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# Ceylon's Trade Relations With Coromandel During Early British Times, 1796-1837

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## I

From early times the trading pattern of the island of Ceylon with the outside world had been dominated by the commercial links which had been developed with the neighbouring coasts of Malabar and Coromandel. The commercial links with Malabar had been antedated by cultural contact which, by the time the British wrested control of maritime Ceylon from the Dutch, had been renewed and strengthened by the establishment of the Nayakkar dynasty in Kandy, the independent kingdom in the interior of the island. There had been cultural contact with Coromandel too, but the focal point of the relations between the two territories was commerce and it was this region which occupied the pride of place in the external commerce of Ceylon. The Coromandel trade was controlled by merchants drawn from the two coasts and it encompassed their numerous small ports and was in many respects an extension of the internal trade of the island. The merchants had succeeded in forging close economic ties between the two coasts and a strong community of interest between the peoples of the two regions had been built up over the years. There is no doubt that this trading relationship was of vital importance to the sustenance of the economy of Ceylon, and indeed, as it has been asserted, may well have been its "life-line".[1]

By the time the British arrived in Ceylon in 1795, the coastal trading pattern had undergone changes at the hands of the previous European rulers of its littoral, the Dutch East India Company. Unlike the Portuguese, the first Western power to rule the island, who had found little reason to disturb the traditional pattern of trading, the Dutch by necessity became directly involved in the Indo-Ceylon trade.[2] This stemmed from wider policy adopted in Asia: the development of the inter-port trade of the Indian Ocean to feed the annual major trade with Europe. In Ceylon there was a further consideration which moved the local authorities to pay particular attention to the island's trade with the neighbouring coasts. Cinnamon, the single most important source of revenue of the Dutch, was excluded from the balance sheet of the administration and its costs had to be covered by recourse to other avenues. The land revenues were inadequate for this purpose and the authorities looked towards the coastal trade to derive further income. Initially they sought only a share of the trade in competition with the established traders; but following an increase in their political power and the establishment of almost a total mastery over the coastline of

1. S. Arasaratnam, *Dutch Power in Ceylon*, 1658-1687 (Amsterdam, 1958) p. 148.
2. This account is based on Arasaratnam, *Dutch Power*, pp. 145-180; S. Arasaratnam, "Dutch Commercial Policy in Ceylon and its Effects on Indo-Ceylon Trade", *Indian Economic and Social History Review* [hereafter, *I.E.S.H.R.*], IV (1967) 109-130. The Dutch succeeded the Portuguese as rulers of Maritime Ceylon by right of conquest in 1658.



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the island with the extension of their authority over the ports which had been under the Sinhalese kings, the Dutch decided to secure for themselves the complete control of the trade. A monopoly over all major articles of trade (excepting rice, for special reasons) was declared in 1670 and they themselves entered the carrying trade. However, the nature of the trade was such that they were destined to fail. Arasaratnam has summed up the position:

> [The trade] spread over a vast coastline, went into tiny creeks and shallow beaches and as such could not be operated from a few major harbours in India and Ceylon. It also took in a wide variety of articles of daily consumption, some of which could not be centrally marketed but had to be effectively distributed to every village where they were consumed. These conditions were not fulfilled by the Dutch who had disturbed the traditional trading ties but could not put anything in its place. ...The net effect of the decline of trade was to impoverish the community and in the long run to deprive them of the little purchasing power they had, thus contracting the volume of trade and business in the country.[3]

In the later years of the century the Dutch were forced to take steps to counteract these adverse effects and some degree of relaxation of the monopoly control over certain articles was undertaken. The traders proved to possess a remarkable resilience but there was only a partial recovery of the trade.

Conditions for a revival became more propitious with the establishment of British rule in Ceylon. Like the East-West seaborne trade, the trade between different ports in Asia too came under the chartered privileges of the new masters of the Eastern seas, the English East India Company, but while maintaining a rigid monopoly over the trade between Asia and Europe it refused to monopolise the inter-port trading. "The Country-Trade", as the inter-port trade of the Indian Ocean was now called, was left open to the Asiatic traders who had traditionally dominated the field; they were of course soon to be joined by European competitors, who often received the backing of the Company.[4] The newly conquered territory in Ceylon was placed under the Madras Presidency—in fact it became a dependency of Fort St. George[5]—and the new rulers took immediate steps to create more congenial conditions for trade between South India and Ceylon. In the formulation of its policies Madras had a distinct advantage over its predecessors. The Dutch never possessed a mastery over the South Indian territories with which Ceylon had close trading connections—indeed, they had to face considerable competition from both native rulers and other European powers in the region.[6] In contrast, the British held virtual suzerainty over the South Indian coasts. Unfortunately the measures which the Madras officials adopted with regard to the Indo-Ceylon trade were not allowed to mature. Their attitude and policies took a different turn when they found themselves ousted as rulers of maritime Ceylon within a few years.

3. Arasaratnam, "Dutch Commercial Policy", *I.E.S.H.R.*, IV (1967) 109-110.
4. C. N. Parkinson (ed.), *The Trade Winds* (London, 1948) p. 141.
5. It was Madras which was responsible for the capture of the Maritime Provinces. Madras had shown a keen interest in initiating trading relations with Ceylon, in cinnamon in particular, from as far back as 1762 when it sent the first embassy to Kandy. For the political background of Ceylon during the period under review see, L. A. Mills, *Ceylon under British Rule* (London, 1933).
6. T. Raychaudhuri, *Jan Company in Coromandel*, 1605-1690 ('S-Gravenhage, 1962) pp. 15 ff.

With the conquest of the Maritime Provinces of Ceylon, Madras saw no reason why a customs barrier should be maintained between the island and its territories. As early as September 1795, on their own initiative the Ceylon officials temporarily suspended duties on all articles of trade with the exception of those on arrack and opium. In July 1796, this decision was revised by Fort St. George and all duties, except on pepper and arecanut, were removed. The re-imposition of the duties on pepper and arecanut (and on certain other articles not involved in the Indo-Ceylon trade) was moved by fiscal considerations: these two articles held a dominant place in the coastal trade and Madras, which was primarily concerned about recovering the expenditure it had incurred on the conquest of Ceylon, was reluctant to forego entirely the revenue that could have been derived from customs. There was in fact a marked decline in the customs earnings, much to the concern of the officials. In January 1799 the first Governor of the colony, Sir Fredrick North (1798-1805), successfully persuaded Fort St. George to accept the revival of the customs structure of the Dutch.[7] Within the short span of four years, therefore, the customs policy had taken a full turn.

In the changed political atmosphere brought about by the establishment of the Crown administration in the Maritime Provinces in 1802, the customs policies adopted by the governments of Ceylon and Madras were to assume a greater significance for the Indo-Ceylon trade. As far as Ceylon was concerned, "Sea Customs" proved to be of higher value from a revenue point of view than other forms of revenue (such as taxation) and they were also the only source of revenue which was "wholly commercial".[8] Yet, the policies pursued by the colonial government in the first decades of British rule were haphazard and fluctuating and were inimical to the interests of the colony and its people. The position was worsened by the policies followed by Madras.

