

Lesson-- 5

Mercantalism and Advent of the European Traders to India



Learning outcomes :

Student's will–

- ★ know the reasons why the European merchants came to India.
- ★ get an idea about trade and commerce.
- ★ learn about the European business establishments set up in different parts of India.
- ★ be introduced to the social, economic and cultural changes that occurred during the European colonization of India.
- ★ analyse European intervention in the internal matters of different states of India.

Since ancient times India had relations of trade with western countries and was known in Europe as the land of immense wealth and prosperity. Indian spices, silk clothes, metal goods, gold, silver and precious stones had a good market in medieval Europe. These commodities reached Europe through both land and waterways. However, when Constantinople (Istanbul) was captured by the Turks in 1453 A.D., they closed the trade route to the east and the Europeans had no alternative but to search for a new sea route to India and China.

After the renaissance in Europe, the kings of Spain and Portugal had always encouraged their sailors to discover new sea routes. The search for the new route to reach India and her wealth had left Columbus to accidentally discovered America in 1492 A.D. and a few years later in 1498 A.D., Vasco da Gama reached the port of Calicut to establish direct trade with India.

This competition in trade inspired The Other European powers also to come to India. The Netherlands, England, France and Denmark had set up their trading houses in India in the 17th century itself and opened a new chapter in the history of India. In this lesson, we will discuss, the arrival of merchants from different countries of Europe for business in India. The discovery of new sea routes encouraged various European nations to trade with prosperous India. Most countries established companies for business in India. The Dutch of the present Netherland, French



