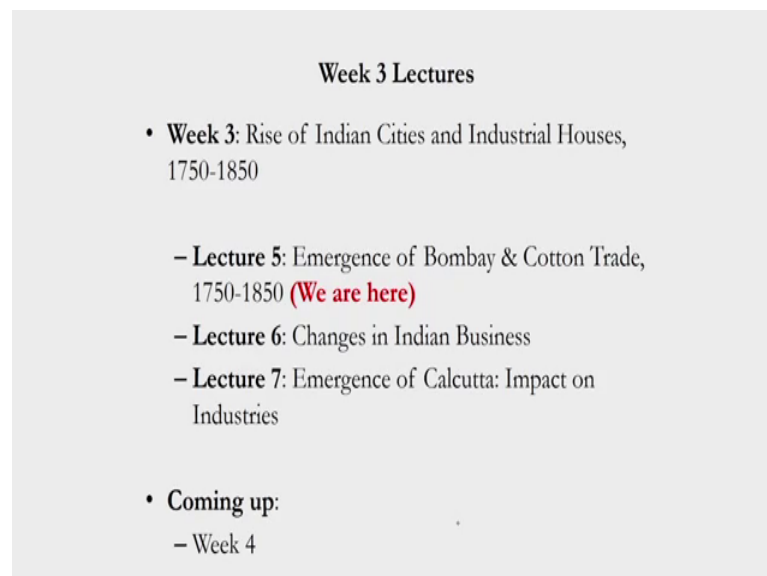


Indian Business History
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Lecture – 05
Emergence of Bombay & Cotton Trade, 1750-1850

Hello and welcome to Indian Business History. I am Dr. Vipul Dutta and this is lecture number 5. The title of this lecture is Emergence of Bombay and Cotton trade, from 1750 to 1850.

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Week 3 Lectures

- **Week 3:** Rise of Indian Cities and Industrial Houses, 1750-1850
 - **Lecture 5:** Emergence of Bombay & Cotton Trade, 1750-1850 (**We are here**)
 - **Lecture 6:** Changes in Indian Business
 - **Lecture 7:** Emergence of Calcutta: Impact on Industries
- **Coming up:**
 - Week 4

A brief outline to give you an idea of where we are located currently in this online course. So, lecture 5 corresponds to week number 3 of this online course and the general theme of week 3 will be the rise of Indian cities and industrial houses, in this roughly 100 year period between 1750 to 1850.

The third week of this online course comprises three lectures. So, lecture 5 which is today is the emergence of Bombay and cotton trade from 1750 to 1850; lecture 5 will be followed by lecture 6 which will be a general discussion on the changes in Indian businesses in this roughly 100-year period.

And, lecture 7 which is the third lecture in week three will be about the emergence of Calcutta impact of specific industries on the rise of Calcutta as an important city in India.

The week after this obviously, will be week 4 and we will get to it once we reach at that point.

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Recap from Lecture 4

- New economic partnerships emerging: Not necessarily equal in nature: "Agency Houses"
- Wide range of business operations across different sectors. New crops and commodities favoured over others.
- New modes of raising capital for economic and business functions. "Joint-stock"
- New forms of social and cultural engagements: Social Reform Movements etc.
- 1820-1840s: Decline of Agency Houses
- Growing political consciousness of the unequal terms of trade.

As always I will offer a brief recap from what was discussed in lecture number 4. I will give you a broad assessment of the ground that was covered in the previous lecture just to be able to set a context for the themes that we will be discussing in detail today.

So, lecture 4 discussed primarily the rise, emergence, consolidation and the eventual decline of the agency houses in India. The agency houses were responsible for generating new economic partnerships amongst Indians and the British people. These partnerships were not equal in nature. So, some amount of capital invested in the management of these agency houses was Indian, but the vast majority of capital and the vast scale of business operations carried out by the agency houses was mostly European and British to be specific.

The agency houses have been variously described as financial institutions, as financial repositories they have often been termed as banks run on modern European lines in the Indian subcontinent. But, one particular category does not really adequately define the vast scope of businesses that the agency houses carried out at this point.

They ran a wide gamut of operations: from extending loans to capital for existing and new businesses, and they also indulged in private businesses of their own. More

importantly agency houses were also responsible for remitting money earned in India back to households and banks in Britain. So, as far as remittances and generating financial seed money for other businesses is concerned, yes, the agency houses fulfilled that role what banks do today or have done in the past.

Yet the complicated context obtained in subcontinent in the last 100 years, that we discussed in that lecture, does not really do full justice to the complicated financial landscape in which agency houses found themselves in. Also the decline of agency houses happen due to their own internal contradictions. So, mismanagement of capital, embezzlement of funds and tough battles with existing indigenous sources of revenue and finance also contributed to the decline of the agency house system in the Indian subcontinent.

With the arrival of agency houses and the money that they made available to different Indian businesses in this period, a wide range of business operations took off in different sectors. So, new crops and commodities were favored over others. And this priority given to certain crops and certain agrarian styles changed the whole agrarian history of this period. Cultivation of indigo, cotton and another such cash crops brought together vast multitudes of people together either as cultivators, peasant proprietors or as management of big firms in the Indian subcontinent.

So, the prioritization of one style of crops, plantations, or commodities with a view towards augmenting ones personal income change the whole agrarian landscape of the Indian sub-continent as we know it. Then we also discuss new modes of raising capital for economic and business functions. The chief mode of raising companies of finding new industries at this time was through the medium of the joint stock model. This joint stock model was new to the vocabulary of Indian businesses in this period and it basically meant raising public funds for the starting up of new businesses from the existing public.

