MONEY AND THE MARKET
IN INDIA 1100–1700

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Introduction

Money is a most wonderful thing.
Without money, one can have no friends.
With money, old men find beautiful young girls.
People give their lives for money;
for money men forsake their wives and families.
There is nothing greater in heaven, earth or hell than money.
So if you give me money, I shall bring you back the moon
or a woman of the highest birth.

—Bharatcandra, *Vidyā-sundara* (c. 1750).1

These lines, from the well-known Bengali verse-text *Vidyā-sundara*,
of the mid-eighteenth century, were written by a Brahmin poet Bharatcandra Ray at the court of the zamindār Raja Krishnacandra Ray of Krishnagar. They are put in the mouth of one of the characters, the flower-woman Hira (or Malini) of Burdwan, who addresses the prince Sundara from Kanci, and assures him of how money (here *kauda*, the cowrie-shell, which has become a generic term for money) can not only buy rice or curds, but can even make a tiger give milk. The eulogy to money, not a little cynical, follows, and calls to mind other similar writings from elsewhere in India in these very years. Thus, the Telugu poet Sarangapani, who poses Vishnu himself as no more than a customer, waiting at the door of a courtesan (whom the poet advises, in no uncertain terms, to ‘grab the cash’).2 They speak of a civilization

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1. Edward C. Dimock, edited and translated, *The Thief of Love: Bengali Tales from Court and Village* (Chicago, 1963), pp. 41-2; the original text may be found in Brajendranath Bandyopadhyay and Sajanikanta Das, eds., *Bharatcandra granthābali* (Calcutta, 1950). I am grateful to Sudipto Kaviraj for the reference to Bharatcandra, and for going over the Bengali text with me.

2. Cf. Velcheru Narayana Rao, A.K. Ramanujan and David Shulman, trans., *When God is a Customer* (Delhi: Oxford University Press, forthcoming; the original text may be found in Sārangapani *padamudāl*, edited by Saravati Nrsimhacarayulu (Madras, 1878). Also see V. Narayana Rao, David Shulman and Sanjay Subrahmanyan, *Symbols of Substance: Court and State in Nayaka-period Tamil Nadu* (Delhi, 1992), pp. 117-18; for an earlier discussion.
which had, already on the eve of the advent of colonialism, an easy familiarity with money, with the market, and an highly ambivalent set of perceptions regarding both of these institutions. Significantly, in Bharatcandra, it is not gold or silver that is praised, but money in its most humble generic manifestation—the cowrie-shell. Equally, whereas two centuries before, in the Padāvāt of Malik Muhammad Jayasi, the King Ratanasen who makes a similar sounding eulogy to wealth (darab—from the Sanskrit dravya) soon receives his come-uppance, no such fate is visited on our eighteenth century characters.\(^3\) Times have changed, and so have moral attitudes!

The present volume is concerned with precisely such changes, in the sphere of money, and the operation of the market in India in the latter half of the medieval period and the early modern epoch—that is to say, in the six or seven centuries leading up to Bharatcandra and Sarangapani. As such, it calls for a series of quite basic and interrelated questions to be addressed by the historian, some of which are as follows. What roles did money and markets play in the politics, economies and societies of medieval and early modern India? Was the reach of money limited to the large urban centres, major overland trade routes, and port-cities, or did monetized transactions have an effect on a rather wider set of social groups than those located in these privileged spaces? Was the coinage of the Indian subcontinent, whose antiquity is testified to by museum collections all over south Asia and elsewhere in the world, servicing a growing body of transactions and needs over the centuries? If it did, what effects did the ‘cash-nexus’ have on those who entered it? Was it a means by which the state in the region imposed its needs on subject populations, forcing the latter to enter the market in order to realize taxes in money?

These are some of the questions that have plagued historians of south Asia who have occupied themselves in the past decades with the twin issues of commercialization and monetization—production for the market and the use of money—since the beginning of the second millennium AD. It is very nearly a commonplace that these questions cannot be answered in isolation, for the exchange economy does not exist in a vacuum. Pursued in one direction, such questions force us in turn to ask other questions about the nature of production and its organization. If we approach them from another angle, we find ourselves enmeshed in a discussion of political power and its implications for commercial, and more generally economic, activity. And viewed from the perspective of intellectual history, they lead us to ask: How did those who lived in south Asia in these centuries themselves perceive money and the market? Further, how were their perceptions different from those of the inhabitants of other contemporary societies, whether in Asia or elsewhere?

In this introductory essay, I shall admittedly pose more questions than it is within my power to answer. It may therefore be best to begin with a question which we are in a position to answer: namely what is money for our purposes? Money, as economists normally define it, is conceived in terms of its functions—as a means of exchange, as an unit of account and as a store of value. From this flows the textbook notion that money itself is sought essentially for two reasons: in order to facilitate exchange (or transactions), and as an asset—since its value relative to other goods in the economy changes over time. In turn, money has a market, and thus a supply and a demand. The conception of the money market hinges crucially on whether what is used as money has an ‘intrinsic’ value, or whether it is no more than a token or fiat. The former notion, of ‘intrinsic’ value is in itself problematic, since objects do not have a value outside of a context; as François Simiand has written, ‘Money is a social reality’.\(^4\) A piece of gold, or even a piece of bread, on the planet Mars do not necessarily have value, without any social agency that has a use for them. What we mean when we say ‘intrinsic’ value is therefore quite limited; it merely means that the money is made of a substance that has a value even when it does not take a certain form (say a coin or a note), and that

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3 Mataprasad Gupt, ed., Padāvāt (Allahabad, 1973), p. 398; for a rough prose translation based on a slightly different text, see A.G. Shireef, Padāvāt (Calcutta, 1944), p. 234. Jayasi was born in 1494, and wrote the work in about 1540, during the reign of Sher Shah Sur.

this value bears some fairly close relationship to its value as money. Or, to put it slightly differently, there is commodity-money on the one hand, and token-money on the other. Now, since money is conceived of above as possessing a set of properties (or performing a set of functions), it is possible to have near-moneys which perform some but not all the functions of money. Since the asset function of money is a widely dispersed one (for in most societies there are any numbers of stores of wealth), primacy is usually given to money’s role in exchange. Thus, to sum the matter up succinctly, the notion of money itself depends crucially on the institution of the market.

The market in turn can be conceived of both abstractly and concretely. If the latter, one is speaking of the marketplace, of hierarchies of markets located in space, and the physical act of exchange in them. Conceived in more abstract terms, the ‘market’ implies far more: the notion of a careful calculus of loss and gain which underlies the decisions to produce, consume and store, and which permeates the mentalities of individuals and groups in a society; concomitantly, to others, a world lacking somehow in the ‘innocence’ of pre- or non-market, subsistence-oriented, societies. Indian languages abound in proverbs that confirm the latter stereotype, such as the Tamil saying ‘The money from the sale of a dog does not bark’ (māy virā kācu kulaikkātā), which implies that money is amoral, and the means by which it is obtained irrelevant. It has sometimes been claimed that money is profoundly egalitarian as a consequence, and respects no forms of hierarchy other than those which it creates itself. These are ideas which we shall have occasion to investigate in the course of this introductory essay.

5 This is not to neglect the role of ‘moneys-of-account’. For an instructive discussion on this problem, see F.C. Lane and R.C. Mueller, Money and Banking in Medieval and Renaissance Venice, vol. 1: Coins and Moneys of Account (Baltimore, 1985).


INTRODUCTION / 5

COMMERCIALIZATION—NATURAL, ARTIFICIAL AND FORCED

Views on the emergence of the market—thus, commercialization—have taken several forms since the late eighteenth century. One argument, which may be associated with Adam Smith and those who have followed him (including most recently Milton Friedman and the ‘Chicago school’ of economists), would suggest that the ‘propensity to truck, barter and exchange’ is an innate human urge, and that thus the market is a natural phenomena which emerges so long as this urge is not fettered. From this would flow the next stage in the argument: that a number of ideologies, and institutions, over history have been designed to impede the market. Mercantilist institutions which impose the state’s control over economic activity, and lead to the phenomenon of administered trade, are a typical example. Monopolies created using state power would be another such impediment. Overall, then, the brunt of this argument—in normative terms—is that the market and trade should ideally be limited by the nature of technology, and that other institutional barriers should be swept away. Formulated in the late eighteenth century, this perspective carries the characteristic flavour of the European enlightenment, seeing the market as both progressive and inevitable in character. But it has been unfashionable for the most part in the Indian context, and it is only recently that a synthetic economic history of India, from antiquity to the present day, has adopted such a perspective.

In contrast to the perspective summarized above, are others, which argue that the market is itself a product of historical circumstances. It is useful, however, to distinguish between several variants within this broad position. A particularly influential version in some circles, due to substantivist anthropologists like Karl Polanyi, argues that marketless trade was historically characteristic of most societies, where prices did not in fact fluctuate freely. Rather, rates of exchange between


objects were fixed by custom, and enforced equally by customary sanction; exchange took place through the twin modes of ‘reciprocity’ and ‘redistribution’. Since the market did not exist in the modern sense, even the objects that were exchanged were not really ‘commodities’, for they were not produced with the market in mind. Producing units, be they families or larger entities, acted largely with a view to maintaining subsistence under the principle that Polanyi termed ‘householding’. These elements defined for him the situation in western Europe as late as the sixteenth century. Thus, in Polanyi’s own words:

Broadly, the proposition holds that all economic systems known to us up to the end of feudalism in Western Europe were organized either on the principles of reciprocity or redistribution, or householding, or some combination of the three. These principles were institutionalized with the help of a social organization which, inter alia, made use of the patterns of symmetry, centrality and autarchy. In this framework, the orderly production and distribution of goods was secured through a great variety of individual motives disciplined by general principles of behavior. Among these motives, gain was not prominent [emphasis added].

The market thus emerged in this view not because of some inbuilt psychological urge of which humans partake, but rather because it facilitated a certain set of relatively impersonal social relations. And yet, the transition to the market was not an easy one—hardly a smooth process by which the market mentality was diffused little by little. Rather, Polanyi in his first major work, The Great Transformation cited above, argued that the final emergence of the self-regulating market in England required a wrenching metamorphosis in the late eighteenth and early nineteenth centuries, a crisis in social relations, wherein the state intervened to prop up the market. Once this moment of transformation had been weathered, the state could afford to step aside, and the market could act autonomously, regulating itself and determining prices in such a way that the economy was no longer ‘embedded in society’. Instead, there emerged ‘nothing less than the institutional separation of society into an economic and political sphere’, and the creation of a market society which was remarkable for its ‘extreme artificiality’. We could thus scarcely be farther away from the Smithian notion of the market as a natural and logical outgrowth of basic human psychological characteristics.

Modern India (Delhi, 1990), pp. 1–13.

portray the impact of colonialism on India—the ‘forced commercialization’ hypothesis. In the context of colonial India, this hypothesis was used to argue that commercialization was forced on the peasantry by a variety of means—some subtle and some more explicitly coercive in nature. An older ‘moral economy’—an economy underpinned by a set of mutually reinforcing and relatively ideal customs, say jajmāni—was thus replaced by the market. The impact of the colonial state was felt in terms of heavy revenue demand, coerced production of certain crops, and the spread of railways; it was mediated in its effects on the producer by mercantile capital—the ubiquitous sāhukār and mahājān. The peasant thus went willy-nilly to the market, to enter into a bottomless pit of indebtedness and dependence.

However, whereas earlier writers had posed these developments exclusively in the post-1750 period, historians such as Irfan Habib in his The Agrarian System of Mughal India [1556–1707] (1963), relocated these processes already in the pre-colonial period. There were however some distinctions between the colonial and pre-colonial incarnations of ‘forced commercialization’. For example, in the latter, the role of mercantile capital in peasant immiserization was by no means so explicit as in the former. Nevertheless, in this view, money was the agent of the market and thus indirectly responsible for peasant impoverishment. Without money, strict limits are set to trade, which must then take the form of barter. The introduction of money into a system and its growing use (monetization), was thus a counterpart, but not an exact corollary, of commercialization. Since money has usually been historically associated with the state, which more often than not attempts to control its production and circulation, the view that money like the market was an agent of state power tended to gain credence.

