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Secondly, beneath the flux of the regional courts and the great households of their revenue-farmers, more stable patterns of local power were slowly being precipitated between the state and agrarian society. There emerged a unified merchant class wielding covert political power, and a locally resident gentry of literate service families. The concern of this chapter is with the organisation and influence of the merchants. But the Islamic gentry provide a useful comparative example of a pre-colonial class which continued to evolve in colonial north India. Both groups, for instance, tended to benefit from the farming-out to great magnates of the government revenue – a practice which became a pervasive feature of the successor regimes.

Revenue-farmers and entrepreneurs in the agrarian system

Money slowly penetrated Indian rural society over many centuries. Even at its height, the Mughal military bureaucracy had always been uncomfortably closely tied into commercial networks and dependent on local gentry managers and chamberlains. High Mughal officials in Bengal and south India during the seventeenth century had owned ships, while 'local governors seem in practice to have been free to enter the market on their own initiative'. Holders of revenue assignments posted at a great distance from their assigned lands could hardly have managed them without leaving a great deal of initiative to local men who were skilled in financial management and understood the marketing of produce. Nevertheless, the breakdown of the system of state revenue assignments after 1707 gave rise to a situation in which more and more of the revenue was being farmed out to notables on the basis of cash payments. The beauty of such a system for the new regional rulers and last Mughal viceroyos was that it provided a known and regular source of income without the problems of local collection. This was important at a time when rulers had to employ increasingly expensive armies requiring regular cash payments.

The farming of state revenue on one, two or three year leases appears to have become common in northern India between Rajasthan and Bengal before 1740. But in Benares and Awadh, it was extended to practically all the ruler's ancient taxation rights between 1740 and 1780. Local enterprise capital was involved in the form of duties on transit, toll, ferry and bazaar duties, besides those on the trade in belal nuts, dressed stone, wood and bamboo, etc. The Gosain traders paid special rates on their transit goods through Benares; and even this tax was farmed out, possibly as a concession to their religious status, possibly in recognition of the difficulty in collecting it from them.

The men who could mobilise capital on a scale large enough to speculate on farms of revenue or state commercial duties were the century's most obvious entrepreneurs. The greatest of them were few in number: the main revenue-farmers in Awadh in 1770 amounted to some fifteen men; in Benares, around thirty-six. Their manner may have echoed the high officials of Mughal times, but their social origins would not have graced the court of Aurangzeb. The two men who controlled up to 60 per cent of the Awadh revenue were respectively a eunuch of Jat origin (Almas Ali Khan) and a Hindu raja scarcely removed from his rustic background (Bhawani Singh). In Benares, too, the old Muslim revenue-farmers had been ousted by aspiring rural Brahmans connected with the raja along with assorted men of commerce.

These warrior entrepreneurs worked portfolios of revenue-farms, trading ventures, and military supplies through the mechanism of great households, like the Mughal mansabdars before them. Many could raise (or thought they could raise) up to five or ten lakhs of Rupees annually to finance their farms. Alongside them there were other less wealthy and prominent operators working quietly in the petty darbar halls. Some of the mercenary captains who fitted out and sold their troops to the highest bidder should really be seen as entrepreneurs. Then there were a variety of monopoly farmers, military contractors and general factotums, such as Shankar Pandit and Beni Ram Pandit, who worked the Benares opium and sugar monopolies respectively for both raja and English Company. Men like this were found in all the smaller states.

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1 Heesterman, 'Was there an Indian reaction?', in Wesseling (ed.), Expansion, p. 41.
2 The change was not welcomed see, e.g., Bhimsen, c. 1720, 'In the present age unprofessional men having learnt the art of arithmetic have become masters of authority, and engaged in plundering the public'; Tarikh-i-Dilkhaza, tr. V. Khobrekar (Bombay, 1972), p. 232.
3 N. A. Siddiqui, Land Revenue Administration under the Mughals 1700–50 (Bombay, 1970), pp. 2-3; Moreland, From Akbar to Aurangzeb, pp. 235, 239-40, 249-54; Barnett, North India, pp. 169-70.
4 11 Jan. 1788, PR.
5 15 Jan. 1788, PR.
6 In Muttra and Brindaban under Maratha amis, the claims of the state extended to 'nightsoil' collected by hereditary sweepers; under the British it became a perquisite of zamindars – a paradigm of change in the political economy, Magt. Mutra to Commr. Agra, 15 Mar. 1839, NWP Judl., June 1839, 231/59.
7 The king's duty to protect Brahmans was also commercialised, see J. Duncan's persona to Mahip Narayan Singh, 11 Nov. 1788, PR.
8 Barnett, North India, pp. 186-7.
9 Mishra, Banaras, pp. 78-87, DR, vol. 24, 191-3, UPR.
10 Sec. e.g., Madras Collectorate Records, (rev. ed.) 79, UPR.
11 Note on Beni Ram Pandit, 11 May 1788, vol. 6, DR.
The rise of the corporations

For Benares, Jonathan Duncan's settlement records, reflecting the working of immediate pre-colonial society, give us a more detailed view of the men of capital and local power who subsisted in fractious alliance with the revenue-farmers in the last few years before the Permanent Settlement was introduced into the tract in 1793. Here also, the revenue-farmers were more successful if they could patronise specialist low caste cultivators, but virtually impotent when they came up against powerful joint bodies of village zamindars who might throw up their cultivation if they could not get the terms they desired. Here, too, gentry under-managers (though often Brahmins and Kayasthas rather than Muslims) consolidated local power under the aegis of the revenue-farmers. But what is most notable is the extent to which the revenue system was penetrated and constrained by the commercial classes at every level. Even in the parts of the Benares province where the primitive form of assessment in kind still prevailed, village traders and moneylenders played an important part, and the revenue-farmers needed to keep good relations with them in order to sell their portion of the crop for ready cash. From time to time, there were conflicts between the two parties when the revenue-farmers attempted forced sales of old or bad grain for high cash prices. Cash revenue-payment by the cultivators themselves was, however, becoming the norm. This avoided conflict with the traders, and besides, revenue-farmers could not risk falling into arrears when grain prices were low and they were unable to sell their portion at a profit. Cash revenue, on the other hand, tended to put the village elite into uncomfortable dependence on the merchant–moneylenders. So in 1787, we find the zamindars of Karinda complaining that the revenue-farmers had forced a money settlement on them, 'as by reason of the low price of grain, the value of that produce in all the parts of the pargannah was less than usual, the amil [farmer] told us to enter into caboleets (or engagements) for a ready-money settlement'.

The existence of a 'money settlement' tended to drive the tendrils of big urban moneylenders deeper into the countryside and reinforce the connection between them and the village traders and shopkeepers (bakkals) who had emerged from general agricultural growth. The urban Mahomed Ali, Mallawan Papers, UPR, publ. COR, I, 16–17, Here Fath Ali 'with the help of his son's father in law, viz. Nadir-uz Zaman, brother of Almas Ali Khan Bahadur [revenue farmer] brought a bakhra [messenger] from Baja Jhau Lal [the Nawab's favourite, Barnett, North India, pp. 110, 113, 115] who compelled the aforesaid Qazi [Abdul Razzaq] to give a statement in writing to the effect that Fath Ali and none else is the owner of the property'.

Petition of shopkeepers of bazaar Chumoo, 21 Nov. 1787, PR.

Petition of zamindars and tenants of Achayl Roy of Pargannah Kurindeh, 11 Jan. 1788, PR.
The rise of the corporations

financiers were the men who advanced money to the revenue-farmers and stood as sureties (malzamins), or even double-sureties for them with the rulers for punctual payment. In the case of money settlements, a local agent of the banking house accompanied the agent of the revenue-farmer in making the collections from the village zamindars, for 'it was established custom that the person who issued the revenue advances had his treasurer in the pargunehs.' These local agents generally appear to have been village shopkeepers linked by trading connection, and sometimes by caste, with the big merchants of the city. For instance, the under-collectors for Sheo Lal Dube, the Jaunpur farmer, carried out money transactions 'through the banker who had the money collections of the village', while in the district of Chunar, villagers had always paid their revenue through the agency of the local shopkeepers.

Besides having a hand in revenue collection at village level, traders and moneyminders also controlled the transactions between the subdivisional headquarters and Benares itself. The commercial families changed local coin into Benares Sicca Rupees and avoided the dangerous business of transporting treasure across open country by drawing credit notes on their correspondents in the city. The added security given by this system encouraged the early British Residents to get the bankers to extend their branch agencies in the countryside as quickly as possible. In the case of the few commercial men who openly became revenue-farmers themselves, the advantage of being able to work through their own system of branch agencies partly outweighed the disadvantage of being involved in an area where prudent bankers did not tread. For instance, Sheo Lal Dube was able to set up local branches of his own firm 'Sheo Lal Dube Bunder Dube' for his revenue-farm of the Jaunpur District.

Finally, and at the very pinnacle of the revenue system, the commercial houses made huge temporary loans against the incoming revenue to the raja himself. These promissory notes or dakhillas were considered as good as ready coin in the bazaar. Without them, the raja was unable to pay his troops, remit his tribute to the British, or maintain his ceremonial and religious functions in the realm. Thus, fifteen large

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Lucknow and Benares banking houses handled the whole 40 lakhs of Rupees of the Benares revenue in the years 1760–80, taking on it a service fee which appears to have amounted to 2½ per cent or more. Naturally this gave them very considerable political power. In 1776 the Resident stated that the great Agarwal house of Bhaiaaram provided the main obstacle to the consolidation of his influence in the principality, while in 1787, Jonathan Duncan acknowledged that the bankers could 'in a great measure command the Raja and Government, itself with respect to the realization of the revenue'.

In Benares commercial men appear to have made even deeper inroads into agrarian society from time to time. The machinations of the powerful British Residents evidently encouraged their connections among the Indian trading firms to take a more direct role in revenue management. But it was also in the interest of the banking houses themselves to exert closer control when there was a danger that the revenue-farmers might default. In the late 1770s, the banker Kashmire Mull appears to have taken the revenue-farm for fourteen parganas of the Jaunpur and Ghazipur Districts 'in partnership' with one of the royal princes. Other commercial men were also covertly engaged in direct management. But this was a dangerous business, for a banker's commercial credit might suffer if he was too openly involved in government. When asked to become a revenue-farmer, Kashmire Mull had represented that,

My business was that of a mehajen or banker and that partnership was not my business in consequence of which the Raja taking the Ganga or Ganges and the Deity Beeshesh [Visheshwar] between us declared that this secret should not be revealed to anyone.

Resistance to the involvement of 'professed bankers' in revenue matters was also found amongst the landed magnates. 'Dobey is a banker, what has he to do with public matters?' complained an outraged Jaunpur Rajput as the great banker won his net across the district. Again 'what foolish malzamin [surety] would take the balances [of a revenue-farm]?' said the disingenuous master of the Benares mint, Kaun Das, who had been involved in the revenue management of the failed farmer Kulb Ali in 1787. So deeply had the control to the men of commerce penetrated

20 E.g. note on Ram Dayal, 20 April 1788, DR 5, UPR.
22 Arai of amil of Secunderpore, 6 July 1795, PR; amils also attempted to settle 'turbulent villages' by persuading them to admit mehajens who had previously made heavy losses there, arai of Kilroy, 1 Nov. 1792, PR; cf. Rai's answer to Kashmire Mull, 17 June 1788, PR.
23 J. Treves to Duncan, 21 June 1792; 8 July 1790, PR.
24 Extract from Kulb Ali Khan's Account, DR 39, p. 93; Neave to Duncan, 5 May 1788, DR 14, pp. 1-3, UPR.
25 27 June, 4 Aug. 1788, PR; Benares Treasury Accounts, DR 31, UPR.
26 Graham to Anderson, 5 Dec. 1777, cited Mishra, Banaras, p. 266.
27 A. Shakespeares, Selections from the Duncan Records (Benares, 1873), 1, 341-26 Aug. 1788, PR.
28 Idraniyat of Kashy Nath, son of Kashmire Mull, 9 Mar., 13 June 1788, PR.
29 Answer of Kashmire Mull, 13 June 1788, PR.
30 S. L. Dube to Duncan, 5 Mar. 1789, PR.
31 28 April, 27 June 1788, 8 Sept. 1789, PR.
that Kulb Ali repaid his debts to them before he satisfied the state itself; it took all the influence of Jonathan Duncan and the rising power of the East India Company to recover the money from the commercial corporations of the city.33

**Merchants and the political economy**

The key advantage possessed by the eighteenth-century commercial groups was their ability to command resources across much greater distances than the smaller states with which they dealt. The formal system of official control over the economy was impressive enough. The ruler set the daily price of commodities (nikhas) through her urban executive officer, the kotwal, and all other prices and percentages in the bazaar followed this automatically.34 Competition was restricted by officially appointed bazaar superintendents, and in case of scarcity, a ruler might forbid the export of commodities from his territories and coerce the grain merchants into releasing their stocks. But there was a good deal of bluff in all this. In practice, local economic autarchy was impossible and the markets were run by a process of bargaining between dealers, financiers and the military rulers. It was the commercial community which decided who should or should not pass his kundis in the bazaar and if the merchants were subjected to unduly savage pressure to release food-grains or provide forced loans, they simply closed the bazaar or abandoned the town.35

Tribute, military supply, pilgrimage and trade were linked together in an all-India network which merchants, bankers and specialist carriers could manipulate to the financial disadvantage of the regional rulers.36 Bullion – the key to political success – circulated throughout India with considerable speed. The only major external sources were Central Asia and the trickle of imports through European centres, such as Chandernagore and Calcutta.37 But considerable quantities of hoarded bullion were spasmodically released by rulers of central and north India to finance their military and ceremonial enterprises. Thus, while 'Bengal' silver was transported as far as Jaipur and Surat when there was a heavy demand during the 1770s and 1780s, the north Indian bankers also brought in gold plate from Rajasthan to cover the Nawab of Awadh’s subsidy to the British on a number of occasions when silver was in short supply in the east.38 As the East India Company became more deeply involved in the financial politics of north India, we begin to see how the firms working the all-India capital and bullion markets could play off one regional ruler against another. In 1789, for instance, the Company wished to reduce the discount they were paying to the Benares bankers to provide their agent at Poona with funds. Normally, the annual demand of Maratha pilgrims for cash at the holy city would have brought down the rate a little. But this year, the 'wants of Raghovee Bhashia' for cash for his troops was so great that the bankers were able to play Marathas off against the British and keep the rate high.39 In the same year, the commercial houses raised the rate of discount between Benares and Surat to a high 11 per cent, claiming that this was the result of 'fluctuations' and heavy demand in Lucknow.40 Should rulers try to tax the bullion trade to their own advantage, it would simply dry up. Later, rates for coining at the Benares mint were raised, so the financial houses redirected the bullion and plate they were bringing up from Bengal to Rajasthan and Lucknow, to the detriment of the city’s money supply and credit.41

Religious corporations, bodies of merchants and many commercial towns had been tough and resourceful in the face of political change. Rulers needed the services provided by these institutions as the costs of warfare and petty statehood rose, and as the revenue was gradually farmed out to entrepreneurs. Long-distance traders, carriers and even bodies of pilgrims became brokers for goods and services passing between the many decentralised regimes subsisting on areas of high farming. In the Gangetic cities and large market villages, there was a solid rank of middling merchants standing between the great merchant princes and the petty hucksters of agrarian society. Some scholars have made out the lineaments of an Indian bourgeoisie amidst the bustle of north India’s more prosperous bazaars.42 But evidence that merchant capital was becoming more important in the economy does not necessarily imply that merchants were aspiring to a direct political role or that the indigenous state was undergoing fundamental change during the century. There was, of course, no question of mahajans or despised bakkals widely taking on the ceremonial or military functions of rulers.