So, the management, accumulation, and disbursement of money raised publicly for a wide variety of businesses was a novel feature of the business history of this period. As a result of greater business activities, as a result of coming together of different kinds of people from different regions with a common pursuit to earn more money or to start and

invest in new businesses with a view to augmenting personal or institutional incomes a new kind of social and cultural engagement is also noticeable.

So, social reform movements of this period which basically was the coming together of religious leaders, or community leaders to try and align their own followers or the communities alongside the sensibilities of the European class in India or to reform certain traditions or customs within ones own community at this point was a result of the moderating influence of western education on different sectors at this point.

While social reform movements are happening, while people are coming together from diverse backgrounds and making sense of the enormous complexity of the business landscape at this point, by 1840's a sharp decline of the agency houses becomes noticeable. This is due to its own internal contradictions, due to the financial mismanagement of its capital resources, but by the 1840's the agency houses, as they stood in the subcontinent, were no longer as influential as they were when they first started dotting the landscape.

As a result of the repeated disruptions and recessions that were getting hardwired into the Indian economy at this time you see the growing political consciousness of the unequal terms of trade that was being now noticed by several Indian people associated with these trading organizations. There was a growing realization amongst different Indian political, social, and cultural circles that the business model the economic ideas perpetrated by the East India Company or the agency houses or the numerous other people informally associated with these kinds of organizations did not really see eye to eye with the sensibilities that existed within India as far as trading business is concerned.

So, the unequal international terms of trade that India was now being co-opted into was something that was getting politically noticed by many Indians in the subcontinent in this period.

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Important Themes for Week 3 (Lectures 5, 6, 7)

- What conditions gave rise to such urban centres as Bombay: Economic, Political etc.
- Role of business capital in the economic & political life of Bombay & Calcutta: Changes and Trends
- Emergence of Calcutta as an important urban centre

There are a few important themes that we will discuss as part of week 3 lectures. So, as I said week 3 comprises three lectures and some of the broad themes that we will be discussing throughout these lectures for the duration of week 3 are as follows. The first important theme that we will discuss for week 3 is an examination of the conditions that gave rise to such urban centers as Bombay and Calcutta.

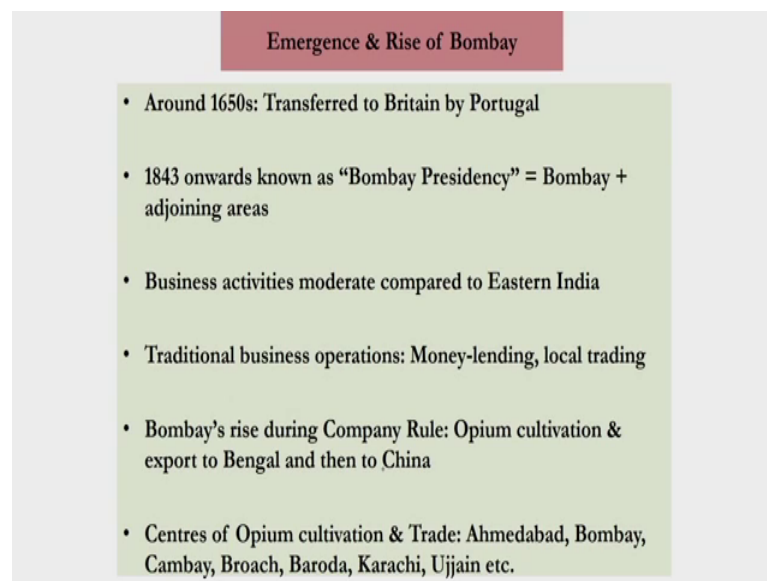
This particular lecture will be focused on the rise of Bombay, yet the running theme for week three will be the investigation of a general pattern of urbanization that was noticed in the Indian subcontinent from 1750 to 1850. While we are studying the conditions that gave rise to urban centers in India, we will do a detailed analysis of the economic factors and the political factors that made urbanization a practical reality in the Indian subcontinent during this time. The other important theme for this week, and indeed for the lectures within this week, will be the role of business capital in the economic and political life of Bombay and Calcutta.

We will compare, investigate and study some of the important changes and trends that have dotted the landscape of business operations in these two very important cities of this period. While we are charting the trajectories of business capital and economic operations in Bombay and Calcutta, we will also be delineating certain social, cultural and infrastructural developments that came up as a result of these intensive business activities in these two cities.

The final lecture of this week which will be lecture 7 will discuss the emergence of Calcutta as an important urban centre we will chart a brief history of Calcutta as an urban centre and we will discuss the role of specific industries and certain sectors that have contributed enormously to the development of Calcutta as this great metropolis that drives India's economic fortunes to this day. So, the general running theme for week three will be a detailed analysis of the patterns of urbanization that have dotted the map of the Indian subcontinent, in specific relation to the businesses that have characterized the growth as important urban centres.

Needless to say we will look at the relationship between Indians living in the city and their interactions with the East India Company. We will also look at how people living in these cities interacted with the general emergence of a European class in the Indian subcontinent at this point. And more crucially, we will look at the kind of cultural, institutional and social developments that came up in the wake of the greater economic integration of these cities in to be business history of this period.

