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INDIGENOUS BANKING

IN

ANCIENT & MEDIEVAL INDIA

BY

BRIJKISHORE BHARGAVA



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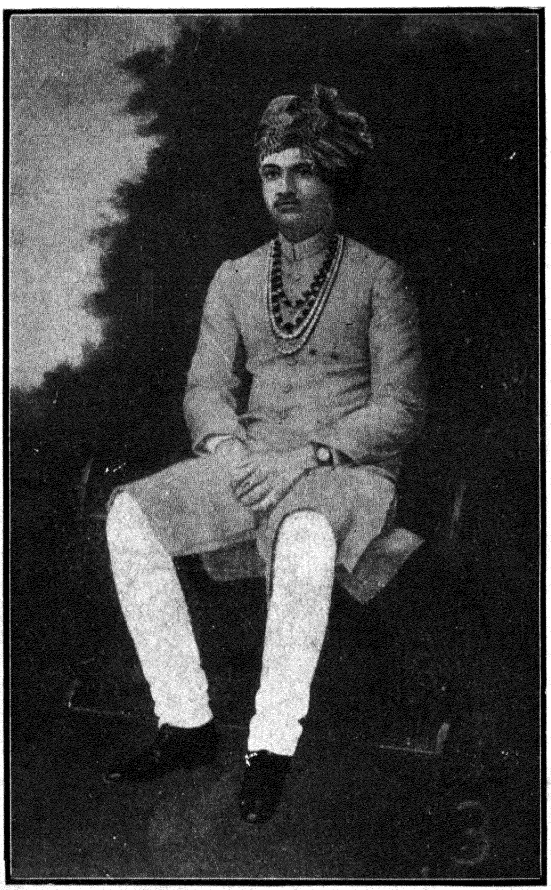
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Indigenous Banking in Ancient and Medieval India

LONG LIVE THE MAHARAJA.



His Highness Sarmad-i-Raj-i-Hindustan
Maharajadhiraj Raj Rajeshwar Chatrapati
Maharaja Sri Sawai Sri Man Singhji Sahib Bahadur
Ruler of Jaipur.

TO

THE MOST REVERED

His Highness Raj Rajendra Maharajadhiraj Sri Sawai Maharaja Sri Mansinghji Sahib Bahadur, Sarmad-i-Rajah-i-Hindustan of Jaipur

in high admiration of His Highness' broad sympathies, wide toleration, and keen interest in the well-being of the Indigenous Bankers and their protection

THIS BOOK

is, with His Highness' kind permission, most respectfully and gratefully

DEDICATED

BY

THE AUTHOR

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PREFACE.

In October, 1933, I happened to see a book "*Indian Indigenous Banking*" by Mr. Gubbay, and was surprised to read that it largely dealt with the activities of Joint Stock Banks in India, and the Indian Indigenous Banker throughout the book has been treated with cotempt and regarded as an undesirable element of Indian society. This is not a new thing that a Writer not conversant with the reality of the matter gives such an account. But it may be asserted as a fact that the Indian Indigenous Banker has always been the backbone of India's prosperity by his help to Indian trade, commerce, and agriculture from time immemorial. He was not merely a moneylender or usurer as some writers style him, but he was a great banker and financier, and even today he, as a class, is the greatest financier of India. In order to dispel the false notions that may be created here and abroad with such publications, the authors of which have no real knowledge of the profession, its intricacies and delicacies, its history and importance, I resolved to put before the public a correct account of Indian Indigenous Banking, as to what it was and what it is. I accordingly started drafting the book, but finding it very voluminous, I later on divided it, with Mr. Ganguli's suggestions, into four parts, each part forming a separate book, *viz*:—

(1) "Indigenous Banking in Ancient and Medieval India."

(2) " Indian Rural Credit."

(3) " Indian Indigenous Urban and Itinerant Money-lending."

(4) "Present-day Indian Indigenous Banking."

As a result of this division the first book is now placed before the reader and I hope it will clearly show that the ancient Indians had acquired a considerable scientific knowledge of 'Banking' and its marvellous development at a very early stage of human civilisation. The rules framed by the Hindu Law-givers for Indigenous Banking are so exhaustive, that a parallel of it cannot be found in any other country in that period of early civilisation. The law for the check of usury, the law for the administration of civil justice (*Vayavahara*), the liabilities and responsibilities of debtors and sureties, the rights and responsibilities of bankers (creditors), the rules for safe-custody, deposits, bailments, State control and licencing are some of the excellent legislations which the ancient Indians enacted and rigidly enforced for the efficient development of the profession on honest and well-regulated lines and for the well being of the general public. Between the Mahabharat and Pauranik period, India enjoyed internal peace and tranquillity, and Indians made amazing progress in trade, commerce and banking of which we have documentary proofs in the writings of many of the foreign travellers like Megasthenes, Huin-Tsang, Bernier, Marco-Polo, Ibn Batuta, Ludovico Di Varthema, Tavernier

as well as Indian writers of Dharmashastras, Arthashastra, and Buddhist literature. The Indians were an acknowledged intellectual race and their philosophy, poetry and architecture were marked with traits of originality : and the same is true of the history of their banking, which like their arts, astronomy, and philosophy continued to make startling progress till the 12th and 13th Century A. D.

During the Mohammedan period Indian Indigenous Banking suffered a great set-back. From the invasions of Mahmud of Ghazni until the time of Akbar the Great, the country was in a very unsettled state and the political changes and convulsions and the intolerant bigotry of some of the rulers made life and property of every citizen insecure and unsafe. It was, therefore, very natural that Indian commerce, trade and banking was wholly dislocated and disorganised when every capital city, trading centre, and banking house had repeatedly been stormed and sacked by invading armies. But in spite of all these adverse circumstances, we can yet with our available material boast that India's banking is the oldest and the most scientific existing 'Indigenous banking' in the whole World.

I have made a free use of the books mentioned in Appendix "C" and I am indebted to their authors. I have derived special advantage from the publications of Doctors Majumdar, Law and Mukerji, the late Mr. R. C. Dutt, C.I.E., and Mr. M. A. Butch, and I owe special gratitude to these gentlemen.

I arrived at Jaipur from my post in Sikar on 23rd December, 1933, and presented my notes to Mr. Sanjiban Ganguli, M.A., the veteran educationist of Rajputana and a retired Jaipur State Officer, who advised me to split them up into four separate parts. Acting on his advice, I started compilation of the present book on 9th January, 1934, and delivered each chapter, as it was ready, to him for criticism and improvement. He took very great pains in improving the MSS and suggesting me many new things and I must admit that but for his help and encouragement the present book would not have been placed before the readers in this shape and so early.

I must acknowledge the great kindness of Rao Raja Sri Kalayansinghji Bahadur of Sikar and his Senior Officer, Mr. J. A. de Souza, M.B.E., who relieved me at a very opportune time and granted me advance pay which enabled me to devote my entire time to this book and complete it so early.

I am also indebted to Messrs P. C Chatterji, the Librarian, Mr. Syed Hamid Husain, the Assistant Librarian, Mr. Harinarain, the Head Clerk of the Maharaja's Public Library, Jaipur, for great help rendered by them by allowing me the use of any and every type of book that I needed at any time when I demanded.

I must also acknowledge the great help rendered by my Assistant, Mr. Atarsain Jain, my typist Mr. Rajendra Sarup Bhatnagar (of the Sikar Accounts

Department), my student, Mr. Sohanlal Mathur, my cousins, Messrs Bhairon Dutt and Rameshwardyal and my friend Lala Bhanwarlal Mathur, Foreign Member, Sikar, and I am equally indebted to these gentlemen.

While concluding, I must state that I am fully conscious of my shortcomings and limitations and the difficulty of the task before me; and I shall consider myself amply rewarded if my inadequate labours secure for the subject a more proper attention and treatment.

MAHASHIVRATRI,
12th February, 1934,
Jaipur, Rajputana.

BRIJKISHORE BHARGAVA.

INDIGENOUS BANKING IN ANCIENT AND MEDIEVAL INDIA.

CHAPTER I.

DEVELOPMENT OF BANKING.

Introductory.—The earliest Indian settlement is traced in the villages, where the people were wholly engaged in agriculture and industries allied to or dependent on agriculture. In the Vedic literature we have allusions to agriculture more than to any other thing. The very name Arya by which the Aryan conquerors of India have distinguished themselves from the aborgines or Dasas, is said to come from a root which means to cultivate. Professor Max Muller has traced the progress of this word all over the Aryan world, from Iran or Persia, to Erin or Ireland and argues with considerable force that the word was invented in the primeval home of the Aryans in Central Asia, to indicate their partiality to cultivation, as distinguished from the nomadic habits of the Turanians, whose name indicates their rapid journies or the fleetness of their horse. [1] The Aryans of India had, therefore, attained highest civilisation at a very early stage of human growth. It is at this stage of Aryan civilization that we find the germs of lending money in India. In an intelligent study of the Indian Indigenous Banking system,

1. R. C. Dutt's History of Civilization in Ancient India, page, 55.

therefore, particular stress should be laid on the fact that the system has been evolved and not made; that it has been carried from village (grama) life to the mahagrama or pura (towns or cities) life; that it has grown up with the country, suffered with it, prospered with it and, since the Vedic period, been the back-bone of agriculture and commerce of India. The careful periodical revisions of the Banking Laws in the Arthashastra, Dharmashastras and the Law Codes, kept it continually in touch with the requirements of India's constantly altering conditions from period to period. In fact, no other civilised country can boast of such a system of banking starting at such an early stage of human civilisation, backed with such excellent principles for its conduct and management. The contention of Mr. Horace White in his 'Money and Banking' truly applies to support the history of Indian indigenous banking: "The principles of Banking are the outgrowth of experiments. They must be learned from the history of banking and particularly from the laws that have been enacted from time to time. These laws are the crystallisation of ideas dominant at given periods." The history of Indian indigenous banking affords a study of highly organised system of banking conducted either individually, in partnership or through guilds. The history of Indian indigenous banking may be roughly divided into four periods:—

(*a*) Vedic period (including Epic and Rational period);

(*b*) Shastric and Smriti period;

(*c*) Buddhist period ; and

(*d*) Mohammedan period.

It is necessary, therefore, to give a short sketch of the development of banking during these periods before attempting to describe the various details of banking as it was conducted and in the way in which it was carried on during these periods.

Vedic period.—Indigenous banking in India may be truly said to date from this period. Mr. R. C. Dutt in his book, History of civilisation in Ancient India, page, 62, says, " Allusions to trade and commerce must be necessarily rare in a collection of hymns to gods ; but, nevertheless, we are here and there surprised by passages which throw a curious light on the manners of the times. Loans and usury were well understood in those days, and Rishis (who, we should always remember, were worldly men in those days, and not hermits or anchorites) occasionally lament their state of indebtedness with the simplicity of primitive times ". The phenomena of lending and borrowing are recorded in the Vedas. Rna or debt is repeatedly mentioned in the Vedic literature. The Atharvaveda enjoins : " Dhanèn Devà Dhanamichhmanàh". [1] This has been commented by Sri Sayanacharyaji as, : " Haè Devà dhanèn mulya dhanèn bridhiuktam dhanèn ichhmanàh kamaimanoham, " which when translated reads as,: " O god, I engage myself in moneylending from my sum (principal sum) in order

1. Atharvaveda, III, 15, 5.

to earn money (principal added with interest). The Rigveda abounds in the mention of borrowing and lending (debt) and a few instances may be quoted here with advantage: "As we collect the utmost debt even the eighth and sixteenth part." [1] "No debt is due by Brahmans now." [2] "He sternly reckoneth their debts." [3] "Thou speedest to subdue like one exacting debts." [4] "In constant fear, in debt, and seeking riches, he goes by night unto the homes of others." [5] "The debtor was often bound to posts."[6] These mentions in the Hindu sacred books clearly go to prove that there was established knowledge of money lending and borrowing and that there was money lending during that period of early stage of human civilisation in India.

The division of labour was recognised in India early in the Vedic period, and the Vedic India knew of four broad divisions of labour, namely:—

1.	Brahmans	...	Ecclesiastical;
2.	Kshatryas	...	Military;
3.	Vaishyàs	...	Industrial, and
4.	Sudras	...	Servile.

"The Brahman was the mouth (of the creater) of both of his arms was the Ràjanya made: his thighs

1. Rigveda viii. 47, 17.
2. Rigveda viii. 32, 16.
3. Rigveda ix. 47, 2.
4. Rigveda ix. 110, 1.
5. Rigveda x. 34, 10.
6. Rigveda x. 34, 1.

became the Vaishyàs, from his feet the sudra was produced." [1] The distinction was, however, made between class and class, profession and profession, but there was no division based on birth, and there was an absolute elasticity about the professions and classes. "Behold, I am a composer of hymns, my father is a physician, my mother grinds corn on stone. We are all engaged in different occupations. As cows wander (in various directions) in the pasture-fields (for food), so we (in various occupations), worship thee, O Soma, for wealth. Flow thou for Indra." [2] The law for occupations was for mankind and their division was based on occupations as is clear from this hymn: "Rich Dawn, she sets afoot the coiled up sleeper, one for enjoyment, one for wealth and worship; those who saw for extended vision,.....One to high sway, one to exalted glory, one to persue his gain, and one his labour. All to regard their different vocations, all moving creatures hath the Dawn awackened." [3] It is clear that the caste system was based on professions and not by birth and as such any body taking to agriculture, trade and banking was called a Vaishyà. The business of money-lending and banking did not become a separate and distinct profession during the Vedic period, and the Vaishyàs then called Visah, were allotted as their duty of pastoral, agricultural, industrial and commercial professions accompanied with money-lending as their side business and this hymn of the Atharvaveda

1. Rigveda x. 10, 12.
2. Rigveda ix. 112, 3.
3. Rigveda i. 113, 5-6.

gives a clear picture of the profession of the Vaishyás of the Vedic period: "I store up in trade, Indra..... the many roads travelled by the gods, that go about between heaven and earth,—let them enjoy me with milk, with ghee, that dealing (क्रीं) I may get riches with fuel, O Agni, with ghee, I, desiring offer the oblation, in order to energy, to strength; revering with worship, so far as I am able,—this devine power in order to hundred-fold winning. This offence of ours mayst thou—O Agni, bear with what distant road we have gone—Successful for us be bargain and sale; let return—dealing make me fruitful; do ye enjoy this oblation in concord; successful for us be our going about and rising with what riches, I engage in money-lending from my sum (principal sum) in order to earn money (principal added with interest). O Agni, put down with oblation the gain-slaying god." [1] It would appear that money-lending had become a side business of the Vaishyás of the Vedic period and they had started to transact business of lending-money to the needy borrowers of different professions whose mention will be made in chapter on clientele.

In the Epic period we find that not only banking was reserved to the Vaishyás, but the State had interested itself in Banking and we find in Mahabharat that loans were granted to the public during period of distress from the Royal Treasury at 12 per cent per annum. [2] In the Mahabharat there is mention of

1. Atharva Veda iii. 15. V. 79.
2. Sabha Parva, Chapter 5, Shloka 78.

money-lending also. [1] In the Gita we find that Vaishyás carried on the same occupations as were enjoined in the Vedas: "*Krishi go-rakshá vanijyam vaishyakarma svabharojam*," [2] meaning that the duty of the Vaishyàs is cultivation, cattle rearing and trade. Again in the Ramayana these references appear in the portion dealing with the death of King Dasarath, "the tables for the sacrificial offerings are empty; the shops where they sold garlands are closed; and the bankers and merchants do not show them as usual." [3] The inhabitants of Ayodhya who accompanied Bharata in order to request Rama to return to Ayodhya from the jungles, were also accompanied by a '*Vriddhipajivi*' meaning a member of the money-lending or banking class. It would appear that the business of banking or money-lending which was a side business during the Vedic period, became a distinct business during the Ramayana and Mahabharat period, *i. e.* the Epic age. The Vaishyás coming down to this age had specialised themselves in different branches of trade and commerce, and a separate class of '*Vriddhipajivis*' was formed who devoted themselves to Banking and money-lending and flourished on this trade alone. It is, therefore, evident that Banking made a long headway during the Epic period and the Vaishyás became the most enterprising and organised trading and banking class. They, therefore, became the capitalists, the bankers, the landowners, the merchants and traders of the organised population of a kingdom.

1. Sabhaparva, Chapter 5, Shloka 79.
2. Gita. 18-44.
3. Ramayana 1, 5-6.

Shastric and Smriti period.—There is a speculation as to the age of Shastric and Buddhist period, some say the Shastric period was after the Buddhist period, while the others say that it was before it. Buddha the great Indian Rishi was born in sixth century B. C. and, therefore, his religion and his teachings were started after this period. From the Hindu law edited by Sir Harisingh Gaur, we find at page xxxi the following version regarding the Smritis by Manu and other authors: "Manu, probable age, 800 B. C. There are four versions of Manu, *i. e.*, (1) Bhrigu Sanhita. (2) Narad. (3) Brihaspati, and (4) Angiras. In sanctity the work is regarded by the Hindus as next only to the Vedas. Hareet, probable age 850 B. C., Gautam 750 B. C., Baudhayan 750 B. C., Apastamb 500 B. C., Vishnu 300-400 B. C., Yajnavalkya 350 A. D., Narad 400 A. D.,' It would appear from this that most of the Smritis belong to a period before the advent of Buddhism in India and as such we pass first through the Shastric and Smriti period rather than the Buddhist period, and it is, therefore, proposed to deal with the condition of Banking in that period and shift to the Buddhist period after having finished with that.

During the Shastric and Smriti period the Vaishyás continued to carry on the business of Banking and money-lending. Manu the great law giver has described the business of Vaishyás as "*Banikyatham kusidamch vaishayasya krishirevach,*" [1] meaning

1. Manu, 1, 18.

thereby that "Interest earning by money-lending, trade and agriculture are the professions allotted to vaishyás." This classification of Manu has been upheld by other great authorities like: "Shukra" [1] "Hareet" [2] "Parashar" [3] and "Baudhayan" [4] The vaishyás during this period had organised their business very systematically and became experts in almost all trades and occupations as is clear from this description: "Let the vaishyá appraise (cultivate the knowledge of) the prices and qualities of gems, pearls, metals, woven stuffs, scented things and salts. Likewise he must possess—the knowledge of sowing seeds, of specific traits of the soil, of the measures of land, of the rules of weighing articles; (as well as) defects or excellences of articles, the good or evil traits of countries, profits or losses in manufactured articles, and the increase of animals. He must know the wages of artisans and workmen, and languages of different races of men, he shall be able to forecast the increase or decrease in the prices, and amelioration or deterioration in the quality of an article at a particular time and place, as well as the mode of selling and buying. He shall constantly multiply his riches (from trade and interest) by honest means and give food to animals out of all creatures." [5] It is, therefore, evident that the vaishyá between the period of the Vedas and those of Shastras and

1. Shukra, iv, 42.
2. Hareet, ii, 8.
3. Parashar, 1, 70.
4. Baudhayan v, 91.
5. Manu ix, 326-333.

smritis perfectly specialised himself in the profession, and from the position of a casual money-lender, he grew by his skill and labour to the position of a banker in all its branches. Before proceeding further let us examine first as to what constitutes a banker, what are his duties and the services he renders to the civilised mankind. A Banker is defined by section 2 of the English Bills of Exchange Act of 1882 as follows: "Banker, includes a body of persons whether incorporated or not who carry on the business of banking;" while a banker is defined by section 3 of the Indian Negotiable Instruments Act of 1881 as follows: "Banker, includes all persons or a corporation or company acting as bankers." The two definitions reproduced do not carry us anywhere, and the definitions are not only vague but defective. Horace White in his 'Money and Banking' thus defines a banker: "An institution where deposits of money are received and paid, where credit is manufactured and extended to borrowers, and where the exchange of property is facilitated. Having first acquired the confidence of the community, the bank extends its credit by purchasing interest bearing securities, mainly business men's notes payable at a fixed time and giving the sellers the right to draw cheques upon itself payable at sight. The amounts thus authorised to be drawn are termed deposits, the bank being liable for them in the same way as for actual money deposited." Having reproduced this definition of the duties of a banker, let us see what services the banker in the shastric and smriti period rendered to the Indian public. The following

brief account may be given to illustrate his activities in those days :—

1. He accepted deposits;
2. He granted loans against pledges;
3. He granted loans against mortgages;
4. He granted loans against personal securities;
5. He granted simple open loans;
6. He acted as his customer's bailee;
7. He subscribed to public loans by granting loans to kings;
8. He acted as treasurer and banker to kings; and
9. He issued and managed currency of the country.

If these services of the Indian indigenous banker in the Shastric and Smriti period are compared with the definition of Horace White, it will become abundantly clear that the Indian indigenous banker in those days rendered more or less the same services with due allowance to the conditions prevailing at that early stage of human civilisation, as are rendered by the modern banks of to-day.

The Indian indigenous banker by this time had adopted a regular system of account keeping and systematic forms of loan-deeds (*rnapatra*) were used while granting loans to borrowers. [1] The State had recognised by this time the necessity for regulat-

1. Shukra iii., Yajnavalkya, ii.

ing the profession of banking and money-lending and it became necessary for every banker and money-lender who desired to carry on this business to obtain Royal sanction to start business. [1]

The profession of banking and money-lending had become a source of profit to the Government of the day, as the bankers and money-lenders were subjected to pay income-tax and municipal house rent for the protection afforded to them by the State.[2] The trade and commerce of the country had reached to that high perfection which needed greater service from bankers and money-lenders, and because of this demand of greater service, the bankers and money-lenders formed partnerships and guilds to serve the public. [3]

Buddhist period.—The profession of money-lending and banking was restricted to Vaishyàs during the Shastric period, and Brahmans as well as Kshatryas were permitted only under exceptional circumstances, but during the Buddhist period, the change of profession became a matter of choice. From the following collection it is evident that there was altogether a much freer possibility of change among the social ranks of India during the Buddhist period :—[4]

1. A prince resigns his share in the kingdom in favour of his sister, and turns a trader and banker (Jataka, 4, 84);

1. Shukra Chapter I.
2. Shukra iv, 239, Manu viii.
3. Yajnavalkya ii, Narad, iii.
4. Journal of the Royal Asiatic Society of 1901, p. 868.

2. A second prince goes to live with a Shreshthi and earns his living by his hands (Jataka, 4. 169);
3. A Brahman takes to trade and banking in order to earn money to give away (Jataka, 4. 15);
4. Two other brahmans live by trade and banking without any such excuse (Jataka, 5, 22. 471).

During the Buddhist period, this is, therefore, evident that Banking and trade had become a very honourable and decent profession which was regarded desirable also by Brahmans and Kshatryas who took to it most willingly discarding their military and priestly duties. The profession of banking and money-lending made a great headway during this period, and we have splendid facts recorded in the Kautalya's Arthashastra and the Buddhist Jatakas and other Buddhist text books. The profession made improvements in the following directions:—

1. Better class of instruments of credit were issued for the transaction of business;
2. Letters of Exchange like the modern *hundis* or Bills of Exchange came in use;
3. Guilds and partnerships were formed on better lines;
4. Money changing came into use;
5. State regulation of the business became more systematic and regular;

6. Shresthis or bankers became more influential and an important class of the kingdom of any king in India;

7. Royal treasurership by the Shreshthis was recognised to be a very desirable thing by the State; and

8. The collection of Royal revenue in certain districts became a portion of the business of the Shreshthis.

Mohammedan Period.—Indian Indigenous Banking received a deadly blow and a great set back with the advent of Mohammedans in India, as these conquerors brought with them their own Holy Quran to guide the destinies of India. The injunctions of the Quran were very much different from those of the Hindu Dharmashastras, and a brief survey of it will make the subject more clear. Before Mohammad Sahib, the prophet of Islam, delivered the Quran, it is found that there was no objection to receive and pay interest in Arabia, Persia and other Islamic countries; but after the Holy Quran's injunctions came in force in Islamic countries and afterwards in India, the word 'interest' itself came to be regarded as a great sin. In the Quran it is mentioned, " that *Allahtalla* (God) has ordained that *Baiy* (selling goods or property with profit) was *halal i. e.* sinless and good, but *Byaj* or interest was a great sin (*Haraam*)." [1] This injunction becomes more severe in the fourth Sipara where it is mentioned

1. Holy Quran, iii, Sipara Ruku 4.

" that if a person sold certain goods on credit, say the price payable after a month, in that case the seller was to receive the price settled between the seller and the purchaser, but if the purchaser did not pay for one month and the seller had to wait say for two months, the seller according to Quran could not charge interest for the loss sustained by him as a result of the locking up of his capital, and if he did that, it was a great sin." The same Ruku enjoins: " that in the matter of interest taking (1) interest receiver, (2) interest payer, (3) writer of interest deed, and (4) witness, committed the same amount of sin." The same Ruku further enjoins "that a person receiving one *drona* of interest committed 36 grave sins and such a man went straight to *jahánnum* (hell)." [1] It is but reasonable that under the rule of a Government presided over by a King and Ministers who followed these laws, banking and money-lending in India could not flourish. The second reason for the banking and money-lending profession receiving a set back, was regular inroads, wars and quarrels for centuries which hampered trade and commerce and consequently banking and money-lending. The third and most important cause was the uncertainty of life and property among a band of robbers competing for supremacy. The life and property was always at great danger and all depended upon the mercy of the Army generals. There are hoards of evidences that the houses of rich bankers and money-lenders as well merchants were looted when it suited the fancy of the Generals or when they fell short of

1. Quran, iv Siparah, 4th Ruku.

money. This state of affair lasted full six centuries *i. e.*, from the time of Mahmud of Ghazni to the time of Humayun and it was in Akbar's time that any settled Government was formed. It is in this period that any reconstruction of Indian indigenous banking was made, and it is only from this period that any authentic records of Indian indigenous banking are found. It was during this period that the injunctions of the Quran were relaxed regarding the receiving of interest. Islam forbade interest, but later interpretation during this period followed the Mosaic law and permitted levy of interest in a country of infidels (*dar-ul-harb*).

In Akbar's time also the profession had many restrictions imposed upon it by the Government of the Great Mughal. Akbar the Great practised banking and was regarded as the sole banker in India. He advanced large sums of money both from his privy purse and from the Royal treasury. These loans were either granted to Jagirdars, Army Generals, Petty Chiefs or for large commercial enterprises and industries. Dr. D. Pant in his book "Commercial Policy of the Mughals" has summarised the situation of the profession as follows:—[1]

"A few banking houses came into existence in order to take up those businesses which the king would not do. They were immediately pounced upon by the officials who put an end to their business. They pleased these officials and approached the Emperor who, after consulting his officers, allowed

1. Commercial Policy of the Mughals, pp. 72-73.

them to carry on their business within certain limits. The limits imposed were three:—

1. They should not compete with the State;
2. They should always consult the King's officials if they intend introducing any new business; and
3. The rates fixed by the King would be observed by them, that is to say, rates determined by the laws of supply and demand would be ignored and only the King's rates would determine the market tone.

The kinds of business that fell to their lot were:

(*a*) That kind of money-lending which King would not do;

(*b*) Exchanging old coins for new coins at a certain discount fixed by the King; and

(*c*) Issuing and discounting of *hundis* at rates sanctioned by the King."

Loans were granted from the Royal treasury to the peasantry also on which interest was charged and amount recovered at the time of realisation of land revenue. This corresponded to the present day taccavi loans and the system was as follows: "He (the 'Amilguzzar' or the Collector of Royal Revenue) shall annually assist the needy husbandsman with loans of money, and receive payment at distant and convenient periods." [1] The monopoly of banking

1. Ain-i-Akbari 262.

which Akbar the Great had retained in his own hands, ceased to exist as a State monopoly during the reign of Jahangir the son of Akbar. Jahangir, however, retained the position of a banker for bankers and advanced large loans to the private bankers whenever there was a necessity for it and when so applied by one of them. In his reign private people carried on banking freely, and this is the description of banking at Agra found in his time, "In Agra the men who are richest live mainly by money-lending, a practice which is not discreditable to Hindus, but only to Moslems (though indeed they do it commonly enough); and that certain profit comes before the gain of the enterprising merchant."[1] During the reign of Jahangir there were a number of very rich and enterprising bankers and financiers in India and the names of Seth Veerjee Vora, Seth Harsukhrai and Nalapurias are of special mention.

During the reign of Shah Jahan the successor of Jahangir, banking in India prospered as in Jahangir's time and large banking houses were established in all trade centres, provincial capitals and large seaports. By Shahjahan's time the three Oswal bankers who accompanied Maharaja Mansingh of Jaipur on his march against Bengal had settled at Dacca, Bhagalpur, and Morshidabad and rose to high position of influential bankers in Bengal. The *hundi* business was carried on more freely and Tavernier has given a vivid description of this in his book of travels which will be dealt with more fully in another chapter. The East India Company also mentioned about bankers

1. The Remonstrantie of Fransisco Pelsaert, pp. 28-29.

of Ahamedabad and Surat in their letters to London office.

Dr. Pant has thus described the condition of banking in Aurangzeb's reign: "In the reign of Aurangzeb banks suffered a great deal. As a staunch follower of the Quranic Laws, he could do neither banking himself, nor could he permit any Mohammedan to take part in it. For a true Mohammedan the taking of interest is *harâm* (unlawful); so the Bankers' Bank, the Imperial Treasury, stopped all money-lending transactions. Hindus were so bitterly persecuted that it became well-nigh impossible for them to carry on any business, least of all the banking business which was an eye-sore to true Mohammedans.

"Mohammedans, being debarred from reaping any profit by way of interest, naturally stood in the way of the Hindus reaping any benefit. Moreover, as there was very little peace or safety in the Empire, the people themselves preferred to have all their available assets with them. Trade was so dislocated that there was very little demand for *hundis*. The foreigners—the Dutch and the English—withdrew from internal trade and confined themselves mostly to the sea-carrying trade and to the tapping of the coastal areas and the South. For their own purpose they made themselves independent of Aurangzeb's coins by putting into circulation their own. The English opened a Mint in Bombay and started minting their coins without the permission of Aurangzeb.

"Aurangzeb resented their 'boldness' and made an attempt to punish them, but the Englishmen in Bombay though a mere handful were more than a match for the fast decaying might of Aurangzeb and his attempt ended in a fiasco.

"The withdrawing of all the loans by the Treasury further dislocated trade, but it enabled Aurangzeb to lead a large army into the South, with the most disastrous results to himself and to his Empire." [1]

This brief account of the development of banking in India is given, not as a history, which would be without the scope of this book, but in order to assist the reader in realizing that the growth of the Indian indigenous system of banking has been one of evolution rather than of expediency or hasty legislations by Indian Rishis and Ministers like Kautalya and other great statesmen and that the system provided for the systematic and regular revision of the Bank laws in the Dharmashastras and the Arthashastra is invaluable in meeting the tremendous expansion and constantly changing requirements of Indian commerce and agriculture in ancient and medieval India. The succeeding chapters describing in detail the various duties of an ancient and medieval Indian indigenous banker, should clearly demonstrate how far the functions performed by the Indian indigenous bankers responded to the requirements of the country.

1. Commercial Policy of the Mughals by Pant, page, 229.

CHAPTER II.

UTILITY, IMPORTANCE AND KNOWLEDGE.

The banker from time immemorial associates in an intimate and confidential way with the biggest and smallest men; with every type and any type of men of his community and of his country. He has always been a man of power and influence. The visah (vaishyà) the hereditary banker of India has been of the greatest utility and importance to the civilised Indian community from time immemorial. During the Vedic period the Visah or vaishyàs—the hereditary Indian bankers had the power to make and unmake kings and on them depended the prosperity or otherwise of a kingdom. The following verse explains the influence of the vaishyàs—the indigenous bankers, traders, and peasant proprietors during the Vedic period: "We have chosen thee, make thyself at home with us, stand firm in your place, do not be moved. See that we (visah) desire thee for our king, that thy kingdom may not slip from thy hands." [1] This was the injunction of Rishis like Dhruva to the king that his kingdom depended on the goodwill and co-operation of the visah (vaishyà). The visah (vaishyà) was a very powerful element in the subject of any kingdom during the Vedic period. In the Vedic period the unit of the life was a village; and the word *grama* stood for a village. [2] These villages were the

1. Rigveda, x, 173, 1.
2. Rigveda, i, 44, 10; ii, 4, 1; ii, 12, 7.

seats of quiet, ordered, harmonious life, and as such were contrasted with forests with all their vegetable and animal life. [1] The head of a village was a *gramini* (the modern patel, chaudhry or mehta). [2] The post was generally the heretage of a vaishyà, who had a big voice in the election of a king as is clear further from this verse: The metres as attendants about him (Soma); even as the non-royal king makers, the bards (sutas) and the visah (gramini) (attend upon) the king, so do the metres act as attendants about him (soma).' [3]

In the Ramayana we find that the vaishyà community was very wealthy, *Dhanvantah* and had a voice in the administration of the kingdom. The following testimony of Rishi Daksha is an excellent bearing on the subject: "The *grihasta* (meaning a vaishyà householder, whose profession was trade, banking, agriculture and cattle-rearing), we are taught, is the daily food giver of the *pitris* (departed ones), the *devas* (gods), the men, and the insects and brutes, therefore, does the order of a vaishyà householder occupy the highest place. Of all the other three *ashramas* or orders of life, the vaishyà householder (*grihasta*) is the source, with his decay is involved the decay of the other three. The root of the tree maintains the life of its trunk, and so long as there is life in the trunk, the branches bear the foliage, and the moment the root dies, all the other parts perish. It should follow

1. Atharva-veda, ii, 34, 4.
2. Rigveda, x. 62; ii, 170, 5, Atharvaveda iii, 5, 7.
3. Sathapatha Brahammana, iii, 4, 1, 7.

from this, that we should all unite in doing all we can to protect the interests of the vaishyà householder. [1] Manu says: "Greater honour is given to occupations which could be carried on within sanctified precincts; and therefore, lending money at interest is one of the respectable means of acquiring property." [2]

The indigenous banker had attained so much importance by this time, that the king regarded him as a most desirable element of his subjects. By his thrift and noble manners he became a most respectable citizen of the empire, whose trust and reputation became unquestionable and the kings trusted him their treasuries by appointing the richest of the indigenous bankers as the Royal treasurer of the Empire. Shukra describes the qualifications of a Royal treasurer to be a man of good character, rich, capable, proficient in his occupation, thrifty and a lover of money, and on the fulfilment of these he was appointed as a Royal treasurer. [3] They had by now not only remained the financiers of trade and agriculture, but subscribed to public loans by granting large loans to kings, who approached them, for such loans during the time of distress or prosecuting a war. The loan was repaid by the king when the war was over or period of distress passed away. [4] The bankers have in all times and countries been the pillars of

1. Dakshasanhta, 2-12, 43, 44, 46.
2. Manu, x, 115.
3. Shukra, ii
4. Shukra, iv, 109.

strength to a kingdom, and from the available account, it is found that the Indian kings had to depend on the wealthy bankers in times of financial difficulties. This was one of the most important reasons why the Indian indigenous bankers had attained so great an influence in any kingdom and it is why they were regarded as an important asset to a kingdom.

During the period of Chandragupta Maurya we find an account of Shreshthi Chandandas, a great banker of the city of Patliputra at whose house Minister Rakshash left his family when leaving the city to see Malayketu in order to seek his help against Chandragupta. This Chandandas proved so honest and loyal that even on an order of capital punishment he refused to deliver the family of his minister friend. [1] In the Vinaya Buddhist texts we have allusions of rich Shreshthis like Ragagaha Shreshthi and Anatha Pindika who were very rich, commanded great influence with the kings and spent large sums of money in providing dwelling houses and *viharas* for the buddhist *sanghas*. (See S. B. E. series Vols. xix and xx). The Shreshthis (bankers) had extensively organised their business of banking, and had formed even guilds and associations of partnerships called *srenis* and *sambhuyasamathun*.[2] In each important trade centres of the Buddhist period like Campa, Rajagrah Sravasti, Kausambhi, Avanti, Pali, Malpura, and Ujjaini there lived many bankers of great influence. They used to grant

1. Mudra-rakshash.
2. Mahavastu, iii, p. 113.

loans to merchants, traders, shippers, forest adventurers and the kings in times of war and financial stress. They came to be regarded by this time a separate class of *mahajans* or bankers and in course of time the term "shreshthi" was used independently of its connection with the possession of vast resources of capital. The word shreshthi became a surname to the descendants of the bankers irrespective of the fact whether they continued to carry on the business of banking or changed it and took to other business of the like nature. [1] The shreshthis were further sub-divided according to the wealth they owned and were classed as *nagár-shreshthi*, *jagat-shreshthi* or *mahá́shreshthi* and some of the *mahá́shrathis* were so rich as to possess forty crores of rupees each.[2] The existence of many bankers in a country was indicative of its industrial and commercial prosperity, and this was the most important reason why they were regarded as an important asset to a kingdom. Prasanjit, the king of Kosala, once approached Bimbisara, the king of Magadha, to request one of his bankers to settle in the Kosala territory. Bimbisara had as many as five immensely rich bankers (shreshthis) in different parts of his kingdom ; but the shreshthis were so rich and influential that even Bimbisara felt diffident that his request for removal to Prasanjit's Kingdom may not probably carry weight with these influential bankers. [3] From such an account it is evident that the shreshthis wielded a

1. Dhammapada Atthakatha, iii, p. 18.
2. Ibid i, 391.
3. Ibid i, 385, 386.

great power and influence in the political as well as commercial life of a kingdom during those days. The wealthiest man among the shreshthis in a kingdom was usually made the Royal treasurer, and as a token of his high position the king presented him with the insignia in the form of an umbrella called *shreshthi-chattra.* [1]

We find the following account of the bankers during the Pauranik period, *i. e.* between the Buddhist and Mohammedan period and no apology is needed to reproduce it here: "Under the shadow of the royal power dwelt the peaceful merchants and bankers in the exchange or the merchants' quarters, *shreshthi-chattra* as the poet calls it. Quiet and unostentatious as Hindu merchants always are, these banker merchants probably had their branch firms in the great towns all over Northern India, carried on extensive operations in silks, jewells, and valuable goods, and concealed in their dark vaults in crowded and narrow lanes, enormous treasures and money which kings and emperors did not disdain to borrow in times of need. Ostentatious only in their charity and religious works, they no doubt beautified the town with many a graceful temple, fed and supported priests and brahmans, and earned a name among their fellow citizens by their good works. To the present day the Seths and merchants of Northern India are respected for their wealth and their pious acts, and they build many a holy temple where Jaina and Hindu worship is performed day by day.

1. Dhammapoda Atthakatha iv, 216.

"Jewellers and artists flocked in the vicinity of merchant bankers. In the words of the poet, skilful artists examine pearls, topazes, emeralds, rubies, the lapis lazuli, coral and other jewels; some set rubies in gold, some work gold ornaments on coloured threads, some string pearls, some grind the lapis lazuli, some pierce shells, and some cut coral. Perfumers dry the saffron bags, shake the musk bags, express the sandal juice, and compound essences. These artists found a market all through the known world, and the products of their skill were appreciated in the court of Harun-ar-Rashid in Bagdad, astonished the great Charlemagne, and his rude barons, who as an English poet has put it, raised their visors and looked with wonder on the silks and brocades and jewellery which had come from the far East to the infant trading marts of Europe.

"Humbler traders filled other streets and displayed their cloths and garments and sweetmeats and various other commodities. A stream of joyous and simple hearted people filled the busy streets all through the live long day."[1]

In the 12th century A. D. the members of the *suvaranavanik* caste attained prominence in Bengal as wealthy bankers and performed the functions of a shreshthi banker in all their aspects. Ballala Sena ruled Bengal during this period and was involved in debts on account of his wars with the King of Manipur. He appoached one Vallabhananda Adhya, the richest and the most influential

1. History of Civilization in Ancient India by R. C. Dutt, pp. 466-467.

banker of the day in Bengal and received a loan of rupees one crore.[1] There are references of mahajans advancing money to agriculturists in times of famine and flood and appropriating the paddy fields of the debtors in payment of the principal and interest.[2] When a debtor borrowed money and paddy from a banker to meet his requirements during the year, he had to pay back the principal with interest in cash at the end of the year by selling tobacco, sugarcane, sessamum, etc., or in kind on the basis of the price of the commodities.[3]. In Northern India the firm of Nalapurias of Rewari was a very famous one who had the reputation of being one of the richest bankers in Northern India. Hemsing, the Commander-in-Chief of Adilshah contracted large loans from this firm to prosecute his wars against Humanyun and the Suri Kings of the day. These Nalapurias had as many as 300 branches all over India, and the family of the writer was associated with this firm for four generations. This firm gave large loans to the Nawab of Jhajjar, Raos of Rampura and other neighbouring rulers of Hissar, Jats and the like. They were very prominent and were called *jagat-seths* at Rewari and the districts. Due to successive raids on their head office and branch offices, they had sustained heavy losses and lastly closed their affairs just after the great Indian Mutiny. Their descendant Mr. Manoharlal Bhargava, was till recently living in the Saharanpur district. The Tarikh-i-Firozshahi states

1. Ballala Karita, Uttrakhand, chap. 2.
2. Mymensingh Gitika, p. 44.
3. Nildarpan by Dinbandhu Mitra, v. 1.

that when Sultan Firozshah reached Saraswati in the course of his march, " the bankers and merchants of the place assembled and brought several lacs of tankas to the Sultan who accepted the money as loan, and promised to repay it after his arrival at Delhi. All the money thus received was paid to the Army."[1].

During the Mohammedan period the bankers received an impetus by being appointed as Modis or ration suppliers to the Mughal Army who moved about from district to district and province to province. If there was no money-lender or banker in the provincial centres who could be approached for the ration and other arrangements of the army, the Army Generals took with them rich bankers or their agents from headquarters or their own principalities to make all arrangements for the ration, pay and other things required for the army and the comforts of the generals and other officers. These bankers usually had their agents (*aratias*) in various centres over whom they drew *hundis* or sent requisitions for certain supplies required for the army. Maharaja Mansinghji of Jaipur, the greatest general of the Mughal Army, when he went to conquer Bengal, took with him three big bankers of the Oswal community from his capital (Amber) for helping him in the matter of ration supply and distribution of the pay of the army as well as to keep valuables and other things in the Royal treasury in order and on record. Out of these three

1. Elliot's History of India, iii, 282.

bankers, after the return of Maharaja Mansinghji of Jaipur to Delhi, one settled at Dacca, one at Bhagalpur and one at Morshidabad. They rose to eminent positions and one of them rose to occupy the title of *Jagatseth* and helped the Mughal Government, the Nawabs of Bengal and finally the East India Company in many ways. One Devidas, a Khandelwal Vaishya was a banker in the estate of Thakoor Raisal, who advanced large loans to the Thakur to maintain an army, which enabled Thakur Raisal to show his mettle at Kabul in the Afghan War with Prince Salim, and with the persistent assistance of Seth Devidas, Raisal was granted the pargana of Kasli, etc. and became a ruling prince. His descendants occupy the whole of Shekhawati prant of Jaipur state in large *jagirs*. Seth Harsukhrai was another important banker who is mentioned in the Imperial Gazetteer. He was a digamber Jain Vaishya of Delhi and was one of the treasurers of the Mughal treasuries. He issued pay orders for all the Mughal forces, and his *hundis* were honoured all over India because of the great reputation and financial soundness that he had. His descendant P. D. Ramchander has till lately been an honorary magistrate in Delhi. His duty was to collect and bring Royal revenue from the Mufassil to the Capital, and he was so rich that wherever he went, he constructed a jaina temple. He led a *jaina sangha* which was one of the largest ever travelled in India. He was so influential that he obtained the Royal *firman* for all *Subedars* and wherever he went he was very hospitably received by the

Subedars (governors). He was allowed by the king to cash his pay orders and *hundies* at the provincial treasuries. The Raja of Basuma had to pay large ransom to the Mughal King, and was placed in the prison ; Seth Harsukhrai advanced loans to this Raja and recommended his release to the Emperor, and the King released the Raja of Basuma on the recommendation of Seth Harsukhrai only. The raja was so gratified and obliged to Seth Harsukhrai that he requested to Seth for any service, the Seth thereupon asked the Raja to help him in the building of a Jain temple at Hastinapur under the personal supervision of the Raja himself, and the Seth defrayed the entire cost from his own pocket.

The family of Purohit Sarupnarainji is a famous house in Shekhawati who lent large sums of money as loans to the Maharaja of Alwar, the Nawabs of Fatehpur and Jhunjunu and the Rajas of Khandela, Sikar and Khetri. The Purohitji has still many of the original pronotes and *dastawez* of these rulers in his possession. Bhamashah, the great Oswal philanthropist and banker, advanced large sums of money to Maharana Partapsinghji of Udaipur to carry on his wars against Akbar the Great. Amongst the marwari merchants of note who have had the privilege of serving a number of rulers are the well-known firms of (1) Messrs. Tarachand Ghanshiamdas and (2) Bansilal Abirchand.

In the book "The English factories" by William Foster, we have mention of two influential bankers which may be reproduced here with advantage : "He

(Veerjee Vora) was a wealthy merchant at Surat, with whom the English had dealings as early as 1619. He is described (1625) as a 'prime merchant of this town,' (1628) 'the greatest banian merchant,' (1630) 'our old and accustomed merchant,' (1634) 'the greatest and richest general merchant that inhabiteth this vast Kingdom. He was the largest creditor of the East India Company and employed vakils and agents in Agra, Ahamedabad, Burhanpur, etc. According to Thevenot "Veerjee Vora was estimated to be worth at least eight millions."[1] Regarding Shantidas another great banker of the day we have the following account. "He (Shantidas) was a wealthy Jaina merchant of Ahamedabad, and about 1638 built in the city a temple called Chintaman's temple, which Mandelslo describes as one of the noblest structures that can be seen.....Shantidas was in great favour at court ; and the title of *Nagar Seth*, was conferred on him by the Emperor "[2] The name of Jagatseth Allamchand is famous throughout Bengal even to-day, who was a very respectable banker during the Mughal reign.