Let us consider a characteristic example of such a formulation, from the authoritative Cambridge Economic History of India, vol. 1. It appears in a chapter by one of the editors, Tapan Raychaudhuri, writing on inland trade in Mughal India. He asserts:

The economy of Mughal India was marked by a curious paradox. Almost certainly, the great majority of their people mainly consumed what they produced or secured from the neighbours on the basis of customary arrangements. It is equally certain, that virtually everyone was involved in exchange as producer or consumer, usually both. Again, as some 50 per cent of the agricultural produce was given as revenue—paid in or eventually converted into cash—and presumably the tax burden on the artisan was comparable, in

a predominantly subsistence-oriented economy an incredibly high proportion of the produce was meant for exchange. The paradox is thus explained by the massive extraction of revenue, a job in which the Mughals probably succeeded better than all their predecessors. The range and volume of exchange were correspondingly greater. The producer who surrendered some 50 per cent of his gross produce could have very limited scope for buying anything.

The reader of this passage will not have failed to note certain internal contradictions therein. If ‘the producer’ (who, like ‘the artisan’ elsewhere in the same passage, has imperceptibly become an undifferentiated category) did indeed ‘have very limited scope for buying anything’, how could ‘virtually everyone’ be both a producer and a consumer on the market? No less puzzling is another question, namely of how a peasant economy has been able to reproduce itself in India over so many centuries, despite the fact that all the while the peasantry was constantly being immiserized. Logically, some periods must surely have contributed to raise the levels of peasant welfare to a point that immiserization could be viable once more thereafter. Here, another passage in the Cambridge Economic History of India on the Mughal period, this one by Irfan Habib, sums up the dilemma.

The fiscal burden thus rested more heavily on the small cultivator, and must, therefore, have tended to intensify the already existing differentiation among the rural population. The collection in cash would still further increase such differentiation. Those who had sufficient resources to raise cash crops would find it easier to pay the revenue upon selling the produce than those smaller peasants who grew the coarse foodgrains which at best had only a local market. But the intensification of differentiation inherent in the Mughal revenue system was countered by yet another factor. Since taxation tended to be raised to the total surplus, the demand for revenue was bound to exceed it in some localities at one time or the other. In such circumstances, it was not only the lower strata that felt the brunt of the burden of taxation; the upper strata were also ruined. Thus, inherent in the Mughal revenue system was a tendency also to subvert superior cultivation, while it simultaneously increased the distance between the rich and the poor in the countryside.

In this passage, we find, with some variation, similar internal contradictions to those that may be encountered in Raychaudhuri’s account.

as well: on the one hand, the desire to maintain that some ‘rich’ peasants did exist, on the other the urge to assert that contact with the market through the means of forced commercialization and state intervention uniformly ruined all strata, and left the peasantry bereft of the entire surplus. There are some who would defend this, arguing that (in the terms defined by Teodor Shanin in his studies of the Russian peasantry) both centripetal and centrifugal forces might be at work. This is in fact a specious defence. For what Habib asserts here is not merely that some forces at work tended to promote differentiation and others levelling: rather, he wishes us to believe that the state drew ‘the total surplus’ of all peasants, but that there were still rich and poor peasants. Now, unless one defines subsistence differently for different households, it is hard to see how some peasant households bereft of their surplus were richer or poorer than others—also bereft of their surplus and reduced to subsistence. This can only be the case if the notion of surplus in use is one of investible surplus, rather than surplus over subsistence—which then allows us to posit households with very different levels of consumption (some ‘rich’ and others ‘poor’). But that does not appear to be the case in the arguments reproduced here—and in any event the data for the period hardly permit us to distinguish the expenditure of households on consumption as opposed to their accumulated surplus. The problem may be seen therefore as resting squarely on the inability to resolve a tension: between the portrayal of the state as the omnipotent consumer of the entire surplus, and the desire to see the peasantry not as a single class but as differentiated. Logically, one of these assumptions must yield to the other—and it would seem clear that the notion of the state as taking the ‘total surplus’ is where the argument’s weakness lies.

A further variant of ‘forced commercialization’ merits at least some brief mention here. In our discussion so far, we have focused principally on the notion of forced *sale* by producers, in order to meet the revenue requirements of state, expressed in cash. One also encounters on occasion the idea of forced *purchase*, wherein the state (or state officials) oblige subjects to purchase commodities at an inflated price. This is usually the case when the state collects taxes in commodities rather than cash, and the principal victims of the arrangements are seen to be merchants—on whom the state imposes the obligation to buy. Such an argument has been made for eastern Rajasthan in the eighteenth century, for example. A different portrayal has been presented in the case of the eastern Deccan, a century earlier, where it is argued that state officials (here belonging to the Golconda Sultanate) routinely forced grain on non-agriculturists at inflated prices. This arrangement, known as *guddem*, may be interpreted as a sort of concealed tax on artisanal activity. We may note however that the implications of forced purchase and forced sale are not quite the same—the former having an impact largely on traders and artisans, and the latter on agricultural producers. Nevertheless, they do share one attribute in common—namely an emphasis on the conjunction of state power and the market, and a view of the latter as a tool of the former rather than a neutral (or positive) agent.

**MONEY AND EARLY MEDIUM STATE FORMATION**

Commercialization, the spread of the market and of market-activity, and monetization, the growing use of money, are often assumed to have gone together historically. Up to a point such a connection can be made, for barter, or other forms of moneyless exchange, have their limits. It is however unwise to insist on a linear association of the two phenomena. Just as the use and spread of money, usually testified to by numismatic evidence, are seen as signs of the growth of the cash nexus, and a more *commercially* oriented economy, the proposition is also often assumed to hold in inverse. Thus, the disappearance of money (or of coins from a particular period from coin-hoards) is often taken as evidence of a widespread restructuring in the nature of larger economic and even political relations. A characteristic example of this sort of hypothesis is the so-called ‘Indian Feudalism’ thesis, put forward by R.S. Sharma in a well-known work about a quarter-century ago. He argued that a number of factors both within India and in the

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larger global (or at least Eurasian) arena had led to the fragmentation and localization of power, accompanied by a process of de-monetization, and recession of commercial forces. After the Gupta dynasty in north India (4th–6th centuries), attempts at political consolidation proved ephemeral. Despite a brief resurgence under Harsha in the seventh century, there followed—it was argued—a four-century long period of "endemic warfare", accompanied by de-urbanization, the decline of trade routes, and a proliferation of local "feudal" rights. Of course, some towns and urban centres did continue to exist and even perhaps flourish, but the overall balance is seen as leading in the direction of a tradeless, moneyless economy of fragmented localities, wherein land itself is the major currency of power. It thus followed from this that the establishment of the Delhi Sultanate in the twelfth century, and its expansion under Ilutmish and his successors in the thirteenth century saw a revival of trade, monetization and commercialization, and also the creation of a wholly different political system. So long as Islam was kept at bay, in Sind, and on the western fringes of the subcontinent, it apparently impeded the flow of trade and bullion into India. Once Islam was established in northern India, and India became a part of the larger continuum of Muslim states, this process was apparently reversed. At least until the fourteenth century, a new monetary system, based on the silver and gold tankas, and the smaller delhiwallas is believed to have held sway, and to have permitted a brisk trade between towns, and also to have facilitated the drain of agricultural surplus towards the towns from the countryside.

This thesis, of which the barest sketch has been presented above, has been challenged from various perspectives. First, it has been argued, notably by B.D. Chattopadhyaya, that a great deal more evidence exists for local trade, and the resurgence of a commercial economy based on small and medium-sized trading centres at the turn of the first millennium, than has hitherto been believed. More tenuously, André Wink has tried to argue that the establishment of Islam in Sind and the persistence of maritime contacts between the heartland of the Islamic world and India should be read as evidence of a growth in external trade. Given the fragmentary nature of his own evidence, the case for growth can by no means be taken as demonstrated; the evidence of Chattopadhyaya is certainly far more convincing for internal, overland, commerce. Wink's polemical position, which rests on comparing the Sharma thesis with the "Pirenne thesis" in European history (where the rise of Islam was associated once more with the decline of trade in the Mediterranean), also does not serve to further his argument or strengthen the case he wishes to make. If references to the European model cannot prove the case for "feudalism", nor can mentions of contrary hypotheses in the European case be used against it.

Since a good part of the "Indian Feudalism" literature rests on the assumption of de-monetization, the status of money at the close of the first millennium is obviously a point worthy of close examination. Not surprisingly, therefore, the single most important contribution in recent times to a furthering of our understanding of the economic history of the period is the work of a numismatist, namely John Deyell's Living Without Silver. Deyell, writing with an eye to the economic and social dimensions of the study of coins, has in a minutely-documented study presented the following picture. First, taking the period from roughly AD 750 to AD 1000, and focusing on northern India, he argues that there were in these centuries at least four major regional currencies: (i) the billon (mixed silver and copper) drammas of the Gurjara-Pratiharas; (ii) a system combining local copper and silver coins with imported issues under the Arab governors of Sind; (iii) the bimetallic coinage of the Turk and Hindushahi dynasties in Afghanistan; and (iv) copper coinage in Kashmir. The coins produced

For reiterations of Sharma's hypotheses and a dismissal of critics, R.S. Sharma, Perspectives in Social and Economic History of Early India (New Delhi, 1983), and Sharma, Urban Decay in India (c. 300-c. 1000) (New Delhi, 1987); in the latter study, ch. 5, pp. 84-107, the hypotheses of decline of trade, de-urbanization, and feudalization are extended even into south India. For a sample of the debate that this has generated, see T.J. Byres and H. Mukha, eds., Feudalism and Non-European Societies (London, 1985), in particular the papers by R.S. Sharma, Hanabans Mukha, Irfan Habib and Burton Stein.


17 B.D. Chattopadhyaya, 'Trade and urban centres in early medieval India', The Indian Historical Review, 1-2, 1974, pp. 203-19.

18 André Wink, Al-Hind: The Making of the Indo-Islamic World, vol. 1 (Early medieval India and the expansion of Islam, seventh to eleventh centuries) (Leiden/Delhi, 1990), pp. 219-24. Of course, as writers on the 're-feudalization' of eastern Europe after 1500 have argued, the growth of external trade and agrarian feudalism are by no means incompatible. For a variation on this theme in the Indian context, see M.R. Tarafdar, 'Trade and Society in early medieval Bengal', The Indian Historical Review, vol. iv, (2), 1978, pp. 274-86.
by these systems were however marked by a specific feature: the anonymity of the issuing authority. In this, they were a strong contrast both to the earlier Guptas and the later Sultans of Delhi. Deyell concludes therefore that ‘although coins before AD 1000 were stereotyped in design and bore little political or chronological information, they were manufactured continuously in large quantities’.

The two centuries after AD 1000, dominated in north India by a set of Rajput dynasties and in the north-west by Turkish monarchies (like the Yaminids of Punjab and Ghazna), see some changes in the economic and monetary spheres. Deyell surveys the main political units—the Yaminids, the kingdoms of eastern and central India (including Kanauj and Bayana), western India (and especially Gujarat), Malwa, the Tomar and Chauhan dynasties of northern India—and concludes that ‘the pattern of currency usage in the eleventh and twelfth centuries in northern India was qualitatively different to that in the ninth and tenth centuries’. A major difference was that the Rajput dynasties usually did not issue anonymous coinage. Three major coinages appear to have dominated the period: the gadhaiya dramma coins of western India, gold coins (of what he terms the ‘Lakshmi type’), and bull and horseman bilion coins. The latter two were usually issued in the name of a ruler, even if the gadhaiya was not. In turn, three zones sprang up, corresponding to the areas of circulation of these three coinage types. It is of some interest to note that the gadhaiya nevertheless emerged as a significant medium of international exchange, and appears to have circulated in Sind, Rajasthan, Maharashtra and the Konkan.