Over the years an obvious bias developed in the formulation of the customs policy of the Ceylon government towards the colony's trade with Europe as against the trade with India. In the early years this was explicable, for the import-export trade with Europe was largely in the hands of the state. By the mid-1820's, the European merchants of the colony secured for themselves a share of the trade, especially in the import trade, following the decision of the government to stop importing on its own account in 1824. Nevertheless, the trade with Europe continued to be favoured in the customs structure while the trade with India was heavily burdened. To take but one example, coffee, which found a market in England in the 1820's, was exported duty free whereas articles such as arecanut and arrack and other produce of the coconut tree, which were eagerly sought after in Coromandel, were subject to high duties ranging from 20 to 40 per cent. By all accounts the coastal trade held the larger and—from the point of view of the inhabitants of the colony—the more important share of the external commerce of the island. The volume of the trade cannot be determined with any precision from the statistics consulted, but in the 1820's it was variously

7. Stuart to Dalrymple, 30 Sept. 1795, C[olonial]O[ffice records, Public Record Office, London] 55/1; R. L. Brohier, "Chronological Catalogue of Letters and Reports on Ceylon Affairs (1795-1800) in the Madras (Egmore) Record Office", *Journal of the Royal Asiatic Society Ceylon Branch* [hereafter, *J.C.B.R.A.S.*], IX (1964), 48; Proceedings of the de Meuron committee of inquiry, 3 Nov. 1798, in Historical Manuscripts Commission, Ceylon, *Bulletin No.* 1 (Colombo, 1937) p. 12.

8. A. Bertolacci, *A View of the Agricultural, Commercial and Financial Interests of Ceylon* (London, 1817) p. 226; *Parliamentary Papers*, 1828, XXIII (539) 90.

estimated between two-thirds and four-fifth the entire foreign trade. Important though it was, the trade with India attracted little attention from the government because, as Governor Sir Robert Wilmot Horton (1831-37) once confessed, it was almost entirely in the hands of native merchants.[9] In the case of the European traders of the colony there was throughout a powerful lobby which actively looked after their interests. In the 1820's and the early '30's, when they had no formal organisation to represent their views to the government, they usually nominated one among them to act as the spokesman.[10] In January 1834 they founded a newspaper, the *Observer and Commercial Advertiser* (re-named the *Colombo Observer* a year later), which became their platform, and though they were not given any representation in the new Legislative Council established in 1833 owing to the actions of Governor Horton,[11] they succeeded in influencing certain official members of the Council to speak on their behalf on matters which affected their interests. The contrast with the position of the merchants concerned with the Indo-Ceylon trade is striking. There was no pressure group and there was 'no advocacy in the public prints' of their interests; the only means they had of placing their views before the government was through petitions, but they were rarely given any serious consideration by the officials.[12]

The customs policy of the Madras Presidency was no less harmful to the interests of the coastal trade than the policies of the government of Ceylon. In the early nineteenth century, the East India Company was the single most important external agency which determined the pattern of Ceylon's foreign trade. As a colonial official observed at the time the placing of the Maritime Provinces under the Crown was being considered, in regulating its trade with the neighbouring lands the Ceylon government could not act as of right but only in consort with the Company in India, lest the latter's commerce suffered.[13] Fort St. George, which was largely concerned with the colony in this respect, understandably placed its interests and the interests of the people under its rule above those of Ceylon whenever negotiations took place in the first decades. The Governors of the colony saw no reason why there should be a conflict of interest between the two governments: "I cannot help complaining", Governor Sir Robert Brownrigg (1812-20) wrote in 1815, "that there should be either in the instructions from the East India House to this country, or in the general policy of the Company's administration any ground for their Governments to consider the interests of their possessions as at variance or opposition with those of the Bengal colonies. It would be altogether superfluous to expatiate ... on the vexatious operation of such a principle with regard to this Island, surrounded as it is by the Company's Settlements or to urge the reasonableness of expecting in their territory all those facilities and privileges of commercial intercourse which are not refused by indepen-

9. *Ceylon Government Gazette*, 9 Nov. 1836.
10. This function was usually delegated to W. C. Gibson and Co. of Colombo, one of the oldest European firms in the colony. cf. W. C. Gibson and Co. to Lusignan, 31 July 1824, C.O. 416/12-E7. It was only in 1839 that the merchants formed a formal organisation, a Chamber of Commerce, of their own.
11. On this issue see, V. Samaraweera, "Governor Sir Robert Wilmot Horton and the Reforms of 1833 in Ceylon", *Historical Journal*, XV (1972) 219-220.
12. *Ceylon Government Gazette*, 11 Jan. 1837.
13. "The Douglas Papers", *Ceylon Literary Register*, 3rd. s., I (1931) 11.

dent states to others on a good understanding with them, and such a relative arrangement of duties as might give the greatest possible moral encouragement to the commodities of each country".[14] One after another of the colony's major exports to Coromandel suffered from the tariff policy of Madras. The reaction of the Ceylon government was to take counter steps to force the hand of Madras. The consequence was predictable: in the words of Colonel William Colebrooke, who inquired into the situation in Ceylon in 1829-31, "the inhabitants of Ceylon and the Continent are connected in a thousand ways and might carry on a most profitable intercourse, but they are cramped and restricted in a manner that proves injurious".[15] Of the two regions, Ceylon certainly suffered more, for the coastal traders not only took away the produce of the people which found no market internally but also supplied several essential articles. An examination of the effects on the Madras territories falls outside the scope of the present paper, but in a worsening economic climate,[16] the constraints which were placed on trading would have no doubt left their mark there. It was only in the 1830's, when the loss of its chartered privileges were being sharply brought into focus, that the East India Company responded to the overtures of Ceylon to improve trading relations. As Colebrooke wrote, "It would be conducive to the welfare of both countries and congenial to the habits of the people, who are naturally connected, that the duties and restrictions which fetter the intercourse between them should, as far as possible, be removed in the ports of the East India Company and those of His Majesty and that they should cease to be governed as rival possessions".[17]

## II

The fortunes of the Coromandel trade in these years could be reviewed by examining in detail the position of the major commodities involved in the trade. Of the colony's export 'coastways'—the term used by the British to signify the Coromandel coast—the most valuable was arecanut. The produce of the areca palm, which grew in abundance in the interior of the island, arecanut (*areca catechu*) was in great demand in Coromandel where, in common with rest of South India, the chewing of betel with arecanut as a mild stimulant was a widely prevalent habit. Arecanut had for long been a most profitable article—it was monopolised by the Sinhalese kings as well as by both the Portuguese and the Dutch—and was a crucial commodity in the exchange trade between Ceylon and Coromandel, being often bartered for either grain or cloth. Knox had written in the seventeenth century, "money is not very plentiful in this land, but by means of these nuts ... they furnish themselves with all things they want".[18] The Dutch monopoly adversely affected the trade in arecanut and by the mid-eighteenth century the profits of the Company had dropped considerably, but with the relaxation of the restrictions it seemed to have picked up. The Madras administration abolished the monopoly and instituted in its place an export duty of 5 per cent. The trade improved with this change and the exports which averaged about 12,000