The grandfather of Seth Chandmal Dhadda, C.I.E., of Bikaner, was a very respectable banker in later Mughal period and was made a *dharambhai* by Ahalya Bai, Maharanee of Indore.[3]

Utility. The banker has been a man of criticism from time immemorial, without any regard to

1. The English Factories in India, p. 101; and The Travels of Peter Mundy, vol. II, foot note 1. p. 139.
2. The English Factories in India, p. 196, foot note 1.
3. National Call, for January, 1934.

the services he has rendered to the civilised mankind as a whole. By some he has been branded as a parasite upon industry, as a Shylock who grinds the faces of the poor clients; some term him as a great uswrer adding that the indigenous banker encouraged hardships and poverty by granting loans for unproductive and wasteful purposes. Such complaints deserve to be condemned for the simple reason that the complainants have not put forward any suggestion to set up an equally efficient and serviceable financial Institution to replace the Indian indigenous banker. He may have been a Shylock or even a greater rapacious person, but his utility in the past cannot be minimised. He lent in and out of season, he lent day and night having no fixed business hours, he did not observe any formalities, he knew his clients well, because of hereditary relations, and above all, he lent when every other financial agency refused to lend. It may be possibly true that he was both a capitalist and sometimes a usurer in varying degrees, but the greatest consideration that he deserved is on the point that he was the chief instrument in building up the national industries and commerce of India. He financed agriculture, trade, commerce and industries, built them up and it was chiefly on his account that India became a sink of gold and precious metals. He rendered help from the humblest peasant proprietor to the biggest landlord, even to the kings in hundreds of instances. He extended his credit facilities from the smallest shopkeeper to the biggest exporter; from the smallest artisan to the biggest manufactur-

ing concern. And above all, if an analysis is made of charities, the indigenous banker will be found to have given donations and subscriptions as well as erected *dharamshalas*, temples, *sarais* and the like more than every other class of men put together, even including the Government of that day.

Knowledge. The success of the banker was due to his having mastered the profession in all its intricacies and branches. From the position of a casual moneylender he grew to be a full-fledged banker by the time Manu wrote his famous dharamashastra. Manu has thus defined the qualities of a banker (vaishya) of that day: "Let the vaishya appraise (cultivate the knowledge of) the prices and qualities of gems, pearls, metals, woven stuffs, scented things and salts. Likewise he must possess the knowledge of sowing seeds, of specific traits of the soil, of the measures of land, of the rules of weighing articles; (as well as) defects or excellences of articles, the good or evil traits of countries, profits or losses in manufactured articles, and the increase of animals. He must know the wages of artisans and workmen, and languages of different races of men, he shall be able to forecast the increase or decrease in the prices, and amelioration or deterioration in the quality of an article at a particular time and place; as well as the mode of selling and buying. He shall constantly multiply his riches (from trade and interest by banking) by honest means and give food to animals out of all creatures."[1] The banker made this startling progress from a casual money-lender to become a fully

1. Manu, ix, 326-333.

organised banker within this period *i.e.* from the Vedic to the Shastric period simply because, in India, banking became the monopoly of the Vaishyà community. They made it a purely family or class concern. The banker transmitted his business and goodwill to his trained son who from his childhood worked with his father to learn the technicalities of the business. The old proverb "an ounce of practice is worth a pack of theory," admirably fits the profession of banking and in this connection let us quote the following passage from Mr. Sykes' book which reads thus: "In spite, however, of this wide spread thirst for information, it is wise to remember that the above time-honoured proverbs still contain truth in them. Banking certainly, is a profession or business, whichever one may prefer to call it, in which the more practical virtues are altogether indispensable. Tact, knowledge of character, a clear head and a cool judgment, combined with that capacity for taking infinite pains which has rather mistakenly been held to be the chief attribute of genius, all these are required to make a successful banker, and without a considerable share of them, no amount of theory will suffice.....you cannot make a silk purse out of a saw's ear, and a raw junior clerk cannot fit himself for the management of a bank by two or three months' desultory reading of text books."[1] The Indian indigenous bankers gained the practical knowledge of banking in those days and with the daily experience of their profession, made improvements with the growing demands of the public.

1. Sykes' Banking and Currency, chap. i, pp. 1-2.

Nothing is mentioned in the Vedas regarding the rates of interest; the system of advances; documents and the like, and coming down to the Shastric period we find evidence of loan-deeds (*rnapatra*) and the use of hundis (*adesha*) as well as the business of money-changing added to the profession of banking. We find improvements in providing financial facilities by the formation of guilds and partnerships (*srenis and sambhuyasamuthan*). The indigenous bankers had acquired practical knowledge of weights and measures of every type by this time. The following tables from Manu clearly show the progress made by the bankers in matters of currency :—[1]

Table 1.		Copper.
80 rattis	=	1 karshapana.
Table 2.		Silver.
2 Rattis	=	1 masha.
16 Mashas	=	1 Dharana.
Table 3.		Gold.
5 Ratis	=	1 Masha.
16 Mashas	=	1 Suvarna.
4 Suvarnas	=	1 Pala or Nishka.
10 Pala	=	1 Dharna.

Shukra gives two scales of land measurements as follows: [2].

Prajapati	Manu	Measures.
8 yavas	5 yavas	= 1 angul.
24 anguls	24 anguls	= 1 cubit.
4 cubits	5 cubits	= 1 danda.

1. Manu, viii, 134.
2. Shukra, i, 386-417.

768 yavas	500 yavas =	1 danda.
5000 cubits	4000 cubits.	1 crose.
25 million sq. cubits	16 million sq. cubits =	Area of 1 crose.
10,000 sq. cubits	10,000 sq. cubits =	1 parivartana.
25 × 25 dandas	25 × 25 dandas =	1 Nivratana.

Kautalya also gives a more detailed scale of measurement (see arathashastra, ii, 20). Likewise there were the measures for grain and liquids.

The practical knowledge gained by the vaishyà sons from their fathers and handed down to their sons, materially made startling advancement in the profession This made them expert of the business, extended their reputation and honesty of business, growth of credit and thus the growth of the credit of the nation.

Money-lending as a subject of study. In the Vedic literature we find the use of the word Varata, which derives its root from viritti meaning occupation or means of livelihood. During the Vedic period varatta meant: "agriculture, cattle-rearing and trade." The subject of study for an ancient student were: (1) *anviksika* (logic), (2) *trayi* (three Vedas), (3) *varatta* (economics) and (4) *dandaniti* (science of polity).[1] Even during the Epic period Varatta comprised agriculture, cattle-rearing and trade as is clear from the Gita.[2] We find a separate class of

1. Indian Antiquary, 1910.
2. Gita, xviii, 49.

bankers in the Ramayana by name *Vriddhipajivi* but there is no mention of banking becoming a subject of study with economics. Manu was the first to recognise its importance and added banking as a subject of study as a part of economics —varatta. Manu describes the occupation of a vaishyà as: *Krish - Goraksha—Banijya—Kusidam* [1] Kautalya realised the necessity of making further divisions for study in the science of economics and he added professions of artisans and bards as further subjects of study (*Karukushilavakarma*) [2]. The compiler of Devipuran further added manufacture (*karmanta*) to the sub-division of economics.[3] It would appear that study of banking was recognised during the time of Manu and by the Pauranic period varatta — economics became co-extensive with modern economics dealing with production, exchange of wealth and distribution. Banking as a part of economic study became a most important subject as we find its mention in all the dharamashastras codified after Manu ; from Hareet and Shukra down to Narad and Brihaspati. The significance of the inclusion of banking in the list of the subjects of study is that the business of banking as already explained became the subject matter of intensive study by the scholars of the day. These researches coupled with the practical experience of the hereditary Indian bankers (vaishyàs) made the profession perfect in all its branches.

The European travellers have with one voice praised Indian banking and the following note left

1. Manu, i, 90.
2. Arthashastra, i, 3.
3. Devipuran, 37-61.

by Ludovico Di Varthema, an Italian Traveller between 1503 to 1508 A. D. may be reproduced here with advantage: —

"The money-changers and bankers of Calicut have some weights, that is, balances, which are so small that the box in which they stand and the weights together do not weigh half an ounce; and they are so true that they will turn by a hair of the head. And when they wish to test any piece of gold, they have carats of gold as we have, and they have the touchstone like us. And they test after our manner. When the touchstone is full of gold, they have a ball, of a certain composition which resembles wax, and with this ball, when they wish to see if the gold be good or poor, they press on the touchstone, and then they see in the ball the goodness of the gold, and they say: *Idu mannu, Idu aga*, that is "this is good and this is poor." And when that ball is full of gold, they melt it, and take out all the gold which they have tested by the touchstone. *The said money-changers are extremely acute in their business.*[1]"

Tavernier, the famous French traveller, gives the following fact regarding the character of the bankers of that day: "A merchant[1] with whom I often dealt, and who was much loved by Shaistakhan, Governor of the Province and uncle of the King, had the reputation of never having lied. Shaistakhan having completed the three years of his Government, according to the custom of the Empire of the Great Mughal, and

1. Travels of Ludovico Di Varthema, p. 168.
2. This merchant was probably Veerjee Vora.

Aurangzeb, son of Shahjahan, having succeeded him, he withdrew to Agra, where the court then was. One day, when he conversed with the King, he said that he had seen many uncommon things in all the Governments with which His Majesty has honoured him, but one thing alone surprised him, which was to have discovered a rich merchant, who had never told a lie, and who was upwards of 70 years old. The King, surprised on his own part with so extraordinary a fact, told Shaistakhan that he desired to see the man of whom he had told him, and ordered him to send forthwith to Agra, which was done. This much stressed the old man, both on account of the length of the road, which is from 25 to 30 days and because it was necessary for him to make a present to the King. In fact he made him one valued at Rs. 40,000 and it was a good box for keeping betel, ornamented with diamonds, rubies and emeralds. After he had saluted the King, the King merely asked his name, to which he replied that he called himself the man who had never lied. The King asking him further what was his father's name: "Sire" replied he, "I know not." His Majesty satisfied with this reply, stopped there, and not desiring to know more, ordered them to give him an elephant, which is a great honour, and Rs. 10,000 for his journey.[1] Tavernier further says; "There are in the employment of His Majesty (Aurangzeb) two Persians and a Bania, whose duty it is to see and examine all the jewels, which one wishes to sell to the King.....The Bania called Nyalchand has to see whether the stones are false and if they have any flaw"[2].

1. Travels of J. B. Tavernier by Mr. V. Ball, vol. 1. pp. 76-77.
2. Ibid 135.

"I must not forget to remark here on the extreme parsimony both of these Shroffs or changers and of all Indians in general; and it will suffice to give an example of it which is very special, and of which Europeans are not yet aware. It is, that of all the gold which remains on the touchstone when an assay has been made, and of which we here make no account, far from allowing so small a thing to be lost, they collect it all by means of a ball, made half of black pitch, and half of wax, with which they rub the stone which carries the gold; and at the end of some years they burn the ball and find the gold which has accumulated. This ball is about the size of our tennis court balls, and the stone is like those which our goldsmiths commonly use" [1].

Tavernier gives a further testimony about the capability of the Bankers of that day in these words: "The third caste is Banias, who attach themselves to trade some being shroffs, *i. e.*, money-changers or bankers, and the others brokers, by whose agency the merchants buy and sell. The members of this caste are so subtle and skilful in trade that, as I have elsewhere said, they could give lessons to the most cunning Jews. They accustom their children at an early age to shun slothfulness, and instead telling them go into the streets to lose their time at play, as we generally allow ours, teach them arithmetic, which they learn perfectly, using for it neither pen nor counters, but the memory alone, so that in a moment they will solve a sum, however, difficult it may be. They are always with their fathers, who instruct them

1. Tvavels of J. B. Tavernier, vol. 1, p. 35.

in trade, and do nothing without explaining it to them at the same time." [1]. The same authority gives further testimony in these words: "All the Jews who occupy themselves with money and exchange in the empire of Grand Seigneur pass for being very sharp; but in India they would scarcely be apprentices to these changers." [2]. Mr. V. Ball, the editor, in foot note 2, on the same page states: "This remarkable testimony to the sharpness of the natives is applicable also at the present day."

This is the short sketch of the importance, utility and the knowledge of the Indian indigenous bankers of ancient and medieval India which goes to prove that the Indian indigenous bankers were the men of greatest importance, utility and knowledge during that period of Indian civilisation.

1. Travels of J. B. Tavernier, by V. Ball, vol. II. pp. 183-184.
2. Ibid vol. I., p. 29.

CHAPTER III.

EXTENT OF BUSINESS, FUNCTIONS, AND METHOD OF BUSINESS.

The earliest Hindus had recognised the value of thrift and money and in the early Vedic literature we find the cry: "more pleasure, more *dharma* and more wealth." The great Rishis of Vedic India ordained the vaishyà: "Bring us a thousand (cows), hundreds of kine, O hero, bring cattle, bring us ornaments, bring us embellishment and steeds, give us besides two rings of gold."[1] By the Mahabharat period, the value of money was clearly recognised, and it was considered that wealth played a great part in the building up of civilisation of a country. Poverty was looked upon as a national calamity and here we have the clear verse on the point: "One who robs another of wealth robs him of his virtue as well. Poverty is a state of sinfulness. From wealth spring all religious acts, all pleasures and heaven itself. Without wealth the man cannot find the very means of sustaining his life."[2] When the utility of wealth was realised, it became necessary to accumulate wealth by earning it by trade and industries. This conception of the ancient Hindus gave impetus to trade and industries of the country. It has always been a fact, and a fact against all facts that trade and industries could not be carried on without money. No industrialist or trader in the

1. Rigveda, viii, 67, 1-2.
2. Mahabharat, Shantiparva, viii.

world from time immemorial has ever been able to carry on any trade or start manufacturing industries with his own capital and there, therefore, arose the necessity of money borrowing. The merchants and industrialists had started first internal trade, but they soon felt the necessity of international trade and thus arose the necessity to bankers to extend their business beyond the borders of India. We have allusions of merchants carrying on business by roads and sea and they may be quoted here thus: "Businessmen and traders should go for trading purposes to good cities and having saved themselves from the attack of enemies, thieves and bad characters, should earn and bring riches."[1] The Rigveda further mentions that god Varuna is said to know the paths of the birds through the sky, and the paths of the ships over the sea [2] The merchants who desired to undertake a journey by sea in order to earn wealth used to make a prayer to the sea before undertaking a journey[3] Rishi Vashishtha addressing a hymn said: "When he (*Varuna*) and I went on a ship and took her out to sea, I lived in the boat floating on water, and was happy in it, rocking gracefully (on the waves)."[4] It is an historical fact that after the great battle of Mahabharat, Baldevaji the elder brother of Srikrishna migrated with his followers from India to the North and his descendants settled in various parts of Greece, Persia, etc. He was popularly known by the name of Hercules in the West. The fact of

1. Atharvaveda, iii, 15. 1.
2. Rigveda. i, 25. 7.
3. Rigveda, iv, 55. 6.
4. Rigveda, vii. 88, 3.

the Hercules of the West and East being one is proved from the same parentage, that the various writers assign to him. The present Jews are none but the old Yadavs or Jadavs of the Krishna's time who migrated from India and started their business of banking in the West like their bretheren of the East [1] The Afghans are traced to have come from the Yadu descent. [2] Raja Guj of the Yadu tribe ruled over Gajni for a long time and erected a fort in that town. [3] It is clear from the above that Hindus settled in various parts of the world, and among the new settlers, there were certainly, the people of the Banking classes, the vaishyà's of India, whose descendants—the Jews carry on Banking business in the principal trade centres of Europe even to-day. Bappa Rawal of Udaipur advanced in years, abandoned his children and his country, and carried his arms west to Khorasan, and there established himself, and married new wives from among the 'barbarians,' by whom he had numerous off-springs. The following account may be read with advantage: "Bappa had reached the patriarchal age of one hundred when he died. An old volume of historical anecdotes belonging to the chief of Dailwara, states that he became an ascetic at the foot of Meru, where he was buried alive having overcome all the kings of the West, as in Ispahan, Kandhar, Kashmir, Irak, Iran, Tooran, and Cafferisthan; all of whose daughters he married and by whom he had one hundred and thirty sons, called the Nosherya

1. See Essay on Hindu and Theban Hercules, Transactions of the Royal Asiatic Society, vol. iii.
2. Tod's Rajasthan, p. 1063, foot note
3. Tod's Rajasthan, p. 1059.

Pathans. Each of these founded a tribe, bearing a name of the mother [1]. This would prove that the ancient Hindus went to distant countries and settled there to carry on banking, agriculture and other occupations, and the present Jews are the living examples of the ancient Yadavs of Mathura —the Virajbhoomi of the Yadav kings. The Western writers also speak of foreign trade and exchange of India during the time of King Solomon, whose Captains not only carried Indian apes, peacocks and Sandal wood to Palestine, but they also carried their Sanskrit names [2]. The later western travellers have given a graphic account of the Indian bankers conducting their business in distant countries and no apology is needed to give a brief account in their own words: "Again, I saw here (Sumatra) in one street about 500 money-changers and these because a very great number of merchants come to this city, where they carry on a very extensive traffic [3]. The foot note on page 239 of the same book reads as follows: "This remark undesignedly confirms Varthema's former statement respecting the coins which were current at Sumatra....The money-changers were probably foreigners, natives of India, like those at Mallacca, where Crawford says: "a colony of the Hindus of Talingana still exists, whose profession it is to try gold by the touch and to refine it." (Crawford Disc. Dict. p. 287)[4].

1. Tod's Rajasthan, p. 237-238.
2. The Forests of India, by E. P. Stebbing, p. 18. vol. 1.
3. Travels of Ludovico Di Varthema, pp., 238-239.
4. Footnote 1, on page 239 ibid.

Yet another great authority says: "Multan is the place from where migrate all the Banias who come to trade in Persia, where they follow the same occupation as the Jews, as I have elsewhere said, and they surpass them in their usury." [1] The bankers had agents to honour their bills of exchange in distant parts of the world. Tavernier gives us an account of the *hundies* that were drawn by the Indian bankers on merchants of other countries, on which the rate of exchange he says was very high. The following quotation from his narratives may be reproduced thus: "When you arrive at Surat, to embark, you find there also plenty of money. For it is the principal trade of the nobles (*I think bankers*) of India to place their money in vessels in speculation for Hurmuz, and Mocha, and even for Bantam, Achin and the Phillipines. For Mocha and Bassara the exchange ranges from 22 to 24 per cent and for Hurmuz from 16 to 20 per cent; and for the other places which I have named the exchange varies in proportion to the distance. But if the goods happen to be lost by tempest, or to fall into the hands of the Malabaris, who are the pirates of the Indian seas, the money is lost to those who have risked lending it." [2] This is a short sketch of the international banking business done by the bankers in those days, we now turn to give a short description of the internal banking and the extent of business of the banker in ancient and medieval India.

1. Travels of J. B. Tavernier, vol. 1 p. 91.

2. Travels of J. B. Tavernier, vol. 1. pp. 37-38.

In the Buddhist period we find that rich bankers carried on banking in various trade centres like Rajagraha, Vaishali, Patliputra, Kampa, Kosambhi etc., and had a very large clientele which we will describe in the next chapter. In the Pauranic India we find allusions to rich bankers in the works of Kalidas and other great writers. Turning to the Mohammedan period we find the existence of great banking houses called Kotheewalas established at Morshidabad, Dacca, Agra, Delhi, Multan, Rewari, Lahore, Lucknow, Surat, Ahamedabad, Aurangabad, Sironj, Calicut, Jaipur, Jodhpur, Udaipur, Bikaner, Ramgarh, Malpura, and Pali. Tavernier gives an account of the bankers thus: "In India a village must be very small, if it has not a money-changer, whom they call shroff, who acts as banker to make remittances of money and issue letters of exchange. As, in general these changers have an understanding with the Governors of the Provinces, they enhance the rupee at their will for the paisa, and the paisa, for the shells." Tod gives this account of the Palliwal bankers of Jaissulmere State: "Almost all the internal trade of the country passes through their hands, and it is chiefly with their capital that its merchants trade in foreign parts. They are the *matayers* of the desert, advancing money to the cultivators, taking the security of the crop; and they buy up all the wool and *ghee*, which they transport to foreign parts. They also rear and keep flocks. The Minister, Salimsingh, has contrived to diminish their wealth and consequently to lose the main support of the country's prosperity.

1. Travels of J. B. Tavernier, vol. 1. page 28.

They are also subject to the visits of the Maldotes, Tejmaldotes and other plunderers; but they find it difficult to leave the country owing to the restrictive cordon of the Mehta." [1] From this it would appear that the Indian Indigenous bankers in ancient and medieval India had a net work of their work spread all over India and had also extended it in other countries.

Functions :—We find the following definition of the functions of a banker: "The principal business of a banker is to receive money from his customers, on the understanding that he will refund all moneys received or collected either on demand or at some definite date agreed upon between him and his customers. He is also (a) a lender of money, either by way of loan or by way of over draft on current account; (b) a discounter of bills and promissory notes; (c) an issuer of drafts, of letters of credit and circular notes, and an acceptor on behalf of his customers of bills drawn on the authority of letters of credit; (d) an issuer of bank notes—formerly one of the primary functions of a banker, but now confined in England and Wales, to the Bank of England. Apart from bills issued under letters of credit, the banker does not as a rule, accept bills drawn by his customers, but though not compelled to do so, he does usually undertake either expressly or impliedly, to honour bills domiciled with him by his customers.

"The banker performs other services for the customers: (*a*) he acts as his customers' bailee in

1. Tod's Rajasthan, pp. 1130-1131.

taking charge of valuable property, such as a plate, jewellery, securities, etc., which is storable in a small space; (*b*) he acts as his customers' agent (1) in buying and selling Stock Exchange securities on their behalf; (2) in making periodical payments, such as charitable, library and club subscriptions, insurance premiums and the like; and(3) if a joint stock company the bank may act as a custodian trustee under the Public Trustee Act, 1906, and, if empowered to do so by its memorandum of association, as a trustee or executor under a will." [1] 'Now let us in comparison to this definition see what were the functions of an indigenous banker in ancient and medieval India.

The indigenous banker in ancient India received money from his customers, on the understanding that he will refund all money received as deposits either on demand or at some definite date agreed upon between him and his customer. The term applied to such deposits was *Nickchep* deposits.[2] In Buddhist India deposits were regularly received by the Srenis or guilds from their customers and interest was allowed on such deposits by them to the depositors or their beneficiaries.[3] In the Mohammedan period, receiving of deposits was continued by Kothiwalas.

The indigenous banker in ancient India lent money to his customers either by way of loan or allowed them to draw such amounts from time to

1. Practice and Law of Banking, by Sheldon pp 180—181.
2. Yajnavalkya, ii. 66; Brihaspati, xii, 3; Narad, ii. 5.
3. Mookerji, Local Government in Ancient India, 2nd edition, pp. 96-110.

time as were required by them for the finance of their business. It is of course true that cheques were unknown during those days, and the customers had to draw money either in person by executing deeds of loans for every withdrawal or through letters which were presented in their absence by their agents. The granting of loans was known in the Vedic period, and during Manu's time, it attained scientific form. It was known as '*rna*' [1] or '*kusidam*'. [2] The third function of the banker as mentioned by Sheldon is of discounting bills and promissory notes. There is no clear mention of this function of the modern banker, in any of the Dharamashastras, but it is clear that rich bankers used to stand as sureties for their clients for loans taken by them from other bankers. These sureties were divided into four kinds, two of whom were personally liable to pay the loans of the advancing bankers and the sons and grand sons of the other two were liable to pay even on the death of the sureties. [3] This business, however, became one of the principal business of the Indian indigenous bankers during the Mohammedan period. They discounted *hundis* and *rukkas* and *purjas* and used to charge a certain rate of discount on the '*hundi bechan*' and certain charges on '*hundi sikrai.*' In this connection we have the following testimony of Tavernier to substantiate this statement which reads as: "But when it happens that the merchant finds himself short of money in these some places and that he has need of it to enable

1. Rigveda, ix, 110, 1.; Atharvaveda, iii, 15. 5;
2. Manu, i, 18.
3. Narad, i, 117-121;

him to pay for the goods which he has bought, it is necessary for him to meet it at Surat, when the bill is due, which is at two months, and by paying a high rate of exchange." [1] The word exchange is known in vernacular as '*hundawan.*'

The next business of a banker as described by Mr. Sheldon is: "an issuer of drafts, of letters of credits and circular notes, and an acceptor on behalf of his customers of bills drawn on the authority of letters of credit.' Kautalya mentions the use of *Adesa*, which were akin to the modern *hundis* or bills of exchange [2]. Mr. R. C. Dutt in his book, "History of Civilization in Ancient India," makes a mention of the use of hundis in ancient India. We have yet another testimony of a foreign writer who says thus: "Besides the coins, there was a very considerable use of instruments of credit. The great merchants in the few large towns gave letters of credit on one another. And there is constant reference to promissory notes." [3] Yet another foreign writer gives the following testimony. "It may perhaps, therefore, be conjectured that the punch marked piece was a natural development of the *paper hundi*, or note of hand." [4] This goes to prove the fact that bankers in ancient India used to give letters of credit and that there was a general use of these instruments of credit in those days. During the Mohammedan period there was the general use of

1. Travels of J. B. Tavernier, vol. I, p. 35.
2. Arathashastra, iii, 12.
3. Buddhist India, by T. W. Rhys Davids, p. 101.
4. Coins of India, by Mr. Brown, p. 15.

these instruments. Tavernier says: "In India a village must be very small, if it has not a money-changer, whom they call shroff, who acts as banker to make remittances of money and issue letters of exchange." [1] The *hundis* were freely accepted and negotiated during this period as is clear from this narrative of the famous French traveller. "At these three last places (Dacca, Patna, Benares) they only give letters of exchange on Agra, and at Agra they give others on Surat the whole only amounting to the sum I have stated." [2] The negotiation of hundis (*hundi bechan*) from person to person till it reached the issuer, was a matter of course during the Mohammedan period. Accommodation bills were not also unknown. The *hundis* were divided into different kinds, and were divided into bills payable on demand and usance bills, which we will deal with in another chapter.

The next function of the banker described is the issuer of bank notes. The indigenous banker in ancient times did issue metallic currency about which Dr. Mukerji writes thus: "One unique feature of the North Indian evidence is the existence of guild seals and *guild coins*. The excavation at Bassara (now Vaishali) have brought to light many seals with inscriptions.....' referring to corporations or guilds (*ingoma*) of bankers (*shreshthin*); traders (*sarthavaha*) and merchants (*kullika*)' It looks as if during those days something like a modern chamber of commerce existed in Upper India

1. Travels of J. B. Tavernier, vol. 1, p. 28.
2. Ibid p. 36.

at some big trading centre perhaps at Patliputra."[1] There are very many references of the issue of metallic money like that of gold, silver and copper but there is no mention of the issue of paper currency, and the absence of this is explained by the fact that *hundis* were issued from each town and village, by bankers who were inter-related in business with bankers all over, where they were promptly honoured on presentation and, therefore, no necessity of issuing paper currency was felt. Indians have always been lovers of gold, silver and precious metals and as such every one insisted payment in metallic money and this accounts for the absence of the issue of paper money in India by the indigenous bankers of that period. The Indian Bankers of course honoured *hundis* issued by their customers with whom they had such an arrangement.

The next function of a banker described by Mr. Sheldon is: "he acts as his customer's bailee in taking charge of valuable property, such as plate, jewellery etc." This work, the Indian indigenous bankers always did for their clients and there are very many actual instances of this in the Buddhist Jatakas. The banker acted in this capacity in two ways, *viz.*, (1) To undertake to deliver the goods to his client on demand [2] and (2) to undertake to deliver the articles bailed to a third person. [3] An interesting story from the Jataka may be reproduced here which reads thus: "At one time two traders, one from a village and one from a

1. Dr. Blotch: The Arch Survey, Annual Report 1903-4, p. 104.
2. Colebrook, vol. 1, p. 273.; (Commentary of Narad and Katyayana.)
3. Yajnavalkya, ii, 66 ; and Narad ii, 5

town were friends. The villager deposited with the townsman 500 ploughshares. The other sold these and kept the price; and in the place where they were put, he scattered mouse dung. By and by came the villager and asked for his ploughshares. 'The mice have eaten them up' said the cheat, and pointed out the mouse dung to him. 'Well, well, so be it,' replied the villager: 'What can be done with the things which the mice have eaten.' Now at the time of bathing he took the other trader's son, and set him in a friend's house, in the inner chamber, bidding the people there not suffer the boy to go anywhere. And having washed himself, he went to his friend's house. 'Where is my son' asked the cheat. 'Your son has been carried off by a hawk.' Ultimately both go to the court. Here the villager said, 'My Lord, I have a question to ask you. If hawks cannot carry off boys in the air, can mice eat iron ploughshares?' In this way the cheat was forced to restore the deposited articles to the proper man." [3] During the Mohammedan period this was a regular side business of the bankers of that period. Nalapurias the great bankers of Rewari, had a large business as their customers' bailee and they owned their own carts, camels and mules to carry their customers' goods from *Mandi* to *Mandi*. These were called "*Amanats*" in the Mohammedan period. From this description it would be clear that the Indian bankers in ancient and medieval India used to have more or less the same functions of the present day bankers as are described by Mr. Sheldon.

3. Jataka, ii, 218.

Methods of business.—The methods of business of the indigenous banker were very simple. There were no formalities to be observed ; he could be approached day and night, and at any hour. He had no fixed business hours and business could be transacted at any hour when the borrower approached him either to borrow or repay the debt; either to place a deposit or get it back. When the borrower approached the banker, he settled the rate of interest, the time and condition of repayment, and after this was done the money was advanced in a most simple manner. Before an advance was made, the borrower was required to execute a loandeed (*rnapatra*) or a *dastawez* as it was called in the Mohammedan period. He knew his clients intimately and had superb knowledge of their resources and financial position and thereby he was always in a position to determine without the aid of any intelligence department whether to lend or not and to what extent ; he knew the needs of his borrowers and knew what was what. When he had decided whether to lend or not and if to lend, to what extent, the loan was advanced then and there, and the borrower went to his home satisfied within 15 minutes. The bankers advanced loans in the following manner:—(*a*) against mortgages; (*b*) against pledges ; (*c*) against production of sureties and their undertaking to stand as such and (*d*) even without securities where the client was better known to him. At the time of advancing a loan the borrower was required to execute a loan deed (*rnapatra*). The dharamashastras ordained that no loan was to be given without the execution of such a

loan deed. [1] The loan deed of ancient India was in some such form :

I.....son of.....by caste.....
.....of.....gotra.....*alias* (upnam).....
have to-day (miti or date).....month.....
paksha..... .....borrowed from.....
son of.....by caste.....
of.....gotra.....*alias* (upnam).....
the sum of.....repayable as.....
.....with interest at.....

If the loan deed was written by the borrower it did not require any witness and was a sufficient proof of the transaction unless it was got written under compulsion or threat or coercion or under a mis-statement of facts. If, however, the deed was not written by the borrower, he was to sign the loan deed as below :—

I.....son of.....agree with the above conditions of the loan deed.

(Here signatures.)

The witness to the loan deed was to testify thus :

I.....son of.....do hereby stand as a witness to this transaction .....

(Here signatures.)

The loan deed writer was to testify thus :

I.....son of.....have written this loan deed at the instance of..... the creditor and.....the debtor..... both of whom have agreed to these terms. [2]

1. Shukra, iii.
2. Yajnavalkya ii.

When full repayment was made, the loan deed was cancelled and returned to the borrower or otherwise destroyed, but in case of part payment, the amount received was entered on the back of the loan deed by the banker in the presence of the debtor. [1] In case of deposits, the banker was to give a receipt acknowledging the receipt of the deposit to the depositor.

The bankers followed practically the same system during the Mohammedan period with added improvements according to the demands of the public and merchants. The system of advancing loans will be fully discussed in another chapter and, therefore, only a very short sketch is given here to show the method of their business. These were briefly the extent, functions, and methods of business of the indigenous bankers in those days.

1. Yajnavalkya ii.

CHAPTER IV.

CLIENTELE, CAPITAL AND ESTABLISHMENT.

In chapter III we have shown in the section of 'Extent of Business' that the Indian indigenous bankers served every class and any class of men amongst the civilised mankind of India, we will in this chapter try to give a list of persons engaged in various professions and occupations in various periods of human civilisation, to whom the bankers extended their financial support. The White Yajurveda gives a most important list of professions who formed the clientele of bankers in the Vedic period, and this deserves to be reproduced here as below :—

1. A brahman (priest) ;
2. A kshatrya (prince or military man) ;
3. A vaishyà (trader or merchant) ;
4. A shudra (domestic servant) ;
5. An eunuch ;
6. A suta ;
7. A shailusha (actor) ;
8. An attendant on the synagogue ;
9. An orator ;
10. An artificer ;
11. A chariot maker ;
12. A carpenter ;
13. A potter ;
14. A blacksmith ;
15. A jeweller ;

16. A sawar ;
17. An ayogava ;
18. A maker of arrows ;
19. A maker of bows ;
20. A maker of bow strings ;
21. A rope maker ;
22. A huntsman ;
23. A dogman ;
24. A vratya (economist) ;
25. A dice-player ;
26. A female basket maker ;
27. A pinmaker ;
28. An actress ;
29. A companion (of princes) ;
30. A follower ;
31. A physician ;
32. An astronomer ;
33. A catechizer ;
34. An interrogater ;
35. A revealer of omens ;
36. An elephant keeper ;
37. A horse-keeper ;
38. A cow-keeper ;
39. A shepherd ;
40. A goatherd ;
41. A cultivator ;
42. A dealer in spirits ;
43. A house-keeper ;
44. A holder of wealth ;
45. A footman ;
46. A timber bringer ;
47. A fire kindler ;

48. An annointer ;
49. A distributor of food to guests ;
50. A maker of figures ;
51. A moulder ;
52. A spinkler ;
53. A churner ;
54. A washer of clothes ;
55. A dyer of clothes ;
56. A lictor ;
57. A sub-lictor ;
58. A horseman ;
59. A collector of the prince's revenue ;
60. A heater of iron ;
61. A ferry man ;
62. A joiner ;
63. A waiter ;
64. A liberator ;
65. A man of worth ;
66. An annointer of eyes ;
67. A maker of sheaths of swords ;
68. A woman skilled in counting ;
69. A skin dresser ;
70. A dealer in skins ;
71. A man of the fisher class ;
72. A dasa (dasyu, or slave) ;
73. A fish dealer ;
74. A dear killer ;
75. A vendor of leaves (parnakà) ;
76. A goldsmith :
77. A person of the vani class (vendor) ;
78. A watchman ;
79. A diver ;

80. A popular speaker;
81. An inspector of faults;
82. A trickster;
83. An arch trickster;
84. An attendant on cows;
85. A cow-killer;
86. A charkacharya;
87. A beater of drums;
88. A blower of tuna;
89. A player on the vina;
90. A blower of the conch;
91. A burner;
92. A waterman;
93. A forester;
94. A pole dancer; and
95. A man with scales.

Such lists are also to be found in the Rigveda and Atharvaveda, but this would suffice to show that the bankers in the Vedic period had a very representative cleintele to whom they advanced loans and rendered other services in times of need. We have a still further representative list of the clientele of the bankers in the Epic period. We find the following list in the Ramayana :[1].

1. A Jeweller (Manikàra);
2. A potter (Kumbhakara);
3. A mechanic or engineer (Yantrakarmàkrit);
4. A man of arms (Astropjivi);
5. A Peacock-keeper (Mayurika);

1. Ayodhyakanda, Bharat-milap in Chitrakut with his followers from the inhabitants of Ayodhya.

6. A partridge keeper (Taittirikà) ;
7. A borer (as of pearls, wood etc. Chedkà);
8. A spliter (Bhedakà); It may also mean a C. I. D. man ;
9. A dentist (Dantkàrà) ;
10. A dealer in nectar (Sudhokàrà) ;
11. A perfumer (Gandhopajivi) ;
12. A goldsmith (Svaranakàrà) ;
13. A metallic burnisher (Kanakadharakà) ;
14. A bathing attendant (Snapakà) ;
15. A dresser (Chhadakà) ;
16. A physician (Vaidyà) ;
17. A distiller (Shaundikà) ;
18. An essence dealer (Dhupika) ;
19. A washer man (Rajaka) ;
20. A weaver (Tantravayu) ;
21. An actor (Rangopàjivi) ;
22. An economist (Abishtavakà) ;
23. A worker in wits (Vaithrakarà) ;
24. An expert of perfumes (Gandhikà) ;
25. A dealer in drinks (Panikà) ;
26. A garment maker (Pravarikà) ;
27. A carpenter (Sutrakàrà) ;
28. An artisan (Shilpopajivi) ;
29. A worker in gold (Hiranyakàrà) ; It may also mean a tester of gold ;
30. A worker in coral (Prabalikà) ;
31. A porkdealer (Shankarikà) ;
32. A fish-monger (Matsyapajivi) ;
33. A garden planter (Mulavapà) ;
34. A brazier (Kansyanakarà) ,
35. A painter (Chitrakarà) ;

36. A grain-dealer (Dhanyavikrayakà) ;
37. A huckster (Panyavikrayi) ;
38. A fruit seller (Phalopjivi) ;
39. A flower seller (Pushpopjivi) ;
40. A plasterer (Lepakarà) ;
41. An architect (Sthapatya) ;
42. A wood mechanic (Takshana) ;
43. An instrument maker (Karayantrica) ;
44. A seedman (Nivapaka) ;
45. A brick-maker (Ishtakaraka) ;
46. A cheese-maker (Dadhimodakara) ;
47. A gardneer (Malkara) ;
48. A seller of wood-sorrel (Changerikàvikrayi) ;
49. A flesher (Mansopajivi) ;
50. A churnopjivi (seller of powder) ;
51. A cotton dealer (Karpasika) ;
52. A maker of bows (Dhanushkara) ;
53. A thread-seller (Sutravikrayi) ;
54. An armourer (Shastrakarmàkritù) ;
55. A leaves seller (Kandakarà) ;
56. A betelnut seller (Tambulikà) ;
57. A draftsman (Chitrambhajanti) ;
58. A taxidermist or currier (Charmakarà) ;
59. A blacksmith (Lohakarà) ;
60. A maker of drafts and javelins (Shalakashalayakarta) ;
61. An expert in destroying the effect of poisons (Vishaghatà) ;
62. An expert of children's diseases (balanamachikitsaka) ;
63. A brass founder (Arakutakrit) ;

64. A copper founder (Tamrakutakrit);
65. An ornamental worker (Svastikara);
66. A hair-dresser (Keshkara);
67. A boiler (Bhaktoposadhaka);
68. A cook (Brishtakara);
69. A baker (Shaktukara);
70. A confectioner (Shadvika);
71. A dealer in sugar (Khandkara);
72. A merchant (Vanijka);
73. A glass maker (Kachkara);
74. An umbrella maker (Chhatrakara);
75. A refiner (Vedhakashodhaka);
76. A maker of inlaid work (Khandasonsthapaka);
77. A copper smith (Tamropajivi);
78. A chief of a guild (Shrenimahattar);
79. A chief of the town herds (Gramoghoshamahattara);
80. A dice player (Shailusha).

The above list of the clients of the indigenous bankers reproduced from the Ramayana is a very representative one and shows the extent of the business of the banker in those days. In the Mahabharat we find same classes of professions with a few additions here and there. Manu, the great law giver adds to the clientele of the indigenous bankers:—

(1) Forest adventurers and explorers; and

(2) Shippers, which is confirmed by other Rishis and finally by Kautalya during

the Shastric period. The clientele went on increasing as and on the necessity of further division of labour arose according to the increasing demands of the people.

The clientele steadily increased during the Buddhist period and still more during the Mohammedan period. The clientele during the Mohammedan period may be compared with the present day clientele with the exception of new professions like those of railwaymen and air servicemen, but including the Rulers and Kings and big industries which today unfortunately are not in the scope of their business.

Capital.—There are various forms of capital, but in our present book we are concerned with the *loanable capital* of a banker. This is a private form of capital whether belonging to the banker or deposited with him by his customers. In a primitive society, where the wants of the people are few and the conditions of living nomadic, there is nothing like capital, but as soon as there is some settled condition, the capital assumes its visible form, and as the scale of industry and the magnitude of industrial enterprise increase, the importance of capital increases. Now during the Vedic period the Indian Nation was the most civilised society in the world and people amply realised the value and utility of private capital. In the Vedic literature we find thirst for more wealth, more pleasure and more *Dharma*. We read thus: "Bring us a thousands (cows), hundreds of kine,

O Hero, bring cattle, bring us ornaments, bring us embellishment and steeds, give us besides two rings of gold."[1] This goes to prove that the Indian people of the Vedic period fully realised the importance of private ownership of property and were always anxious to increase their wealth by using their capital in one form or the other. Now let us see what are the causes which favour the accumulation of capital. These may be summarised as below: (1) The existence of settled and civilised society in which the people have acquired the habit of looking forward and of desiring future as well as immediate gratifications. (2) A settled Government rendering accumulation safe. (3) A population with a high productive capacity in order that there may be wealth, in excess of immediate demands, to save. (4) The development by the State, or through private enterprise of machinery for making saving easy.[2] Let us examine if these causes were present in Vedic period to warrant the accumulation of capital. The very fact of the existence of villages fully substantiates the existence of a civilised society.[3] The second point which we are to examine is "whether the people had acquired the habit of looking forward and of desiring future as well as immediate gratifications." From the hymn of Rigveda (viii, 67, 1-2) it is made sufficiently clear that the people had acquired the desired habit. They had reached a stage further and we

1. Rigveda, viii, 67, 1-2.
2. Guide to Political Economy, by Spencer, p. 68.
3. Rigveda, i, 44, 10.

read of commands to shippers and merchants to go for trade and bring riches. [1] As regards the second point, *viz.*, a settled government rendering the accumulation safe, we find that the king was an elected being during those days and had to work under the directions of a powerful assembly of his subjects, and his retaining the throne rested on his good government. [2] The government of the day was the people's government and was the most organised government of the day. The third cause for the accumulation of wealth has a practical testimony of the people of the Vedic period. The various commands to the people for carrying on trade, the building of spacious buildings and forts, and the desire for more wealth, more pleasure and more *dharma* all go to count towards the high productive capacity in order to accumulate wealth. There are hymns after hymns in the Vedic literature on the point and it seems unnecessary to pursue the point any further. The fact that people understood debts and usury as explained in chapter I, and the existence of banking institutions as is clear from this verse: "Who favours with a draught from his goblet whom he likes," (Sayanacharaya commenting on it says: For that very reason also a merchant prince (Shreshthin) desirous of rendering acceptable to a dependant of his to others refusing to own him, has nevertheless the power to enforce the grant of a worthy position by them, inspite of his disqualifications due to social rules. [3]), goes to substantiate the fact

1. Atharvaveda, iii, 15, 1 and Rigveda, iv, 55, 6.
2. Rigveda, x, 173, 1.
3. Br. Upnishad, i, 4, 12.

that the Indian people of the day had a high productive capacity of accumulating wealth and capital. The next question is "the development by the State, or through private enterprise of machinery for making saving easy," and we are to see if any trouble either by the State or the people was taken to make saving easy. We have references of caravans traversing big countries for earning and bringing wealth to their homes. Ludwig says: "that these references to fights with panees (caravans) are to be explained by their having been original traders who went in caravans—as in Arabia and Northern Africa – prepared to fight, if need be to protect their goods against the attacks which the Arayans would naturally deem quite justified." This and other references of sea voyages, and trade through land routes clearly prove that private arrangements were made as complete as practicable for the accumulation of wealth. From this short description, it is made clear that the Vedic Hindus knew how to accumulate wealth and had taken all necessary steps to do all that was necessary for it. Now coming down to the Epic period we find these references in the Mahabharat. "One who robs another of wealth robs him of his virtue as well. Poverty is a state of sinfulness. From wealth spring all religious acts, all pleasures and heaven itself. Without wealth a man cannot find the very means of sustaining his life." [1]. Again we read: "O king, are your treasury, barns, stables, arsenals and female apartments well guarded by

1. Mahabharat, Shantiparva, viii.

servants who are ever devoted to you and who always seek your welfare? You no doubt first protect yourself from your domestic and public servants; and you then protect those servants from your relatives and last of all you no doubt protect all of them from one another. Is your expense always covered by a half, a third or fourth part of your income? Do you always cherish with food and wealth your relatives, superiors, *merchants*, the old, the helpless, the protected and the distressed. O child, do the four kinds of varatta (agriculture, trade, cattle-rearing and lending in interest) are carried on in your kingdom by honest men. O child, upon these depend the happiness of your subject. O king, do the five wise and brave men employed in the five chief ports, – (namely that of protecting the city, fort, the merchant, the agriculturists and of punishing the criminals) always do good to your kingdom by working in unison." [1]. This will go to show that the State and the people had taken all steps for making saving easy. Having given a short sketch of the causes of accumulation of wealth, we now return to our subject matter. We have now to see something about the loanable capital of the banker. By his thrift, energy, enterprise, settled society, good government and its protection, the vaishyà – the hereditary banker of India accumulated a capital which he lent to others. The loanable capital does not necessarily mean coined money, it may be any thing, grain, seed, cloth, ploughshares, cattle, or any other thing which can be lent in order to increase it by interest. There is, however, difference between

1. Mahabharat, Sabhaparva, chap. v. 67, 68, 70, 71, 79, 80.

loanable capital and private capital of a banker. No banker can carry on lending business to a great extent with his own capital. Let us assume that banking creates a loan fund, and let us try to see if this assumption is true. A banker in order to start banking will have to use his own capital for some time till he has established his reputation and confidence amongst the people. The ancient vaishyà the hereditary Indian banker from the Vedic period right upto the Epic period, established his reputation and confidence with the public he dealt and in the famous law code of Manu we find that the Indian indigenous banker started accepting deposits. People confided in him, left money which they did not require for immediate use and as the number of depositors increased, the banker found the necessity of investing the money thus deposited with him by others, as all the depositors, as usual, were not to come and demand back their deposits at the same time. The deposits increased the loanable capital of the banker so far so that he had the privilege of lending the money of others and earning some profit out of it, till it was not demanded back from him. The next step that the banker took was to issue credit money, *viz.*, the hundis—*adesha* as they were called by Kautalya and this manufacture of credit money without paying out the natural money further added to his loanable capital. The Indian indigenous banker thus upto Kautalya's time rose to establish a regular complete loanable capital of business because of his thrifty nature reputation and confidence of the public in him.

In the Buddhist period the guilds and associations of bankers assumed great dimensions and because of joint responsibility of more than one banker, they commanded greater credit and confidence and deposits came in freely. The whole banking organization, however, received a set back due to weakening of the Hindu power and the successive raids of Mohammedans over India. Life and property became insecure, and, therefore, the confidence of the bankers dwindled, and instead of resorting to make deposits, the people took to hoarding their wealth which practice in a large measures still continues in India. Banking revived to a certain extent in the time of Akbar the Great when some settled Government was formed by him, and we find references of deposits in this period. In the Mohammedan period, however, the banker was left to carry on the business of banking with more or less his own capital and the issue of *hundis* on other bankers who had mutual confidence with each other. Inspite of all these drawbacks, he has always been the back-bone of Indian agriculture, trade, industries and commerce.