30 27 Jan., 26 Aug. 1788, PR. 31 26 Aug. 1788, PR.
35 See, e.g., the Representation of Kaun Das, Mintmaster, 4 Dec. 1787, PR.
36 See, e.g., the Representation of Kaun Das, Mintmaster, 4 Dec. 1787, PR.
37 See, e.g., For. Sec. Cons., 27 Oct. 1777, 4, NAI; 26 Feb. 1789, PR.
38 Resident Poona to Resident Benares, 10 Apr. 1789, PR.
39 5 July 1789, PR.
40 Examination of bankers, 15 Sept. 1790; Report of Mintmaster, 1 May 1791, PR.
Even the transition between merchant, revenue-farmer and zamindar was hazardous in the context of strong notions of the separation between the role of ruler and merchant.

What can be said, however, is that the covert and subtly exercised power of merchant bodies imposed limitations on what eighteenth-century rulers could do, and allowed commerce to achieve a more privileged position in regard to the military aristocracy. Contemporary European observers were aware that the bankers not only operated punitive cartels against them but exercised a delicate political influence. So strongly had the power of the banking fraternity of Bengal and Hyderabad impressed itself on the mind of Law de Lauriston, ex-Governor General of French India, that he saw them in 1777 as a key group in any future alliance of the French and Indian states against the English East India Company:

These are the people to whom the nawabs and the rajas always have recourse; whom they consult willingly about all civil, military and political operations, because to some extent all these matters enter into the sphere of the sarkars [bankers] because of the good or evil which such an operation could bring to the country. They appear without pretension at the darbars, but they exercise great influence there; one word of a renowned banker will carry more weight than the most eloquent speech of another, whomsoever he be, because this word holds fast to a chain which extends everywhere [tient à une chaîne qui s'extend partout].

De Lauriston's most telling point was that it was the men of commerce in eastern India who had most to gain from European and specifically from English trade. It was they, therefore, who had constrained the rajas and nawabs to allow foreign commerce a much freer hand in the interior of the country than it had ever had in the days of central Mughal rule.

Contemporary opinion differed from region to region in its assessment of the political power of the commercial classes. As might be expected, it was reckoned least formidable in tracts where trade was backward or in decline. H. T. Prinsep, for instance, could caricature the 'enormously wealthy' bankers of the Maratha territories 'absolutely rolling in wealth ... occupied in the exclusive pursuit of sordid and selfish gains'. But he added significantly that they might achieve influence where revenue was put out to farm or where there was a fierce factional split among the military elite. In some areas which had suffered sharp local agricultural decline, commercial networks had actually been rolled back. In the Delhi territories, for instance, commercial firms with agencies in the small agricultural towns had given advances on the revenue as they did in Benares, though sometime between 1766 and 1800 this practice had ceased as Delhi lost control over its hinterland. But some well-entrenched commercial groups were difficult to uproot from a position of local political influence even against the background of the near collapse of trade. In Bareilly, for instance, the ancient house of Lachman Das survived the decline of Mughal power and the rise of the Rohillas and even remained significant in local Hindu and city politics at the beginning of British rule.

Awadh perhaps represents an example mid-way between Bengal or Benares and those tracts without strong inland trade. Here, the political situation was even more perilous for the bankers than it was in Bengal, but they were still a force to be reckoned with. In Awadh, the great revenue-farmers such as Almas Ali Khan and Bhawan Singh appear to have organised their own cash and credit transactions between Lucknow and the interior fixed markets where revenue was collected. But in some areas, at least, banking houses must have enacted a role similar to that which they played in Benares. For when the Nawab ceded large tracts of his territory to the British in 1801, incoming British collectors had difficulty in guaranteeing the revenue in the Doab because, it was said, commercial houses had withdrawn their agencies when the revenue-farmers had retired to Awadh. Even if their role in the revenue system was somewhat less developed, Lucknow's banking houses provided a key service for the Nawabi government in remitting the annual tribute to Calcutta every year after 1764. So important was the annual tribute that the bankers gained access to the darbar and to the British Resident and began to take a close interest in court faction as they had done in Bengal, Hyderabad and Benares before. For instance, a famous Jain banker, Lala Bacchraj, who appeared as a partner of the Benares magnate Lala Kashmiri Mull in transferring tribute all over Hindustan in the 1770s and 1780s, had insinuated himself into the centre of Lucknow court faction by the 1790s. With the aid of the British Resident, he gained an influence over the treasury and 'began to

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45 Metcalfe's Orders on the Delhi Territories, Delhi Residency and Agency, i, 8, 27.
46 The 'Gulistan-i-Rehmat' records several examples of Rohilla rulers favouring merchant and banking groups in order to encourage their settlement, see above, pp. 22–3.
47 Barnett, North India, pp. 172ff.
48 Asst Colr to Collr Allahabad, 26 June 1804, CPR, 16 July 1804, 90/40, IOL.
49 Resident Lucknow to Govt, 14 Sept. 1795, Home Misc. 448, IOL; GPC, viii, 30, 183, 198.
aspire to the distinction of Naib, a major officer of state. Bacchraj's drive for power foundered and he ended his life in a Nawabi prison, along with most of his family. But it was significant that even in this, the most powerful and most agrarian of the north Indian successor states, Indian financiers could come so near to the sources of power.

The forms of urban organisation

The political influence of trader–bankers was a common feature of late eighteenth-century regimes. But was this power wielded simply by a few great magnate families subject to the 'instability of oriental fortunes', or did it have a wider social and institutional base? There is indeed a body of opinion which might concede the political importance of individual capitalists in pre-colonial Indian politics but argues that the culture and political ideas of India made it virtually impossible for merchants and townsmen to achieve any significant degree of autonomy or corporate identity in the face of ruling landed elites. Ultimately, these ideas derive from Max Weber's brilliant generalisations on the religion and institutions of India. According to Weber, occupational specialisation based on caste fragmented Indian artisan, merchant and service populations, so inhibiting the development of mercantile trust, let alone political action. Caste restrictions made impossible the civic fraternisation out of which emerged western corporate institutions, while the 'passivity' of Hinduism denied rising groups an ideology which could validate their political independence. Thus, urban centres and states remained dominated by the 'patrimonial' regimes of warrior bureaucrats, and for Weber as for Marx, true social change awaited the impact of colonial rule. These ideas continue to influence more recent work. Trade, it has been asserted, was 'merged into and managed by caste bodies'; the Indian city was split into 'self-contained and mutually hostile neighbourhoods'; the political role of merchants was limited by their dharma, and they remained of low social status. Such ideas are almost circular since the richest sources relate to revenue administration and the cycle of dynasties, and there is a grave lack of evidence on the behaviour and organisation of social groups outside the ruling warrior elites and the literate classes dependent on them.

However, the evidence from several parts of north India suggests not only that the economic and political importance of the great trader–bankers was enhanced in the period of the successor states but that corporations of townsmen, merchants and religious specialists had developed a new coherence and autonomy which in some cases amounted to a virtual civic self-government. These changes were not frustrated by caste fragmentation or the passivity of Hinduism: on the contrary, caste and religion provided building-blocks out of which mercantile and urban solidarities were perceptibly emerging. The influence of trading corporations over the landholding aristocracy was undoubtedly enhanced by the growing European presence in India. Merchants were adaptable to the style and requirements of the British and gained from the burgeoning of the export trades to China and Europe after 1770. But the commercialisation of politics and the rise of the corporations were by origin intrinsic changes within the economy and culture. War and political change, far from destroying towns and trade, had actually galvanised them into greater independence. To illustrate the potential for such changes, we will take the case of Rajasthan. Not only was this an area removed from direct western influence, but it was the natural habitat of the haughty Indian aristocracy.

As James Tod recognised, a century of war had not destroyed trade or production in Rajasthan; only the Pax Britannica made a desert, and paradoxical as it may appear, there was tenfold more activity and enterprise in the midst of that predatory warfare, which rendered India one wide arena of conflict, than in these days of universal pacification.

As in eastern India, merchants had strengthened their hold on the working of the revenue system by financing the deficits of the rajas and clan leaders and also by working the takkavi advances given to cultivators in the villages. Contemporary with these economic changes, the political status of townsmen and merchants was increasing. Political fluidity resulting from the decline of Mughal overlordship and the rise of small, local kingdoms caused what Tod called a 'neglect of legislation' during the eighteenth century. Self-governing multi-caste assemblies had taken over responsibility for many

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51 Note on the Bachraj Family, annex. N. E. Edmonstone to Resident Benares, n.d., Bihar and Benares Revenue Consultation, 1 Dec. 1818, 112/21, IOL.


54 Tod, Rajasthan, II, 1, 110.


56 Tod, Rajasthan, 1, 171.
aspects of administration, especially defence and the upkeep of trade routes and sarais. The influence of Jain merchant people had already secured them a number of special privileges or immunities which had developed around the concept of 'sanctuary' (ashrama). In several Rajput states, officers of the raja were excluded from the temples and living quarters of Jain merchants, and the high status they had achieved influenced the standing of other townsmen with whom they had dealings. In some cases indeed the rights and privileges of merchants and towns were set out in documents which reminded Tod of medieval European town charters. Tod's analogy between the emergence of western representative institutions from feudal privilege and the potential for a kind of representative government based on Indian urban councils is fanciful. But he was sufficiently struck by these developments in Rajasthan to record a significant deviation from his usual picture of oriental feudalism. If he was not witnessing the emergence of parliaments, Tod had certainly seen subtle changes in the relations between constituent elements of the pre-colonial state.

Changes like this were taking place elsewhere in India, but the timing and context were often different. In Rajasthan, always a turbulent frontier of empire, the apparatus of Mughal urban government, with its Muslim judicial officers responsible to a governor, had never developed strong roots. The bazaar and the service quarters of the towns bargained with or submitted directly to the raja and the Hindu warriors. 'Want of legislation' would force them directly into self-organisation. But in the cities of the plains where up to 40 per cent of the population might be Muslim, the Mughal executive officer (kotwal) and 'registrar' (kazi) retained varying degrees of influence. In Rohilkhand and Awadh, which retained strong Muslim identities, the power of the Hindu urban and commercial groups was growing, but it remained encompassed by city-wide Islamic institutions. There existed formal processes of registration and arbitration by kotwal and kazi even if effective power was left to heads of the corporations.

In the more commercial south and east, however, the authority of the Mughal officials had been largely eroded before 1770 as chapter 8 will show. Here bodies of traders and service people had also attained a significant degree of independence in matters of police, defence and arbitration. In Benares and Mirzapur particularly, the word corporation can properly be used to describe trading and religious organisations. People of different caste were tied together in broader communities which received explicit recognition from the rulers. Here monetisation of revenue demand, the growth of inland trade, and of the city of

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Benares itself had put trader—bankers into a strategic position in the new Benares dominion. By the 1770s, the power of the major mercantile houses was similar to that acquired by the Jagat Seths in Bengal in the later days of the Nawabi. They could, to use again the words of the British Resident, 'command the state to a large extent in the matter of revenue'. But how was this power represented in institutions? How coherent were mercantile organisations? The mid-Ganges at least appears to have seen the emergence of powerful mercantile corporations similar to the cross-caste merchant mahajans of Gujerat. At Mirzapur, the fastest growing town, there was a 'Dhurnam Pancham' or 'general body of the trading people' which adjudicated disputes between people of different background according to mercantile custom and also adjusted brokerage fees. Royal authority was not eliminated from the town and its hinterland. The petty local raja of Kantit retained considerable prestige and formally appointed a head or chaudhuri of the bazaar. But his wealth and power was dwarfed by that of the leading merchant houses and the religious corporations. It was they who patrolled the gated areas of the town and it was their levies which policed the key trade route which ran south into central India. As in Rajasthan, the 'want of legislation' and the impotence of small states had forced merchants and other groups with regional interests to take up the role of adjudication and protection which had formerly been the preserve of kings.