14. Brownrigg to Bathurst, 8 June 1815, C.O. 54/56.
15. *Parliamentary Papers*, 1831/32, XI (735-III) 247-8.
16. See, P. J. Thomas and B. Natarajan, "Economic Depression in the Madras Presidency, 1820-54", *Economic History Review*, VII (1936) 67-75.
17. Report upon the Revenues of Ceylon, 31 Jan. 1832, C.O. 54/122.
18. q. in S. Arasaratnam, "The Kingdom of Kandy: Aspects of its External Relations and, Commerce", *Ceylon Journal of Historical and Social Studies* [hereafter, *C.J.H.S.S.*] III (1960) 116.

*amunams* in the last years of Dutch rule reached 15,852 *amunams* in 1796-97. The duty was revised several times in the following years and was fixed at 10 rix-dollars per *amunam* in 1803, which remained in force until 1820. The exports predictably fell, fluctuating between 7,000 and 12,000 *amunams* over the years, but the government collected considerable revenue by way of duties, averaging—according to the authoritative Anthony Bertolacci—about 125,000 rix-dollars annually.[19] In the meantime, within the colony the price fetched by arecanut began to fall from the high figure reached at the tail-end of Dutch rule. Arecanut was now purchased by itinerant traders from the interior at between 6-7 rix-dollars per *amunam* and sold at the coast for 15 rix-dollars. The export price fell further to about 11 rix-dollars per *amunam* with the conquest of the Kandyan Kingdom by the British in 1815: the royal monopoly of arecanut was abolished by the new rulers and the major source of supply became freely open to the merchants. In 1820 the export duty was revised and fixed at 4 rix-dollars per one hundred-weight but in the late 1820's it was gradually reduced until it came to 1s. 0d. per one hundred-weight in 1830; and, the exports increased to 50,139 cwt per year by 1836. The direct trade in arecanut, however, was no longer profitable. Ceylon produce was subject to a high duty at the ports of Coromandel, which correspondingly increased its selling price there. Consequently, though Ceylon arecanut was known for its fine quality, it found it increasingly difficult to face the stiff competition of the inferior, but cheaper, produce from Achin, which began to flood the South Indian market.[20] However, within the context of the exchange trade with Coromandel, arecanut continued to hold its own in this period.

Elephants formed the other article which, together with arecanut, dominated the Coromandel trade prior to the arrival of the British. Elephants were sought by rulers of this region as well as elsewhere in India to serve in their warfare and were also used for ceremonial purposes. This trade too was monopolised by the Dutch, but the actual carrying was in the hands of the coastal traders, who bartered elephants for rice on the opposite coast. In British times they were no longer an important article, which perhaps reflected the changed military position of the Indian regions after the political expansion of the East India Company. As early as October 1795 an official in Ceylon dismissed this source of revenue as "uncertain and variable"; its average yield per year was less than 3,000 rix-dollars.[21]

The position held by elephants was taken by arrack. The trade in arrack in particular illustrates the adverse effects which the tariff policies of the governments of Ceylon and Madras had on trading relations between the two territories. Arrack, or "coconut brandy" as English writers termed it, was a liquor which was distilled from the unexpended flower spathes of the coconut tree. It had found a ready market in South India during Dutch times but it was only with the establishment of British

19. Bertolacci, *Ceylon*, p. 160. Bertolacci's work was often cited authoritatively by the Governors of the colony as well as by the Colonial Office during this period.
20. Bertolacci, *Ceylon*, pp. 160-1; *Ceylon Government Gazette*, 9 Nov. 1836. The early British did not follow a uniform system of measures and their records refer to both the Dutch colonial (often based on the local system) and the British units. The resultant confusion was worsened by the use of the Dutch as well as British currency systems. One rix-dollar was valued at 1s. 9d.
21. G. Turnour, "Some Account of the Islands between Mannar and Jaffnapatnam", 12 Oct. 1795, in *Bulletin No.* 1, p. 24.

rule that it became, in the words of Governor Horton, "a staple article of manufacture of considerable importance to the Colony".[22] This was due mainly to the demand created by the army and navy personnel at Madras—in fact, in the first decades of British rule though arrack was exported to England, Bombay, Penang and Singapore, and the native population of Coromandel absorbed part of the exports, an estimated 5/6th of the purchases were made by the Company's commissariat at Madras. The arrack exported to Coromandel was exchanged with rice and cloth and when taken directly to Madras was exchanged with European manufactured goods. The trade received its first major setback when the Madras government decided in 1813 to impose an additional import duty, over and above the existing duty of 5 per cent, on liquor manufactured to the east of the Cape of Good Hope with the aim of promoting the production of *patta* arrack in its own territories. The coastal traders were already paying a duty of 10 per cent in the colony and this further impost hurt them considerably. Other factors too adversely affected the trade. Batavian arrack, which had been forced out during the Napoleonic wars, began to re-enter the Indian markets and a European firm in Madras was given a monopoly contract for the supply of arrack to the forces by the government in 1812. The consequence was a fall in the selling price of Ceylon arrack in the opposite coast and the exports were reduced from 6,000 leaguers in 1810 to about 3,750 leaguers by 1820. The Ceylon government at first sought to recoup the loss sustained in the revenue from the export duty by imposing a tax on the consumption of arrack within the colony but later in 1820 decided to take the further step of raising the export duty to 12 rix-dollars per leaguer. It is noteworthy that during these years the duty on arrack exported to England remained at 5s. per leaguer.[23] The attitude that governed this fiscal policy emerged clearly when Sir Edward Barnes (1820-22 and 1824-31) wrote that it was "not a little provoking" that Madras raised from Ceylon arrack a revenue which was equivalent to one-fourth the colony's total revenue from the sea customs and that means should be found of "participating in this enormous gain".[24] The colonial government seemed oblivious to the effects its measures had on the coastal trade. To the merchants, who were facing difficulties in the Coromandel ports because their limited capital did not enable them to pay the coast duties until their goods were sold, the new imposts in the ports of shipment came as a ruinous blow. They no longer found it profitable to carry arrack for sale in the open markets of Coromandel; the exchange trade, however, did not suffer greatly.[25]

Arrack was only one of the products of the coconut tree which found a market in Coromandel. There were several other of its products which were carried by the coastal traders long before arrack became an exportable item. The coconut tree grew luxuriantly along the south-western coastal belt of the island and, as successive writers on Ceylon observed, proved to be of immense value to the people. In the words of Colebrooke: "These [coconut] plantations contribute largely to the subsistence of the people, and are a great resource when [grain] crops are destroyed by innun-

