

**La Compagnie (Perpétuelle) des Indes : Reorganisation and Revival of Trade (1719-1769)****Dr. Sandeep Kumar Verma**

Assistant Professor, Department of History, Satyawati College, University of Delhi

**\*Corresponding Author**

Dr. Sandeep Kumar Verma

---

**ABSTRACT**

With the establishment of the French East India Company and its commerce in the region of Coromandel Coast the importance of Pondicherry increased rapidly in terms of maritime commerce, though, it was a port of some considerable trade long before it. The present article aims to map out the commercial activities of the French East India Company between 1719 and 1769. It shows the (re)organization of the French East India Company and provides a glimpse of its performance in context of the region of Pondicherry in particular and Coromandel Coast in general.

**Keywords:** *La Compagnie des Indes, Pondicherry, Indian Ocean, Coromandel*

---

**INTRODUCTION**

Pondicherry was ceded to the French East India Company (*La Compagnie des Indes*, henceforth, CDI) in 1672-73 and the French officials along with some indigenous merchants and weavers began to settle here in 1674. The city of Pondicherry became the chief administrative center for the activities of the French East India Company in India. It was home port of Coromandel shipping for several centuries. Ships anchored in an open roadstead abreast of town. In fair weather they could anchor close to shore, but during the period of storm they had to anchor at a distance[i]. The region during ancient age this place was known as *Paduke*, in the *Periplus of the Erythraean Sea*, which G.W.B. Huntingford identified as possibly being Arikamedu (now part of Ariyankuppam), about 2 miles from the modern Pondicherry[ii]. In 1945, the excavations of M. Wheeler identified the existence of port city. He identified Arrentine ware, Red Table ware, beads and other objects of Roman workmanship. In addition, numismatic evidences appear to show commercial contacts between Pondicherry and Rome that are attested by coins of emperors like Tiberius III, Claudius II and Nero I. This evidence of roman pottery objects and coins reveals that prior to French rule, Pondicherry was known to Roman traders and maritime commerce existed there, which was at its peak in the period between 100 BC to 100 AD. According to Wheeler, this trade was halted with the disintegration of Roman Empire and the resultant withdrawal of the Roman traders. However, Jean Marie Casal excavated the vicinity of Arikamedu in 1949 and revealed the presence of trade even after 200 AD between the Mediterranean and Arikamedu[iii]. We see rise of *Nagarams* exclusively described as mercantile settlements that functioned in the area around modern Pondicherry region during the Chola period. Besides, before the establishment of the French Company in Pondicherry, other European companies, such as Portuguese, English, Danes and Dutch had contacts with Pondicherry[iv]. Even after the establishment of the French company in Pondicherry during 1670s, the Dutch and English continued to contest for this place. For instance, Pondicherry was under the Dutch control for four years during 1693-97. The British also captured this place four times in 1748; 1761; 1778 and 1793. The first two sieges were not successful, and after the others two the territory was restored, being finally given to the French in 1816. The position of Pondicherry was influenced by Mughal emperor at the same time by kingdom of Golkonda and Bijapur. All these examples from the early history of town also testify the cosmopolitan significance of this region as well as reflect the interest of various Indian and European groups.

**The Arrival of the of Company**

In the seventeenth century, French state, *Ancein Regime*, has adopted the policy of mercantilism in order to strengthen its economy. With the turn of the century, issue of maritime commerce with Asian countries also prompted in France and the state was heavily showing its interest in this regard. The establishment of the English and Dutch commercial companies in India, their growth in oceanic trade and lucrative profits that they were making greatly led the French ministers to configure to follow same path. Louis XIV's ministers Mazarin, Colbert and Seignelay played crucial roles in this context[v]. The French nobility was driven by the state to participate in capitalistic enterprises; including government-chartered trading companies, mining enterprises, and estate-based manufactures of glass, sugar and textiles[vi]. Nonetheless, the Crown and private trading interests starting in 1604, when the first trading company for oceanic commerce was established, the French efforts to carve out a successful company recurrently remained futile

throughout the first half of seventeenth century. Cardinal Armand De Richelieu, in 1626 at the 'Assembly of Notables', declared that he intended to create big companies like English and Dutch and to induce the merchants to join them[vii].