In Benares a similar set of relationships developed around the Naupatti Sabha (Society of Nine Sharers) which illustrates how merchant interests could be articulated across the boundaries of caste. This association was a body of nine leading city merchant families which had been brought together by the demand of the ruler of Awadh for a huge forced loan during one of his campaigns against Benares during the 1750s. The nine great burghers had come forward to subscribe a part of the loan and so save the holy city and its environs from sack. Political turbulence had galvanised the community into action which permanently placed the 'bankers' in a strong moral and customal relationship with the raja and the other great land-controlling magnates who had been unable to protect the city themselves. But we do have echoes of earlier cooperation for political purposes by the mercantile elite. A central mercantile organisation appears to have existed at least from the beginning of the century, and it is said that they played an

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57 Ibid., 11, 606, cf. app. 645, perana of Maharana Sri Raj Singh.
58 For a more detailed discussion of Benares and Mirzapur, see Bayly, 'Indian merchants', in Dowey and Hopkins (eds), Imperial Impact.
60 Roop and Saroop Poorni v. Badli Gir and Landji, Mirzapur Court, 3 April 1791, PR.
61 'A short account of the Nauputtee Mahajans of Benares', For. Misc. 12, pt 1, NAI.
The rise of the corporations

important role in helping Balwant Singh’s line to power in 1739. The Nawab of Awadh who nominally controlled Benares was looking to renew the revenue-farm of the Benares territories to Mir Rustam Ali. But the story goes that the bankers calculated the greatest extent of their capital in order to put up an even larger bid and stronger security for Mansa Ram, the founder of the Bhumiha dynasty. This was a ploy to reduce Muslim influence in the territory and benefit a local dynasty with whom they were on much more equal terms. Though it seems unverifiable, the story encouraged the commercial community to claim high status in regard to the raja’s family and descendants.

The nine families in the Naupatti came from different backgrounds. One was Gujarati Brahmin, one Gujarati Vaishya, one Oswal Jain and the others Agarwals of various subgroups. In the beginning, there was a mix between old established Gujarati firms and relative newcomers from eastern India. All that mattered was finding enough liquid capital to finance the forced loan. Later, the Naupatti became a self-perpetuating oligarchy of status which no aspiring family could enter. But it did not separate itself off from other merchant people, acting instead as a holding alliance at the top of merchant society which overrode caste and sectarian boundaries. So while merchant people had different interests and statuses, the merchant community did have a distinct autonomous existence and was not irrevocably split by distinctions of ritual or residential area. On the contrary, ties of caste helped bind poorer merchants, brokers, hucksters and bazaar people into a corporate body of opinion which could make itself heard by both rajas and British residents. Our image of caste is one of fragmentation, but in the pre-colonial period it might sometimes be better to use the image of the fases in which the binding in of each individual element gives strength to the whole.

Let us set out the variety of these relationships. Direct marriage alliances were the lowest common denominator of both social and commercial life. In the course of the hundred years after 1750, the broad category of Agarwal merchants was drawn closer and closer by dozens of strategic marriages which pooled capital and skills. Rich newcomers like

the Shah family were able to ally with more established but poorer families who headed the Purbiye (Eastern) Agarwal caste brotherhood. These links could help maintain relations over a much wider area also. Khattri merchants continued to marry their daughters to aspiring families at the other end of the great east–west trade route in the Punjab. The Dassapurowal Gujerati merchants display an even more interesting pattern. They customarily brought in poor young men from towns in Gujerat and other regions, married them to their daughters and set them up with houses and capital in Benares.

Caste provided larger building-blocks than extended family groups. But these were not the tight-knit caste institutions which appear in some of the anthropological literature. Instead, they were more like loose bodies of patrons and clients drawn from broadly similar ritual groups which clustered around a few important families wielding ritual authority and economic power. Thus the famous family of Lala Kashmiri Mull was ‘chief’ of the city’s Khattris and Saraswat Brahmins from the Punjab. The cohesion of the group was enhanced by a relationship with the holy men of the local Nanakpanthi assembly who acted as gurus (spiritual advisor) to most of the Punjabi people in the city. Like most other mercantile groups in Benares, the Khattris and their Saraswat Brahmin family priests and business partners had a caste assembly or panchayat. It seems to have met irregularly to deliberate on matters of morality and was, by tradition, quite separate from the multi-caste assemblies of ‘respectable merchants’ which adjudicated business matters.

While the mercantile population possessed a consciousness of caste and caste institutions which were more or less effective in matters of ritual, this did not preclude the formation of wider merchant organisations and bonds of trust which stretched across the boundaries of caste. In some trades, certain castes – or more properly, extended family groups – were predominant. So the Mehra Khattris dominated the cloth trade; Purbiye Agarwals were strong in the grain trade; Gujarati Banias in fine brocades, and so on. Nevertheless, most trades were multi-caste ventures, and in their dealings with each other or with the authorities, merchants needed common institutions. Sometimes these were based on an interest in the trade of one region. Thus we find approaching the authorities in the 1780s, ‘the merchants trading to Lahor, Multaun and the west’, who included Gosains, Brahmins, Binayak, Benares, Jan. 1973; interview Sri Govind Das Kothriwal, Mar. 1974.

Petition of Bankers and Resident’s Reply, 13 Jan. 1795, PR.

Family histories, interviews, Sri Kumud Chandra, Dr Giresh Chandra, Benares, 1972–4.

A short account of the Naupurttee.

Family histories, interviews, Sri Kumud Chandra, Dr Giresh Chandra, Benares, 1972–4.

Petition of Bankers and Resident’s Reply, 13 Jan. 1795, PR.

Family histories, interviews, Sri Kumud Chandra, Dr Giresh Chandra, Benares, 1972–4.

Petition of Bankers and Resident’s Reply, 13 Jan. 1795, PR.
Khattris and ‘Iraqis’, ‘the merchants trading to the Duccin [Deccan] and southwards’, including Sipahi Nagars, Maratha Brahmans and Bundelkhandi Jains, and ‘the mahajans and traders ordinarily resident in Benares’, including Agarwals, Khattris and others. Another form of organisation was based on the particular function performed by merchants at different levels of the trading system. The wholesale commission agents (arethis) trading to particular regions had their own organisation and spokesmen, as did the petty bazaar lenders.

Conceptions of status and mercantile honour also overrode caste for it is evident that trade and credit relations over long distances could not have survived without them. ‘Credit-worthiness’, having one’s hundis accepted in the bazaar, keeping regular commercial books, being frugal rather than ‘expensive’; these were the measures of respectability which are mentioned regularly in commercial cases and they are witness to a consistent mercantile ‘public opinion’. At the pinnacle of merchant society stood the members of the Naupatti Sabha themselves who functioned as a final panel of arbitration among merchants on matters such as debt, the division of assets in family partitions, bankruptcy, and the status of mercantile custom on legal instruments. During this period it seems to have been unusual for litigation to go beyond these informal, local forums. Only in a few instances where family, caste or Naupatti arbitration had failed to impose a settlement would the kotwali peon – the runner of the city’s police chief – or the ruler’s courts be brought into the matter. To all intents and purposes then, an ad hoc ‘law merchant’ existed. Excommunication remained the usual sanction for caste assemblies, but what were the sanctions available to this wider mercantile opinion? In a tight, face-to-face society, the failure of one’s credit in the bazaar was a sentence of commercial and sometimes of physical death. But the sanctions of Hindu religion were also available. Oaths were made in Ganges water and in the name of tutelary deities, or with the witness of a Gosain who was technically above caste and kin since he was dead to the world. The ultimate sanction was to have Brahmans mutilate themselves before the door of a debtor in order to heap spiritual deremerit on him (dharma); this was only the most dramatic instance of the role of popular religion in reinforcing mercantile trust.

In Benares at this period there is tantalising evidence of social conflict

71 Petition, 4 Dec. 1787, PR.
72 Mehta Baldeo Das Vithal Das Vyas, Vanshawali Vadnagara Sipahi Nagar Kashi Nivasi (Nagar Union, Benares, 1928).
73 18 Jan. 1788; DR Revenue, vol. 5. UPR.
74 Representation of Ibrahim Ali Khan, 7 Mar. 1788, PR.
75 Sir John Shore, ‘On some extraordinary facts, customs and practices of the Hindoos’, AR, iv (1795), 337; 7 Mar. 1788, PR.
76 31 July 1790, PR.
77 Representation of Bhawani Das and others, 19 Apr. 1791; ‘Petition of the Principal Bankers’, 13 Jan. 1795, PR.
78 Petition of Naupatti and others, 1797; Agent to GG to Govt., 2 April 1798, PR.
79 Ibid., for ancient links between the Agarwal headman family and the Bhumihar elite, see mohars, 15 Apr. 1838 of Harreddiah to District Court, ‘Memory Book’ (Yaduhi Bati), Chaukambah.
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Brahmin population, but the commercial houses employed Brahmans as runners and agents whenever possible to avoid problems of caste status with their clients and correspondents. The British Resident was horrified to find that it was customary among the merchants to take several paisa per Rupee on every dakhilla or hundi transaction with the rulers for gifts to the Brahmans. It was a further indication of the manner in which the ritual superiority of priest or ascetic could act as a unifying force in urban society.

Common residential areas also created knowledge and sympathies outside caste and between different occupational groups. Sometimes neighbourhood loyalties centred on the service of shrines, tanks or ghasis. But local defence was also an important spur to organisation. Some quarters (mohullas) were, of course, single-caste residential areas. But an equally common pattern was the community of the great stone house or haveli. Each haveli was occupied by a single extended family and their dependents, and these were grouped together into gated areas which provided their own defence and police on the basis of a general levy. Property documents show that many of these gated areas were multi-caste residential areas and the state, whether the raja or the decaying remnants of Mughal central authority, had little role in their organisation.

At the widest level then the links between the various elites in the cities created a sense of urban solidarity. This was no doubt weak by comparison with medieval Florence, but it provides evidence of the potential for organisation between the state and the mass of agrarian society. Cities such as Allahabad, Benares or Gaya had a special privileged status as tirths or holy places. In theory, they were the property of the gods and all men could worship there. Out of their religious pre-eminence derived a sense of the 'public'. In practice of course, private property existed in Benares and other holy cities. Yet the central part of the town north of the Dassasswamedh ghat was commonly regarded as an area of particular reverence. There was considerable concern to keep the 'holy mile' (pakha mahal) free from undesirable groups. These included not only the representatives of the earlier Muslim authority but even the raja and his collaterals. Apparent attempts by governments to impinge on this sacred liberty were fought vehemently by the Hindu city as a united corporation - the 'Babu [raja and collaterals], Brahmans and Mahajans of the city assembled'.

Ascetic orders and urban life

first indisputable record of an attempt by the citizens to protect the holy places was the protest in 1725 against the raising of an additional pilgrim tax, though there is an echo of a battle in 1664 over the establishment of a mosque on the site of a temple. The British in turn were faced with a series of popular reactions beginning with the famous strike against the proposed house tax in 1809, and stretching forward to the protest against the construction of a municipal water works on holy Ganges in 1889.

The consolidation of corporate entities was a feature of other smaller cities and areas where bodies of merchants and religious men found themselves at an advantage in the face of the aspiring eighteenth-century states. Above all, it was the ascetic groups which successfully combined religion and commerce and contributed greatly to the synthesis of wealth and Hindu practice which was emerging under the surface of the Indo-Muslim state.

Ascetic orders and urban life

The last chapter emphasised how Hindu ascetic orders of Bairagis and Gosains had come to play an important role in the eighteenth-century economy. Their annual cycle of pilgrimage from the borders of the Punjab through the holy cities of the plains to Bihar and Orissa allowed them to move goods, money and military force between stable agricultural tracts. They were the largest owners of urban property in Benares, Allahabad, Mirzapur and Nagpur in the 1780s, and they also helped supply the large fairs and markets of the countryside which were often unsafe for unarmed merchants of lower status. An open and flexible organisation enabled the ascetics to pool resources and talent. They took in as novices young boys from war-torn villages, recruiting from all the higher castes. It seems possible that there were as many as half a million Shaivite and Vaishnavite ascetics in north India in the last decade of the century.

For the ascetic corporations it was their religious status and organisation which provided the basic immunities out of which a separate political role could grow. As with the Jains, the concept of sanctity and immunity from punishment at the hands of the ruler encouraged the development of a strong corporate life. From an early

80 15 Sept. 1789, PR.
81 Police Arrangements, Benares Colls, Records, Misc. Series, vol. 8, UPR.
83 Petition of Bankers and Resident's Remarks, 15 Jan. 1795, PR.
84 Sarkar, Dasnamis, pp. 79-80; for a comparable incident in Delhi, see Shiv Das Lakhnawi, Shahnama Munnawar Kalam, tr. S. H. Aksari (Puna, 1980), pp. 112-15.
85 See Below, pp. 320-1.
86 Obit. Babu Bireshwar Mitra, Tribune, 25 July 1891. The scheme was ultimately accepted.
87 Juggernaut v. Hurkeshen Gir, 3 Feb. 1795, PR.
period, the Dasnami Naga ascetics, for instance, enjoyed the privilege of self-government under their ‘abbots’ and regional controllers along with relative immunity from impost and interference by the rulers’ police officials. Hindu holy men achieved an even higher status during the reign of the Emperor Akbar when a clear effort was made to formulate an eclectic royal religion. But as with other corporations, it was Aurangzeb’s lurch back towards a state founded on Muslim law which propelled the Dasnami to a tougher defensive position. Tradition records a battle against Islamic revival in Benares in about 1664 when Gosains ‘preserved the honour of Vishwanath’s seat’, that is, preserved the great Viswanath temple on the Benares ghats from plunder. The Lingayat Math at Madanpura also preserves a tale of successful defiance to a Muslim ruler, though here it was a ghostly tiger which is supposed to have routed the interloper. After 1707 the flux of political power stirred the corporations into more strenuous military activity. When the Afghans invaded southern Awadh in 1751, the Dasnamis who were gathered at Allahabad for the bathing festival offered armed resistance and saved the inner city from sack, for ‘Siva gave help and thus saved the honour of the Dasnamis’. Hereafter, powerful Gosain armies stalked the north Indian countryside, playing the role of Swiss mercenaries in Renaissance Europe. Though their commanders were particularly honoured by the Hindu Jats, their status in the Awadh armies was almost as high. The Nawab invested one Gosain leader with the rank of ‘four hundred hazari’, a high order of Mughal chivalry, and also with the right to raise troops without reference to himself.