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The slide features a title 'Emergence & Rise of Bombay' in a red box at the top. Below it is a light green box containing a bulleted list of six points. The text is as follows:

- Around 1650s: Transferred to Britain by Portugal
- 1843 onwards known as "Bombay Presidency" = Bombay + adjoining areas
- Business activities moderate compared to Eastern India
- Traditional business operations: Money-lending, local trading
- Bombay's rise during Company Rule: Opium cultivation & export to Bengal and then to China
- Centres of Opium cultivation & Trade: Ahmedabad, Bombay, Cambay, Broach, Baroda, Karachi, Ujjain etc.

We begin our story of the emergence and rise of Bombay city at around mid-70th century, when Bombay which was partly a natural harbor was transferred to British control from its erstwhile rulers which was the Portuguese. As part for royal marital alliance between the royal families of Britain and Portugal, Bombay's transfer was part of a larger European political context in which territories and regional areas were

transferred between different colonial powers based on their own inter political equations. So, at around mid-70th century Bombay city comes formally under the control of Britain.

From 1843 onwards Bombay comes to be regarded officially as Bombay presidency which was not just the confines of the city of Bombay as we know it today, but also included a large areas adjoining Bombay in this period. So, Bombay presidency then was not just the local territory of the city of Bombay, but also included within that presidency some adjoining areas that today correspond to the modern states of Gujarat and the regions of Sourashtra and parts of Madya Pradesh.

So, Bombay presidency as a geographical political entity was wider than the city of Bombay itself. Business activities were moderate in the Bombay presidency compared to the immense scale of financial operations being carried out in India's eastern parts at this point. So, Calcutta was the emerging hub of financial capital, industrial capital, and entrepreneurship which is also the theme of lecture 7. But Bombay presidency in its own right was an emerging hub of manufacturing and export of certain commodities that we will discuss in greater detail today.

But as far as hard fundamentals are concerned the economic imprint of Bombay presidency or western India at this point was comparatively lesser than that in India's eastern frontier at this point. The traditional business operations, as far as the Bombay presidency is concerned, were restricted to money lending and local trading. There was limited manufacturing taking place at this point. But, the second phase of greater industrial development and the formation of a public culture centered around important economic activities is something that is a later development in Bombay presidency at this point.

The first phase of Bombay's rise during company rule or during the administration of the East India Company was primarily due to opium cultivation and its export to Bengal and then to china. As we have discussed in the previous lecture, opium trade was a triangular trade between India, Britain and china, and this contributed enormously to the fortunes of the East India Company at this point. Its illicit and illegal nature was responsible for the two international wars fought between Britain and China, which contributed to the

further opening of the Chinese economy and the incursion of British capital into Chinese markets.

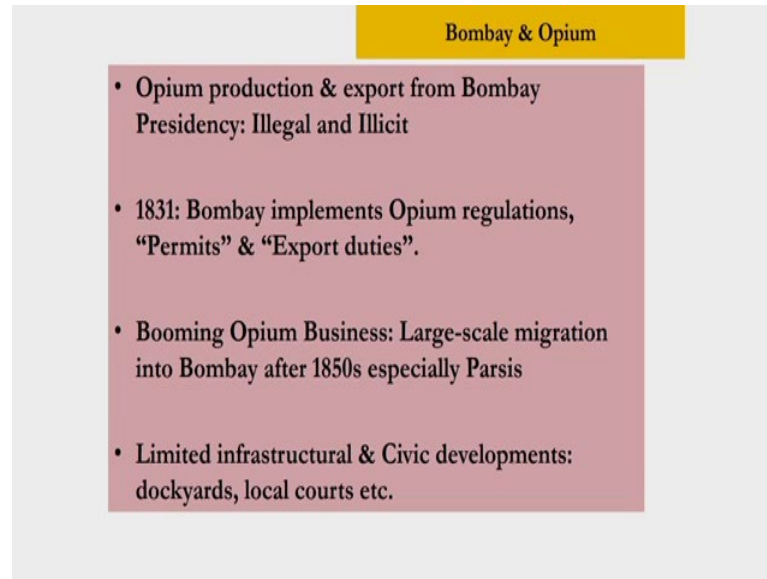
Yet the immense lucrative potential of the opium and its role in generating greater amounts of revenue for the East India Company made it an important commodity to be cultivated in greater amounts in the Indian subcontinent itself. So, apart from a sequestering greater amount of area in the Bengal presidency for the cultivation of opium, vast stretches of territory were accumulated in the Bombay presidency and devoted towards the cultivation of opium at this point.

So, the focus of cultivation and its eventual sale and transfer to foreign markets made opium the central commodity that changed the landscape of Bombay forever. The centres of opium cultivation and trade were not just limited to areas around Bombay, but after 1843 onwards a vast majority of areas comprising Bombay presidency, but devoted towards the cultivation of opium in this period.

So, cities like Ahmedabad, Bombay of course, Kambay, Baroda, Karachi, Ujjain etcetera emerged as important centres for the cultivation of opium during this period. The international money that was to be earned through greater cultivation and export of opium got a vast majority of people interested in either its direct cultivation or be interested in the indirect financial operations associated with the greatest sale and transfer of opium or opium related products from India to china.

So, barring the fact, that this trade was illicit and contributed towards warfare and difficult relations between Britain and china in this period, the immense revenue potential of opium made it a commodity that was of central importance in the development of cities like Bombay and also Calcutta in this period.

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Bombay & Opium

- Opium production & export from Bombay Presidency: Illegal and Illicit
- 1831: Bombay implements Opium regulations, “Permits” & “Export duties”.
- Booming Opium Business: Large-scale migration into Bombay after 1850s especially Parsis
- Limited infrastructural & Civic developments: dockyards, local courts etc.