Establishment. - During the Vedic period the Indian indigenous banker does not seem to have employed any establishment to assist him in his business, and as the occupation was itself a side one, there appears to have been no necessity for it. In the Mahabharat we find mention of Accountants and clerks employed for the conduct of the business as well for the grant of taccavi loans to agriculturists.[1]

1. Mahabharat, Sabhaparva, v, 72, 78.

In the Dharamshastras we find a description of the establishment of bankers who employed, (1) account book writers, (2) loan deed writers, (3) representatives and (4) debt collectors.[1] Kautalya gives the classification of the establishment thus: (1) Cashier who was called *nidhayak ;* (2) accountant who was called *nibandhak ;* (3) clerk who was called *pritgrahak* and (4) paying teller who was called *dayak.*[2] These were additions to the staff employed during the shastric period. During the Mohammedan period the bankers had the following staff: (1) *Muneemji,* (2) *rokaria,* (3) *khatanavis,* (4) *parkhaiya,* (5) *rokarnavis,* (6) *ijra* and *mausulanavis* for recording letters issued and received and entering bills payable and receivable *i. e. hamaré gharu hundis* and *tumharé gharu hundis ;* and (7) *taqazanavis i. e.* debt collectors and other *gumashtas* according to the magnitude of their business. They also kept peons and jamadars called *bhaiyas* according to their requirements.

This in short is a sketch of the clientele, capital and establishment of the indigenous bankers of ancient and medieval India.

1. Manu, viii; Shukra, ii and iii and Narad Vivadpad.
2. Arathashastra. iii.

CHAPTER V.

LENDING MONEY.

David Harum's definition of a successful banker "Loaning your money and getting it back," presents the gist of this chapter in a nutshell. This is the most important function of a banker, and it is certainly above all the functions which a banker can fulfil with any amount of success nearing completion. It is not only difficult but rather dangerous to make any attempt in defining the line that a banker may adopt in lending his money in order to ensure its safe realisation. A banker must expect to make some losses in his business but discrimination in granting loans reduce these losses to a minimum. In a business like banking losses cannot be avoided; and that a banker is able to recover his debt is not due to his being a mere fortunate man, but it is his good judgement at the time of making loans which results in punctual repayment. A new man in the field by desultory reading of text books or by personal teaching cannot acquire the ability to recognise the difference between a good and bad loan, and it can only be recognised from personal experience which was of course the chief asset of an Indian indigenous banker. From time immemorial he has been the hereditary banker of the Indian nation and consequently had the hereditary clientele. But even this great asset of the banker could not avoid losses, as no two loans can be judged from the same view point. The banker had a variety of clientele as is shown in chapter III and

as such had to apply different tests according to the status and condition of each borrower. Inspite, however, of this great difficulty there are certain general principles which should guide a banker in determining whether to lend or not and to what extent, and these may be briefly described as below: (1) The Banker should know thoroughly the antecedents and character of a borrower; (2) he should know the nature of the business of the borrower; (3) organisation of the business or undertaking of the borrower; (4) he should know if the borrower has any competition with his business in the market and the magnitude of the rival organisation; (5) business methods of the borrower; (6) opinion of other people, reputation and confidence of the public; and (7) his net worth. Now let us see if the ancient Indian banker had the means of observing these principles before lending his money, as we must immediately admit that he had not the assistance of any intelligence department like the present exchange and joint stock banks. The vaishyà as we have already explained was the hereditary banker of the Indian nation from time immemorial and since the profession of banking was handed down from father to son, and since the son of a banker received training in the profession thoroughly from a very tender age, at the hands of his father, his practical experience was unquestionable. He had mostly to deal with people of his own village or town with whom he practically lived all the life and as such he had the means of knowing more fully the antecedents and character of his borrowers, than any joint stock or exchange or

Imperial bank of the day which are managed by agents and managers who are strangers to the localities and are unaware with the customs and modes of living of the people. They have to depend on the help of brokers, from whom or through whose help they collect the necessary statistics regarding their clients, but though there were brokers (*madhiasth*) in ancient India, yet the bankers being residents of the place or of the district had the necessary means either from personal knowledge or from the knowledge of one of their own men to know the antecedents and character of their borrowers.

The ancient Indian indigenous banker, because of his daily association with his clients and of his life long knowledge of their mode of living and business, knew the nature of the business of his clients fully well. Being a close neighbour and in many cases also an advisor of his borrowers with regard to the management of their business, he had a complete knowledge of the organisation of the business of the borrowers. He knew who was who in the locality and as such was always in a position to know if the borrower had any competition from others and if so of what nature and of what magnitude. Being in constant personal touch, he was certainly in a position to know the methods of the business of his borrower. The banker in ancient India had no formalities, and everybody and anybody could approach him without sending his card through a uniformed *chaprasi* or *jamadar* and since his business was not restricted with a few firms or individuals of the locality, as he extended his support and helped

financially one and all who approached him, and, therefore, he came in contact with every class of men and with his shrewdness and business intellect he extracted the information of the opinion held by the general public about his various customers, and likewise was in a position to ascertain the net worth of his customers.

The ancient Indian banker on the approach of a borrower had only to scrutinise the nature of the loan and put these questions to himself after careful consideration of all the aspects of the transaction that he was going to have with the customer : (1) For what purpose this man is going to use my money ; whether it is productive or unproductive loan ; (2) Is the loan safe ; (3) Will the loan be repaid according to the terms of agreement that the borrower is going to sign ; (4) Is the security offered safe and sound ; (5) Is the surety, a man of good character and of respectable means ; (6) Is the transaction legally good ; and (7) is the man, who borrows, a man with issues, of good character and thrifty. When the banker had arrived at a decision after putting these questions to himself, he lent out the money.

Causes of bad debts.—In Broad-street's journal of 25th January, 1912, we find the following causes of failure and consequent losses to bankers in the form of bad debts : (1) Lack of capital ; (2) Incompetence (irrespective of other causes) ; (3) Fraudulent disposal of property ; (4) Inexperience (without other incompetence) ; (5) Neglect of business (due to doubtful habits) ; (6) Unwise granting of credits ;

(7) Personal extravagance ; (8) Speculation (outside of regular business) ; (9) Specific conditions (disaster prolonged sickness, etc) ; (10) Competition ; and (11) Failure of others (of apparently solvent debtors) This if not wholly has in part been true in all ages and times. Mill in his ' History of India ' says thus regarding loans in ancient India : " In an improved state of society where the efficiency of laws, the diffusion of wealth and the accommodation of business have created a mutual confidence, loans are generally contracted on the security of laws, without the actual custody or deposit of property on which they may be secured. It is only in that extremely confined and degraded species of lending abundant to pawn-brokers, that pledges form a regular and component part. In the more early and imperfect states of social union, circumstances are very different, law is both feeble and inaccurate ; poverty reigns, violence prevails and the man who is able to discharge his debts to-day may be stripped of all possessions to-morrow. In these circumstances, the security of law upon the person or property of the debtor is seldom sufficient ; and the deposit of equivalent property as a pledge, is the obvious, and in point of fact, the common resource. The responsibility of second person, who becomes surety for the borrower, is another foundation on which Hindu loans are contracted." The second portion of this statement does not appear to have been made by Mr. Mill after a careful study of Hindu laws and Hindu state of Society of ancient India. We have acknowledged that the eleven points expounded by Broadstreet

journal held good in varying degrees in all ages and in all countries, but the ancient Hindu law was so perfect that losses of the banker due to these causes were reduced to a minimum. It would mean a repetition of our subject matter if an attempt is made here to discuss these points, and to refute the charges levelled by Mr. Mill, as these will automatically be answered in our discussion of the subject matter which we begin now.

Loans.—We find allusions of loans in Atharvaveda and Rigveda a mention of which has been briefly made in chapter I. The law regarding the repayment of loans was very strict during the Vedic period. One who took a loan had to repay it under all circumstances and failure to repay was a matter of serious condemnation. We read such passages in the Vedas: "The debtor was often bound to posts."[1] This very clearly goes to prove that the debtor had to become a slave if he failed to repay the debt. This was a serious thing in itself and no prudent man would have ever liked to enter the bondage of slavery for a loan, and as such the repayment of a debt during the Vedic period was a foregone conclusion. In the Vedic literature, there is no mention of the security offered by a borrower, nor we read of mortgages or pledges. It appears that loans were granted in the Vedic period upon the simple personal security of the borrower himself and that the loans were repaid as a matter of course. The interpretation of law in the Vedic period was so admirable that its parallel has

not been defined by all the jurists of the world till to-day. The people of the Vedic period said: "Law was truth and truth was law."[1] When this was the law of the society, and when in those days liars could hardly be found, how was it possible that there could have been any bad debt arising out of any transaction of a banker of that day.

In the Shastric period we read of loans: (1) secured by a mortgage; (2) secured by a pledge; (3) secured by a personal security of a surety and (4) open loans. We have the testimony of Dharma-shastras reading thus: "The guarantee to be offered to a creditor may be two fold, a surety and a pledge. A document and (deposition of) witnesses are the two modes of proof on which evidence is founded."[2] It is, therefore, necessary to consider the various forms of loans separately to make the subject matter clear. Let us, therefore, begin with mortgages against loans.

1. Mortgages.

In a primitive society where there was no value of immovable property, the land did not carry any value, but as the population increased, there arose the necessity of transfer by one way or another. Before we consider mortgages themselves, it is necessary to see if the land in India could be alienated. The earliest Vedic literature tells us that land was occupied either by conquest, or by taking possession of unoccupied land. We find in

1. Brihadaranyaka, i, 4, 14.
2. Narad, i. 117.

the Vedas regarding conquered lands the following account: "Grant him the king a share in village, horses and cattle." [1] This shloka of the Veda is ambiguous and leaves us in doubt as to the real proprietary rights of the soil, the land cultivated by the vaishyàs—the hereditary cultivators of India. It, therefore, becomes necessary to examine who was the real proprietor of the land, the king or the real occupant. The sacred books of the Hindus are conflicting on the subject, but let us see what are the most prevailing views on the subject. It is the opinion of a particular school of ancient Hindu law givers that *Bhomia* is the real proprietor of the land, while the king is entitled only to *vali* or land tax in exchange of the protection he offers to his people and is not the proprietor of the land. Manu says: "*Sthanuchhedasya kedaram ahuh salyavato mrigam*," [2] Kalluka, the commentator of Manu thus explains the text: "The field is the property of the man who uproots the stumps of trees, and cuts down raised banks, so as to make it arable, in the same way as the speared wild deer is said to belong to the man who first threw that spear" This text of the Manusmriti establishes the proprietary rights of the cultivator over the land of the country under his possession and let us now see what are the powers of the king over the land. Here is the opinion of the commentator of the Jaimini Sutra: "As to the question whether that which is the broad earth should be gifted or not, the holder of the *prima facie* view

1. Atharvaveda, iv, 22.

2. Manu, ix, 44.

of it as an article of gift, thinking that it is the wealth of the emperor; but this is no one's property. Consisting as it does in the protection of, and the removal of the wicked from the State, sovereignty means the collection of the taxes from the agriculturists and others and fines from the guilty; this much is the relation (between the king and his State) but no *lordship* (svamitva). Hence no emperor should make a gift of the broad earth, nor a fuedal chief of his fuedal land.'[1] Let us now see what the foreign scholars of oriental languages say about this. Colebroke says: "The monarch has no property in the earth. His kingly power is for government of the realm, and extirpation of wrong; for that purpose he receives taxes from husbandsmen and levies fines from offenders. But right of property is not thereby vested in him."[2] Dr. Rhys Davids says: "The rural economy of India, at the coming of Buddhism, was based chiefly on a system of village communities of land-owners, or what in Europe is known as peasant-proprietorship."[3] Mr. R. C. Dutt, C. I. E., in discussing *Mimansa* philosophy says: "The King has no property in the land, and cannot bestow it. His kingly power is for the government of the realm, but the right of the property is not vested in him."[4] During the Mohammedan period, the time honoured rules of peasant-proprietorship of the land remained the law of the country as is clear from various passages in the Ain-i-Akbari. During the Moham-

1. Jaimini Sutra, vi, 7, 2.
2. Miscellaneous Essays, by Mr. Colebroke, pp. 320-1.
3. Cambridge History of India, by Dr. Rhys Davids, i, 198.
4. History of Sanskrit Literature, by Mr. R. C. Dutt, C. I. E.

medan period the following was the position of cultivators in the State of Udaipur, the most revered Hindu State of the day: "The ryot (cultivator) is the proprietor of the soil in Mewar. He compares his right therein to the *Akhye-dhooba*,[1] which no vicissitudes can destroy. He calls the land his *bapota*, the most emphatic, the most ancient, the most cherished, and the most significant phrase his language commands for *patrimonial inheritance*. He has Nature and Manu in support of his claim, can quote the text, alike compulsory on prince and peasant, "*cultivated* land is the property of him who cuts away the wood, *or who cleared and tilled it*;" an ordinance binding on the whole Hindu race and which no international wars, or conquest, could overturn. In accordance with this principle is the ancient adage, not of Mewar only but all Rajputana, "*Bhogra dhanni raj ho : Bhomra dhanni ma cho.*" meaning "the Government is the owner of the rent, but I am the master of the land." With the toleration and benevolence of the race the conqueror is commanded "to respect the deities adored by the conquered, also their virtuous priests, and *establish the laws of the conquered nation as declared in their books*. If it were deemed desirable to recede to the system of pure Hindu agararian law, there is no deficiency of materials. The customary laws contained in the various reports of able men, superadded to the general ordinances of Manu, would form a code at once simple and efficient; for though innova-

1. *Akhye* means—not to be eradicated and *dhooba* means—grass; *i.e.*, immortal.

tion from foreign conquest has placed many principles in abeyance, and modified others, yet he has observed to little purpose who does not trace a uniformity of design, which at one time had ramified where ever the name of Hindu prevailed: language has been modified, and terms have been corrupted or changed, but the primary prevailing principle is yet perceptible; and whether we examine the systems of Khandesh, the Carnatic or Rajasthan, we shall discover the elements to be the same." [1] The basic principles of the proprietary rights of the land having been explained; let us see if there are any practical examples of the sale of land in ancient or medieval India. In the Buddhist literature we find that "a Brahman land-owner offers a thousand *karisas* of his estate as a gift; a merchant persuades a land-lord (noble) in the sale of his park" [2] Mr. M. A. Buch in his book, "Economic Life in Ancient India" gives an interesting story which reads thus. "In A. D. 1054, the village of Alangundi (in the Tanjore District) appears to have been afflicted with a famine caused probably by failure of rains. The villagers had consequently no funds to purchase paddy for their own consumption or seedgrains and other things necessary for cultivation. Whatever the cause, the famine stricken inhabitants of Alangundi could expect no help in their distress from the royal treasury. They had to shift themselves, as best as they could. Accordingly, they applied to the local temple treasury from which they obtained 1,011 kalanju of gold and

1. Tod's Rajasthan, pp. 511-512.
2. Article of Rhys David in the Journal of the Royal Asiatic Society of 1901.

464 palam of silver, consisting of temple jewels and vessels. In exchange for this the members of village assembly alienated $8\frac{3}{4}$ veli of land in favour of the god. From the produce of this land the interest on gold and silver received from the temple was to be paid."[1] From these concrete examples it is clear that there was no restriction to the sale of arable land in ancient India.

Having gone so far, let us now see what our law codes and Dharamashastras say on the subject. Dr. Nagendranath Law thus explains the sale of immovable property with reference to Kautalya's Arathashastra: "The fact of the property being on sale has to be announced publicly in the presence of a large number of men who come from not less than forty neighbouring houses, and who have no personal interest in the sale. An immovable property includes cultivated fields, gardens, enclosed spaces, tanks and reservoirs, each of these kinds of property, before being put to sale, has its boundaries accurately defined in the presence of the neighbouring village-elders and elderly villagers. Then the crier shouts thrice the following words: 'Who will buy at this price,' thus announcing the price of the property fixed by the seller. The purchaser who accepts the price then enters upon the purchase if the sale be unconditional and not objected to by any claimant. A tax is levied upon all such sales, and in the event of any increase of price owing to superior natural advantages, the unearned

1. Economic Life in Ancient India. by Butch. p. 109, vol. 1.

increment goes to the State. The crier is responsible for the collection and payment of the tax on the sale. Any fraudulent announcement of sale of property of which the seller is not the proprietor is punishable with a fine of 24 panas. No sale can be kept in abeyance for more than a week, within which time the possession must be delivered to the buyer and the sale completed. If the purchaser is by fraud passed over and the property transferred to another, the irregularity is punishable with a fine of 200 panas. The punishment for other sorts of fraud is 24 panas." [1] This description brings us near our subject matter of mortgages, as, if there was no sale permissible by law, the mortgages were bad in law and gave no legal title of retention to the mortgagee, but now the subject having become clear, we proceed to discuss mortgages.

According to Brihaspati the system was as follows: "Whatever is placed under the control of the creditor by the debtor as security for the thing lent to him is called an *adhi* or pledge. A pledge is of eight kinds: (1) movable (*jangam*) (2) immovable (*sthavar*) (3) to be kept only (*gopya*) (4) to be used (*bhogya*) (5) discretionary, *i.e.* without a time limit (*yadrichak*) (6) with a fixed time limit (*savádh*) (7) evidenced by a document or (8) by a witness." [2] We are for the present concerned with mortgages of immovable property only and let us consider these. According to this definition the

1. Studies in Ancient Hindu Polity, by N. N. Law, pp. 161-162-163. See also Arathashastra p. 168.

2. Brihaspati, xi, 17.

mortgages were of two kinds: (1) simple and (2) usufruct and these were either with a time limit or without a time limit. In ancient India any adult member of a Hindu family could mortgage the property as is clear from this verse: "Even a single individual may conclude a donation, mortgage or sale of immovable property during a season of distress for the sake of the family and especially for pious purposes."[1] The banker was allowed interest on simple mortgages *i. e.* on mortgages on which he did not derive any profit from the property mortgaged, but was not entitled to any interest on usufruct mortgages *i. e.* the property of which he made use of while that was in his possession.[2] The banker was not authorised to make use of the mortgaged property without the permission of the mortgagor or by force and any one so doing had to give up his whole interest or had to satisfy the mortgagor.[3] If the mortgaged property became damaged due to negligence of the banker he was liable to make good the loss to the debtor, but in case it was spoiled due to circumstances beyond his control, he was not liable for it and the debtor was required to make good the deficiency.[4]

During the Mohammedan period these mortgages were a widely known thing and properties were freely mortgaged and sold. The usufruct mortgage during the Mohammedan period was called '*rahan-bilkabz*'

1. Brihaspati i, 1, 28.
2. Manu, viii, 144.
3. Ibid.
4. Ibid iv 55-56.

the mortgage deed was called '*rahan--nama*' and the writer of the loan deed or mortgage deed was called *katib.*' These mortgages pertaining to the mortgages of arable land were registered in the office of the *Kanungo,* the head of the *Patwari-i-halqa.*

Kautalya in his Arathashastra states regarding the mortgage of arable land that the revenue paying lands could only be mortgaged to those persons who were similar peasant-proprietors and Brahmadaya *i. e. udak* or charity lands to holders of such lands [1]. This restriction, however, does not appear to have existed during the Mohammedan period, as during those days lands are found to have been possessed by other than the hereditary peasant-proprietors also.

2. Pledges.

The rights of a pledgee have been clearly defined in the Hindu law, and the following view of Mr. Sen may be quoted here with advantage : "The giving of a pledge created a real right and furnished a real security. It created a real right because the creditor when a pledge was given became invested with an interest in the property pledged, which under certain conditions and on the expiry of certain period would either ripen into full ownership or would entitle him to sell the property without the concurrence of the debtor." [2] To make the subject further clear let us reproduce the view of Mitakshara on the subject : " The giving of a pledge is well recognised

1. Arathashastra, iii 171.
2. Sen's Principles of Hindu Jurisprudence,p. 196.

among the people as a conditional cause of extinction of property, and the acceptance of a pledge, a conditional cause of the acquisition of property, so that after the debt has doubled or the stipulated time has arrived, the right to satisfy the debt ceased and the debtor's right is extinguished for ever and the creditor's ownership becomes absolute." If there was the condition that the banker was to use the pledged article or chattel no interest was payable as in the case of usufruct mortgages, and the pledger had the right to redeem the loan and receive the article at any time he so desired. A pledgee who refused the delivery of the pledged article on demand was liable to be fined 12 panas[1]. If the banker was not found at his residence the pledger could leave the money with a village elderman and get back his article, or if he was unable to get it back at that hour, interest ceased from that moment.[2] The creditor had the right to dispose off perishable goods for which there was an apprehension, with the permission of the magistrate or before the debtor alone, and recover his money.[3] As in the case of mortgages so also the pledgee was ordained to keep the pledged article in good order and if it was damaged or worn out through his negligence he was liable to make good the loss to the debtor, but if it was beyond his control to stop the loss or damage, he was not liable, and the debtor had to suffer the loss.[4]

1. Arathashastra, iii, pp. 177, 178, 180.
2. Yajnavalkya, ii, 63.
3. Arathashastra, iii.
4. Narad, i, 125-130.

Statute of limitation. The limitation for mortgages and pledges where there was a time limit were prescribed as below: A pledge, a boundary, and the property of minors, an open deposit, a sealed deposit, women, the property of a king, and the wealth of a *srotriya* are not lost by being enjoyed by others,"[1] unless their was a time limit for these agreed upon between the debtor and the creditor. The following eight kinds of property *viz.*, property inherited from a father, a thing bought, a pledge, property given to a wife after marriage by her husband's family, property obtained for performing a sacrifice, the property of reunited coparceners, and the wages as the eighth' are lost to the owner if the property has been enjoyed by the creditor for ten years continuously.[2] The Dharamashastras further enjoin: "The property of a person who is neither an idiot, nor a minor, having been used by the creditor before his eyes for ten years, belongs to him who use it. But not if it is used by *srotriyas*, ascetics, or royal officials. Animals, land and females (female slaves) are not lost to the owner by another's possession."[3] Yajnavalkya says: "A debt evidenced by writing is binding only on three generations. A pledge can be enjoyed as long as the debt is not returned."[4]

Banker's powers for recovery of loans. A banker was given very big powers to recover his debt outside the law courts, and Manu says: "By dharma (the

1. Vashishtha, xvi, 18.
2. Ibid 16, 17.
3. Ibid xii. 37, 38, 39.
4. Yainavalkva. ii. 90.

use of inoffensive persuasion or mediation of friends), by suit in a court, by artful management (छल) or by distress, banker (creditor) may recover the loan and fifthly by force." [1] By the first method, the banker was to bring friendly pressure on the debtor to liquidate his debt; by the second method he was to file a suit in a King's court; by the third method the banker was permitted to use crafty methods *i. e.* of taking away certain article by misrepresentation from the debtor and then refuse its return till the loan was repaid; by using such methods as lying down before the house of the debtor (धरना) without food or drink till the loan was repaid. This last method to a certain extent is even now resorted to by a certain class of creditors like the Kabuli or Peshawari Pathan itinerant money-lenders. By the fifth method the creditor had the power to beat or use other kinds of force to recover his money or to force the debtor to take employment under the banker for the liquidation of his debt. This law, however, did not apply to cases of Brahmans, and debts due by Brahmans were to be paid gradually. [2] These powers of the bankers remained intact till the 16th century and we have an excellent account of this in the narrative of Varthema, which may be reproduced here with advantage: "And when any one ought to receive money from another merchant there appearing any writing of the scribes of the King, (who has at least a hundred of them), they observe the practice: 'Let us suppose the case that some one has to pay me 25

1. Manu, viii, 49.
2. Brihaspati, xi, 54-65.

ducats, and the debtor promises me to pay them many times, and does not pay them ; I, not willing to wait any longer, nor to give him any indulgence, shall take a green branch in my hand, shall go softly behind the debtor, and with the said branch shall draw a circle on the ground surrounding him and if I can enclose him in the circle, I shall say to him these words three times ; '*Bramini Raza Partha polle ;*' that is, I command you by the head of the Brahmans and of the King, that you do not depart hence, until you have paid me and satisfied me as such as I ought to have from thee. 'And he will satisfy me or truly he will be there without any other guard. And should he quit the said circle and not pay me, the king would put him to death"[1] During the Mughal period when the judiciary became corrupt and greedy, the power of realisation of the bankers outside the law courts dwindled down.

3. Surety.

The third system of granting loans was on the personal guarantee of the sureties. There were four kinds of sureties, *viz.*, (1) for payment ; (2) for delivering the assets of the debtor ; (3) for appearance, and (4) for confidence. The personal liability of the sureties was co-extensive with the liability of the debtors. If the debtor failed to pay, the banker had the recourse to the surety and he could not refuse to pay. The creditor, however, could not bring force upon the surety, and the debt had to be recovered from a surety gradually. The surety was entitled to

1. Travels of Ludovico Di Varthema, pp. 147-148.

recover the debt paid by him from the debtor and if he chose, he had the power to recover double the amount of what he had paid.[1] The son and grandson of the first two types of sureties were liable to the creditor to repay the amount, if the actual debtor failed to pay, while the liability of the last two was personal only.[2]

4. Open loans.

These loans were granted with or without interest to those in whom the banker had great confidence. Regarding loans to friends and relatives we read thus: "No interest must ever be raised on loans made from friendship, unless there be an agreement to the purpose. Without an agreement even interest accrues on such loans after the lapse of half a year. A loan made from friendship can never yield any interest without being reclaimed by the banker. If the debtor refuses to restore it on demand it shall yield interest at the rate of five per cent per month."[3]

Evidence of writing. During the Vedic period we do not find any evidence of written documents having been obtained by bankers for loans granted by them, but Manu is the first to recognise the value of *rnapatra*, (loan-deeds) for loans granted by the banker. These loan deeds were executed for every type of loan and were duly witnessed. A fac-simile of a probable form of loan deed has been given in chapter IV.

1. Narad, i, 117-121.
2. Brihaspati, i, 39, 44.
3. Narad, i, 108-109.

Statute of limitation.—A short description for mortgage and pledge loans has already been given and it now remains to give a short description of loans granted on personal securities and loans granted without securities at all. The creditor who did not demand his loan back for ten years, lost the principal and interest. If the money-lender continued demanding his money the statute of limitation was fixed at three generations of a borrower and surety as well. We have the following testimony of dharamashastras on the subject: "If the father is no longer alive, the debt must be paid by his sons. The father's debt must be paid first of all, and after that a man's own debt; but the debt contracted by the paternal grandfather must always be paid before these two men. The father's debt on being proved, must be paid by the sons, as if they were their own, the grandfather's debt must be paid (by his son's sons) without interest, but the son of grandson need not pay it at all. When the debt has been incurred for the benefit of the household by an uncle, brother, son, wife, slave, pupil, or dependent, it must be paid by the head of the family.'[1]

Hindu social theory of debt.—The repayment of debt in the Hindu social theory was regarded as a very sacred thing. We read thus: "*Bandhavbhavetu biprebhyo deyam chepyam jalpi va prajapati.*" The payment of debt amongst the Hindus was regarded as a very sacred moral obligation, and a man did not feel more satisfaction when

1 Brihaspati, xi, 47-50, 33.

dying than to see that he was not dying a debtor. Every Hindu wished the punctual discharge of his debts and we read thus: "Fathers wish to have sons on their own account, thinking in their minds; he will release me from all obligations towards superior and inferior beings..... If a man fails to pay on demand what had been borrowed or promised by him, that sum goes on growing till it amounts to a hundred crores. A hundred crores having been completed he is born again in every successive existence, in his (creditor's) house as his slave, in order to repay the debt. If an ascetic or an *agnihotri* dies without having discharged his debt the whole merit of devotions, of his perpetual fire, belongs to his creditors." [1] It is impossible to find such a high ideal of repayment of debt in any other nation, and yet Mr. Mill criticises the Hindu customs without reading the Hindu texts on the subject.

The Hindus in every period, even to-day have kept this high reputation of moral obligation of debt as a sacred one and hundreds of examples of the Hindus having given away everything, when they could save their property by only a word of mouth can be multiplied. The recent case of Mr. P. D. Ramchander of the well-known firm of Seth Harsukhrai of the Mughal court fame is a living example of this conception of the Hindus of moral obligation of debts.

1. Narad, i, 5, 9.

CHAPTER VI.

INTEREST.

We have already seen in chapters I and III that the Indians were mainly an agriculturist class in the very beginning and had settled down in villages, as soon as they attained the form of a civilised society. Here in the villages (*grama*) they learnt the habit of saving, and thus arose the first germs of capital in India. This habit of saving wealth and accumulating capital was attained by the Aryans (Hindus) during the Vedic period. We have made sufficient references on this point in previous chapters, and there appears no necessity to make a repetition of it. It seems probable that when saving had begun, people used it for their own business or in extending their standard of living, in order to have more comforts of life. When people had acquired or accumulated more wealth than their immediate need, and when other people of the same locality or village felt short of funds for one need or the other, the practice of lending money on interest came gradually into existence. We must admit that in the very early stage of human civilisation, the exchange of goods was a pure and simple barter, as there was no coined money, it being unknown to the people, and goods were exchanged according to their utility on which the exchange prices were fixed. Let us try to make the subject matter more clear by taking an imaginary example.

"We will suppose that a cultivator's plough-bullocks have died suddenly, and that he has not got any accumulated wealth which he can use to buy new ones. He knows that a neighbour has saved up a considerable stock of grain, and he asks the neighbour to lend him enough of it to buy the cattle which he needs. The neighbour replies that he wants to spend the grain for his own satisfaction, say in building a new house for himself: the cultivator urges the neighbour that he does not want the new house at once, but could wait for a year until the loan has been returned." This example clearly demonstrates the primitive way of taking loans, and we may suppose that the neighbour lent the cultivator one ton of grain for the purchase of cattle that he needed and agreed to take after a year $1\frac{1}{4}$ ton of grain in return, this quarter ton of grain was the interest the neighbour earned on this transaction. With this short survey of the preliminaries of interest, let us examine the conditions which prevailed during the Vedic period. We have already seen in Chapter I, II, and V, that the people of the Vedic period were familiar with debts and usury, and let us see how far they had advanced in this respect. Loans were granted freely both in cash and kind, as we find traces of coined money during those days (See chapter on money and currency). This goes to reinforce our belief that Vedic people had attained more civilisation than what we have depicted in the imaginary example which we have reproduced above. The people in the Vedic period understood interest clearly as is clear from these

passages: "Dhanén Devà Dhanénichhamànah" [1]. This as commented by Sri Sayanacharayaji reads as "O God, I engage myself in money-lending from my sum (principal sum) in order to earn money (principal added with interest)." We further read thus: "In constant fear, in debt, and seeking riches, he goes by night unto the homes of others." [2] This clearly goes to prove that money-lending was a distinct profession, though a side one, of the viashyàs—the hereditary bankers of India. Not only this but we find mention of the rate of interest, in the Vedas, and we have references like the following to guide our way: "As we collect the utmost debt even the eighth and sixteenth part." [3] This goes clearly to show that the rate of interest was also fixed in the Vedic period, it was eighth part on one kind of loan and sixteenth part on another kind of loan, and it was collected by the Vedic Aryans who lent money, in agreed proportion, at intervals according to the terms of their contract. The rate of interest, therefore, in the Vedic period was, one-eighth and one-sixteenth of the principal sum lent.

In the epic period we find the following shloka in the Mahabharat to give us an idea of the rate of interest during those early days of human civilisation. The hymn reads: "Are the agriculturists in your kingdom in want of food or seed? Do you kindly advance them loan (of seed grain) taking only

1. Atharvaveda, iii, 15, 5.
2. Rigveda, x. 34, 4.
3. Rigveda, viii, 47, 17.

a fourth part on every hundred (seêr, maund, etc.)."[1] This was a sort of present-day taccavi loans and the rate of interest charged 'a fourth part on every hundred.' It appears that the rate of interest for private loans must have necessarily been higher than this. Coming down to the Shastric period, we find a scientific survey of interest by Manu and other great Hindu law givers. They had recognised the merit of a commercial rate of interest, and had recognised the pernicious effects of usury in the profession of banking. Before, therefore, we proceed to discuss the rates of interest, let us first see what the Law givers said regarding usury and gave their judicious verdict regarding it. The ancient Hindus considered usury as an exploitation of the poor and the helpless by the rich and since there could have been no other way to check usury, they called it a sin (*adharma*) greater than all sins in this world. Manu says : " The foot of a Veda-knowing miser is considered equally defiling as the foot of a charitable usurer."[2] We further read like this: He who acquiring property cheap, gives it for a high price, is called a usurer, blamed among those who recite the Vedas. Weighed in the scales, the crime of killing a learned brahman against (the crime of) usury, the slayer of the Brahman remained at the top, the usurer sank downward."[3] Even in the Mahabharat we read thus: " Those who take exhorbitant rate of interest and

1. Mahabharat, Sabhaparva, v, 78.

2. Manu. iv, 224.

3. Gautam, xii, 29; Baudhayan, i 5, x, 23.; Vashishta ii, 42; Manu, viii, 41.

they who make unduly large profits on sales, have to sink in the hell."[1] The great sages were not content by providing these general injunctions, they went further and fixed limits of interest which would be received by a banker. On this point Manu says thus: "Interest on money recovered at once (not month by month, or day by day, as it ought to be,) must never be more than enough to double the debt, (that is, more than the amount of the principal paid at the time.) On grain, on fruit, on wool or hair, on beasts of burden, but to be paid in the same kind of equal value, it must not be more than enough to make the debt quintuple. Stipulated interest beyond the legal rate, and different from this rule is invalid and the wise call it an usurious way of lending and the lender is entitled at most to five in hundred."[2] Gautam says: "If the loan remains outstanding for a long time, the principal may be doubled (after which interest ceases). The interest on produce, on animals, on wool, on the produce of fields, and on beasts of burden shall not increase more than the five-fold value of the object lent."[3] A disregard of the maximum rate of interest limited by law was punished by fine. The fine was levied on (1) the banker; (2) intermediary (*madhiast* or broker); and (3) witnesses to the transaction.[4] The Hindus of those days knew how to obey the injunctions of the great Law givers, and we have the testimony of Magasthenes on the subject reading thus: "The

1. Mahabharat, Anushashanparba, 23.
2. Manu, viii, 151-152.
3. Gautama, xii, 31; xii, 36.
4. Arthashastra, ii.

Indians neither put out money at usury, nor know how to borrow. It is contrary to established usage for an Indian either to do or suffer a wrong; and, therefore, he neither makes contracts nor requires securities."

The law respecting the check on usury was a marvellous piece of legislation by the Indians and this law was found to be of so much importance that it was soon brought into legislation by other countries during and after that period. Let us see what it was in other countries. In Greece, the Seisachthira of Solon (B. C. 594, *i. e.* corresponding to early Buddhist period in India), according to some ancient writers, included a reduction of the rate of interest, stated by Plutarch to have been about 16 per cent per annum. In the opinion of Grote, however, no restriction was put by it upon interest. At Coreysa, in the second and third centuries B. C., loans on good security commanded 24 per cent while the common rate at Athens in the time of Orators was 12 to 18 per cent.....Such high rates were exceedingly oppressive to agriculturits, whose fortunes are always precarious. (Palgrave's dict. of Pol. Ec.). [1]

According to the same authority, "the ancient law of Rome allowed interests which, as usual in agricultural communities, reached an exorbitant height, and popular suffering necessitated a re-adjustment of debts. The law of the twelve tables (B. C. 451-450) first, according to Tacitus, limited the rate

1. See page 173, Studies in Ancient Hindu Polity, by Dr. N. N. Law.

to one-twelfth part of the capital.....In B. C. 347 interest was fixed at 5 per cent; in B. C. 342 it was abolished altogether by the Lex Genucia. Although the prohibition of interest long remained Law, it was found impracticable.....The Lex Unciaria of the Consuls Sulla and Rufus fixed the rate of interest at 12 per cent per annum.....By a decree of the Senate in B. C. 50 this became the legal limit throughout the Roman provinces."[1]

Diodorus the Sicilian, who visited Egypt in the middle of the first century B. C., gives us some information about the early Egyptian law on this point: "For those that lent money by contract in writing, it was not lawful to take usury above what would double the stock, and that payment should be made only out of the debtor's goods, but his body was not to be liable in any wise to imprisonment; and those were counted the debtor's goods which he had either earned by his labour, or had been bestowed upon him by the just proprietors."[2] (Diodorus Vol. 1., Book, 1, Chapter VI, page 81, translated by C. Booth.)

The Jews forbade levy of interest altogether except from Gentiles. Islam forbade it in every case. We find in the 3rd *Sipara* 4th *Ruku* and 4th *Sipara* 4th *Ruku* that taking interest was a great sin. A later interpretation followed the Mosaic law and permitted levy of interest in a country of infidels (*dar-ul-harb*). This, however, has not been accepted

1. See page 173, Studies in Ancient Hindu Polity, by Dr N. N. Law.
2. Ibid, 174.

and has wholly been repudiated by the orthodox section of the community. Following the teachings of the New Testament, the Christian Church had forbidden the clergy to take any payment for the use of money as early as 325 A. D. Before the close of the 12th century this prohibition was extended to the laity. In England all interest was illegal till 1545 when the maximum rate was fixed at 10 per cent.

The check over usury was, however, relaxed in India during the Mohammedan period when the safety of money and even life became very much insecure and there were successive inroads over India by the Frontier raiders; and the rate of interest rose, as the amount of the risk involved rose greater and greater and the repayment of loan became a question of probability only. It may be admitted that even with all these conditions prevailing at the time, the commercial rate of interest for *bona fide* business operations remained within bounds. In the Ain-i-Akbari, we find that loans were granted during the time of Akbar the Great from the Royal treasury bearing the following rates of interest to officials and royal household: —

Year	per cent.
1st year	nil
2nd year	$6\frac{1}{4}$
3rd year	$12\frac{1}{2}$
4th year	25
5th to 7th year	50
8th to 10th year	75
10th year and onwards	100[1]

1. Ain-i-Akbari, p. 265.

This shows that the rate of interest during the Mughal period was very high, and even for such a high rate of interest Abul Fazal says that this practice of the State, operated as a check upon usurers[1]. Having given this short description about legislation of a check upon usury, we now come to reconsider our subject matter.

Interest was scientifically divided into various parts by the Hindu law givers. These were divided as follows:

1. *Káyaka* meaning bodily interest; *i.e.*, connected with bodily labour;
2. *Kálika* meaning periodical interest. *i.e.*, interest payable every month;
3. *Chakravridhi* meaning compound interest, *i. e.*, interest on interest; and
4. *Kárita* meaning stipulated rate of interest, *i. e.*, interest agreed upon to pay by the borrower [2].

Brihaspati added to these two further kinds of interests as follows:—

1. *Shikhavridhi* meaning hair interest, *i. e.*, interest which grows like hairs on the head of a man every day; it was payable every day. It did not cease growing unless the head was lost, *i. e.*, till the principal was not repaid in full.

1. Ain-i-Akbari, p. 265.
2. Manu, viii, 153.

2. *Bhogvallabh* meaning usufruct interest, *i. e.*, interest realised from the enjoyment or rent or income of the mortgaged property, like the produce of a field or the rent of a house.[1]

The loans in ancient India were granted both in cash or kind, but the loan of a living creature was forbidden, though such practice was in vogue in those days. We read thus in the Buddhist literature :

"Ox, cow nor cat to neighbours lend,
Nor trust a wife to house of friend :
The cat may break through want of skill ;
the ox by over-riding kill :
The cow is over-milked ere long ;
the wife in kinsman's house goes wrong."

Having explained these generalities, let us now consider the rates of interest on various kinds of loans that were sanctioned by the Law codes :

Rates of interest. A legal rate of 15 per cent per annum was fixed for all secured loans whether pledges of movable properties or mortgages of immovable properties. Regarding this Vashishtha says : "Here the rate of interest for a money-lender declared by the words of Vashishtha, five *mashas* for twenty (*Karshapanas* may be taken every month) ; thus the law is not violated".[3] The commentator Hara Datta reckons 20 *mashas* to the *karshapana*, so that the rate of interest comes to $1\frac{1}{4}$ per cent per month, or 15 per cent per annum. Krishna

1. Brihaspati, xi, 4-8.
2. Jataka, v, 536.
3. Vashishtha, ii, 51.

Pandit correctly states that this rate of interest applies to loans for which security is given. Similarly Gautama declares: "The legal interest for money lent is at the rate of five *mashas* a month for twenty *karshapanas*" [1]. Manu declares his agreement with the rate of interest declared by Vashishtha[2]. Vyas says: "Monthly interest is declared to be an eightieth part of the principal, if a pledge be given" [3]. Yajnavalkya is also in agreement with the above lawgivers and says: "On a secured loan the interest every month is one-eightieth part of the principal"[4]. Narad while referring to the rate of Vashishtha says: "Let a money-lender take in addition to the principal the interest fixed by Vashishtha, *viz.*, an eightieth part of a hundred in every month"[5]. Brihaspati is also in agreement with the above authority regarding the rate of interest fixed as 15 per cent per annum[6]. Kautalya in his Arthashastra also agrees with the above authorities regarding secured loans to be fixed at 15 per cent per annum[7]. Baudhayan fixes the rate of interest on secured loans at 12 per cent per annum and says thus: "A sum of 25 *karshapanas* shall bear an interest of 5 *mashas* per mensem"[8]. From the rate fixed by Baudhayan it would appear that looking to general conditions, this great authority considered 15 per cent as high

1. Gautama, xii, 29.
2. Manu, viii, 140.
3. Cole's digest, i, 30.
4. Yajnavalkya, ii, 38.
5. Narad, i, 99.
6. Brihaspati, xi, 3.
7. Arthashastra, xi, 174, 221.
8. Baudhayan, i, 5, 10.

rate of interest and saw the desirability of reducing it down to 12 per cent per annum. His view, however, does not appear to have prevailed, as later authors have kept the same rate as prescribed by Manu and Vashishtha.

This was the rate of interest on secured loans, but for unsecured loans the rate of interest was much higher. In granting unsecured loans the social condition of parties was of prime importance and the rates were more or less fixed on caste basis though an exception was made to exclude any particular transaction from the general rule. Brihaspati says that a special bargain may be made during the time of distress between a debtor and a creditor; in that case it is only allowable to go beyond the legal interest [1]. The caste of the borrower in general cases played a very important part in determining the rate of interest; the idea probably might have been that the higher the caste of the borrower the greater the security because of his social standing and status. However, whatever may have been the idea to regulate the interest on caste system, it was so arranged in the Dharamashastras, and we are to be guided by this. The rate of interest on unsecured loans was fixed thus: (1) Brahmaṇs 2 per cent. per month; (2) Kshatryas 3 per cent. per month; (3) Vaishyàs 4 per cent. per month, and Shudras 5 per cent per month [2]. Vashishtha is also in agreement with Manu on this point [3]. Kautalya, however, does not say any thing

1. Brihaspati, xi, 9-10.
2. Manu, viii, 142.
3. Vashishtha, ii, 48.

about the rate of interest determined on caste qualifications and fixes the commercial rate of interest without any caste qualification at 5 per cent. per month (*vyavharik*) [1].

The above rates of interest are seemingly high, but these were fixed by the Lawgivers after matured consideration and with due regard to the state of affairs of the society in which this was to be made current. They have gone further and checked the accumulation of interest beyond a certain figure, which was certainly justified and shows the great care and trouble they undertook to investigate the conditions before fixing any rule, and making it a law. Manu says: "Interest on money, received at once (not month by month or day by day as it ought to be) must never be more than enough to double the debt (that is, more than the principal paid at the same time.")

"Stipulated interest beyond the legal rate, and different from the (preceding rule), is invalid; and the wise call it an usurious way of lending, the lender is entitled at most to five in the hundred."

"Interest upon interest, is objected to also; interest exacted (as the price of the risk where there is no public danger or distress.") [2]

The law, however, made a saving clause to suit everybody, and those who were unable to get a loan or agreed to pay the stipulated rate of interest to the banker, and were unable to pay at the fixed time, could renew the loan deed with the bankers'

1. Arthashastra, xi, 174, 221.
2. Manu, viii, 151-153.

permission. The hymn reads thus: "He who cannot pay the debt (at the fixed time), and wishes to renew the contract, may renew it in writing (with the creditor's assent) if he pays all the interest then due. But if (by some unavoidable accident) he cannot pay the whole interest, he may insert (as principal) in the renewed contract so much of the interest accrued as he ought to pay." [1] Kautalya, however, was more exacting and vigilant in such matters and realising the welfare of the public as a whole, he laid down these principles: "The nature of the transactions between the debtor and creditor (banker), on which the welfare of the kingdom depends, shall always be scrutinised...If it is allowed to accumulate owing either to the intention or to the absence abroad (of the receiver or payer), the amount payable shall be equal to twice the share or principal (*Mulya-dvigunah*). A person claiming interest when it is not due, or representing as principal, the total amount of his original principal and the interest thereon, shall pay a fine of four times the amount under dispute (*bandha-chaturgunah*). A creditor who sues for four times the amount lent by him shall pay a fine of four times the unjust amount. Of the fine the creditor shall pay three-fourths and the debtor one-fourth"[2] These rules were for loans for ordinary *grihastas* (house-holders) who needed loans for their ordinary business operations, but there were other classes of people who required loans and these were (1) shippers (merchants trading by sea-voyages) and (2) forest

1. Manu, viii, 154 155.
2. Arthashastra, xi, 174, 221.

explorers. The interest charged from these men was 20 per cent. per month from shippers and 10 per cent. per month from forest explorers. The reason for this high rate of interest was the great insurance risk which the bankers took in granting these loans. The hymn reads thus: " A lender (banker) at interest on (the risk of) safe carriage, who has agreed on the place and time, shall not receive such interest, if (by accident) the goods are not carried to the place or within the time. Whatever interest (or price of the risk) shall be settled (between the parties) by men well acquainted with sea-voyages, or journeys by land, with times and with places, such interest shall have legal force. For a long passage, the freight must be proportioned to places and times, but this must be understood of passages up and down rivers, at sea there can be no settled rate "[1] Kautalya confirmed the rate of 20 per cent. and 10 per cent. respectively on such loans[2]. The lawgivers though allowing such a high rate of interest on loans of this kind, however, kept the principle of double the amount of the principal as the maximum limit for these loans also. In these paragraphs we have considered interest on cash loans both secured and unsecured, and now it remains to consider the rate of interest on loans in kind.