The thrust of Deyell’s argument is to emphasize therefore the relatively continuous character of trade in many of the major regions of north India in the epoch. Where the central Gangetic valley is concerned, for example, he argues that the nature of the river system permitted heavy mercantile traffic to pass with exchange nodes at fairly distant intervals, so that long-distance trade could be ‘in virtual isolation from the countryside through which it passed’. Purely local money forms, such as the Pratihara bilion dramma and, after AD 1000, the ‘Lakshmi-type’ coins of Rajput states, circulated through the whole central Gangetic valley, but were not used as a medium for inter-regional exchange for the most part. On the other hand, we have the case of the Gujarat currency cited earlier, which was not only widely circulated but also imitated, and used as a means of exchange over quite a substantial circuit.

Equally significant are his conclusions on the question of monetization. He writes:

Under-monetization, in the sense it is used in the discussion of feudal exchange modes, does not refer to a physical shortage of coins. It does not mean that goods went unsold or bargains unmade for lack of a monetary medium of exchange. Rather it refers to an intentional circumscription of the use of money. This would involve the supplementing of money as an exchange medium by other non-monetized usages. These might include barter, payment of taxes in kind, or exchange of services for mutual benefit as prescribed by tradition or custom.

But none of these appears to have taken place in northern India in the centuries under consideration, at least not on a widespread scale. Rather, what was taking place was a periodic shortage of precious metals, relative to their demand, leading in turn to the debasement of coinage. It thus appears to be quite clear after Deyell’s analysis that market exchange in north India did not necessarily suffer, nor did the region lapse into a tradeless, moneyless, condition.

The issue is rendered still more complex if one takes the diversity of regional evidence into account. Protagonists of ‘feudalism’ usually concentrate on three areas in the late years of the first millennium: the western Deccan under the Rashtrakutus, Bengal under the Palas, and the north-west under the Pratiharas. Further south, under the Colas, there has rarely been any attempt to portray a process of ruralization, ‘feudalization’ or the cessation of trade and exchange, as being the rule in the tenth, eleventh or twelfth centuries. Debates continue on the extent of state centralization, but there is little doubt that this was a period of resurgent urbanism, accompanied by an expansion in networks of external trade towards southeast Asia and Sri Lanka. This trade, often associated in turn with a set of so-called ‘merchant guilds’ (manigrāmam, aṭṭhūruvar, etc.), also extended inland, linking the Tamil country with the Deccan, and the east (Coromandel) coast with the Malabar region.

19 John Deyell, Living Without Silver: The Monetary History of Early Medieval North India (Delhi, 1990), p. 66.
20 Ibid., p. 244.
21 See for example, K.A. Nilakantha Sastri, South India and Southeast Asia: Studies in Their History and Culture, reprint (Mysore, 1978); Kenneth R. Hall, Trade and Statecraft in the Age of the Colas (New Delhi, 1980); Meera Abraham, Two Medieval Merchant Guilds of South India (New Delhi, 1988).
A particularly interesting feature of coinage in south India, already in this early period, is its substantial dependence on gold and copper, with silver being relegated for the most part to a tertiary role. Even the Yadavas of Devagiri, who ruled over a kingdom founded in the late twelfth century, and were located much to the north of the Colas, produced very largely gold coinage, especially the padma tanka. We do not have clear evidence of the gold-silver ratio in the south in this period, but it is likely to have been somewhat higher than the ratio of 1:10 reported for Delhi in the early thirteenth century. Again, we do not know what the effects on this ratio were of the substantial transfers of bullion as tribute to north India in the course of the late thirteenth and fourteenth centuries. A particular puzzling feature of north Indian monetary history is the fact, however, that despite the substantial transfers of treasure—with thousands of kilos of gold and silver from Devagiri alone, in the reign of ‘Ala al-Din Khalji [r. 1296–1316], besides substantial amounts from Madurai and other centres in the Deccan and farther south—north India entered once more into a period of monetary ‘famine’ in the fourteenth century, while the south did not. Historians differ on when this ‘famine’ began, some placing it after the reign of Muhammad Shah Tughluq [r. 1325–51], others already in his period. The testimony of Yahya bin Ahmad Sirhindî’s Târîkh-i Mubârâkhshâhî, among several other texts, leads one to infer the existence of a shortage in Muhammad Shah’s epoch. Thus, he writes of the 1330s as a moment of crisis, particularly evoking the celebrated moment when the Sultan resorted to the use of token copper money.

Owing to the bestowal of abundant presents and rewards upon the people, the Exchequer was bereft of money. All the sources of income and means of import were closed. The copper tankas were issued as tokens, and their value was enhanced to twenty-five times; they became current on an equal footing with the tanka-i lâh: any one who showed reluctance to receive it used to be punished severely. In collusion with one another, the Hindus and the evil seekers established a mint in every village, struck copper coins, sent them to the city, and received in exchange gold, silver, horses, arms and precious articles. It was for this reason that the contumacious gained in strength.

So far the account follows a commonsense view of the working of...
continued in the fifteenth century as it always had in north India'. The monetary shortage that many contemporaries claimed affected the economy, was he stated largely restricted to the state; society in general did not feel the lack of availability of currency. If the Lodis debased the coinage, it reflected their inability to gather together bullion, rather than a generalized shortage. This argument was however implicitly denied by Irfan Habib, who continued to hold the view that the fact that taxes were collected in kind under the Lodis reflected 'a worldwide shortage of silver [and] a continuous fall in prices [that] had been taking place for a long time'. But once more, the contrast with southern India and Bengal are marked. In the latter case, John Deyell has argued (in a paper also included in this collection) that metal inflows into Bengal in the fifteenth century continued to be sufficient so that, even if sporadic, they maintained the volume of currency. In the case of south India, the testimony of a number of travellers to the Malabar coast and the kingdom of Vijayanagara leaves no room for doubt. Let us take the Matla' al-Sa'dain wa Majma al-Bahrain of Kamal al-Din 'Abd al-Razzaq Samarqandi, ambassador of Mirza Shahrukh of Samarkand in the 1440s. In a prominent part of the city of Vijayanagara, he locates the mint and describes it as follows.

On the left of the palace there is the mint, where they stamp three kinds of gold coins, mixed with alloy. One is called varāha and weighs about one misqal, equal to two kāpākī dinārs. The second kind is called fanām, and is equal to the tenth of the parāb. The last is the most current. Of pure silver they make a coin equal to the sixth of a fanām, which they call tār, which is also in great use. The third of a tār is a copper coin called jital. The usage of the country is that, at a stated period, every one throughout the whole empire carries to the mint the revenue (zār) which is due from him, and whoever has money due to him from the Exchequer receives an order upon the mint.28

He thus describes clearly enough the five major units in the system: the varāha (or honnu, the pagoda as later Europeans were to call it), its half the pratāpa, its twentieth part the ponām, the relatively less-used silver tāra, and the copper coin jital (evidently derived from the terminology of the Delhi Sultanate, and corresponding to the Tamil kācu).28 There is neither here nor in any other account the slightest reference to shortage of coinage in circulation, or to a contraction of the money-economy.

**HIERARCHY VERSUS MONEY?**

By the mid-sixteenth century, even north India appears relatively well-supplied with coin, and with the rule of Sher Shah Sur, the first elements of a system centering around the silver rupiya are put in place. Thus, there emerged what has been termed a 'tri-metallic system' of currency under the Mughals, based on coinage in gold, silver and copper, but in reality dominated by the early seventeenth century by silver. The Spanish colonization of the Americas, and the re-integration of China and Japan into the trading world of the Indian Ocean in the latter half of the sixteenth century were important factors that had a bearing on this process. The growing production of precious metals in the New World and the Far East had a significant impact on its supply in the Indian subcontinent. New World silver found its way to India via the Cape route, but also in relatively substantial quantities through west Asia. This facilitated the growing dominance of the silver rupiya, which gradually replaced the billon sikandari, and was a coin of high purity, weighing 178 grains troy, save in the case of certain exceptional, larger, issues. For some specific purposes, essentially ceremonial and for hoarding treasure, there was also the gold muhr or ashrafi, of around 169 grains troy. Finally, for the maintenance of revenue accounts as indeed for small transactions, the copper coin the dam (officially rated in the late sixteenth century at one-fourth of a rupiya), took the place of earlier issues, but in turn gave way to other coins like the paśā.28 It has sometimes been claimed that copper money was less and less in use in the course of the seventeenth century, but there is some reason to treat this view with scepticism.

The Mughals had thus by the seventeenth century established a

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29 Irfan Habib, 'Monetary System and Prices', in Raychaudhuri and Habib, eds., *The Cambridge Economic History*, vol. 1; Habib, 'A System of Trimeatalism in the age of the "Price Revolution"', in J.F. Richards, ed., *The Imperial Monetary System of Mughal India* (Delhi, 1987).
currency system with the appearance of a great deal of uniformity, and in which foreign coins (like the silver lásir and reales de a ocho, which commonly served as currency in the ports of the western Indian Ocean) were not allowed to circulate. In their insistence that foreign coins be melted down and re-minted before use, they present an apparent contrast to the states of southern India, where mints were routinely farmed out, and little control was kept over the quality and uniformity of production. They also contrast with their rivals, the Ottomans, who allowed reales to circulate through their realm, with little or no hindrance. Clearly, the Mughals set a great deal of store by coinage as a symbol of sovereignty, and the messages that they inscribed on the coins too are an interesting testimony to shifts in official ideology from epoch to epoch. Again, when the Mughals expanded into the Deccan, the advance of the rupiyá became a measure of the spreading shadow of their sovereignty. In Golconda, from the 1630s, they insisted on the coining of a tributary version of the rupiyá, in which the peshekash from the Sultans of Golconda would be transmitted. But it is only in the eighteenth century that the rupiyá truly makes inroads into the Deccan and the south, which until then preferred to remain largely on a bimetallic (gold-copper) system. There was one other conspicuous exception to the rule of Mughal imperialism by coinage. This was in Gujarát, where well into the seventeenth century, a set of tributary chiefs continued to coin silver mahmúdis, which remained important as a currency for local transactions, with the rupiyá being used more for long-distance payments and revenue remittances.

To all evidences then, money concretely meant a good deal in the Mughal domains. And yet, it has been claimed by some recent historians that the very notion of money in the abstract remained somehow alien to the Mughals, and was viewed by them with some suspicion if not outright hostility. As Peter Hardy expresses the matter:

The peoples of the Mughal empire were so greatly and minutely divided by sensibility, by differences of caste, creed, that is, by ethnic and ethical background, that the solidarity groups into which they saw themselves divided were unable of themselves to perform all the functions necessary for survival—child-rearing, production, exchange and protection. They needed an outside power with the ability and the standing to regulate their relationships in a rational fashion: a power which, if not one bound by rule, was at least directed by a steady purpose, of that of achieving universal peace. The power of money could not do this: it, most likely, would have been seen to put power into the hands of the alien and the unworthy. Only that entity which moderns call ‘the state’, and which Mughals called, inter alia, pādshāh could supply stability and honour. Dimly, the writers examined were perhaps aware of this, and in placing hierarchical above monetary exchanges were offering an appropriate ideology for Mughal rule.

The texts that he consulted en route to arriving at such a conclusion included ‘Abd al-Qadir Badami’s Najāt al-Rashid, several writings of Shaikh Abu’l Fazl, Muhammad Baqir Khan, Hamid al-Din Khan, and Shah Wali-Allah Dehlawi, mostly from the sixteenth, seventeenth and early eighteenth centuries. Hardy’s idea is that a principle of social hierarchy underwritten by the state was seen as a substitute for another sort of social arrangement, dominated by money and exchange. Albeit obscenely, what he appears to be groping towards is a notion of why the market-mentality did not take root in India until 1700, and presents the explanation in ideological terms, counterpoising in a Polanyi-esque mode the power of money to not only the state but ‘hierarchical exchanges’. To Hardy then, the fear of money and the market (which would strengthen the hand of the ‘alien and unworthy’) pushed Mughal subjects in the direction of supporting not only the state, but the social status quo (here glossed as ‘universal peace’). But was it not possible for Mughal subjects to seek an ideology which rejected both the market principle, and hierarchical social ordering, or alternatively to accept both in some form without any perceived contradiction?