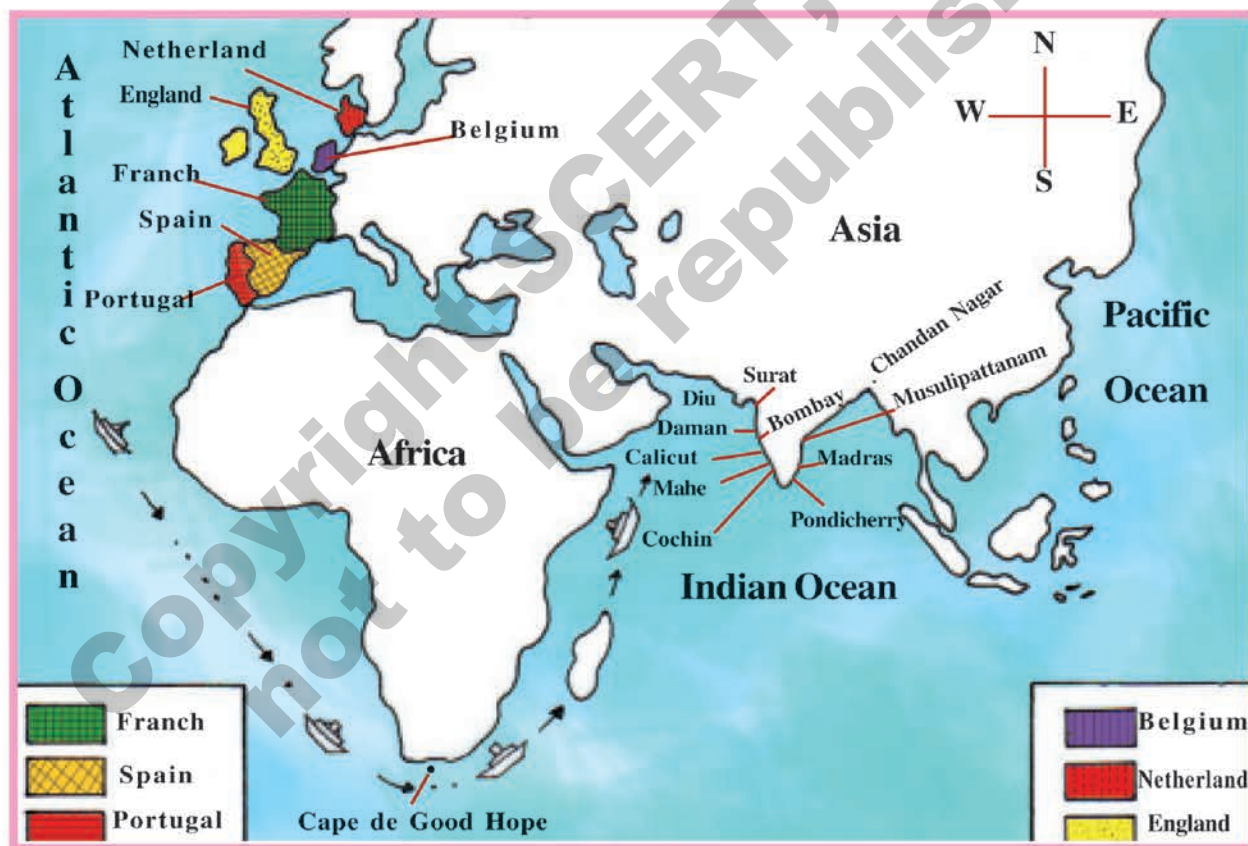
Source: via Britannica

Pic-5.1 Vasco-Da-Gama

East India Company of France and British East India Company of Great Britain set up forts in India in the 17th century. A question arise here is, what attracted these countries towards India? To get this answer we are to go back to Europe of 16th century.

Mercantilism and Europe :

From the 16th to the end of the 18th century the economy of Europe was based on mercantilism. The European countries of those days laid stress on foreign trade. They gave importance to earning of gold and silver through easy and accessible trade to strengthen the economy and the army of their countries. But soon due to the influence of Mercantilism a situation arose where all the countries started to look for a market where they could sell their finished products. This type of economic activities is known as Mercantilism. As a result, most of the European countries concentrated on colonial expansion to foreign lands to find a market for their trade. During that period the economic policy of Great Britain, Netherlands, Spain, Portugal, France, Denmark etc was mainly based on their Imperial policies.



Pic-5.2 Advent of Europeans in India

Activity :

- ✦ What are the European countries that came to India for trade and commerce? Mention them accordingly.

The Arrival of the Portuguese :

The first European merchants to establish trade relation in India were the Portuguese. In 1505, the Portuguese government appointed a governor to guard trade huts. They also established a military base at Cochin and Kinnor respectively. During the later part of the 16th century Goa, Daman and Diu, Salcete and its neighbouring areas were under the Portuguese rule. During their time, the merchants of Goa established relation with the Indian women by marrying them. So, the influence of Portuguese culture is still visible in the social life of Goa. But their influence diminished after other European merchants arrived.

Let us know :

- ★ When nations with money and military strength dominate the weaker countries either by their trade and commerce, culture or war, it is called imperialism. Some rich and powerful countries indirectly establish imperialism by extending economic or military aid to the poorer, independent countries.

The Arrival of the Dutch :

In 1609 A.D., the Dutch (Netherlands) traders built their first fort in **Pulicut**. They occupied Nagpattam from the Portuguese and established their bases of business in Agra, Surat, Musulipattanam, Chuchura in Bengal. They benefitted immensely from India through the business of spices and silk but couldn't stand up to the competition with other countries.

The Arrival of the British :

Like the other Europeans, the English also interested to do direct trades with India. With this purpose, the merchants of the Great Britain formed British East India, a non-Government Company in 1599. In 1600, this company obtained 24 years royal permit from Queen Elizabeth I, to conduct monopolized trade and commerce with the East. According to the permit no other company except British East India Company will be allowed to trade with the East.