As I have said before the fortunes of Bombay are associated with the international vicissitudes and fluctuating character of the opium economy in this period. Almost all of this trade was illegal and illicit and yet its immense financial importance and its role in generating immense amounts of revenue for the East India Company made opium a central character which transformed the business, economic, social and political landscape of the Bombay city and Bombay presidency in particular.

Opium production and export from Bombay presidency was illegal and illicit, yet from 1831, Bombay presidency and the areas surrounding that presidency implemented opium related regulations in the form of permits and export duties. So, people associated with the cultivation of opium or people associated with its sale and export to the Chinese market were now required to carry permits, official permissions, or pay certain export duties involved in its sale and transfer to foreign markets.

So, starting from its illegal and illicit nature, there was a certain element of official legislation that was brought into the carrying out of this opium trade in this period. As a result of instituting permits and export related duties in relation to the opium regulations of this period, the opium business boomed a great deal. So, the booming opium business invited large scale migration into Bombay after 1850's and especially of the Parsi's community from adjoining areas into the city.

So, the greater accumulation of people interested or involved in the opium trade generally gave Bombay city and Bombay presidency a more cosmopolitan character than was otherwise noticeable in other parts of the subcontinent.

So, the reputation that Bombay city today enjoys as this global hub of manufacturing, capital and the city that hosts a wide variety of people from different regions, backgrounds, and even countries is something that is historical in nature. So, the first flush of Bombay's fortunes, as this great Asian hub of cosmopolitanism, and a hub for capital in a particular sector or trade was something that began in earnest from the 1830's onwards, when the booming opium trade necessitated certain legislations in that trade.

As a result of different communities calling Bombay home and a result of limited infrastructural development in order to facilitate opium trade arising out of Bombay presidency, you begin to notice limited infrastructural and civic developments in this period. So, dockyards and local courts come up in a Bombay city at this point. These local courts are being established to provide a legal framework for wide variety of issues that affect the city of Bombay in this period.

The accumulation of large number of European merchants and populations from Europe also necessitates the development of a limited infrastructure in the city to facilitate their easy movement and transfer from one area to the other. And the larger infrastructural development in Bombay presidency at this point, however limited in nature it was, was undertaken with a view to augment the earnings from this opium trade in this period.

So, the formation of dockyards for instance was the first visible symbol of infrastructural development in Bombay during this period. The sale and transfer of opium required the establishment of a communications network and a transportation network. So, the formation of dockyards in Bombay, which today give it a modern identity, as this global metropolis interested and engaged in trade and commerce, is also historical in nature.

So, the first phase of infrastructural development in Bombay arose out of the need to make opium trade a more practically possible venture in this period.

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The slide is titled "Making of a City" and is set against a light green background. It contains a bulleted list of factors:

- Gradual increase in cosmopolitanism
 - Parsis
 - Gujarati bania traders
 - Anglo-Indian businessmen
 - Expatriate Jewish communities (Sassoon Family)
 - Muslim traders from Kutch-Kathiawar
- Increased inter-linking of Bombay with the hinterland:
Railways begin in 1853
- Other major industries of Bombay: Shipping, carpentry
mainly to service the coastal trade ex-Bombay.

The city of Bombay, its economic fortunes, its political status, and its financial influence, is obviously, associated with the great and intensive period of business and economic related activity that took place from 1750 to 1850. The makings of Bombay as a city, as a global hub of manufacturing and industrialization, is obviously, as I said associated with the beginnings and enormous expansion of opium cultivation in Bombay and Bombay presidency.

As a result of the greater intensity of economic activities surrounding opium, secondary and tertiary processes relating to urbanization also gave a definite identity to Bombay as a metropolis in the Indian subcontinent during this time. So, the gradual increase in cosmopolitanism then becomes a visible feature of this city that was associated not just with opium trade, but also came to be associated by difference kinds of people who were engaged in that opium trade. So, the religious background, the cultural backgrounds and the institutions, memories and cultural practices that these people brought with themselves to the city of Bombay also shaped Bombay in a great way.

The gradual increase in cosmopolitanism was derived by the greater migration of different kinds of people into Bombay in this period. So, the Parsi community which was at the forefront of managing opium trade during this period was the first and the most visible community in Bombay. They were followed by Gujarati Bania traders who were also interested in the financial implications of this opium trade. Then Anglo Indian

businessman whether through the East India Company or whether as members of the agency house system that we discussed before were also prominent members of Bombay city and Bombay presidency during this 100 year period. And, they were also complemented by the expatriate Jewish communities for instance the Sassoon family that also called Bombay home for a brief amount of time.

In addition to all these you also had Muslim traders from Kutch and Kathiawar who also engaged in numerous economic and business-related activities of the Bombay presidency at this point. So, the development of Bombay as a city, as a harbor and as a hub of industrial and economic activity in India's western region contributed to the amalgamation of different kinds of people who called Bombay their home in this period.

In addition to greater cosmopolitanism, there was also increased interlinking of Bombay with the hinterland and this was made possible through the beginning and expansion of railways in India after 1853. The first instance of railways being implemented in India and its gradual expansion happened from Bombay presidency. So, in 1853 the first railway link is developed between Bombay and Thane and it is only gradually that it expands outwards from this area to other parts of the subcontinent.

But, the establishment of a railway infrastructure also turned the fortunes of Bombay city around. It was the first transport related infrastructure that facilitated the greater sale and transfer of commodities grown in Bombay presidency to other parts of the subcontinent and it also made trade, industrialization and economic activities within the Indian subcontinent much more practical and easily managed from the point of view of the East India Company during this period.