Loans of practically every type of goods were granted in the ancient times and these to a certain extent are still in vogue in Indian villages. The hymn reads thus : "Gold may be lent, taking double

1. Manu, viii, 156, 157 and 196.
2. Arthashastra, iii, 2.

its value on repayment, and grain trebling its original price. The case of flavouring substances has been explained by the rule regarding grain. The cases of flowers, roots and fruit likewise receive the same consideration. He may lend what is sold by weight taking eight times the original value on repayment. The interest on products of animals, on wool, on the produce of a field, and on beasts of burden, shall not increase more than five-fold the value of the object lent" [1]. Narad says: "Interest on gold, grain and clothes may rise till it amounts to twice, thrice, and four times respectively the principals. On liquids the interest may become octaple, of women and cattle their offspring is considered as the interest" [2]. Kautalya says: "Interest on grains in season of good harvest shall not exceed more than half, when valued in money" [3]. Manu says: "On grain, on fruit, on wool or hair, on beasts of bruden (lent to be paid in same kind of equal value), it must not be more than enough to make the debt quintuple" [4]. Kautalaya says: "Interest on stocks (*prakshepa*) shall be one-half of the profit and be regularly paid as each year expires" [5].

Loans without interest. There were certain classes of persons who were not liable to pay any interest on loans due by them. The law was thus: "Interest on debts due from persons who are engaged in sacrifices taking a long time, or who are suffering

1. Gautama, chap. xii. 36, 44, 45, 46, 47,
2. Narad, i. 107.
3. Arthashastra, iii. 2.
4. Manu, viii. 151.
5. Arthashastra, xi. 174, 221.

from disease, or are detained in the house of their teachers (for learning), or who are either minors or too poor shall not accumulate" [1]

Statute of limitations. Kautalya says: "Debts neglected for ten years, except in the case of minors, aged persons, disabled persons, persons involved in calamities, or persons who are sojourning abroad or have fled the country and except in the case of disturbances in the kingdom (*rajyavibhrama*) shall not be received back" [2] Manu is in agreement with Kautalya on the point.

Cancellation of entire accumulated interest. With the start of rule of a new ruler the whole public was to be given amnesty and every one was to start afresh. The whole of the accrued interest was cancelled and it was to run afresh, the accrued one being cancelled by the coronation of the new king. We read thus: "But the king's death shall stop the interest on money (lent), and after the coronation of the new king, the capital grows again"[3]

Penalties. In order to check the hardships caused by the bankers to the borrowers, certain penalties were laid down. We read thus: "A creditor refusing to receive the payment of his debt shall pay a fine of 12 panas" [4] Yajnavalkya says: "If a creditor for multiplication of his own money does not take it when offered by the debtor, interest ceases from that date" [5]

1. Arthashastra, iii; Manu, x. 117.
2. Ibid xi 174, 221.
3. Vashishtha, ii. 49-50.
4. Arthashastra, iii. 2.
5. Yajnavalkya, ii. 45.

In the Buddhist period the Hindu law so far as Banking was concerned remained as in the Hindu period and the same laws regarding banking were observed by the government of that day. We find mention of money-lending on interest in the Buddhist Jatakas, the principal and interest being payable at fixed intervals[1]. The payments could be made in cash or kind, or by performance of an allotted task[2]. Loan deeds were executed as heretofore[3]. There were loan negotiators as in Shastric India called '*inasadhaka*' and were paid as commission for their services a small percentage by the borrowers[4]. The rates of interest on loans in the Buddhist literature are not mentioned and we have the following account about this in the 'Buddhist India' of Mr. Rhys Davids : "The rates of interest are unfortunately never stated. But interest itself is mentioned very early, and the law books give the rate of interest current at a somewhat later date for loans on personal security at about 18 per cent per annum." Mr. Rhys Davids seems to have translated Manu's 15 per cent rate of interest, which was for secured loans, as interest on loans on personal security. This appears to be incorrect. To the writer's mind, the same rate of interest prevailed during the Buddhist period as prevailed during the Shastric period and there was practically no change and this may account for the omission of mention of the rate of interest in the Buddhist literature.

1. Angutara, Nikaya, iii. 352.
2. Jataka, iv. 159.
3. Jataka, i. 230, iv. 256.
4. Milandapanha, p. 365.

In the Mohammedan period we find that the rate of interest according to a mention of the rate of interest for State loans, must have been very high. For loans granted from the Royal treasury, there was no interest charged for the first year, while from the 2nd year it was charged from 6¼ per cent rising to 100 per cent in the 10th year and onwards. We have an account of rates of interest given by Mr. Buchman Hamilton at the close of the 18th century and allowing a little difference of fluctuation we can take this to be our guide for rates of interest that were current during the Mohammedan period. Regarding agricultural loans he says that the average rate of interest prevalent in the districts of Dinjapur Purnea and other districts of Bengal was 12 to 18 per cent per annum which with other charges of the goldars amounted to 17 to 20 per cent per annum. The agriculturist money-lenders used to charge 42½ per cent per annum. Regarding non-agricultural loans he says that the average rate of interest was 12 per cent per annum[1]. This rate of interest, however, was for secured loans and the rate of interest for unsecured loans must have been higher than this.

This is in short the description of interest and how it was administered in ancient and medieval India, which would show that the checks on usury upon the banker were more strict than what they are to-day in British India.

1. Report of Bengal Provincial Banking Enquiry Committee, vol. 1., pp. 181, 182 and 183.

CHAPTER VII.

DEPOSITS, SAFE-CUSTODY AND BAILMENTS.

We have discussed in previous chapter the growth of capital in India and its lending on interest to the needy persons, and this practice we have traced right from the Vedic period. It may, however, be understood that everybody who saved money and, by accumulation of wealth, built up a capital, did not engage himself in the profession of banking. We have seen that the professions of vaishyàs were also divided among themselves. Manu thus puts them down: "*Krishi-Goraksha-banijya-kusidam.*" *i.e.*, some carried on the profession of agriculture, some cattle-rearing, some trade, while some banking. Now the first three of the above four classes of people among the vaishyàs themselves, by their thrift and economy, accumulated some wealth, and when they had more of it than their immediate need, they either hoarded it or kept it with some rich bankers who had established their confidence and trust with the public. Banking is a profession which cannot be carried on without outside capital, and thus on the one hand the bankers desired to have deposits for the expansion of their business and on the other hand, people who had idle money with them, thought it best to invest with rich and influential bankers in order to earn some interest on these deposits and to relieve themselves of the necessity of guarding their money from the onslaughts of thieves

and robbers. This is how arose the first necessity and system of deposits. Mill has thus said about deposits in ancient India: "It may be placed for safe custody merely; for the sake of an operation, as with the dyer, for the benefit of his art; with the carrier, either by sea or land, for the sake of transportation; or it may be placed as in the case of valuable animal for the sake of maintenance. In a well regulated society, where the house of one man is as secure from violence as that of another, mere deposit unless in the case of warehousing, the object of which is convenience or economy rather than security, forms a class of transactions of little comparative magnitude. In a rude society, in which the means of concealing valuables is one of great studies of life, deposits become an object of the greatest importance"[1] Mr. Mill in describing deposits has included articles kept for safe-custody and bailments, but in ancient India these all formed separate things for a banker. These remarks of Mr. Mill hold good so far as article for safe-custody are concerned and so far as deposits are concerned these remarks do not appear to be correct. Deposits are made not for any fear of the society, but for the sake of making an earning by way of interest over the deposited amount. It is true that in ancient India, deposits were not always made in cash and deposits in kind also were made, but valuables were always kept for safe-custody and not as deposits. Narad defines a deposit thus: "Where a man entrusts any property of his own with another in confidence and without

1. Mill, vol. i.

suspicion, it is called by the learned as deposit"[1]. In the Budhist literature we have enough of references of cash deposits having been made with wealthy persons or guilds, Jivanta in A. D. 465 received a deposit, the interest of which was to be applied for maintenance of a lamp in the temple of Sun-god[2]. Ushovadata, son-in-law of the Saka Chief, Nahapana, deposited 3,000 karashpanas in two guilds at a rate of 9 per cent and 12 per cent per annum[3]. The deposits of this kind were called *autayamarnick*[4].

Deposits for safe-custody, etc. – These deposits were made for the safe-custody of the article. The articles were deposited in two ways, *viz.*, (1) sealed called *upnidhi* and (2) open called *Nikshepa.* These are very clearly defined by the law-givers thus: "When a chattel enclosed in a cover and marked with a seal is deposited without describing its nature or quantity and without showing it, it is termed as *aupanidhika* deposit"[5]. Narad and Brihaspati are in agreement with Yajnavalkya on the point[6]. Narad says: "When a thing is deposited under seal, without mentioning its quantity, if its kind and form be unknown, it is considered as an *upnidhi*; but the wise call a specified deposit *nikshepa.* If its kind and form be unknown: if the depositary know not whether it be

1. Narad, ii, i.
2. Fleet's Gupta inscription No. 16.
3. Report of Government Epigraphist, 1913, p. 21 No. 141
4. Shukra, ii. 327, 328.
5. Yajnavalkya, ii, 66.
6. Narad, ii, 5; Brihaspati, xii, 3

gold or silver or what. 'Under seal': secured by a private knot to prevent its being taken by another person, or secured by the impression of a seal on which particular letters are engraved; when a thing is so deposited it is called *upanidhi.* A specified deposit (or the bailment of a thing of which the quantity, kind and form are mentioned) the wise call it *nikshepa*" [1]. These deposits for safe-custody were further divided as follows:

(1) *Nyasa* meaning an open deposit the contents, quality and quantity of which are ascertained and entrusted to the family of the banker in his absence for safe-custody;

(2) *Nikshep* meaning an open and ascertained deposit handed over personally to the banker for safe-custody;

(3) *Unvahit* meaning a deposit made over by the depositary to another saying a certain person deposited it with me and you shall deliver it to him;

(4) *Yachit* meaning a temporary loan of an article given to the banker by a certain individual for temporary use. This exactly corresponds to what was known in the Mohammedan period as *dastgardan* or *hath-udhar;*

(5) *Shilpnyasa* meaning a deposit with an artist for certain definite purpose, *e. g.* gold deposited with a goldsmith for

1. Narad as cited in Mitakshra. (Colebrooke, i. 272).

making ornaments of it for the depositor; or a piece of cloth given to a tailor for making garments out of it; and

(6) *Pratinyasa* meaning a deposit made in return of a deposit received [1],

The depositary was benefitted by the acceptance of deposits like (1) shilpanyasa and (2) yachit as in the first case he was entitled to receive his wages and in the second case he had the free use of the article so borrowed. In other cases the deposit was not a source of profit to the banker. It was considered an act of great merit on the part of the banker to receive such deposits for safe-custody and the Dharma-shastras say thus: "The merit of one who preserves a deposit is equal to the merit of one who gives articles made of gold or of base metal, or clothes. The sin of those who consume or spoil (by negligence) a deposited chattel is as great as (the sin) of a woman who injures her husband or of a man who kills his son or friend."[2] In order to avoid the duping of innocent depositors, the Dharmashastras enjoined that the depositor should deposit his valuables or articles after careful scrutiny of the antecedents of the depositary and we read thus: "A deposit must be made with a banker who belongs to a respectable family, who is virtuous, acquainted with his duties, veracious, influential, wealthy, and honourable. He (depositor) should also consider the place, house,

1. Narad, ii, 5, 8.
2. Brihaspati, xii, 6-7.

power, means, and kindred of the depositary"[1]. The Hindu literature does not mention anywhere if the bankers used to make any charge for keeping the valuables and articles of others in safe-custody and from the language of the *shlokas* it is evident that such deposits were received for safe-custody by the bankers free of all charges as an act of grace. In the Mohammedan period, however, we find that the bankers used to make a charge from their customers for such a service. The writer has a *bahi* of accounts of a banker some 240 years old in his possession from a perusal of which it is evident that a charge of $\frac{1}{20}$ per cent per month was made on valuables of gold and silver if kept open, or one rupee per packet if kept under sealed cover, the banker of course refused all liability regarding the contents of the packet and was only responsible to deliver the sealed packet in the same condition in which it was received by him to the depositor. *Toshakhana* jewels kept by the State with rich bankers for safe-custody during war times were, however, free of any charge and the bankers received no benefit from such deposits kept for safe-custody, and on the contrary their life and property was in danger if the fact was known to the opposite party if it came in power.

The banker was required to keep the articles deposited for safe-custody in the same manner in which it was kept and he had no authority to make any use of it without the permission of the owner. This was permitted in some cases by the owners, as

1. Manu, vii, 179.

is evident in case of *yachit* type of deposits for safe-custody. If the banker used the deposited article without permission he was to pay a compensation and was liable to be fined 12 panas [1]. In this connection Yajnavalkya says: "If a banker made use of the articles kept for safe-custody without the permission of the depositor, he was liable to return the price of the article with interest" [2]. According to Kautalya if the article kept for safe-custody was deteriorated or diminished in value owing to the carelessness of the depositary or by his use, he was to make good the loss by way of compensation and was fined 24 panas [3]. The banker had no authority to either pledge or sell the article, and if he did so he was to restore the article to the owner and was fined. He had to make good the price of the articles kept for safe-custody if it was exchanged by him, or in any way destroyed by him either wilfully or through any of his actions. He had, however, no responsibility and was not liable for the loss, if it was beyond his control, *e. g.* due to the ravages of hostile kings, due to fire, due to floods, or by sinking of a vessel in sea, due to theft or the like cause [4]. Manu is also of the same opinion as Kautalya on the point [5].

The law was very strict about the return of the deposits. If a banker with whom a deposit was kept refused to return it or if a man without keeping goods for safe-custody demanded them back, both

1. Arathashastra, xii, 178.
2. Yajnavalkya, ii, 68.
3. Arthashastra, xii, 176.
4. Arthashastra, xii, 176-178.
5. Manu, vii 186, 187, 188. (See also Narad, Colebroke digest, i, 282.)

were severely dealt with by law. We read thus: "He who fails to restore a deposit, and he who demands what he has not deposited are both liable to be punished like thieves"[1]. Narad is also of the same opinion on the point[2]. The depositary was enjoined to deliver the deposited articles to the depositor only and to no one else, not even to the depositor's son, or heir without the depositor's permission, as in case the deposited articles were not delivered by the receiver (s) to the depositor or accidentally lost or the receiver (s) died before delivery of the articles, there was every reason for a trouble between the depositor and the depositary[3].

If the depositary refused to return the articles deposited for safe-custody, the depositor could make a complaint to the law court and the law on the point was thus: "On failure of witnesses or where there were no witnesses in such a transaction, the judge, for the determination of truth, shall cause a handsome looking attendant disguised so as to conceal his identity, to deposit gold with the alleged deposit holder and to demand the same of him. If the holder of such a deposit can return the gold in the same form and in the same condition in which it was originally deposited, it shall be presumed that he does not hold the deposit as alleged by the complainant. But if fails to return the deposit made by his attendant in its original form and condition, the

1. Brihaspati, xii.
2. Narad, ii, 1, 15.
3. Manu, vii, 185.

judge shall recover from him both the deposits"[1]. Kautalya's observations on the point are thus explained by Dr. N. N. Law: "If the depositary denied having received the deposit, the antecedent circumstances are examined; moreover, Kautalya by way of example mentions a few dodges which are employed in such cases to find out the truth, and which are similar to those enjoyed by Manu. These artifices are meant for the protection of unwary people against the wiles of dishonest depositaries. The artisans, says Kautalya, are a class of this sort. They are very clumsy and incautious in their dealings, and make deposits without any evidence, documentary or otherwise..... .....The honesty of the bailee in the second transaction is taken as an index of his integrity in the first. This is the key to the various means mentioned by Kautalya for testing the honesty of the bailee (Depositary). When a defendant denies having received an open deposit, for which there is no evidence, the plaintiff, with the sanction of the judge, takes a few men to the house of the depositary stations them in a secret part of the house, but within hearing, and then goes to the bailee as if alone; and in the course of conversation with him tries to make him say the truth. The plaintiff may very likely succeed in the attempt, for the bailee does not know that he is being overheard by other people who will bear witness against him. If he unwarily says anything that may favour the plaintiff in his claim, the judge uses it when deposed to by the witnesses.

1. Manu, viii, 182-184.

"Another method used to elicit the truth is to employ a spy, who, in the guise of an old, diseased merchant, appears before the defendant depositary as if after a long journey through a forest, or in the middle of his professional tour, and seeks as a measure of relief to leave with him his chattels secretly marked. After some time he sends his brother or son to take back the articles. If they are returned quietly, the bailee proves himself honest; if not returned, he is found guilty in this as well as in the previous transaction and visited with the punishment prescribed for theft.

"A third trick employed for the same purpose is that of a spy, in the guise of a respectable gentleman bent on renouncing the world, leaving an article in the hands of a defendant bailee. After a while he returns and claims it. If it is not returned the bailee is punished as above.

"Similarly, a spy may pretend to be a simpleton, and at night represent to the defendant bailee that for fear of being arrested on suspicion by a police officer for carrying an article through the streets, he wishes to leave it with him. Accordingly, he leaves it in his custody. But, inspite of this precaution, a police officer (who seems also to be employed to help him in this artifice) arrests him and puts him in *hajat*, whence he demands the deposit back. If the bailee restores it, well and good; otherwise, he is punished" [1].

1. Studies in Ancient Hindu Polity, by Dr. N. N. Law, pp. 181, 182, 183 and 184. See also Arthashastra, Book III, pp. 177, 178, 180. 181.

The Hindu laws continued to be observed during the Buddhist period. An interesting story of a deposit for safe-custody deserves to reproduced here from the Jataka reading thus : "In one place a farmer takes a matted haired rascal to be a model of goodness and out of dread of robbers brings a hundred pieces of gold to his hermitage, buries them there with the permission of the rascal and asks leave of the squire. The Boddhista who was there at that time suspecting the honesty of the man, asks the farmer to look out for his money. On demand the ascetic refuses all knowledge of the gold, but with the order of the Boddhista, they seize him and after all recover the money from him"[1].

In the Mohammedan period the keeping of deposits for safe-custody became a matter of course and because of great risk of life and property the public used to make larger deposits and were afraid to keep their valuables in their houses unless there happend to be an organised government. The bankers used to make a charge for such deposits as explained in an earlier portion of this chapter. Besides the law was not honest and impartial and the judges were greedy and dishonest and as such the whole business of keeping valuables for safe-custody was carried on, on mutual trust and confidence and people rarely went to law courts unless they were cheated outright. There was another drawback during the Mohammedan period for people dreaded in exposing their wealth, as the king became the master of the public's

1. Jataka, 11, 218.

money and after the death of any one the property was generally acquired by the king. It, therefore, became necessary for the people to keep their property concealed and were hardly willing to disclose facts to those who were custodians of law and justice during that period. His Majesty King Shah Jahan on the death of his father-in-law Asaf Khan seized all the jewels, houses, horses etc. valuing to two and a half crores of rupees and forced Santidas a great banker of Ahamedabad, from whom most of the jewels had been bought to take back the stones and refund the money he had received for them[1]. Regarding this arbitrary law of the Mughal kings we have this testimony of a foreign traveller: "Some years after the death of a wealthy Banyane (Bania) or gentle merchant, who had always been employed in the king's service and like the generality of his countrymen, had been a notorious usurer (?), the son became clamorous for a certain portion of the money. The widow refusing to comply with the young man's request on account of his profligacy and extravagence, he had the baseness and folly to make Shah Jahan acquainted with the real amount of the property left by his father, about two hundred thousand crowns. The Mughal immediately summoned the old lady, and, in the presence of the assembled *omrahs*, commanded her to send him immediately one hundred thousand rupees, and to put her son in possession of fifty thousand. Having issued this peremptory injunction, he ordered the attendants to turn the widow out of

1. The English Factories in India, (1637-1641) p. xxvii.

the hall"[1]. The people, therefore, kept their valuables for safe-custody on mutual trust and confidence which the bankers had built and were hardly ever untrue to their words and hardly had a resort to law courts during the Mohammedan period.

Bailments. - By section 148 of the Indian Contract Act bailment is defined as the "delivery" of goods by one person to another for some purpose, upon a contract that they shall, when the purpose is accomplished, be returned or otherwise disposed of according to the directions of the person delivering them. The person delivering the goods is called the "bailor." The person to whom they are delivered is called the "bailee." According to this definition, a carrier was a bailee and any person who received any goods for delivery to a third person according to the directions of the bailor or to the bailor himself after the specified purpose was served. We find instances of pani[2]. (caravans) in the later Vedic literature carrying goods to various places for trading purposes and certainly some of them must have been carrying them on behalf of others. There are references of caravan traders undertaking journeys with goods in the Buddhist jatakas[3]. Katyayana defines a bailment as: "When a thing is bailed with these directions, *viz.*, deliver this as by my desire, to such a man when he shall demand it for his own business it is called *anvadhi*"[4]. The bailee is respon-

1. Bernier's Travels, by Archibald Constable, p. 164.
2. Der Regveda, 3, 213-215.
3. Jataka, 1, p. 368; Jataka II, p. 295.
4. Colebrooke, vol. i, p. 273.

sible to return the goods bailed in the same order and condition in which bailed to the bailor's agent or to the person named by the bailor at the time of keeping or making over the article or goods, but if it was lost due to no fault of the bailee, he was not liable to make good the loss. It may mean that the goods were taken by the bailee in his custody at 'owner's risk' as is the case of present Railway companies for certain classes of goods. Narad on the point says thus: "What is lost together with the property of the bailee is lost to the bailor; so if it be lost by the act of God or of the king, unless there was a fraudulent act on the part of the bailee"[1]. The punishment prescribed for a dishonest bailee was the same as for a banker who refused delivery of goods kept for safe-custody. Other rules for bailment were the same as for goods deposited for safe-custody.

During the Mohammedan period we find a distinct profession for bailment and there were a separate merchant class who used to carry goods from place to place for the consignor or consignee. The great bankers of India during the Mohammedan period used to effect insurance on bailments and we have the following testimony for this: "To assure our goods hence to Swalley (as the times is, 2 or 2½ per cent) in our own names I find it be difficult..."[2]. In Rajputana the Charans were the greatest carriers of goods of others as bailees for delivery in important centres of Malpura, Pali, Sojat, Ajmer, Jhunjunu, Rajgarh and Bhilwara[3].

1. Narad as quoted in Colebrooke, i, p. 282.
2. The English Factories in India, (1622-1633) p. 101.
3. See Todd's Rajasthan, commercial sections.

CHAPTER VIII.

INSTRUMENTS OF CREDIT.

The present law knows of three kinds of credit instruments, namely, (1) Promissory notes; (2) Bills of Exchange, and (3) Cheques. Credit instruments known by first and second items were known in ancient India while cheque in its present form was not in use. We have noticed in the previous chapters that trading and banking cannot be carried on without credit and credit comes into being with credit instruments in use. We find in the Vedic literature existence of trade guilds or corporations and a very organised system of trading, and, as such, one cannot believe that there was no system of the use of credit instruments in those days. We find in the 'Brihad-Aranyak-upnishad' that Brahmma, having not been content with the creation of the first two classes of men *viz.*, (1) Brahmans and (2) kshatryás, because they could not acquire wealth, felt the necessity of creating vaishyás who were called *ganasah* which meant that it was by co-operation and not by individual methods that they could acquire wealth. Now from this verse it is clear that vaishyás were to create and acquire wealth by co-operation and co-operation could only play its part when trust and confidence played its part. When there was trust and confidence there was certainly the selling and buying on credit, and when there was buying and selling on credit, there was no doubt as to the use of credit instruments. The use of the words *shreshthi* and

shreshthin in the Vedic literature[1] further goes to prove our contention that there existed a class of people who understood the profession of lending money and as such also understood the use of pronotes.

In the Shastric period we find the distinct use of loan deed-form called *rnapatra* or *rnalekhya*[2]. It contained the following details: (1) Name of the debtor, (2) father's name of the debtor, (3) caste, (4) sub-caste, *i. e.*, *gotra*; (5) residence; (6) occupation; (7) name of the creditor with the above information, (8) amount of loan, (9) rate of interest; (10) condition of repayment and (11) time of repayment. It was witnessed by a witness of respectable means called a (साक्षी) *sakshi*, and endorsed by the loan-deed writer (लेखक) as having written it with the consent of the debtor and creditor. The surety if any was also to endorse it[3]. If the loan was advanced on a mortgage or pledge the fact was mentioned in the loan deed.[4] The loan deed in the Shastric period became a very powerful evidence to establish a claim of a creditor in a court of law[5]. The Dharmashastras ordained that no loan should be given without the execution of a loan deed[6]. Kautalya is in agreement with the Hindu law givers on the point and makes a vivid mention of the use of loan deed in transactions of borrowing and lending[7]. In the

1. Aittareya Brahammana, iii, 30, 3 ; Kausitaki, xxviii, 6 ; Taittiriya Brahammana, iii, i, 4, 10.
2. Shukra, ii, 301.
3. Shukra, iii, and Yajnavalkya, ii.
4. *Ibid.*
5. Yajnavalkya, ii, 91.
6. Shukra iii.
7. Arthashastra, bk, iii

Buddhist literature we find that loan deeds were executed for loans taken by needy persons. There are two examples of actual execution of loan deeds in the Jatakas [1]. These loan deeds during the Buddhist period were called *inapanna* correspoding to the sanscrit *rnapatra* as described in the Dharmashastras.

In the Mohammedan period these loan deeds were called '*dastawez*' and were of two kinds, *viz.*, payable on demand and (2) payable after a stipulated time or on the expiry of certain period. The loan-deeds payable on demand were called '*dastawez-i-indultalab*' and those payable after a stipulated time were called '*dastawez-i-miadi*'. Loans were granted with or without security and where mortgages were received for exchange of a loan, the *dastawez* (loan deed) was called '*rahan-nama*'. These loan deeds were written by professional writers called *katib*. The debtor had to bear the charges of writing the loan deed of the loan deed writer (कातिब) and these were called '*ujrat-i-katib*'. A number of such *dastawez* of the Mohammedan period are still in the possession of Purohit Sarupnarainji of Sikar.

Bills of Exchange.—We have already explained that since trade and commerce was highly organised during the Vedic period, it is possible that there was a use of Bills of Exchange during the Vedic period amongst the traders and bankers. Mr. Brown in his book 'coins of India' says: "It may perhaps, therefore, be conjectured that a punch-marked piece was a natural development of the paper *hundi*, or

1. Jataka, 1, 230 ; and iv, 256.

note of hand" [1]. Mr. Brown dates the currency of these punch marked coins to 600 B. C. and says: "These two classes of coins are computed to have been in circulation as coins at least as early as 600 B. C. but they are not found in any quantity" [2]. This shows that the paper *hundi* which Mr. Brown says to have been in use before the issue of punch marked coin, must have been in use before 600 B. C. and it is no wonder if it was in use 2 or 3 centuries before this, and if we can agree to this, it is proved that these *hundies* were in use in the later Vedic period which is probable when we look to the highly organised state of business then.

Kautalya makes a mention of *adesha* corresponding to a *hundi* or a modern Bill of Exchange in his Arthashastra. An *adesha* is an order on a banker desiring him to pay the money of the note to a third person,[3] which conforms to our definition of the present day bill of exchange according to section 5 of the Bills of Exchange Act of 1881. During the Buddhist period Mr. Rhys Davids testifies to the use of these bills of exchange as follows: "Besides the coins, there was a very considerable use of instruments of credit. The great merchants in the few large towns gave letters of credit on one another. And there is constant reference to promissory notes" [4].

In the Mohammedan period we have the testimony of foreign travellers regarding the use of bills

1. Coins of India, by Mr. J. C. Brown, p. 15.
2. *Ibid.*
3. Arthashastra, iii, 12.
4. Buddhist India, by T. W. Rhys Davids, p. 101.

of exchange in the great commercial centres of Mughal India. We read thus: "In India a village must be very small, if it has not a money-changer, whom they call shroff, who acts as banker to make remittances of money and issue letters of exchange" [1]. Regarding his monetary transactions Tavernier says thus: " He (General Shaista Khan) at once commanded his treasurer to give me a letter of exchange on Aurangabad. At which I was very glad, because it was a place through which I had to pass in order to go to Golkunda and which, moreover, spared me the carriage of and risk to my money. The following day I received my letter of exchange and took my leave of the Prince; who was no longer angry and he requested me if I returned to India not to omit to go and see him, which I did on my sixth and last journey.....To return to my payment, having arrived at Aurangabad, I went to seek the grand-treasurer, who had never previously seen me, but he knew wherefore I came to see him, and that he had already drawn from the treasury the money which he was to pay me. When all the bags required for my payment had been brought, I caused one of them to be opened by my changer, who saw that it contained rupees on which 2 per cent would be lost .....In short, after several discussions concerning the 2 per cent, which they desired I should lose, I obtained one per cent of it; and I would have lost the other except for the fortunate meeting with a shroff who had to receive payment of a letter of exchange on Golkunda; for the shroff not having

1. Travels of J. B. Tavernier, p. 28.

money at hand, was very glad to accommodate himself with mine, causing me to receive the same sum in new silver at Golkunda at 15 days sight." [1] He further says regarding his own payment thus: "On the 16th January, I agreed with him (Shaista Khan) as to the price of my goods, and afterwards I went to his Wazir to receive my bill of exchange payable at Kasimbazar.....On the 15th February, the Dutch gave me a Pallankeen to go to Murshidabad. It is a great town, 3 coss from Kasimbazar, where the Receiver General of Shaista Khan resides, to whom I presented my bill of exchange" [2]. In the Muntakhab-ut-Tawarikh we read thus: "Seth Bhagwandas sent Rs. 10,000 (through a bill of exchange) from Delhi to Monghyer to the Mughal Army" [3].

Rate of Exchange.

Having given a short description of the use of *hundis* in the Mohammedan period, let us see what was the rate of exchange prevailing during those days for the discount of these *hundis*. In the words of the famous French traveller we read thus: "As all goods produced in the Empire of the Great Mughal, and a portion of those of the kingdom of Golkunda and Bijapur reach Surat to be exported by sea to different places of Asia and Europe, when one leaves Surat to go for the purchase of these goods in the towns whence they are obtained, as at Lahore, Agra, Ahmedabad, Sironj, Burhanpur, Dacca,

1. Travels of J. B. Tavernier, pp. 33, 34. Vol. 1.
2. *Ibid.* pp. 130, 132, Vol. 2.
3. Muntkhab-ut-tawarikh, by W. H. Lowe, part 2 p. 291.

Patna, Benares, Golkunda, Deccan, Visapur, and Daultabad, one takes silver from Surat and disposes of it at the places where one goes, giving coin for coin at par. But when it happens that the merchant finds himself short of money in these some places, and that he has need of it to enable him to pay for the goods which he has bought, it is necessary for him to meet it at Surat, when the bill is due, which is at two months, and by paying a high rate of exchange. At Lahore on Surat the exchange goes upto 6¼ per cent.

At Agra from 4¼ per cent to 5 per cent;
At Ahmedabad from 1 per cent to 1½ per cent;
At Sironj to 3 per cent;
At Burhanpur from 2½ per cent to 3 per cent;
At Dacca to 10 per cent;
At Patna from 7 per cent to 8 per cent;
At Benares to 6 per cent;

at these last three places they only give letters of exchange on Agra, and at Agra they give others on Surat the whole only amounting to the sum I have stated."

"At Golkunda from 4 to 5 per cent;
At Goa the same;
At Deccan to three per cent;
At Bijapur to 3 per cent; and

At Daultabad from 1 to 1½ per cent. In some years the exchange rises from 1 to 2 per cent, when there are Rajas, or petty tributary princes, who interfere with trade, each claiming that the goods ought to traverse his territory and pay him customs.

There are two in particular between Agra and Ahmedabad, one of whom is the Raja of Antiwar (probably Danta or Dantiwar) and the other the Raja of Bergam (probably Wangaon or Wankaner) who disturb the merchants much in reference to this matter. One may, however, avoid passing the territory of these two Princes by taking another route from Agra to Surat by way of Sironj and Burhanpur; but these are fertile lands intersected by several rivers, the greater number of which are without bridges and without boats, and it is impossible to pass until after the rainy season. It is for this reason that the merchants who have to be at Surat in the season for going to sea, generally take their way through the country of these two Rajas, because they are able to traverse it at all seasons, even in the time of the rains.....Besides it is not to be wondered at that the exchange is so high, for those who lend the money run, for their part, the risk that if the goods are stolen the money is lost to them" [1]. This shows that the time honoured custom of insurance initiated by Manu, which is given as below was observed with perfection by the great Indian indigenous bankers: "A lender at interest on (the risk of) safe carriage, who has agreed on the place and time, shall not receive such interest, if (by accident) the goods are not carried to the place or within the time. Whatever interest (or price of the risk) shall be settled (between the parties) by men well-acquainted with sea-voyages, or journeys by road, with times and with places such interest shall have

1. Travels of J. B. Tavernier, vol. 1, pp. 36, 37, 38.

legal force" [1]. On this point Mr. Nathaniel Halstead in his letter from Cambay to the Surat Factory wrote on 24th July, 1622 regarding marine insurance of their goods thus: "To assure our goods hence to Swalley (at the times is, 2 or $2\frac{1}{2}$ per cent) in our own names I find it be difficult" [2]. We further read about insurance by foreign writers: "The cheapest way is to insure it, by giving four, and some times five per cent" [3]. This is in connection with the factory's purchases at Musalipattam, where there was no banker dealing in exchange and, therefore, to avoid risk the Factors suggested insurance of their money which was carried there in cash for purchases.

The Indian bankers issued bills of exchange on foreign countries also as is clear from this testimony of the famous French traveller: "When you arrive at Surat, to embark, you find there also plenty of money. For it is the principal trade of the nobles (?) of India to place their money in vessels in speculation for Hormuz, Bassara and Mocha, and even for Bantam, Achin and the Phillipines. For Mocha and Bassara the exchange ranges from 22 to 24 per cent and for Hormuz from 16 to 20; and for the other places which I have named the exchange varies in proportion to the distance. But if the goods happen to be lost by tempest or to fall into the hands of Malabaries, who are the pirates of the Indian seas, the money is lost to those

1. Manu, viii, 156, 157.
2. The English Factories in India (1622-1633) p. 101.
3. *Ibid.* (1637-1641) p. 84.

who have risked lending it" [1]. The high rate of exchange on foreign countries was high not because the Indian bankers found any difficulty in financing sea-borne trade, but for the reason that it covered the risk of safe arrival of the goods, and in view of this great risk, the insurance premium charged with the discount rate was certainly justified.

Mr. Tavernier has used the word nobles as the financiers of foreign trade, but this appears to be a mistake. The nobles of India as of any other country hardly undertake such risks and it is by the bankers every where that these things are undertaken. The British have testified to the existence of bankers like Shantidas and Veerjee Vora at Ahmedabad and Surat about whom they said: "Shantidas was a wealthy Jain merchant of Ahmedabad, and about 1638 built in the city a temple called Chintaman's temple (now known as Jantar mantar) which Mandelslo describes as one of the noblest structures that can be seen. Shantidas, he says, was in great favour at court, and the title of Nagar Seth was conferred upon him by the Emperor' [2]." "Veerjee Vora hath of his own accord offered, even in the chiefest brunt of those broyles, two hundred thousand rupees to supply our occasions" [3]. They further say: "The potency of Veerjee Vora (who hath been the usual merchant, and is now become the sole monopolist of all European commodities) is observed to bear such

1. Travels of J. B. Tavernier, vol., 1, p. 38.
2. The English Factories in India, (1634-1636) p. 84. p. 225.
3. *Ibid.*

sway amongst the inferior merchants of this town that when they would often times buy (and give greater prices) they are still restrained, not daring to betray their intents to his knowledge and their own sufference, in so much that the time and price is still in his will and at his own disposure" [1]. The sea-borne trade of India, therefore, was financed by bankers like Veerjee Vora and Shantidas and the inland trade by bankers like Nallapurias of Rewari, Jagatseths of Moorshidabad, Seth Harsukhrai Jain of Delhi and the like and not by any nobles of the Mughal court, who had no time or leisure for such undertakings and who were either attending the king at Delhi, or were busy in one or the other war, or were in their principalities on leave arranging their own domestic affairs The greatest and richest general of the Mughal Army was Maharaja Mansinghji and after him Mirza Maharaja Sawai Jaisinghji both of Jaipur and it is true that they were the greatest hereditary financiers of their time, but of their own subjects and it is unlikely that they ever financed any sea-borne trade directly.

During the Mohammedan period, pay orders were issued from the Royal treasury or by one of the Treasurers on one of the District or Provincial treasuries and these were akin to present day bank drafts or modern cheques. These were called *Barattes* in vernacular of the day [2].

1. The English Factories in India, (1634-1636) p. 24.

2. See Commercial policy of the Mughals by Pant,p. 221.

We have described the use of *hundis* during the Mohammedan period and let us now examine the forms and kinds of *hundis* and peculiarities with them. The hundis were of various kinds and in order to make the subject matter clear, it is necessary to examine them in brief as follows :—

Darshani hundi. This is a demand bill of exchange and is payable on presentation according to the usage and custom of the place. These *darshani hundis* are of two kinds, *viz.*, (1) *Sah-jog* and (2) *dhanni-jog.* A *sah-jog hundi* is a demand bill of exchange and such a bill is *only* payable to a Sah. A "Sah" means a respectable and responsible person, a man of worth and substance known in the market. It is a bill payable to the order of the "Sah" whoever he may be, but must be a respectable person known in the market; and a *sah-jog hundi* cannot be transferable by mere delivery and in order to give a good title of ownership to the holder it must be negotiated by endorsement. The endorsement may be conditional or unconditional, but the fact that on presentation before the drawee, he is only to pay it to a "sah" remains there and cannot be waived by any number of endorsements. The drawee is responsible to make enquiries regarding the respectability of the "Sah" if he is not known to him, before making payment of a sah-jog hundi to a holder of the bill. The drawee is not responsible to see previous endorsements and he pays the bill on the responsiblity of the "sah". If a drawee of a Sah-jog hundi has

made payment of the bill to a sah who derives his title to the bill through a forged endorsement, he has recourse to the 'Sah' only and not to the other endorsers and on coming to know of the forgery he is immediately to communicate the facts to the 'sah' who received payment and claim refund of the amount. The Sah in turn may claim refund from the last holder. The drawee is responsible to refund the amount of the bill to the drawer in case he paid the bill (even without negligence) to a sah who derived his title through a forged endorsement. The drawee is liable not only to refund the amount of the bill, but any loss of interest is also to be made good by him. The mercantile usage of the Indian indigenous bankers regarding these *hundis* remains the same from the Mohammedan period to this day and is not altered by the enactment of the Negotiable Instruments Act of 1881.

A *dhanni-jog hundi* is a demand bill of exchange payable to a *dhanni*. There are two modes for these hundis. In certain places the *hundi* is payable to the order of the *dhanni* alone and where this is the case the *hundi* contains these remarks, "*dhanni-jog rupia hundi chalan ka deejo*" This means that the payment of the bill can only be made to the *dhanni* or his agent only while in other places where this rule is not followed, such bills are paid to the order of the seller of the *hundi* '*rakhya-wala athva bechnewala-dhani.*' This does not mean that these

1. See report of Bikaner Banking Enquiry Committee.

hundis are negotiable instruments like the sah-jog *hundis* and the man presenting the bill is entitled to receive payment, but the *dhanni-jog hundi* is a bill payable to *dhanni* only *i. e.* the payee only. A *dhanni-jog hundi* cannot be negotiated.

Apart from these two important classes of demand bills of exchange, there are further sub-divisions of *darshani hundis.* These are (1) *firman-jog* and (2) *dekhavanhar.* The *firman-jog hundis* came in use during the Mohammedan period, and do not appear to have been in vogue in India before the Mohammedan period. Firman is a Persian word meaning 'order' and, therefore, all *firman-jog hundis* are payable to the order of the person named. This is an important distinction and effects the mode of the transfer of the bill. This is a negotiable instrument within the meaning of the present Negotiable Instruments Act, and in the *firman-jog hundi* no transfer is complete unless the person to whose order it is drawn or his duly authorised agent has endorsed his name thereon. These *hundis* can be negotiated with a simple or conditional endorsement.

The *dekhavanhar* hundi is a bearer demand bill of exchange and is payable to any body presenting it to the drawee. The drawee on such bills is not responsible or answerable to the drawer if he paid the bill to a holder who derived his title through a forged endorsement or got possession of it by theft or some other fraudulent means. This type of the hundi corresponds to a bank note payable to bearer on demand or the modern cheque payable to a bearer.

This would show that during the Mohammedan period the *darshani hundi* (bill of exchange payable on demand) was divided into four component parts each having peculiarity of its own and they may be stated thus to clear the point :—

DARSHANI HUNDI (DEMAND BILL).

Sah-jog. Dhanni-jog. Firman-jog. Dikhavanhar.

and these may be summed up as below :—

1. *Sah-jog* : Negotiable but payable to a 'sah'.
2. *Dhanni-jog* : Not negotiable and only payable to a *Dhanni.*
3. *Firman-jog* : Negotiable by endorsement.
4. *Dikhavanhar* : Negotiable by delivery only.

It is not the case that all bills are paid on presentation, and it some times happens that the bills are refused payment for one reason or the other by the drawee, and when the dishonoured bill is returned to the drawee, he is ultimately liable for the payment of the charges incurred on the bill as well as of interest. The charges for such things differ in different trade centres and as Mr. Tavernier points out in his book that the rates of exchange differed in different places and on the same principle the charges are not the same and the time honoured principles of the Mohammedan time are still observed in the case of indigenous *hundis.*

In order to make the matter more clear, it is necessary to give here a specimen of a *hundi* payable on demand as below :—

Specimen of a darshani hundi.

Nisáni Hamáre Gharu khate nám mandná.

Dastkhat Brijkishore Bhargava ke hundi likhe mujib sikár desi.

'Sri Ramji'

Sidh sri Patna subhastane chiranjeeva bhai Rikhabchand Bridhichand yog sri Jaipur se likhi Brijkishore Bhargava kee asis banchna, apranch hundi aik rupia 2,000 akshare rupia do hazar ke nime rupia aik hazar ka duna yahán rakhá sah Sri Punamchandji Harakchandji pas miti Mangsir bad baras (12th) puga turat sah-jog rupia chalan ka dena. Sambat 1990, Miti Mangsir bad baras,

Rupees 2,000

Neme Neme rupia panchsau ka chauguna pura do hazar kardejo.

"1" Chiranjeeva Rikhabchand Bridhichand, Patna,

Translation.

Place it to the debit of our account.

Signatures: Honour the Hundi written by Brijkishore Bhargava.

Greetings: *Hundi* (Bill of Exchange) written on Messrs. Rikhabchand Bridhichand at Patna from Jaipur by Brijkishore Bhargava for Rs. 2,000 (in words Rupees two thousand only). Rupees one thousand if doubled make the sum of the *hundi*. The *hundi* has been drawn from here in favour of Messrs. Punamchand Harackchand on 12th Mangsir 1990, which please honour on presentation in the current money.

Rs. 2,000	Four times of Rs. 500 make the sum of Rs. 2,000 for which the hundi is drawn.

To,

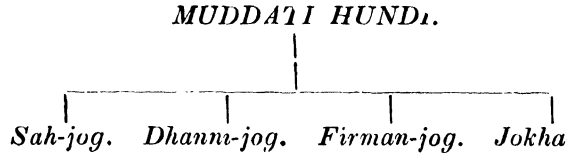
Messrs. Rikhabchand Bridhichand, Patna.

The above is the form of a hundi payable on demand, and by inserting the words to suit the purpose the same hundi can be changed into '*dhanni-jog*' or '*firman-jog*' or '*dikhavanhar*'. It is, therefore, unnecessary to give specimen forms of other types of *hundis*.

It so happens that a big banker has to issue a number of *hundis* on the same date, on the same

correspondent and for the same amount and under such circumstances, it is always risky if there be mistake or if the *hundi* is lost and for this reason the bankers try to distinguish the *hundis* from one another by a little difference in the amount, and if it is not possible, in that case they add the name of a banker directing the payee to receive payment through that banker. This avoids the risk of a loss.

Muddati hundi.—This is a usance bill and is payable after stipulated time or on a given date or at a determinable future date or on the happening of a certain stipulated object. The kinds of *Muddati hundis* are: –



The three kinds of *hundis viz.*, (1) *sahjog*, (2) *dhanni-jog* and (3) *firman-jog* have already been dealt with while dealing *darshani hundis*, and as the peculiarities of these 3 kinds of *muddati hundis* are the same as those attached to the same types of *darshani hundis*, it is, therefore, now necessary to deal with only the *jokhami* type of *muddati hundi*. A *jokhami hundi* is a documentary bill of exchange and corresponds to the present day bills of lading. This was the most important type of *muddati hundi* which was in use to a very large extent during the Mohamme-

dan period and to which the various foreign travellers have made repeated references. It appears that this is a very old form of *hundi* used by the Hindu bankers of India, and a reference by Manu of insurance risk on lending money for sea-borne trade and long overland trade indicates that this form of *hundi* was undoubtedly in use during Manu's time by the then Hindu indigenous bankers. A payment of a *jokhami hundi* depends on the safe arrival or otherwise of the goods for the payment of which the *hundi* relates. In ordinary *hundis* even if they are for the payment of the goods, there is no condition for the arrival of the goods and these must be honoured on presentation, but *jokhami hundi* has this peculiar usage and can only be paid by drawee provided the goods have arrived. Even if a *jokhami hundi* is paid in order to accommodate the drawer, and if even after payment it is discovered that the goods have not arrived, or lost or a portion thereof is lost, the drawer is liable to compensate for the loss. The drawer of the *jokhami hundi* thus takes upon himself the insurance risk of the goods covered by the payment of *jokhami hundi*, and as such the rate of exchange is higher than on ordinary *hundis* and the banker acts in a dual capacity of a banker and an insurance underwriter. These *hundis* were a prominent instrument of credit before the introduction of Railways in India when the whole trade was carried on overland by means of caravans and it is why these *hundis* are specially mentioned by the foreign travellers who visited India during the Mohammedan period.

The various forms of hundis having been described it now remains to give a form of *muddati hundi* which is reproduced below : –

Form of muddati hundi.

Nisani : Hamare gharu khate nam mandna.

Dastkhat : Premkishore ke hundi likhe mujib sikar desi.

"1" "SRI RAMJI"

1 Sidh Sri Surat subhasthane bhai sri Gopaldasji Labhuramji yogya sri Jaipur se likhi Premkishore ka pranam banchna. Apranch hundi aik rupia 5,000 akchare rupia panch hazar kee neme rupia adhai hazar ka duna pura yahan rakhe Bhai Rajmalji Sobhagmalji pass miti Asoj bad baras thee din ekkees (21) peeche sah-jog rupia hundi chalan ka dena. Sambat 1990, Miti Asoj bad baras.

Rupees 5,000.

Neme Neme rupia sava hazar ka chauguna pura panch hazar kardejo.

"1" Bhai Gopaldasji Labhuramji,

SURAT.

Translation.

Place it to the debit of our account.

Signatures. Honour the hundi written by Premkishore.