*Ancien Regime* was able to create an efficacious company in 1664 due to the earnest and conscientious actions of Colbert, Louis XIV's minister of finance (1665-1683). With the foundation of *Compagnie des Indes Orientales*, France attained success in creating a durable vehicle for its presence in India. The Dutch and English Companies were led by merchants but the French company was overtly a state project. Colbert aimed to design this Company on the Dutch model; however, the French Company rarely followed the Dutch model[viii]. In contrast to the French one, the Dutch company was directed by the shareholders, while the French was completely dependent on French ministers for its administration and finance. A Paris-based *chamber-générale* of Directors was the handler of the company. Another official, who reported on the progress of the Company directly to the King, monitored the Directors. Holden Furber rightly said that the CDI was not a *company* but rather it was a *syndicate*, as all the power was concentrated in the hands of the syndics[ix].

After the establishment of the company, the French established their first factory at Surat after getting the *parwana* from the Aurangzeb on 11 August 1666[x]. Surat was the headquarters for the French trading enterprises in India in the seventeenth century, but with the turn of eighteenth century, Pondicherry replaced Surat. Francois Caron was appointed as first Director General of commerce in India of the company. Due to the, high competition amongst the European nations in Surat and given the long experiences of the Dutch and English in the Indian atmosphere, it was very difficult for the French traders and officials manage to survive in the region. Besides, from the beginning, the CDI had continuous acute shortage of capital, and had not had much understanding about the intricacies of the Indian market. In addition, the rivalry with the Dutch in India was remained endangered element for their commercial ventures. In 1672 under the guidance of De la Haye, the French company forcefully established themselves at Trincomalee. Consequently, Dutch had seized the San Thome in 1674.

In this backdrop, the French moved to Pondicherry, where they had to fortify their settlement in order to provide security to their trading activities, this further linger their profit-making ventures. The rivalries of European nations, explicitly affected their relations in India and thus, their trade and commerce. For instance, as soon as the French shifted to Pondicherry, War of the league of Augsburg started in Europe. Due to their rivalry in Europe, Pondicherry was seized by the Dutch. Consequently, temporarily, the French trade remained in hibernated state. In 1697, the Treaty of Ryswick made the restoration of Pondicherry possible. Further, the *War of the Spanish Succession* commenced in Europe in 1702 and ended in 1713 with the 'treaty of Utrecht' also made same kind of impact on European relations in India.

The period between 1664 and 1719, the phased of *Compagnie des Indes Orientales*, was marked by ups and downs in French commerce in India and particularly in Pondicherry. However, due to many factors the company was unable to settle its gigantic debts in both India as well as in France[xi]. 1705 onwards, since the company was not able to turn itself into a machinery of profit making, the French government determined to exploit profit by allowing the participation private trading houses of France. It was resolved that the company's monopoly of Eastward trade was to be leased to a group of St. Malo traders. By taking a percentage of the value of the return cargoes from groups of St. Malo traders, the French govt. anticipated to make money to redeem its debts without trading[xii]. Eight treaties of trading partnership were signed between the company and St. Malo traders during the period from November 1707 to December 1714. The trading monopoly of St. Malo was ended in 1715, however, since the company's condition did not improve much, St. Malo were granted another 10 years so that the state continue to get some profit[xiii]. A. Ray criticized the partnership with the merchants of St. Malo and consider it as a disaster for the French in India as the St. Malo group was not making any contribution towards the maintenance of French factories in India and all the financial burden in this regard was born by the company.(A. Ray, 2004, p. 953) Therefore, we find that even by 1719, French in India remained under huge debts.