During the eighteenth century, then, Gosains, Bairagis and other religious corporations came to play an important role both within states and in directing the diplomatic, commercial and military relations between them. In some localities they virtually acted as rulers in their own right. Gosain dominance at the great Hardwar fair, for instance, underlines the degree to which the corporations could take on the privileges of protection and punishment which had formerly been the preserve of Kings:

These mehnats [abbots] meet in council daily; hear and decide upon all complaints brought before them, either against individuals, or of a nature tending to disturb the public tranquillity, and the well management of this immense multitude.

This observer, Captain Hardwicke, saw two fraudulent Marwari merchants fined and lashed by order of the council. The Marathas who were nominally rulers of the area in which the fair was located allowed the Gosains almost total control of relations with the other predatory powers and were either unwilling or unable to claw back much of the huge levy which the corporations amassed from visiting merchants and pilgrims. In the holy cities, too, ascetics achieved a striking degree of self-government. Contemporary Muttra, for instance, was run by a combination of the Chaube Brahmans who controlled local trade and pilgrimage and Vaishnavite monasteries (kunjis) which provided protection and ran longer-distance trade. The heroic and costly defence of the ascetics to the invasion of Ahmed Shah Durrani in 1761 when many thousands of them were slaughtered, permanently enhanced their local importance. On the fringes of other dominions as in major commercial towns, the Gosains were able to establish a near state of their own. One commander, Himmat Bahadur, carved out for himself a small kingdom in the cotton-growing tracts of Bundelkhand, while the so-called Sannyasis of the east had established themselves on the borders of Bengal in the 1740s and 1750s to the discomfort of its later British rulers.

In small Hindu states which emerged after 1740 the religious corporations also achieved important concessions and influence. In the Jat dominion of Bharatpur, for instance, Vaishnavite orders of Ramawat and Nemawat ascetics obtained considerable wealth and the honour of conferring benediction and legitimacy on the raja. Obeisance to the mahants of the main Bairagi temples which were set at the centre of the new town of Bharatpur was an important ritual in all the marriages and other ceremonies performed by the royal house. But the mahants’ power also had a more tangible aspect. They took a tithe in kind on all sorts of grain exported for sale in the bazaars and secured periodic grants of the whole of the raja’s share of the produce of the bazaars. In addition, sect leaders received generous grants of revenue-free land or land at reduced

82 Sarkar, Dasnamis, p. 79.
83 Ibid., p. 67.
84 Ibid., p. 67.
86 Sarkar, Dasnamis, p. 127.
87 Thomas Hardwicke, ‘Narrative of a journey to Srinagar’, AR, vi (1799), 315.
revenue, and an annual cess of 4 annas to Rs. 2 on all of the 1,200 villages within the bounds of the dominion. Not surprisingly, ‘These mehunts become very powerful, especially when they are also gurus’, or spiritual preceptors to the rulers.99

Other bodies of high status had achieved virtual independence within the smaller dominions. Bodies of river-priests at Allahabad, Hardwar, Gaya and Muttra had existed for centuries. The Mughal peace had enhanced their numbers and wealth as more people came to the great ritual centres in order to perform the ceremony of oblation (shraddha) for their ancestors. The priests’ success depended on the development of links with lineages of rural magnates whose members would visit and endow them with lands and money generation after generation. The constant reiteration of the merits of holy places in the Puranas kept them in the popular mind of the localities and it was still possible to slip in new names and attributes as late as the eighteenth century.100

There were also groups of teaching holy men at some of these centres. After about 1680 communications with the Deccan improved and a large body of Deccani and western Indian teachers began to gather in Benares.101 Their organisation of preceptors and pupils for the purpose of teaching the classical syllabuses of grammar, astronomy and the holy books were sufficiently well-developed to be regarded as ‘colleges’ or even as a ‘university’ by early European travellers. Nanakpanthi north Indians also had a ‘college’ in the city of Patna. These institutions with their wide and flexible contacts were in a good position to brave the political changes of the century and they emerged with enhanced moral and political authority. The new Hindu rulers of Benares, like the Marathas and Jats, lavished donations on them. They used the teaching pandits in arbitration and released the bathing priests from any kind of interference by the officers of the state. In Gaya, the bathing priests and pandits achieved an even higher status. On two occasions, they raised their own military forces to defend the area against marauding Marathas and Muslim mercenaries. As Buchanan noted, ‘Many zemindar Brahmans and other warlike persons retiring the town with their families and effects gave great addition to the power of the priests.’102

Corporations and the analysis of Indian society

These subtle changes in power and status have been buried by the more dramatic political annals of Mughal decline. Yet there are parallels here with the rise to power of two much more celebrated groups of Brahmans, the Chitpavans of the Deccan and the ‘Sipahi’ or military Nagar Brahmans of Gujarat. By the mid-century these two castes had staged a virtual coup throughout central and western India where they held a near monopoly of high offices in the state, and their influence spread with the Maratha armies into the Ganges valley.103 Their success had something in common with that of the corporate groups which we have been discussing. They had mastered the art of diplomacy between the decentralised polities which emerged out of the second phase of Maratha expansion. Their subcaste groupings and marriage networks expanded over a wide area which gave them leverage in a number of small dominions; at first they were able to move information between one centre and another; later, as they began to amass money and land-rights, wealth could be moved around. A key to influence with the Maratha rulers was also their Brahminical status. They could help to ‘transform’ peasant Kunbi leaders into kingly Marathas, while their skills of literacy were invaluable in the process of state-formation. Like the corporations, then, these two groups of Brahmin administrators were at both a moral and, as it were, a geographical advantage in dealing with contemporary rulers. One major difference was that their internal organisation was quite strictly bounded by caste. But this does not invalidate the comparison. It was Brahmans as a status group which achieved great power within the Maratha polities, symbolised by the great public feedings and distributions of charity to them (dakshina). Chitpavan Brahmans rose to prominence within this status group.

The intention in this section has been to take a new look at social and political change within the immediate pre-colonial polities of northern India. In doing this, we have encountered a number of changes which may seem surprising in the light of the still vital tradition of thinking about Indian society which derived from the ideas of Max Weber. This tradition insisted on the low status of merchants in India, and the domination of its cities by warrior or bureaucratic elites, which precluded the emergence of ‘civic liberties’:

in India – since the victory of the patrimonial kings and the Brahmans – it has been the endogamous caste with its exclusive taboos which has prevented the fusion of city dwellers into a status group enjoying social and legal equality, into a connubium sharing table community and displaying solidarity toward the outgroup. Because of the intensity of exclusive caste taboos this possibility was even more remote in India than in China.104

101 Motichandra, Kashi ka Itihas, pp. 236–48. 102 Martin, Eastern India, i, 50.
Weber’s view depends on a number of assumptions and certain historical conditions. The main condition is the existence of large ‘bureaucratic empires’ or ‘patrimonial states’ which are held to prevent the emergence of strong corporate bodies. Where such states did not exist, he is prepared to accept that urban and mercantile solidarity might come into being:

To be sure in India during the period of the great salvation religions, guilds appeared with hereditary elders (schreschts) uniting in many cities into an association. As residues from this period there are, at present, some cities (Allahabad) with a mutual urban elder corresponding to the occidental mayor.\(^{105}\)

The argument of this chapter does not directly contradict Weber since he would have acknowledged that the decline of the Mughal state may have enhanced the possibility of self-organisation among the local bodies.

This theme can be usefully applied to other periods of Indian history and to other areas. In medieval south India, for instance, self-regulating bodies of long-distance merchants appear to have had great influence within the petty states which developed in areas of high farming.\(^{106}\) If the rise of merchant and religious corporations within the fragmented Mughal empire was evidence of social change, it was novel mainly by virtue of the geographical extent of the bodies of merchants, ascetics and Brahmans involved, and the broader context of commercial agriculture.

Weber’s main assumption is that Hinduism and Jainism are essentially passive and therefore could never provide a basis for political action in the manner which conceptions of Roman law, and later revived Christianity did in the west. The degree to which Indian religious belief inhibited business in India has been severely qualified by Singer\(^{107}\) and Morris\(^{108}\) among others, and the evidence for post-Mughal north India suggests that this passivity can be exaggerated in the political sphere also. As we have seen, the concept of sanctuary (ashrama) and withdrawal (sannyas) could both, by a splendid paradox, provide the basis for self-government and self-defence. In contrast to Christianity, meekness was never a necessary concomitant of either. The Indian pilgrim’s staff could readily be transformed into a symbol of force (danda). The view that Hindu religious duty (dharma) excluded merchants from political activity is also simplistic. True, merchants were unwilling to compromise their profession as ‘money dealers’ and aristocrats were unwilling to deal openly in trade, but clandestine channels of influence and accommodation could always be found if circumstances pressed. Moreover, one of the strengths of Hinduism was its ability to adapt to change without losing its intellectual cohesion. Indian political theory as set out in classical texts and modified in the Puranas specifically allows for self-defence and self-government by subjects when the king, through moral degradation, is unable to protect them.\(^{109}\) Significantly, this line of justification ran parallel to that in classical Islamic theory which restricted the power of the sultan to military protection of the body of the faithful. Evidently this implied a degree of self-organisation by society and its learned men, even if guilds and corporations acquired no de jure legal status.

One other qualification of Weber’s view of Indian kingship must be made. In theory, it was never as monolithic as he implies. Political relations within a raj were founded on the assumption that there existed bonds of mutual obligation between ruler and subject. These were expressed in the form of alienations to worthy groups of parts of the ruler’s sovereignty in the form of grants of revenue and other boons. The army, the priests and other important service groups could therefore be contracted into alliance with the state for the better preservation of order and religion. Where, as in the small Hindu states of eighteenth-century north India, privileged Brahmans and ascetics were also closely connected with trade and urban life, the raj itself evidently took on a more corporate character.

The final assumption made by Weber and reiterated unconsciously by more recent writers is that caste distinctions irreparably fragmented urban and mercantile communities. It may be true that caste did indeed prevent the emergence of common civic or corporate dining relations and tight marriage ties between elites, but this did not rule out the possibility of mercantile or even political solidarity. As we have seen, mercantile and credit organisations, conceptions of credit, local defence associations and festivals necessarily breached these caste boundaries. There seems no reason why the common table and marriage alliance should be the only basis of corporate activity as Weber assumes.

**A parallel ‘corporate culture’: the Islamic gentry town**

Chapter 3 indicated that there were other families of townspeople and service people besides Hindu trading and religious people who tenaciously held on to local power despite the shifting patterns of politics. Groups of service gentry, for instance, maintained patches of

\(^{105}\) *Ibid.*, p. 84.


\(^{108}\) M. D. Morris, ‘Values as an obstacle in growth in South Asia’, *Journal of Economic History*, xxvii (1967), 588ff; but see below, ch. 10.

land-rights and influence in small towns and the suburban quarters of the cities, even when the great nobles (who often included some of their own members) moved away in the train of the regional rulers. Often too, it was local gentry who benefited, along with the bazaar people, from the high spending of the great revenue-farmers, while serving them as under-managers and gentleman troopers.

A large proportion of these families were Muslim and linked by blood or veneration to the famous religious institutions which subsisted on the revenue-free grants of earlier rulers. Where the rule of Muslim potentates waned, or changed its theological complexion, it was often local religious institutions, such as the ‘Shahjahani’ Sufi foundations of Allahabad or the Pirangi Mahal teaching seminary of Lucknow, which maintained the corporate life of the faithful. Despite occasional tensions, these institutions maintained amicable, if wary, relations with the Hindu religious and trading corporations, receiving honour and worship from the lower classes of both major religions in the cities.

It was in some of the smaller gasbah towns, however, that the Islamic service gentry were digging themselves in most successfully between 1690 and 1830, and here they had long been evolving a culture which ran parallel to, though not yet in opposition to, that of the Hindu commercial towns.

The warriors and service lineages of the small Islamic township had something in common with the Hindu trading corporations as far as their mode of operation was concerned. They could both work beyond the boundaries of the smaller states, avoiding the consequences of local political or military decline by having skilled members placed in a number of regional or local court centres. But at the same time, they were also consolidating their hold over resources—credit and marketing in one case; land-rights in the other—in particular areas. In both service and market town also a definite corporate consciousness beyond family and caste had been created. What was different were the religious traditions around which these local powers and liberties coalesced.

The proliferation of mosques, schools, Muslim tombs and great gentry houses gave small gentry towns quite a different quality to the bustling Hindu bazaars. For even more than the quarters of the great Muslim towns, these gasbah societies played a key role in transmitting Islamic learning and providing a local Muslim leadership. Clan groups such as the Sheikhs of Kakori, the Barah Sayyids, and the Sayyids of Jansath or Kara served regional rulers as court officers and soldiers and remained well entrenched in the lower levels of the British service during the early nineteenth century. Even later they were the dominant group in the associations in defence of Urdu and the district Muslim Leagues which were among the first forays of Muslims into electoral and pressure-group politics.

Like the mercantile and religious institutions of predominantly Hindu towns, this Islamic gentry was a well-rooted social group which evolved slowly from the days of the early Muslim kingdoms and continued to consolidate its power in the early colonial period. Whereas the Hindu traders and bankers had turned to good advantage their position in relation to the smaller principalities, the gentry could swim with the tide of local political fortune, selling their skills as administrators, soldiers and literati to one regime and another as the old polities fragmented, fissioned and later stabilised. It was a period of great opportunity when the pressure of an all-encompassing central state had been removed from them, but the penalties for failure were dire. The Barah Sayyids of Muzaffarnagar and Meerut, for instance, had been kingsmakers of all Hindustan in the 1710s and 1720s when they virtually controlled the throne of Delhi. They had used the wealth accumulated from service and warfare to dig themselves deeply into local agrarian society around their north-western gasbah towns. But when their star fell in the 1740s and 1750s, many Sayyid colonies were wiped out and their revenue rights forfeited to others. Only those lineages which had expanded so fast that their members had become holders of direct cultivating rights survived the storm. Others fled to the northern hills and into Awadh, to creep back to their small towns when the British provided the opportunity to investigate old claims in the 1820s. However, there were many areas where the gentry remained remarkably resilient. The considerable gains made by Muslim zamindars between the time of the An-i-Akkari and the early British revenue surveys attest to the slow consolidation of these landed service communities around many of the gasbah towns.