The picture that emerges from a reading of the literature in fact permits a more differentiated stance than that allowed by Hardy’s portrayal. An examination of Islamic literature from west Asia at the end of the first millennium suggests the coexistence there already of two opposed strands. The one view, represented by writers like Al-Jahiz, ‘in praise of merchants’, assures us that ‘Muslims know that Exalted God’s elect, His most sincere worshipper, the one entrusted with His revelation, was a member of a merchant house’—a reference

to the Prophet Muhammad’s own trader origins, as well as those of his principal wife. Other writers in Arabic, like Al-Tawhidi, are however equally firm in stating that ‘Concerning merchants, the gaining of pence sets up an obstacle between them and manly virtue and interposes a barrier for them from all that is connected with chivalrous qualities’. This ambiguity may be found carried over into Sufic writings in India as well, for all their apparently ‘egalitarian’ drive. The letters of the celebrated Firdausi Sufi, Sharaf al-Din Yahya Maneri (1290–1381) of Bihar, are marked for instance by a certain reluctance to engage with trade, money and worldly affairs. In one of them, he admits that ‘even some of the companions of the Prophet engaged in trade, such as Usman and Abdul Rahman ibn Auf’, but this is offset by a far stronger tendency of which an example is quoted below:

Understand that there are three degrees in the world. First, there is the measure of necessity in food, clothing, and dwelling. More than that is the measure of felt need or what is convenient. After that is the measure of adornment or articles of luxury. This allows no limit. Those who have reduced their needs to the bare minimum and seek only that; and those who fall into luxurious living, and end up by falling headlong into the nethermost hell, which has no end.

[Verse:]
You cannot have the goods of both this world and religion!
When deprived of the former, you cannot acquire the latter.

The Sufi’s ideology, even if a levelling one, thus carries him towards a moral position wherein both money and the market must be kept highly circumscribed, rather than allowed play in social (hence, moral) spaces. Or consider the fifteenth century north Indian saint, Kabir, also the bearer of considerable Sufic influences, and unusually regarded as the furthest possible voice from the status-quoist medieval perspective cited by Hardy—and as represented by men like Badarai. It is scarcely the case that Kabir’s anti-normative notions led him to emphasize the virtues of money as a real leveller, or the market as the true test. Rather, he harps often, and indeed in a rather predictable vein, on the ills that money produces, as we see below.

35 The Bijak of Kabir, translated by Linda Hess and Shukdev Singh (Delhi, 1986), p. 82. For a general study of Kabir, see Charlotte Vaudeville, A Weaver Named Kabir (Delhi, 1993), which is a revised version of the same author’s Kabir, vol. i (Oxford, 1974). We cannot enter here into the vexed question of the ‘authenticity’ of these verses from the point of view of textual tradition. For our purposes, it is significant enough that such verses are part of the received corpus of Kabir.
historians of Europe normally do not seek to pose the ideological resistance to money and the market in that context as necessarily being a defence of the hierarchical principle in social ordering. Indeed, it is even argued at times that it is only when money becomes significant that a concerted opposition to it grows, and it comes to be depicted pictorially in medieval European manuscripts as ‘filthy and disgusting waste defeated by demons and apes’. 37

The question is rendered even more complex in the medieval Indian case, for we find a certain ambivalence even within the corpus attributed to Kabir himself. Thus, while on the one hand maintaining the positions that we have quoted above, he is equally capable of declaring elsewhere:

My Lord is like a merchant,
easily He goes on trading:
Without balances and scales,
He weighs the whole world.

All there is comes from the Lord,
nothing from the servant:
He makes a mustard seed a mountain
and the mountain a mustard seed.

O Lord, without Thee,
I am not worth a single cowrie:
But if Thou, the Rich, art with me,
I would fetch tens of thousands!38

Another verse is perhaps even more to our purpose in terms of its choice of metaphor—gold, used as a paragon of purity and goodness. Thus Kabir once more:

The Lord has revealed himself
To me within my body;
My entire being, cleansed,
Now shines like pure gold.
Just as the goldsmith assay
Gold on the touchstone,
I have been out to the test
And made whole.

38 Vaudeville, Kabir, vol. 1, p. 197.

The same set of verses concludes after narrating how, over several re-

births, the process of purification was achieved:

Without knowing Him
I was base metal;
On realising Him
Kabir became gold,
Precious and pure.39

These latter verses seem to parallel rather closely the texts revered in what is usually recognized to be a more commercially-minded, and market-oriented ethos of the early modern period, that of the Sikhs, whose Granth Sahib (in fact a compendium of various poets and saints, including Kabir) often uses commercial metaphors for spiritual activities in a more-or-less positive vein. This is not entirely surprising in one sense, for the early Sikh Gurus were largely drawn from Khatri stock, and were thus trained to be traders, accountants, book-keepers,
manshis, and the like. Thus:

The true Guru is the merchant:
the devotees are his peddlars.
The capital-stock is the Lord’s Name and
to enshrine the truth is to keep its account.40

Virtue in general here is transformed at the level of metaphor in terms of the virtues of doing good business: let the capital increase, and keep the customer’s account honestly. Or again, in a similar vein,

I sowed the seed of the Lord’s Name in the farm
and I dealt only in the service of the Guru.
Peace and poise filled all the shops (in the town),
and the traders and the Merchant-Lord abided in the same place.
There is no punitive tax on goods nor a levy,
for, the goods (are the Lord’s own) and are
stamped by the eternal Lord Himself.41

39 This verse may be found translated in V.K. Sethi, Kabir: The Weaver of God’s Name (New Delhi, 1984), pp. 286–7.
41 Granth Sahib, ii, pp. 426–7, as cited in Singh, Region and Empire, p. 287. For a useful discussion of such literature from the point of view of economic and social history, see W.H. McLeod, “Trade and investment in sixteenth and seventeenth century Punjab: The testimony of the Sikh devotional literature”, in Harbans Singh and N. Gerald Barrier, eds., Punjab Past and Present: Essays in Honour
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These texts are without doubt both important and neglected sources that do indirectly provide a contemporary understanding of what money, commerce, and the market meant in ethico-moral terms to the subcontinent's inhabitants in the medieval and early modern centuries—in ways somewhat more nuanced than those suggested by Peter Hardy. One does not find money or the market posed in opposition to hierarchical modes of social ordering, but rather in a more ambiguous relation. On the other hand, the materials that we have discussed above carry their own particularities and limitations. They are, to begin with, largely (even if not exclusively) metaphorical rather than literal in their dealings with these themes. Aside from providing us a sense of what the 'profit-motive' might or might not have meant, and at times even suggesting that the market is not necessarily an unfair or illegitimate mode of human dealing, these particular texts do not provide us reflections of an abstract nature on money and the market, as can be found in contemporary writings elsewhere in Europe as well as Asia (for instance fifteenth century Vietnam, Tokugawa Japan, or the Ottoman Empire).}

vol. ii, p. 233. It is also worth noting that a late-sixteenth century hagiographical text concerning a much earlier saint Nûndev (died c. 1350), namely Anandadas's Nûndev ki parâî (1588) also uses mercantile metaphors (measurement of faith on a scale) in a striking way; cf. The Hindi Padavali of Nûndev, ed. and trans. Winand M. Callwaert and Mukund Lath (Delhi, 1989), pp. 41-4, 49-54. Though ostensibly aimed at showing that wealth (darâb) is useless, the text winds up providing a remarkable instance of how mercantile usage and metaphors had penetrated other contexts.


Here then is God as Merchant and collector of stamp-tax, indeed a sort of glorified revenue-farmer! We have an appreciation here, in an oblique vein, of the market, and once more in a back-handed manner, an acknowledgement of the legitimacy of trade, which is somewhat different from Kabir's rather mixed view of money, trade, and profit. The reconciliation between the values of merchant and trader, and the values of 'other-worldly' spirituality is effected elsewhere in the literature of the epoch too, for instance in Jan Gopal's Dādī janne ḍālā, an exemplary life of the sixteenth century western Indian saint and mystic Dudu Dayal (1544-1603), written in about 1620. The mystic himself, in an apocryphal conversation with the Mughal Akbar at Fatehpur Sikri, delivers familiar homilies about the need to give up gold and women (kanak kāmnī) and rejects presents of not only gold and silver (sonau ṛūpau), but whole villages and districts, horses and elephants (gāūv pargānu ghore hāthī). And yet, later in the same text, once Dudu has left Sikri for the west, a merchant or saudāgar fearing shipwreck offers a half of his goods to God in Dudu's name if saved, and finds his terms acceptable! Or again, seven hundred merchants (gāhī) carrying seven crores worth of goods find themselves immobilized in a calm on the ocean; however, taking the Name helps their ship move on again.42

of Dr Ganda Singh (Patila, 1976), pp. 81-91. For an interesting parallel discussion from Gujarati, see François Mallison, 'Saint Sudāmā of Gujarāt: Should the Holy be Wealthy?', Journal of the Oriental Institute (Baroda), vol. xxix, nos 1-2, 1979, pp. 90-9, which traces the evolution of Sudama's image from the Bhagavata Purāṇa through Narasimha Mahēta's Sudāmā caritra (fifteenth century) and finally to the Sudāmā caritra of Pramandana (1675-91). In each successive stage, wealth, money and the market seem to feature larger and larger in Sudama's preoccupations (in one version he even trades his old wife in for a younger one, as a consequence of divine grace).

42 The Hindi Biography of Dudu Dayal, ed. and trans. Winand M. Callwaert (Delhi, 1988), vol. 1:23-23, and vol. 2:21-23. The translations in this book are somewhat free, and I have hence checked and modified them against the original text, which is also reproduced, in ibid., pp. 103, 106. For Dudu more generally, see W.G. Orr, Sixteenth-century Indian Mystic (London, 1947). It is significant that a mid-seventeenth century Persian text, the Dabisān-i mażāhib, possibly written by Mir Zulfikar 'Alī al-Husaynī Mubâd Shâh, writes of Dudu that he prohibited his followers to worship idols, to eat the flesh of any animal or to hurt any living being; but he did not order them to abandon woman and wife or to withdraw from all business of the world; but he left it free to anyone to give up or to cultivate the connection and the intercourse with men'. See D. Sheh and A. Troyer, eds. and trans., Dabisān-i mażāhib, 3 vols (Oriental Translation Fund) (Paris, 1843),
A few examples of writings from the sixteenth or early seventeenth century that are more comparable with the contemporary Ottoman materials may be found in the Persian literature of northern India and the Deccan, but these have not been subjected to rigorous analysis. In this category, one could place such writings as the Rivâla-yi Fuzûlî Kash, of the Chishti Sufi Abu Salih Muhammad, probably composed in the late sixteenth century and comprising formulations on the utility of work and trade; also worthy of closer study is a poetic text composed in early seventeenth century Bijapur by the celebrated Nur al-Din Muhammad Zuhuri, entitled Minâ-bâzîr, and made up of a description, at once fanciful and concrete, of a market in the time of Sultan Ibrahim ‘Adil Shah II of Bijapur. Another particularly significant text that has been little analyzed from this point of view is the Arabic Hujjat Allah al-Baligha, written in the 1730s by the celebrated Naqshbandi Sufi Shah Wali-Allah Dehlawi (1703–62), and containing his reflections on the division of labour, usury, taxation, agriculture, urban life and a number of other phenomena. Any detailed analysis of medieval and early modern economic thought in India would have to take texts such as these into consideration, for even if at times they do little more than repeat received wisdom, they nevertheless often represent a shift in terms of both emphasis and conceptualization from earlier, medieval Islamic, writings.