So, in addition to different kind of people calling Bombay city as their home, their integration was also made more practically convenient with the parallel development of a communications and transport related infrastructure within Bombay presidency during this period. There were other major industries of Bombay presidency that deserve a particular mention. So, it is not just opium, its cultivation, and export to foreign markets that is responsible for the rise and consolidation of Bombay, certain critical industries like shipping, carpentry, which was becoming popular mainly to service the coastal trade from Bombay, was another industry that also shaped the fortunes of Bombay city in Bombay presidency.

The transfer and sale of commodities to different markets within the Indian subcontinent and the transfer and sale of commodities to different markets outside India was also dependent on the regulation and maintenance of a regular transport network. So, the development of parallel industries to try and make certain existing centers of economic activity more prosperous or to augment their income is a distribution feature of these hundred years.

And, the transport revolution and the greater intensification of these economic activities gave cities like Bombay and Calcutta a definite urban identity that they continue to enjoy even today.

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Emergence of Indian Entrepreneurs

- Beneficiaries of Opium trade: Massive reserves of capital – British & Indian
- Pioneer of “Consignment Trade”
 - Broke down his opium business into sub-parts
 - Funding, sponsorship sought from different sources
 - Engaged with European, British firms for operations
 - Conducted international trade in Cotton, Opium, Tea
- **Philanthropy:** Hospitals, Schools, Art ; Transformed Bombay’s Cultural life.

Jamsetji Jejeebhoy, 1783-1859: Consignment Trade

With the greater concentration of people associated with opium cultivation and its export to different markets, one of the biggest beneficiaries of this opium trade were obviously, the British and Indian entrepreneurs associated with that trade. So, one of the names that you have to remember when we are discussing the history of Bombay, Bombay presidency and the different economic activities associated with Bombay in this period is that of Jamsetji Jejeebhoy. He lived from 1783 to 1859, and is today considered as one of the early pioneers of a new system of trading that evolved in Bombay in this period.

He was a pioneer of the consignment trade. This was a different kind of business operation that was started and enjoyed by people like Jamsetji Jejeebhoy. It had four distinctive features. These were the breaking down of opium businesses or any other

related businesses in to subparts, the funding, sponsorship for these different kinds of businesses were sought from different sources.

So, there was a distribution of risk associated with these operations. The collapse of one sector of funding did not necessarily affect the health and viability of other sources of funding as far as particular trades were concerned. So, this was a novel feature of sponsorship that was pioneered by people like Jejeebhoy. Then there was also an engagement with European and British firms for operations.

So, things like insurance and transportation of commodities like opium or certain other precious commodities for which there was a great demand in foreign markets. The sale and transfer of those operations was leased out to non-Indian or European firms. This also served the purpose of distributing risk across sensitive operations and the collapse in one phase of operations did not really affect the other sectors of operations within one particular business. Then the fourth feature of consignment trade was the parallel development of trade and engagement with a wide variety of commodities in this period.

So, while opium cultivation and its sale and export was responsible for earning a large amount of income for the East India Company and other Indian traders associated with this trade. There was also a parallel tradition of engaging in the sale and transfer of commodities like cotton and tea. Tea as we will discuss in future lectures was responsible for the consolidation and emergence of Calcutta as this great metropolis, as this great industrial metropolis of the Indian subcontinent. But for the purposes of consignment trading this meant, that there was a diversification of the trading portfolio of people interested in international trade.

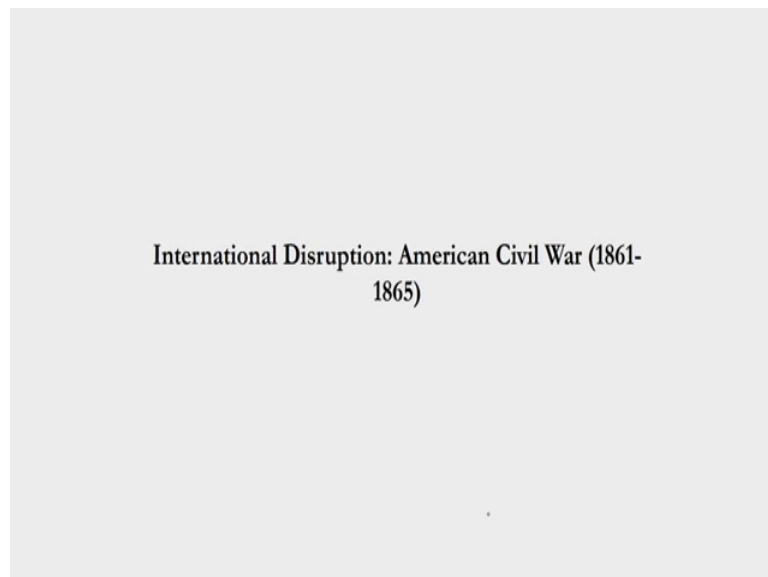
No longer was income solely devoted to one particular sector, but it was sought to be augmented and expanded from different sectors in this period. One important element of Jamsetji Jejeebhoy's trading ventures and business operations in this period was his philanthropic activities and Bombay still enjoys the legacy of those early ventures even today. So, the money earned through these vast international operations of business was constructively reinvested in developing certain civic and infrastructural facilities in Bombay city.