As chapter 9 will show, north India was witnessing the emergence of a genuine gentry which was more than a body of rent-takers and had a distinct impact on the agriculture, ecology and society of the lands surrounding their urban bases. But how far can these societies be seen to have had corporate solidarities? In Muslim law, the gasbah had no formal status as a corporation though the term was applied to a place with a distinct urban status which possessed a mosque, a public bath and a judicial officer (kazi). It was, however, an inward sense of cohesion
which was important. Tribal genealogy and association with one of the great Islamic ethnicities (qanāt), such as Iran or Turanistan, had been the original badges of status and lines of faction amongst the soldiers and administrators who served the Mughal empire. But these elites often sought out a more secure base and tradition within India. As they embellished their small rural seats with mosques, wells and groves, a definite sense of pride in home (awatan) and urban tradition began to emerge. By the 1750s writers were praising the qualities of these small semi-urban places. Early in the following century, we have Persian histories of places like Bilgram or Kakori which are described in the same format as the famous cities of Baghdad, Cairo or Isfahan. The corporate status and pride of these communities was enhanced by the residence there of families of the holy men who had been settled on revenue-free grants of land by the Mughals and later regional rulers. Thus a tradition of service, religion and Islamic learning was developed. The flavour of this developing local pride is caught by Murtaza Husain Bilgrami. Writing in the 1770s he pours scorn on a rival historian who claims to be a Sheikh of Bilgram, saying that he does not truly come from the famous town of light and learning, but from some miserable village across the river.

The ideal Muslim qasbah society was formed by literacy, agrarian dependence and Islam. Families of Muslim service people from ashraf (gentry) families were bound together by tight marriage alliances, which often became cross-cousin arrangements. But people from less grand families – even converted Hindu Kayasths and Khattris – could reinforce the community by building up connections of culture and clientage with the elite. Though there always remained lines of social difference between the landholding Muslim gentry and their Hindu cultivators, and though compulsion played a considerable part in agrarian relations, gentry patronage and Hindu veneration of the shrines of Muslim holy men significantly diminished the scope for conflict and enhanced the solidarity of the qasbah as a society until well into the colonial period. Gentry families, both Hindu and Muslim, commended

114 Even excellent modern studies have failed to grasp the importance of this locally based gentry. D. Lelyveld, Aligarh's First Generation (Princeton, 1978) posits a direct move on the part of the Muslim ashraf from centralised Mughal court faction to 'modern' professional and peer-group organisation in institutions such as Aligarh College; Iqtlidar Alam Khan, in his Middle Classes of the Mughal Empire (Aligarh, 1975), draws attention to the importance of minor revenue officials, but not to their economic base in petty landholding; Satish Chandra, however, briefly anticipates the argument, 'Some aspects of the growth of a money economy in India during the 17th century', IESHR, iii (1967), 326.

115 W. Irvine, 'Ahmad Shah Abdali', IA, xxxvi (1907), 10.
development unlikely. ‘Potentialities’ for capitalist development in self-cultivating (khudkushi) holdings and garden crops certainly existed, as they had done in the high Mughal period. But the very geographical fluidity of elite demand and protection had ensured that these forms of production could not consolidate themselves in any single area. Fyzabad, Benares or Lucknow exhibited the same potential for capitalist development in the 1780s as the Agra or Delhi region had shown in the 1680s; but by then high farming had retreated around the old imperial capitals. Merchants and townspeople were powerful enough to protect their own interests and modify the forms of the state, but without a stronger political and legal framework they could not dissolve the dominances of rural society.

An alternative path of development was state entrepreneurship. Perhaps the state monopolies and control of tools and labour pioneered by Tipu Sultan in the south or the Raja of Bundi and Begum Samru in the north might have led to agricultural transformation had conditions been right. Certainly they were able to give a significant stimulus to local economies. These regimes, along with Farrukhabad and the Rohillas, do seem to have been groping towards a new, more active role for the state in society, based perhaps on revitalised religion, as in Mysore, or in greatly expanded systems of jajmani relations as in the northern principalities. But continuous warfare which was necessary for their expansion also vitiated the control of these regimes over capital and labour. The external conditions within which they sought to establish themselves – the pressure of the British and Marathas – were worse even than those faced by the more successful enlightened despots of the next generation outside India such as Mahomed Ali of Egypt.

On the other hand the notion that the structure of society in the last two centuries of pre-colonial India was undergoing no significant change is difficult to sustain. All ‘structural change’ must necessarily originate in relatively slight shifts in the economic organisation and ideology of societies. The consolidation of a unified merchant class and a locally based service gentry was much more than a simple change of personnel within a static society, though it is easy to miss those evolving classes for the dust thrown up by conventional political history and the concern with ‘land-rights’. Both developments were associated with a more general process. This was the quite rapid commercialisation of the perquisites of kingship and local lordship which was gathering pace from the end of the Mughal period. A market was created in ‘shares’ to rights, honours and powers which brought about a labile expansion of the money economy. The change was significant enough to push the men who dealt with silver rupees or those who recorded the ‘shares’ into a more important position in society. But it did not alter the form of peasant and artisan production in the short run. On the contrary, the market value of a ‘share’ in kingship was formed by the extent to which the purchaser could operate non-market forms of political coercion, or make use of the conceptions of rights and obligations which pervaded rural society. In this way ‘commercialisation’ actually blocked out the possibility of ‘capitalism’ which presupposes a freeing of the labour market.

The growth of a more commercial and more bureaucratic style of government also had implications for the organisation of groups between the state and agrarian society. Iqtiidar Alam Khan saw an autonomous ‘middle class’ in the inferior revenue officials and professional servants of the Mughal nobility. But the crucial change here was the rapid precipitation of members of this group as a petty rural service gentry after the empire had passed its peak. For it was landholding and the right to local dues which gave them their autonomy of regional political authority. In the same way, the weakening of state power in the eighteenth century threw traders into turmoil. Yet it also forced the corporations and towns into new defensive organisations which provided a much firmer basis for a true merchant class.

These pre-colonial origins are important for understanding the much-examined ‘India middle classes’ of the years after 1860. To a surprising extent, our general historical literature is still imprisoned by what is in effect a variant of the old modernisation theory. After 1830, the argument goes, English education and economic change created a new class, first in Bengal and then elsewhere. Colonial political institutions then ‘moulded’ or ‘oppressed’ that class (according to the political predilections of the historian). No one would deny that English education and new forms of communication greatly expanded the organisation and self-consciousness of intermediate people situated between state and agrarian society. But it must also be recognised that pre-colonial ‘mentalities’ and forms of organisation, particularly those which became stronger in the eighteenth century, were active forces in the creation of this new class and in directing its links with the colonial state and peasantry. Mukherjee has shown how the multi-caste faction (dal) of Bengal underpinned the organisation of the Calcutta

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117 Iqtidar Alam Khan, Middle Classes.
The rise of the corporations

intelligentsia in the 1820s and 1830s. In the south, as Appadurai has recently pointed out, the ancient division between 'right-' and 'left-handed' castes became a principle of conflict and its resolution for the urban life of colonial Madras. Similarly, in the Punjab it could be shown that the charitable and religious donations of the Sikh state formed moral and material bases for the service and merchant people of the colonial period.

In the Ganges valley, the corporate bodies discussed in the last two chapters also continued to contribute to the organisation of urban and rural life through at least to the Great Depression of the 1930s. 'Modern' organisation – charitable trusts, political and caste associations – emerged as accretions around the core of these still vital solidarities. The specific features of such corporations also informed the relations between the elements of the later middle class. The organisation of the pre-colonial Hindu corporation and of the Muslim dargah or qasbah town, turned out to be a middle stage between the fluid relations of the Mughal court and the organisation of communal politics in the late nineteenth century. One stage did not necessarily lead on to the other. But the forces of secular nationalism and economic change in the colonial period would have needed to be vastly more powerful to dissolve the corporations into a unified class.


5

The growth of political stability in India, 1780–1830

Earlier chapters have suggested that much of the apparent chaos and disruption of eighteenth-century north India represented the consequences of the redistribution across the countryside of capital, labour and the expenditure of military elites. The movement of these resources was not random, however. They tended to come to rest in areas where flourishing farming was enhanced by effective regimes well rooted in local agrarian and mercantile society. In the midst of the political maelstrom, these islands of stability were slowly growing, driven forward by the consumption of town-dwelling aristocrats and by the investment of an adaptable merchant class and a rural gentry. The present chapter argues that these developments persisted under the fragile surface of early British rule. The growth of trade and the expansion of the cultivated area in the first thirty years of the nineteenth century, usually associated with the imposition of colonial peace, did not, then, signal a simple transformation of society by the force of modern government and new export trades. They were also a consequence of the maturity of the regimes, towns and corporate institutions which emerged in the eighteenth century. Conventional chronology sees unity in the Company period lasting from 1802 to 1857. But from the point of view of the political economy of the localities it makes more sense to take the period from about 1740 to about 1830 as a unity. It was not only that there was a continuity in dominant rural groups, or in methods of administration over the boundary between pre-colonial and colonial north India. It was also that existing processes of change buoyed up British commerce and government, making possible a rapid reassertion of trade and farming in areas which had suffered earlier.

The developments associated with the ‘rise’ of the Company and the ‘decline’ of the Mughals had much in common. They were cumulative changes in which shifts in politics and ideology moulded and were moulded by movements in the agrarian and commercial economies. The Mughal centre had lost its political hold on the provinces at the same time as its ability to consume their products was impaired. In places this had led to the decline of local centres which formed the basis of Mughal
At the same time, local organisation was related to religious traditions which, though far from being mutually hostile, were already sharply and consciously different. Recent interpretations of Muslim separatism have emphasised the importance of government policy and the creation of self-identity through the new schools and colleges of the larger cities after 1870. But in the early nineteenth century profound impediments to the emergence of a unified Indian middle class already existed. These were not recent developments but arose from the different political and economic histories of urban communities in the pre-colonial states.

The problems of service gentry under colonial rule also help to set the scene for some other themes in the history of the later colonial period. As the previous section showed, conflicts between the qasbah elites and the Hindu notables of the hinterland or between commercial men and artisans of the small towns added a further skein to the complex events of the Revolt of 1857. Again, in the later nineteenth century, the social and educational platforms of both the Muslim League and bodies representing Hindu clerical people from small towns (such as the various Kayastha associations) reflect the tensions of petty landholding and government service. The predicament of this half-formed Indian gentry also provides an essential background to a proper analysis of the agrarian tensions of more recent times. As late as the 1820s, qasbahs remained a dynamic force in many parts of the countryside, bringing employment and some investment to the surrounding rural societies. Inflation, the subdivision of holdings and diminished access to government employment after the middle of the nineteenth century changed the picture. Descriptions of agrarian conflict around the turn of the present century have often dwelt on conflicts between substantial peasant and the great taluqdar. Yet a very large proportion of incidents of agrarian violence in the Doab and western Awadh featured a backlash of frightened petty gentry who had only a tenuous hold on government service and the rural economy. It is only over the longer term of pre-colonial and colonial history that the evolution of these themes can be fully appreciated.

The following two chapters deepen the analysis of the intermediate groups of Indian society with a study of the behaviour and perceptions of the merchant family of the early colonial period. The aim throughout the work has been to trace the emergence over the longer term of some of the key elements which came to make up the ‘middle classes’ of north India in the later nineteenth century. In this way it is hoped to provide a more adequate account of the connection between India’s colonial and pre-colonial history. We saw that the gloomy political reputation of the eighteenth century concealed significant developments. Though merchant capital in coastal India suffered from the disruption of international trade and the growing stranglehold of the British on the eastern sea-routes, merchant people in the interior gained from the drive of the smaller, successor states for cash revenue and the buoyant consumption by their aristocracies and their cloying of artisan and agricultural produce. Though political flux and the waning of the power of Delhi destroyed the Mughal nobility, a locally resident and predominantly Islamic gentry continued to divert the rewards and perquisites of office to landholding and the embellishment of small towns. In their early days, British trade and administration were dependent on these emerging social groups.

During the early colonial period, gentry and merchants, like the princely regimes which they served, gained security from the expansion of trade and administration. But neither was securely established or independent enough to experience the decay of the old political order which speeded up after 1825, without some disruption. The decline of princely and military regimes affected merchant firms which were simultaneously trying to adjust to the instabilities of external trade, and many found themselves saddled with large tracts of land in settlement of debts which they were unable to manage. Service gentry found themselves competing for a declining volume of military and administrative service with a still unsteady hold on rentier income. The decline of the old order also had subtler effects. The new style of colonial government tended to widen fissures between corporate institutions and communities whose interests had already diverged as a result of the
uneven political and economic changes of the eighteenth century. Strains between different elements of the intermediate classes were reflected in explosions of communal violence and conflicts with the colonial authorities.

Thus far, however, this has been a picture of the formation of classes largely from the outside. Much of the nature and outlook of the modern Indian business class or the erstwhile Muslim gentry can, of course, be explained by reference to the form of the state or of petty peasant commodity production. Not surprisingly, then, these Indian groups have something in common with those found in other Asian or Islamic agrarian monarchies. Chinese merchant society, for instance, was delicate and sophisticated, yet also arcane and impenetrable to Europeans. Here the formal hostility of the Confucian system to trade and the instabilities of agricultural production formed family- and kin-based trading institutions which had much in common with their Indian counterparts. Again, the fact of working within a colonial state both set limits to the development of local capitalists and provided them with access to new legal forms and commercial security. This was as true of colonial Egypt or Indo-China as it was of India. But there were, and are, features of the Indian middle classes, and especially of the commercial sections, which are unique, just as there are features of the Indian peasantry which are unique. These derive ultimately from the relationship between the family firm or the family farm and the institutions of caste, marriage and religion. Even though Weber’s grandiose formulation of these relationships may fall at the first fence, an account which ignores the social dimension of Hindu and Jain business life (or Islamic gentry life) is ultimately unsatisfactory, simply because it is unable to explain much of what merchants did and even more of what they appear to have thought. As this chapter will show, caste and religion, or more precisely conceptions of ‘right marriage’, piety and credit, were central to the basic operations of the family firm as a unit. First, however, it is necessary to take a broader view of the form of the merchant class in the early colonial period.