In 1609 A.D., the East India Company sent William Hawkins to the Mughal Emperor Jahangir's court to obtain permission to open a factory at Surat. They were refused due to Portuguese influence over Jahangir. In 1613 A.D., however, the emperor granted them the permission to open business base at Surat. Another English merchant Sir Thomas Roe stayed at the court of Emperor Jahangir and received permission to conduct business from Agra, Surat, Ahmedabad and Broach. Yet another merchant Francis Day bought Madras (at present Chennai) from a local *nayak* and opened a factory there and named it Fort St. George. In 1651 A.D., he opened another Factory at Hooghly near Kolkata. In 1661 A.D., King Charles II leased out Bombay (Mumbai) to the East India company which he had received as dowry by marrying A Portuguese princess. During the time of Aurangzeb, the company received permission to open a factory at Kolkata and built Fort William there.

Write Answer :

- ✦ What attracted the Europeans to India?
- ✦ What are the countries of Europe where the economy is based on Imperialism?
- ✦ Which countries of Europe established their business bases in India?



Pic-5.3 Surat Port 17th Century

The sole aim of British East India Company was to conduct profitable trade in India. In 1716 A.D., Emperor Farukhsiyar issued a *farmaan* (dictat) whereby the Company could conduct business in any part of India without paying tax. The *farmaan* also permitted them to

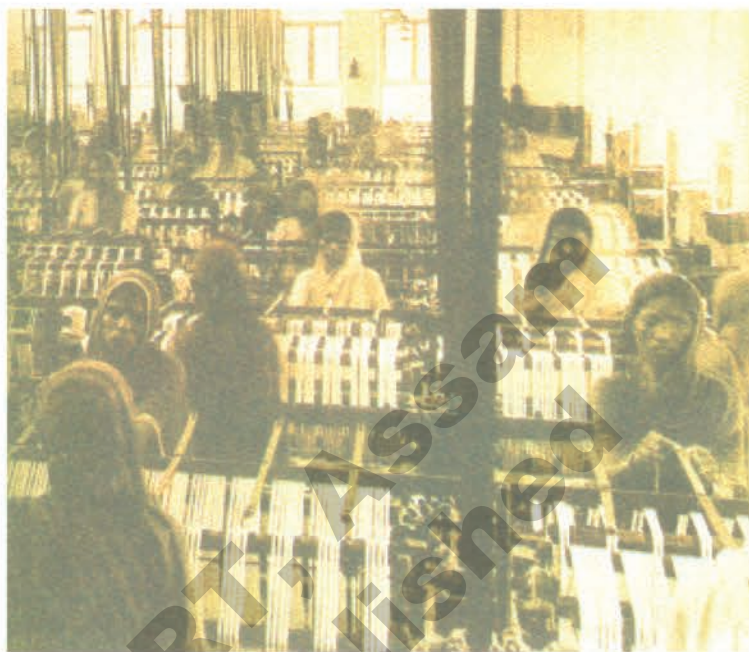
issue and use their own coins. This actually laid the foundation of British imperialism in India.

Some other races that tried to establish trade with India are the Danish, the Prussians, the Swiss and the Austrians. They, however, could not compete with the superior Portuguese, Dutch, French and the English. Finally the English East India Company defeated the European rivals and the Indian states to establish their commercial and political supremacy in India. We will read more on this later.

Let us know :

- ✦ An English doctor William Hamilton had cured an ailing relative of a ruler of Bengal and as a reward the East India Company had received permission to open another business base at Hoogly.
- ✦ The invention of the steam engine had transformed the East India Company to a massive colonial power. The ships using steam engines reduced travel time to a great extent. In the early 19 century, it took six to eight months to sail from England to India but with steam engines it could be accomplished within three weeks. As a result, the English began to come to India in large numbers.

The British East India Company had a monopoly of business in India of tobacco, salt, betel nut, etc. Taking advantage of this monopoly, the employees of the company also indulged in private business which crippled the local industries. They forced the Indian weavers to sell their cotton and silk products at a much lower rate. The middlemen of the company called the *gomostha* also pressurized these weavers to prepare their products according to the company's demands. If they refused, they were severely punished. The weavers were also not allowed to sell their products to any other European buyers. This exploitation made many to give up their traditional occupations and gradually destroyed the local cottage industry of India.