22. *Ceylon Government Gazette*, 9 Nov. 1836.
23. Bertolacci, *Ceylon*, pp. 150-4; Brownrigg to Liverpool, 21 Aug. 1812, C.O. 54/44; Collector of Customs of Galle to Colonial Secretary, 8 June 1836, C.O. 54/157.
24. Barnes to Bathurst, 7 Nov. 1820, C.O. 54/77.
25. Bertolacci, *Ceylon*, pp. 151-3; Colebrooke's Report upon the Revenues, C.O. 54/122.

dation. They also support several useful industries".[26] Coir, ropes and coconut oil were the more important manufactures. These were the products of secondary occupations of the people and were one of the few means they possessed of obtaining cash since the coastal traders generally purchased them directly from the producers. Coir and ropes, which were made from the fibrous husk of coconut, had a considerable demand in Coromandel, especially from the native ship building industry. In particular, the manufactures of one region of the island centred around Beruwala, one of the small ports concerned with the coastal trade, were well known for its fine quality. The Dutch had monopolised the trade and exported cordage not only to Coromandel but also to the Cape of Good Hope and Batavia. The monopoly was abolished by the British who imposed an export duty of 5 per cent in its place. During the British times, though Coromandel continued to draw part of the exports, England gradually supplanted it as the principal market. Ceylon's place in Coromandel was taken by the Laccadive and Maldive Islands. Another significant development was the entry of the European merchant houses into the trade. Coconut oil too had for long been exported to Coromandel as well as to the rest of South India. Under the British the pattern of this trade also changed. Again England became the more important market and European firms began to dominate the carrying trade, and in the 1820's they began to invest in the production of coconut oil too. In the mid-1830's, when it was considering the revision of the whole customs structure, the government was faced with a problem in consequence: how best to balance the interests of the European merchants with those of the people.

Two other products of the coconut tree, copra and nuts, merit notice. Copra, dried kernals of coconut, were exported to Coromandel as well as to Malabar, and was subject to a duty of over 15 per cent in the early years of British rule. By 1830 it had been lowered to 2s. per one hundred-weight and there was a considerable increase in exports. The exports of nuts had a seasonal variation determined by the market price in Coromandel. Generally between July and August within the colony the price of nuts increased to £ 1.13.0 per hundred from the usual price of 15s., but in Coromandel the price increase was from the usual £ 1.10.0 to £ 1.16.0—£ 3.0.0. per hundred and exports rose sharply during the period. There was an export duty of 1s. per hundred nuts which was reduced to 4d. by 1828.[27]

Pearls formed yet another important item in the trade between the two coasts. However, it found no regular place in the trading pattern, for pearl fishing was undertaken only when the oysters were deemed to have matured. The pearl fishery continued to be a monopoly of the state under the British and, excepting on a few occasions, it was rented out to speculators. When undertaken, as Madras realized when it ruled the Maritime Provinces, the pearl fishery was in the nature of a windfall to those who controlled it: in the three fisheries Madras conducted it earned a revenue of £ 396,000. The pearl fishery brought out the close links that had been established between the coasts of Ceylon and Coromandel. The pearl banks of Ceylon lay off its north-west

26. *Parliamentary Papers*, 1831/32, XXXII (274) p. 6.
27. *Ibid.*, 36; Collector of Negapatam to Board of Revenue of Fort St. George, 28 July 1836, C.O. 54/157; Barnes to Murray, 24 Aug. 1827, C.O. 54/105; *Ceylon Government Gazette*, 7 Nov. 1836.

coast, with the Mannar bank being the richest, and the fishing was in the hands of speculators from the opposite coast, where too pearl banks were found. In fact, the Raja of Tanjore and the Nawab of Carnatic had disputed the Dutch control over the pearl banks of Ceylon and they renewed the demands for a share of the fishery as of right when Madras rule was established. The demands were withdrawn only in consideration of a monetary payment.[28] In the main the speculators were from the *Nattukottai Chetti* community and they seemed to have even formed a ring to control the renting in a fairly effective manner. The boats and crew for fishing were brought from Tuticorin, Negapatam and Karikal of the Coromandel coast, while the divers were mainly *Maravas* and *Paravas* of Tuticorin. Along with them came their families and others who were attracted by the prospects of petty trading; pearl fishing occasions were described by a contemporary as "as exciting to Indians as fairs, horse-races and regattas are to Europeans".[29] In 1833, on the recommendations of Colebrooke, the government monopoly was abolished in favour of a license fee for the right of fishing. The measure, however, failed to break the control gained by the *Chettis* and it was only in 1836 "the perfect success of the principle of throwing the trade open" was seen. This was largely due to the determined efforts made by Governor Horton; even the staid *Madras Gazette* was moved to congratulate him on his achievement.[30]

There were other products of the island which were taken to Coromandel by the coastal traders. Among these were chanks, ivory, tobacco, ghee, coffee, various handicrafts of the Kandyans, the produce of the palmyrah tree from Jaffna, and chaya root. None of these held an important place in the trade, however.

The principal article imported from Coromandel in return for these items was rice. The problem of the supply of rice, which was the staple food of the people of the colony, was to concern the British as it did the Dutch earlier. Ceylon as a colony never succeeded in producing its requirements in rice. The early British felt that the problem they faced since the inception of British rule would be eased with the conquest of the Kandyan Kingdom but they were destined to be disappointed. An estimate made in the 1820's amply revealed the position. On the basis of 6 *parra* as the average annual consumption of rice per person, it was calculated that a total of 6,111,640 *parras* would be required for the colony, but both the Maritime and the Kandyan Provinces succeeded in producing only an estimated 2,158,612 *parras*.[31] Various steps were taken by the rulers to promote paddy cultivation but as a writer commented in 1849, "the results shows (I am speaking advisedly), to the everlasting shame of the British Government, that the island is not even self-sufficient in this particular".[32] The gap in the supplies was filled by imports from India. In the period 1818 to 1828 alone the imports amounted to over £ 150,000 in value. Perhaps it is no surprise that

28. Brohier, "Letters and Reports on Ceylon", *J.C.B.R.A.S.*, IX (1964), 41, 46, and 55-6.
29. J. Steuart, *Notes on Ceylon and its Affairs* (London, 1862) p. 149; R. Percival, *An Account of the Island of Ceylon* (London, 1805) pp. 86-9.
30. Horton to Glenelg, 21 May 1836, C.O. 54/148; *Madras Gazette*, 4 May 1836.
31. C.O. 416/2-A3. The accuracy of the figures is doubtful but they are indicative of the magnitude of the problem.
32. C. Pridham, *An Historical, Political and Statistical Account of Ceylon* (London, 1849) ii, 368.