By the early nineteenth century, then, there existed a north Indian merchant class. By this is meant a group of entrepreneurial castes with common professional practices who were also linked together through a system of hierarchically organised markets. These Hindu and Jain commercial castes had not always exercised such a firm grip on trade even in the larger villages and cities. Mughal notables, Muslim traders from the northern hills, and Banjara had all performed many of the functions which the branch agencies of established commercial families came to perform later. Vast numbers of specialised, local-purpose coinages had existed, and in many regions the links between the village grain dealer (bania), the local money dealer (sarraf), the travelling trader (faria), and the great merchant of the city (mahajan or sahu) had been tenuous.

The conditions of the eighteenth century, however, encouraged greater market integration, at least in the settled areas. The farm for cash of the whole range of royal perquisites had helped to extend the branches of the large city firms to small towns and ganjs. The building of local polities had also widely displaced Gujeratis, ‘Multanis’ and Muslims from long-distance trade, replacing them with families drawn from rural commercial communities. Finally, the revival of Hindu religion in the new states provided standards of orthodox behaviour to which all who participated in the moral community of the merchant were constrained to respond.

The changes accompanying early colonial rule further consolidated the merchant class. The British needed district treasurers and commissariat purchasing agents in remote subdivisions. Members of the major commercial families hurried along new, more secure roads to fill these positions. By 1840, a standard imperial coinage and system of weights and measures had been created. In the short term the abolition of local treasuries created hardship, and the conservative corporations of Benares and Farrukhabad bitterly resisted the standardisation of weights and measures. But in the longer term, commercial society became more cohesive as many levels of petty brokers and money dealers were eliminated from the market process. The role of travelling merchants, Banjaras and other middlemen was also reduced as fixed, multi-purpose markets developed around military and civil stations. In the eighteenth century, merchant capitalists had already achieved financial control over Banjara bands. Now they subordinated them altogether, hiring pack-drivers directly as virtual wage labourers.

How far did the legal and administrative systems erected by the British impinge on the moral community of the merchants? To the colonial administrators, the ‘bunnee’ was, unfortunately, the chief beneficiary of colonial rule. To the merchants relief at the disappearance of the arbitrary levies of indigenous governments was modified by irritation at frequent interventions in the ‘custom of the merchants’ in

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2 The existing system was so complex that Farrukhabad merchants expected to suffer from the change; according to Agra merchants Benares resisted out of ‘self-willed ignorance and intolerance of all change’, Govt NWP to Bd of Revenue, 18 Aug. 1835, Mirzapur Judi, 42, UPR.
the interests of administrative tidiness. The relationship between
government and merchant remained as ambiguous as it had been before.
Merchant society worked on secret, inward lines of communication and
trust, though government continued to provide employment and even
honour. But some changes were perceptible. As in other spheres, the
British tended to create a single customary law out of many different
local customs. Practices like the 'plunder' by his peers of a bankrupt
merchant were gradually replaced by recognised forms of arbitration of
'respectable mahajans' initiated through the local courts. The notion of
individual legal responsibility was introduced, though how far it eroded
joint responsibility for debts varied from community to community.
Most important, the relative security of mercantile documents in
arbitration before recognised courts encouraged a greater use of paper
instruments of credit. By the 1830s and 1840s endorsed hundi had
attained the status of a mercantile paper currency. A hundi might
circulate through the hands of twenty or thirty different businesses
unknown to the issuant, before it was finally cashed. This use of the
hundi in providing more extensive merchant credit was implicit in
earlier business practice, but it became general in the early nineteenth
century.

The merchant corporation itself showed few outward signs of
development. In Benares, the merchants of the Naupatti Sabha
continued to adjudicate cases as they had done in the eighteenth
century. The procedure became more formal. 'Respectable native
merchants' were issued with collectorate badges and held lists of
'accrued mahajans'. In Agra, a less hidebound commercial centre, a
kind of trades council which operated a series of regulations set out in
the western manner had come into existence. 'General merchants' of an
English type also began to appear in the environs of the great military
stations. However, it was the continuities in Indian commercial life and
the capacity of the older houses to incorporate newcomers into their
moral community which was most striking.

The ideology of business practice remained cautious and
conservative. From contemporary depositions and more recent family
histories, it appears that merchant people had a very clear idea of dignity
and status within the commercial world, and knew how to go about
becoming a 'great merchant'. Different types of traders were ranked
according to the fixity of their residence, the size of their capital, the
respectability of their clients and the 'currency' of their credit notes
within the bazaars. The rank of their caste was important but it was
only one consideration bearing upon their relations with the heads of the
corporations. One went about raising status by coming closer and closer
to the ideal of the 'respectable and professed' mahajan. This involved
slowly moving out of trades (such as oils, liquor or leather) which were
regarded as detrimental to status and acquiring the reputation for
soberness and respectability, possibly by acting as agent for some
established concern. Above all, it meant playing an active and steady
part in the temple as well as the bazaar.

There were examples of social mobility in the Ganges valley during
the early nineteenth century. Families of the liquor distiller (Kalwar)
caste, for instance, consolidated the gains they had made in the eastern
region during the late eighteenth century. In Allahabad and Benares,
Kalwar families who had adopted the caste name Jaiswal and purified
their domestic practice became respected members of the commercial
oligarchy, participating for instance in the ritual exchanges of credit
which began the business year. Men from families which had once
cultivated betel nut (Barhais) also achieved wealth and respectability,
based on doubt, on the growing demand for luxuries like betel nut, snuff
and tobacco in the large cities. There are also examples of men from
landowning or cultivating castes establishing themselves as 'creditable'
merchants and moneylenders. The Maharaja of Benares and several of
the landholding Brahmín aristocracy of Benares, for instance, lent

3 Merchant arbitrations and caste councils continued to operate but their judgements were
increasingly challenged in civil courts; 'respectable merchants' might then be asked to
submit written evidence on custom, etc., see the correspondence between Lala
Harakhchand of Benares and the local courts in his 'Memory Book' (Yadavah Bahi), c.
1818 to 1845, in possession of Dr Kumud Chandra, Benares, e.g., Civil Court to
Harakhchand, 15 July 1828, requesting an inspection of the books of Bala Rao, cf.
Persian letter from Court of the Additional Judge Benares to Harakhchand, 17 April
1838 and reply, 21 April 1838, relating to the alleged ousting of one Gobind Das.
4 E.g., case 8 of 1849, Mirzapur, June 1849, ZC.
5 Harakhchand to Agency, 23 Nov. 1843, ref. circular 1196 Fasil, 'Memory Book',
Chaikiambha.
6 'Mahajanam, sarra, wa byopar on ke khayede ka khulas', List of members of the Agra
Sarafa and working rules c. 1870 (film in author's possession); the chief firms here are
those that had been accepted as heads of Agra commerce since the 1820s, esp. Piro Mall,
Budh Sen, Nund Ram Chhot Lal.
7 E.g., 'Summary of depositions taken in the case of the security of Nund Kishore who has
offered to be responsible for the fulfilment of the contract on the part of Gungaram to
farm the town duties of Agra', CGC Agra to Bd, 9 Oct. 1829, Agra Customs, 6, UPR.
8 Martin, Eastern India, 1, 366.
9 Gomahattas or agents were paid small fees in 'gombadheaves'; these could be as little as Rs.
100-200 per annum in major firms (e.g., case 101 of 1849, Mirzapur, 27 July 1849, ZC).
Agents were given almost unlimited trust and could enhance their own 'credit' as traders
before entering into business independently.
10 C. A. Bayly, 'Patrons and politics in northern India', Modern Asian Studies, vii, 3
(1973), 380-6; cf. account books of Gappoo Mall Kandheya Lal, Ranimandri, for the
1880s and 1890s.
money and maintained account books in the merchant style. There were even occasional cases of the cultivators of sugar and tobacco setting up their own shops in market towns and cutting out the various brokers and dealers who would normally have dealt with the produce. All the same, the boundaries between merchants, landlords and cultivators remained quite firm, if permeable. To be a merchant, one had to submit to the discipline of the relations of the bazaar, and this involved accepting the sumptuary and religious as well as commercial practices of its inhabitants.

The following sections attempt an interpretation of aspects of the ideas and behaviour of north Indian merchant families in the early and mid-nineteenth century. Observers seeking a more vigorous spirit of entrepreneurship were inclined to describe their behaviour as ‘queer’ or ‘irrational’. But it makes more sense to see the social and business practice of the merchant family firm as a special kind of economic enterprise. They sought profits, but only when subsistence and the mercantile credit which guaranteed it were already ensured. In order to ensure the continuation of credit, family firms had adopted practices and developed institutions which would be described by economists as ‘risk averse’. The vagaries of climate, poor transport and the existence of a political authority which was at one and the same time weak and intrusive, encouraged close, inward-looking lines of communication and trust. Merchant society was efficient and sophisticated, but it was difficult for outsiders to penetrate. The men of the bazaar remained separate from the men who controlled land.

An analysis such as this is fraught with methodological problems. Is it, for instance, possible to describe a whole community of people as ‘risk averse’ as opposed to an individual firm? How can it be shown that firms were in fact forgoing profits for security when no long-term estimates of profit were available even to the firms themselves? Most seriously, what was the meaning of profit in a context where many families were directing their energies to improving their position within marriage groups or systems of sub-caste ranking, an equally vigorous form of entrepreneurship?

Historians’ attempts to describe the activities of social units from the inside, linking economic practice with assumed goals and ideologies, have been hopelessly vague and imprecise from the point of view of orthodox anthropology or economics. But they have often been peculiarly enlivening and productive of debate, as witness Le Roy Ladurie’s reconstruction of the moral economy of medieval herdsmen of the Pyrenees, or Kessinger’s adaptation of Chayanov’s ‘peasant family farm’ to the north Indian material. The analytical sketch which follows, therefore, is not intended to apply to all Indian merchants, or even all north Indian ‘indigenous bankers’ throughout the nineteenth century. It merely seeks to draw out some of the most constant themes which arise from their own documents or histories and from the comments of outsiders. This section, then, is intended to complement the earlier analysis by looking at the world of colonial north India from the vantage point of the merchant class itself.

The merchant family and its credit

From the perspective of the merchants themselves, the basis of mercantile society was the family ‘firm’, its credit (sahk) and the totality of its relations with gods and men, creditors and debtors. The ‘firm’ was not seen as something separate from the family; there was no commonly used word for firm as a concept, only as a location (dukan or koti). And credit or reputation was not simply a residual category of financial benefit like ‘goodwill’ in a modern European firm. Without ‘credit’, a family could not trade or call on merchant arbitration at all. Merchant corporations kept lists of creditable merchants whose credit notes could expect rapid discount in the bazaar (sahajog hundis). Even small dealers knew whose hundis were ‘current’ in the market and were not. In traditional commercial centres, the corporations imposed heavy penalties for breaches of trust in the same way that caste councils punished immorality. Sharp practice and unorthodox behaviour reflected both on the social and economic status of the group since merchant families had to be respectable marriage partners as well as trustworthy traders.

Even the word ‘business’ is a simplification of the term mamle (‘concerns’) which eighteenth-century merchants often used. For merchants concerns included the management of their temples, ghats and the ritual organisation of the bazaars which all impinged on the life of the family. Like the peasant ‘family farm’, the merchant family

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13 Customs records have many examples of cultivators of indigo, sugar and tobacco becoming petty merchants, but only in high-value commodities of this sort where successful production required some prior knowledge of the working of the market.


15 S. Roy, Customs and Customary Law in British India (Calcutta, 1911), ch. xiv ("Trade Customs"), esp. p. 536; for an earlier exposition, 46 of 1853, Kanpur, 15 Aug. 1854, ZG; one type of hundi required endorsement, the other made out to 'bearer' often included the words 'Make sure you pay a respectable man, for you pay to any other at your own risk'. The intrusion of subjective notions of 'respectability' into hundi transactions enhanced the security consciousness of the old-style firms.
business was a 'special kind of economic enterprise' and one in which mercantile decisions were constantly taken with a view to their wider implications for the life of the family as a social group. In most firms, cash accounts and annual profit and loss accounts were meticulously kept, but the profitability of the business was almost impossible to calculate because many of its goals were incalculable social benefits. As in the peasant family, for instance, family members, servants and agents were rarely paid a cash wage; instead they had rights and obligations within the family economy. Many of the great houses provided accommodation and commercial space for poorer relatives and caste fellows within their own premises, and these were assessed as prajavat (a lordship due) which was generally customary. Like the classic peasant family, the whole household was also able to expand or restrict consumption in relation to the success of the trading season. Some families observed a rule of thumb that only ten or twenty per cent of their annual income should be expended, but during years when the family was anticipating a prestigious alliance, massive expenditures on charity, feasting and ritual were contemplated.\textsuperscript{16} Orthodox economic reasoning might see this as 'conspicuous consumption', but from the point of view of the family it could equally be seen as 'investment' in social relationships which might have definite financial advantages in bad seasons, or at times when the family had to fall back on the resources of its peers to raise cash speedily.\textsuperscript{17} There are problems with this, however. We should not assume that certain types of 'uneconomic' behaviour on the part of merchant families can always be explained in terms of an underlying rationality based upon the hope of future profits. In some cases, the profit-making part of a family's concerns was simply kept moving slowly in order to provide modest resources on which it could base its strategy for acquiring higher status through marriage alliance or royal office. It is common for economic historians to report that luxurious firms engaging in unwise expenditure were ousted by shrewd new men who turned their capital over more rapidly and avoided aristocratic connections. However, from the point of view of many high-status merchant families among the Khattris or Agrawals, notoriously high rates of profit were a positive mark of discredit. These new men may have achieved success in the bazaar, but the proper area of entrepreneurship was society as a whole, and it was the cautious, pious and creditworthy who succeeded here.