### ***La Compagnie Perpétuelle des Indes: 1719-1769***

John Law, in analyzing problems of the French economy realized that the King had huge debts to pay; with these debts it was not possible to improve French economy. He believed that French economy was not only facing monetary crisis but also financial crisis (inability to manage national debts)[xiv]. Consequently, to solve both problems, he proposed to establish a national bank in France, which would act as banker of government. This bank had authority to issue paper currency, allowed by the regent, which authenticated credibility of it. Through the converting existing royal debts into equity held in joint-stock company, Law planned to clear the debts of the state. David Stasavage claims that 'Law's plan amounted to a form of bureaucratic delegation to the extent that the monarchy would have granted certain powers to the bank, and in return this would help improve the monarchy's access to credit'[xv]. This is how Law conceptualized a system embracing both element of money supply and government debt and their interconnection (Antoin Murphy, 1997). Another important aspect of Law system was that it had a monopoly of trading of a huge geographical area. For this, Jean Law had already presented a memorandum to the regent, Philippe d'Orleans, in 1715. Through this, Jean Law proposed to create a vast Company of commerce absorbing all the small maritime Companies in

a commercial society. Following it, in 1719, French East India Company was incarnated under the direction of John Law. Due to his initiative, Colbert's old Companies called *Compagnie des Indes Orientales*, *Compagnie de la Chine*, *Compagnie d'occident* were merged into one new Company, *Compagnie Perpetuelle des Indes* also called *Compagnie des Indes*. By the Edict of reunion, published on 23 May 1719, Company of the Indies was created and main concern was to liquidate the debts and to compensate the shareholders[xvi]. The aim of this new Company was not merely to focus on Asian trade, but rather this new Company was provided a monopoly over all French overseas trade. To liquidate the government debt, shares in the Company were traded in exchange of for his Bank notes.

Nonetheless, the period of Law's proposed system proved to be very short from 1719 to 1723. The Companies were reorganized in 1723; the Commissioners nominated by the King were now assigned the job of supervising the new system and reorganizing it. The French Company was still under the state control but now the Directors of the Company gave permission to its employees for private trade within Asia. Thus, private investment was diverted from trade between Europe (France) and India to trade within Asia (Catherine Manning, 1996, 24). This policy change also helped improved relations of French Company's officials with indigenous merchants, because now former also became interested in private trade within India. They started making new contacts with various merchant communities of India.

In the beginning of the Law's system, Company's trade started well. According to an estimate of March 1724, there were 75 ships of the Company, which at least 57 were in service during the system of Law. Compare to St. Malo's period, the number of ships engaged by the company for trade of India witnessed considerable hike (which roughly doubled) during the short phase of Law's system (A. Ray, 2004, 514). Law's system created various kinds of difficulties owing to which from the end of 1720 onwards French began detaching from away it. For instance, if the King founded a credit institution administered under the surveillance, there the King would have finance support at low cost and security, this institution would ruin the flourishing industry of usurers. This was why all financier leagued against the innovator, and this was the main reasons for its failure. Another major characteristic feature of the system of Law was concentration of all economic sources of the nation in the hand of the King. Even though it was not a new phenomenon but it had created the absolute monarchy. However, there positive outcome of it had some considerable affects; end of the reign of Louis XIV was a period of traders' relative freedom. The Company, which had all the privileges of doing trade, had ruined or fragmented and these privileges were granted to individuals like merchant group of St. Malo and group of Nantes[xvii]. But this dimension of the Law's system gave rise to intense rivalry between these two groups of traders. It helped in increasing the anarchy in the system (A. Ray, 2004, p. 515). In addition, due to price inflation during/through the Law system, it has dramatically reduced the real value of royal debts. No one can deny the fact that period of 1719-1723 was a period of crisis in the history of the French Company. The difficulties that the Company was facing previously were still continued and their random and irregular trade was maintained which was a state of discomfort for those who were involved in the French Company trade anyhow. The conflict between shareholders and the directors of the Company was one of the lethal consequences of this system (Girard, 1908-09, 31). Consequently, the French Company was again reorganized and this took place between April 1721 and March 1723. New personnel for the Company were appointed keeping a balance between two groups. Finally, the rule of the commissioners was suppressed (A. Ray, 2004, 516).

