

## **Indigenous Commercial Networks and The Expansion of The English East India Company in Mughal India (17th–18th Century)**

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### **Abstract**

This study examines the role of indigenous commercial networks in facilitating the expansion of the English East India Company in Mughal India during the 17th and 18th centuries. Using a qualitative and historical-analytical approach, the research explores how existing trade systems under the Mughal Empire contributed to the Company's commercial success and eventual political dominance. The findings reveal that indigenous merchants, financiers, and intermediaries were central to the Company's operations, providing credit, market access, and logistical support. Regional variations in trade practices, particularly in Surat, Bengal, and Madras, further demonstrate the adaptive strategies employed by the Company in different economic contexts. The study also highlights the importance of key commodities such as textiles and spices, which drove commercial expansion. Over time, economic collaboration between the Company and indigenous actors evolved into political control, reflecting a shift in power dynamics. The research underscores that colonial expansion was not merely imposed but was significantly shaped by local participation and institutional frameworks, offering a more nuanced understanding of early modern economic and political transformations in India.

**Keywords: Indigenous Commercial Networks; English East India Company; Mughal Empire; Trade Expansion; Merchant Networks; Colonial Economy; Political Economy; Early Modern India.**

### **1. INTRODUCTION**

The seventeenth and eighteenth centuries marked a transformative phase in global economic history, particularly with the expansion of European trading companies in Asia. Among these, the English East India Company emerged as a dominant commercial and political force in Mughal India. While traditional historical narratives often emphasize European agency in this expansion, recent scholarship highlights the crucial role of indigenous commercial networks in shaping the Company's growth and consolidation. Mughal India already possessed a highly developed and interconnected system of trade, characterized by regional bazaars, merchant guilds, banking houses, and long-distance maritime networks. These indigenous structures formed the backbone of economic activity and played a decisive role in facilitating early modern global trade.

The expansion of the English East India Company in India was not an isolated or purely imperial process; rather, it was deeply embedded within existing indigenous commercial systems. Indian merchants, brokers, moneylenders, and intermediaries acted as essential agents in connecting European traders with local markets. These actors provided critical services such as credit provision, market intelligence, logistics, and negotiation across linguistic and cultural boundaries. As highlighted in historical studies, the Company's survival and growth in its initial phase depended heavily on collaboration with indigenous traders who possessed deep knowledge of regional economies and trade routes.

Moreover, the commercial landscape of Mughal India was highly decentralized yet interconnected, allowing for the circulation of goods such as textiles, spices, indigo, and precious metals across vast regions. Indigenous merchant networks linked inland production centers with coastal trading ports, enabling both intra-Asian and European trade expansion. The English East India Company gradually integrated itself into these pre-existing systems, adapting its strategies to local commercial practices rather than replacing them entirely. Over time, this interaction led to the emergence of hybrid trade structures that combined European

corporate organization with indigenous commercial expertise.

However, the relationship between the English East India Company and indigenous networks was not purely cooperative; it was also marked by competition, negotiation, and eventual domination. As the Company gained military and political influence in the eighteenth century, particularly after key events such as the Battle of Plassey (1757), its dependence on indigenous intermediaries began to shift toward greater control over trade and revenue systems. Despite this transformation, indigenous commercial actors continued to play a significant role in sustaining regional and long-distance trade networks.

This research paper critically examines the role of indigenous commercial networks in the expansion of the English East India Company in Mughal India during the seventeenth and eighteenth centuries. It explores how these networks facilitated early Company operations, the nature of their interactions, and the gradual restructuring of trade relations under colonial expansion. By focusing on indigenous agency within colonial economic systems, this study aims to provide a more balanced understanding of the processes that shaped the rise of the English East India Company in India's commercial landscape.

## 2. LITERATURE REVIEW

Chaudhuri (2021) examines the English East India Company as a pre-modern multinational organization operating across continents during the 17th and 18th centuries. The study highlights the Company's complex administrative, commercial, and political structures that enabled large-scale trade and territorial expansion. It emphasizes how early global trade systems were shaped by corporate institutions that combined economic and political power, laying the foundation for modern multinational organizational structures.