So, hospitals, schools and art museums were endowed with the money earned from these international activities. And Jamsetji Jejeebhoy's initials which is JJ is a name familiar to

many of the residents of Bombay city and also people outside of the city. So, the significant amounts of income earned from whether it was opium trade, cotton trade, or the tea trade was reinvested into providing for Bombay a civic infrastructure which it continues to enjoy even today.

So, the reinvestment of capital earned through international trade, and its use and investment in developing certain structures of the city in order to give it a more urban identity was something that was noticeable in this period. And, Jamsetji Jejeebhoy is crucial contributions in making Bombay a city of not just opium cultivation, but also a city of hospitals, art museums and educational spaces was something that we owe to Jamsetji Jejeebhoy in this period.

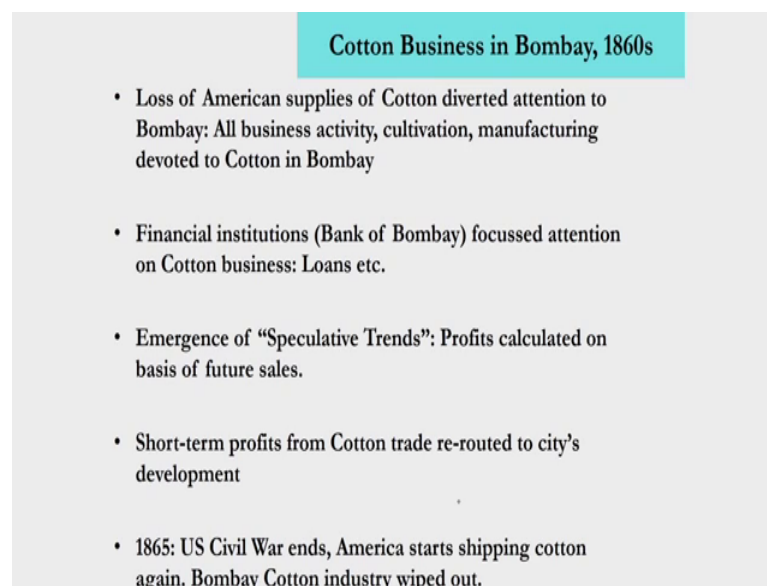
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In addition to opium, there was one another commodity that transformed Bombay city's economic fortunes in this period and this came in the form of an international disruption which was the American Civil war that was fought from 1861 to 1865. The US Civil War was fought mainly on long standing issues of slavery and the enslavement of people of African origin in American plantations. This was a war fought between the northern areas of the United States against the southern areas of the United States. This was a 4 year long conflict, specific to us interests, but its long ranging economic consequences were felt as far as Bombay city.

America was also the chief supplier of raw cotton, to British cloth mills in British textile mills and with this 4 year international disruption, the supply chains that connected America to Britain were also disrupted to a great deal. In order to compensate a for the loss of raw cotton supplies from America renewed attention was now focused on Bombay cities potential to plug that gap and provide British mills and textile owners with the same amount of raw material that was coming from America.

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Cotton Business in Bombay, 1860s

- Loss of American supplies of Cotton diverted attention to Bombay: All business activity, cultivation, manufacturing devoted to Cotton in Bombay
- Financial institutions (Bank of Bombay) focussed attention on Cotton business: Loans etc.
- Emergence of “Speculative Trends”: Profits calculated on basis of future sales.
- Short-term profits from Cotton trade re-routed to city’s development
- 1865: US Civil War ends, America starts shipping cotton again. Bombay Cotton industry wiped out.

Cotton business in Bombay takes off roughly from the eighteen sixties, which is the time when America was plunging into a civil war. So, international disruption that threatened to wipe out the livelihoods and the trading potential of the British state was rescued from ruin by focusing attention on Bombay’s potential to provide the same raw material that Britain was receiving from America.

So, the loss of American supplies of cotton diverted attention to Bombay, and as a result of that geographical and economic shift of operations, all business activity including cultivation manufacturing devoted to cotton now shifted to Bombay, not just to the city, but also areas that comprised the Bombay presidency in this period. As a result of this tectonic shift in the supply of raw cotton to the bottomless demand that was being experienced in Britain at this point, there were also obvious additional political, social, and cultural developments associated with this shift. So, financial institutions like the bank of Bombay now focused attention on cotton businesses. So, a large amount of

financial services came to be centered in Bombay and came to be focused on cotton operations in this period.

So, the starting up of new industries, the loans given to people associated with cotton trade, now comprised a large share of the financial services that dotted the map of Bombay presidency in this period. As was noticed in the cultivation and transfer and export of other commodities in this period cotton business too was informed by a great deal of speculative trading. Speculation or speculative trading as I explained in the previous lecture is basically investment with the agenda of earning more income, but that investment also carries a significant amount of risk associated with it.

So, just as indigo cultivation and opium cultivation and their sale and export were associated with future projected rates of growth and investment and income generated were also assessed and calculated on future trends. Something similar was also happening as far as cotton trading and cotton processing is concerned. Incomes assessments of profits the realization of profits was always based on future growth potential, on estimated demands, and estimated profits. The overall speculative nature associated with the economic activities around cotton also made the business around cotton very volatile.

So, the calculation of profits on the basis of future sales added a great degree of speculation on the area of the cotton mills. As was the case of opium. Short term profits from cotton trade were rerouted towards the city's development. So, the limited infrastructural development that was noticed in Bombay as a response to facilitate the opium cultivation and its international trading, something similar also happened with the greater amount of cotton production in the Bombay presidency.