the inhabitants, especially of the Maritime Provinces, developed a marked preference for "coast rice".[33] Much of the imports came from Coromandel, which from the Dutch times had been the principal supplier.[34] The quantity imported varied, being governed by the respective performances of the cultivators of the two regions; and therefore the price was subject to considerable fluctuations. In the interior Kandyan Provinces, for example, within the course of two weeks in February 1832 the price of coast (i.e. Coromandel) rice rose from 3s. 9d. to 4s. 6d. per *parra* on account of the poor *maha* harvest. Significantly at the same time at Puttalam the price remained constant at 3s. 4½d. per *parra*.[35] It is relevant to note here that Puttalam constituted one of the ports which was concerned with the coastal trade. These fluctuations gave an opportunity to traders to draw large profits by manipulations. A correspondent to the *Colombo Journal* observed in January 1833 that they are "in the habit now, and at all times, to purchase [rice] in large quantities and store it up until very urgent demands for the same are made, to sell it at a very high rate".[36] The traders who were singled out for criticism were the *Nattukottai Chettis*. The high cost of rice reflected in the figures was due also to the import duties imposed by the government of Ceylon. The colonial government's customs policy was based on the view that, where possible, import duties should be raised and export duties correspondingly reduced in order to promote the export of the products of the island. Despite the urging of numerous officials, who pointed out that when import duties were decided upon a distinction should be carefully made between articles of the first necessity and others, the government continued to tax all imports on the same basis. The duty on rice varied over the years—in years of famine, as in 1813, it was reduced to as low as 1 percent—but generally it amounted to 14 to 20 percent of the usual price of grain in the market of Colombo. In the mid-1830's the revenue from this duty was over £ 25,000 per annum, which was estimated to be 2/5th the whole revenue from customs, excluding cinnamon.[37] The reduction of the duty was repeatedly demanded, for there was no doubt it was causing hardship to the people. The reduction was also called for on the grounds that it deterred the highly valued South Indian labour from coming to Ceylon: "the labourers who came to Ceylon from the continent to cultivate Coffee and Sugar subsist altogether on imported grain which they prefer to that grown in the Island and so heavy a tax on their subsistence increases the price of labour and retards the settlement and improvement of the island".[38]

Equally important as rice for the Coromandel-Ceylon trade was cotton cloth manufactured in Coromandel which too was controlled by the *Nattukottai Chettis*. Ceylon had imported cloth from Malabar and Madura as well as from Coromandel from early times, but Coromandel functioned as the main supplier throughout—indeed, under the Dutch cloth exports to Ceylon from Malabar and Madura were subjected to an embargo by the Company and Coromandel's share of the market

33. *Colombo Journal*, 11 Sept. 1833.
34. Raychaudhuri, *Jan Company*, pp. 51, 62 and 211.
35. *Colombo Journal*, 16, 19 and 27 February 1832.
36. *Ibid.*, 16 Jan. 1833.
37. *Ceylon Government Gazette*, 23 June 1813 and 9 Nov. 1836; Executive Council minutes, 11 Sept. 1836, C.O. 54/157.
38. Colebrooke's memorandum, 31 Dec. 1840, C.O. 54/185.

increased correspondingly.[39] A high import duty on cloth was imposed by the British in Ceylon. Again the bias towards exports was reflected; further, it was also felt that, as in the case of rice, the manufacture of cloth within the colony would be encouraged by a high import duty. The duty was successively raised from 7½ per cent until it stood at 20 per cent *ad valorem* by 1836 and since it effectively varied according to the description of cloth, the actual imposition ranged between 15 to 50 per cent. By this time the collection of the duty had been simplified to some extent by formulating a table of fixed grades and values of cloth in place of the numerous varieties and grades which had to be valued earlier. In the early 1830's the revenue earned by the government from this amounted to about £ 13,500 per annum. Most of these imports were made up of the better types of cloth within each class, for the manner in which the duty was calculated favoured these rather than the coarser types. Coarse cloth was imported to be dyed by craftsmen in Jaffna and was often re-exported.[40] Although a considerable amount of cloth was imported, manufacturing was also undertaken within the colony. It was centred around Jaffna and to a lesser extent at Mannar. The Dutch had taken steps to develop manufacturing as well as dyeing of cloth in Ceylon. They were less successful on the manufacturing side than on the dyeing owing to restrictions of caste.[41] However, manufacturing continued well into British times though on a moderate scale. The attempts of the British officials to encourage this by means of high import duties failed. For, counter steps were taken by Madras to reduce the export price of Coromandel cloth by reducing the export duty imposed there. By 1836 it had been reduced to 2½ per cent as compared with 8 per cent duty on other articles, with the exception of rice, which was subjected to a duty of only 3 per cent, and Coromandel was able to gain control of the market in Ceylon, almost to the exclusion of the products of Jaffna. As early as 1817 it was estimated that the manufacturing in Jaffna had declined by about one-half.[42]

Several other items of trade from Coromandel were brought to Ceylon but their place in the trade was slight. Among these were brass for brass manufacturing in Jaffna, steel, opium, grain other than rice, salted fish, sugar, spices and on occasion European manufactured goods from Madras.

In early British times it became increasingly clear that the little 'direct' trade (in contradistinction to 'barter' trade) that was carried on between Ceylon and Coromandel was no longer profitable. Indeed, if a statement of the merchants engaged in the trade is to be believed, they were actually suffering losses (see Appendix I). Apart from the adverse customs structure maintained by both the Ceylon and Madras governments, the trade was hampered by unfavourable rates of exchange which prevailed between the two territories. Many currencies were used in Ceylon—rix-dollars, various Indian coins, Spanish dollars—and the exchange rates were subjected to heavy fluctuations,

39. Raychaudhuri, *Jan Company*, pp. 13, 51 and 137. In fact, over the years the Dutch Company's trade in Asia on the whole became heavily dependent upon the supply of Coromandel cloth. *Ibid.*, p. 159.

40. North to Hobart, 20 Apr. 1803, C.O. 54/11; Evidence of Captain J.T. Anderson, 20 Sept. 1830, C.O. 54/121; Executive Council minutes, 11 Sept. 1836, C.O. 54/157.