The role of money in these centuries can also be addressed from a somewhat different perspective than that which we have adopted in the preceding section. This is the perspective of normative texts, produced in the courts, which see money (if not the market) as entering into the ambit of statecraft. An example is the twelfth century treatise of the Western Chalukya ruler Bhulokamalla Someshvara, titled the Mānasolīśa, comprising some eight thousand couplets, divided into five sections (vināśchitrā), each with around twenty chapters. Of these, the second section is of particular interest, dealing with the ‘ways and means of making the position of the king secure’. Here, we find a discussion of the different offices of the state, the nature of taxes that can be imposed (including an ideal of one-sixth of produce as a ceiling), and then a long disquisition on the management of elephants. Horses are mentioned too, but given lesser importance. In all of this, where is the treasury and money? The management of the treasure (as distinct from the treasury) finds mention, with suitably sententious advice on its preservation (rajasatasya svatamavasya ratnamam rakhyate khamin). More curiously, gold and silver (svarnam raudyam) enter into a chapter on alchemy (dhātuvidā), where it is suggested that alchemical means be used to supplement the revenues available to the treasury by making them from copper.

This sort of normative text finds a distant echo, over four centuries later, in what is surely the most celebrated medieval Indian text on statecraft, the ‘in-i Akbari of Shaikh Abu’l Fazl (1551–1602). In the absence of a proper intellectual biography of the Shaikh, it is difficult to ascertain the philosophical roots of many of his constructions. But quite early in the text, which forms a part of the larger chronicle, the Akbar Nama, he enters into a brief, and quite penetrating, discussion of money as a prelude to a description of the imperial mint. To Abu’l Fazl, as the passage below demonstrates, money was a necessity as a means of exchange, but also as a store of value.

texts from Mamluk Egypt, such as Ibn al-Ukhurwâ’s Ma’sālim al-qraba fi ḍhālam al-bisba and Maqrizi’s Shuṣār al-‘Uqād fi ḍhâr al-Nuqâd, the latter translated into Turkish, with an exegesis, in about 1600 by Kemaluddin Mehmed Efendi.

The inhabitants of the towns and the country perform their transactions by means of money. Every man uses it according to the extent of his necessities; the man whose heart is free from worldly desires sustains by it his life, and the worldly man considers it the final stage of his objects—the wants of all are satisfied by it. The wise man looks upon it as the foundation, from which the fulfilment of his worldly and religious wishes flows. It is absolutely necessary for the continuance of the human race, as men obtain by money their food and clothing ... Moreover, money is required, as our furniture and utensils break; they last in no case very long. But money does last long, on account of the strength and compactness of its material, and even a little of it may produce much. It enables men to travel. How difficult would it be to carry provisions for several days, let alone for several months or a year? It is curious, besides, that he sees the money as limited neither to urban areas (thus, "the inhabitants of the towns and the country"), nor to any particular group—and instead as the domain of the 'human race'. But, like so many other thinkers of the epoch, both in Asia and in Europe, he tended to confuse 'money' the abstract construct, with gold. A further passage hence runs:

By the help of God's goodness this excellent precious metal [gold] has come to the shore of existence, and filled the store of life without much labour on the part of man. By means of gold, man carries out noble plans, and even performs Divine worship in a proper manner. Gold has many valuable qualities: it possesses softness, a good taste, and smell ... To render it service, God has allowed silver and brass to come into use, thus creating additional means for the welfare of man. Hence just kings and energetic rulers have paid much attention to these metals, and erected mints, where their properties may be thoroughly studied.

There is some hyperbole here (for instance in referring to the 'good taste' of gold), and also some playful dissimulation, in implying that mints are really there as laboratories rather than to produce coins! It is also quite typical that Abu'l Fazl implies that gold is the metal of the greatest importance, and silver and copper (brass) of lesser sig-

nificance. In fact, in the Mughal territories, the gold muhr was scarcely used as a current coin for exchange at all, with transactions tending instead to be in terms of silver rupiyas, and copper dāms and paisas. Abu'l Fazl's remarks on money are not restricted to this alone. Elsewhere, in the Akbar Nāma, he also briefly discusses the system of bills of exchange (hundis) in Hindustan, marvelling at its wonderful qualities. Yet, he does not see the bill of exchange as being a near-money or a substitute for money, on account of his rather literal orientation towards precious metals, so characteristic of the period.

Nevertheless, the bill-of-exchange, known both by the local term hundi and the Arabic shīfta, had existed in India well before the Mughals, even if we cannot trace its exact roots. Travellers from the west Asia in the time of the Sultana at times compared the bill-of-exchange as it obtained there with its Indian counterpart, and sought to locate the bill in the context of the functioning of a variety of banking agencies, usually related in turn to the business of money changing. The term often used for the individuals who engaged in these activities over a good deal of western and northern India by the sixteenth century was the Arabic sarrāf, from which the more recent 'shroff' arose; but those who dealt in hundis were also often designated by the term khwastādār (financier), and still more commonly as mahājan. It was the sarrāfs who were responsible for the movement of money using hundis, and their services were hence made use of by a variety of individuals and institutions, ranging from the Mughal state itself, to individual jagirdārs, and even European traders and trading companies. Now the hundi as a term could be used in more than one meaning. In the Ardhakathānaka of Banarasidas, a seventeenth century autobiography, in verse, of a Jain merchant, he is used on at least two occasions in the sense of a promissory note. Once, when Banarasidas wished to buy cloth but had no money, he states that he 'wrote a hundi' for five hundred rupees (hundī ikhi, rajat sae paite). On the other occasion, a promissory note that his father had given was called by the debtor: here he speaks of how the 'hundi arrived' (hundī āt dinae dām), producing the misleading image that it might in fact have been a bill of exchange. Similarly, the term shīfta too was not free...
of ambiguity, and could be used for earnest-money, as much as for a bill.

Besides its occasional use in the sense of a promissory note, the 
\textit{hundi} (or \textit{hindu}) was most often the term employed in common parlance for a bill, as has been shown by Irfan Habib in a careful study. Habib cites the \textit{Khu\'l\'asat ut-Taw\'arikh} of Sujan Rai Bhandari, written in the late seventeenth century, which offers the following description.

If, because of the dangers on the routes, a person cannot convey sums of money to a near or distant place, the \textit{sarraf\'s} take it from him, and give him a piece of paper written in the Hindi characters, without a seal or envelope, addressed to their agents, who have their shops in the various towns and places throughout these lands; and this paper in the language of this country is known as \textit{hundi}. The \textit{ganj\'askar}s of these honest dealers pay out the money in accordance with that document, without any argument or objection, though the distance may be two hundred leagues, and so they keep their dealings straight.\footnote{Sujan Rai Bhandari, \textit{Khu\'l\'asat ut-Taw\'arikh} ed. Zafr Hasan (Delhi, 1918), p. 25, as cited in Irfan Habib, \textit{The system of bills of exchange (hundis) in the Mughal Empire}, in Chandra, ed., \textit{Essays in Medieval Indian Economic History}, p. 208. This is a revised version of an earlier paper by the same author, \textit{Banking in Mughal India}, \textit{Contributions to Indian Economic History}, vol. 1, 1960. An additional, so far neglected, source of data on \textit{hundis} are the records of Armenian traders operating in India; see in this context K\'er\'em K\'ev\'on\'an, \textit{Marchands arm\'en\'iens au xixe si\'ecle: A propos d\'un livre arm\'enie publi\'e \'a Amsterdam en 1699\}, \textit{Cahiers du monde russe et sovi\'etique}, vol. xvi, (2), 1975, pp. 199-244, and Michel Aghassian and K\'er\'em K\'ev\'on\'an, \textit{Le reseau marchand arm\'enien: Autonomic d\'ensemble et int\'egration locale}, forthcoming in a volume edited by Michel Morineau and Sushil Chaudhury. Some additional data drawn from English Company sources is presented in an otherwise unremarkable work by B.S. Mallick, \textit{Money, Banking and Trade in Mughal India} (Jaipur, 1991).}

The manner in which the \textit{hundi} worked then was as follows. Bankers, often themselves money-changers as well, would take on the responsibility of transferring funds from one centre to another for a party. There would normally be a charge for the facility, which would vary depending on the route over which the transfer was made and the precise manner of the transfer. Broadly speaking, two modes existed. The first was to draw money from a \textit{sarraf} against a promise to pay him in another town when the \textit{hundi} was produced there. The alternative was to pay money down, with a promise from the \textit{sarraf} that the money would be recovered in the other town, once the \textit{hundi} was produced. In the former case, the \textit{sarraf\'s} charges were higher than in the latter, since first, the risk devolved now more on him, and second because there was a time element (and hence an implicit loan) involved. The person who drew the money had used of it for a period of time while the \textit{hundi} ‘matured’ or was delivered. In the case of certain \textit{hundis}, they did not necessarily have to be cashed on ‘sight’ (\textit{naz\'ar}), and a grace period (often of sixty-one days) was permitted. Here, the loan aspect became that much stronger.\footnote{ Cf. Om Prakash, \textit{Sarraf\'s Financial Intermediation and Credit Network in Mughal India}, in van Cauwenbergh, ed., \textit{Money, Coins and Commerce}, pp. 473-90.}

Rates that were charged for transfers are quite crucial pieces of evidence, showing what the normal directions of flows, by way of trade, were. In abstract terms, we may conceive of the system as follows, for the moment suppressing the issue of multilateral transactions. Two centres, say Surat and Burhanpur, would have a certain normal flow of goods between them. The difference in the commodity balance would, in the absence of other means, be met through physical transfers of cash specie. Where revenue transfers were involved in the equation, as between Surat and Agra, they too would have to be taken into consideration in drawing up the balance. Once the balance had been arrived at, the basic direction of the flow of cash specie would have been established. Now imagine that a private party wished to transfer money in the same direction as the cash specie flow. This would imply that on his account, that much additional specie would notionally have to be transferred. Since moving specie involved a cost in terms of providing an escort, and in terms of the inherent risk involved, he would be charged for it. On the other hand, an individual who wished to move funds against the direction of the net specie flow was actually aiding the system, by reducing the net quantity of specie that physically had to be moved. To this extent, he would be ‘rewarded’, in the sense that he would earn a premium on his money. Thus, those who wished to move money against the tide of net normal flows of cash specie would be at an advantage. For example, to receive Rs 100 in Ahmadabad, one needed to pay more than Rs 100 (say Rs 106 or 107) in the Deccan town of Burhanpur because net specie flows were in the direction Burhanpur-Ahmadabad. Again, in general, as Habib observes, ‘remittances from the ports to places inland, therefore, always involved loss by exchange for the remitters (and a correspond-}
ing gain for the drawee). Thus, moving money from Agra to Surat involved a profit on exchange since it was against the tide, while moving money from Surat to Agra involved a loss since it was with the general direction of specie movement.

The two aspects that we have considered so far, of the sarrāfs' charges and the exchange rate, combined to produce the total discount rate on hundis. The two could either be added up, as when we speak of transfers from ports to the inland (or with the tide), or the charges could be subtracted from the exchange, if the latter were favourable. But hundi transactions could become far more complex than this. This resulted from the fact that a sort of resale market existed in hundis, which did not have to be cashed by the parties initially involved in their issue. Between the mid-sixteenth century and the eighteenth century, the pattern of use of these grew more and more complex, the networks too both proliferated and grew dense, and major transfers now became possible not only within a region (such as western India) or between the port and the inland administrative city, but two regions as distant as Gujarat and Bengal. This situation was described in the mid-eighteenth century by Muhammad ‘Ali Khan in his Mīrāṭ-i Ahmādī, as one where instead of collecting cash, the possessor of the hundi could give it to one of his own debtors and 'so free himself from that obligation'. Not only this: 'Similarly, he may transfer it to another, until it reaches a person against whom the drawee of the hundi has claims; and who therefore, surrendering to the latter, relieves himself of his debt. But cash is not used throughout'.

If we accept this description as bearing at least some resemblance to reality, what we observe is that by the eighteenth century, hundis had become a near-money, which was exchanged against cash specie at a certain rate (termed anth), which depended in turn on the availability of cash specie. This rate could go up or down, at times reaching as much as 8 per cent, a rate that would normally serve as a great discouragement to those who wished to cash the hundi. And yet hundis were not quite money, for while serving as a medium of exchange, it is not very clear that they were either stores of value, or used for accounting purposes. Nevertheless, to the extent that they facilitated exchange, they supplemented coinage in this function, and should hence make us wary of accepting any simplistic relationship between coinage in circulation and the general price level. The situation is also rendered somewhat piquant if we bear in mind that in some areas, both within the Mughal empire and outside it, sarrāfs had a close hold over minting, thus controlling on the one hand the availability of cash, and on the other the circulation of hundis. This was the case for example in Surat in some periods of the seventeenth century.