So, the expansion of railways, the great amount of investment put into the industrialization and manufacturing of cotton were all larger infrastructural developments that gave Bombay its modern identity as a hub of manufacturing and industrial growth. Just as profits from the cotton trade were short term, the development of the city as a result of intensive trading in cotton was also short term. This is because the international disruption of the US Civil War which lasted roughly 4 years from 1861 to 1865 meant that the supply lines that were disrupted before were now replenished and were restarted with the gradual onset of normalcy in US political affairs.

So, the four year disruption in the supply chains of cotton that allowed Bombay to emerge as a center of chiefly of cotton production and become this great industrial hub of trade and commerce was now to offed by this again a disruption in the international political affairs which was the resumption of peace and tranquility in American political affairs. So, the cessation of civil war in America meant that the earlier supply lines were now ready to provide the same amount of cotton to British mills and British industrial establishments dealing with cotton.

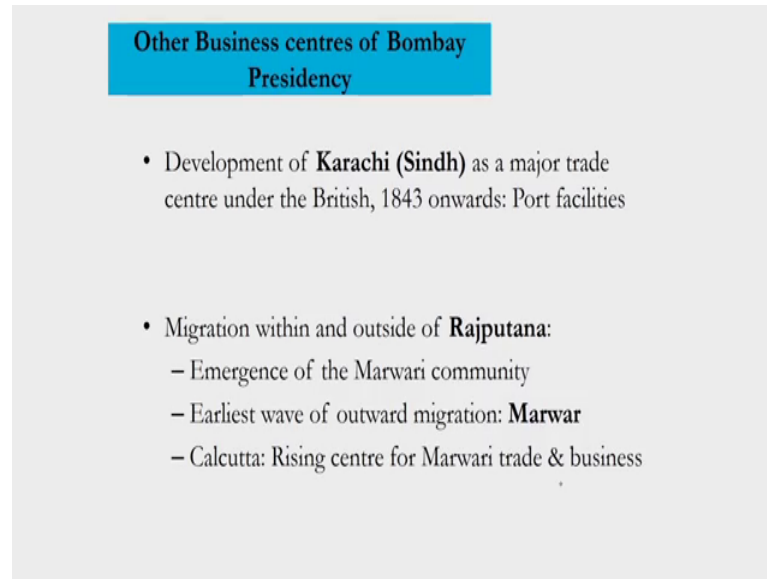
This international resumption of trade between Britain and America meant that the status of Bombay, and its economic fortunes associated with the production of cotton, were now hit very hard. So, the sale and resumption of raw cotton across the Atlantic meant that Bombay's short lived fortunes associated with cotton came to be increasingly in decline. As a result of the ending of the US Civil War, Bombay's economic fortunes associated with cotton were also ruined and wiped out. Massive amounts of financial investment made into Bombay cotton mills, textile mills were also affected deeply by this resumption of the Atlantic trade in cotton between Britain in America.

And, the whole economy, industrial establishment, and the urban infrastructure that came as a response to greater trading in opium and cotton also took a massive hit with the gradual shift of cotton production away from Bombay presidency and the resumption of the sale of raw cotton from America to Britain.

So, the short lived profits from cotton trade added to the economic woes of the Indian subcontinent at this point and just as an earlier generation of indigo cultivators and people associated with different kinds of economic activities were beginning to feel that the international terms of trade were not ultimately to their benefit was also noticeable in the case of cotton. So, the greater political realization that the terms of international trade was stacked against Indian interests received a fillip with this latest downturn in economic affairs in the Indian subcontinent.

The four year prosperity in Bombay which gave its modern identity as a hub for textile manufacturing, which it does so even today to a limited extent, was overshadowed by this long downturn in economic affairs that affected Bombay deeply. As I said Bombay city was by no means the only center engaged in greater trade and commerce.

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Other Business centres of Bombay Presidency

- Development of **Karachi (Sindh)** as a major trade centre under the British, 1843 onwards: Port facilities
- Migration within and outside of **Rajputana**:
 - Emergence of the Marwari community
 - Earliest wave of outward migration: **Marwar**
 - Calcutta: Rising centre for Marwari trade & business

Bombay presidency, as it came to be known after 1843, was a collection of a large number of adjoining areas in and around Bombay that gave it its collective political identity. So, in addition to Bombay there were cities like Ahmadabad, Cambay, Ujjain that were involved in opium cultivation. But there were also certain other centers within Bombay presidency that gave distinctive flavor to this area as this region vibrant with the economic possibilities and potential for earning income through business and trading.

The development of Karachi, for instance, which was located in Sindh, which was also a part of Bombay presidency, as a major trading centre and under the British from 1843 onwards also made Bombay presidency a very vibrant hub for international trade and commerce. Karachi was also a port. So its subsequent development as a port facility complemented the fortunes of Bombay presidency a great deal. With the gradual incorporation of different sectors within Bombay presidency, there were also certain demographic trends that were noticeable. This was chiefly the aspect of migration within an outside of Rajputana.

So, the emergence of the Marwari community, and their gradual concentration of cities like Calcutta in Bombay gave a distinctive flavour to the demographic profile of these two important cities in the Indian subcontinent during this period. The historical experience of dealing with capital and their historic role and contribution in the development of business activities and trading activities in the Indian subcontinent is

known to most people today, yet their historical journey begins earnestly in the mid-19th century when greater members of the Marwari community move out from Marwar, which was their area of origin, and they start dabbling in trade and commerce and international trading operations from Calcutta and Bombay.