Greetings: *Hundi* (bill of exchange) written on Messrs. Gopaldas Labhuram at Surat from Jaipur by Premkishore for Rs. 5,000 (in words rupees five thousands only). Rupees two and a half thousands if doubled make the sum of the *hundi*. The *hundi* has been drawn from here in favour of Messrs. Rajmal Sobhagmal on 12th Mangsir, S. 1990, which please honour after 21 days from the date of presentation in the current money.

Rupees 5,000.

Four times of Rs. 1,250, make the sum of Rs. 5,000 for which the *hundi* is drawn.

To,

Messrs. Gopaldas Labhuram, Surat.

The form of the *muddati hundi* is the same and only words are changed to make it *dhanni-jog firman jog* or *jokhami* as and when required to do so. There are, however, different words used for the phrase: "*Sahjog rupia hundi chalan ka deejo.*" This is the general form used all over with the exception of a few great centres and these may be noted here. In Benares, Mirzapur, Farrukhabad and Delhi, these words are substituted by: "*Rokree Thanera thán*

bina zábte hundi chalan ka deejo." In Kota, Lashkar (Gwalior) Nagpur, Indore, Bhiwani, the words "*sahjog rupia hundi chalan ka deejo*" are substituted by: "*dhannijog rupia hundi chalan ka deejo.*" This is a change in the mode of writing only, but the general terms of the *hundi* remain the same.

During the Mohammedan period when there were no rails and when the whole trade was carried on through caravans covering long distances or inland navigation or through ordinary ship-boats, there was always the danger of goods being lost during transit. In the same way there was no good postal arrangement and in order to make the subject clear, it is necessary to devote a few lines to describe the postal system in the time of Great Mughals. "Akbar established posts throughout his dominions, having two horses and a set of footmen stationed at every five *coss*. They are employed to convey letters on ordinary business, or expresses to and from Court. The footmen will travel fifty *coss* within the twenty-four hour so that a letter comes from Agra to Ahmedabad within five days. The distance cannot be less than 500 miles and the rate exceeds that of our best regulated posts in India. Four thousand runners were in permanent pay some of whom, on extraordinary occasions (where there were no posts) have performed a journey of seven hundred *coss* in ten days. Fourteen hundred miles in ten days, with post horses" [1]. During the reign of Jahangir, there was no arrangement of business correspondence

1. History of the rise of Mohammadon Power in India, by John Briggs, Vol. 2. See also Commercial Policy of Mughals. p. 58.

by the State, and these were arranged privately by the merchants through bazar *kasids*. The transport system in Shahjahan's time was equally as bad and dangers of public highway men were increased during his reign. The rise of Maharattas in the Deccan, Jats near about Agra and Delhi and the Sikhs in the Punjab made the transport still more dangerous during the reign of Aurangzeb. In those days when the conditions of postal arrangements were so bad, it was no wonder that letters reached their destination either very late or were lost in transit and the great bankers of the day in order to meet the difficulties invented methods for the safe payment of their bills of exchange if the original happened to be lost in the way or by some other means.

If a *hundi* was lost during transit or by some other means, the holder could request the drawer to issue him a duplicate of it by giving a declaration to the effect that the original has not been cashed and has been lost somewhere. The drawer, thereupon, will draw a duplicate *hundi* inserting therein that a *hndi* of the same tenor and date was drawn by him on such and such date which the holder says has been lost and the drawee after looking to his cash book (*rokar bahi*) ledger (*khata*) and other financial books if original not paid may pay this duplicate. If, however, the original was found or has been paid, this duplicate may be cancelled and returned to the drawer. The duplicate copy was called *peth*. The postal system being so very badly organised, the

copies were also some times lost and for this reason, the bankers used to issue third copy directing the drawee to see if the original *hundi* or its copy has been paid and if so, the third copy was to be rendered useless and cancelled; otherwise payment was made on its presentation. This was called *par peth.* It so happened that even the third copy was some times lost and in that case the *panch* of the community or the influential merchants of the town used to sign the fourth copy as witnesses and if the last three copies were not paid, the payment was arranged on the fourth copy. This was called *majornama.*

This is the short survey of the instruments of credit during ancient and medieval India which will show what a wonderful organisation and effective system was adopted by the indigenous bankers for the conduct of their business in those days.

CHAPTER IX.

MONEY-CHANGING.

The earliest traces of the exchange of goods was a pure and simple barter. With the growth of civilisation grew the necessity of exchanging goods through one medium of exchange. This medium of exchange was found to be money made of metal. The whole earth has never been ruled by one king, and the different governments issued different kinds of coins, of varying fineness and of different metals. With the growth of business, people found it necessary to establish their business relations in various countries and under the flag of various kings. Coins of different countries and of different kingdoms freely came into various business marts and there arose the difficulty of accepting them, and this gave rise to changing the uncurrent coins into current coins which gave rise to the occupation of money-changing.

During the period of Manu there were three classes of coins in circulation, *viz.*, (1) gold; (2) silver; and (3) copper[1]. According to the same authority the silver and gold coins were of many denominations and as such they must have been exchanged according to the needs of the people. During the Buddhist period we find clear mention of money changing in the Vinaya texts[1]. It is, therefore, evident that during the Buddhist period, the Indian bankers had completely organised the

1. Manu, viii, 134.

business of money-changing in addition to their other activities.

In the Mohammedan period we find vivid account of the profession, and Tavernier says that an Indian village must have been very small where there was no money-changer.[2] In order to gain a clear idea of it, it is necessary to examine the business of money-changing in detail here.

Methods of testing.—Ludovico Di Varthema, an Italian traveller who came to India between A. D. 1503 to 1508 says: "The money-changers and bankers of Calicut have some weights, that is, balances, which are so small that the boxes in which they stand and the weights together do not weigh half-an-ounce; and they are so true that they will turn by a hair of the head. And when they wish to test any piece of gold, they have carats of gold as we have; and they have the touch-stone like us. And they test after our manner. When the touch-stone is full of gold, they have a ball, of a certain composition which resembles wax, and with this ball, when they wish to see if the gold be good or poor, they press on the touch-stone and take away some gold from the said touch-stone; and then they see in the ball the goodness of the gold, and they say: '*Idu mannu, Idu aga*', *i. e.*, this is good and this is poor; and when that ball is full of gold, they melt it, and take out all the gold which they have tested by the touch-stone. The said money-changers

1. Vinaya texts, S. B. E. M. i, 49.
2. Travels of J. B. Travernier, vol. 1, p. 28.

are extremely accute in their business"[1]. The famous French traveller Tavernier had to deal with a number of changers in his own business and had, therefore, acquired a complete knowledge of the system of their working. He says: "Finally these changers, in order to test silver, make use of 13 small pieces, one half of copper and the other of silver, which are the touches.* These 13 pieces, being all of different standards, are not used by them except where a small quantity of silver or some worked silver is in question; for in the case of a large amount they carry it to the refiner. All this silver is bought by the weight called *tola*, which weighs 9 deniers and 8 grains... so that 100 *tolas* make 38 ounces, 21 deniers and 8 grains. The following are the different values of the 13 standards of silver:—

"The first and lowest standard they take at 15 paisa the *tola*, which make of our money... 9 sols 2 dn.†

2nd	at 18	paisa which are equal to		10	„	2	„
3rd	at 20	„	„	12	„	6	„
4th	at 23	„	„	14	„	6	„
5th	at 26	„	„	15	„	10	„
6th	at 29	„	„	17	„	6	„
7th	at 33	„	„	19	„	2	„
8th	at 35	„	„	20	„	10	„
9th	at 38	„	„	22	„	6	„
10th	at 40	„	„	24	„	2	„
11th	at 43	„	„	25	„	10	„

1. Travels of Ludovico Di Varthema, p. 168.

*See also Ain-i-Akbari.

†Dn is abbreviation of deniers.

12th at 46 paisa which are equal to 27 sols 6 dn.
13th at 49 „ „ 29 „ 2 „

"I must not forget to remark here on the extreme parsimony both of these shroffs or changers, and of all Indians in general; and it will suffice to give an example of it which is very special, and of which Europeans are not yet aware. It is, that of all the gold which remains on the touch-stone when an assay has been made, and of which we here make no account, far from allowing so small a thing to be lost, they collect it all by means of a ball, made half of black pitch and half of wax, with which they rub the stone which carries the gold, and at the end of some years they burn the ball and find the gold which it has accumulated. This ball is about the size of our tennis court balls, and the stone is like those which our goldsmiths commonly use."[1] At another place he says: "Throughout the Empire of the Great Mughal, all the gold and silver is weighed by a weight called *tola*, which amounts to 9 deniers and 8 grains of our weight. When one has a quantity of gold or silver to sell, the Indians have brass weights, with the king's stamp to avoid fraud; and with these weights they weigh all the gold or silver at a time, provided it does not exceed 100 *tolas*. For all the weights of the changers range only from one *tola* up to 100 *tolas*, and these 100 *tolas* are equivalent in our weight to 38 ounces, 21 deniers 8 grains. As for the gold or silver which is not coined if there is much they put it to the test, and the test having been

1. Travels of J. B. Tavernier, vol, 1, pp. 34, 35.

applied, they bid for it as highly as they can, out of jealousy of one another."

"As there are merchants who have some times up to 40 or 50,000 ducats[1] and more, the Indians weigh them with a weight which is exactly of our 100 ducats and also bears king's stamp. And should it happen that 100 ducats weigh less than this weight, they add small stones till the weights are equal; and when the whole amount is weighed you make good to the changers the value of the weights of these some stones. But before weighing these golden coins, be they ducats or be they other coins, they place the whole in a large charcoal fire, when the pieces become red hot after which they put out the fire by throwing on water, and then they withdraw them. This is done for the purpose of ascertaining which of them are false, and in order to burn the wax or gum which they sometimes attach, in order that they may weigh more. But since some of the pieces are so well forged that they cannot detect them even after they have been in the fire; in order to discover such the changers take them one after the other, to bend them, and by bending they know if the coin is good and they cut all those which are not. After having seen all, they cause to be refined those which they believe to be not good, and for so much of good that they have found in this refining they pay as for good ducats. Of all this gold they make coins, which they call golden rupees,[2] with the exception of the ducats which have a face on one side; these they seldom

1. 50,000 ducats at 9s. 4d. are equal to £23, 500.
2. These were probably golden mohars.

melt, because these they sell to the merchants who come from TARTARY and the other countries of the north, as the kingdoms of Bhutan, Assam and other more distant....."[1].

The system explained by Mr. Tavernier is true to this day and money-changers in the Ramganj street and Jauhri Bazar of Jaipur try the same methods from morning to evening. This is practised in other parts of India also.

Rates of Exchange.—The exchange of various kinds of coins was an inevitable necessity during the Mughal period, because some coins were current in some districts and the others in some other districts, their being no uniform coin for the whole of India as is the case now with British Government rupees. These coins in the Mughal period circulated at a value which they ordinarily carried after depreciation and the actual metal they contained and the face value fixed by the Mint or the State was of no consequence, and regarding this Tavernier says thus: "The Indians are cunning and exacting in reference to coins and payments; for when money has been coined for 3 or 4 years, it has to lose half per cent and it continues in the same proportion according to age, not being able they say, to pass through so many hands without some dimunition"[2]. Regarding small coins he says: "The small coin of India is of copper and is called *paisa*,

1. Travels of J. B. Tavernier, vol. 1, pp. 14, 15.
2. *Ibid.* ,, p. 8.

which is worth two of our liards. There are some of them of a half *paisa*, of two *paisa* and of four. According to the province you are in, you receive for the silver rupee more or fewer of these *paisa*. On my last journey the rupee at Surat was at 49 *paisa*, but there are times when it is worth 50, and others when it falls to 46. At Agra and at Jahanabad it is worth 55 and 56 *paisa*, and the reason of that is, that nearer you approach to the copper mines the more *paisa* you receive for the rupee.[1] As for the Mohammadi (silver rupee), it is always at 20 *paisa*. There are still two other kinds of small money in the empire of the Great Mughal: these are small bitter almonds and shells, 35 to 40 are available for a *paisa*. Shells (cawries) which have the edges inverted = 80 for a *paisa* near a sea-coast and 50 to 55 in Agra "[2].

During the Mughal days each small kingdom like Jaipur and Udaipur issued their own coins and these Jharshahi and Udaipuri coins were exchanged with Mughal coins for payment of tribute, *nazarana* and for other purposes and the speciality of the Jaipur coin is that it has always remained at a premium. Even to-day the Jaipur coin is at a premium of about one anna per rupee to the British rupee called locally the *kaldar*. The new Udaipuri coin is now selling at a depreciation of 4 to 5 annas in the rupee to British Government coin.

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1. There were extensive mines of copper in Alwar and Jaipur States near Agra.

2. Travels of J. B. Tavernier, vol. I, pp. 27, 28.

The following foreign coins were valued as follows during the Emperor Jahangir's reign :—

Name.	Metal.	Where used.	Value in terms of rupee.
Guilder or Florin.	Money of account.	Dutch records.	Fixed at 5/6 rupee.
Rial of eight.	Silver.	Spanish throughout East.	2 rupees.
Pagoda new.	Gold.	South India and East Coast.	3 to 3½ rupees.
Fanam.	Gold.	Do.	Variable.
Pagoda old.	Gold.	Do.	4 to 5 rupees.
Pound sterling.	Gold.	Throughout India.	10 rupees [1].

Abul Fazal while describing the system of coinage in Akbar's time, refers to a class of men called *sairafi* who became coin experts and could determine the degree of purity of the coins[2]. In Akbar's time according to Abul Fazal there were in use twenty-six kinds of gold, nine kinds of silver, and four kinds of copper coins, and a *ban* or *batta* (discount) was allowed for changing one coin into another. This fact has been testified by Tavernier also who said: "On account of the existence of a large variety of coins, the shroffs made a great profit from money-changing"[3]. Even during the early days of British rule in India, H. Verelst, the Governor of Bengal in 1767 noticed the existence of a powerful body of shroffs. He records that "the East India Company had to take help of this class of men for guarding against the withdrawal of coins from circulation. They allowed them the usual *batta* or discount on the *sicca* or *kaldar* rupees. The *sicca* rupees were accepted at the Company's mint three years after

1. Commercial Policy of the Mughals, p. 136.
2. Ain-i-Akbari, p. 18.
3. Travels of J. B. Tavernier, vol. II, p. 183.

issue at the rate of 111/116 parts of the original value. They were recoined, *i. e.*, raised in value by 5/116. This after deduction of the expenses of coinage and duties and the fee of 1/116 to the assayer of metals left 3/116 to the shroffs *i. e.*, about $2\frac{1}{2}$ per cent. They, however, made a further profit as they collected the coins from their possessors at a discount. This practice of the shroffs, 'as stated by Verelst' was introduced by Jagat Seth at the time of Nawab Jaffar Khan"[1].

Testing and valuation of precious stones etc. – In the Shastric period we find that the Hindus had attained a high degree of perfection in distinguishing jewels and valuing them. According to Shukra the nine *maharatnas* or great jewels were: "*vajra* (diamond); *mukta* (pearl); *pravela* (coral): *gomeda* (agate); *indraila* (sapphire); *vaidurya* (lapis lazuli); *pushyarya* (topaz): *pachi* (emerald); *manikya* (ruby). [2] Manu describes the weights and measures for weighing diamonds and gems etc. and the list may be given thus: –

8 trasarenus	=	1 *liksha* or a minute poppy seed;
3 likshas	=	1 black mustard seed;
3 black mustard seed	=	1 white mustard seed;
6 white mustard seed	=	1 *yava* or middle sized barley;
4 yavas	=	1 *krishnala* [3].

1. A View of the Rise, Pogress and Present State of the English Government in Bengal, 1772, p. 94-95.

2. Shukra, vi, 11, 81-87.

3. Manu, viii, 131-138.

During Kautalya's time there was a separate Superintendent for the purpose of testing valuables [1].

In the Mohammedan period we find the following details as given by Tavernier: "There are in the employment of His Majesty (Aurangzeb) two Persians and a *Bania* whose duty it is to see and examine all the jewels which one wishes to sell to the King. One of these two persons is named Nawab Akil Khan, *i. e.*, the Prince of Wit, and it is he who has charge of all the precious stones of the King. The other is Mirza Mauzam whose duty it is to tax each piece. The Bania called Nyalchand has to see whether the stones are false and if they have any flaw. There is still another disadvantage for the merchant jeweller, it is that after the King has seen any stones, a prince or other nobles who knows of it will never buy them, and besides, while these three men appointed to view the jewels are considering and examining them, he meets several *Banias* who are experts, some for diamonds, others for rubies, for emeralds and for pearls, who write down the weights, quality, colour and perfection of each piece" [2].

During the Mohammedan period there were noted jewel merchants like Shantidas of Ahamedabad, Veerjee Vora of Surat, Nallapurias of Rewari and Kashinath of Jaipur, and because of the last named Jaipur even to-day is noted for jewellery business all over the world. Recently Banji Tholiya a millionaire jeweller of Jaipur was considered the greatest jewel tester in whole of India.

1. Arthashastra, ii.
2. Travels of J. B. Tavernier, vol. i. pp. 135, 136.

CHAPTER X.

METHODS OF ACCOUNTS.

In the Vedic literature we have allusions to the use of words like "*shreshthi*" or "*shreshthin*" or "*gana*," meaning a corporation or a head of corporation[1]. Now when there were corporations and guilds during the Vedic period, the people who joined these guilds, earned money as profit of their joint undertakings. It is, therefore, unthinkable that there may not have been some sort of account keeping during those days. Our belief is reinforced by references regarding collection of interest on debts in the Vedic period, and in the Rigveda we read: "As we collect the utmost debt even the eighth and sixteenth part"[2] and this goes to show that when the Aryan people used to collect their debts by instalments with interest, they had some method of calculating interest and again some method of keeping accounts.

During the period of Manu, we, however, are given a clear picture of account keeping of bankers by this great lawgiver. In the Shukrasmriti we read that bankers used to keep proper accounts of all of their financial transactions. Each type of income, advance, and expenditure was differentiated and was recorded separately in the books of accounts. No payment was made unless it was recorded in the books of accounts and in the same way no receipt entry was

1. Aitareya Brahmana, iii, 30, 3 ; Pamchavimsa, vi, 9, 25.
2. Rigveda, viii, 47, 17.

passed unless the money was actually received. The books of accounts, according to Shukra were so arranged and classified that the transactions were recorded in them without the chance of least variation or mistake and there was no chance of misunderstanding between the borrower and the lender. The accounts for each type of expenditure, income, loans and advances were kept separately. The income was called 'आय' (Aàya) and the expenditure was called 'व्यय' (Vyaya)[1]. The bankers used to prepare periodically a balance-sheet in a suitable form showing exactly their financial position at a given period. There were two reasons for compiling such a statement of affairs at periodical intervals and they are given thus: (1) to satisfy the taxation authorities of the King, and (2) to leave a complete record of their transactions and business for their sons and heirs in case they die suddenly without disclosing their secrets to their sons or heirs. The balance-sheets were prepared with complete details and did not contain total figures only as is the case with present day balance-sheets under the Indian Companies Act of 1913. These balance-sheets were kept under a secured condition by the bankers.[2] The desirability of keeping detailed accounts of income and expenditure was felt even as early as the Mahabharat period and we read thus "Do your Accountants and clerks employed in looking after your income and expenditure always inform you in the forenoon all about your income and expenditure."[3] It would appear that even

1. Shukra, iii.
2. *Ibid.*
3. Sabhaparva, v, 72.

in the Mahabharat period the State had recognised the necessity of the preparation of complete records of income and expenditure which is akin to our present day budget system.

A short sketch of the Accounting system of this period is given thus by Mr. Sodbans: "The amazing account of trade in the Indian ocean by the merchants of the first century especially as described in 'The Periplus of the Erythrean Sea translated 'from the original Greek by Wilfred H. Schoff of Philadelphia leaves no doubt that commerce and trade reached to such a great magnitude that it could not be carried on without a proper record of accounting. The Indian system of accounting which we inherit from our forefathers is really the same system which was borrowed from India by Phœnicians and other Western Nations who were carrying on trade with India.....The Indians, the original inventors of double entry system of book keeping, remained where they were about 2,000 years ago"[1]. In the Kautalya Arthashastra we find that the Accounts Department (*Akshapatal*) was placed under an experienced Accountant-General (*Gadnickya*) who was also to scrutinise the accounts of bankers which business was also entrusted to the Taxing authorities and the courts of justice[2].

In the Mohammedan period the account keeping was made a perfection by the bankers and it is necessary to give a brief account of the various books which

1. National Call, January, 14th, 1934.
2. Arthashastra, ii, iii. and x.

they maintained and the system of their keeping. The writer has a *bahi* of accounts of that period and a page of it is given as 'appendix' "A" to show the way of writing down accounts as actually existed during the Mohammedan period.

Rokar Bahi.—This is the cash book and the book of original entry for all cash transactions. This book is daily posted immediately there is a transaction either of receipt or of payment. It is kept by every banker, however small his transactions may be and whatever may be the magnitude of his business. The petty bankers or changers keep one *rokar bahi* while others keep two. One is called '*pakki rokar bahi*' and the other '*kachhi rokar bahi*' *i. e.*, one is the fair cash book and the other is the rough cash book. The difference between the rough and fair cash books is that the one is written down immediately there is a debit or credit transaction, while the second is faired out either daily or in weekly totals from the rough cash book, otherwise for this difference, both of them contain the same details and same contents. The cash book is written as follows in Hindi :—

।१॥ श्री रामजी ।

॥१॥ श्री गोपीनाथजी महाराज तणी लब्ध हो जो, सं० १९९० मिति मंगसिर बद १२

५७५) श्री रोकड़ बाकी

४०) लाला जुग्गु मल का बियाज दिन २० का बाकी रहा जो आया जमा कीना ।

१,०५०) बाबू भरत चन्द जी से
१,०००) कर्जा पेटे
५०) बियाज पेटे
आया सो जमा कीना ।

३६०) सेठ कुन्दनमल रामजी लाल को खाते पेटे दीना सो चुकता आया जमा कीना ।

४२५) लाला रामबक्स का हुंडी पेटे जमा कीना ।

९२०) सेठ राधाकिशन लोईवाल का हुन्डी भुगतान पेटे आया जमा कीना ।

३,३७०)

२,०००) नूर मोहम्मद को लाला भगत राम की जमानत पर दर १) महीना कट मिती सूद पर उधार दीना सूद महीना महीना आना तथा मूल ६ महीना में ठेका का काम पूरो होने सूं आवनो, हस्ते खुद ।

२००) हुन्डी भाई गोविंद दास हर बल्लभ की सिकारो ।

३२५) ब्रधीचन्द जी को उधार ॥) सैकड़ा पर हस्ते जगमोहन लाल जी दीना ।

८४५) श्री रोकड़ बाकी ।

३,३७०)

Translation.

Receipt side. Payment side.

"Sri Ramji."

Sri Gopinathji may help in gains. Dated 12th Mangsir, 1990.

	Rs.		Rs.
To balance	575	By *Loan account*— Paid to Nur Mohammad on the security of Lala Bhagatram at interest of one per cent per month. Interest to be paid monthly and the principal after six months on the completion of contract through self ...	2,000
To *interest account*— Received from Lala Juggu Mal for the balance of 20 days' interest which remained outstanding...	40		
To Loan account ... 1,000			
„ Interest „ ... 50			
Being amount received from B. Bharat Chandji ...	1,050		
		By bill account— Amount paid for encashment of the hundi of Bhai Govinddas Harballabh ...	200
To Current account— Amount received from Seth Kundanmal Ramjilal ...	360		
To Bills account— Received from Lala Rambux ...	425	By Loan account— Paid to Bridhi Chandji through Jagmohanlalji. Interest 8 as. per cent per month ...	325
To Bills account— Received from Seth Radhakishan Loiwal.	720	By balance.	845
	3,370		3,370

The above example shows that the opening balance was Rs. 575 only, and the banker received during the day Rs. 2,795 and advanced during the day Rs. 2,525 thus leaving a balance of Rs. 845 with him at the close of the day. Now the two sides of the cash book after putting the balance of cash in hand tally with each other, *i.e.*, the opening balance plus the receipts are equal to the day's expenditure plus the closing balance. If the two sides do not tally, there must be some mistake somewhere and it must be rectified before closing the day's transactions. Regarding the accurate closing of the cash book each evening there is a vernacular proverb: "*Baniyo damree re farak re khater, pisa ro tel baldesi.*" This means that a *bania* to find out a difference of $\frac{1}{4}$ pice will burn a pice worth of oil in his lamp.

The difference between an English system of cash book and that of a Marwari is that in the English cash book, details are not given in so complete a manner as in the Hindi cash book, otherwise the system is more or less the same. This system of Hindi cash book writing and recording transactions has not altered and is the same as it was during the Mohammedan period.

Khata Bahi.—This book is what they call in English the 'Ledger' and is posted from day to day from the Cash Book and the Journal. This is a classified abstract of the transactions and it is so arranged that all the various types of transactions

are grouped according to various heads of accounts, be they personal, impersonal or stock accounts. As an illustration, suppose Mr. B. has an account with Mr. A. the banker and has paid out to him the loan he took in a number of instalments and now goes to make the final payment. Mr. B. has accidently lost all the receipts which were granted to him by Mr. A. the banker. If Mr. A. had kept the account only in his cash book, it would take a day or even two before he could search out the various payments received by him, calculate the interest thereon and tell to Mr. B. the balance that he has to recover. If on the other hand, there is a ledger account, the debit and credit entries are ready duly posted and the balance can be intimated within 2 minutes to Mr. B. and final payment received. The other advantages of keeping a ledger account are that the banker is always in possession of consolidate accounts of all of his expenditure and income as well as the sums receivable and payable. He can at any period prepare a trial balance and his financial statement of affairs and ascertain his profit or loss and his net worth. The ledgers are as a general rule balanced by the bankers on the *Diwali* day on which mostly they close their financial year to carry forward the balances to the next year's accounts. On the *Diwali* day the interest is calculated and added to the accounts and carried forward to the new ledger. The system of calculating interest is very simple and quick as well as accurate to the smallest fraction.

System of calculating interest.—The following illustration may be taken to explain the system:—

RECEIPTS.		PAYMENTS.	
Date.	Amount.	Date.	Amount.
	Rs a. p.		Rs a. p.
6th March, 1933.	5,450-0 0	15th July, 33.	2,850-0-0
		21st „ „	2,600-0-0
Interest on 24th February, 1934.	59-14-0	24th February, 1934.	59-14-0

2,850 for $4\frac{9}{30}$ months = 12,254

2,600 for $4\frac{15}{30}$ months = 11,700

23,954 anks.

@ -/4/- per cent.

$\frac{1}{4}$ = 59-14-0.

N. B.—Small fractions have been neglected.

In order to make the subject matter clear some explanation is necessary. In order to calculate the interest it is necessary to calculate the number of

anks of the amount over which interest is to be added. The *anks* in English system of book-keeping are called interest product. The English year is taken at 365 days while the Hindu Year is taken at 360 days only. In the English year the months differ in number of days *i. e.*, the month of February is of 28 days, but if the year is divisible by 4 the month in that case is of 29 days, out of the 11 months, January, March, May, July, August, October and December are of 31 days while April, June, September, and November are of 30 days. The *anks* are of two types, one *kachha* and one *pakka*. The *kachha ank* is one where the product is of days and the *pakka* is one where the product is of months only. The interest in *hindi bahi khata* system is calculated for 100 *pakka anks* which gives the settled rate. The rate of interest varies and is taken at the agreed rate in calculating the amount of interest. Now there are two ways of calculating the interest, one by number of days, *i. e.* Sunday, Monday, etc., and the second by number of *Mitis*. The most prevalent custom is of calculating interest by number of *Mitis* only except in Gujrat and Maharashtra. The bankers have a special *bahi* wherein whole interest is calculated and it is called somewhere '*hisab bahi*' somewhere '*lekhapada*' while somewhere '*byaj bahi*'. The interest after it is calculated is posted to the ledger from this book through a journal entry. This book is preserved and if any customer desires a reference as to how the interest has been arrived at, he is shown the *anks* in the '*byaj bahi*'. This system of calculating interest is called *katmiti-ka-byaj*. The bankers have a regular

system of arriving at the number of anks. In calculating it, one day either of the beginning or of the end is left out. The system is that each 30 kachha anks make one pakka ank. Now this thirty is the multplication of 10 and 3, and if we divide any product by 10 the *bhagpal* of that will be of three days interest. The following is the table showing *kachha anks* and their *pakka* equivalents which are committed to memory by all those engaged in indigenous banking:—

Kachha ank.	Pakka ank.	Kachha ank.	Pakka ank.
50	$1\frac{3}{4}$	300	10
60	2	400	$13\frac{1}{4}$
75	$2\frac{1}{2}$	500	$16\frac{3}{4}$
90	3	600	20
100	$3\frac{1}{4}$	1,000	$33\frac{1}{4}$
150	5	5,000	$166\frac{3}{4}$
200	$6\frac{3}{4}$		

This is the system of calculation which Mr. Tavernier alludes to in his narative thus: "They accustom their children at an early age to shun slothfulness, and instead of letting them go into the streets to lose their time at play, as we generally allow ours, teach them arithmetic, which they learn perfectly, using for it neither pen nor counters, but the memory alone, so that in a moment, they will solve a sum, however, difficult it may be"[1]. Even to-day the indigenous bankers can solve a sum 100 time earlier than an M.A. in Mathematics of a first class university.

1. Travels of J. B. Tavernier, vol, 2. p. 184.

Ledger posting. - Having finished with calculation of interest we now revert to ledger. It is posted from the cash book and the journal. All cash entries are posted to it from the cash book, while all transfer entries are posted from the journal. The difference between the English type of ledger and this ledger is that the receipt and payment sides as alloted to cash book are maintained in the ledger also, while in the English ledger, the left-hand side is the debit while the right hand side is the credit column. This is unruled but divided into eight vertical foldings while the English ledger is ruled into various columns. Now as each entry is posted the ledger page number is put on the cash book against that very item and *vice versa* in the ledger. The same is true regarding postings from the journal. A few pages according to the dimension of each particular account are left out in the ledger and at the end of the year, mostly on *Dewali*[1] day the ledger is closed and balances carried forward to a new ledger for all outstanding accounts.

Journal.—This is the *nakal bahi* or *khasra bahi* as they call it in vernacular. This is used like the cash book for all transfer entries. Amongst others the following entries are passed through it:—

1. Adjusting entries;
2. Profit and loss entries;
3. Opening entries;
4. Closing entries and the like.

1. A great Hindu day falling in October or November each year.

This is also kept in the same form as the cash book with the only difference that only transfer entries are passed through this book.

Fixed deposit accounts.—When a fixed deposit is received the banker passes an entry in the cash book making a mention of the interest allowed, the time of repayment and other particulars necessary of the transaction with the name, occupation and address of the party making such a deposit. This is posted in the ledger in the personal account of the party, and where the deposit business of the banker is large enough, a separate deposit ledger is opened. In the ledger on the heading the name of the party and his address etc. are noted while the entry is made placing the amount to his credit mentioning the rate of interest and the time of repayment. Either at the time of repayment or on *Dewali* if the amount remains in deposit on that day, the interest is calculated and given credit to the party through a journal entry thus:—

Interest payable account.
To Such and Such party account.

At the time of payment the whole amount will be paid to the party through an entry in the cash book and thus closing the ledger account. If, however, only interest has been paid and the deposit remains still with the banker, the entry for the interest paid will only be passed. When the deposit is received, it is customary for a banker to give a receipt to the party acknowledging the receipt of the amount as a fixed deposit.

Current Accounts. In these accounts the withdrawals are permitted as often as the depositor desires and interest on balances is allowed at an agreed rate on day to day balances according to the *katmiti* system of interest calculation. These accounts with the bankers are limited in most cases of their own brethren only. This is what they call '*khata-peta*' and more or less each banker has a current account with another brother banker and draws the amount when he desires for his business and sends surplus funds when he has more than his current needs. These withdrawals are not through cheques but through ordinary slips of paper on which no stamps are affixed.

Deposits for safe custody.—When valuables are kept with bankers, they give a receipt to the depositor mentioning in it the particulars of the deposit, but if the valuables are in a sealed packet, the weight and description of the packet is only written. The banker then makes an entry in his *bahi* reserved specially for the purpose, which they call '*amanta bahi*'. The banker notes in the *bahi* the contents or description of the packet containing the valuables, the amount agreed to be charged for the care he would take for the packet of valuables, the name, occupation and the address of the party. When the party returns to receive back the packet, the banker hands him over the articles or packet after the receipt is delivered duly endorsed acknowledging the receipt of the packet, but in case the receipt is lost by the depositor, he is required to sign a declara-

tion before two respectable witnesses acknowledging to have received his packet or articles back and making at the same time payment for the charges of the banker. When this is done, the banker makes a remark in the *bahi* of having returned the packet or articles with date of return. The receipt is then filed by the banker in file or a wire-hook which is generally kept for filing such papers. The banker then will pass an entry in his cash book on the receipt side crediting the amount in one of his income heads.

Pledges and mortgages.—When any customer comes and takes a loan from a banker either on the mortgage of immovable property or on the pledge of movable property, the banker requires him to sign a *dastawez*, and if it is a case which requires registration, it is registered. But up to the Mohammedan period this procedure of registration was not known, and was only brought in force during and after the reign of Akbar. In cases other than pledges and mortgages the *dastawez* duly executed and witnessed is registered in the *bahi* called '*adangat bahi*' by the banker, and the money is advanced. When advancing the money, the entry is made on the payment side of the cash book, mentioning all particulars therein and a separate loan account is opened in the ledger mentioning therein the name of the party, profession or occupation, address and the rate of interest. The packet of pledged articles or *dastawez* of mortgages (*rahan-nama*) is given the serial number of the register and is returned when the loan is paid. The interest is received either

monthly or six-monthly as may have been agreed upon between the banker and the customer.

Hundis.—When a *hundi* is drawn by a banker on his agent in some other city, it is not sufficient for him to draw the hundi and receive the amount, but he is required to inform his agent on whom he has drawn the bill of his having done so, but the mere information is of little value unless the banker sends a copy of the *hundi* to his agent. On receipt of the hundi the agent makes an entry in his bill payable book mentioning the amount, to whom payable, date when due and other particulars necessary to note. This is called *hundi-nondh-bahi.*

Hundi-Nondh-bahi.—This is a bill receivable and bill payable book and in it bills receivable and payable are entered with all the particulars of the *hundi.* This is a very important book and gives a day to day account of the bills for which he is to receive payment and for which he has to make payment.

Accounting regarding Hundis.—In order to make the subject more clear let us start with an illustration. Suppose Seth Ramsukh Bhagirath of Jaipur receives a *darshani hundi* from his agent Jethmal Bhojraj of Sirsa dated Asoj bad baras by post for Rs. 950, only. This is payable by Harbilas Ramballabh. Now on the receipt of the bill it will be entered in the bill receivable book and will be presented for payment to the firm of Harbilas Ram-

ballabh. On its payment the entry will be passed thus:

950/—Bhai sri Jethmal
Bhojraj Sirsawale
ke jama hundi aik
rupia 950/—ke keena
jo aj din bhai
Harbilas Ramballabh
ji ne sikari.

These hundis are of 16 kinds, eight are called '*hamare gharu hundis*' and eight called '*tumahre gharu hundis*'. The eight '*hamare gharu hundis*' are as below:

1. Those which we draw on our agents ourselves.
2. Those drawn on us by our agents under our instructions;
3. We on our own account send for a *hundi* from outside places;
4. We on our own account send a *hundi* to outside places;
5. We instruct one of our agents to draw a *hundi* on our other agents on our account;
6. We instruct likewise other agents to draw on the former agent on our behalf;
7. We on our own account get a *hundi* from outside;
8. We ask one merchant to draw a *hundi* on another for some of our own benefit.

These *hundis* having been issued or got issued by the banker on his own behalf, he is responsible for all losses or gains on these transactions. He is to pay all the business charges like:

		Rs.	a.	p.
1.	Commission of the agent	0	2	0%
2.	Encashment charges ...	0	5	0%
3.	Testing fee ...	0	2	6%
4.	Brokerage ...	0	1	0%
5.	Charity ...	0	2	6%

The banker, therefore, will be debited by his agent with all these charges and the other entries will be as explained in previous paragraphs. In some of these cases the entries will be passed through the cash book while in other cases through the journal.

In the same way there are eight forms of *hundis* called '*tumahre-gharu-hundis.*' In these *hundis* the charges will be borne by the opposite banker and the entries will be reversed in the books of the previous banker.

This mode of remitting money was greatly resorted to during the Mughal days when there were no Railways and the transport system was defective and full of risks. The bankers in those days used to send *hundis* either themselves, or ask one of their agents to issue hundis as explained above in order to avoid the risk and expense of transportation and robbery.

The bankers had to take into account one more thing and it was the different kinds of coins in circulation and the difference in value was also stated together with the value of the *hundi* in a particular coin. This difficulty is now not experienced in British districts where the current rupee is of one standard weight, fineness and value, but if a merchant say in Bombay has to draw a hundi on a banker in Jaipur or Udaipur where there are local coins in circulation, and if the payment is to be made for certain purchases made in those coins, the premium or discount in relation to British Government rupee

of the local coin will also be added or deducted from the *hundi*. For example, in Jaipur grain and *ghee* are sold for *Jharshahi* rupee and if a merchant is to draw a *hundi* payable in *Jharshahi* coin, he will have to add one anna per rupee as premium amount of the *kaldar* value of the *hundi* which is generally the difference between a *kaldar* rupee and the *Jharshahi* rupee.

Ankra.—This is the statement of affairs which the bankers periodically prepare in order to ascertain the loss or gain they have made during a certain period. This is prepared generally on the *Dewali* day in each year.

The accounting system explained in the foregoing pages is exactly the same as was prevalent during the Mohammedan period and most of the help is taken from a bahi 240 years old that the writer has in his possession in drafting this chapter. Much improvement has been made in the system of today, but it was useless to take that into account when describing a system some three centuries before and, therefore, that system is only attempted to be explained here.

CHAPTER XI.

BANKERS AND CIVIL JUSTICE.

Introductory.—Proper administration of the law and the punishment of the offenders are the foundations on which all civilised societies are built, and we find abundant testimony of admirable accounts of impartial justice administered by Indians. Law is thus described in the Vedic literature : " Law is the Kshatra (power) of the Kshatra, therefore, there is nothing higher than the law. Thence forth even a weak man rules a stronger with the help of the law as with the help of a king. Thus the law is what is called the truth. And if a man declares what is true, they say he declares the law ; and if he declares the law, they say he declares what is true. Thus both are the same"[1]. No nobler definition of the law, has been discovered by all the jurists in the world and this contention is perfectly true so far as India is concerned as here in India truth has been regarded more honourable and sacred than any thing from time immemorial and an admirable account of this is found both in the Hindu sacred books and the travel books of foreigners. In the Ramayana and Mahabharat highest value is attached to truth and, therefore, for the law Dasarath lost his life, but did not foresake truth. Rama exiled Sita to the *asharama* of Valmiki but did not relax law of the country. Udhishtara lost his kingdom but maintained the truth. Megasthenes gives a

1. Brihadaranyaka i, 4, 14.

valuable account about the people and the administration of civil justice in India during those days in these words: "They live happily enough, being simple in their manners and frugal. They never drink wine, except at sacrifices. Their beverage is a liquor composed of rice instead of barley, and their food is principally a rice pottage. The simplicity of their laws and their contracts is proved by the fact that they seldom go to law. They have no suits about pledges and deposits nor do they require seals of witnesses, but make their deposits and confide in each other.....Truth and virtue they hold alike in esteem." Fa Hian gives account of the administration of justice in these words: "The kings govern without corporal punishment; criminals are fined according to circumstances, lightly or heavily. There is impartial justice in cases of debts." Another Chinese traveller Houen Tsang makes these remarks: "With respect to the ordinary people," he says, "although they are naturally light-minded, yet they are upright and honourable. In money matters they are without craft, and in administering justice they are considerate. They dread the retribution of another state of existence, and make light of the things of the present world. They are not deceitful or treacherous in their conduct, and are faithful to their oaths and promises." Alberuni a native of Khiva, was brought as a slave by Mahmud of Ghazni in 1017 A. D., and this great scholar accompanied Mahmud of Ghazni to India, who said thus regarding the administration of justice in India during those days: "Written plaints were generally filed

in which the case against the defendant was stated. Where no such written plaint was filed, oral complaints were received. There were different kinds of oath, having different degrees of solemnity, and cases were decided impartially on the testimony of witnesses." (Chap. LXX).

At pages 147 and 148 of the book on Travels of Ludovico Di Varthema between 1503 to 1508 A. D. the following account is given at footnote 1 : "It is remarkable that the administration of justice in India has been the theme of general admiration from the earliest times. Greek and Roman writers, from Diodorus downward, have eulogized it, Marco Polo witnesses on the same side, and later Arabian authors confirm their favourable testimony." El Idrisi says : "Justice is a natural instinct among the inhabitants of India, and they hold nothing in equal estimation. It is stated that their numbers and prosperity are due to their integrity, their fidelity in fulfilling engagements, and to the general uprightness of their conduct. It is, moreover, on this account that visitors to their country have increased, that the country flourishes, and that the people thrive in plenty and peace. As a proof of their adherence to what is right and their abhorence of what is wrong may be instanced the following usage: if one man owes another money, the creditor finding him any where draws a line in the shape of a ring around him. This the creditor enters, and also the debtor of his own free will, and the latter cannot go beyond it until he has satisfied the claimant ; but should the

creditor decline to force him, he, the creditor steps out of the ring." Abd-er-Razzak also, speaking of Calicut, says: "Security and justice are so firmly established in this city, that the most wealthy merchants bring thither from the maritime countries considerable cargoes, which they unload, and unhesitatingly send into the market and bazaars, without thinking in the meantime of any necessity of checking the accounts, or keeping watch over the goods." (India in the Fifteenth Century, i, page 14).

"The mode of procedure against debtors, as described by El Idrisi and Varthema, and which Marco Polo, before them, states to have been carried out against the persons of the king of Malabar, is confirmed by Hamilton with slight variation: "They have a good way of arresting people for debt, *viz.*, there is a proper person sent with a small stick from the judge, who is generally a Brahman, and when that person finds the debtor, he draws a circle round him with that stick, and charges him in the king and judge's name not to stir out of it till the creditor is satisfied either by payment or surety; and it is no less than death for the debtor to break prison by going out of the circle (Pinkerton's Voyages, vol. viii, page 377)." In this admirable manner justice was administered in India and with this introduction of the subject matter, we proceed to examine the various phases of the law in connection with the dealings of the money-lenders and bankers.

In the Vedic period we have instances of a debtor entering into the bondage of slavery, on his failing

to repay the debt. Rigveda enjoins: "The debtor was often bound to posts"[1]. The judicial procedure during the Vedic period was, however, crude, and the offenders were often tried by the ordeal of fire. A man against whom a complaint was lodged was usually brought before the judge, where he was asked to tell the truth, and on his refusing the obligation, and on the order of the judge, hatchet was heated; if he committed theft, he was burnt and he was killed, but if he did not commit the theft, then he was not burnt and was proved innocent [2]. The debts in the Vedic period were recovered in a very severe and exacting manner as is clear from this hymn: "Thou speedest to subdue like one exacting debts"[3]. We find this system of slavery in exchange of payment of debts even in Epic India. The story of Maharaja Harishchander is well-known and goes on to say that Maharaja Harishchander sold his wife and son and himself as slaves to pay off a debt of a ruthless Brahman by name Vishavamitra.

In the Shastric and Smriti period, much advance was made and regular law courts were established for the administration of justice. It is, therefore, necessary to examine the details in brief in the following paragraphs.

The Courts of Justice.— The King's duties were well defined by Manu, though even in

1. Rigveda x, 34, 4.
2. Chhandogya, vi, 16.
3. Rigveda, ix, 110, 1

Vedic period he was called "Vispatih pitah"[1]. Manu ordained that (i) the king was to protect his subjects from the outrage of thieves and robbers, and to restore free of all costs the stolen property either having traced it or from his treasury; (ii) the king was not to create a cause of action or had it caused by any of his agents (*vivadam*) nor was the king entitled to appropriate any wealth due to others; and (iii) that the king was to impart free justice; and just as a hunter traced the path of the hunted deer by the drops of blood fallen on the ground, so was the king to trace the path of justice and equity by inference from circumstantial evidence"[2]. "The king himself was ordained to hear civil suits, but if he was personally unable to hear and decide such cases, he was to appoint a tribunal of three members presided over by a learned Brahman. The members so appointed were educated, honest and impartial"[3]. Kautalya divided the law courts into two sections, *viz.* '*Dharmasthiya*' and '*Kantakshodhan.* Different classes of cases came under their cognizance, *e. g.*, the cases that came under the jurisdiction of 'Dharamasthiya' courts were generally those cases which arose from the personal grievances of one or a few-individuals against another or a few other individuals. A list of the cases which were tried and decided by 'Dharamasthya' courts may be reproduced as below :

(i) Validity of contracts (व्यवहार स्थापना) (ii) Violation of contracts (समयस्यानपाकर्म) (iii) Relation between

1. Rigveda x, 133, 1.
2. Manu, viii, 40, 43, 44, 237, 238, 239.
3. Yajnavalkya, ii.

master and servant, employer and labourer (स्वाम्यधिकारः) (iv) Slavery (दासकल्पः) (v) Recovery of debts (ऋणादानम्) (vi) Deposits (औपनिधिकम्) (vii) Rescission of sale (विक्रीतक्रीतानुशयः) (viii) Resumption of gifts (दत्तस्यानपाकर्म) (ix) Robbery and violence (सहासम्) (x) Assault (दण्डपारुष्यम्) (xi) Defamation (वाक्यपारुष्यम्) (xii) Gambling (द्यूतसमाह्वयम्) (xiii) Sales of property by other than owner (अस्वामिविक्रयः) (xiv) Rights of ownership (स्वस्वामिसंबन्धः) (xv) Boundary disputes (सीमाविवाद, मर्यादास्थापनम्) (xvi) Construction of buildings (वास्तुकम्) (xvii) Sale of house property (वास्तुविक्रयः) (xviii) Damage to agriculture, pasture and public roads (विवीतक्षेत्रपथहिंसा) (xix) Miscellaneous hindrances (बाधाबाधिकम्) (xx) Duties of man and wife (विवाहसंयुक्तम्, विवाहधर्म्मः स्त्रीधनकल्पः) (xxi) Partnerships (संभूयसमुत्थानम्) (xxii) Inheritance and succession (दायविभाग) (xxiii) Miscellaneous offences (प्रकीर्णकानि) (xxiv) Rules of procedure (विवादपदनिबन्धः).