The role of hundis has been much debated in the literature on the early modern period. Some historians, like J.F. Richards, have sought to deny their significance in the seventeenth century, arguing that the state at least largely moved its funds by physically transferring cash specie under escort. The evidence of Habib and more recently H.W. van Santen calls this into question. Already in 1599, Habib notes how a sum of Rs 300,000 was moved by hundi from the Mughal treasury to a campaigning army in the Deccan. Again, in the 1620s, a Mughal noble transferred a sum of the same dimensions from Patna to Agra by means of hundis, while in the mid-seventeenth century the Golconda tribute of Rs 1,000,000 was transferred from Hyderabad to Aurangabad by the same method. Nevertheless, Richards is probably right to suggest that the use of the hundi grew in importance over the period. Evidence from the eighteenth century shows that in addition to transfers between large towns such as Surat, Ahmadabad, Agra and Patna, mahājans capital could transfer huge sums by bills even across far smaller centres. Documents in Gujarati and Rajasthani testify to this phenomenon for western India; the activities of the Pune bankers in this respect are also well known. Again, in the Gangetic valley, there are clear indications of elaborate networks linking even small towns, and permitting the transfers of funds between revenue-farmers and their principals, as also between traders located in different gusba-centres.

The Structure and Evolution of Markets

Our focus so far has largely been on money, banking, and the financial

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52 Habib, 'The system of bills of exchange', p. 211.
53 As cited in ibid., p. 216; also see Habib, 'Monetary System and Prices', pp. 361-3.
56 Habib, 'The system of bills of exchange', p. 218.
aspect of economic transactions in the medieval and early modern period. But to leave matters at that would be to tell only a fraction of the story, for money cannot be seen without a larger network of exchange. It has become usual in recent times for historians the world over to view the matter spatially, and to see the market in terms of the relationship between production organized spatially, and consumption, which too is located in concrete terms. The legacy of writings on early modern economies other than India for Indian historians is quite strong here, particularly in the case of G. William Skinner's important work on the structure of periodic marketing in China, and other writings on Europe, west Asia and Japan, by a number of other scholars following him. In the essays that are included in the present volume, the Skinnerian tradition is variously used by scholars for their own purposes. Thus, Kenneth Hall in his study of the Colas in Tamil Nadu, argued that the physical unit the nādu, which was identified as a result of Y. Subbarayalu's careful studies of the political geography of the Cola region, should be identified with a central marketplace or nagaram, where exchange transactions were centralized. The nagaram was linked on the one hand to smaller marketing centres, and on the other hand to port-towns and administrative centres, to form a sort of hierarchy of marketplaces, very much in the spirit of Skinner. This identification became possible because of the plethora of inscriptions that exist in the Tamil countryside from this period, and suggests a precociously sophisticated economic network at work.

Hall's purpose however was not to argue that a price-making market system existed in southern India already by the early years of the second millennium. Rather, he suggested that the trade carried out within this framework was still 'administered' in character, and did not result in freely fluctuating prices of products. Following in the footsteps of Karl Polanyi, he saw the entire system of trade, as well as of trading guilds, as reflective of a more or less substantivist social and economic organization. In terms of empirical interpretation, he thus also made use of George Spencer's earlier work on temple donations of livestock in early medieval south India. The argument, while interesting, is by no means wholly persuasive; but the problem remains that too little work has been done on the period to enable us to proceed much further in terms of generalization. If indeed one of the key distinctions between 'administered trade' and other forms of market lies in the manner in which prices are formed, and the extent to which they freely fluctuate, much would depend on the price evidence. Here, besides occasional scraps of information gathered together by historians of an earlier generation such as Appadorai and Sastri, we have little to go by.

The early medieval centuries in the rest of India are scarcely better illuminated. The work of John Deyell, which we have discussed at some length above, focuses largely on money, but the numismatic evidence is unable to throw much light on the structure or evolution of markets. In the years after the formation of the Delhi Sultanate, the chronicles speak of the setting up of a number of medium level centres (gašbar), inhabited by Muslim military specialists and gentry, between the Punjab and the middle Gangetic valley. They do not tell us a great deal about the role of these centres, either by themselves, or in relation to larger centres such as Kara, Benares or Jaunpur. Again, the marketing of rural produce remains obscure; the suggestion often is, following the chronicler Zia Barani, that peasants sold grain 'by the side of their fields' to kāraṇī, who took the produce in pack-bullocks to centres such as Delhi. Besides these itinerant traders, who were the precursors of the baijarā of the sixteenth and seventeenth centuries, mention is sometimes made of other long-distance traders

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61 Cf. Sunil Kumar, ‘The emergence of the Delhi Sultanate, 588–685/1192–1286’, unpublished Ph.D. dissertation, Duke University, 1992, pp. 165–71. Kumar argues that the gašbar of the early thirteenth century 'did not possess the commercial, rural-urban market functions which were to become one of their distinguishing characteristics in a later time period'. Instead, they were usually fortified encampments, at times but not always associated with a town. However, certain gašbar, like Baran (modern Bulandshahar) apparently did play a role as centres of consumption and hence exchange already in this period.
belonging to specific communities, such as the Multanis and Sahs, who are prominent in the late thirteenth and fourteenth centuries. However, the latter seem to have specialized in high-value commodities rather than the bulk goods moved by the kāravānis.62

This still leaves us groping in the dark to define the nature of the market structure in these centuries. Irfan Habib has argued in this context, focusing in particular on the reign of 'Ala al-Din Khalji (r. 1296–1316) that forms of ‘administered trade’ existed in the north as much as in the south. Considering the case of the so-called ‘price regulations’ put in place by ‘Ala al-Din, he argues that the Sultan’s intention was to create a sort of dual economy, with a core region where prices would artificially be kept down and a peripheral region where prices would be somewhat higher. The purpose of this dual economy was to reduce the expenses incurred by the treasury on the maintenance of armed forces, since the supplies for these purposes could be purchased now at an artificially low price. At the same time, the dual price policy would induce a sort of ‘drain’ of resources from the periphery to the core. How could such a system have worked effectively? It would appear that two problems would have arisen in this context. First, as the experience of other times shows (and as Habib himself concedes for the reigns of ‘Ala al-Din’s successors), administered price systems of this type may lead to a disappearance of commodities from the market, or at least a shortfall in supply. In turn, a form of ‘black market’ would arise as a consequence, where commodities would obtain a rather higher price. The second problem concerns how arbitrage profits would be avoided in this system. If goods were so cheaply available in the ‘core’, what was to prevent merchants from buying them there, and selling them at a higher price in the ‘peripheral’ region? Habib appears to argue that this was avoided because ‘Ala al-Din built a sort of political alliance with merchant groups such as the Multanis, who hence did not act contrary to the Sultan’s interest. This was achieved using threats if one follows Barani (who claims that the kāravānis families, and goods, were held hostage), or economic incentives if one follows another contemporary account.63

Habib’s ‘defence of Zia Barani’ thus raises a number of unresolved questions. Could a ‘command economy’ of the sort that Barani seems to attribute to ‘Ala al-Din actually have existed at the time? Did the state have the resources, even for a period of time, to police markets in such a way as to ensure that its writ on prices ran? Whereas Hall’s notion of ‘administered trade’ seems to rest at least partly on a notion of customary-sanction for prices, the picture presented by Habib gives a great deal more centrality to the state’s power over the economy.

The notion of a division of the territories of north India into a core and periphery is nevertheless significant for another reason: it signals that there were definite limits to the extent of regional integration of markets in the medieval epoch. This is also one of the implications of Deyell’s essay on the ‘China connection’ of the Bengal Sultanate, where he argues that numismatic evidence suggests that Bengal was better supplied with precious metals in the fourteenth and fifteenth centuries than northern India. The reasons for this, he argues, probably lay in the relatively strong integration of Bengal, with the economies of Burma, Yunnan, and Southeast Asia in the epoch, in contrast with a relatively weak link with northern India. His conclusion is confirmed by early Portuguese sources, which stress the supply of silver to Bengal from the ports of Burma (with the mines lying inland, perhaps in Yunnan), and by other materials of a political and cultural nature which point to close ties between Arakan and Pegu and the Sultanate of Bengal.64 Thus, for instance, cowries, used as a low-value money in Bengal and Orissa in the period, were equally in use in Yunnan.65 Since the history of the Bengal Sultanate in the fifteenth century is still only imperfectly set out in the literature, much work is needed before the precise nature of the connections and divisions can be set out.

It is the lack of work on regional economies that acts as a barrier

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63 Ibid.
to any substantive generalizations on the nature of market structure for the later medieval period all over India. Where such generalizations have been attempted therefore, it has been with a focus on the seventeenth and eighteenth centuries, as we see in the papers by B.R. Grover and K.N. Chaudhuri in this collection. Grover’s article, first published in the mid-1960s, is now recognized as a pioneering work, although for long it did not enjoy such a status. Certain aspects of the argument, such as the notion of an unambiguous decline in commercial activity in the course of the eighteenth century in north India, would now be challenged by many, but other strands remain valid and useful. The paper’s principal thrust is revealed from the title itself, which speaks of an ‘integrated pattern of commerce’, which its author sees as revealed through an analysis of the hierarchy of urban centres in north India. The same idea is generalized and given further sophistication by K.N. Chaudhuri, who speaks in clear terms of a hierarchical system of market-centres, divided into levels ranging from ‘emporium and entrepots’ which catered to long-distance trade, to rural āhats and mandis, where local transactions were carried out. In turn, Tapan Raychaudhuri in his discussion of inland trade in Mughal India quoted earlier builds in part on Chaudhuri’s constructs, and quoting Banaradas’s Ardhakathana, posits the existence of a bāzār and mandī in every pargana of a region. The establishment of periodic markets (āhats) is said to have been among the duties of every good zamīndār, even if the reasons for it were not disinterested; these markets generated taxes for local authorities.

The distinctions between these markets have been brought out by a number of historians, who note that the mandī was a wholesale market, usually for agricultural commodities (especially grain), whereas the āhat was usually a more informal affair and on a smaller scale, corresponding to the Tamil cantai. Usually, these informal markets were held on a designated day (or days) of the week, and to this extent bear a family resemblance to the pattern described by Skinner for China. There are however limits to the parallelism. In Skinner’s China, marketing is a largely voluntary act, that links the peasant up with the wider world, not only economically but socially and perhaps politically. In contrast, it is significant that none of the historians mentioned above—whether Grover or Chaudhuri, or Raychaudhuri—explicitly oppose the notion that in India, this rural commerce was generated by the state’s revenue demand. Indeed, elsewhere in his writings, Chaudhuri accepts the idea of the state revenue-take in Mughal India being fifty per cent of the gross agricultural produce, a position which is thus not significantly different from that of Raychaudhuri or Habib. The main difference seems to be one of emphasis rather than substance.

Another significant point of emphasis in Chaudhuri’s essay is his focus on financial instruments, and on the division of labour that emerged therefrom. The term ‘merchant’ or ‘trader’ is a loose one: functionally, wholesalers should be distinguished from petty shopkeepers, brokers and intermediaries (dālāls) must be given a particular place, and financiers of trade and production as well as bankers (sarrāfs, mahājāns) seen for what they are. This does not imply of course that there was a one-to-one correspondence between individuals or families and roles, just as there was no strict relationship between types of markets and types of urban or rural centres. A single merchant family could act as wholesalers, bankers, and play the role of brokers to Europeans, as abundant records from the archives of the English and Dutch East India Companies testify.

Chaudhuri’s research, taken together with that of numerous others, shows that by the seventeenth century, the level of sophistication of markets in India and the commercial instruments used there was considerable. But such instruments were not available indifferently to all participants. In particular, when advance purchases had to be made, or where credit was involved, much depended on the credit of the merchant, his reputation, as well as social network within which he was embedded. As in any market, information was at a premium, but this should not lead us to suppose that these markets were wholly unpredictable or ‘non-transparent’ (in the felicitous phrase of Niels Steensgaard).66 The degree of ‘transparency’ was itself a function of the information possessed by the participant, which made the market less or more predictable to him, and enabled him to hedge against risk.

