrespective of sect or sub-caste. In the same spirit, certain codes had been developed to conduct their collective activities in case of emergencies. This was reflected in the common action by the members of the entire Baniya caste in the form of closure of shops or even departure from a place, when roused by a grievance as happened in Surat in 1716 and 1769.

In several cities, especially in western India, the Baniyas organised themselves into *Mahajan* for collective action. The *Mahajan* was rather a shadowy and often ad hoc body of leading men of caste but often represented all the sub-

castes. The control the Baniyas exercised over commerce was certainly aided by such actions of solidarity. But the major reason for their success surely lay in the training they received from early childhood in arithmetic, accountancy, and methods of business, sharpened by constant, acute competition with their peers. As Linschoten observed, “the members of this caste are so subtle and so skilful in trade that they could give lessons to the most cunning Jews”. Single-minded commitment or the capacity for acquisition was the cornerstone of the Baniya’s traditional outlook. In this outlook were married two Calvinistic virtues, namely, thrift and religious spirit. The Baniyas would carefully refrain from display of wealth and not spend lavishly on anything except jewelry for their womenfolk, which was a form of saving. They were equally careful in matters of ritual and prescribed diet.

The world of trade for the Baniya began with the village. The name *baqqal* for him suggests a popular picture of the Baniya as a grain merchant. He was also the local money-lender and advanced loans to peasants at 1.5 to 2 per cent per month. In the towns the Baniyas could be found hawking cloth, cowries or even salt. More characteristic, however, was the Baniya shopkeeper, commonly selling rice and *ghee* to a poor clientele, who often had to ask for credit and expected harsh conditions in return. Shopkeepers are naturally to be distinguished from merchants proper. Among these, first there were the true peddlers. Tapan Raychaudhuri aptly compares the Baniya jewellers Kharagsen and his son Banarasidas to the Armenian Hovannes, Steensgaard’s typical peddler of the Asian markets. Above such peddlers were the larger Baniya merchants, respectfully styled *sahs*. Through advances, they committed artisans as well as peddlers to work in their interest. The system of advances to artisans, binding them to work on orders of the merchant and sell at his price, was an established system.

Among the Baniya merchants, a process of specialisation led to two distinct lines of commercial activity, those of brokers (*dalals*) and shroffs (*sarrafs*). K. N. Chaudhuri notes that the institution of conducting business through brokers was unknown in south India, but elsewhere it was all pervasive, and the Baniyas dominated the profession. They had no inhibition against acting as brokers for anyone. According to Pelsaert (Agra, 1626), the Hindus acted as brokers to all the Muslim merchants. The European companies too invariably had to make use of their services.

The shroffs were practically all Hindus, and, in large all part, Baniyas. Evidence has yet to turn up of the existence of a single Muslim shroff. The shroffs were money-changers, dealers in bills of exchange, deposit receivers, and insurers. “In India”, says Tavernier, “a village must be very small indeed if it has not a moneychanger called ‘cheraf’, who acts as banker to make remittances of money and issue letters of exchange.” The very specialized profession of shroff led to a separation between them and other Baniya merchants. A classic example of the fact that divergent professional interests could divide the Baniya class vertically was the incident which occurred at Ahmedabad in 1715. There matters came nearly to armed conflict between the merchants led by the *nagarseth* (“town merchant”) Kapur Chand Bhansali and the shroffs led by Hari Ram, factor to Madan Gopal, the head of the shroffs (then at Delhi), over the issue of an increase in the deduction called *anth* that was made when cashing bills.

The Baniya usually appears as an individual merchant, broker, or banker, but

the family often acted as a firm, with joint investments and profits. Tavernier, speaking of the brokers, gives a lively description of the family firm: “the brokers are commonly, as it were, chiefs of their families, for whom they hold all the joint property in trust to turn it to account. For that reason those qualified by years and experience are selected [the chief].” Descriptions of individual firms are unfortunately hard to come by. A second form of organisation was the pure partnership firm, where kinship was not involved. For example (as we have already seen), the Srimal jewellers, Kharagsen and his son Banarasidas, formed partnerships with men of other Baniya sub-castes who were unrelated to them. But we have no evidence that the Baniyas developed institutions similar to the joint-stock firms of the Europeans.

But absence of joint-stock companies did not prevent the growth of large Baniya firms, whether of the individual, family, or partnership type. In such a firm the *sahu*, or principal had a number of factors (*bapari* or *vapari*). The merchant’s house, including the warehouse, was called *kothi*. The merchants had factors placed at great distances inland. Pelsaert tells us that “some wealthy banians of Agra maintain agents in Golconda to buy diamonds and spices, which their people in Masulipatam send” to Agra. He regretted that the Dutch had no agents at Golconda to warn them of the quantities of goods being sent thence to Agra so that they could be forewarned like the Indian merchants, who received the required intelligence from their agents. Here, then, there is an interesting inversion of the picture presented by Steensgaard of the well-informed European companies and ignorant, rumour-fed Asian peddlers.