Period from 1723 to 1730, the Company had faced same common difficulties in conduct of trade as previously; most repetitive was the lack of fund. The Company had to give some money along with the contracts to the merchants. But the Company had not had enough money to make advances to indigenous merchants. The other problem was the conflict between the French and the officials of Nabob. It interrupted French commerce to a great extent. One positive aspect of this period was permission of private trade to the Company's employees. In starting, it made slow growth but by the end of 1730s, the Coastal trade had started giving benefits to the employees. It was this commerce, free from the shackles of the Company, which enhanced the Franco-Indian Commerce in Pondicherry and Bengal (A. Ray, 2004, 84).

The background of private trade, which was created in the first decade of *Compagnie des Indes* became most fruitful in the 1730s. Historians are unanimous about that trade and commerce of the French Company was on the peak in between 1730 to 1740. In 1730's Phillbert Orry came to India as Controller-General of the Company and found that there was too much commerce with little economy. Two factors were responsible which prevented the Company from being profitable, first, it had too many responsibilities, and second, it was not being administered economically[xviii]. He suggested three solutions. First, the commerce should mainly be focused on India and China. Second, the Company would be free to reduce expenses by curtailing a number of clerks and other personnel. The third was to reduce number of shareholders. Some reforms took place in the Company, consequently French trade flourished. Various rich merchants shifted to Pondicherry. Private trade of the French officials was on peak, for illustration, Dupleix revitalized the town through his commercial activities as claimed by several historians. Some of his enthusiastic biographers, like Cultru and Martineau, claim that during his stay in Chandernagore he had attracted 70 ships, embellished it with 10,000 houses. However, Indrani Ray denied it. But she said that "there is no doubt that during his administration this quiet little settlement did leap into prominence, mainly through the impetus he had given to private participation in Asian

trade”[xix]. Besides that during this period French successfully improved their relations with indigenous merchants and local powers. They got the permission to mint their own coins in Pondicherry, which was one of the major factors in expanding French commerce in coastal areas of India. French also expanded their territory; they received the *parwana* from Nabob, which allowed them to rule over Kariakal.

**Table: Number of the Ships, sailed from Pondicherry to France in the Year 1727-28 to 1741-42 and the Prime Cost of their Cargoes**

Year	Ships	Pagodas
1727-28	3	2,48,265
1728-29	3	2,03,320
1729-30	3	2,48,083
1730-31	4	6,00,711
1731-32	4	3,02,006
1731-33	4	2,60,640
1733-34	4	3,92,987
1734-35	4	3,75,341
1735-36	3	2,23,484
1736-37	5	3,51,691
1737-38	5	5,22,315
1738-39	5	5,86,156
1739-40	4	4,85,732
1740-41	4	5,55,643
1741-42	7	9,54,376

**Source:** William Milburn, *Oriental commerce: Containing a geographical description of the principal places in the East Indies, China, and Japan, with their produce, manufactures, and trade, including the coasting or country trade from port to port; also the rise and progress of the trade of the various European nations with the eastern world, particularly that of the English East India Company*, London: Black, Parry & Co. 1813, p. 389.