Few studies exist at a regional level, which enable us to perceive the precise manner in which a hierarchy of marketing centres was sustained. One attempt has been made in respect of Bayana, which in the seventeenth century was a major producer of indigo, and the present author has attempted the same in the context of the eastern Deccan in the same period. What emerges in the latter study is a

complex web of dealings. On the one hand, specialized marketplaces existed, dealing with particular products such as raw cotton or indigo; on the other hand, there was a whole pattern of ‘rurban’ centres, with a semi-agrarian, semi-commercial character, inhabited by merchant groups as well as by producers. Then again, transactions were not necessarily conducted in the marketplace. The merchant could enter into a contract with the producer at his place of work or residence, as often happened with both indigo-producers and textile-manufacturers in the eastern Deccan. Nor was it necessarily the case that the producers came to be impoverished as a consequence. A detailed survey of some villages of the Godavari delta in the late seventeenth century shows clear evidence of economic differentiation among different producing groups, with some households having quite substantial resources in terms of cattle and houses. Again, the presence of gold- and silversmith households, who also doubled as assayers and money-changers, is a marked feature of even villages with a population of less than a thousand.

Be that as it may, the purpose of regional studies would be undermined were we to assume that what obtained in one region was true of every other. Other areas, less productive, with more imperfect markets, may have had a rather different experience in this respect. The sophisticated systems of hundi networks evidently did not encompass the entire subcontinent even at their height, and left large gaps and interstices too. The extent of monetization and commercialization by the early modern period are thus surveyed by Frank Perlin, who takes note of areas of both integration and the lack thereof. Perlin in this paper, as in several others that he has written over the past decade, is concerned to locate India in a larger Euro-Asian continuum, in order to identify the specificity and generality of the monetary and commercial instruments in use. The thrust of his argument in general, has been to stress the multiplicity of participants in the process and thus to challenge the interpretation that gives to the central state a determining role in defining the pace and nature of commercialization and monetization.


prices, but wages and other categories of income.70 This volume, initially conceived as being on 'Money, Prices and Markets' had hence to be modified to take this fact into consideration. The period before 1500 is particularly poorly served in terms of price evidence, and matters improve only slightly thereafter. Nevertheless, using certain theoretical constructs, historians have over the past few decades attempted to develop a sort of implicit price history for the subcontinent. The most important of these constructs, which links monetary history with the history of prices, is the so-called Quantity Theory of Money. As stated in an early version by Irving Fisher, the Quantity Theory asserted that money supply \((M)\) and prices \((P)\) moved in parallel with one another, provided the volume of transactions \((T)\) and the velocity of circulation \((V)\) remained constant (this relationship being expressed by the equation \(MV = PT\)). An increase in the quantity of money thus increased prices; however, even an increase in the velocity of circulation could cause an increase in prices (or inflation), if all other factors remained constant.71

This theory is consistent with a situation where money is token in character, or even where money is metallic and has an intrinsic value. In the latter case, an increase in money supply can either take place because of an increased production or net import of coinage metal, or on account of the debasement of coinage (when the face value of a coin ceases to be equal to its intrinsic value). Further, it may be argued within the terms of this theory that inflation feeds on itself; if money supply increases causing prices to rise, people are ever more anxious to rid themselves of coins and hence drive up the velocity of circulation, which in turn causes prices to rise further. It was argued in the early part of this century that such a logic lay behind not only


the so-called hyperinflations that occurred in the 1920s in Europe, but equally that the sudden increase in the production of coinage metal (especially silver, but also gold) in the early modern period had had the effect of causing widespread and destabilizing inflation. In terms of this logic, Europe, though recovering from the crisis of population and production caused in the fourteenth century by the plague and associated epidemics, nevertheless was characterized by a shortage of coin and hence low price levels in the fifteenth century. The discovery of the New World changed this situation entirely, as in the early sixteenth century the gold and silver of indigenous empires in Mexico and central and south America were brought to Spain as the tribute from conquest, and even more so when the systematic exploitation of mines in America began later in the same century. Suddenly, Spain, and Europe more generally, was awash in silver, as 'pieces of eight' (reales de ocho) became the symbols of power and prestige.

Analysing the consequences of this inundation of silver for the western European economy, the American historian Earl J. Hamilton argued already in the 1920s and 1930s that the impact was essentially inflationary, and hence redistributive of incomes, terming the change no less than a 'Price Revolution.'72 It was argued that since inflation
tends to apportion income away from those whose earnings are fixed in money terms to those whose earnings are determined residually, the ‘price revolution’ must have favoured profit earners over wage earners, and thus helped the accumulation of capital over time. To the extent that such an ‘original accumulation’ of capital was needed to finance the Industrial Revolution, we can see the Price Revolution as playing an important role in facilitating the dramatic economic changes that occurred in the second half of the eighteenth century. The paradox, however, was that the main gainers (and industrial leaders) in the longer term were not Spain and Portugal, which had been the initial recipients of silver and gold from the New World, but their trading partners in north-western Europe. In this view, then, the Price Revolution gave Britain its first industrial age, and Spain was left to content itself with the Age of Don Quixote.

Now, the silver (and to a lesser degree, gold) of the New World did not remain in Europe alone. As we have already discussed above, in the context of the emergence of the tri-metallic system of currency in Mughal India, silver availability in Asia too improved substantially over the sixteenth and seventeenth centuries. Recent researches suggest that Japanese production played a significant role in this process, but there is no gainsaying the importance of silver flows originating in the New World. European agents, first the Portuguese, and later the Dutch and English East India Companies, brought precious metals into Asia via the Cape route; this was supplemented by the direct trans-Pacific flow from Latin America (the port of Acapulco) to the Philippines, and thence into China and the rest of Asia. But of at least as great significance until late in the seventeenth century was the silver brought from Europe into the Ottoman and Safavid domains, a sort that suggests parallels with the European ‘Price Revolution’ of Hamilton. Historians of the Ottoman empire such as Ömer Lütfi Barkan and Fernand Braudel certainly believed that there was significant inflation there in the late sixteenth and early seventeenth centuries, and Barkan even termed this a ‘turning point’ in Ottoman economic history.73 His purpose was not to suggest, in the manner of Hamilton, that the roots of industrial capitalism in the region could be found in this period. Rather, he argued that inflation caused widespread social turmoil, precipitated rebellions against central authority, and left the region vulnerable to the penetration of European traders with hegemonic intentions.

Later writings have disputed the empirical basis of some of Barkan’s generalizations, just as Hamilton’s data have been contested for Europe. However, while the empirical basis for diagnosing inflation in Europe remains largely intact despite the attacks, it now appears that a major cause underlying social tensions in the late sixteenth century was indeed monetary, but was caused by the state’s policies of debasement of coinage rather than by inflation caused by silver import. The same appears to be the case in Safavid Iran, where the third quarter of the seventeenth century witnessed periodic economic distress, on account of unsanitary and heavy snowfall, bad harvests, epidemic bouts of plague, and a shortfall in government revenues on account of heavy military expenditures (in campaigns directed partly at the Mughals)—all of which were greatly exacerbated by a policy of debasement under Shah ‘Abbas II and Shah Solayman.74


74 Rudolph P. Matthee, ‘Politics and Trade in Late Safavid Iran: Commercial Crisis and Government Reaction Under Shah Solayman (1666–1694)’, Ph.D.
It should be noted in this context that in Iran, as in the Ottoman empire and Spain, silver passed through the economy en route to another destination. Unlike the Ottomans, the Safavids did not allow foreign coins to circulate freely in their realm, insisting (in this respect like the Mughals) on melting down and reminting, largely into mahmúdis and 'abbásís. Now, the fact that the economic chaos and distress was largely caused by debasement and not by silver import and export per se did not escape the notice of contemporaries in Iran. One such, the draper-poet Mulla Qudratí, wrote the following enigmatic verses on what he termed the ingilāb-i diram ("monetary revolution") in 1653–4:

Unrest rose from a deep sleep
as people were weighed down by dirhams like the fish
Isfahan’s money is as worthless
as if there were a dragon in every money-bag
Money is in plenty, but beggars refuse it,
as if its lion were a man-eater
The world has become so topsy-turvy from copper
that the fish has become bent under the earth
Gold does not turn white by people’s touch
everyone who sees it claps his hands from afar
The dirham is now so despised by men
that even the wealthy have turned generous
Money’s face these days is like a lion’s
as both young and old run for fear of it
The creditor flees the borrower
never did the world see such ways
Would that the lord of the world (shāh-i ‘ālam) in his bounty
makes the dirham a lion-catcher
Let him make two of these unworthy coins one
so that they may acquire unquestioned currency
The counterfeiters’ hand would
be severed piece by piece by the sword of justice
At the time of the monetary revolution (ingilāb-i diram)
I was worried by both death and plenty

Reason said: Quick, tell me the truth.
When the dirham doubled, gold attained its worth.75

Much of the metaphorical play in the poem centres on the lion-head that appeared on coins, and on the fish which in mythology bears the world on its back, but there is also a keen sense of the absurdity of plentiful, but debased, money—which no sensible creditor would accept in payment for an old debt. The true measure of worth became the gold ducat, to which merchants shifted in preference to debased (at times, even counterfeit) silver currency.

It is evident that the monetary convulsions referred to above, and which persisted into the 1680s and beyond the so-called ‘mint reform’ instituted by the Safavid wazír Shaikh ‘Ali Khan, can be interpreted in at least two ways. One may treat them as an example of the destabilizing impact of imports of precious metals (thus, as a variant of Hamilton’s construct), or we may seek their causes in other factors of political economy—in particular the balance of revenues and expenditures—on the premise that monetary problems themselves ‘usually do not create a crisis, but merely signal it and mark its timing’.76 If we follow the latter line of thought, it would seem that the Safavid problem lay in a sort of bullionist ideology, which prompted the state to try and prevent (or at least stem) the flow of precious metals to India, which arose in fact from the very character of trade between the two regions. The state found that neither debasement nor physical bans on bullion export were effective means to effect its bullionist intentions, since it did not manage foreign trade in the sort of insulated and antiseptic regime that the Tokugawa Shoguns devised in this period in Japan, for example, in order to deal with the Dutch East India Company.

With this as our background, we may approach afresh the issue of price history in India after New World silver entered into international circulation. Evidently, the comparisons with both Iran and the

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Ottoman domains are far from straightforward, in view of the fact that silver flowed into India from these other regions (thus suggesting a sort of ‘mirror image’ rather than a parallel relation). The temptation may be to take recourse once more therefore to the classic, Hamiltonesque, model of bullion import, leading via the Quantity Theory of Money to inflation, income redistribution, and capital accumulation. This route has however been followed only part of the way in the historiography, where one falls short of the last stage of the process outlined above. In an oft-quoted formulation dating to a quarter-century ago, Aziza Hasan attempted to extend Hamilton’s ‘Price Revolution’ hypothesis to India, arguing that the inflow of New World silver must have led to inflation in the seventeenth century—even allowing for a lag between the arrival of New World bullion in Europe and its arrival in India. She sought to apply Fisher’s Quantity Theory of Money to the problem, and constructed not merely a profile of prices on the basis of fragmentary price evidence, but a histogram which purported to show the increase in silver money (rupiyās) in circulation under the Mughals. The conclusion was that northern India in the early and late seventeenth century had indeed undergone inflation, which had led to social turmoil by upsetting the social distribution of income. However, as mentioned above, no attempt was made to seek the roots of an autochthonous Indian capitalism in these processes.