41. Arasaratnam, *Dutch Power*, p. 161.

42. Bertolacci, *Ceylon*, pp. 226-7; Collector of Negapatam to Board of Revenue of Fort St. George, 28 July 1836, C.O. 54/157; Collector of Narasapur to Board of Revenue of St. George, 27 Oct. 1836, C.O. 54/157.

invariably to the disadvantage of the colony. In 1825 the Lords of the Treasury in England decided to introduce into Ceylon, as elsewhere in the empire, a uniform monetary system based on the English shilling but as far as Ceylon was concerned it proved to be a failure. To obviate the difficulties that arose and in view of the close connections that existed between Ceylon and the East India Company territories, repeated demands were made for the introduction of the Indian coinage to replace the diverse currencies.[43] Only in 1836 was a decision taken and that year Governor Horton made the 'Company's Rupee' the colony's monetary medium.[44] The merchants concerned with the direct trade faced other difficulties too. Freight in the *dhonies*, which carried the trade, was scarce, for they were normally engaged for return voyages by traders who engaged in barter; and in any case their charges were high.[45]

With the failure of the direct trade, a considerable smuggling trade developed, which by all accounts proved to be extremely profitable. As the Collector of Narasapur once advised his superiors at Madras, "a high rate of duty defeats its own end, by cramping trade, diminishing consumption and promoting smuggling".[46] Smuggling was especially marked in rice, cloth, arrack and arecanut and to a lesser degree in tobacco. The Ceylon Government could do very little to prevent this. The trade with Coromandel was intimately connected with the inter-port trade of the island and the same traders were generally engaged in both and consequently it was often difficult to distinguish between cargo destined coastways and cargo sent to the other ports of the colony. Furthermore, the customs staff of the government was stationed only at a few ports concerned with the coastal trade. As a measure to end smuggling, suggestions were made that owners of native crafts should be required to enter into bonds but it became obvious that these bonds could not be effectively enforced and that even if they were enforced it would lead to endless prosecutions. The government had no option but to close its eyes to smuggling.[47]

The tariff policies of Ceylon and Madras affected the barter trade between Coromandel and Ceylon too, but not to the extent seen in the direct trade. In fact, the barter trade continued to generate profits. This was mainly due to the fact that the major articles brought from Coromandel, rice and cloth, realized exceptional profits in the colony. (For rice see, Appendix II. As for cloth, a colonial official claimed in 1836 that it was the "only means the Ceylon Dhonies have of making a trip to the coast pay"[48]). The degree to which the people of the colony depended on Coromandel for these essential items is amply borne out here. Further, it is clear that unlike in the case of the trade with Europe, where the merchants derived profits in both imports and exports, the coastal trade was profitable at best in one direction only.

43. Report of Colebrooke upon the Establishments and Expenditure of Ceylon, 28 May 1832, C.O. 54/122; Collector of Madura to Board of Revenue of Fort St. George, 6 Aug. 1836, C.O. 54/157.
44. H. A. de S. Gunasekera, *From Dependent Currency to Central Banking in Ceylon* (London, 1957) pp. 4 ff.
45. C.O. 416/12-E3.
46. Collector of Narasapur to Board of Revenue of Fort St. George, 27 Oct. 1836, C.O. 54/157.
47. Bertolacci, *Ceylon*, pp. 344-5; Collector of Customs of Galle to Colonial Secretary, 8 June 1836, C.O. 54/157.
48. Collector of Customs of Galle to Colonial Secretary, 8 June 1836, C.O. 54/157.

The customs structure was revised from time to time by successive Governors but no significant shift in the principles underlying the policy took place until Horton became the Governor. By this time Colebrooke had made major recommendations regarding the revision of the customs policy which were accepted by the Secretary of State in England. The tariff relating to the trade with Europe of course took priority but soon after assuming office Horton initiated discussions with the Madras government with the intention of arriving at a consensus regarding the revision of duties imposed on the Indo-Ceylon trade. Throughout Horton seemed to have acted on the assumption that if Ceylon made concessions Madras would reciprocate and the results would be beneficial to both territories.[49] The formulation of a new policy dragged on from 1833 until 1837 when the Ordinance No. 7 of 1837 was enacted incorporating the decisions of the government. The delay was partly due to the financial difficulties faced by the government—there was a strong feeling that it was not the best climate to initiate a major change—and partly due to the long drawn out process of consultation which took place with the European mercantile community. Significantly, no attempts were made to consult the traders who were engaged in the coastal trade. There were several issues which were raised at this time, which reveal the attitude of the government and others towards the coastal trading activities. Of the provisions of the Ordinance, perhaps the most sharply disputed was that relating to the equalisation of the duties on English piece-goods and Indian cloth at 4 per cent. This was vehemently opposed by the European merchants. Their cause was canvassed within the Legislative Council with great vigour by the Chief Justice. He argued that "at present it was with great difficulty that British cloth could compete with [Indian cloth] in the market, and it was urged that they would so far suffer inasmuch as they were in a great measure supported by Merchants at home, and they would lose that support when it was found that the growth of India was preferred to that of Great Britain".[50] Horton justified the decision by pointing out that in 1835 alone the sale of cloth imported from England amounted to only £ 24,376 whereas the imports from India were valued at £ 90,558 (according to one estimate) or £ 104,754 (according to another): clearly the preference of the people was for Indian cloth and while taking some measures to support the British manufactures, it had to be respected. There were protests that any reduction of the duty on Coromandel cloth would deal a ruinous blow to the flagging cloth manufacturing in the north but they were ineffectual. Provisions concerning the products of the coconut tree too caused controversy. It was argued on behalf of the Europeans that they had invested heavily in the production of coconut oil and that if the duty on nuts was reduced, as it was intended, the cost of manufacturing would considerably increase, for the change would stimulate an increase in exports to South India. Horton admitted the validity of the argument but was of the opinion that since 9/10th of the land owners of the coastal belt were coconut growers, it was wrong to protect the European interest at their expense. A further provision which caused concern was the one relating to the duty on rice. It was argued by some that the duty should not be reduced in the interest of the cultivators in the colony but others pointed out the reality of the situation and deman-

49. Horton to Glenelg, 21 Jan. 1837, C.O. 54/157.
50. *Ceylon Government Gazette*, 11 Jan. 1837.

ded that it be drastically reduced to help the consumers. However, the deciding factor was fiscal: Horton felt precluded "by the serious amount of revenue which would be hazarded by the smallest reduction from attempting a reduction of duty at this moment". Nevertheless, a new rate of 7d. per bushel of rice was introduced by the Ordinance. On the whole there was much truth in Horton's claim that the Ordinance was beneficial to the coastal trade. The export duties on arrack and arecanut were reduced to $2\frac{1}{2}$ per cent. Warehoused goods for re-export at the ports of Colombo, Galle, Jaffna and Trincomalee were exempted from duty and the inter-port trade of the colony was to be given a full rebate of the dues.[51]

III

The trade between Coromandel and Ceylon was carried almost entirely by the light-draught vessels which were known to contemporaries as *dhonies*. They were ideally suited to traverse the narrow strait which separated Ceylon from the south-eastern extremity of the Coromandel coast. Europeans were weary of making use of this passage—Pliny had long ago noted its dangers when he wrote that "the sea between the island of Ceylon and India is full of shallows not more than six paces in depth, but in some channels so deep that no anchor can find the bottom"[52]—and preferred the better known and safer waters along the eastern coast of the island to reach the Bay of Bengal, but to the seafarers of the two coasts who had from time immemorial used this passage, it possessed no special terrors. A distinct advantage of *dhonies* was their ability to reach the numerous small ports which dotted the coast lines. Unlike the European sailing vessels which had to go round the island, these touched the opposite coast in double-quick time and were able to offer substantially cheaper freight rates. However, *dhonies* suffered from one disadvantage: they were employed only during the north-east monsoon and were laid up during the contrary monsoon.[53]