From 1740 onwards, as soon as Dupleix replaced Dumas and became new governor of Pondicherry, trade of the Company has declined tremendously compared to earlier time. Dupleix’s policy of expelling the English from all their settlement on the Coast of Coromandel was not the sole reason for this decline in trade but there were various factors behind the scenario. In 1744, a war broke out between Britain and France in Europe and this war showed explicit results in the sub-continent. The French and English had alarmed for the safety of their establishments in India even though they both wanted to be neutral in India but somewhere internally they both had started to do preparation for war. In 1746, M. de la Bourbonnais arrived on the Coromandel Coast with his fleet mounted with guns and a war broke in June between the French and the English. Simultaneously, French were planning to besiege Madras and on 3 September, the French fleet anchored in Madras with large numbers of soldiers. They occupied the Madras on 10 September, when the English troops surrendered in front of them. The French retained this place till the ‘treaty of Aix-la-Chapelle’ took place. French also made two unsuccessful attempts to obtain Cuddalore, respectively, in the end of 1746 and beginning of 1747. In 1748, an English fleet, under Admiral Boscawen also attempted to war on the French but Dupleix’s army was successful to win over the English.

In the decade of 1750s, the French Company faced the same political upheavals in the subcontinent. The issues of tensions and disputes between the French and English Company became the topics of consideration for/among European ministry. To maintain neutrality and peace between the two Companies, ministry of both nations decided to recall Dupleix. They believed that he was not a suitable person to negotiate a peace. He was replaced by M. Godeheu in August 1754. Soon after coming of Godeheu a treaty was signed between the French and the English, so the peace could bring between these two powers. However, treaty proved unsuccessful and in 1757, the English attacked on the French establishment, Chandernagore in Bengal. As a consequence of it, M. Bussy attacked on Vizagapatnam. In the next year, M. Lally arrived at Pondicherry. He with his troop first invaded Cuddalore then siege and demolished the fortification Fort St. David. The French were engaged in siege of Madras for around four to five months till February 1759. In 1760, the famous battle of Vandewash took place which almost ended the French hopes of commerce in India. Remaining hopes has been ended in the battle of 1761. English had blocked Pondicherry by land and sea for many months. In January 1761, French had surrendered and Pondicherry was occupied by the English. French trade and commerce was ended in India. After the ‘treaty of Paris’, French re-occupied Pondicherry but trade of the company remained in utmost awful condition.



## Concluding Remarks

The article began with weaving a context about how the CDI emerged in France in the changing political and economic environment of Europe and Asia and that encouraged the French King and ministry for the establishment of trading companies. It showed for a larger period of time *Ancien Regime* remained at core of the company in terms of its administration, investment and regularization. After the arrival of the French Company in India, they settled themselves in Pondicherry. This became their main trading and administrative *comptoir*. Whatever the town's reputation for commercial transactions and political stability might have been in the past, in the latter half of the seventeenth century, Pondicherry experienced considerable changes in all aspects of its socio-economic and political life. The article suggests the period of 1719 to 1769, for a clear understanding, can be divided into five phases. Each phase indicates changes in the policies of the French company— (A) 1719-1723: The introduction of Jean Law's system and its fall. (B) 1723-1731: the Company gradually re-established its operation in India. (C) 1732 -1741: expansion of French trade and success in India. (D) 1740s-50: a downturn in the Company's prosperity. (E) 1750-1769: the focus of the Company's officials' trade and commerce shifted to military ambitions and political and territorial expansion in India.

---

<sup>i</sup> Arasaratnam, S. (1986). *Merchants, Companies and Commerce on the Coromandel Coast, 1650-1740*. Delhi: Oxford University Press, p. 24.

<sup>ii</sup> *The Periplus*, is a navigational guide written by an anonymous Greek writer in 50 AD. G. W. B. Huntingford (ed. and tr.), (1980). *The Periplus of the Erythraean Sea*, London: The Hakluyt Society.

<sup>iii</sup> Casal, J. M. (1949). *Fouilles De Virampatnam-Arikamedu*. Paris: Klincksieck.