Hasan’s work, which gained rapid acceptance among European historians once it was given credence by Fernand Braudel, was however viewed with scepticism by some economic historians of south Asia. Om Prakash and J. Krishnamurti argued, for example, in a response to Hasan, that the precious metal imports into India depended far more on Japan than Hasan was willing to countenance.77 Om Prakash also went on to show in subsequent work that the history of prices in Bengal did not suggest inflation in the seventeenth century, and the same was argued in other writings of the 1970s by K.N. Chaudhuri, and in the early 1980s by Joseph J. Brennig and H.W. van Santen, which marshalled price evidence from elsewhere in seventeenth century India.78 John Deyell, another of those engaged in the debate, criticized Hasan from a different standpoint; he argued that her use of museum collections of coin survivals from the Mughal period, to build up a histogram of coinage was incorrect, since these collections were in fact biased. Rather, he suggested that coin hoards could be used more effectively in a similar analysis.79

The bulk of the debate was thus concerned about empirical details rather than with the theoretical basis of Hasan’s construct—namely Fisher’s Quantity Theory of Money. Only one of the participants in the debate, Om Prakash, appears to have had a different theoretical construct in mind, of bullion import and increasing monetary circulation without inflation. In this model, presented in a stylized formal fashion in 1976, and then reiterated in later writings, the strategy was to portray the pre-colonial Indian economy as Keynesian rather than Classical in character.80 This is to say that whereas the Quantity Theory of Money assumes a logical separation between bullion flows, money supply and prices on the one hand (the so-called monetary sector), and savings, investment and production on the other (the so-called real sector), Om Prakash argued that the import of bullion implied a surplus of commodity exports over imports, which in turn must have

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stimulated investment and production in the economy. Thus, the foreign trade sector not only provided more bullion to the economy, but more goods were produced in the process; this growing economy could thus sustain a higher level of demand for precious metals, without inflation.

Such a model is not free of its own theoretical and empirical problems, since it was adapted rather freely from the context in which it was initially put forward—of economies which were characterized by underemployed resources, and which could hence respond easily (and without reallocating resources from other activities) to the 'trade stimulus'. It is not immediately obvious that pre-colonial India, with its still-favourable land-man ratio, was in fact characterized by widespread underemployment or involuntary unemployment. Further, the view that bullion should be treated not as a traded commodity but as a balancing item, settling trade deficits and surpluses, is a characteristically nineteenth century one, and cannot be applied irrespective of the context. But, later contributions to the debate such as an essay by Shireen Moosvi, even though critical of Om Prakash, have not however touched on these issues. Rather, Moosvi has attempted to revive Aziza Hasan's hypothesis by suppressing the price evidence on the one hand, while on the other attempting to take account of the criticism of John Deyell summarized above. Moosvi, basing herself now not on the museum collections but the discovered coin hoards of one region, Uttar Pradesh, has reconstructed a histogram of silver currency under circulation in the seventeenth century, and even gone on to estimate the absolute number of coins (rupiyaas) available in different years. The assumptions underlying this analysis are, to put it mildly, heroic in nature, and greatly underestimate the variance factor in any statistical technique of this sort. At best, the histogram may indicate some broad trends in direction where the mixing of silver coins is concerned, but the rest of the analysis—particularly the estimate of the numbers of coins in circulation in given years—is simply unsustainable.

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It appears besides that both Moosvi and earlier Deyell have neglected to ask a number of significant questions concerning the nature of the coin hoards themselves. Can we treat these hoards as being random and thus representative samples of coinage production? To do so ignores the conditions under which coins were buried under the ground never to be dug up again by those who buried them—which must usually have been moments of unusual upheaval. Further, it ignores the extremely small size of the sample, which for U.P. between 1882 and 1968 is around 7,400 Mughal coins from the mints of north India in the years from Akbar to Aurangzeb. In this context, Moosvi writes rather optimistically:

The region [U.P.] is very large and also occupies a central position in northern India; it contained a large part of the core area of the Mughal empire including its capital city, Agra. Coin-finds within it are therefore likely to represent fairly well not only the issues of the entire period we are concerned with, but also the issues of various parts of northern India without any significant geographical bias.

The first part of this statement is unexceptionable: the region is indeed quite large, and did overlap to a fair extent with the heartland of the Mughal empire. But how does this demonstrate that the hoards found there are temporally unbiased ('the issues of the entire period') or spatially unbiased is a moot point. True, coins from mints in Gujarat, the north-west and Bengal are quite well-represented in the sample, besides coins from the central or inland mints. However, their shares vary rather sharply over time between 1596 and 1635; to start with, coins from Gujarat dominate (accounting for over half the total in the decade 1596–1605), then coins from the north-western and central mints emerge into prominence, and finally—by the decade 1626–35—Bengal is ahead of all other regions in the sample. These are curious changes, and can hardly be taken to be representative of the shifts in relative mint output in the region—unless one is prepared to take a rather elastic approach to the facts, moulding them to fit the conclusion.

In any event, whatever be the history of coin production in Mughal times, the case for a Price Revolution remains unproven. As has been argued elsewhere in this volume, the empirical materials do not sup-

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81 Shireen Moosvi, 'The silver influx, money supply, prices and revenue-extraction in Mughal India', *Journal of the Economic and Social History of the Orient*, vol. XXX, 1, 1987, pp. 47–94. Another recent contributor to the debate, at variance with both Moosvi and Om Prakash, reiterates the idea (which has roots at least as far back as Keynesian) that there was no inflation in India and the East more generally because of irrational hoarding of precious metals there; Cf. Charles P. Kindleberger, *Spenders and Hoarders: The World Distribution of Spanish American Silver, 1550–1750* (Singapore, 1989).

port such a hypothesis even in their present, fragmentary, form. If, moreover, as Mookerjee and others have argued, rates of interest in centres like Surat, Ahmadabad and Agra showed a downward trend over the seventeenth century, the matter becomes that much more complicated. To the extent that the rate of interest was related to the demand for money, we would expect the link between money and prices to be that much the weaker; indeed Fisher’s version of the Quantity Theory of Money rests very largely on the assumption of a lack of relationship between money demand and the rate of interest. However, if money were seen as an asset, and demanded for speculative as much as for transactional reasons, its demand would be interest-elastic as well. Adopting this approach takes us not merely beyond Fisher’s Quantity Theory but its successor, the so-called Modern Quantity Theory (which links money and prices not to transactions but real income). We thus find ourselves inching towards a model that links money and prices not in the terms of Hamilton, but quite differently, indeed even paradoxically from Hamilton’s point of view. Safavid Iran and the Ottoman empire suffer here from inflation, but claim at the same time to be starved of specie, with their statesmen attempting to halt the outflow of gold and silver. This is an inflation of debasement and not of a fall in the relative price of precious metals to other goods. Can it not have been then that India, where diligent searches through the literature have not yet yielded up a voice like that of Mulla Qudrat, may have absorbed precious metals equally without inflation (and without debasement of coinage)? If, in the seventeenth century, real incomes were growing even modestly and a gradual shift was underway from non-monetized to monetized dealings, a fairly substantial import of precious metals in absolute terms could have been sustained year after year. The paradox may thus be an illusion, resulting from the fact that the questions have so far been asked within the wrong framework.

**Summing Up**

Price history is not the only area where shortcomings can be found in the literature. A general lack of a regional orientation has meant that the trends of one area have often been assumed, by default, to obtain everywhere. The fact remains that the processes of monetization and commercialization in India over the six centuries under our consideration were uneven ones seen from two points of view. Seen temporally, these processes undoubtedly proceeded in fits and starts, gaining pace in some periods but falling slack in others. Viewed spatially too, these processes must have been uneven ones, accentuating certain differences even as they levelled others. Stated at this level of generality, such statements may seem unexceptionable. But when concrete work, rooted in the sources, appears on specific areas and periods, it will undoubtedly contribute to debates and controversies conceived in precisely these terms.

The present state of the debate on not merely money and the market, but the economic history of pre-colonial India in the centuries 1100 to 1700 in general, has sometimes been defined in terms of two polar positions. One position, which involves a synthesis of the writings of R.S. Sharma, Irfan Habib, Tapan Raychaudhuri and others of the ‘Aliaghar school’ would appear to be that the main characteristic of change was cyclicity, as Indian feudalism gave way to the later medieval economies. Phases of expansion were inevitably followed by other phases of contraction: and political consolidation was related directly to economic growth, monetization, and even cultural efflorescence. The phase from the early thirteenth to the mid-fourteenth century represents one such phase of upswing, but is followed by a plateau and then a phase of decline (extending through the fifteenth century into the early sixteenth century). A similar cycle is then set in motion from the mid-sixteenth century. Political consolidation, commercialization, monetization, all are presented as characteristics of the Mughal empire of Akbar. An ill-defined age of hiatus follows, and then decline sets in from the late seventeenth century (perhaps from as early as 1660s). This Phase B (of decline) then continues through the eighteenth century.

The polar opposite of this position is represented by certain other writers, who see change and growth as more or less linear from the early medieval centuries through to about 1800. It would appear to be


84 This was the case in Europe as well. Unfortunately, however, we are still far from being able to produce a synoptic view for India such as that of Peter Spufford, *Money and its Use in Medieval Europe* (Cambridge, 1988), or even detailed studies of specific regions or cities such as Harry A. Miskimin, *Money and Power in Fifteenth-Century France* (New Haven, 1984), or Carlo M. Cipolla, *Money in Sixteenth-Century Florence* (Berkeley/Los Angeles, 1989).
the position of some of these writers, like André Wink, that no points of inflection, hesitancies, or reversals of conjuncture existed in Indian economic history from the eighth century on.\textsuperscript{85} Now, as a construct, this ‘growthmanship’ is very like ‘changelessness’; only whereas earlier, no change in the structure had been posited, now there is no change in the process. There is thus no change in the rate of change, which is assumed to be smooth, automatic and which is never scrutinized by any quantitative means whatsoever.

Whatever scepticism one may have about the first of the positions mentioned above, the second is clearly not a viable alternative to it. To assert change is not to define its direction in a teleological sense, or to state that it was always and everywhere even (and based on some notion such as the ‘Hindu rate of growth’). One can no more accept a choice within this dichotomy than make a normative choice between characterizing the market as an ideal institution for economic and social adjustment, and the market as a monstrous and tyrannical machine. Nor does the truth, despite the cliché, lie somewhere between the two save in the trivial sense that any process of change over time is likely to have some cumulative and some cyclical features. It is evident that new frameworks have to be found, perhaps more limited in their ambition and paying more attention to regional and temporal detail than existing ones, in order to pose questions that will yield us answers other than the familiar, comfortable, and seemingly unassailable ones that we are offered today.\textsuperscript{86}

\textsuperscript{85} André Wink, \textit{Al-Hind}, cited in note 18 above.
\textsuperscript{86} Future discussions may also wish to consider the nature of pre-colonial ‘factor markets’, which a paucity of literature has prevented us from doing here.

Chapter One

Price-making and Market Hierarchy in Early Medieval South India

KENNETH R. HALL

Historical scholarship on trade in ancient India has attempted to identify the place of commerce within a society which was primarily not trade oriented. But even in such an agrarian society, trade seems to arise naturally as a result of the geographic dispersal of the products of the soil, due to their different requirements of temperature, humidity, soil quality, etc. For example, wet rice agriculture is confined to areas meeting the requirements for its growth, areas with large amounts of water readily available, while areas with little water adapted their agriculture to accommodate their habitat. Only certain areas of the Indian subcontinent produced spices, pepper for example, necessitating trade to articulate their distribution to non-producing areas.\textsuperscript{1} Similarly, areca-nut, an item seemingly used throughout the subcontinent even in early times, was the product of a palm tree that required a specific habitat.\textsuperscript{2} Thus, although ancient Indian society was essentially agrarian, historical sources present evidence that within the society trade flourished.

Among the available sources stone and copper plate inscriptions have proved invaluable in the reconstruction of India’s historical past. Inscriptions from south Indian temples, for example, record not only gifts to a temple, usually land or money, but also interaction between

\textsuperscript{1} For a brief summary of commerce in early India see A.L. Basham, \textit{The Wonder That Was India} (New York, 1959), pp. 215–31.
\textsuperscript{2} Areca-nuts are a product of a type of palm, which grows best in areas which are not subject to heavy rainfall. See Sir George Watt, \textit{The Industrial Products of India} (London, 1908), pp. 86, 920.