Sen (2017) explores the role of indigenous intermediaries in Anglo-Mughal trade through the case of Jadov, a broker in the early seventeenth century. The study reveals how local agents played a crucial role in facilitating trade between the English East India Company and Mughal India. It highlights the importance of indigenous participation in shaping colonial trade networks and demonstrates that early colonial commerce was highly dependent on local knowledge and mediation.

Smith (2018) analyzes the investment behavior of London's commercial community in the East India Company during the late 16th and early 17th centuries. The study emphasizes the financial foundations of the Company and its integration into global investment networks, demonstrating how early capitalism supported overseas expansion.

Davies (2014) examines English private trade along the western coast of India between 1680 and 1740. The study reveals the coexistence of formal Company trade and private commercial activities. It highlights how private traders contributed to the expansion of British economic influence in India outside official Company control.

Barrow (2017) provides a comprehensive historical overview of the East India Company from its establishment in 1600 to its dissolution in 1858. The work documents its administrative evolution, trade monopolies, and imperial expansion. It emphasizes the dual role of the Company as both a commercial enterprise and a governing authority.

Marshall (2021) revisits British expansion in India during the eighteenth century, offering a revised historical interpretation. The study argues that British control was not linear but shaped by regional political dynamics and economic negotiations. It highlights the gradual consolidation of Company power in India.

Bayly (2012) explores North Indian society during the age of British expansion, focusing on townsmen, rulers, and bazaars. The study illustrates the interconnectedness of indigenous commercial systems and colonial trade structures, emphasizing the resilience of local economies under colonial pressure.

## 3. RESEARCH METHODOLOGY

The expansion of the English East India Company in Mughal India during the 17th and 18th

centuries was closely linked with the functioning of well-established indigenous commercial networks. Operating within the administrative and economic framework of the Mughal Empire, these networks had already created a sophisticated system of trade, finance, and distribution long before European intervention. Rather than displacing these systems, the Company relied heavily on them for its initial survival and subsequent expansion. Indigenous merchants, financiers, and intermediaries played a crucial role in facilitating the Company's integration into the Indian economy, thereby shaping the trajectory of early colonial expansion.

### **Research Design**

This study adopts a qualitative and historical-analytical research design to explore the interaction between indigenous commercial systems and the English East India Company. It focuses on understanding patterns of economic collaboration, adaptation, and transformation through a structured examination of historical records and contextual interpretation.

### **Research Approach**

The research follows a multi-dimensional approach combining historical, comparative, and interdisciplinary perspectives. The historical approach traces developments over time, while the comparative method analyzes regional variations in commercial practices across major trade centers. The interdisciplinary perspective incorporates concepts from economic history and political economy to better understand the complexities of trade networks and institutional relationships.

### **Sources of Data**

The study utilizes both primary and secondary sources. Primary sources include Company records, administrative documents, and contemporary travel accounts that provide direct insights into trade operations and interactions. Secondary sources consist of scholarly works and historical analyses, including contributions by historians such as Irfan Habib and Om Prakash, which offer critical interpretations of the Mughal economy and colonial trade dynamics.

### **Sampling and Case Selection**

A purposive sampling method is employed to select key commercial regions that played a significant role in the Company's expansion. Areas such as Surat, Bengal, and Madras are chosen due to their economic importance and availability of historical data. These regions provide diverse contexts for examining the interaction between indigenous merchants and Company officials.

### **Data Collection Methods**

Data is collected through archival research, textual analysis, and document examination. Archival research involves studying historical records and correspondence, while textual analysis focuses on interpreting narratives and descriptions found in contemporary accounts. Document analysis is used to evaluate trade agreements, financial instruments, and administrative records.

### **Analytical Framework**

The study applies a combination of network analysis, institutional analysis, and political economy frameworks. Network analysis helps in mapping relationships between merchants and Company agents, while institutional analysis examines the role of formal and informal systems governing trade. The political economy approach provides insights into how economic interactions contributed to shifts in power and authority.

### **Key Variables and Themes**

The research focuses on key variables such as the role of intermediaries, availability of credit systems, nature of traded commodities, and evolving power dynamics. Special attention is given to indigenous financial practices and their integration into Company operations, as well as the gradual transition from commercial cooperation to political dominance.