The *Kantakshodhan* court had the Jurisdiction to try the following types of cases :—

(i) Protection of artisans (कारुकरक्षणम्) (ii) Protection of merchants (वैदेहरक्षणम्) (iii) Measures against national calamities (उपनिपातप्रतीकारः) (iv) Suppression of the wicked (गूढाजीवनामरक्षा) (v) Detection of criminals by ascetic spies (सिद्धव्यञ्जनैर्मानवप्रकाशनम्) (vi) Arresting robbers on suspicion or in the act (शंकारूपकर्माभिग्रहः) (vii) Post-mortem examination (आशुमृतकपरीक्षा) (viii) Discipline in Government Department (सरवाधिकरणरक्षणम्) (ix) Capital punishment with or without torture (शुद्धश्चित्रश्च दण्डकल्पः) (x) Improper social intercourse (कन्याप्रकर्म).

The *Dharamasthaya* court was either made up of three persons well learned in the Dharamashastras, or three ministers of the Government who were required to sit together to hear such cases as came before such a Court. While in the *Kantakshodhan* court three ministers sat to decide the cases [1].

In addition to these courts there were *grama panchayats* which were presided over by village headmen (*Gramini*) with village elders as members, and these *panchayats* were vested with powers of summarily punishing certain offences [2].

These courts namely '*Dharamasthya*' and '*Kantakshodhan*' were established in every headquarter of villages (*Sangarhan*); every town forming headquarter of 400 villages (*Dronamukh*); in every town being a headquarter of 800 villages (*sthaniya*); and in every provincial town (*Janpadsandhi*). It will thus be clear that the organisation of the law courts was so made as to afford greatest facility to the people of the kingdom [3]. The highest court of appeal over these courts was the King's court, who sat for Judgment with his Ministers and those learned in shastras who were generally Brahmans [4]. In the present work we are concerned only with the 'Dharamasthya' court and further references will be confined to the operations of this court only, as all civil suits fell within the jurisdiction of this court during Kautalya's time and thereafter.

1. Arathashastra, iii, pp. 147, 200.
2. Arathashastra, iii, pp. 169, 171.
3. Arathashastra, ii and iii.
4. Arathashastra, i.

Cause of Action.—In all matters cause of action arose due to Kam (काम), Krodh (क्रोध), and Lobh (लोभ), *i. e.*, bad motive, temptation and animosity. In case of dispute of property, short payment or refusal for payment or dishonesty there was the cause of action, and the parties appeared before the court as complainants and defendants[1].

Procedure of Law.—In order to arrive at a comprehensive decision, the following points were considered by the Court: (1) Customary law (*Charitra*), (2) Dharamasastras, (3) *Vyavhar* or contractual relations created by the parties, and (4) king made laws. Customary law was placed in high steem and the following text from Manu may be reproduced to show the place of custom in Hindu law: "Immemorial custom is transcendant law, approved in the sacred scripture, and in the codes of divine legislatures; let every man, therefore, of the three principal classes, who has a due reverence for a supreme spirit which dwells in him, diligently and constantly observe immemorial custom. A man of the priestly, Military or the Commercial class, who deviates from the immemorial usage, taste not the fruit of the Veda; but, by an exact observance of it, he gathers the fruit in perfection. Thus have holy sages, well-knowing that law is grounded on immemorial custom, embraced, as the root of piety good usages long established[2].

1. Yajnavalkya, ii.

2. Manu, i, 108-110.

The other three basic principles that were taken into account are ordained by Manu to be strictly followed[1]. The following shloka from Kautalya Arathashastra is more explicit and may be reproduced with advantage :—

धर्म्मश्च व्यवहारश्च चरित्रं राजशासनम्
विवादार्थचतुष्पादः पश्चिमः पूर्व्वबाधकः
अत्रसत्यस्थितो धर्म्मो व्यवहारस्तु साक्षिषु
चरित्रं संगहे पुंसां राज्ञामाज्ञा तु शासनम् ।
(Book III page 150.)

In the case of conflict between Dharamashastras and Vyavhar, the former prevailed over the latter, and if there was conflict between custom and king made laws, the customs prevailed over the king made laws. Having given the outlines of the procedure we now proceed to consider the institution and disposal of cases.

Institution and disposal of cases.— There were three things to establish a claim, *viz.*, documents, witnesses and possession[2]. The representation as made by the plaintiff, was to be put in writing, in presence of the defendant ; the year, month, half month, caste etc., being given. The answer was also to be given in writing, the defendant being required to furnish a written statement in support of his assertions[3]. Kautalya has given further details of a plaint that was to be submitted and these may be summarised as below :—

(i) The exact date (showing the year, season, month, fortnight *i. e.*, *shuklapaksha* or *krishnapaksha* and day); (ii) the nature of

1. *Ibid*, viii, 163, 164, 167 also 41, 46.
2. Vashishtha, xvi, 10. Yajnavalkya, ii, 22.
3. Yajnavalkya, ii, 6-7.

the transaction; (iii) the place of its occurrence; (iv) the amount of debt; (v) the country, village, caste, *gotra* (sub-caste) name and occupation of the Plaintiff and the defendant, both of whom should have been competent to sue, and (vi) the statements of the parties which were thoroughly scrutinised by the Court.

The injunctions to speak the truth were as solemn and strict as those provided in any age and country "Either the court must not be entered, or the truth must be spoken ; a man who either said nothing (*i. e.*, concealed facts) or spoke falsely became sinful "[1]. If the creditor produced false evidence, gave conflicting statements, changed his statements, tutored the witnesses, in that case he lost his case or if the creditor after giving out the names of the witnesses did not produce them, did not reply to the questions put by the magistrate, in that case he was liable to be punished with sentence or fine[2]. Dr. N. N. Law in his book 'Studies in Ancient Hindu Polity' has constructed a graphic list from Kautalya's Arthashasthra pages 149 and 150 and no apology is needed to quote it in full as follows : —

"Each of the parties had to be on guard against the following kinds of the offence termed *Paroktadosha* : —

(1) Deviating from the question at issue and taking to another question; (2) insisting on the need of consulting the opinion of a third person though his opinion be not worthy of such consideration; (3) contradicting the previous statement; (4) breaking off while answering a question though ordered by the Court to continue; (5) introducing questions other than those already specified; (6) withdrawing the statement already made; (7) not accepting what one's own witnesses have said; and (8) holding secret conversation with the witnesses when it was not allowed.

1. Manu, viii, 13.
2. Manu, viii 53-58.

"Besides these, there were other sorts of *Parokta-dosha.* The plaintiff had to make his rejoinders the very day the defendant had answered, for it was presumed that the plaintiff was ready to go on with the case; otherwise he was guilty of *parokta.* But if the defendant was not ready for the case, he was allowed three or seven nights to prepare his defence. If he failed to make his defence within that time, he was punished with a fine ranging from three to twelve *panas.* If he could not answer even after three fortnights, he was guilty of *parokta*, and the plaintiff could recover out of the defendant's property the amount sued for, unless he (plaintiff) agreed to accept in its stead some good service from the defendant. The same punishment was inflicted on the defendant who utterly failed in his defence. If the plaintiff failed to prove his case within the aforesaid time he committed a *parokta.* If he failed to substantiate his charge against a deceased person, he was made to perform some of his funeral rites."

During this period the trials were held by ordeal also and these are thus described: "The scales, fire, water, poison, the sacred draught, these are the ordeals for exculpation, in case of grave accusations, if the accuser be prepared to pay a fine. When it is agreed on, one of the parties shall perform the ordeal the other be in readiness to pay the fine. Even without a fine, there shall be trial by ordeal..... The (accused) being summoned, shall, after bathing at sunrise, and fasting, be made to go through the several ordeals, in presence of the king and the

Brahmans. The scales are (the ordeal) for women, children, aged men, the blind, the lame, Brahmans and those afflicted with disease. Fire or water, or the seven barley corns weight of poison, are (the ordeal) for a sudra" [1]. These ordeals were, however not to be resorted to where the debt was less than a thousand *panas*. If the debt was more than a 1000 *panas*, the accused having been placed in the scales by those who understood the art of weighing, uttered the following invocation: — "O Scales? made by the gods, of old, the abode of truth; therefore, do ye, propitious ones, declare the truth and liberate me from suspicions. If I be an evil doer, then bear me down, O mother, if I be pure, carry me upwards" [2].

In the ordeal by fire, seven leaves of the sacred *aswattha* tree are placed in the hands of the accused, who there-upon says: —"Thou O fire, dwellest in all created things. O purifier, in testimoney of innocence and guilt, do thou in my hand make known the truth. When he (who suffers the ordeal) has thus spoken, let a smooth red hot iron ball, of fifty *palas* weight, be placed upon both his hands. Carrying this, let him slowly walk across seven circles, of sixteen fingers' breadth diamater each with an interval of the same measure between each" [3]. If the accused escaped with unburnt hands, he was pure or innocent.

In the trial by water, the accused was submerged whilst a swiftfooted man shot an arrow, ran after it

1. Yajnavalkya, ii. 95-98.
2. *Ibid*, ii. 101-102.
3. *Ibid*, ii. 104-106.

and returned. His prayer was:—"By the power of truth, O Varuna, save me" [1]

In the ordeal by poison, he said:—"Thou, O poison, Brahma's son, art ordained for truth and right; free me from the accusation, and be to me, by the power of truth, a draught of immortality" [2]. Mrs. Mannings in her book "Ancient and Medieval India" gives the following account. "In the code of Manu neither scales nor poison are mentioned, and the whole subject of trial by ordeal occupies but two verses. M. Emile Schlaginweit has lately made trial by ordeal or 'gottesurtheile,' the subject of a lecture, in which he shows that this mode of testing innocence, is very old and by no means peculiar to India. He observes, that in India the oldest form is that of walking through fire, and he gives a hymn from the Atharva-veda. This form of trial he also finds in the Panchvinse-Brahmana of the Samaveda. The Chines traveller Hiouen Tsang witnessed trials of this description; and, indeed, they seem to have been always in vogue, especially in Tibet, Kumaon, and other Northern Districts." Mrs. Mannings further gives a description from the book 'Up the country, vol. 1 page 104 in these words. "Miss Eden witnessed a trial by rice, when marching upto Simla with Governor-General's camp, in January, 1838. One man out of 22 was unable to spit out the rice water; but neither Miss Eden nor her fellow servants believed him guilty. He was a timid person, but trinkets and money had always been safe in his charge."

1. Yajnavalkya, ii. 108.
2. *Ibid.* ii. 110.

Regarding witnesses.—It was necessary to produce two witnesses for each monetary transaction ; and the witnesses being assembled in the court in the presence of the plaintiff and of the defendant, the judge examined them, kindly exhorting them in the following manner: "What ye know to have been mutually transacted in this matter between the two men before us, declare all that in accordance with the truth ; for ye are witnesses in this cause. A witness who speaks the truth in his evidence gains after death the most excellent regions of bliss and here below unsurpassable fame ; such testimony is revered by Brahma himself. He who gives false evidence is firmly bound by Varuna's fetters, helpless, during one hundred existences ; let men give true evidence. By truthfulness a witness is purified, through truthfulness his merit grows ; truth must, therefore, be spoken by witnesses of all castes. The soul itself is the witness of the soul ; the soul is the refuge of the soul ; despise not thy own soul, the supreme witness of men. The wicked indeed say in their hearts, nobody sees us, but the gods distinctly see them, and the male within their own breasts. The sky, the earth, the waters, the heart, the moon, the sun, the fire, *Yama* and the wind, the night, the two twilights and justice, know the conduct of all corporeal beings "[1]. Vashishtha says : "Naked and shorn, tormented with hunger and thirst and deprived of sight, shall be the man who gives false evidence, go with a potsherd to beg food at the door of his

1. Manu, viii, 79-86.

enemy "[1]. "Headlong in utter darkness, shall the sinful man tumble into hell, who, being interrogated in a judicial enquiry, answers one question falsely "[2].

"The merit which thou hast acquired in the interval between the night in which thou wert born and that in which thou wilt die,—all that will go to the king if thou speakest an untruth "[3]. "To give false evidence is a mortal sin, which involves loss of caste "[4]. Megasthenes informs us that Hindus seldom went to law, that they made their pledges and deposits without witnesses, that they held truth in high esteem, and that a person who bore false witness in India suffered the dreadful penalty of the mutilation of his extremities[5]. The witnesses selected were honest and possessed good qualities. The following persons could appear as witnesses :—

(1) The writer of the document (लेखक); (2) Eye-witness of the transaction; (3) One who heard of the transaction; (4) The money-broker (मध्यस्थ) (5) The representative of the creditor; and (6) One who might have been told of the transaction by a person having knowledge of the transaction, who was obliged to go abroad [6].

The following classes of men were classed as best witnesses: "(1) Religious and god-fearing men; (2) Men of respectable descent; (3) *Grihast* with issues; (4) Brahmans and (5) Kshatryas"[7].

1. Vashishtha, xvi, 33.
2. Manu, viii, 93, 94.
3. Baudhayana, i, 10, 19.
4. Gautam, xxi, 10.
5. R. C. Dutt, page 46, vol. 11.
6. Narad ii. Vivadpad.
7. Yajnavalkya, II.

The Hindu law of the day prohibited the following persons to be cited as witnesses:—"(1) Old and infirm; (2) Minors; (3) Drunkards; (4) Lunatics; (5) Convicts; (6) Dancers; (7) Bad characters; (8) Writers of false documents; (9) Deaf; (10) Dumb; (11) Ascetics; (12) Thieves; (13) Kings; (14) Financial partners; and (15) Friends and relatives"[1]. An exception was, however, made in cases of theft in which case anybody who knew the facts could be a witness. If better class of witnesses were not available, even ladies, old and infirm, minors, servants, relatives and friends could also become witnesses[2]. According to Kautalya the following persons were not eligible as witnesses: "(1) Helpmate; (2) Creditor; (3) Debtor; (4) Wife's brother; (5) Enemy; (6) Prisoner or convict; (7) The king; (8) Dependent, (9) A person learned in the Vedas; (10) An outcaste; (11) Lepers; (12) Dumb; (13) Deaf; (14) Minors; (15) A person of mean avocation; (16) A female; (17) A dogmatist; (18) A *chandala*; (19) Beggars; and (20) A Government servant."

On the witnesses coming to the Court and giving evidence, if it was found that a witness was speaking a lie he was fined and on his giving false evidence more than once, he was liable to be deported out of the kingdom[3]. Mrs. Manning says in her book 'Ancient and Medieval India' that "the suspicion which attached to witnesses in a court of justice, and the modes taken to test the veracity, are

1. Yajnavalkya, ii.
2. Manu, viii, 71-72.
3. *Ibid*, viii, 123.

very characteristic of India. Hindus are close observers of expression of countenance, manners and gestures; and when a man comes into court, if he moves from place to place, if he lick the corners of his mouth, if his forehead sweat, if he change colour, if his words come stammering from a dry throat, if he made no response to word of look, if he contract the lips, thus changing his natural manner; he is to be set down as false in his complaints, or if he be a witness, as false in his testimony"[1]. If a witness gave a false evidence, he was liable to be find as follows[2]:—

1.	Due to temptation ...	1,000	panas*
2.	„ „ love and affection	250	„
3.	„ „ fear ...	500	„
4.	„ „ friendship ...	1,000	„
5.	„ „ immoral reasons	2,000	„
6.	„ „ excitement ...	3,000	„
7.	„ „ negligence ...	100	„

If a witness on being summoned did not attend the court for 6 weeks without showing any valid reason he was liable to be fined to the extent of 10 per cent of the loan and was also required to pay the loan of the indigenous banker[3]. The witness before giving his evidence had to take an oath before the Magistrate thereby undertaking to speak the

1. Yajnavalkya, ii, 13-15.
2. Manu, viii.
3. Manu, viii, 107-108.

* 100 panas meant Re. 1-9.

truth [1]. The evidence was to be given by witnesses of their own free will and no compulsion or threat was to be administered by the Magistrate [2]. Having recorded the evidence of the witnesses the Magistrate was to see which way the truth lay. He was also to be guided by the evidence of document, and possession if these existed. If the statements of the witnesses were conflicting or if a few were for the claim and a few against it, the Magistrate was to decide according to the number of statements, *i. e.*, if the number of statements was more towards the claim, he decreed the claim or *vice versa*; but if the numbers were equal, in that case the Magistrate had to scrutinise their statements and to see the respectability, honesty and the reputation of the witnesses before pronouncing the judgment.[3].

Liability and responsibility of parties. —Section 120 of the Hindu Code lays down as follows with regard to debts of husband and wife: The husband and wife are not liable for the debts contracted by each other except in the following cases:—

(*a*) where they were contracted by one as the agent of the other.

(*b*) where they were contracted for household necessaries.

The Dharamasastras are in harmony with the present law on the subject: "The wife must not

1. Manu, viii, 79-80.
2. *Ibid*, viii, 78.
3. *Ibid*, viii, 73.

pay a debt contracted by her husband, nor one contracted by her son, except if it had been promised by her, or contracted in common with her husband. A debt contracted by the wife shall never bind the husband, unless it had been contracted at a time, when the husband was in distress; household expenses are indispensably necessary[1]. "A debt contracted by the wife, for the purpose of saving from distress, her husband, son, daughter, or other family members, must be discharged by the family head"[2]. The widow was, however, liable to pay her husband's debt which is thus described: "A sonless widow, and one who has been enjoined by her dying husband to pay his debts must pay it or (it must be paid) by him who inherits the estate. (For) the liability of the debt goes together with the right of succession"[3]. "A widowed woman who has no son is bound to pay the debt of her husband, if he has commissioned her to do so on his death-bed, or if his property has escheated to her. If she is unfit to take the estate, her husband's debt must be repaid by those who have inherited the estate. The property and the liabilities go together"[4]. "He who has received the estate or the wife of the deceased should be made to pay his debts, or failing either, the son who has received inheritance. In the case of a sonless deceased those who take the heritage should be made to pay."[5].

1. Narad, i, 16, 18, 33.
2. Vishnu, vi, 32.
3. Narad, i, 17.
4. Vishnu, vi, 29.
5. Yajnavalkya, ii, 51.

The loan created by a father had to be paid in case of the death of the debtor by his son or sons and grandsons[1]. The debt created by the son was not repayable by the father, but the father's debt was payable by the son on his death. The son was, however, not liable to pay loans created for (1) drinking purposes; (2) gambling; and (3) prostitution, by his father. If the son, however, borrowed money with the consent of the father ; in distress or for family protection, the debt had to be repaid by the father[2]. The debts created by the father were payable by the son and grandson, and the mortgaged property (if any) was to remain with the creditor till then[3]. The grandson was, however, not liable to pay interest as is clear from this verse: "The father's debt being proved must be paid by the sons as if it were their own ; the grandfather's debt must be paid by his sons' sons without interest ; but the son of the grandson need not pay it at all"[4]. "If a man married a daughter-in-law or grand daughter-in-law of a deceased debtor and took possession of his property and land, he was liable to pay his debt[5]." A *Karta* of a joint family was liable to pay the debt of the family if it was created for the necessaries of life or in times of distress by any member of the family. The following verse is clear on the subject: "If any member of a joint family, servant, representative or a woman contracted for the protection of

1. Narad, iii, ii.
2. *Ibid*, iii, Vivadpad.
3. Yajnavalkya, ii, 92.
4. Brahaspati, xi, 49.
5. Narad, iii 22-23, Vivadpad.

the family, the loan was repayable by any or all members of the joint family, and the *Karta* of the family was liable to discharge it[1].

Contracts that were void in Law. – Money Contracts made through coercion, during night, by misrepresentation of facts, in the interior apartment of a house, in forests, and in any secret manner or place were void in law [2]. Kautalya is in agreement with Manu on the point [3].

Contracts that were voidable in Law. – The following contracts were voidable, so far as the descendents of the debtors were concerned: – (1) Debts due for spirituous liquor; (2) debts due for lust; (3) debts due for gambling; (4) unpaid fines; (5) unpaid tolls; (6) useless gifts; (7) promises made without consideration; (8) promises made under the influence of lust or wrath; (9) suretyship in certain cases and (10) commercial debts in certain cases [4]. Debts contracted by the wives of the distillers of spirituous liquor, hunters, washermen, herdsmen, barbers or the like persons were to be paid: because they were usually contracted for the affairs of the husband [5].

Persons who could not make contracts.—The contracts made by the following persons were not held valid in law, as these persons were not entitled to make a contract for a loan:

1. Narad, iii, 19-20 Vivadpad.
2. Manu, viii.
3. Arathashastra, ii, 3*d*.
4. Brahaspati, xi, 48, 53 and Narad i, 10-10.
5. *Ibid.*

Convict ; (2) Drunkard ; (3) Married woman ; (4) Minors ; (5) Persons seriously ill [1]. Kautalya holds the same views on the subject. [2].

Sureties and their responsibilities.— There were four kinds of sureties as mentioned in the Samhitas, *i. e.*, (1) for paying the debts of another (2) for delivering the assets of the debtor ; (3) for appearance, and (4) for confidence. If the surety was a surety for confidence (*vishwaspratbhu*) or appearance (*darshan-pratabhu*) he was only personally liable and the liability of payment of debt did not extend to his son (s). If, however, he was a surety for payment or for delivery of the debtor's effects, his son was liable to pay the loan of the creditor ; if it was not recovered from the debtor. The surety was, however, not to be harrased by the creditor and he was to pay the debt by easy instalments. The surety had the right to recover the loan amount from the debtor, and if he chose double the amount that he paid to the creditor [3].

The law enjoined that " the man who becomes surety for the appearance of a debtor in this world, and produces him not, shall pay the debt out of his own property. But money due by a surety, or idly promised to musicians or actresses, or lost at play, or due for spirituous liquor, or what remains unpaid of a fine or toll, the son of the surety (or debtor) shall not in general be obliged to pay" [4]. This rule

1. Yajnavalkya, ii ; and Narad Vivadpad, 62-63.
2. Arathasastra, iii, Vyavharpad.
3. Narad, i, 117-121. Brahaspati, ix, 39-44 ; Gautam ii, 41 ; Yajnavalkya, ii, 55 and Vyas, i, 100 p. 2.
4. Manu, viii, 158-159.

was applicable to every type of sureties. A minor, a disabled, an old and infirm, a lunatic, an outcaste and a bad character could not stand as a surety. Kautalya agrees with the Hindu law givers on the subject.

Legal decisions.—The magistrates or the council of judges appointed by the king, after having recorded the evidence of witnesses and having scrutinised the documents and possession delivered judgment for or against the indigenous banker as the case was. If, however, there was neither document nor witnesses to a particular case, the case was even then entertained and decided as is clear from this verse: "If two (parties) dispute about matters for which no witnesses are available, and the (council of judges) is really unable to ascertain the truth, he may cause it to be discovered even by an oath. Both by the great sages and the gods oaths have been taken for the purpose of (deciding doubtful) matters; and Vashishtha even swore an oath before King (Sudasa), the son of Pijavana" [1]. Having arrived at a decision, if the judges found that the debtor spoke a lie, he was fined, and if the creditor, he was also fined [2]. If the indigenous banker filed a suit for a bigger amount than actually due, and if the debtor acknowledged a smaller amount than what he had actually to pay, in that case any of the two found making a false statement was liable to be fined to double the extent of the claim [3]. If the creditor sued for a bigger amount and the debtor acknowledged a

1. *Ibid*, viii, 109-110.
2. *Ibid*, viii, 49-51; 53-58.
3. *Ibid*, viii, 59.

less amount, the burden of proof lay upon the creditor [2].

This is how the law was administered in civil matters during the Shastric period in India. The law suits were speedily decided without any cost to the litigants by way of court fee, lawyers bills or any other charges. The only charges that may be found to have been incurred in certain exceptional cases were probably *bribes* a description about which is found in the Kautalya Arthashastra.

Buddhist period.—The law and the rules prescribed by Manu and other great *rishis* regarding banking seem to have been followed in Buddhist India and no new law appears to have been made by any of the Buddhist king as no specific reference is found of this in any of the Buddhist literature.

Mohammedan period.—During the Mohammedan period the law was administered by the *Kazis* and the judicial organisation was as follows: "The Kazi will investigate the case and send it before the *Mir Adil* who will pronounce judgment and from there, appeal will be to the *Subedar* and from there to the Imperial *Kazi*. Against the Imperial Kazi's decision, appeal will finally be to the Emperor whose decision is irrefutable. This is like the Privy Council's decision of to-day. There is no denying the fact that judicial work under the Mughals was extremely corrupt. From the Kazi to the Emperor, everybody was greedy and grabbing. It is no exaggeration to say that justice then

2. Yajnavalkya, ii, 23.

was a marketable commodity. But as the Mughals never allowed professional lawyers to argue out the case—in fact no such class then existed and as the postponement of cases was not viewed with favour, judgment was always short and swift though not always honest" [1].

Where both parties were Hindus, the law was administered according to Hindu customs and Dharamashastras, but where one of the parties was a Musalman, the law was administered according to *Shariat.* Aurangzeb was the first king to have got a digest of Hindu law compiled by one Raghunandan, a learned Shastri of Bengal under the title 'Fatwai Alamgiri,' and a copy of it was in possession of Sir William Jones in the nineteenth century.

Even during the Mohammadan period the Hindu rulers were very scruplous in administering justice and a case of Calicut may be cited from the Travels of Ludovico Di Varthema which reads thus: "And when any one ought to receive money from another merchant, there appearing any writing of the scribes of the king, (who has atleast a hundred of them), they observe this practice: Let us suppose the case that some one has to pay me 25 ducats, and the debtor proposes to pay me many times, and does not pay them ; I, not willing to wait any longer, nor to give him any indulgence, shall take a green branch in my hand, shall go softly behind the debtor, and with the said branch shall draw a circle on the ground surrounding him, and if I can enclose him in the

1. Pant, page 43.

circle, I shall say to him these words three times: '*Bramini Razza partha polle*;' that is, I command you by the head of the Brahman and of the king, that you do not depart hence until you have paid me and satisfied me as much as I ought to have from thee. And he will satisfy me or truly he will be there without any guard. And should he quit the said circle, and not pay me, the king would put him to death" [1].

While concluding this chapter, let us see what the European visitors of the Mughal courts say on the subject of justice in India during the Mohammadon sovereignty.

" The chief reason is that Jahangir, disregarding his own person and position, has surrendered himself to a crafty wife of humble lineage, as the result either of her arts or of her persuasive tongue.

It is the practice of the King, or rather of his wife, to give rapid advancement or promotion to any soldier, however, low his rank, who has carried out orders with credit, or has displayed courage in the field. On the other hand, a very small fault, or a trifling mistake, may bring a man to the depths of misery or to the scaffold, and consequently every thing in the kingdom is uncertain. Wealth, position, love, friendship, confidence, every thing hangs by a thread As regards the laws, they are scarcely observed at all for the administration is absolutely autocratic, but there are books of law, which are in the charge of their lawyers (*I think judges*), the Kazis." [2]

1. Travels of Ludovico Di Varthema, pp. 147, 148.
2. The Remonstrantie of Fransisco Palsaert, p. 57 & 50.

CHAPTER XII.

BANKERS AND THE STATE.

During the Vedic period we find commands given to merchants and bankers to bring riches by trade and interest earning, but we do not find any traces of any other State control or regulation of bankers earlier than Manu's times. In the Mahabharat, however, we find that the welfare of the bankers was a concern of the State as much as that of any other class of people and the State devoted special attention to the protection of the profession. Rishi Narad thus asked Maharaja Yudhistura in the Council Chambers: "Is your expense always covered by a half, a third or fourth part of your income? Do you always cherish with food and wealth your relatives, superiors, *merchants*, the old, the helpless, the protected, and the distressed. O child, are the four kinds of varatta (agriculture, cattle-rearing, trade and lending on interest) carried on in your kingdom by honest men. O child, upon these depend the happiness of your subjects. O King, do the five wise and brave men employed in the five chief ports,—(namely that of protecting the city, the fort, the merchants, and the agriculturists, and of punishing the criminals) always do good to your kingdom by working in unison' [1]. During the Shastric period the necessity of bringing more control was felt and law was made to regulate the business

1. Mahabharat, Sabhaparva, v, 71, 79, 80.

of banking, fixing the rate of interest, making rules for mortgages, pledges and deposits. In addition to this the bankers were subjected to pay certain taxes in exchange for the protection afforded to them by the king. During those days there were five kinds of taxes levied on the people of a kingdom as follows :—

1. *Vali, i. e.*, collection of land revenue from cultivators in one-sixth or other proportion of the produce of the land ;
2. *Kar, i. e.*, monthly collection made from the occupants of homestead in villages or towns ;
3. *Shulk, i. e.*, collection of customs duty varying in amount according to commodity from merchants ;
4. *Pratibhog, i. e.*, daily collection of fruits and flowers as presents to the King ;
5. *Danda, i. e.*, fine from the guilty. [1]

The bankers were subjected to the taxes as mentioned in items 1 and 2 above and were also required to pay fine as per item 5 above if they were found guilty of any breach of law. As regards items 1 and 2 the bankers had to pay one thirty-second part of their profits to the king as tax (*kar*) for the protection they received from the king as the subjects of the crown. They were also subjected to house-tax (corresponding to the present Municipal tax) equal to the tax levied on cultivators. The bankers

1. Manu, viii. 307.

utilised the land to build their houses, shops, godowns etc., and the tax of land *i. e.*, vali levied on them was equal to the tax of that land which if ploughed would have been taxed according to its produce to its sixth part [1]. The land tax which was recovered some 2,500 years ago, is recovered in certain Indian principalities in addition to many other taxes of recent growth even today under the name of 'Dhuan-banch.'

Banking became a privileged profession during the Shastric period, and the bankers in order to start the profession had to obtain the royal warrant. The following professions in Shastric India needed royal sanction [2]:—

1. Dealing in cattle;
2. Dealing in land, gold, silver and jewellery;
3. Dealing in intoxicating drugs and poisons;
4. Distillation of liquor;
5. Money-lending.

Kautalya lays down that "the nature of the transactions between creditors and debtors, on which the welfare of the kingdom depends, shall always be scrutinised" [3]. As regards other points he lays down the same rules as were current during the Shastric period.

During the Mohammedan period the following account is available: "A few banking houses came

1. Shukra, iv, 239.
2. Shukra, i.
3. Arthashastra, xi, 174.

into existence in order to take up those businesses which the King would not do. They were immediately pounced upon by the officials who put an end to their business. They pleased these officers and approached the Emperor who, after consulting his officers, allowed them to carry on their business within certain limits. The limits imposed were three :

1. They should not compete with the State.
2. They should always consult the King's officials if they intended introducing any new business ; and
3. The rates fixed by the King would be observed by them, that is to say, rates determined by the laws of supply and demand would be ignored and only the King's rates would determine the market tone.

The kinds of business that fell to their lot were :

(*a*) That kind of money-lending which the King would not do ;

(*b*) Exchanging old coins for new coins at a certain discount fixed by the King ; and

(*c*) Issuing and discounting of hundis at rates sanctioned by the King" [1].

In this connection another foreign authority states thus : " He allows no bankers or money-changers in his Empire except the Superintendents and tellers of the royal treasuries. This enormous banking busi-

1. Commercial Policy of the Mughals, pp. 72, 73.

ness brings the King great profit; for at these royal treasuries alone may gold coin be changed for silver or copper and *vice versa*. The Government officers are paid in gold, silver or copper according to their rank. Thus it comes about that those who are paid in one type of coin need to change some of it into another type" [1].

During the reign of Jahangir some of these restrictions were removed and the profession had more free scope than what it had in Akbar's time. Jahangir of course advanced large sums of money, but he remained a banker of bankers. The reign of Shahjahan passed uneventful so far as banking was concerned, but in the time of Aurangzeb it had a death blow, as he being a staunch Muslim, considered interest as a great sin (*harám*) according to the Quranic injunctions.

When this was the condition of bankers in the Empire of the Great Mughal, they were flourishing in the dominions of Hindu rulers. Farsighted rulers like Maharaja Mansingh and after him the greatest politician and statesman of the day Maharaja Mirza Sawai Jaisingh both of Jaipur did things to the lasting happiness of the people of banking class and their own State of Jaipur. Maharaja Mansinghji was the first to realise the importance of inhabiting his own kingdom with rich merchants and it was he who established great commercial marts in his territory and Malpura in

1. Commercial Policy of the Mughals, by Dr. D. Pant, 77. See also Commentary of Father Monserrate, by Hoyland and Banerji, p. 207.

Jaipur State became a commercial mart of the country and a rendezvous of all parts of India. The produce of the Punjab and Kashmir were brought here *via* Hansi—Hissar, while that of Eastern countries *via* Delhi, Rewari, Dadri etc., consisting of silks, fine cloth, indigo, sugar, iron, tobacco, etc., from Harauti and Malwa came opium for all the Rajputana States, and by caravans from Multan and Shikarpur, dates, rice, *loongees*, etc., were transported; while from Pali spices, tin, drugs, cocoanuts, elephants' teeth, etc., were brought. The greater part of the imports were merely a transit trade. With the growth of trade and commerce rose the profession of banking in the State of Jaipur. Mirza Maharaja Sawai Jaisinghji who succeedded as fourth ruler of Jaipur after the celebrated Maharaja Mansinghji gave a finishing touch to the growth of the prosperity of the State and his subject. He was a great personality and we read thus about him: "Jeysingh, the Mirza Raja, the title by which he is best known, restored by his conduct the renown of the Cuchwaha name, which had been tarnished by the two unworthy successors of Raja Maun. He performed great services to the Empire during the reign of Aurangzeb who bestowed upon him the Mansab of six thousand"[1].

It was during the period of this great hero of Rajputana and the great ruler of Jaipur State that the trade and commerce of Jaipur State reached its height. The extension of trade neces-

1. Tod's Rajasthan, p. 1207.

sitated the opening of shops and trading houses, finance and banking concerns in the country and as Jaipur Rulers had the reputation of keeping their subjects under best protection, Agarwals, Saraogis, Oswals, Maheshwaris and others migrated and settled here between the period of Maharaja Mansingh and Mirza Maharaja Sawai Jaisinghji. Most of these people settled in the Shekhawati district of Jaipur State which was the place nearest to their homes. These people migrated from Meerut, Multan, Osian, Rewari, Rohtak, Hissar, and other adjoining districts where people of this class still exist in great numbers. Maharaja Mansinghji the greatest General of the Mughal Army got enlisted many of his subjects as ration suppliers and bankers to the Mughal contingents and there are still many firms who are the oldest existing firms of the type in India. The jewellers of Multan hundreds in number were brought and settled in the territory of Jaipur State.

The work of the two great Rulers of Jaipur was finished by Maharaja Jaisingh II who built the city of Jaipur which is certainly the best planned city in the whole of India and inhabited it with the people who had migrated to Jaipur State during the time of Maharaja Mansinghji and Maharaja Mirza Sawai Jaisingh. The harmonious relations of Jaipur rulers and the Mughal Kings gave greatest protection to the subject and the great bankers of Jaipur leaving their family behind under the protection of Jaipur durbar flocked all

over India and to-day they are the class who hold the money market of India in their grip. When on the one side the Mughals were crushing the profession, the Jaipur rulers were giving encouragement and the result is that there is no other State in India excepting Bikaner to a little extent which can boast of such a great enterprising population who have established their trade and banking in every nook and corner of India and Burma and this is for this reason that the far-sighted policy of the great predecessors of Jaipur was literally observed by Maharaja Ramsinghji and the most lamented His late Highness Maharaja Sawai Sir Madhosinghji Bahadur; and the present ruler His Highness Maharaja Sawai Sri Mansinghji Bahadur is going at the footsteps of his ancestors to the good fortune of Jaipur State and the indigenous banking profession of India. There have never been any taxes on bankers in Jaipur State; there has never been any duty on jewellery and precious stones and the result is that Jaipur even to-day is one of the greatest jewellery mart of India.

During the Mohammadan period the indigenous bankers were subjected to pay the following taxes:—

1. *Faruk wa Aksam i-peshah* meaning a trade licence;
2. *Sarrafi* meaning fees on verification of coins;
3. *Rasm Khanah* meaning tax on sale of houses;
4. *Dalali* meaning brokerage;

5. *Jazia*;
6. *Hasil*; meaning a tax of 1½ per cent from every trader;
7. *Zakats*; meaning road dues;
8. *Gau somari*; meaning tax on milch animals kept by bankers.

Some of these taxes were abolished by Akbar but on paper only, and they were freely collected by his Governors in the empire. The fixing of a tax or abolishing it was a fancy of the king. Whenever a report was made to him of the hardships of the public he issued orders for its abolition, but when he desired to collect money he raised it to any amount without any consideration of the hardships that this measure would cause to the people. We read the following account of the hardship caused to the people from indiscriminate taxation during those days: "By degrees matters have come to such a pass, that between the time of leaving the factory or port and reaching their destination, goods and merchandise pay double their cost price on tolls.....Through the villainy and oppression of the toll-collectors and *Zamindars*, the property, the honour and the lives of thousands of travellers and peaceful wayfarers are frittered away" [1]. This was the condition of trade during the Mughal period and as such there was every reason for banking to decline.

1. The History of India as told by its own historians, by Elliot and Dowson, vol, vii, p. 248, also see Commercial Policy of the Mughals, by Dr. D. Pant.

Bankers as Royal treasurers. The bankers had established their reputation and confidence by the Shastric period, and the kings felt the necessity of trusting their treasuries to these people. Shukra thus defines the qualification of a royal treasurer: "A man of good character, rich, capable, proficient in his profession, thrifty and a lover of money" and on the fulfilment of these a man was appointed a royal treasurer [1]. During the period of Kautalya, one of the banking class man was appointed the Accountant-General of the kingdom and one a Mint Master [2]. During the Buddhist period the wealthiest men among the Shreshthis in a kingdom was usually made the royal treasurer, and as a token of his high position the king presented him with the insignia in the form of an umberalla called *Shreshthi-chatra*[3].

During the Mohammadan period the bankers were appointed ration suppliers, pay-distributors to the Royal army, *fotedars*, *khajanchis*, and *rokarias* nearly in all the royal treasuries of the empire They were also employed in the empire of the Great Mughal as *sarrafs* and assayers of the royal mints. In the Hindu principalities they have always worked in these capacities. They were called in some principalities as *potdars* and *sarrafs* whilst in others they were called *tehvildars* and *parkhiyas*. Some of the important bankers acting in these capacities during the Mohammedan period were: (1) Bhamahshah;

1. Shukra, ii.
2. Arthashastra, Rnadanam, 25, 30.
3. Dhammapadu Atthakatha, iii, 18.

(2) Seth Harsukhrai; (3) Nallapurias of Rewari; (4) Singhanias; (5) Purohits of Shekhawati; (6) Tarachand Ghanshiamdas of Ramgarh; (7) Sonis of Ajmer; (8) Jagatseths of Murshidabad; (9) Baidyas of Bikaner; and (10) Poddars of Fatehpur and Ramgarh. Barnier says that a wealthy Bania was employed in the king's service as a treasurer [1]. The practice of treasurership is still continued by the British Government and many of the important Indian States. The Indian indigenous bankers are still acting as treasurers to the Government treasuries and the Imperial Bank of India in many treasuries and branches. There are some of the well-known firms who are treasurers of the British Government today and as an example the names of Rai Bahadur Seth Bansilal Abirchand and Nemichand Mulchand may be cited. The names of some important bankers working as treasurers of Indian States may be cited in the firms of Jethmal Bhojraj, treasurers of Sikkim State; Nemichand Mulchand; treasurers of Bharatpur, Karauli, Dholpur States; Lodhas, treasurers of Alwar State.

Bankers as collectors of Royal revenue.—The village headman in ancient India was a *gramini* who was a man of vaishyá community. He was considered as one of the jewels of the royal household [2]. On him fell the duty of collecting the royal revenue in the Vedic period. He was a very powerful man and had a voice in the election of the king [3].

1. Travels of Barnier, by Archibald Constable, p. 164.
2. Shathapatha Brahmmana, v. 3, 1, 5.
3. *Ibid*, iii, 4, 1, 7.

Manu the great lawgiver realising the delicacies of realisation of land revenue (*vali*) from the peasant-proprietors (cultivators and husbandmen) issued injunctions to the kings thus: "Through trustworthy agents, the king should cause to be collected from the kingdom, the actual *vali*, the king is to stand as a father to the people; and to follow the injunctions of the Vedas in all his dealings" [1]. Who were these trustworthy agents? These were the *graminis*, the village headmen, who were the people of the vaishyá order and the bankers of India. There could not have been any more trustworthy men than the indigenous bankers who were also the hereditary village headmen of ancient India.

In the Ephigraphica Indica we find that the Lakshmeshwar inscription of Prince Vikramaditya, dated about 725 A. D., contains the existence of a guild who drew up a constitution for the town of Porigere laying down distinctly that the taxes of all classes of people shall be paid into the guild in the month of *Kartika* and this becomes clear from this inscription that the guild served as a treasury for the collection of the royal revenue and taxes on behalf of Prince Vikramaditya [2].

During the Mohammadan period it was the general custom to farm out lands for the collection of the royal revenue and grant monopolies for the collection of royal taxes from merchants and others to the highest bidder. Akbar the Great under the

1. Manu, vii, 80.

2. Ephigraphica Indica, vol. xiv, p. 188 ff.

advice of his able financier, Raja Todarmal, however, discouraged the services of the go-between and directed the royal rent collector thus: "He must consider himself the immediate friend of the husbandman; he must not require any intermediary; he must assist the needy husbandman with loan of money; and receive payment at distant and convenient periods; he must reward skilful management; let him see that his demands do not exceed his agreements; let him collect the revenue with kindness; vexatious taxes must not be exacted"[1]. This farsighted policy of Akbar the Great promulgated under the advice of the able financier, Raja Todarmal, a member of the banking class of India, was, however, shortlived and his succesors deviated soon after from this policy. Jahangir followed to a certain extent his father's policy but extended the farming system and we have the testimony of a foreign traveller thus: "Those lands which are let pay to the King two-thirds of the profit; and of those which he giveth in fee, one-third remaineth to the King"[2]. In Shahjahan's time the *Ijara* system became the general system of realisation of the Mughal Government.

The same system prevailed in the Hindu principalities and is observed in certain States even today; it was of course present 20 years back in varying degrees in most of the Indian States. The *Ijardars* in many cases—rather most of the cases—were either the high officials of the State or the indigenous bankers. The sons and grandsons of those vaishya

1. The Mughal Emperors of Hindustan, by E. S. Holden, p. 153.
2. Early Travels in India (1583-1619) p. 112.

ijardars are even today working in some of these Indian States as clerks or cashiers.

Bankers and royal clients—The kings in ancient India recognised the need of borrowing large sums of money from bankers of their kingdom either to prosecute wars or during the times of distress. The kings used to return the borrowed money, when the trouble was over, with interest[1]. The bankers were also subjected to give large sums of money when there was a famine or some trouble over the public. Kautalya says: "During famine, the king shall show favour to his people by providing with seeds and provision (*bijabhaktopagraham*). He may either do such works as are usually resorted to in calamities; he may show favour by distributing his own collection of provisions, or the hoarded income of the rich among the people; or seek for help from his friends among kings. Or the policy of thinning the rich by exacting excessive revenue (karshanam), or causing them to vomit their accumulated wealth (vamanam) may be resorted to. Or the king with his subjects may emigrate to another kingdom with abundant harvest. Or he may remove himself with his subjects to sea-shores or to the banks of rivers or lakes. He may cause his subjects to grow grains, vegetables, roots and fruits wherever water is available. He may, by hunting and fishing on a large scale, provide the people with beasts, birds, elephants, tigers or fish"[2]. The property of

1. Shukra, iv, 109.
2. Arthashastra, p. 254.

the bankers was not looted, but if the king was unable to provide his subjects by any other means, then in that case this procedure of getting money from the bankers was resorted to. This was the greatest ideal of Hindus: 'Live and let live.'

In the Puaranik India we find that the great bankers used to grant loans to kings to prosecute wars or during the period of stress [1].

In the 12th century A. D. Balalasena who was ruling Bengal during those days was involved in debt due to his wars with the King of Manipur, and took a loan of rupees one crore from Vallabhananda Adhya, and when he felt the necessity of further money, he again approached the same banker. The banker realising foul play refused the grant of second loan and thus became the victim of the wrath of the king [2]. According to Tarikh-i-Firozshahi Sultan Firoz Shah contracted a loan from the bankers of Sarsuti of several lacs of tankas with a promise to repay the loan after he reached Delhi. The money thus received by him was distributed among his soldiers as their pay [3]. Lyall thus writes: "In the 18th century there was a rich, enterprising, commercial and banking class who conducted exchange operations all over India.....The great bankers of Upper India look back gratefully, from these levelling times of railway and telegraph, to the golden days of immense profits upon daring ventures

1. History of Civilization in Ancient India, by R. C. Dutt, C. I. E. vol. 3.
2. Ballala carita, A. S. B. edition. Uttara khand, ii.
3. Elliot's History of India, iii, p. 282.

when swift runners brought secret news of a decisive battle, or a great military leader offered any terms for a loan which would pay his mutinous troops. In those times a man whose bills were duly cashed in every camp and court of the Northern Provinces had often to remit specie at all hazard and the best swords of Rajputana were at the service of the longest purse" [1]. Lyall and Grant Duff present us with a vivid picture of the various banking houses situated in different parts of India, communicating with one another by cypher messages, and making profit by advancing loans to the chieftains who proved victorious in battles. They had to keep in their service fast runners to bring them news of battles and to carry advice to their correspondents for making payments to their clients [2]. Bajirao Peshwa became so much involved in large debts on account of his large army that the bankers refused to grant him any further loans [3]. Grant Duff further writes that in 1742 Mir Habib, a General of the Maharattas, plundered the banking house of Jagat Seth Alamchand of the enormous sum of two millions and a half sterling [4].

Seth Harsukhrai, a banker of repute and a treasurer of the Mughal Kings advanced large loans to the Raja of Basuma to enable him to pay large ransom to the Mughal King and thus obtain his release. Nallapurias advanced large loans to the Raos of

1. Asiatic Studies, first series, pp. 258-259.
2. History of the Maharattas, by Lyall and Duff, p. 529 f.
3. *Ibid*, i, 390.
4. *Ibid*, i, 427.

Rampura, the Nawab of Jhajjar and to Hemsingh, the General of the army of Adilshah. The purohits of Sikar advanced large loans to the Nawab of Fatehpur and the Nawab of Jhunjunu for payment of the salaries of their army and in order to enable them to join the royal camp. The grant of a loan of Rs. 25,00,000, made by Bhamahshah to Maharana Partapsingh of Udaipur is a famous thing to need any mention.

These are few examples of the loans granted by the indigenous bankers to their royal clients from time to time and even today we find that the greatest subscribers of the public loans of the British Government are the indigenous bankers of India. Among the public, the largest subscriber of War Loan was Seth Sir Hukamchand of Indore, a Marwari banker.