This dual role of the merchant household as a profit-making enterprise and as a constellation of relationships through which honour was acquired and conferred was vividly illustrated in the standard form of account books (bahi khatas) which all significant families kept. Besides the daily cash book (rokad khatas) and individual's account books (lekha khatas), there often existed separate books dealing with a family's bullion and jewellery, urban and rural property, and daily expenses. In theory, all deposits or expenditures made by any member of the household in any domain of life could be traced here. Most books begin with salutations to various deities, lists of temple accoutrements and accounts of offerings to religious preceptors. The daily expense account (kharach khatas) recorded constant expenditures on worship, bathing in the Ganges and gifts to Brahmans.\textsuperscript{18} As in other highly orthodox communities, gods were considered to be integral, living members of the family, so that elaborate provisions were made in wills and trusts to see that they were clothed, fed and fanned during the hot weather. Besides the worship of family deities, most merchant families paid regular puja (worship) to Lakshmi, goddess of wealth, especially at Diwali and Holi festivals which were the beginning and end of the busiest part of the trading year respectively. Brahmans were also closely involved in the daily life of the business family. Many firms employed Brahmans as their agents or debt collectors, thus acquiring spiritual merit and an added religious sanction over their debtors. Among the Benares and Patna Khattris it was even common for their Saraswat Brahmans to enter into business partnerships in the Punjab shawl and horse trades.\textsuperscript{19}

Merchant books also reveal how different family members operated within the total economy. In one firm where the business was undivided and carried on by three brothers, their mother (always Mafi in the accounts) appears to have been the linchpin in the purchasing of jewellery and provisions.\textsuperscript{20} In general, access to family resources was determined by status within the family. In one case it was said that the elder brother was a spendthrift, but his sober younger brother was unable to 'say anything' because of his junior status. In undivided joint families where a senior partner had died, it was quite common for the uncle of the man's heirs to take over effective running of the business because of his greater experience.

More important even than these family relationships, however, was

\textsuperscript{16} Panchayats for the arbitration of separations in joint-families took into account matters such as the immience of a daughter's marriage. In one case 20\% of the firm's assets are set aside for this purpose, see 199 of 1847, Saharanpur, June 1848, ZC; one branch of the Benares Shah family opened a special khatas for the expenses of a daughter's marriage, beginning under date Agsun Sud 19, Sambat 1971 (1854 A.D.), Shah Khatas (film in author's possession).

\textsuperscript{17} Communication from Prof. Alan Heston to participants in the conference on 'Risk and Uncertainty', University of Pennsylvania, 1977.

\textsuperscript{18} See, e.g., the Shah kothi's expense and daily books, Sambat 1929–33.

\textsuperscript{19} Interviews, Sri Devi Narayan; family histories, Benares, 1973.

\textsuperscript{20} Shah kothi expense books, Sambat 1929–33.
the relationship between the proprietor's and their business clerks or munims, for it was often in their hands that the continuity and credit of the family were entrusted. Sometimes munims used their reputation to establish their own firms on the basis of the credit of their original employer. But munims often seemed to have passed on their employment to their heirs, so that an hereditary relationship grew up between the families of the principals and their clerks. Munims were not always of the same caste as their employers but nevertheless became an essential part of the extended household.21 In the pandemic-ridden conditions of nineteenth-century Indian cities, it was common when adult male members of the family died to leave a munim as effective manager directing the business of female and minor members. Trusted retainers were necessary for the continuity of the family, and many didactic tales were in circulation to illustrate the honourable role of the munim in the family's credit.22 One such has the spendthrift sons dismissing the aged munim on the death of their father. The business then goes from bad to worse. Finally, one evening a massive credit note for payment on sight (darshani hundi) arrives, running to lakhs of Rupees, which must be paid before the gun on the fortress signals nightfall if credit is to be retained. In a panic the young men beg the munim to return to the firm. At length he comes to the shop and mobilises his dead employer's friends among the merchants to provide cash to pay the hundi.

Finally, the books reveal the family acting as a system of ritualised occupational relationships within the city and its environs. For instance, dyers (rangil) appeared frequently in the expense books of the Agarwal firms.23 This was because the colour of the saris of female members of these families was governed by peculiarly rigid conventions. Family priests, barbers, gold and silver workers and all sorts of artisans appear as borrowers, depositors and lenders. The hierarchy of relationships was not confined to humans either. In many of the more orthodox merchant households, cows occupied the bottom storey of the house. Their preservation and feeding was an act of religious devotion which also provided the family with milk and butter, and echoed the Vaishya scriptural occupation as cattle keepers. Men honoured the gods and the

21 Thus the families of the connection of Sir Motiband Gupta in Benares traditionally had Gujerati munims, while the 'Calcuttavallah' Gujerati firm had north Indian Agarwal munims, interview, Sri Jyotibhusan Gupta, Feb. 1974; similar cross-caste relationships of trust bound firms' principals to gonashitas and arehitas; there are cases where Hindu firms retained Muslim arehitas, particularly in the shawl trade.

22 Sri Ram Krishna and Sri Mathura Das of Benares provided many of these stories, interviews, 1972–4.

23 Daily cash books of the family firm of Bhdraden Harish Chandra, Sambat 1942–3, in possession of Dr Kumud Chandra, Chaukambha.

sacred animals, but a reputation for piety no doubt redounded to their commercial credit. One story has the great merchant prince Kashmili Mull visiting his rival, the austere and orthodox Manohar Das as the latter mucks out his cow sheds. 'Watch out for your shoes' cries Kashmili Mull; 'Watch out for your accounts!' responds the other, implying a relationship between piety, frugality and mercantile success.

The merchant account books indicate how inextricably linked were the commercial and social goals of merchant families. But there was a sense in which the books themselves were a symbolic affirmation of the unity, continuity and credit of the family. Some of the older Delhi firms actually staged an annual ritual at which the old account books were worshipped as a virtual representation of the dutiful lives of the ancestors who founded the 'firm'. The idea of the long continuity of the family's substance and credit over time was reflected in other ways. In one firm, the sum total of capital passed over from one year's books to the next was entered in the name of the founder of the firm three generations before;24 elsewhere account books which were no longer current were religiously returned year by year to the ancestral village of a family which had left it eight to ten generations before. The most crucial span of generations for the passage of credit, however, was three. According to the Shastric texts, a man was responsible for the debts of his forefathers to this extent.25 The payment of such debts was a prior duty even to the fathering of an heir, though it was only a male heir who could guarantee his own translation to the status of an honoured ancestor after death, and to ultimate salvation, through the rites of shraddha. Thus, the names of firms often joined together grandfather and grandsons in a three-generation span, and the evidence suggests that such relationships of credit and debt did persist over very long periods as late as the eighteenth century. When the British tried to introduce the idea of individual competence in law and temporal limitation of liability in the Bengal Regulations of 1793, there was an immediate outcry:

In bankers' concerns it is the old established rule that the descendants are responsible for and must pay the debts of four generations, whether they have inherited of a grandfather's wealth and possessions or may have been left nothing in consequence of their poverty... The purport of the order in the existing regulations is that if a son shall not have inherited the wealth of his father that son shall not be responsible for his father's debts.Honourable Sir, the concerns of the bankers are decreased and their incomes ruined.26

24 Books of Gappoo Mall Randeeya Lal, Ranimandi, Allahabad.

25 Raghunandan, cit. H. T. Colebrooke, A Digest of Hindu Law on Contracts and Succession. Translated from the Original Sanscrit (Calcutta, 1797), 1, 6.

26 Representation of the Principal Bankers of Benares, 13 Jan. 1795, PR.
Liability for debts was thus conceived to be coterminous with the ritual unit which was directly involved in the oblation rite of pitaprajna or shraddha. But the consequence of failure to repay, which was deemed a sin, should also fall on the debtor’s family as a whole.

In former times when any person became bankrupt [sic] and was absconding, he absconded with all his family from apprehension of his creditors, and we who were in search of him obtained intelligence of his place of residence in consequence of his family being along with him. And then indeed being embarrassed and distressed from his being accompanied by his family, he informed us that our money should be paid.27

But as a result of the Regulations, the petition went on, a debtor could ‘sit quietly at his home with comfort and satisfaction to his women and children, with ornaments and numerous attendants’. Here again the slow introduction of elements of British commercial law had cut into areas of customary practice which derived from an almost physical notion of the passage of credit within a family.

This helps to explain the extreme reluctance to show books to outsiders which characterised the old-style firm. Their opening is always attended by a feeling of ceremony. When a man agrees to show ‘my books’ (never ‘the firm’s books’) he is, as it were, discovering the credit of his ancestors. The most reluctant of all to do this were the Jains who maintained strong sanctions against the release of any information about ancestry, commercial or sexual practices, even to Brahmin families which had been associated with them for generations. When merchants claimed that their credit would suffer by showing their books in the ruler’s court, they were not simply making a statement about commercial morality, but about the honour of the family. Hence it followed that the production of books in open court was considered superior evidence in a suit even to oaths made on Ganges water. The witness was making a solemn statement equivalent to a Muslim oath over the tombs of ancestors. For merchants of prestige even to be called upon to produce books in court was, therefore, a source of discredit:

in consequence of their books being there produced [in court] our concerns appear to foreign bankers to be unimportant and embarrassed.28

One of the features of merchant society before the middle of the nineteenth century was the devastating consequences of loss of credit. A trader who could no longer buy and sell in the market might be reduced to penury more speedily even than a peasant who lost his land. The peasant at least retained the hope of being employed as a field labourer by the new owner. But there were cases in the Benares of Jonathan

Duncan where great merchants who had participated in the business of state lost their credit and died of starvation.29

Interpretations of the behaviour of the peasant farmer in an uncertain world have stressed that his first concern was always to guarantee subsistence. Many of the seemingly irrational procedures for working land, ‘hoarding’ and investment seem explicable in these terms. The political and social priorities of cultivators seem to reflect what has been called the ‘subsistence ethic’. The behaviour and ideals of the merchant family firm were also directed to survival first and foremost, but survival here meant above all the continuity of family credit within the wider merchant community. There is nothing to suggest that the old-style Indian merchant did not wish to make money, but questions of profit and loss had always to be set in the context of the future of the family as a whole. Like modern western business enterprises, they split up their trading operations into ‘portfolios’ which could be manipulated in order to avoid risks. Yet at the same time decisions in the sphere of money-making had to be adjusted to the goals of social survival and enhancement in the uncertain world of caste politics and marriage alliance.30

Business credit was a commodity which could slowly disappear if a family allowed its substance to be degraded by suspect behaviour or by unworthy marriage alliances. Marriage for all Indian families has been a most tricky and complicated aspect of life. The higher the caste, the higher the status and fewer the options. For Indian merchants marriage posed even greater difficulties because of their commitment to a highly orthodox and Brahminical style of life. A number of suggestions have been made as to why this was so. Some commentators have argued that the ‘Brahminising’ behaviour of merchant people was a reaction to their somewhat ambiguous position in caste society: that they were trying to throw off the taint of inferior, Shudra status. Others have detected an instrumental relationship between the need to preserve mercantile credit or security and rigid social mores. But whatever the origin of their style of life, aspirations to higher caste status imposed severe restraints on the more prestigious merchant families. Khatris, for instance, were divided into a number of overlapping ‘clans’, regional ‘factions’ and marriage groups.31 These distinctions severely limited the number of

27 Ibid. 28 Representation of Bankers, 15 Sept. 1790, PR.
29 Case of Manohar Das Rora, 26 Aug. 1788, 30 Jan. 1790, PR; governments might actually precipitate bankruptcy by declaring a firm insolvent, e.g., Mughal shaqqa declaring a Delhi bankruptcy, CPC, v. 19 Oct. 1780.
30 I am indebted to members of the SSRC Conference on ‘Risk and Uncertainty’, University of Pennsylvania, 1977, for discussion of these notions.
families who could consider marriage alliances with each other. In relatively recent times, the most prestigious Khatri clans of the most prestigious subdivisions (Bahi Khattris of the Mehta, Khanna, Kapur and Seth exogamous clans) developed a further set of rules which limited even further the number of subdivisions with which they could marry. Thus the ‘purest’ were called the Dhaighar – ‘those who could only marry with two and a half houses’. These families exclude as marriage partners ‘not only the father’s clan but also such families of the mother’s clan as are closely connected with her; and thus reduce the clans available for intermarriage to two and a half’. Elaborate exogamy to keep the clan ‘pure’ was characteristic of many other prestigious mercantile clans also, so that most Banias prohibit intermarriage, at any rate nominally, up to five degrees. During the nineteenth century, boundaries of this sort seem to have become stronger. As the urban population grew, families developed stable sets of marriage patterns within their own localities. For instance, after 1780, more exclusive marriage patterns became evident among the Benares Agarwals who had at one time drawn their brides from a much wider geographical area, and probably from a much larger number of subdivisions. Involution as a social group went hand in hand with their metamorphosis from an open group of traders to a closed group of landowners and zamindari moneylenders.

Success as an ‘entrepreneur’ in marriage and social relations therefore implied a gradual narrowing of marriage circles and a gradual elimination of all practices and relationships which might endanger the purity of the family group. This tactic of withdrawal fitted well with the frugal and cautious mentality of the village or small town moneylender. But it created profound cultural tensions for those families who sought wider fields of action. Previous chapters have shown that connection with military contracting and political power offered the most rapid social advancement in north India into the colonial period. Against the background of a slow-moving, low-demand rural economy, it was state finance and revenue management which held forth the opportunities for real wealth. The conditions of the wider political economy forced merchant families to steer between the twin perils of failure in the marriage market and extinction in the commercial market. But one can recover enough of the merchant mentality from stories and random judgements of value to appreciate that failure in either sphere was a constant nightmare for them.