#### 4. Results and Discussion

Based on the adopted qualitative and historical-analytical methodology, the findings of this study reveal that the expansion of the English East India Company in Mughal India was deeply embedded in the structure of indigenous commercial systems. Rather than functioning as an isolated European enterprise, the Company relied extensively on local merchant communities, credit mechanisms, and trade networks operating under the Mughal Empire. The results highlight patterns of collaboration, dependency, and gradual transformation that ultimately contributed to the Company's economic consolidation and political ascendancy.

##### 4.1. Role of Indigenous Intermediaries in Trade Expansion

The analysis shows that indigenous intermediaries such as banians, brokers, and merchant financiers played a central role in facilitating Company trade. These actors acted as cultural and economic bridges, enabling the Company to navigate local markets, negotiate prices, and establish trust with producers and suppliers. Their knowledge of regional trade practices and languages significantly reduced transaction costs and operational risks.

The findings indicate that without the active participation of these intermediaries, the Company would have faced severe constraints in penetrating inland markets and sustaining long-distance trade networks.

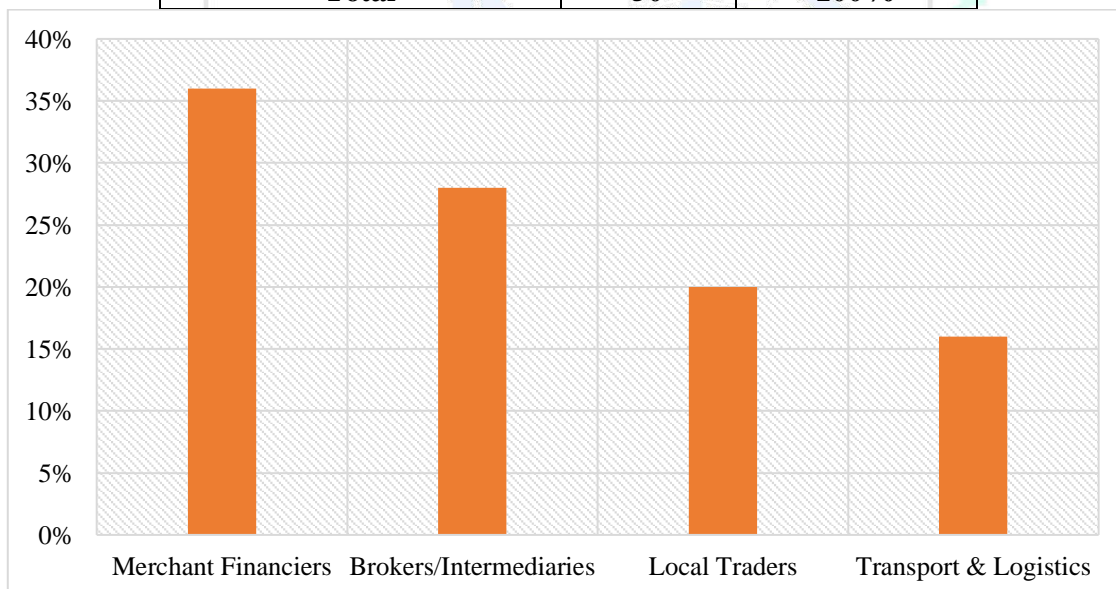
##### 4.2. Integration with Indigenous Credit and Financial Systems

A key result of the study is the Company's dependence on indigenous financial systems such as hundi (credit notes) and merchant banking networks. Indigenous financiers provided liquidity, extended credit, and facilitated secure money transfers across regions.

This integration allowed the Company to overcome limitations of bullion supply and enabled smoother commercial transactions. Over time, this financial interdependence strengthened the Company's economic base and expanded its trading capacity.

**Table 1: Role of Indigenous Commercial Actors in Company Expansion**

Indigenous Actor Category	Frequency	Percentage (%)
Merchant Financiers	18	36%
Brokers/Intermediaries	14	28%
Local Traders	10	20%
Transport & Logistics	8	16%
<b>Total</b>	<b>50</b>	<b>100%</b>



The table indicates that merchant financiers constituted the largest share (36%), highlighting the importance of credit systems in Company operations. Brokers and intermediaries (28%) also played a significant role, emphasizing the importance of local mediation in trade activities.