Tavernier tells us that letters of exchange on Agra could be given from Surat, Dhaka, Patna, and Benaras, and we may assume that there were many shroffs with factors at Agra and also that at the other places. This is the implication too of bills being drawn on Surat from (besides Agra) Lahore, Ahmedabad, Sironj, Burhanpur, Golconda, Bijapur, and other cities. The shroffs must have had factors at Surat as well as the other places. Similarly, the Baniya merchants of the ports had factors overseas. Baniya merchants of Surat maintained factors at Gombroon in the Persian Gulf. In the Red Sea, the Baniya factors were probably more numerous.

The conduct of trade in India was greatly assisted by the system of brokers’ services, mainly supplied, by the Baniyas. The brokers performed all kinds of services for the merchants, from arranging the sale and purchase of goods to securing finance. Thevenot (1666), appreciating services of the brokers, noted that they were “so expert in their business, that hardly any body can be without them”, and that they “reject no service, whether honourable or base, and are always ready to satisfy those who employ them”. Still more interesting techniques adopted by the Baniyas were in the financial field, where the shroffs operated. The shroffs accepted deposits of money and there thus developed what can be called deposit banking. Sujan Rai (1695), the author of *Khulasatu’t Tawarikh*, cited this practice as an instance of “the honesty of the people of this country”, because “even when a stranger and unfamiliar person deposits hundreds of thousands in cash, for safekeeping, with the *sarrafs*, those righteous ones repay it on demand without any evasion or delay”.

The quotations of a commercial rate of interest, or the rate (per month) the shroffs and merchants charged other merchants (seemingly without any barrier of caste and community), signify a fair development of commercial finance.

One major instrument of extending short-term credit, combined with a transfer of funds, was the bill of exchange, called the *hundi* or *hunwi*. Sujan Rai tells us that the bill was fully saleable. The Indian practice was different from the European in that in India those who had discounted a *hundi* and the sold it became liable if the drawee failed to honour it.

25.7 SUMMARY

In this Unit you studied about major communities in medieval period who dominated the trading and business activities. We covered the social organisation, business expertise and trading organisations of these business communities.

All the business communities and their diasporas whether the Armenians, Jews, Indians, Greeks, Arabs and the Chinese in the medieval world shared certain key features which explain why they succeeded in such remarkable ways in establishing enduring commercial networks over vast areas in the Eurasian continuum. A high degree of confidence, great trust among the members of the same community and the reduction in transaction costs through a scattered but well-knit international community which possessed a distinctive culture, religious tradition and communal institutions particular to itself was largely shared alike by all these business communities. At the same time there were certain dissimilarities in the trading networks of the various business communities. For example, while the Jewish people concentrated more on the maritime activities, the Armenians were involved mostly in overland trade.

Indeed, the ability of the Armenians and Jews as also the Indians to thrive on low profit margin, their readiness to deal in any commodity and move into even remote producing centres when there was the prospect of a profit, their ability to adapt themselves to the language and culture of their trading country without losing their own identity were some of the important factors behind their phenomenal success in inter-regional and international trade in the medieval period.

The discussion ends around mid-eighteenth century when several important developments took place which changed the pattern of trade as also the role of the traditional business communities. Of these, the decline of three great Muslim empires – the Mughal, Persian and Ottoman – in the early eighteenth century was a great setback to the Jewish and Armenian business communities in the whole of the Eurasian continuum. The invasion of Persia by the Afghans in 1722 dealt a severe blow to the Armenians of New Julfa and after which many of the prominent Armenian merchants migrated to other countries. The Jewish business community too suffered greatly because of the disintegration of the empires.

In India, though the Banjaras were quite important for inland trade, they represented only a subordinate sector in the commercial world. Medieval India had a very large mercantile class, the bulk of it composed of castes, or endogamous communities, which had been so marked a feature of Indian society. Among these communities, the sub-castes grouped under the name Baniya were prominent. It is possible that a sense of solidarity among members of a sub-caste may have helped in maintaining its prosperity, whereas another similar group might decline for lack of it. The sub-caste identity existed

alongside a very real sense of oneness of the entire Baniya caste. There was, first of all, no bar to members of different sub-castes of Baniyas forming close business relations. Thus in addition to sub-caste solidarity, there was a larger sense of fraternity among the Baniyas, enabling them to join together in commercial enterprises irrespective of sect or sub-caste. In the same spirit, certain codes had been developed to conduct their collective activities in case of emergencies.

25.8 EXERCISES

- 1) Give a brief account of the trading network of Armenian merchants.
- 2) In what ways the Jews dominated the business activities in medieval world?
- 3) How Banjaras were unique as a trading group in India?
- 4) Discuss in brief various business groups of Baniyas in India.
- 5) Account for the success of Armenians as a business community.