Pic-5.4 Weavers in cotton industry

Activity :

- ★ Imagine yourself to be an Indian weaver under the rule of the British East India Company and write a note on the economic hardships that your family could have faced under their exploitation.

The Arrival of the French :

In the case of trade and commerce and colonization in India, the French were the prime contender of the British. In 1664, the French formed the French East India Company. In 1667, the first French base was established in Surat. It was followed by Masulipatnam, Chander Nagar, Balasore and Cassimbazar. Later on Mahe and Coramandel coast's Karikal also came under the French. Pondicherry, which was conquered in 1674, became the fort of the French and later became its headquarters. The French merchants and the officials used to live there. Even today, Puducherry is home to many French origin and French influence can be seen in the region.

Let us remember :

- ★ The political and socio-economic scenario of India underwent a drastic change by the end of the 17th and the beginning of the 18th century.

- ✦ In 1599 A.D. the English merchants formed the East India Company to trade with the countries of the east and received Queen Elizabeth's permission in 1600 A.D.
- ✦ In 1498 A.D. the Portuguese sailor Vasco da Gama discovered the sea route to India.
- ✦ The European traders had to search for a new sea route to India and China as the Turks had closed the route through which the Europeans conducted their trade with the eastern countries.
- ✦ From the 16th century to the end of the 18th century, the economy of Europe was controlled by their commercial policy which was based on their imperial expansion.
- ✦ The French were the prime contenders to the English colonialism and trade and commerce.
- ✦ Apart from the English, French, Portuguese and the Dutch, the Danish, Prussian, Swiss and the Austrians too had tried to establish trade with India.
- ✦ The *farmaan* issued by Emperor Farukhsiyar in 1715 A.D. benefited the East India Company to a great extent.
- ✦ The cottage industry of India was almost destroyed under British rule.

Exercise:

1. Write short answers—
 - (a) In which year was the East India Company formed?
 - (b) Who first discovered the sea route to India?
 - (c) In which place of India did the Dutch first build their fort?
 - (d) To whom did Charles II lease out Bombay (Mumbai)?
 - (e) Who issued *farmaan* to British East India company?
2. Match the following—

| Group A | Group B |
|-----------------|---------------------|
| Columbus | Portuguese sailor |
| William Hawkins | Portuguese princess |
| Vasco Da Gama | English mediator |
| Charles II | Dutch |
| Pulicut | America |

3. Fill in the blanks–

- (a) In _____ A.D. the British East India obtained the royal permission of Queen Elizabeth I to trade with the countries of the east.
- (b) By _____ the economic activity of a country was controlled by the government.
- (c) In 1661 A.D. Charles II leased _____ to the East India Company.
- (d) In 1715 A.D. emperor _____ issued a *farmaan* permitting the East India Company to trade with India.
- (e) _____ was the main headquarter of the French.

4. State whether true or false–

- (a) The Mughal Empire was strong in the 18th century.
- (b) The British East India Company was the only company to trade with India.
- (c) In 1492 A.D. Vasco Da Gama arrived at Calicut.
- (d) The indulgence of the employees of the British East India company in private business crippled the local industries.
- (e) Mercantilism encouraged colonialism.

5. Discuss in groups and prepare notes on the following topics–

- (a) The reasons behind the entry of the European merchants into India.
- (b) What do you understand by mercantilism? What is the relation between mercantilism and colonialism?
- (c) The influence of the European traders on the social and economic life of India.

6. Draw a map of India and insert the trade centres of the Portuguese, Dutch, English and French.

7. Make a list of the cottage industries that existed before the English entered India.

8. “The period from the end of the 17th and the beginning of the 18th century played a significant role in Indian history.” Explain the significance of the sentence.