The chief harbours of Ceylon were Galle, Trincomalee and Colombo. Galle and Colombo were used by the coastal craft as well as by European vessels but Trincomalee, which lacked a hinterland, was hardly concerned with the coastal trade. There were several other smaller ports along the coastline which offered shelter to the native crafts. The more important among them were Kottiyar, Batticaloa, Matara, Beruwala, Kalutara, Negombo, Puttalam, Chilaw, Kalpitiya, Mannar, Jaffna and Point Pedro. Some of these, like Beruwala, had had a long association with coastal shipping, but others like Negombo came into prominence owing to the activities of the Dutch. Negombo in fact seemed to have supplanted Kalpitiya, which held sway during the Dutch times, as the principal port concerned with the trade with Coromandel; a contemporary wrote of it as the "largest village in Ceylon, and for its size contains the greatest number of inhabitants".[54] These several ports attracted not only

51. *Ibid.*, 9 Nov. 1836; Horton to Glenelg, 21 Jan. 1837, C.O. 54/157.
52. q. in R. Moorkerji, *Indian Shipping* (London, 1912)p. 103. Several Governors gave serious consideration to plans to deepen the passage and provide for heavy shipping between the Gulf of Mannar and the Bay of Bengal but the estimated costs proved to be too great for the colony to bear; Cf. *Parliamentary Papers*, 1872, XLII (c. 611).
53. Bertolacci, *Ceylon*, pp. 18-9; Colebrooke's Report upon Revenues, C.O. 54/122. On *dhonies* see, H. Yule and A. C. Burnell, *Hobson-Jobson* (London, 1903) p. 323.
54. Percival, *Ceylon*, pp. 108-9.

the *dhonies* which plied between Ceylon and Coromandel but also those engaged in the inter-port trade of the island. The inter-port trade was carried on in the main between the northern districts and the south-western coastal belt, which were the more populous regions of the colony. Again, barter was the chief characteristic: the inhabitants of Jaffna exchanged salt, tobacco and cloth for items like arecanut, cotton and bee's-wax of the south-west. Jaffna also functioned as a centre of export for produce collected from the other parts of the island.[55] Under the Dutch there had been a busy rice trade between Batticaloa and Trincomalee (to supply the garrison there), Galle and Jaffna, but during early British times rice cultivation in the Batticaloa region declined and its port no longer played an important role in the inter-port trade of the colony.[56]

From these ports radiated trade routes to the interior of the island. The Dutch had built several roads and canals in the littoral and these had assisted the traffic of goods within the area. There were long-known land routes from the littoral to the Kandyan Kingdom but movements along them depended greatly upon the political relations which prevailed between the two territories.[57] The British rule, in particular the conquest of Kandy in 1815, brought about better facilities for the internal commerce. Perhaps the most crucial from this point of view was the network of roads the British began to construct during this time. Roads were primarily built for military purposes but their impact on the economy of the colony was incalculable: a contemporary wrote that roads had

> afforded facilities of communication with the principal stations of the coast, and contributed materially to stimulate the exertion of the inhabitants, by furnishing the opportunity of conveying the produce of their labours to markets, and enabling them to procure such comforts for themselves as they were previously unable to obtain; besides the incalculable benefits arising from intercourse with Europeans.[58]

Equally important was the abolition of the land pass duties which were maintained at provincial bounderies in the littoral and the *kadavat* between the Maritime Provinces and Kandy. Both were legacies from the Dutch. The duties in the littoral were mainly enforced in the northern districts and the British standardised the rates at 7½ per cent excepting in Jaffna, Mannar and the Vanni where it was fixed at 5 per cent. That these levies had "the effect of impeding the inland communication" there was little doubt.[59] The effects of the *kadavat* were equally clear. As Governor Brownrigg wrote after the conquest of Kandy, they were "operating to cramp the natural trade by subjecting it to all the discouraging restrictions necessary to support a Pass Duty as a public form". The abolition of these duties meant a loss of considerable revenue—estimated to average about 16,000 rix-dollars per annum—but Brownrigg saw greater benefits accruing from the measure: they "will be in the shape of Export and Import customs, [which will] flow freely and voluntarily, from a profitable trade, and to a much more considerable amount".[60] Accordingly, the internal duties were abolished

55. Evidence of Captain J. T. Anderson, C.O. 54/121; Collector of Jaffna to Colonial Secretary, 16 Dec. 1836, C.O. 54/157.
56. Bertolacci, *Ceylon*, p. 33.
57. See, Arasaratnam, "The Kingdom of Kandy", *C.J.H.S.S.* III (1960) 109-127.
58. S. Casie Chitty, *The Ceylon Gazetteer* (Cotta, 1834) p. 43.
59. Bertolacci, *Ceylon*, p. 347; C.O. A.O. 8/84.
60. Brownrigg to Bathurst, 26 Sept. 1815, C.O. 54/55.

in 1815. At the same time he removed the bazaar tax, which had been introduced by Madras along the lines of the Indian levy, on the grounds that it was restricting and confining the internal trade. With these several measures the trade between the littoral and the interior began to be knit more closely, with consequent benefit to the trade between the colony and Coromandel. Nevertheless, some regions of the Maritime Provinces, especially the ports along the western and south-western coastal belt continued to maintain closer relations with the opposite coast than with the interior.[61] This was to break down only with greater improvements in the internal communications system. Although the development of the internal commerce benefited the Coromandel traders, it could be argued that eventually it affected the trade coastways in an adverse manner. For, improved facilities promoted the movement of European goods beyond the narrow confines of the more important towns, and the local producers (no doubt in a highly limited way) received opportunities to channel their produce to markets for cash sales rather than to depend on barter dealings; and, concomitantly, the use of money spread. By 1836, it was reported, "every article of British manufacture, which the natives might require or could afford to purchase, was hawked through the most remote hamlets".[62] The exaggeration is obvious but supporting evidence shows that European goods were reaching a wider area in the colony and that the people were beginning to acquire a taste for European goods. It was perhaps the selling of their produce in the open market that enabled them to purchase the European goods. These developments and their effects have yet to be properly documented but it could be conjectured that one of the final results would have been the contraction of the barter trade of the colony with Coromandel.