The rising center for Marwari trade and business was of course, Calcutta. But also significant communities of Marwari trading people and business people and entrepreneurs also called Bombay as their home. So, the rise and fall of Bombay fortunes, the rise and consolidation of Bombay's urban infrastructure, and the rise and fall of Bombay's social and cultural profile also affected the fortunes of all those who worked in Bombay at this period, including the Marwari community.

So, in addition to the city becoming more urbanized; in addition to cities like Bombay developing in infrastructure for themselves, makings of a city also involves a discussion of the different kinds of community which came together, brought their traditions and customs in the wake of that migration, and therefore, established institutions or cultural practices or social traditions that were deeply in alliance with their own personal backgrounds.

So, the coming together of different people and engage in economic activity, is therefore, not just a story of garnering more revenue or earning more income, it is also the coming together of different kinds of institutional backgrounds, communities, traditions, and customs, and make the city rich with different kinds of economic, social, cultural possibilities. One aspect of that possibility is of course, creative business and commerce, but business history, as we are discussing in this course, is also enriched by the social, cultural and political experiences of the financial actors themselves.

So, while financial actors in Bombay contributed towards making Bombay presidency as a cosmopolitan hub of manufacturing and commerce, their own traditional and social viewpoints worldviews and backgrounds made the city what it is today. I will take some time to offer a brief some up of what we have covered so far in this lecture.

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Sum up

- Emergence of Bombay and surrounding areas in response to Opium trade.
- Development of associated trades in response to Opium businesses: Limited infrastructure development
- International disruptions catalysed new forms of economic relations and production in Bombay (Cotton).
- Greater business activities: Increased Cosmopolitanism, Urbanisation

In this lecture we discuss the emergence of Bombay and surrounding areas in response to opium trade. So, the internationalization of opium trade between Britain, India and China had the obvious consequence of the expansion of the cultivation of that lucrative commodity. And, with the expansion in the cultivation of that commodity, it led to certain secondary and tertiary developments that gave these cities their modern urban identity today.

The second feature that we discussed was the development of associated trades in response to opium businesses. So, the limited infrastructural development like the formation of dockyards and other associated industries like shipbuilding and carpentry followed closely in pursuit of the opium business. So, the huge amount of income and the clout of the opium lobbies in international trading at this point, made sure that certain limited infrastructural developments also came up in their wake in order to make the international trading of opium a more practical affair.

There were also large-scale international disruptions that catalyzed new forms of economic relations in production in Bombay. So, while opium trade provided Bombay with its first phase of limited infrastructural developments, it is international conflicts like the US Civil War that made westerners see Bombay in a new light. The resumption or the revision in Bombay's economic status as a provider of raw cotton in response to the demands felt within Britain made Bombay into an industrial hub of manufacturing

and international trade. The greater amounts of money invested in Bombay cloth mills and textile mills gave it a more industrial and modern character.

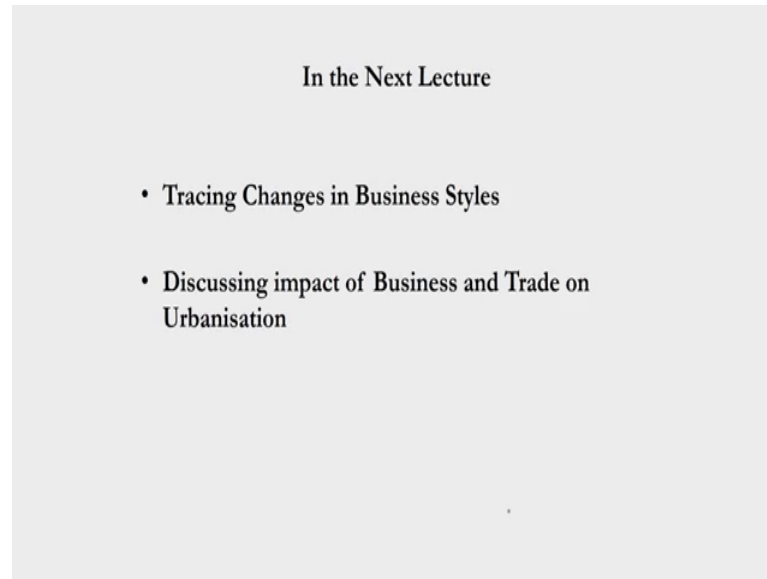
The transport revolution that took place in Bombay, took place in response to the greater prosperity of the cotton trade in Bombay in this period. And the coming together different kinds of people engaged either an opium business or in cotton trade made Bombay as a hub of cosmopolitanism and industrial manufacturing in this 100 year period.

Then we also discussed that greater business activities increased not just cosmopolitanism, but it also intensified the forces of urbanization. This theme will also be discussed in greater detail when we come to the historical journey of Calcutta, but in the case of Bombay different phases of infrastructural development and economic development were noticeable in response to specific international businesses that affected Bombay's fortunes.

The coming together of different people, their traditions and customs, led to new forms of institutional formations in Bombay city and a part of the money that was earned through these international operations that made Bombay such an expansive city of economics and commerce also meant that the subsequent development of cultural and social institutions was owed to economic activities that began in the first place.

So, economics, culture, politics come together in a fascinating way as far as the business history of Bombay is concerned.

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In the next lecture we will go into greater detail and we will have a more intellectual discussion in tracing changes in business styles of this period. So, we will discuss more themes relating to the consignment training that I referred to in this lecture. And we will also discuss the impact of business and trade on greater urbanization during this period. These themes have been introduced today in this lecture and in the next lecture we will go into greater analytical details; forces and factors that have shaped these two processes in relation to Bombay and Calcutta.

Thank you.