CHAPTER XIII.

BANKING BY THE STATE.

In India the State had very early recognised its responsibility of extending financial help to its subjects during the period of scarcity, famine or distress. During the Epic period the advancing of loans became the concern of the State, and we have the following account of it in the Mahabharat: "Are the agriculturists in your kingdom in want of food or seed? Do you kindly advance them loan (of seed grain) taken only a fourth part over every hundred (seer,* maund, etc)"[1] This is a specimen of the present day taccavi loan which was recognised in India during the Epic period. This was not all; the State also used to help the merchants and others during that period. Rishi Narad asked Maharaja Udhishtara in his Council Chamber: "Is your expense always covered by a half, a third, or fourth part of your income? Do you always cherish with food and wealth your relatives, superiors, *merchants*, the old, the helpless, the protected and the diseased"[2]. This goes to show that the agriculturists and merchants the two powerful and most useful communities of the empire during Mahabharat period were given financial help by the State whenever they needed such help.

1. Mahabharat, Sabhaparva, v, 78.
2. *Ibid* v, 71.

During the Shastric period the Dharmashastras ordained every king to protect his kingdom, increase prestige and reputation and increase wealth by *nyas* (interest earning) and to extend the kingdom by conquering other lands. A proper account of all receipts (आय) and expenditure (व्यय) was to be kept by the Minister (सामन्त) of the king. Rules were laid down by which a definite portion of the income was spent on administration, military and Privy purse and a definite portion was credited yearly to the royal treasury (for period of distress and relief)[1]. The king was ordained to employ capable Accounts Officers having perfect knowledge of accounts in order to give him an idea of the state of affairs at any given period[2]. During the Shastric period the State had recognised the welfare of the people as the chief concern of the Government, and loans were not only granted on interest, but at times loans without interest were also granted, not only this, but the king was ordained to distribute free his collected provision and wealth to the needy persons during the period of famine and distress. The Hindu law ordained that the king's foremost duty was to protect the husbandmen and we read that: "*Vrihyadinam rakshanena*' was the chief concern of every Hindu king during those days. According to Rigveda (x, 135-1) the king was called "*vispatih pita*" meaning the protector of the vaishyas the hereditary Indian cultivators, cattle-rearers, traders and bankers. In the Ramayana, Valmiki

1. Shukra, i, 116, 117.
2. Yajnavalkya, 1.

clearly ordains that the people should be well protected and rich and we quote here his actual words: "*Dhanavantah surakshita serata vivritad vara krishi goraksha jivranah*" How deeply the Rishis had the welfare of the public at their heart is clear from this passage: "These my woodlands I always protect them as carefully as though they were my own sons" [1].

Kautalya says that lending the money of the treasury on periodical interest is a loan[2] and this goes to prove that the time honoured principles were followed during the reign of Chandragupta Maurya. The most shrewd minister of the time, Kautalya also realised the welfare of the kingdom in the protection of the people during period of distress and famines and says: "*Durbhikshe raja vijabhaktopagraham kritvanugraham kuryat. Durgasetukarma va bhaktanugrahena bhaktasamvibhagam va deshanikshepam va. Mitrani va vyapashrayeta. Karshanam vamanam va kuryat. Nishpannasasyamanyavishayam va sajanapado yayat. Samudrasarastatakani va samshareyta. Dhanyashakamulaphalavapan setushukurvita. Mirga-pashu-pakshi-vyalamatsyarambhan va.*" This shloka shows the picture of Hindu ideal of the protection of the people and there could have never been a better recognition of the interests of the public than what is depicted here.

The Mohammadan law is equally as great so far as the question of the protection of the people is

1. Kishkindha, xi, 57.
2. Arthashastra, viii, 66.

concerned and we read thus in the words of poet Sadi: "*Rayat chu bekh and, wa sultan darakht. Darakht aye pesar bashad az bekh sakht. Makun tatoani delekhalke resh. Wa gar mi kuni, mi kani bekhe khesh*" This is the most lofty ideal of the protection of the rayat, but the attitude of the Musalman kings changed in India, as according to the advice of their *Mullas* they considered India to be a land of infidels (*dar-ul-harb*). Akbar, the greatest Mohammedan ruler, however, changed and modified this sentiment so far as the rayat was concerned and every land revenue collecting officer was ordered to guard the interests of the rayat. They granted loans from the royal treasury and we find the following account of this: "He (the Amilguzar or collector of the revenues) must consider himself the immediate friend of the husbandman, be diligent in business, and a strict observer of truth, being the representative of the chief magistrate. He must transact his business in a place where everyone may find easy access, without requiring any mediator. He shall annually assist the husbandman with loan of money...He must assist the needy husbandman with loans of money, and receive payment at distant and convenient periods"[1]. These taccavi loans were granted by the Government without interest for the first year; and since agricultural loans, unless they be for improvement of land or sinking a well, or there is any calamity because of famine or locust-pests, are generally short period loans, it goes to show that these loans were granted free of interest in most of

1. Ain-i-Akbari, pp. 261-262.

the cases to the cultivators. The loans were not only granted free of interest for the first year to cultivators but this rule applied to loans to every class of men who could obtain a loan from the royal treasury. The following mention is found in the Ain-i-Akbari regarding loans granted from the royal treasury [1]: -

Year	...	...	... per cent.
1st year	...	...	... no interest.
2nd year	...	...	... $6\frac{1}{4}$ per cent.
3rd year	...	...	... $12\frac{1}{2}$ „
4th year	...	...	... 25 „
5th year to 7th year	...	...	... 50 „
8th year to 10th year	...	...	... 75 „
10th year and onward			... 100 „

As regards commercial banking and money-changing, Akbar was the greatest banker of the day and we read the following account of his money-lending: " He (Akbar) allows no bankers or money-changers in his empire except the Superintendents and tellers of the royal treasuries. This enormous banking business brings the king great profit; for at these royal treasuries alone may gold coin be changed for silver or copper, and *vice versa*. The Government Officers are paid in gold, silver or copper according to their rank. Thus it comes about that those who are paid in one type of coin need to change some of it into another type " [2]. Banking continued to be conducted during the reign of Jahangir and Shah-

1. Ain-i-Akbari, 265.
2. Commentary of Father Monserrate, by Hoyland and Banerji p. 207.

jahan by the Government; but after Akbar, every individual was allowed to do banking unchecked and the king remained the banker of bankers. The policy of Akbar in keeping banking absolutely the king's concern was certainly an injurious thing for the commerce and trade of India, as trade and commerce can only flourish with the free supply of money, which was absent during the reign of Akbar, but was again visible during the reign of his successor, Jahangir the pleasure-seeker, but it again received a death-blow during the reign of Aurangzeb.

Evil effects of State monopoly.—There are many evil effects of State monopoly. It gives unfettered licence to officials of the king to squeeze out the public in any way they like; it checks growth of trade and commerce; it checks flow of capital; it checks competition which is essential for the well-being of the people, and it gives rise to hoarding habit among the public. Zalimsingh, the regent of Kotah introduced a new system of revenue in the Kotah State. He changed the old system of *latho* or *buttai* which means rent in kind by weight or measure, in proportion to the value of the soil or of the product. He after calling for a conference of the Patels, having studied the records of the collections of the past few years and having made a tour of the dominions, fixed the money-rent replacing the old system. But even in fixing the money rent he shewed severity, for he reduced the *jareeb*, by a third and added a fourth to his averages. The Patels were assured of their holdings and thus the representatives of the village, became the officers of

the State. It was the Regent's interest to conciliate a body of men on whose exertions the prosperity of the State mainly depended; and they gladly and unanimously entered into his views. Out of these numerous body of Patels, Zalimsingh selected four of the most intelligent and experienced, of whom he formed a council attached to the Presence. They were given the power of police, revenue and internal regulation of the country. Tod says that the Council of Venice was not more arbitrary than the Patel board of Kotah; even the ministers saw the sword suspended over their heads, while they were hated as much as feared by all but the individual who recognised their utility. Tod further says that the Patel, now the virtual master of the peasantry, was aware that fine and confiscation would follow the discovery of direct oppression of the ryots; but there were many indirect modes by which he could attain his objects and he took the most secure, the medium of their necessities. Hitherto, the impoverished husbandman had his wants supplied by the *Bohara*.....; now, the privileged Patel usurped his functions and bound him by a double chain to his purposes [1]. The monopoly given to the Patels thus reduced the *Boharas* on the one hand placing the banking profession out of ground, and on the other hand gave the Patels unfettered power of *zulum* and *loot* over the cultivators of the land. This is one example of the defects of State monopoly. These can be multiplied in any number which would show

1. Tod's Rajasthan, pp. 1395, 96, 97.

that there was no banking and commercial foresight any where in India during the Mohammadan period.

It may, however, be said that the Rulers of the State of Jaipur have always worked with the greatest foresight and outlook in stimulating commerce and trade of Jaipur State and thus enriching their subjects. At one time the Jaipur State was taunted by brother rulers as the 'Bania raj' (Tod's Rajasthan) and we even now here the old adage '*Rajashahi dhoondar ke karta Shethashahi*' meaning that the Seths of Jaipur State had a big voice in the administration of Jaipur State and it is true because for years and years the administration of Jaipur State has remained in the hands of one of the members of the banking class. Jaipur has never interfered in the business of these bankers and has always remained the banker of bankers. The State not only advanced loans to the rich bankers but always came to the rescue of the Jaipur Jagirdars and there cannot be singled out even one jagirdar big or small who did not receive financial help at one or the other time from Jaipur State.

The money of the treasury of Jaipur State freely circulated in the market and the Jaipur bankers mostly traded with Jaipur treasury capital and this practice remained in force till the death of the most lamented His late Highness Maharaja Sawai Sir Madhosinghji Sahib Bahadur in 1922.

CHAPTER XIV.

GUILDS AND ASSOCIATIONS OF BANKERS.

In the previous chapters we have attempted to give a description of individual activities of the indigenous Bankers in Ancient and Medieval India; and in this chapter we propose to deal briefly with their joint and corporate activities in ancient India.

Origin and development. In India, socialism has been the greatest instinct of mankind during the Vedic period, and this gave rise to the idea of a settled society in the habitations of *grama* (village) life. The society in a village was regarded a civilised society and was contrasted with the nomadic life of the aboriginies or *dasas*. During the Vedic period the villages were regarded as seats of quiet, ordered, harmonious life, and as such were contrasted with forests with all their wild vegetable and animal life [1]. Here at this stage arose the necessity of combination or corporate life for the well-being of all. The *grama*, therefore, was an aggregation of families with joint responsibilities of the inhabitants [2]. In order to have some form of ordered life the village as a whole elected a village headman '*gramini*' who for all purposes became their representative [3]. Apart from this we find the following account of the existence of corporate life among the

1. Atharvaveda, ii, 31, 4.
2. Rigveda, x, 62; ii, 170, 5; Atharvaveda, iii, 5, 7.
3. *Ibid.*

vaishyás who according to Hindu *dharma* were the born co-operators. Brahmma not having been content with the creation of Brahmans and Kshatryas, realised the necessity of creating a third caste designated as the vaishyás whom he ordained to earn wealth by co-operative methods with the two other castes *viz.*, Brahmans and Kshatryas. The vaishyás were given the title of *ganasah* which itself means a headman of the guild. It appears that the Brahmans and Kshatryas had not yet conceived the idea of organising themselves into guilds like the vaishyás [1]. In the later Vedic literature the use of the word '*shréshthi*' clearly goes to prove that they were the headmen of the economic and commercial guilds [2]. Dr. R. K. Mukerji in his book 'Local Government in Ancient India' p. 41, contends that the word *sraisthya* in the Vedic literature always refers to the position of the head of a guild. The word '*gana*' has also been used in the Vedic literature in the same sense [3]. Dr. Macdonell has testified to the use of the word '*shreshthi*' meaning a 'headman of a guild' in the Vedic literature, [4] while Mr. Roth upholds the use of the word '*gana*' in the sense of a guild in the Vedic literature [5]. This goes to prove that the guilds existed in the Vedic Period, and this is further substantiated by a reference to a few passages in the Rigvēda where the word '*pan*' occurs several times. The word has been interpreted to mean barter in the

1. Brihad-Aranyak-Upnishad, i, 4, 12.

2. Aitareya Brahmmana, iii, 30, 3; Kausitaki, xxviii,6; Taittiriya Brahmmana, iii, 1, 4, 10; See also Vedic index by Macdonell and Keith.

3. Pamchavimsa Brahmmana, vi, 9. 25; xvii, 1. 5. 12;

4. Vedic Index by Macdonell and Keith, p. 403.

5. St. Petersburgh Dictionary, S. V. gana.

St. Petersburgh dictionary and the word '*pani*' is explained to mean a trader or a merchant. In the Vedic Index we find that these merchants (*panees*) at one time were defeated with slaughter by the gods (*I think gods here mean Aryans*)[1]. Ludwig explains this as follows: "These references to fights with *panees* are to be explained by their having been aboriginal traders who went in caravans—as in Arabia and Northern Africa—prepared to fight, if need be, to protect their goods against attacks which the Aryans would naturally deem quite justified"[2]. If this version of Mr. Ludwig is accepted there remains no doubt that there was corporate organisation like guilds of merchants in the Vedic period. These *panees* were the *itinerant* merchants and bankers who carried goods from place to place to sell both for cash and on credit. We have seen in previous chapters that the earliest form of exchange was barter, and loans were understood to mean goods given to be returned in the same kind or sold on credit to be repaid in another kind at a certain date. This goes, therefore, to prove that in the Vedic period there was a corporate organisation like guilds, and this becomes quite clear in the later Vedic period by various references of the use of the word '*Shreshthi*' as explained above.

During the Epic period we find the following references of the existence of *srenis* or guilds in the Mahabharat:[3].

1. Vedic Index page 471.
2. Der Rigveda, iii, 213-215.
3. Mahabharat, Asrawa-Vosikaparva, vii, 7, 8, 9.

आददीत बलं राजा मौलं मित्रबलं तथा ।
अटवीबलं भृतं चैव तथा श्रेणिबलं प्रभो ॥
तत्र मित्रबलं राजन् मौलं चैव विशिष्यते ।
श्रेणिबलं भृतं चैव तुल्य एवेति मे मतिः ॥
तथा चारबलं चैव परस्परसमं नृप ।
विज्ञेयं बहुकालेषु राज्ञा काल उपस्थिते ॥

The above verse clearly shows the strength and importance of the guilds (*srenis*) in the Epic period. When the king of Hastinapur (Duryodhana) was defeated in a battle with Gandharvas, he felt himself highly humiliated and dreaded to go to his capital for fear of the guild men and said thus: "what will the heads of guilds and others say to me and what shall I tell them in reply."[1]. "The guild organisation became perfect by the Mahabharat period and rules were laid down for the observance of the members. Forsaking the duty to the guild to which the members belonged was considered a great sin as is clear from the following verse :[2]" जातिश्रेण्यधिवासानां कुलधर्म्माश्च सर्व्वतः । वर्ज्जयन्ति च ये धर्म्मं तेषां धर्म्मो न विद्यते ॥

There are also other references to the existence of *srenis* in that period and the use of the word '*sayodhasreni*' in the Ramayana clearly proves the existence of *srenis* in Rama's days.[3].

In the Shastric period we find that the four classes of vaishyás *viz.*, agriculturists, cattle-rearers, traders, and money-lenders who had guilds of their own were authorised to lay down their own rules.[4]. The

1. Vanaparva, 248, 16.
2. Santiparva, 36, 19.
3. Ramayana, edited by Gorresio, ii, 123, 5.
4. Gautama, xi, 21.

law courts respected their customary law laid down by their own *srenis* (guilds) and we read thus: "having learned the (state of) affairs from those who (in each class) have authority to speak; the king shall deliver his judgment"[1]. This shows that their representative, who was generally the headman, wielded influence in the court of the king, and the courts were bound to honour their own rules. In the Kautalya Arthashāstra we find a vivid mention of these guilds. The Accountant-General had it as one of his duties to enter in his registers the history of customs, professions, and transactions of the corporations[2]. Three ministers who were in the confidence of the guilds, were appointed to receive deposits which could be taken back in times of distress[3]. The trade guilds enjoyed special privileges and concessions regarding law suits between the two guilds[4]. The guilds were allotted special places in a model scheme of a city for their godowns, shops, and the residence of their members[5]. They were subjected to pay taxes to the royal treasury which formed an important source of income to the government[6]. The government granted special privileges to merchants belonging to a trade-guild[7].

In Buddhist literature we find that there were twenty-seven kinds of guilds established during

1. S. B. E. vol. II, page 234.
2. Arthashastra, p, 69.
3. *Ibid*, p. 253.
4. *Ibid*, p. 190.
5. *Ibid*, p. 61.
6. *Ibid*, p. 66.
7. *Ibid*, p. 228.

that period carrying on different trades, but it appears from a reference to the Játaka that 18 kinds of guilds were recognised by the State [1]. It may be possible that these 18 guilds referred to in the Játaka were the most prominent guilds of the day and thus were recognised by the State, and the others were either too small to need mention or were of such a character that they were not recognised by the State. Whatever may have been the cause, we find that the State recognised only 18 guilds, though there were many more, and we now give here a list of the guilds of that period :—

1. Money-lenders guilds [2].
2. Guilds of workers in wood, (carpenters, including cabinet makers, wheelwrights, builders of houses, builders of ships and builders of vehicles of all sorts) [3].
3. Guilds of Workers in stone [4].
4. Guilds of Workers in Leather [5].
5. Guilds of Ivory workers [6].
6. Guilds of workers in fabricating hydraulic engines (*Odayamtrika*) [7].

1 Jataka, vi, p. 1.
2. Ga. xi, 21.
3. Jataka, vi, p. 427.
4. Buddhist India, by Rhys Davids, p. 90.
5. Jataka, vi, p, 427.
6. Buddhist India, by Rhys Davids, p. 90.
7. Nasik Ins. Ep. Ind. 1137.

7. Guilds of Bamboo workers (*Vasakara*) [1].
8. Guilds of Braziers (*Kasakara*) [2].
9. Guilds of jewellers [3].
10. Guilds of weavers [4].
11. Guilds of potters [5].
12. Guilds of oilmillers. (*Tilapishaka*) [6].
13. Guilds of Rush workers and basket makers [7].
14. Guilds of dyers [8].
15. Guilds of painters [9].
16. Guilds of corn-dealers (*Dhamnika*) [10].
17. Guilds of cultivators [11].
18. Guilds of Fisher folk [12].
19. Guilds of butchers [13].
20. Guilds of barbers [14].
21. Guilds of garland makers and flower-sellers [15].
22. Guilds of mariners [16].
23. Guilds of herdsmen [17].

1. Junar Ins. Ep. Ind. 1165.
2. *Ibid.*
3. Buddhist India, by Rhys Davids, p. 90.
4. Nasik Ins. Ep. Ind. 1133.
5. *Ibid* 1137.
6. *Ibid.*
7. Buddhist India, by Rhys Davids, p. 90.
8. *Ibid.*
9. Jataka p. 427.
10. Junar Ins. Ep. Ind. 1180.
11. Gat, xi, 21.
12. Buddhist India, by Rhys Davids, p. 90.
13. *Ibid.*
14. *Ibid.*
15. Jataka iii, p. 405.
16. *Ibid* iv, p. 137.
17. Gat. xi, 21.

24. Guilds of traders including caravan traders. [1].
25. Guilds of robbers and free-booters. [2].
26. Guilds of forest police who guarded the caravans[3].
27. Guilds of workers in metal, including gold and silver [4].

It would appear that the list reproduced above is a representative one of professions during the Buddhist period who formed themselves into guilds. It would appear that during this period the money-lenders had a distinct guild of their own and their operations were guided by the rules framed by their own guilds. This was not all, but the headman of these guilds of which a mention has been made above was always a banker, a *shréshthi* who wielded a very great influence among the members of the guild [5].

In the later period we derive our information of the existence of guilds and their continuing to flourish from various inscriptions. There is a reference of a guild in the inscrption of Lakshméshwar of A. D. 725 [6]. Another inscription of the same place of A.D. 793 [7], makes reference to another guild. We have a reference of guilds in the Mulgand inscription of A.D. 902-3 [8]. There is a reference of guilds in an

1. Jataka i, p. 368.
2. *Ibid* iii, p. 388.
3. *Ibid* ii, p. 325.
4. *Ibid* vi, p.427.
5. Mahavatsu, iii, p. 113.
6. Ep. Ind. vol, xiv, p. 188.
7. *Ibid* vol, vi, p. 166.
8. Govt Ep. report, 1910, p. 94.

inscription from Yewar of A.D. 1077,[1], and there is an inscription of the time of Vikramaditya VI of 1110 A.D[2]. The Belgaum inscription of 1204 A. D.[3], contains references of corporations and guilds. The inscriptions of 12th and 13th century A.D. also contain references of guilds and associations. But the whole Indian organisation of enormous trade and banking, was broken and the country ruined by the repeated invasions of Mahmud of Ghazni from 997 A.D. to 1029; Mohammed Ghori from 1175 A.D. to 1206 and finally of Timur the lame in 1398 A.D. After their invasions the guilds and associations degenerated and finally closed down, insecurity of life and property remained in the country for full six centuries *i.e.*, till the time of Akbar the Great, when—with a stable government, trade and banking was reorganised. The guilds and associations died out, but their remnants remained and the rules laid down by different guilds of various occupations and professions survived. The members of the guilds in time to come (though kept their internal organisation) were turned into castes designated by their professions. As for instance, gold-smiths formed a separate caste and were called '*sunār*'; carpenters were called '*badhai*' or '*tirkhán*' or '*suthár*'; weavers were called '*julāha*' or '*koli*'; masons were called '*raj*' or '*chejara*' or '*ustāgar*'; flower-men were called '*mali*' or '*bāgwān*'; oilmen was called '*téli*' jewellers were called '*jauhri*'; bankers were called '*sarráf*' or '*seth* or '*mahajan*'; and

1. Ep. Ind. vol. xii, p. 273.
2. Ep. Ind. vol, xii. p. 333.
3. *Ibid*, xiii, p. 18.

with these names they are even to-day distinguished in India and form a separate caste of their own, and the rules laid down by the original guilds of these professions are even to-day followed by them, from birth to death and their customs are regarded as customary law even by the government of the present day.

The guild habit with the degeneration of the country, however, did not altogether die out in India and the descendants of these guildmen followed the time honoured principles and we read of *panchāyats* of each sect and caste in India. These *panchāyats* were all powerful and commanded great influence even with the government of the day. Tod says: "The *panchāyats* arbitrate in civil cases. From these courts of equity, there is an appeal to the *Raja*: but as unanimity is required in the judges and a fee of fine must be paid by the appellant ere his case can come before the prince, litigation is checked.....It is affirmed that in the good times of Rajputana, these simple tribunals answered every purpose" [1]. Besides this, even to-day every Hindu commercial firm whatever its magnitude and importance may be, is composed of two names whether of father and son, brother and brother or of partners, and it would show that the original habit of co-operation through guilds has not yet practically died out and though in an altered shape, the old customs still exist here.

Importance and influence of guilds.

The village headmen, the representatives of the village

1. Tod's Rajasthan, pp. 999-1,000.

guilds were a very powerful personality during the Vedic period, and we find allusions in the Rigveda that they had the power to make and unmake kings [1]. During the Epic period we find that King Duryodhana after his defeat at the hands of Gandharvás dreaded to return to his Capital out of fear of the guildmen [2]. In the Ramayana we find that King Dashrath when proclaiming Ramchandra to be his heir-apparent called among others the guildmen [3] (of brahmans and military class), and submitted his intentions to their decision, who upheld the choice and gave their verdict in favour of Ramchandra. These guildmen were called *Rajkārttaro* because they were so powerful that the election of a king depended upon their will. Instances are not wanting and can be multiplied in any number to show that these guildmen had a very great influence and importance in the Epic period.

During the Shastric period the guildmen had the authority to lay down rules for their respective guilds and classes and the king had to give decision in cases of these guilds after surveying their laws and customary rules [4]. The headmen of these guilds were the persons who were invited to the king's courts to represent matters on behalf of their guilds, and as such they had a voice in state matters. There are allusions to the great influence of the guilds in the Kautalya Arthashastra, and Chāṇakya the able

1. Rigveda, x, 173, 1.
2. Mahabharat, Vanaparva, 248, 16.
3. Ramayana, ii, 19, 20.
4. Gautama, ii, p. 234.

minister of Chandragupta Maurya realised their importance more than any previous scholar. Contrary to the usage, Kautalya gave more prominence to the leaders of *srenis* (guilds) than the guilds themselves, as he thought the guilds were under the influence of the leaders—whose command was law for the guilds—but the leaders being the persons to dictate terms. [1] During the period of Kautalya the guilds had attained highly developed military power also in addition to their pre-existing influence [2]. They were granted certain emoluments from the royal treasury which sufficed for a good following in their own communities [3]. In the Buddhist literature we find that the chief of a guild during this period was often a rich man, a man of substance and generally a favourite of the king [4]. The guilds rose to occupy so prominent a position that the government of the day thought it necessary to bring under control their operations and activities. Mrs. Rhys Davids says: "The first appointment to a supreme headship over all the guilds doubled with the office of the treasurer is narrated in connection with the kingdom of Kashi at the court of Benares. Possibly the quarrels twice alluded to as occurring between presidents (*pamukha*) of guilds at Savatthi in Kosala may have also broken out at Benares and have led to this appointment" [5]. The treasurer who

1. Arthashastra, p. 403, 363, 380.
2. *Ibid.* 341.
3. *Ibid.* 345.
4. Jataka ii, page 12; iii, p. 281.
5. Journal of the Royal Asiatic Society of 1901, p. 865.

was appointed the alderman over aldermen of the guilds was also the judge regarding the disputes of merchant guilds [1]. The guild members with their headmen were always invited on important occasions by the kings and there are constant references to their being summoned with processions [2]. The post of a royal treasurer was always conferred upon a *shreshthi* – a banker of ancient India – and these shresthis carried great influence over these guilds. [3]. Mr. Rhys Davids thus testifies this fact: "The aldermen or presidents (*jetthaka or pamukh*) of such guilds are some times described as important persons, wealthy, and favourites of the courts. The guilds are said to have had powers of arbitration between the members of the guild and their wives. And disputes between one guild and another were in the jurisdiction of the *Mahashreshthi*, the lord high treasurer, who acted as a sort of chief Alderman over the aldermen of the guilds" [4]. These *shreshthis* were very wealthy and commanded very great influence and Mr. Rhys Davids says thus about them: "we hear of about a dozen millionaire merchants in Takshila, Savathi, Benares, Rajagraha, Vesali, Kosambhi and the sea-ports and of a considerable number of lesser merchants and middlemen all in the few towns" [5]. This would show that the bankers in addition to their own guilds were the

1. Jataka iv, p. 37.
2. *Ibid* vi, pp. 1, 427.
3. Mahavatsu, iii, p. 113; Dhammapada Atthakatha, iv, p. 216.
4. Bnddhist India by T. W. Rhyas Davids, p. 96.
5. *Ibid.* 102.

comptroller-generals of practically all the guilds of the country. They were thus the people who commanded great influence in a kingdom during those days as the headmen or Aldermen of every guild of the country.

These guilds continued to occupy this position till the 13th century when the whole organisation was set at naught by the successive invasions of Frontier raiders and every body had to suspend his activity because of the insecurity of life and property, till during the Mohammedan period the old guild system died out practically; and partially survived, if at all, in the case of merchants and carriers. During this period we find allusions to merchants going for trade in large numbers and sharing profits among themselves on return.

Incorporation of new guilds.—During the Shastric period rules were laid down for the incorporation of new guilds and were followed ever afterwards. The basic principles for which the guilds were formed are thus given by Brihaspati [1]:—

ग्रामश्रेणिगणानाञ्च सकेतः समयक्रिया ।
बाधाकाले तु सा कार्य्या धर्म्माकार्य्ये तथैव च ॥
चाट चौरभये बाधाः सर्व्वसाधारणः स्मृतः ।
तत्रोपशमनं कार्य्यं सार्व्वैर्नैकेन केनचित् ॥

When translated this passage reads: "A compact formed among villagers, companies (of artisans, bankers, etc.,) and associations is (called) an agreement; such an agreement must be observed both in order to

1. Brihaspati xvii, 5-6.

provide against dangers and for the purpose of discharging their duties. When a danger is apprehended from robbers or thieves, it is (considered as) a distress common to all ; in such a case, (the danger) must be repelled by all, not by one man alone whoever he may be." This would show that the basic principle of forming a guild was (1) to save themselves from danger and (2) to discharge their duties properly. The guilds which were started after some formalities were observed and in connection with this we read "Mutual confidence having first been established by means of (the ordeal by) sacred libation, by a stipulation in writing, by umpires, they shall then set about their work"[1]. Now in order to form a corporation or guild thre things were necessary, *viz.*, (1) *Kosha* meaning an ordeal according to the custom and usage of the community ; (2) *Lekhakriya* meaning a memorandum and articles of association of the guild ; (3) *Madhyastha* meaning a great personality who may have arranged the alliance and who may have stood as surety for the faithful conduct of members of the guild. Over and above these three things, was the confidence of each other and this was a greater thing for the good management of the guild and its success. In addition to these the guilds had some very onerous public obligations and these were also set down in the memorandum and articles of association and the fulfilment of these was the concern of each individual member. A graphic mention of these is found in Vivadratnakar, page 180 and Brihaspati, page 11-12, xvii of professor Jolly's translation. (In this connection also see transla-

1. Brihaspati, xvii, 7.

tion of Brihaspati of S. B. E., xxxiii, pp. 247-348.) These onerous public duties of the guild are borne out by the various inscriptions of the later period. From the Junar inscription we learn that the guild of corn-dealers constructed a cistern and excavated a cave at their own expense[1]. From the Mandsore inscription we learn that another guild built a temple of Sun-god[2].

Appointment and qualification of executive officers. In addition to the President or the alderman or the headman about whom a reference has already been made elsewhere in this chapter, each guild for its management had one or more officers who were paid from the profits of the guild. Brihaspati lays down that the persons with the following qualifications could only be selected to work as executive officers: "honest, acquainted with the Vedas and their duty, able and proficient, self-controlled, of noble parentage, and skilled in every line of the businesses[3]. In the same chapter, (verse 8) the same authority lays down the disqualifications standing as a bar to the appointment of such executive officers.

In the inscription of Vaillabhatta svamin temple of Gwalior there is a reference to the appointment of such officers and the number of the chiefs of three guilds is given in it as 4, 2, and 5 [4]. This goes to substantiate the fact that the rule of Brihaspati was

1. Arch. Survey of W. India, iv. No. 1180.
2. Fleet's Gupta inscriptions, No. 18.
3. Brihaspati, xvii,9.
4. Epigraphia Indica, I, p. 154.

also followed later on. During the Mohammadan period the appointment of *muneemji* was a general thing in the business of each merchant banker and *kothiwala.* The post of a *muneemji* was of special ambition among the *gumashtas* of a banking house and his selection depended upon his honesty, family standing, character, proficiency, ability of control and knowledge of business.

Responsibility of officers. The whole responsibility of management lay upon the executive officers who were invested with full powers for the discharge of the business of the concern. Brihaspati states that: "Whatever is done by those (heads of a guild), whether harsh or kind towards other people, in accordance with prescribed regulations, must be approved of by the king as well: for they are declared to be the appointed managers (of business)" [1]. The officers, however, were given these powers for the safe-guard and good management of the affairs of the guild, but they had no powers to deal with a person if it was not in the jurisdiction of the guild or his contentions were correct. The persons had a right of appeal in such cases before the king and we read thus: "Should they (heads of a guild) agree, actuated by hatred, on injuring a single member of the fellowship, the king must restrain them; and they shall be punished, if they persist in their conduct" [2].

1. S. B. E. Vol. xxxiii, p. 349.
2. *Ibid.*

Function of the guilds. Among other things the functions of the guilds doing banking were as follows:

1. Acceptance of deposits, interest to be applied for a certain specific purpose according to the directions of the depositor; or paid to the beneficiaries or paid to them;
2. Working as collecting agents;
3. Granting of loans; and
4. Managing estates and working as trustees in other respects.

Now let us treat these points serially one by one and see what evidences we have to substantiate the above statement.

Acceptance of deposits.

The guilds accepted deposits from the public and the various inscriptions of that period prove the statement. The list may be given as below:—

(*a*) *Nasik cave inscription A. D. 120*[1]. Ushavadata son-in-law of the Saka Chief Nahapana deposited with two guilds 3,000 karshapanas directing that the interest was to be utilised for the benefit of the Buddhist monks dwelling in the caves. 2,000 karshapanas were invested at a rate of one per cent per month; and 1,000 karshapanas in another guild at $\frac{3}{4}$ per cent per month.

1. Epigraphia Indica, vol. x, Appendix No. 1133.

(*b*) *Nasik cave inscription. A. D. 3rd century* [1]. In this case 3,000 karshapanas were deposited with two guilds and the interest was to be utilised for providing medical aid to the Buddhist monks residing in Mount Trirasmi. The same inscription records another deposit of 500 karshapanas with another guild with the same object.

(*c*) *Junnar inscription* [2]. From this inscription it appears that two fields were made over to a guild, and the income of these two fields was to be utilised for planting Karanja and Banyan trees.

(*d*) *Junnar inscription*[3].—In this inscription references of deposits with two guilds are found.

(*e*) *Yewur inscription of South India. A. D. 1077*[4].—In this inscription it is found that a sum of money was deposited at an interest of 25 per cent and the interest was to be utilised to maintain a fire-offering.

Besides these, there are a number of inscriptions which make references of such deposits, but since they are not yet clearly explained, we do not propose to

1. Epigraphia Indica. viii p. 88.
2. *Ibid* x appendix. p. 132.
3. Epigraphia Indica. No. 1180.
4. *Ibid*. Vol. xii, p. 273.

reproduce them here, but a reference may with advantage be made to the book, 'Corporate life in Ancient India,' by Dr. R. C. Majumdar, M. A., Ph. D., to whom we are deeply indebted for many of the facts and informations on the subject. Dr. Majumdar in footnote 4 of page 36 says thus: "Five inscriptions of this period refer to the gift of *Avesani*, a term which has not been met with anywhere else. Cunningham translated it as 'gateway architrave' (Bhilsa-topes, p. 264), while in Maisey's 'Sanchi' it is translated as 'Neophyte' (p. 95). Buhler suggested the meaning 'the foreman of the artisans' (Ep. Ind., vol. 11, p. 88). Luders has accepted it in the case of the Sanchi inscription, but in other places rendered the term simply by 'artisans.' This would go to prove that the gift was certainly made as a deposit with these guilds, but since the term is not yet made clear they are left out, though they prove the existence of guilds which accepted deposits.

Guilds as collecting agents.

The acting of guilds as collecting agents of royal revenue during 7th and 8th Century A. D. is evidenced from inscriptions in South India, and this fact must bring home to us that when they were acting as collecting agents of Kings, it is just possible that they acted in the same capacity for merchants of the period. The Laksmeshwar inscription of Prince Vikramaditya of about 725 A. D. [1] contains references of the fact that "the taxes of all classes of people for the town of Poregere shall be paid into the guild

1. Epigraphia Indica, vol. xiv, p. 188.

there in the month of *Kartika.*" This goes to show that the guilds acted as collecting agents in ancient India.

Guilds granting loans.

In the Kautalya Arthashastra we find that the unscrupulous Kings some times used to exploit these guilds because they were reputed to be very wealthy. Kautalya says that in case a King was in financial trouble and needed money, the system was that the Kings used to borrow bar gold or coined gold from these guilds through a spy, and during the night time allowed the money to be robbed in order to show to the guilds that since the money was robbed, they had nothing to return to the guilds[1]. We have seen that the guilds granted loans whenever anybody approached them. We also find references of loans to Kings. It is therefore quite certain that these guilds also granted loans to the merchants and traders who had the best organisation of the time. This goes to prove that the guilds acted just like modern banks, *i. e.*, received deposits, granted loans and acted as collecting agents. The rate of interest, however, charged by them on such loans is not mentioned, but we have seen that they used to allow interest at 9%, 12% and in certain cases 25% to their depositors and as such the rate of interest charged by them on loans must have been higher than the deposit rate of interest.

1. Arthashastra, p. 305.

Guilds as managers of estates etc.

The following account given from an inscription will show that the guilds used to manage estates and villages in ancient India. Dr. Majumdar states the point thus: "The earliest in point of time is the terra-cotta seal discovered at Bhita near Allahabad which bears the legend '*Sahijetiye negamasa*' in characters of third or fourth century B. C. It was found in a building of Maurayan epoch which according to Sir John Marshall, possibly marks the site of the office of the *nigama* or town corporation, of the *Sahijiti.*"[1] The Kings or proprietors of lands made grants of land to these guilds to be administered by them and the proceeds were applied for a certain specific purpose according to the wish of the donar. The following important portion of the account of the inscriptions in the Vishnu temple of Ukkal, published in the 'South Indian Inscriptions, vol. III, part I' may be reproduced here with advantage :—

1. The inscription contains the grant of a plot of land and the guild undertook to manage it and supply the God with a fixed quantity of rice. The contract between the donor and donee was made before a *madhyastha* (umpire) who endorsed the agreement thus: "Having been present in the Assembly and having heard (their) order, I, the arbitrator (*madhyastha* wrote this." (page 5).

1. Annual Report of the Arch. Survey of India, 1911-12, p. 31.

2. A plot of land was given to the guild or assembly and the guild undertook to supply paddy to various labourers engaged in the construction of a cistern which was built by the donor for the supply of water to the public (p. 7).

It would show that the guilds were the managers and trustees of lands and estates granted to them for specific purposes and it was obligatory upon them as trustees to fulfil the objects of the grants.

From the above survey of the activities of the guilds it would appear that they fulfilled all the functions of a modern bank, allowing of course due allowance to the conditions prevailing during those days of human civilisation.

Division of Profits. – After setting apart a sum of money for distribution towards the relief of the deserving people such as the diseased, distressed, blind, idiotic, infirm, orphans and helpless women, the remaining amount was distributed among the members in equal shares. The dharmashastras further stated that any gift to any individual members of the guilds, was the property of the guild and was equally divided among all the members[1]. The responsibility for expenses and losses of the members was also joint as in the case of profits and we read regarding this as follows: "We all the following shepherds of the village, (who) had received 90 ewes of this temple in order to supply ghee for burning

1. Brihaspati, xvii.

one perpetual lamp, shall cause (the shepherds) to supply daily one perpetual lamp, one alaku of ghee. If he dies, absconds, or gets into prisons, fetters or chains, we all these aforesaid persons are bound to supply ghee for burning the holy lamp as long as the Sun and Moon endure [1]."

Partnerships.

In addition to the guilds explained in the foregoing paragraphs, we read of partnerships in ancient India. Kautalya designates the partnership between two or more merchants as '*Sambhuyasmuthan*[2].' These were forms of co-operative enterprise based on union of capital as well as efforts. Narad says thus regarding these partnerships: "Where traders or others carry on business jointly, it is called partnership (*sambhuyasmuthan*) which is a title of law. Where several partners are carrying on business for the purpose of gain, the contribution of funds towards the common stock of the association forms the basis (of their undertakings). Therefore, let each contribute his proper share. The loss, profit and expenses of each partner are either equal to those of the other partners or exceed them or remain below them, according as his share is equal to theirs, or greater, or less. The store, the food, the charges (for tolls and the like), the loss, the freight, and the expenses of keeping valuables must be duly paid for by each of the several partners, in accordance with the terms of their agreements."[3]

1. South Indian Inscriptions, vol. II, p. 251.
2. Arthashastra, iii, p. 173.
3. Narad, S. B. E. vol. xxxiii, p. 124.

Regarding the qualification of a partner who should be taken in business, Brihaspati says thus: "Trade or other occupations should not be carried on by prudent men jointly with incompetent or lazy persons, or with such as are afflicted by an illness, ill-fated or destitute. A man should carry on business jointly with persons of noble parentage, clever, active, intelligent, familiar with coins, skilled in revenue and expenditure, (keeping of accounts) honest and enterprising."[1]

The liability of partners was joint and we read as follows: "Whatever property one partner may give (or lend) authorised by many, or whatever contract he may cause to be executed, all that is (considered as having been) done by all."[2]

The responsibility of each individual partner to the partnership is described as below: "When a single partner acting without the assent (of the other partners) or against their express instructions injures (their joint property) through his negligence, he must by himself give a compensation to all his partners. When anyone among them is found out to have practised deceit in a purchase or sale, he must be cleared by oath (or ordeal). They are themselves pronounced to be arbitrators and witnesses for one another in doubtful cases, and when a fraudulent act has been discovered, unless a previous feud should

1. Brihaspati, S. B. E., xxxiii, p. 336.

2. *Ibid*, 337.

exist between them."[1] Narad[2] and Yajnavalkya[3] are in agreement with this.

In case of a fraud the partner in question was required to clear his position by an ordeal according to the prevailing custom.[4] In case the partner was found guilty, he was liable to be expelled from the partnership by a refund of his principal money, and the profit was forfeited to the other partners.[5]

The meritorious act of any partner was likewise rewarded by the partnership and Brihaspati says: "That partner, who by his own efforts preserves (the common stock) from a danger apprehended through fate or King, shall be allowed a tenth part of it (as reward)."[6] Narad[7] and Yajnavalkya[8] are in agreement with this.

The partner was allowed to draw from the common fund an amount regulated by the share he paid.[9] Even after the death of the partner, the partnership was responsible to guard the interests of the late partner and regarding it the lawgivers have said as follows: "Should any such partner in trade happen to die through want of proper care, his goods must be shown (and delivered) to officers appointed by the

1. S. B. E. vol. xxxiii, pp. 337-338.
2. Narad, iii, 5.
3. Yajnavalkya, ii, 263.
4. Brihaspati, xiv, 7.
5. Yajnavalkya, ii, 268.
6. Brihaspati, xiv, 10.
7. Narad, iii, 6.
8. Yajnavalkya, ii, 263.
9. Narad xxxxv, Rtn.. p. 112.

King."[1] Narad[2] and Yajnavalkya[3] are in agreement with this.

In the Buddhist Jātakas there are very many stories of such partnerships having been carried on jointly. In the Maha-Vanija-Jataka we read the following :

"Merchants from many a kingdom came, and all together met.
Chose them a chief, and straight set out a treasure to get."[4]

There are similar stories in Kuta-Vanija-Jataka ;[5] and Suhanu-Jataka.[6]

It would appear that during this period the bankers and merchants not only carried on business through guilds but were also carrying on business in partnerships. During the Mohammedan period and even to-day, the characteristic of an Indian trader's business is that he would carry on business mostly in partnership and if even there is no partnership, he would affix two names (be they father and son or father and uncle, or brother and brother) and this shows that the principles laid down some 2,500 years ago are followed even to-day in one form or the other.

1. S. B. E. vol. xxxiii, p. 338.
2. Narad, iii, 7.
3. Yajnavalkya, ii, 267.
4. Jataka, iv, p. 222.
5. *Ibid* i, p. 404.
6. *Ibid*, ii, p. 30.

CHAPTER XV.

MONEY AND CURRENCY.

Currency is a term applied to all forms of money by means of which debts are paid and prices are measured. The currency may be roughly divided into two broad sections, *viz.*, (1) coined money and (2) paper money. No satisfactory definition of currency has so far been found out, and authorities like Sir Robert Peel, and Lord Overstone could not arrive at a solution of the problem. They tried to include and exclude in 'currency' both the paper and the metallic money, but finally they excluded from the term all forms of paper money except bankers' promissory notes payable to bearer on demand. They in doing so arrived at a somewhat correct definition of the word 'currency'. This definition brings us near our subject matter. In ancient and medieval India, we had (1) metallic money and (2) bankers' hundis payable to bearer on demand which they used to call '*shah-jog hundis*' and '*Dekhanvanhar hundis*'. Before we discuss these, let us see what are the functions of money. It has three functions:

A medium of exchange. — At a very early stage of human civilisation mankind bartered their goods in exchange for other goods according to requirements, but this was an inconvenient form of exchange and when the civilisation grew, people felt the necessity of fixing a common medium to facilitate the exchange

of goods. This is one function of money, that it is a medium of exchange for every type of commodities.

A measure of value.—It may be understood that value is not absolute, but always implies a ratio according to demand and supply and is in fact a relation of its exchangeability to another article or articles. Prices are regulated by demand and supply, and value should of course be defined as a "ratio of exchangeability". This means that the value of an article measured in money is one which it will fetch according to its demand, and this can be ascertained accurately at any given period by finding out the prevailing price in the market. We will take Shukra's example to illustrate it. Shukra fixed the price of silver when exchanged into gold as 5 : 80[1]. This means that five parts of gold were exchanged for 80 parts of silver and this shows that the value of 80 parts of silver was 5 parts of gold measured in the same unit of weight. This reference in the Shukrasmriti is for coined money, *i. e.*, 5 gold coins could be had for 80 silver coins of the same weight, and if uncoined silver was to be purchased, minting and other charges were to be allowed, and the piece of silver was purchased as a commodity at a much cheaper rate which would be a measure of value of the silver. The word 'value' must not be confused with 'utility', as a thing may be of great utility but it may have comparatively small value when measured in terms of money, and the example of 'water' may serve to show that it has the greatest utility to mankind, yet

1. Shukra, iii, 183.

its price is nothing, and, therefore, value is one which an article will fetch in money in the market.

A standard of value for deferred payments.—The third function of money is to act as a standard of value for deferred payments of purchases and sales. This necessity arose with the growth of civilisation, as with the growth of civilisation people began expanding their commerce and trade and of satisfying their wants without actual payment of the price then and there. They made contracts for the purchase of a certain commodity on credit and agreed to make payments at certain future period according to their agreement. Now every merchant entering into such a contract wishes that he must be satisfied in the same manner in terms of which the purchase has been made. If he is to be paid in another kind of commodity, it is possible that its utility may be diminished or that its value of exchange may be reduced because of over production or larger imports, and in that case either the merchant must receive a larger quantity of that commodity than what he sold it for or there is a chance of trouble. In order to avoid this contingency, the ancient people devised a medium through which they could determine future payments and which could remain a standard of value for deferred payments. This gave rise to the introduction of money and its use by the people as such.

The attributes of a perfect system of money.—Having understood the three functions of money, let us see what should be its qualities to

make a perfect standard of exchange. Prof. Jevons mentions the following qualities as necessary for such a system to possess[1] :—

(1) Value of material ;
(2) Portability ;
(3) Indestructibility ;
(4) Homogeneity ;
(5) Divisibility ;
(6) Stability of value ; and
(7) Cognisability.