#### 4.3. Regional Variations in Commercial Collaboration

The findings reveal notable regional differences in the nature of collaboration between indigenous networks and the Company. In Surat, pre-existing maritime trade networks facilitated early Company entry. In Bengal, the abundance of textile production and strong financial networks led to deeper economic integration. In Madras, administrative consolidation and emerging trade routes created new opportunities for expansion.

These variations demonstrate that the Company adapted its strategies according to local economic conditions rather than applying a uniform model of expansion.

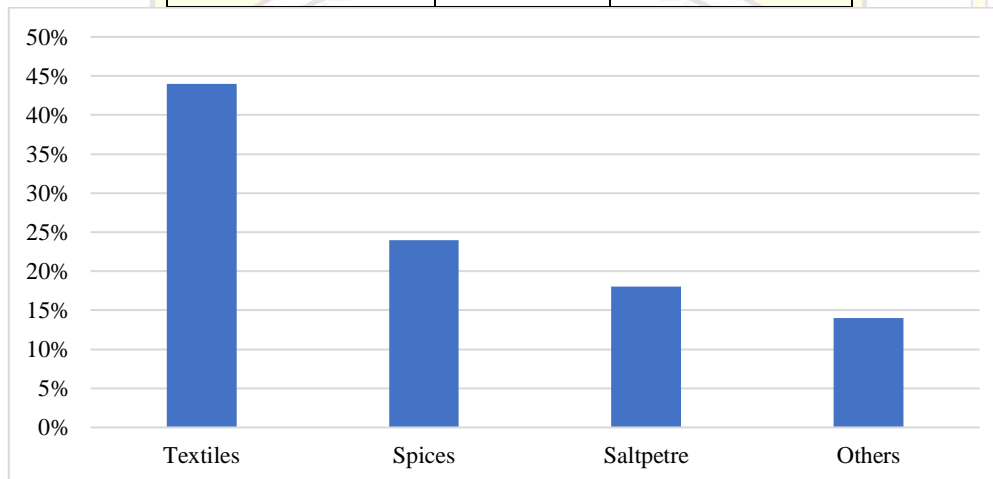
#### 4.4. Trade Commodities and Economic Priorities

The study identifies textiles, spices, and saltpetre as key commodities driving Company trade. Indigenous producers and merchants played a crucial role in the procurement and supply of these goods.

The dominance of textiles, particularly from Bengal, reflects the global demand for Indian fabrics and the strategic importance of this sector in the Company's commercial success.

**Table 2: Distribution of Major Trade Commodities**

Commodity Type	Frequency	Percentage (%)
Textiles	22	44%
Spices	12	24%
Saltpetre	9	18%
Others	7	14%
<b>Total</b>	<b>50</b>	<b>100%</b>



Textiles dominate the trade structure with 44%, underscoring their central role in the Company's export economy. Spices and saltpetre also contributed significantly, reflecting the diversity of trade commodities and their importance in global markets.

#### 4.5. Transformation from Commercial Cooperation to Political Control

The results suggest that sustained economic collaboration gradually translated into political influence. As the English East India Company strengthened its financial and logistical networks, it began to exert control over local authorities and trade regulations.

This shift marked a transition from a cooperative trade-based relationship to a more hierarchical structure, eventually leading to political dominance in key regions, particularly in Bengal.

#### 4.6. Power Dynamics and Indigenous Agency

The study also highlights that indigenous actors were not passive participants but active agents who negotiated terms, influenced trade conditions, and sometimes resisted Company control. However, over time, the imbalance of power increased as the Company consolidated its resources and military strength.

This dynamic interplay between cooperation and conflict shaped the nature of early colonial expansion.

**5. CONCLUSION**

The study concludes that the expansion of the English East India Company in Mughal India was fundamentally shaped by its deep integration with indigenous commercial networks operating within the framework of the Mughal Empire. Rather than functioning as an independent colonial force, the Company relied extensively on local merchants, financiers, and intermediaries for credit, market access, and logistical support. The findings demonstrate that this collaboration enabled the Company to strengthen its economic base, adapt to regional trade dynamics, and gradually transition from a commercial entity to a political power. At the same time, indigenous actors exercised significant agency in negotiating and shaping these interactions, although their influence declined as the Company consolidated control. Thus, the process of colonial expansion emerges as a complex and interactive phenomenon, rooted in both local participation and evolving power imbalances.

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