<sup>iv</sup> In 1553, the Portuguese (according to Barros Da Asia) had established their factory at *Puducheira* (Pondicherry) which they kept until 1614; in 1618 an agent of Dutch Company, Simon Joosten, established a factory but very soon it was abolished; in 1624, Nayak of Gingee gave land to Danes to establish a factory for the expansion trade of textiles; an English agent, Francis Day, praised the importance of this place. See for discussion in detail, Stephen, S. Jeyaseela. (1995). Trade Economy and Urban Growth of Pondicherry during the Seventeenth Century. In S. Mathew and S. Jeyaseela Stephen, (eds.) *Pondicherry through Ages: Some Aspects of Economy and Society*, Govt. of Pondicherry, [http://www.ifpindia.org/ecire/upload/digital\\_database/Site/Pondi/data/part\\_1\\_introduction.html](http://www.ifpindia.org/ecire/upload/digital_database/Site/Pondi/data/part_1_introduction.html).

<sup>v</sup> See for details, Sargent, Arthur John. (2004). *The Economic Policy of Colbert*. Kitchener: Batoche Books.

<sup>vi</sup> Smith, Jay. M. (2006). *The French nobility in the eighteenth century: Reassessments and New Approaches*. USA: The Pennsylvania State University Press.

<sup>vii</sup> Barbier, J. (1919). La Compagnie Française des Indes. *Revue Historique de Françaises* (3), 5-96. Krishnamurthy, B. (1984). The Beginnings of Indo-French Trade and the French Attempts to Reach India until 1668. *Revue Historique de Françaises* (13), 138-148.

<sup>viii</sup> French Pamphlet on the Advantages of Colonial Trade (1664), this pamphlet was likely printed and distributed on Colbert's orders. Available at <http://personal.ashland.edu/~jmoser1/enlight/colonialtrade.htm>.

<sup>ix</sup> Furber, Holden. (1976). *Rivals Empires of Trade in the Orient, 1600-1800*. Minneapolis: University of Minnesota Press.

<sup>x</sup> Ray, A. (2004). *The Merchant and the State: The French in India, 1666-1739*. New Delhi: Munshiram Manoharlal Publishers and Gaudart, Edmond (1935). *Les Privilèges du Commerce Français dans l'Inde*. Pondichéry: Impr moderne.

<sup>xi</sup> Kaeppline, Paul. (1908). *Les Origines de l'Inde française : La Compagnie des Indes orientales et François Martin, etude sur l'histoire du Commerce et des Etablissements Français dans l'Inde sous Louis XIV (1664-1719)*. Paris: Challamel.

<sup>xii</sup> Manning, Catherine. (1996). *Fortunes à faire: The French in Asian Trade, 1719-48*. Aldershot: Variorum.

<sup>xiii</sup> Lespagnol, André. (1982). Cargaisons et profits du commerce Indien au début du XVIIIe siècle - Les opérations commerciales des Compagnies Malouines 1707-1720. *Annales de Bretagne et des pays de l'Ouest* (89, 3), 313-350.

<sup>xiv</sup> Murphy, Antoin E. (1997). *John Law: Economic Theorist and Policy-maker*. Oxford University Press.

<sup>xv</sup> Stasavage, David. (2003) *Public Debt and the Birth of the Democratic State: France and Great Britain, 1688-1789*. USA: Cambridge University Press.

<sup>xvi</sup> Dernis. (1755). *Recueil ou collection des titres, édits, déclarations, arrêts, réglemens et autres pièces concernant la Compagnie des Indes orientales établie au mois d'août 1664*. Paris: impr. Boudet.

<sup>xvii</sup> Girard. (1908-09). La Réorganisation de la Compagnie des Indes (1719-1723). *Extrait de la Revue D'histoire Moderne et Contemporaine* (11,1), 5-34.

<sup>xviii</sup> Phillbert Orry, *Mémoire au sujet de la Compagnie des Indes*, cited by Cathrine Manning, 1996, p. 28.

<sup>xix</sup> Ray, Indrani. (1999). *The French East India Company and the Trade of the Indian Ocean: A Collection of Essays*. New Delhi: Munshiram Manoharlal Publishers.