Money as a measure of value must be made of some such metal which may have a value is rightly recognised by Prof. Jevons. Some writers contend that this is not an essential attribute of money and cite inconvertible Government paper and a bank note as the example, showing that even though this form of money has no value as paper yet it circulates as a medium of exchange for an indefinite period. This idea does not seem a sound one. It must be remembered that the paper currency circulates and retains its value not because it has any value but because it has other qualities. A bank note is backed by the gold reserve that the bank is required to maintain for the exchange of the note whenever presented at its counter for being changed into metallic money, and likewise, an inconvertible paper is backed by the reputation of a government, and as long as the government can keep its prestige and reputation as a stable government the paper finds its circulation at par, and immediately

1. Money and Mechanism of Exchange, chap. 5.

the reputation goes down, the paper begins to depreciate and loses its face value. The recent example of German marks may be cited to show that the paper money has no value of its own, it derives its value through government prestige and, therefore, this view of certain economic writers must be regarded as inconclusive. Money to have a measure of value must be of a metal or material having value.

The second quality of money is that it should be portable, *i. e.*, it must be easy to carry it in the smallest space and with the minimum of trouble. If money does not answer this quality as one of its attributes, it becomes useless, as merchants will object to its acceptance, for they desire it to be carried in concealed wallets with the minimum of weight, and also desire to avoid its detection by thieves and robbers. All these considerations go to show, therefore, that money must be portable.

The third quality is that it should be indestructible. It must be of such a metal that it may not break or be destructed easily. It must again be homogeneous, *i. e.* any one part of it must be of the same value as any other part of the same size and weight. Any material which has not this quality is unfit for being made money as under the Gresham's law the bad money will drive out the better one though of the same size and weight but differing in value. The law is thus stated: "*If coins of the same metal, but of varying quality, circulate together at the same nominal value, the worse coins will tend to drive the better from circulation, but the better will*

never drive the worse." This shows that the metal of which money is made must be homogeneous and capable of dividing its parts of equal weight to its equal value.

The next quality of money should be that it must be divisible and in this processs must not lose weight or value. It must have stability of value and must be cognisible.

Let us see what are the materials which fulfil the above qualities and are capable of being used as money. If you take a precious stone, you will find that it contains many attributes of money, but it is destructible, is indivisible, has no stability of value and cannot be recognised so easily. It is, therefore, unfit to be used as a money. The best metal which answers or approaches to answer these attributes of money is gold, and next comes silver.

Having so far described the functions and attributes of money, let us now examine if our ancient Indians had recognised them and issued their currency having all of these attributes and fulfilling these functions or not. We read in the Rigveda as follows: "*Shatam ragya Nadhamanasya Nishkan*" [1]. and this goes to show that the great Rishis of India had clearly seen in gold the necessary qualifications of money and a medium of exchange and, therefore, 'Nishka' was the coin made current as medium of exchange during the Vedic period. It was equal to a gold Mohur and as such it appears that it was an unlimited legel tender and there must have been token money

1. Rigveda, i, 126, 2.

as well for smaller transactions, which may have been made of silver.

Panini the greatest gramarian has left us valueable record to find the traces of coined money during those days; and we read thus: That Panini knew coined money is plainly borne out by his Sutra V. 2. 119, *rupad-ahat*.....where he says, 'the word *rupiya* is in the sense struck (*ahat*) derived from *rupa*, "form, shape" with the *tadhitta* affix *ya*, here implying possession when *rupiya* would literally mean struck (money),' having a form"[1] Historical writers have assigned to Panini an age of 800 B. C. which means that he was a man of the later Vedic period and it goes to show that in addition to the gold coin 'Nishka' which we have quoted above, there was undoubtedly silver money also during that period. Besides the reference to gold coins reproduced, above there are further instances in the Vedic literature which may be reproduced here: In Rka Samhita, 3/474, it is noticed that Raja Bhavayavya whose capital was on the banks of Sindhu offered one hundred *nishka* (gold mohurs) to Rishi Kakchivan. Rishi Gratsamad has further described the existence of Nishka in Rka Samhita, (2ya mandal, 33 sy, 10, Rigveda). This proves that the Rishis in ancient India had realised the importance of gold and silver as the best metals for money and had actually minted *nishka* and *rupa-ya* as gold and silver mediums of exchange.

1. Numismata Orientalia, vol. 1, p. 39, note, 3.

During the Shastric period we find that gold and silver coins were in circulation as standard money of the country. According to Shukra coined money was in circulation in India during those days and the ratio between a gold mohur and a silver rupee was 5 : 80[1]. Manu has given a list of various coins of gold, silver and copper which were current during his time and it may be reproduced here as below[2]:—

Weights of gold.

5 ratis	=	1 masha ;
16 mashas	=	1 suvrana ;
4 Suvranas	=	1 pala or nishka ;
16 palas	=	1 dharna.

Weights of silver.

2 ratis	=	1 masha ;
16 mashas	=	1 dharna ;
10 dharnas	=	1 shatamana.

Weights of copper.

80 ratis	=	1 pana or karshapana.

In this connection Mr. E. Thomas, a western writer of repute says as follows: "In the table quoted from Manu, their classification represents something more than a theoritical ennunciation of weights and values, and demonstrates a practical acceptance of pre-existing order of things, practically as the general tenor exhibits of these weights of metal in full and free employment for the settlement of the

1. Shukra, iii, 178, 183.
2. Manu, viii, 131-138.

ordinary dealings of men, in parallel currency with the copper pieces, whose mention is, however, necessarily more frequent, both as the standard and money of detail, amid a poor community"[1]. Again at page 2 of the book of Indian coins, the following description is found: "The most ancient coinage of India seems to have been developed independent of any foreign influence, follows the native system of weights as given in Manu." Besides these views of the foreign writers, Professor K. T. Shah of the Bombay University says: "Suffice it to say that the early Indo-Aryans had reached a very high degree of excellence in applying the principles of monetary science; that they knew all the mysteries of legal tender and the intricacies of standard and token coinage; that they appreciated the importance of seiginorage and were familiar with the devices of counter. One Emperor Skandgupta had even to resort to the doubtful expedient of a debasement in currency in order to remedy the financial distress of his administration. At the time of the Mohammedan conquest the different kings of India had their own coinage of gold and silver, conforming as far as possible, to the ancient standard prescribed by Manu and Chanakya and Vārahamihira. They each regarded and justly so—coinage as a State monopoly and endeavoured successfully to guarantee the weights and fineness of these coins. As regards the mere technique of the coinage, the designs and shapes of their coins were not all that could be desired, though even there, considering the then state of metallurgy they had

1. Numismata Orientalia, vol. 1, p. 36.

attained considerable excellence; gold and silver being current side by side we may presume that they had a sort of practical bi-metallism; and though we cannot say what precisely was the ratio of exchange between the two metals, the weight of authority inclines to view that the pre-Mohammedan ratio was 8 : 1 between silver and gold"[1]. This goes to show that the ancient Indians had their coins minted of gold and silver and made them legal tender. It cannot, however, be said precisely, if they had a sort of bi-metallism as is the opinion of Professor Shah, or they had made gold as the unlimited legal tender and silver and copper were only token coins. The latter view seems to gain favour as gold coins are given pre-eminence by all the ancient writers. However, whatever may have been the position, we are here with surer statistics of the presence of gold and silver currency during the Vedic and Dharmashastric periods.

In the Kautalya Arthashastra a vivid mention is made of the Mint Department and its operations and a short description may be given here to show the perfection which was attained by the ancient Indians in matters of gold and silver money:—

There was a Superintendent of Gold under whom were the goldsmiths and he was to have a goldsmiths' office (*akshasala*) consisting of four rooms and one door, and in the centre of the high road a trained skilful goldsmith of high birth and of reliable character was appointed to hold his shop[2].

1. Indian Currency and Banking problems by Prof. K. T. Shah.
2. Arthashastra, xiii, pp. 100-101.

Gold of various varieties used to be received in the kingdom of Chandragupta Maurya which is explained as belows: "*Jambunada* (of rose-apple colour) that which is the product of the river, Jumbu; *Satakumbha* (this is of the colour of petals of a lotus flower) that which is extracted from the mountain of Satakumba; *Hataka* (of the colour vitex trifolia) that which is extracted from the mines known as Hataka; *Vainava* (of the colour of the flower of acerifolium or of cassia fistula) that which is the product of mountain Venu; and *Sringasuktija* (of the colonr of red arsenic) that which is extracted from Sringosukti (?) are the varieties of gold" [1]. The following desription is given regarding pure and impure gold in the Arthashastra: Gold is obtained either pure or amalgamated with mercury or silver or alloyed with other impureties as mine gold (*akrod-gata*). That which is of the colour of the petals of a lotus, ductile, glossy, incapable of making any continuous sound (*anadi*) and glittering is the best; that which is reddish yellow (*raktapita*) is of middle quality; and that which is red is of low quality. Impure gold is of whitish colour. It shall be fused with lead of four times the quantity of the impurity. When gold is rendered brittle owing to its contamination with lead, it shall be heated with dry cowdung (*shushkapatala*). When it splits into pieces owing to hardness, it shall be drenched (after heating) into oil mixed with cowdung (*taila-gomaye*). Mine gold which is brittle owing to its contamination with lead shall be heated, bound

1. Arthashastra, xiii, 101.

round with cloth (*pakapatrani kritva*) and hammered on a wooden anvil. Or it may be drenched in the mixture made of mushroom and *vajrakhanda* (Antiquorum)" [1].

As in the case of gold, Kautalya gives the following account of the varieties of silver: "*Tutthodgata*, that which is extracted from the mountain, Tuttha; *Gaudika*, that which is the product of the country known as Gauda; *Kambuka*, that which is extracted from the mountain Kambu; and *chakravalika*, that which is extracted from the mountain, Chakravala are the varieties of silver" [2]. Kautalya explains as follows the impurity and purity of silver: "Silver which is white, glossy, and ductile is the best; and that which is of the reverse quality is bad. Impure silver shall be heated with lead of one-fourth the quantity of the impurity. That which becomes full of globules, white glowing, and of the colour of curd is pure" [3].

The people of ancient India knew very well the art of assaying gold and silver and had all the appliances as are used in modern India and a brief description may be given as below:—"When the streak of pure gold (made on touch-stone) is of the colour of turmeric, it is termed *suvarna*. When from one to sixteen *kakanis* of gold in a *suvarna* (of sixteen mashakas) are replaced by from one to sixteen *kakanis* of copper, so that copper is inseparably alloyed with the whole mass of the remaining quantity of gold, the

1. Arthashastra, xiii, pp. 101-102.
2. *Ibid*, p. 102.
3. *Ibid*.

sixteen varieties (carats) of the standard of the purity of gold (*shodasavarnakah*) will be obtained. Having first made a streak with *suvarna* on a touch-stone, then (by the side of the streak) a streak with a piece of the gold (to be compared with it) shall be made. Whenever a uniform streak made on the even surface of a touch-stone can be wiped off or swept away or when the streak is due to the sprinkling of any glittering powder (*gairika*) by the nail on touch stone then an attempt for deception can be inferred; if, with the edge of the palm dipped in a solution of vermilion (*jatihingulaka*) or of sulphate of iron (*pushpa-kasisa*) in cow's urin, gold (*suvarna*) is touched, it becomes white [1]".

This is how during those ancient days the gold and silver were classed and tested, and, after it, employed in preparing ornaments and minting coins. It is interesting to mention here that during those days the government had developed such a high sense of duty towards the public that the mint was thrown open to the general public and coining was done for them free of charge. This throws light of a very important nature and must show to the readers the great service which the government had at its heart during those days when probably many other countries did not even know the use of gold and silver coins. Kautalya says; " The State Goldsmith shall employ artisans to manufacture gold and silver coins (*rupayasuvarna—rupya-mayam suvarnamayam va bhandam karshapanadikam*) from the

1. Arthashastra, xiii, pp. 102-103.

bullion of citizens and country people [1]". The State regulated the work of the artisans to avoid delay and trouble to the public and Kautalya thus ordained: "The artisans employed in the office shall do their work as ordered and in time. When under the excuse that time and nature of the work has not been prescribed, they spoil the work, they shall not only forfeit their wages, but also pay a fine of twice the amount of their wages. When they postpone work, they shall forfeit one-fourth the amount of their wages and pay a fine of twice the amount of the forfeited wages[2]".

Regarding the delivery of the manufactured coins to the owner of the bullion, Kautalya says: "(The goldsmith of the mint) shall return (to the owners) coins of the same weight and of the same quality (*varna*) as that of the bullion (*nikshepa*) which he received (at the mint). With the exception of those (coins) which have been worn out or which have undergone diminution (*kshinaparisirna*), they shall receive the same coins (back into the mint) even after the lapse of a number of years [3]".

It was also the duty of the State Goldsmith to keep information of certain things which are thus explained: "The State Goldsmith shall gather from the artisans employed in the mint information concerning pure gold, metallic mass (*pudgala*), coins (*lakshana*) and rate of exchange (*prayoga*) [4]".

1. Arthashastra, xiv, p. 106.
2. *Ibid* xiv, 106.
3. *Ibid* 107.
4. *Ibid.*

There was no minting charge during those days and everybody could get their coins minted free of any charge and the only charge the owner of the bullion had to bear was that of loss of weight in manufacture by wastage of the metal, and Kautalya says as follows regarding this: "In getting a *suvarna* coin (of 16 mashas) manufactured from gold or from silver, one *kakani* (one-fourth of masha) weight of the metal more shall be given to the mint *towards the loss in manufacture*"[1].

The State took every care to keep the currency of standard weight and fineness and there was strict law on the subject and we read as follows in the Arthashastra: "When the quality (*varna*) of a coin less than the standard of a masha is lowered, the artisans (concerned) shall be punished with the first amercement. When its weight is less than the standard weight, they shall be punished with the middlemost amercement. Deception in weights or balance shall be punished with the highest amercement. Deception in the exchange in the manufactured coins (*kritabhandopadhau*) shall also be punished with the highest amercement"[2].

We have tried to establish in the foregoing pages that there was a system of money well-established in ancient India, but these statements are based on our sacred books or on the authority of a few foreign writers. We have to see now, if among the finds made by the Archæological Department of the

1. Arthashastra, xiv, 10.
2. *Ibid.*

Government of India, we can substantiate the statements of our sacred books. The late Mr. James Prinsep, in his book 'Essays on Indian Antiquities' says as follows regarding the earliest Hindu coins which have been found surviving in the 19th century "From the conis of Bactria a transition is easily traced through the dark period of the Indo-Scythian or Buddhist dynasty, (to which numerous coins have been allotted upon such degree of internal evidence as their appearance affords), to the coins of the Hindu princes of Central India, Andhra, Rajputana, Kanauj, Indraprastha, and perhaps Magadha or Behar. I have on a former occasion, ventured to doubt whether any native coin, properly so-called, had circulation in India anterior to the incursion of Alexander. In none of the ancient books of the Hindus is mention made of coined money. The word 'suvarna' or 'gold', which occurs frequently in the Puranas, is supposed to mean a lump of gold of a fixed weight, such as still current in Ava and China"[1]. This statement of Mr. Prinsep seems to have been made without a sufficient knowledge of the Hindu ancient books. We have shown from the Panini's grammar and Arthashastra as well as Shukra and Manusmrities that there was coined money in India much before the period of Alexander's incursions in India. Against this misconception of Mr. Prinsep, the following opinion of Professor Wilson may be cited here with advantage: "At the same time it seems likely that they had a sort of stamped coin even before the Greek invasion. In all parts of India

1. Essays on Indian Antiquities by J. Prinsep, pp. 53, 54.

numerous small pieces of silver have been found in the ground—some oblong, some square, some round—and which were no doubt, once employed as measures of value (Asiatic researches, xvii, 596 pl. v.)" We read further: "They commonly, but not always, bear upon them rude symbols of the sun and moon, a star or nondescript mark, to which it is not easy to assign a definite import, but the application of which gives to them the character of a coinage. The style of these pieces, and the rudeness of their execution, are in favour of their ancient date, as it is scarcely probable that after the art of fabricating money had been introduced, the making of such coins would have been continued. They would have preceded also, it may be supposed, the law which inflicts punishment of the falsifier, not only of the standard, but of the fabric and the stamp of the coin as has been noticed above. (Ariana Antiqua, p. 364, note)." He further proceeds: "Again, it is well-known that the chief punishments in the Penal Code of the Hindus are fines, and it is difficult to reconcile such a penalty with a mere weight of metal. The 100, 500 and 1,000 *panas*, which are the several series of mulcts in Manu, might possibly have intended so many pieces, or their equivalent in weight in some other metal; the *pana* being either a copper weight or a coin of about 200 grains, which may be considered as that of the native pice or copper coins. That it was a coin is so understood apparently by the commentator on the text of the 'Yajnavalkya' in which he explains the word *karsha* or *pana* to denote a fabricated form of copper (*tamrasya vikara*), and a

text of Vachaspati is quoted in law books, which defines a *karsha* or *pana* to be a stamped coin. That it had come to signify a piece of money, there is no doubt, although at what period is open to conjecture. It is not unlikely that *Hindu artists were employed by some of the Greek princes.* (Ariana Antiqua p. 403)" It goes to show that the Hindus did not copy the Bactrian coin models, but it were they who copied our coin model and, according to the above statement, employed Hindu artists to introduce a currency parallel to our own. Hindus have been acknowledged the teachers of the ancient world for art, science, arithmetic, astronomy and what not, and it is ridiculous to suppose that Indians went to learn the art of coinage from Bactrians or any other nation of the world.

The next oldest coin found is that of the Epic period, and we find the following narrative about it: "From monogram 12 to the lozenge form of 14 is but a slight transition, and thus we pass to a wholly different class of coins, ascribed by Colonel Tod to the Pandu dynasty, because the inscriptions are in the same character which is found wherever the Pandu authority existed; in the caves and on the rocks of Junagadh, Girnar, on the pillar of victory in Mewar and on the columns of Indraprasth (Delhi) and Prayaga (Allahabad)"[1]. About these coins Mr. Prinsep says: These coins are decidedly the most ancient of Hindu type which are known, and yet, being of pure gold, they are generally

1. Essays on Indian Antiquities, p. 56.

in a perfect state of preservation, and the characters, though unknown, are very clearly defined ; many of them resemble the Tibetan form of Sanskrit. Most of them may be recognised in the inscriptions (or descriptive titles) over the sculptures at Mahabalipuram, described by Mr. Goldingham in the Asiatic researches, vol, v, p. 79 ; and as these sculptures are said by tradition to represent the personages and acts of the Mahabharat, the value of some of the letters may hereafter be recovered. In point of age the coins can only belong to the Maurya, the Sunga, the Kunwa or the Andhra dynasties of Mr. Wilson's catalogue (315 B. C. to 428 A. D.)[1]".

During the Buddhist period that there was coined money is known from a reference in the Vinnaya texts of the word '*masaka-rupasa*,' which clearly means coined rupee[2]. The fact is further proved by a discovery of a stupa in village Bharut, in Nagod State of Central India, where there are carvings on stone showing gold coins spread over a portion of land which was purchased at a price equal to the gold coins spread over the land by Anathpindad, a very great banker of Srivastivasi from Rajkumar Jait for a garden for *Baudha-sangha.* The total amount paid by the banker Anathpindad to Rajkumar Jait for this piece of land amounted to eighteen crores of rupees. The same inscriptions are also found on the Vaishthni of Mahabodhi Mandir[3]. The photographs of the two

1. Essays on Indian Antiquities, pp. 57, 58.

2. Vinnaya texts, xx, p. 81, v, 8, 2.

3. Cunningham's Stupa of Bharut, p. 84, pl. LVII., and Cunningham's Mahabodhi, p. 12, pl, VIII, 8.

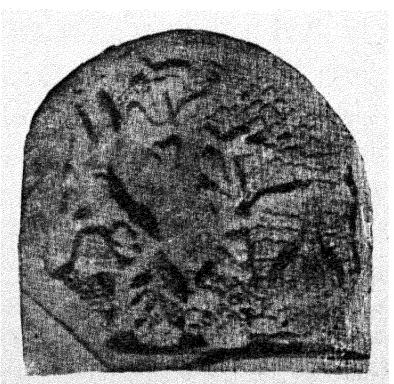
stupas are reproduced below to give a clear idea of the matter.

The purchase of Jaitvana by Anathpindad.

Picture of Bharut Stupa.



Picture of Mahabodhi Vaishthni.



The various documentary evidence reproduced from the Hindu ancient books, opinions of foreign writers and the finds of coins explained in the foregoing pages prove the fact that there was coined money both of gold and silver from the Vedic period right up to the Buddhist period, and it shows that the ancient Indians had recognised the utility and importance of coined money at a very early stage of human civilisation. They had not only adopted currency in the shape of coined money in ancient India, but had clearly recognised gold and silver to be the best metals suited for coinage purposes, and their choice and selection was so judicious that the whole world even to-day is treading their footsteps in the matter of currency. Having given some details of money and currency during those periods of ancient India, it is now necessary to give a short detail of the coin of Pauranik India. Colonel Tod gives his observation of a coin of this period as follows :—

" The fifth series is entirely novel and unexplored. All I can say of them is that they belong to a dynasty which ruled from Avanti or Ujjain to the Indus, for in the whole tract I have found them. The first I obtained was from the ruins of Ujjain, twelve years ago, presented to me by Mr. Williams, Resident at the Gaikwar court, who first awakened my attention to their importance. He found them in Cutch, and, in his company, I discovered others among the ruins in the gulf. The character of the epigraphe I have met with on rocks in Saurashtra, in the haunts of the Suroi, the bounds of the conquest

of Menander and Apollodotus. I have little hesitation in assigning them to the Balhara sovereigns of Renaudot's Arabian travellers, the Bhalla Raes of Anhulwara Patan, who were supreme in those countries: 'This Balhara is the most illustrious prince of the Indies, and all the other Kings acknowledge his pre-eminence. He has, of these pieces of silver called Tartarian drams. They are coined with the die of the prince, and have the year of his reign. (Renaudot, p. 15).' The Balhara dynasty had a distinct era, 375 years posterior to Vikramaditya."[1] To this description Mr. Prinsep has added the following note: "The character of the circular legend in all these coins strongly resembles Sanscrit: if the place of their discovery be a text of the extent of the empire in which they circulated, they will belong to a powerful monarch, indeed for Mr. Mason has found twenty at Beghram (of the same symbol at least), while they extend to Kanuaj, Behat and Benares on the East."[2]

Mr. Cunningham gives a list of the coins of the rulers of Kashmir of that period and it may be reproduced here with advantage: –

1. Toramana (common);	2. Sankara Vermma (very rare);
3. Gopala (very rare);	4. Sugandha (very rare);
5. Chakra Vermma (unique);	6. Yasaskara (unique);
7. Keshama Gupta (rare);	8. Abhinama Gupta (unique);
9. Nandi Gupta (very rare);	10. Dida Rani (very common);
11. Sangrama (very common);	12. Ananta (rare);
13. Kalasa (common);	14. Harsha (very common);
15. Sussala (very rare);	16. Jaya Sinha (rare);

17. Jaga Deva (very rare); [3]

1. Essays on Indian Antiquities, p. 86.
2. *Ibid.*
3. Numismatic Chronicle, vol. vi, p. 1, (1843).

It is evident that during the Pauranik period the Indians had the same type of currency as has been described in earlier pages regarding the currency of ancient India, and we now turn to see what was the position before the Mohammedan conquest of India. In the years from 1503 to 1508 Varthema visited India and before him came Abd-er-razzak and a comparative list of the coins current at Vijyanagar may be given here to show the coins current during those days in that kingdom.[1]

"Abd-er Razzak, A. D. 1443. Varthema A. D. 1503-8.

Gold coins.		*Gold coins.*
Varatha =2 dinars. kopoki	...	.....
Pertab = ½ a varatha	...	Pardeo.
Fanam =1-10th of a partab	...	Fanam 1-20 of a Pardeo.
Silver.		*Silver.*
Tar =1/6th of a Fanam	...	Tare=1/15th of a Fanam.
Copper.		*Copper.*
Djital =1/3rd of a tar	...	cos=1/16th of a tare."

"The *varaha* and the half-*varaha*, called *Pertab* or *Pardeo*, was the Hun of the subsequent Musalman writers and the *Pagoda* of the Europeans, the latter a Portuguese appellation derived from the pyramidal temple generally depicted on one side of it. In Abd-er-Razzak's *varaha* and *pertab* we have, consequently the single and double *pagoda* of after times. Varthema omits all mention of the *varaha*, but as he gives twenty *fanams* to the *Pardeo*, while Abd-er-Razzak allows only ten, his *Pardeo* was probably

1. Travels of Varthema, p. 130, note 1.

identical with the *varaha* or double *pagoda.* Hence, it appears that the gold coinage of Vijyanagar still had undergone no material change in the half century intervening between the vists of two travellers."

Before taking up the Musalman system of coinage of India it is necessary to give a brief sketch of the Hindu system of coinage in medieval India and it may be reproduced here as below: "The unit of the system was of gold, and the old specimens found are of sixty or one-hundred and twenty grains in weight: showing an evident connection with the Grecian drachma and didrachma of gold ... and, confirming the testimony afforded by the device and symbols of old Hindu coins, of a direct descent from their Bactrian proto-type.

"As the Mohammedan never gained an entire ascendency in the penninsula, the same system of currency continued to be issued from the mint of a number of petty rajaships in Malabar and the Carnatic. The principal of these were at Bengalore and Mysore, under the Ikkeri Raja, who coined the Sadasive Huns, so called from a former Raja. They bore the figures of *Siva* and *Parvati* on one side, and a temple on the reverse. During the usurpation of Hydarali and Tippu, Bahaduri and Sultani Huns were struck in Mysore the former are distinguished by a ح the initial of Hydar's name. At Travancore also a mint has existed for a very long period, coining Anandrai Huns, so called from a prince of that name. The Ikkeri and Travancore Mints are the only two now in existence."

"Hun is the common term used by the Mohammedan writers, and indeed generally by the natives, for the Pagoda. It signified 'Gold' in the old Carnatic language.

"The Hun was sub-divided into 'fanams' and 'Kas.' Fanam or more properly panam, is identical with the pana (पण), known in this part of India as one of the divisions of the Hindu metrical system; now applied chiefly to a certain measure of cawries and copper money. The old fanam was of gold only, and was one-sixteenth of a Hun. In the 'Lilawati' we find sixteen pana = one dharna, 16 dharna=one Nishka: where the dharna (or dharma) seems to accord with the Hun, which, as before said, is identical in weight with the Greek drachma. The Ikkeri Pagoda still contains sixteen fanams: that of Virarai and Anandrai, fourteen; and the Kalyan pagoda, twenty-eight. The division adopted by the English was 42"[1].

During the Mohammedan period Sher Shah was the first Musalman King who introduced the silver rupee in India in the Mohammedan empire, and before him every Mohammedan ruler used the Arabic silver Dirham, the gold mohur and the copper falus as the currency of the Mohammedan dominions. Sher Shah rupee had, on one side, the Mohammedan creed; on the other the Emperor's name, and the date in Persian; both encircled in an annular Hindi inscription. Akbar followed the system of Sher Shah with certain improvements under the advice of his able

1. Essays on Indian Antiquities, p. 17, 18, vol. 2.

Finance Minister, Raja Todarmal and we read about this thus: "Akbar brought his coins to a fixed standard of purity and improved their shape. They were weighed against standard State weights. One of them bore for a legend: The best coin is that which is employed in supplying men with the necessaries of life, and which benefit the companions in the road of God"[1]. The ratio of exchange having already been given in the chapter of 'money changing' we propose to give a list of the various kinds of important coins that were current during Akbar's time and a mention of which is found in the Ain-i-Akbari [2]:

GOLD COINS.

Name.	Description.	Value.
S'hansah ...	Round coin.	100 la'li Jalali Mohurs.
Rahgs ...	Square & ,, ,,	...
A'tmah ...	,, ,, ,,	...
Binsat ...	,, ,, ,,	20 ,, ,,
Chugal ...	Square coin	2 ,, ,,
La'li Jalali ...	round ,,	2 Mohurs.
Aftabi ...	,, ,,	12 Rupees.
Ilahi ...	,, ,,	10 ,,
Adlgutkah ...	,, ,,	9 ,,
Mihrabi ...	,, ,,	9 ,,
Etc.	Etc.	Etc.

1. The Mughal Emperors of Hindustan by E. S. Holdon.
2. Ain-i-Akbari, p. 27-38.

SILVER COINS.

Name.	Description.	Value.
Rupee ...	Round.	11½ mashas.
Darb ...	...	½ rupee.
Charn ...	...	¼ rupee.
Pandu ...	...	1/5th rupee.
Asht ...	...	1/8th ,,
Dasa ...	...	1/10th ,,
Kala ...	...	1/16th ,,
Suki ...	...	1/20th ,,

COPPER COINS.

Name.	Description.	Value.
Dam ...	...	1/40th of rupee.
Adhelah ...	...	½ of a dam.
Paulah ...	...	¼ of a dam.
Damri ...	...	1/8 of a dam.
Djital ...	...	1/25th of a dam.

Akbar realised the importance of keeping the currency stable and in order to check depreciation, took strict measures. The following account may be read with advantage: "The Dirhams and Dinars which had been coined with the stamps of former Emperors were to be melted down and

sold for their value in gold and silver, and no trace of them was to be left in the world. And all sorts of Ashrafis and rupees, on which there was his own royal stamp whether old or new, should be set in circulation, and no difference of years was to be regarded. And Kulij Khan, being very diligent, every day sought at the bankers, and took bonds from them and inflicted fines on them, and many were put to death with various tortures. But for all that they would not desist from uttering counterfeit coins" [1].

Akbar promulgated new decrees for the stabilisation of the currency and one of them was as follows: "The price of gold, silver and precious stuffs was to remain fixed, and they were to be bought at the Imperial tariff. A fixed profit was to accrue to the Imperial treasury" [2].

Jahangir was a lover of coins and issued various kinds of coins both in his name and in the name of his queen Nurjahan and a description of it may be given here in his own words: "To each gold coin I gave a separate name, *viz.*, to the mohur of 100 tola, that of our *Nur-Shahi;* to that of 50 tola, *Nur-Sultani;* to that of 20 tola, *Nur-Daulat;* to that of 10 tola, *Nur-Karam;* to that of 5 tola, *Nur-Mihr;* and to that of one tola, *Nur-Jahani.* The half of this I called *Nurani,* and the quarter *Rawagi.* With regard to the silver coins, I gave to the coin of 100 tola the name of *Kaukab-i-tali* (star of fortune); to that of 20 tola, the name of

1. Muntakhabu-tawarikh, by Al-Badayuni, vol. 2, p. 393.
2. Muntakhabu-tawarrkh, by Al-Badayuni, vol. 2, p. 404.

Kaukab-i-murad (star of desire) ; to that of 10 tola, the name of *Kaukab-i-bakht* (star of goodluck); to that of 5 tola, the name of *Kaukab-a-Sa'd* (star of auspiciousness); to that of one tola the name of *Jahangiri.* The half Jahangiri I called *Sultani;* the quarter *Nisari* (showering money); the dime, *Khair-i-qabul* (the acceptable). Copper also I coined in the same proportions, and gave each division a particular name. I ordered that on the gold mohur of 100, 50, 20, and 10 tola the following verse by Asaf Khan should be impressed namely, on the obverse was this couplet:

" Fate's pen wrote on the coin in letters of light.
The Shah Nurud-din Jahangir,"

and between the line of the verse the Creed (Kalma) was impressed. On the reverse was the couplet, in which the date of the coinage was signified..." [1].

Shah Jahan carried out reforms in his Mint Department and his currency was of the purest metal. He, however, left the foreign money to circulate and allowed the demand and supply to take its own course, as he rightly thought that tampering with the money coins would bring the 'Gresham's law' in operation and there was every chance of depreciation. The Mohur, rupee and copper coins were the standard coins of Shahjahan. Aurangzeb carried out reform in further raising the purity of his coins, but added no new thing worth mentioning.

1. Tuzuk-i-jahangiri, by Rogers and Beveridge, vol, 1, pp. 10-11.

This is the short summary of the 'money and currency' in India from the Vedic period to the reign of Aurangzeb. A list of coins of gold and silver, current when the British took over occupation of India is given in Appendix B and may give an idea of the number of coins current during those days which gave occupation to a number of money changers and bankers of India. It will be found from the above description that from the earliest times Indians followed a very scientific system of currency and it is a pleasure to state that much of the Hindu system is followed even to-day.

APPENDIX A.



APPENDIX 'B'.

List of coins in circulation when the British took occupation of India.

Denomination.	Weight in grains.	Touch or pure gold in 100 parts.	Pure contents in 100 grains.
Mohur.		*Gold coins.*	
Ahmad Shah ...	207·00	85·1	176·27
Akbar ...	159·00	100·0	159·00
Akbar Jaljalali ...	186·60	100·0	186·60
Assam ...	173·50	70·0	121·54
Assam (old) ...	173·00	81·0	140·11
Benares ...	168·44	96·9	163·17
Haidrabad ...	172·18	96·1	165·45
Jharshahi of Jaipur.	174·99	93·7	164·05
Lucknow ...	166·00	99·2	164·70
Poona Mohur ...	159·55	100·0	159·55
Rasi ...	167·50	95·1	159·21
Shah Alam ...	190·25	98·2	186·80
Sunamula ...	178·26	91·1	162·47
Surat ...	178·00	91·7	163·17
Shah Jahan ...	168·00	99·8	167·60

Denomination.	Weight in grains.	Touch or pure gold in 100 parts.	Pure contents in 100 grains.
Pagoda Hun or Varaha.			
Anandrai ...	52·46	71·1	37·30
Bangalore of Hyderali	52·87	81·0	42·82
Bahaduri	52·71	84·6	44·61
Dharwar ...	50·52	76·0	38·42
Durbari ...	50·53	81·0	40·96
Durgi Pagoda ...	51·55	82·3	42·42
Farruki (Calicut).	52·90	85·7	45·32
Harpanhali (old).	50·76	76·8	39·00
Harpanhali (new).	51·10	79·2	40·45
Ikkeri (old) ...	52·40	81·5	42·71
Ikkeri (new) ...	52·50	84·4	44·30
Jamshari ...	52·00	84·4	43·87
Muhammadshahi (old)	50·53	79·4	40·14
" (New)	45·30	75·0	33·97
Naidi ...	52·82	84·4	44·57
Pedatola ...	52·50	84·9	44·57
Paliampatpagoda.	51·80	55·2	28·60

Denomination.	Weight in grains.	Touch or pure gold in 100 parts.	Pure contents in 100 grains.
Pagoda Hun or Varaha (contd).			
Pulkbandur ...	51·50	85·4	43·99
Sadaki (double) ...	105·75	85·4	90·33
Sattari ...	50·00	76·0	38·02
Shir Khani ...	49·50	84·4	41·77
Sravanur ...	50·46	82·6	41·65
Subari, ½ Pagoda.	26·20	86·2	22·58
Sultani ...	52·40	84·7	44·35
Travancore ...	51·00	81·8	41·70
Vekatapati ...	51·76	66·0	39·41
Panam of Fanam.			
Aparanj ...	2·68	89·6	2·44
Arialur ...	5·34	43·7	2·33
Chakri ...	5·31	25·0	1·33
Contarai ...	5·85	58·3	3·41
Gatti ...	5·39	44·3	2·38
Gulgi ...	5·62	48·9	2·15
Gopali (old) ...	5·15	22·9	1·18
„ (new) ...	5·15	25·0	1·29

Denomination.	Weight in grains.	Touch or pure gold in 100 parts.	Pure contents in 100 grains.
Panam of Fanam (contd.)			
Kaliam or Kali ...	5·44	35·4	1·92
Panchkol ...	5·61	46·6	2·65
Salem ...	4·69	27·9	1·31
Suli ...	5·15	25·0	1·29
Tanjore ...	5·46	29·1	1·59
Viraraya ...	5·85	46·6	2·72
Wodiar ...	5·44	43·7	2·38
Supplementary list of gold coins found at that time.			
Jalal-ud-din ...	163·80	94·5	154·84
Ala-ud-din ...	166·50	94·2	156·96
Taimur Shah ...	167·40	95·1	159·12
Akbar, average ...	163·80	94·5	154·84
Akbar, single ...	166·50	94·2	156·96
Jahangir ...	166·90	100·0	166·90
Shah Jahan (a) ...	168·65	97·4	164·26
(b) Chahar-yari ...	168·20	99·8	167·76
(c) Lozenge shield	165·58	99·5	165·15
Patna ...	170·70	99·7	169·37

Denomination.	Weight in grains.	Touch or pure gold in 100 parts.	Pure contents in 100 grains.
Supplementary list (contd).			
Aurangzeb plain...	168·68	100·0	168·68
„ Sans 5 to 51	168·29	98·0	164·78
„ Agra ...	162·00	100·0	162·00
„ Etawah ...	168·20	100·0	168·20
„ Delhi ...	167·65	100·0	167·65
„ Lahore ...	167·60	94·5	158·43
„ Surat ...	170·20	100·0	170·20
Aurangabad ...	164·67	100·0	164·67
Khujistah-buniad (Delhi) ...	165·60	...	158·70
Multan ...	168·55	...	167·23
Bahadur Shah ...	168·35	97·4	163·53
Jahandar Shah ...	167·25	100·0	167·25
Farukhsir ...	167·33	96·4	161·23
Mohammad Shah..	167·12	96·9	161·90
Ahamad Shah ...	167·65	99·0	165·90
Burhanpur ...	169·80	100·0	169·80
Alamgir II ...	167·30	99·2	165·99

Denomination.	Weight in grains.	Touch or pure gold in 100 parts.	Pure contents in 100 grains.	
Supplementary list (contd.)				
Shah Alam ...	167·41	97·4	163·05	
Akbar II ...	166·60	100·0	166·60	
Bhopal San 27 ...	167·50	96·4	164·01	
Farrukhabad ...	165·75	91·7	151·94	
Islamabad, Dacca	168·30	99·2	166·98	
Jaipur, San 8 ...	166·60	100·0	166·60	
„ „ 22 ...	168·11	100·0	168·11	
„ „ 23 ...	167·94	100·0	167·94	
„ „ 24 ...	168·12	100·0	168·12	
Var. Sans ...	167·80	100·0	167·80	
Sawai, San, 18 ...	168·10	99·2	166·79	Jaipur coin.
Kotah, Sans 1 to 18	167·08	95·8	160·12	
„ San, 19 ...	166·72	98·2	163·68	
Ujjain ...	166·90	98·5	164·29	
Sagar ...	164·70	92·2	151·83	
Srinagar ...	166·25	98·0	162·79	
Peshawar ...	164·00	56·7	93·10	

Denomination.	Weight in grains.	Touch or pure gold in 100 parts.	Pure contents in 100 grains.
Foreign gold coins in circulation in India during that period.			
Doubloon, Spanish	416·50	89·6	373·11
„ 1786 to 1826	417·00	87·0	362·70
„ Chili, 1823...	417·00	87·3	363·79
„ Columbia, 1826.	417·00	84·4	351·4
„ Peru ...	417·00	87·0	362·70
Ducat, Dutch ...	53·50	98·2	52·3
Guinea, English...	129·50	91·7	118·70
Sovereign, English	123·25	91·7	113·10
20 Franc, French...	99·57	90·0	89·62
Johannese, Portg...	222·50	91·4	203·38
Moidore „ ...	124·00	91·7	113·67
Sequin, Venetian...	52·40	99·7	52·27
Toman, Persian ...	73·06	96·1	70·15
Copang, Japan (old)	273·00	85·5	233·20
„ „ (new)	201·75	66·7	134·50

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.	
Indian silver coins.				
Agra rupee ...	171·62	94·5	162·33	
Ahamdabad, old	178·00	89·8	159·83	
„ old	179·92	84·4	151·81	
„ new...	180·75	85·4	154·39	
„ Hali	174·77	96·7	168·94	
Ahamad Shah ...	177·25	98·0	173·70	
Ahàmadnagar, old	174·50	97·7	170·57	
Ajmer, old ...	168·60	87·1	146·82	Tantia rupee or Bhupashai.
Sri Sahi ...	168·17	80·2	134·89	
Allahbad ...	172·03	91·7	157·70	
Alamgir II ...	179·50	98·5	176·51	
Anashahi ...	176·25	88·5	156·05	
Ankusi old ...	172·00	93·1	160·17	
„ new ...	173·50	92·7	160·85	
Arakan ..	162·38	57·7	93·71	
Arkat ...	176·40	94·8	167·26	
Katak ...	173·89	95·4	165·92	
Garnali ...	172·20	94·6	162·88	Chitagong.

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.	
Indian silver coins (contd).				
Phurshi ...	172·78	94·8	163·77	
Assam, mixed ...	174·05	95·0	165·35	
„ Rudrasingh	173·20	98·0	169·59	
„ Siva ...	173·40	97·1	168·34	
„ Pramatta	169·90	96·7	164·24	
„ Rajendra.	173·90	96·9	168·47	
„ Luxmi ...	173·50	97·1	168·44	
„ Gaurinath	174·20	95·8	166·94	
„ Bharat ...	174·75	96·5	168·56	
Ashasahi (Baroda)	176·50	87·1	153·70	
Aurangabad ...	170·86	81·9	139·89	Coined by Govind Bakshi.
Bagalkota ...	172·30	89·6	154·35	
Balashahi ...	169·21	88·1	149·12	Coined at Sagar.
Bareilly ...	171·90	93·5	160·80	
Bhatur ...	171·30	87·5	149·89	
Bilapur ...	171·82	85·6	147·12	
Benares ...	175·00	96·7	169·17	
Bikaner ...	174·00	96·2	167·47	

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.	
Indian silver coins (contd.)				
Bhilara ...	168·90	82·7	139·69	
Bhilsa ...	169·62	86·5	146·65	
Bhopal ...	171·38	89·2	152·82	
Bharatpur ...	171·86	95·8	164·70	
Bindraban ...	156·67	83·5	130·89	
Bundi ...	171·56	88·8	152·26	
Ballabhsahi ...	175·56	85·4	149·957	
Barhanpur ...	178·80	95·2	170·23	Coined by Scindia in Khandesh.
Cambay ...	178·00	85·4	152·04	
Calani ...	172·66	81·7	141·01	
Chanda ...	166·42	86·3	143·54	
Chanderi ...	173·00	92·3	159 66	
Chandoli ...	170·15	85·6	145·69	
Chanduri (Khandesh).	172·00	92·1	158·38	
Chandrapur ...	163·00	83·8	136·51	
Chinsuri ...	17 ·50	92·9	160·28	
Chittor ...	169·57	79·8	135·31	
Chaurasi (Ikkeri Mint).	171·75	90·3	154·94	

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.
Indian silver coins (contd.)			
Chandausi ...	171·10	95·6	160·57
Chalani ...	160·71	80·4	129·23 Hydrabad.
Kalpi ...	169·07	86·9	146·88
Charatpur ...	169·00	88·1	148·93
Dacca ...	179·30	96·7	173·32
Deig ...	169·70	88·5	150·25
Delhi ...	172·40	97·1	167·37
Mohammadshah...	173·30	96·9	167·88
Etawah ...	171·80	92·3	158·56
Fatehalishahi ...	157·71	94·5	149·17
Farrakhabad ...	169·40	94·1	153·23
Goharshahi ...	174·43	96·5	168·25
Thumka ...	174·18	94·5	164·74
Trisuli ...	173·05	93·5	161·87
Gokul rupee ...	172·80	92·9	160·56
Gwalior ...	171·30	94·1	161·31
Gurha Kotah ...	169·21	88·1	149·12
Hatras ...	171·60	95·4	163·73

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.
Indian silver coins (contd.)			
Holkarshahi ...	168·60	91·3	153·84
Hydrabad ...	174·10	84·6	147·03
Imami ...	175·24	96·0	168·31
Indore ...	172·00	94·8	163·04
Jalaun ...	168·80	86·6	146·29
Jhansi ...	170·00	85·2	144·85
Jind ...	168·50	83·8	141·12
Jodhpur ...	174·00	95·6	166·39
Jamkhandi ...	175·00	92·5	161·87
Jubbalpur ...	167·38	89·2	149·25
Jagadhri ...	165·30	86·4	142·92
Jaripatka ...	171·60	91·2	156·58
Jaidur ...	173·50	94·1	163·38
Jainagri ...	172·68	90·4	156·10
Jaipur ...	174·00	96·7	168·20
Karauli ...	171·37	95·2	163·16
Kosi ..	167·05	84·2	140·60
Kumher ...	171·00	95·0	162·45

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.
Indian silver coins (contd.)			
Lucknow ...	172·33	96·7	166·58
Madipur ...	173·75	89·2	154·93
Madhushahi ...	174·05	96·9	168·61
Maheshwari ...	173·25	94·8	164·23
Mohammadshahi...	173·30	95·2	165·00
Mamushahi ...	177·75	89·4	158·86
Malabar ...	172·84	93·1	160·96
Mullashahi ...	172·40	95·0	163·78
Mudhol ...	173·00	57·5	99·47
Murshidabad ...	179·666	98·0	175·923
Makhanshahi ...	176·62	87·3	154·17
Muttra ...	167·30	86·0	143·95
Mysore ...	174·28	94·8	165·20
Nagpur ...	168·65	91·5	154·24
Narwar ...	170·00	87·7	149·10
Nepal ...	85·00	82·9	70·48
Najibabad ...	173·00	96·7	167·23
Udaipur ...	167·45	78·1	130·82

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.
Indian silver coins (contd.)			
Ujjain ...	174·64	93·3	162·99
Panali ...	170·60	63·4	108·16
Panipat ...	171·20	91·9	157·29
Patna ...	177·50	96·5	161·21
Partabgarh ...	170·40	87·6	149·27
Pondicherry ...	175·35	95·6	167·68
Poona ...	176·00	96·9	170·50
Rajgarh ...	173·75	96·2	167·23
Raichur ...	173·00	89·8	155·34
Sagar ...	170·10	88·1	149·90
Saharanpur ...	171·00	93·5	159·96
Salimshahi ...	168·11	77·3	129·93
Sardhana ...	171·20	92·5	158·36
Sironj ...	168·35	84·8	142·75
Shahpuri ...	174·00	87·4	151·98
Sohagpur ...	166·90	81·7	136·30
Srinagar ...	170·06	89·0	151·28
Surat ...	174·50	93·9	163·96

Denomination.	Weight in grains.	Touch or pure silver in 100 parts.	Pure contents in 100 grains.
Indian silver coins (contd.)			
Thana ...	170·80	90·8	155·14
Wazirshahi ...	170·00	86·3	146·62

The list of copper coins is not given as the pice and half pice were generally the same all over India with little variations, and therefore, it would have not been of any interest to readers.

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