The contemporary records are quite clear that the merchants who dominated the coastal trade during the period under review belonged to *Nattukottai Chetti* community, one of the several sub-castes into which *Chetti* caste had been divided. *Nattukottai Chettis* were numerous in the Coromandel country and have been described as "bankers, money-lenders and wholesale merchants".[63] Already by Dutch times the *Chettis* as a group had begun to gain ground in the coastal trade against the Muslim traders who had held a larger share and by the mid-eighteenth century together with the *Komatties*, had even begun to dominate the trading activities along the Coromandel coast.[64] As far as the Ceylon-Coromandel trade was concerned, by the turn of that century the *Nattukottai Chettis* certainly seemed to have eclipsed the Muslims as well as other Hindu traders who had up to then played an important role. Indeed, they seemed to have succeeded in obtaining a near monopoly control over certain articles involved in this trade, especially rice, cloth and pearls. Detailed information regarding their trading activities is not available but according to a report of a European merchant in the colony, they not only acted on their own but functioned as agents for other

61. Colebrooke's memorandum, 31 Dec. 1840, C.O. 54/185.
62. J. Forbes, *Eleven Years in Ceylon* (London, 1840) ii 16. See also, Beaufort and Huxham to Lusignan, 22 Nov. 1821, C.O. 59/27, which gives a list of European goods sold.
63. W. Francis, *Madras District Gazetteers: Madura* (Madras, 1906) i, 100, 131 and 152; J. H. Nelson, *The Madura Country: A Manual* (Madras, 1868), p. 68.
64. Arasaratnam, "Dutch Commercial Policy", *J.E.S.H.R.* IV, (1967) 113-4; S. Arasaratnam, 'Aspects of the Role and Activities of South Indian Merchants, c. 1650-1750', in *Proceedings of the First International Conference of Tamil Studies* (Kuala Lumpur, 1968) i, 587.

traders and speculators on the two coasts.[65] They were a very mobile people—by the end of the nineteenth century their activities had spread to Burma, the Straits Settlements and Natal—[66] and from Dutch times had begun settling in the main ports of Ceylon concerned with the coastal trade and, if we are to believe Knox, seemed to have even ventured into the Kandyan country and settled there.[67] In British times, the relaxation of the controls that had been imposed by the Dutch on the traders who entered Kandy would have enabled them to acquire a greater mobility. Further, by a regulation enacted in 1802, *Chettis* as well as Muslim traders from India who had settled in the colony were permitted to redeem by a capitation tax the compulsory services (*rajakariya*) they were liable to perform for the government. The significance of this lies in the freedom they obtained from a demand which could have had the effect of dislocating their trading activities; in this context it is relevant to note that in the case of the inhabitants of the colony, who were given no option of redemption, *rajakariya* demands adversely affected their agricultural activities.[68]

There were traders from other communities too. *Labbeis*, who were said to have been descendents of Hindus forcibly converted into Islam, had a share in the cloth trade. The Muslims were known to have continued to be active both in the trade between Ceylon and Coromandel and in the internal trade of the colony. The coastal Sinhalese, especially those from the ports of Galle and Colombo, and Tamils of Jaffna—who had a special advantage in that they had no language barrier to surmount in the opposite coast—also participated to a considerable extent; Bertolacci estimated their share in the import-export trade of Ceylon at 5/12th of the whole in 1810-11 and 3/7th of the whole in 1812-13. (No figures are available for the later years). The inconsiderable capital required to engage in the trade would have doubtless facilitated their activities.[69] It is not known whether Europeans were involved in this trade. According to Captain J. T. Anderson, who invested in the tobacco trade of Jaffna with the Malabar and the Malay coasts and made a considerable fortune, not only the Europeans of Ceylon but also those settled in Madras, Pondicherry and Cochin made investments in the one time extremely profitable tobacco trade between Jaffna and Travancore,[70] but no such participation has been recorded in the case of the trade between Ceylon and Coromandel.

65. Evidence of Rabinel, C.O. 416/12-E3. See also, Brohier, "Letters and Reports on Ceylon", *J.C.B.R.A.S.*, IX (1964) 55 and 62; Percival, *Ceylon*, p. 72.
66. Francis, *Madura*, i, 100; E. Thurston, *Castes and Tribes of South India*, (Madras, 1909), V 249-271.
67. Arasaratnam, "The Kingdom of Kandy", *C.J.H.S.S.* III (1960) 112.
68. See, Colebrooke's Report upon the Compulsory Services to which the Natives of Ceylon were subject, 16 Mar. 1832, C.O. 54/145.
69. Evidence of Rabinel, C.O. 416/12-E3; Evidence of Captain J. T. Anderson, C.O. 54/121; Bertolacci, *Ceylon*, p. 139; Percival, *Ceylon*, p. 72.
70. Evidence of Captain J. T. Anderson, C.O. 54/121.

## APPENDIX I

### DIRECT TRADE IN ARECANUT WITH COROMANDEL

| | |
|---|---|
| Cost per one hundred-weight | Rds. 5. 9. 0 |
| duty at Negombo | 1. 0. 0 |
| freight | 0. 6. 0 |
| coast duty: Rs. ½ per cwt. | 1. 0. 0 |
| landing and storage charges at the customs house | 0. 4. 0 |
| total cost | 8. 7. 0 |
| sold at the coast per cwt. | 6.11. 0 |
| loss sustained | 1. 8. 0 |

*Source:* Statement made by several traders at Negombo to the Collector of Customs at Colombo, 30 July 1836, C.O. 54/157.

## APPENDIX II

### BARTER TRADE WITH COROMANDEL

| Original cost at Negombo | Rds. | | Sold at the coast on barter | Rds. |
|---|---|---|---|---|
| 105 *amunams* of arecanut at Rds. 11½ per *amunam* | 1207. 6.0 | | | |
| duty at Negombo | 236. 3.0 | 1443. 9.0 | loss sustained 2% | 1415.0.0 |
| 3 ⅞ candies copra at Rds. 19½ per candy | 75. 6.0 | | | |
| duty at Negombo | 25.10.0 | 101. 4.0 | loss sustained 35% | 66.0.0 |
| 9050 coconuts at Rds. 16 per 1000 | 144. 9.0 | | | |
| duty at Negombo | 20. 1.1⅓ | 164.10.1⅓ | loss sustained 21% | 126.8.0 |
| 2702 lbs. coffee at 3f. per lb. | | 675. 6.0 | profit obtained 6% | 717.6.0 |
| | | 2385. 5.1⅓ | average loss 3% | 2285.8.0 |
| received in lieu of the above goods 168½ *parras* rice, including charges | | | | 2026.8.0 |
| *add*—import duty per *parra* | | | | 468.9.0 |
| prime cost of rice to the exporter | | | | 2495.5.0 |
| rice sold at Rds. 1½ per *parra* | | | | 2531.3.0 |
| deduct original cost of Ceylon produce gain by the sale of rice | | | | 2385.5.1⅓ |
| | | | | 145.9.2⅔ |
| balance of the Ceylon produce sold, paid in cash | | | | 299.9.2 |
| profit of the exporter | | | | 445.6.23⅓ |

*Source:* statement encl. in Collector of Customs to Colonial Secretary, 30 July 1836, C.O. 54/157.