Two pictures of merchant behaviour can be seen in stories and legends. These might be called the ‘frugal merchant’ and the ‘great sahu’. The frugal merchant avoids expense and luxury, inhabits a modest house and uses his adequate wealth to establish relations with learned men and priests; at the age of fifty or thereabouts, he is likely to leave his business to sober heirs and become a religious mendicant. This was a professional rather than a caste model of behaviour. We hear of such and such behaviour as not being suitable for a ‘professed mahajan’ or not creditable for a ‘money dealer’ (zarrat). By contrast, the ‘great sahu’ character is both admired and disapproved of. There is a pull towards establishing oneself as a magnate or little king; but it is also realised that this behaviour is ultimately destructive of mercantile credit. The ‘great sahu’ is free spending; he lives in a great palace rather than a modest mud-brick house; often he has Muslim concubines. The ‘great sahu’ has an ancient tradition. He appears for instance in Banarsi Das’s poetic autobiography of the early seventeenth century, the Ardha-Kathanak. Here Banarsi, a middling Jain merchant of Agra, writes of the tycoon Sehbal Singh:

He [Banarsi] went to Sahu for several days, but he [Sahu] had no time for accounts. Sahu was intoxicated with prosperity. The singers sang; the pakhwaj was sounded constantly in his court, and it resembled that of princes. He gave in charity incessantly, and poets and bards sang his praises ... Banarsi did not know how the accounts could be settled. He attended on the Sahu for several months but the latter had no time to spend on business or the dispute. Whenever he spoke of the accounts to Sahu, he promised to settle them in the morning. But for one engrossed in carnal pleasures the Sun neither rises nor sets.

In anecdotes regarding the Benares of the late eighteenth century, the figure of the ‘great sahu’ is represented by Kashmiri Mull, head of the Pachaina Khattris. His humiliation and ouster by the Agarwal family of Gopal Das is attributed to the Khattris’ magnificent life-style which is contrasted with the Agarwal’s piety and frugality. In one story, Kashmiri Mull, who apes Persian manners and lives in a great Mughal-style palace, is discovered by his father smoking a hookah and is forced to throw it out of the window. The frugal merchant stands somewhere between the ‘great sahu’ and the despised miser figure who has no money even for Brahmins and charity. In one case, considerations of profit were allowed to override the religious objects which were part of the mahajan’s function; in the other, the ‘great sahu’ ignored the need for profit and honour, thus undermining his credit. The aim of merchant dharma was to steer a middle course between these two extremes.

The merchant family

The one thing which could be guaranteed to draw a merchant into an uncontrollable web of demeaning social relationships was an attempt to manage land. Yet all the changes in the eighteenth- and early nineteenth-century political economy pointed in this direction. Somehow a method of indirect, covert management had to be found which did not reflect adversely on mercantile credit. Kashmiri Mull was asked by the Raja of Benares to hold the revenue-farm of Ghazipur District in 1786.

On this I replied that my business was that of a mehain or banker and that partnership in land management was not my business, in consequence of which the Raja taking the Ganga or Ganges and the deity Beesheshar between us declared that the secret should not be revealed to anyone.35

The banker persuaded the Raja to keep the revenue-farm publicly in the name of one of the royal princes, so that the credit of his business house should not suffer. Throughout, the attitude of business houses to estate management remained ambiguous. In the nineteenth century, they were prepared to accept the enhanced status that being a landlord gave them in local society and the district office. But they rarely took an active part in running their zamindaris, preferring instead to leave this to an agent. The notorious inadequacies of ‘moneylenders’ as landlords derived in part from their reluctance to become entangled in the duties and rights which were appropriate to a ‘little king’.

How did merchant families seek to avoid these grave social risks and still carry on their businesses? It was perhaps among the Jains that the code of conduct was most elaborate and rigid. According to Jain teaching, business provided the sustenance for members of the family who ‘cannot afford to renounce the World at once’.36 A balance must be held between legitimate pleasures and comforts which result from honest business, and over-indulgence which would result in lust, greed and dishonest business. There is ‘always a kind of fear while enjoying or using money earned dishonestly’.37 For the Jains, then, there were certain danger spots in a man’s life when the householder, rather than holding himself in balance for future spiritual progress, could actually degenerate into a lower moral (and material) being. He is at risk from intoxication, lust, meat-eating, boisterous and unseemly behaviour; but also from the conspicuous creation or consumption of wealth which might give rise to these vices. In particular, a man should not keep a large number of vehicles, accumulate even necessary possessions in large numbers, express envy at the prosperity of others, overload his pack-animals or in anyway take part in business which risks the destruction of life.

There emerges a code of piety and restraint in which spiritual risks can be balanced out by acts of pilgrimage, meditation and vows to limit worldly possessions (called parigraha-parinama), ‘once having fixed the measure of one’s worldly possessions, grain, cash and the like’. Banarsi Das’s Artha-Kathanak shows how this higher teaching might actually impinge on the life of men in the bazaar. Almost all the incidents in this poetic autobiography relate to business and moral risks. The first can be overcome by knowledge of the market, restraint and listening to the advice of mercantile elders.38 Moral degeneration can be avoided by pilgrimage, vows and meditation. To all intents and purposes, the distinction between bad moral and bad economic conduct disappears altogether. The wise merchant like Kharagans makes a vow of restraint from the building of another house. The foolish and profligate merchant like Sehbal Singh damages his accounts, his reputation and his moral being by lust and bad management.

The ideal life-style of the Jain merchant householder was, of course, modified in practice. The famous Jagat Seth himself declared that he would be unmoved if the whole tribe of Brahmins immolated itself at his door. But participation in the moral community of the Jain merchants entailed at least an outward reverence for religious values. Moral peril and economic unreliability were seen to be closely connected. When spies were sent out to ascertain the credit of firms which had applied for the farm of government monopolies, the most damning report was that they were ‘expensive people’, indulging in much building and retaining many servants. Family histories and stories told in merchant schools also explain the economic fortunes of different groups largely in terms of the moral conduct of family members or the rapacity of rulers. We often hear of the young men of the family pushing expenditure beyond the ro per cent of the annual income which is considered safe. Degenerate Muslim or European ways are acquired. The family credit collapses, there is a run on the firm, and starvation looms. The cycle begins once again when a younger son refounds the business on the basis of piety and moderation.

Similar codes of conduct were current among Hindu merchants who often found themselves in close social communion with the Jains. Once again, physical and moral ‘substance’ must not be endangered by contact with pollution lest marriage alliance and the continuity of the

35 Reply of Kashmiri Mull, 13 June 1788, PR.
family be endangered.\textsuperscript{39} There was constant pressure to withdraw from relationships or trades which might be considered harmful. Wisely perhaps, the Hindu lawgivers regarded money itself as a neutral medium, but commerce in polluting substances was avoided. Buchanan-Hamilton, for instance, noted that in Patna, wealthy and high caste traders in leather shoes were regarded as of low status.\textsuperscript{40} Once they had acquired wealth oil-pressers, liquor distillers and traders in base metals generally tried to abandon their original staples and cut themselves off from those members of their castes who continued to trade in them. But insecurity was enhanced by the travel abroad, which was an essential part of merchants’ lives and tended to make them suspet in the eyes of the most orthodox. Hindu merchants tried to avoid the public Mughal sarais and lodged with relatives and caste fellows. But beyond a point, travel took merchants into areas where the basic rites of passage of orthodox life could no longer be guaranteed. Prayaschita, the rites of purification which Hindus were supposed to undergo on return from travel before they could be received back into caste, originated as a system of security against social risks. It was an attempt to guarantee the continuance of trade, not as it later came to be seen, as a means of restricting contact between India and the rest of the world. Returning merchants were considered to be actually purged of foreign and impure substances by imbiding the products of the cow. That travel beyond the seas (the kala panī) necessitated purification is widely known. What is less well known is that the River Attok in the west Punjab formed the northern barrier of the ‘safe’ cultural area.\textsuperscript{41} Khattri merchants moving up into Central Asia and the towns of Balk and Astrakhan where they had substantial colonies were considered to have lost caste in the same way as sea-voyagers. Even the Himalayan Terai to the north-east appears to have been regarded as a barrier in the late eighteenth century. Caste Hindus were said to regard the area with suspicion so Gosain traders who were considered ‘dead to the world’ dominated the trade route at this time.\textsuperscript{42}

The area of the greatest and most pervasive social risk, however, was for Hindus, like Jains, the boundary between the inward, frugal life of the merchant and the kinglly manner which involved constant giving and receiving. Merchant families might find themselves trapped in the

\textsuperscript{39} Cf. McKim Marriott, ‘Hindu transaction: diversity without dualism’, in B. Kapferer (ed.), Transaction and Meaning (Philadelphia, 1976); this model is useful for understanding the attitudes of north Indian merchants who are cognisant of the ‘religious’ way of life; it seems doubtful whether it could be extended to the ‘South Asian mind’ in general as the article intends.

\textsuperscript{40} Martin, Eastern India, i, 369.

\textsuperscript{41} Forster, Journey, I, 292.

\textsuperscript{42} E.g., Representation of Geem Gir, 7 Sept. 1791, PR.

limbo between these two styles of life, unable to command the power and respect of the ruler yet ‘expensive’ enough to forfeit credit in the mercantile sphere. For merchants necessarily became involved with political power. They needed to have a hand in the organisation of mints. They were forced to take leases and control market sites in order to guarantee the sale and passage of their goods without harassment. Since they were dealing with landowners and Muslim judicial officials, they needed some entrée into the Persian courtly culture. The service or succour of kings which was enjoined in the law books was constantly reiterated as a goal in merchant family histories.\textsuperscript{43} It involved the giving and getting of political honour and tied them yet more closely into darbars. The ideal balance between merchant, king, priest and labourer could not be maintained in practice. Money was coming into a commanding place in the economy, reducing the importance of other forms of redistribution of food, land or followers through the king.

Confusion of life-styles and ideals was deepened. How, for instance, was a community like the Khattris to be ranked within the Hindu system? Under the Mughal rulers of the Punjab they had achieved political power and influence, and many ‘western’ Khattris had assumed a life-style which was at least externally Islamic.\textsuperscript{44} Even the four basic sub-caste divisions into which all Khattris were grouped had supposedly come about as the result of an intervention in the community’s marriage practice by early Muslim rulers. Khattri family histories also display a similar ambiguity. On the one hand, they take pride in close association with the great Muslim dynasties. On the other hand, family migration is often attributed to lust by Muslim rulers for Khattri women. The dispute as to whether Khattris were of princely (Kshatriya) or mercantile (Vaishya) stock was of consuming importance, and it rumbled on throughout the nineteenth century until it was spurred into frenzy by the British Census commissioners in 1911.\textsuperscript{45}

Merchant people adopted various stratagems which served to reduce the danger of being caught between two conflicting models of behaviour. First, they sought anonymity, avoiding publicity when they became involved in the management of land or men. Secondly, they maintained a sharper distinction between their inward and outward styles of life. For instance, amongst the Khattris of Benares in the late eighteenth century, ‘Punjabi’ dialect was used in the home.\textsuperscript{46} Persian

\textsuperscript{43} See, e.g., P. N. Mullick, History of the Vaishyas of Bengal (Calcutta, 1902), pp. 31–3.

\textsuperscript{44} E.g., the ‘Western’ Khattri families of Chipiwara, Delhi, esp. that of Munshi Raghunath Singh which appears to have had a particularly ‘Islamicised’ life-style, being credited to the Mughal nobility of the area, interview, family documents, Dec. 1973.

\textsuperscript{45} H. D. Varma, An Account of the Khattris.

\textsuperscript{46} Gunga Bye v. the Mother of Jualanath, 3 Aug. 1792, PR.
outside; Persian court dress was exchanged for the dhoti at home; the outward magnificence of the haveli palace contrasted with the severity of the inner rooms; 'Khattri' jewellery was kept separate from 'Mughal' jewellery. In the nineteenth century, one often finds that the very same family which built huge Mughal-style palaces on the outskirts of cities continued to inhabit small mud-walled quarters in the old central city area.

The tension between the ascetic and self-denying and the lavish and outgoing appears also in the religious practice of merchant people. For some, indeed, lavish religious activity appears as an attempt safely to resolve this inner conflict. For, paradoxically, wealthy merchants who were noted for their restrained style of life were generally devotees of the Vaishnavite rather than of the more austere Shaivite cult.

the Vaishnava cultus, partly from the opportunities it affords for magnificent display, partly from the absence of blood-offerings, which commends it to a class deeply influenced by the Buddhistic reverence for the sanctity of life, is more popular among the rich merchants of the towns.46

This love of devotional display was particularly strong among some branches of the Vallabhacharya sect which was influential in Gujarat and in Hindustani towns where there had been an early Gujarati influence. Vallabhacharya had preached that fasting and asceticism had no particular merit in themselves. He exalted the service (seva) of the deity and complete surrender which included the 'giving up of the body, mind and worldly belongings of the devotee'.47 But in time, the luxury and display of the spiritual heads of the sect (the Goswamis or Maharajis) caused a reaction in favour of a simpler and more austere form of religion. The first of these movements of reform was associated with Charan Das, a Delhi teacher of the 1730s, who attracted a large following among the merchants of the commercial towns.48 In Bombay in the 1850s, a similar internal movement of reform to purify the practices of the Maharajis merged with the zeal of the first generation of 'social reformers' and gave rise to one of the most notorious court cases of Victorian India.49 Among the Jains also there was a similar tension between austerity and religious display. On the one hand, there were the austenities of the priestly class and the moderation of the laity; on the other hand, the dazzling images and lavish shrine building. One need only think of the creoles of Rupes spent on embellishing Mount Abu or Delhi by the great Jain families of the eighteenth century.50

In the individual's mind, the lavish expenditure no doubt reflected simple devotion to the god or teacher. But this is not incompatible with the notion that it also fulfilled a social function. Lavishness — costly, regal display in worship — was enhanced precisely because the merchant life-style discouraged other forms of conspicuous expenditure. Religious donation exalted the merchant as a substantial and pious man capable of fulfilling his role in society. It was at the same time safe, since the feeding of gods and Brahmans could only redound to his spiritual credit. In Allahabad, a merchant of the early nineteenth century was in the habit of distributing fifteen maunds of split peas (dal) daily in the bazaar and feeding many hundreds of cattle.51 This was a similar act to the redistribution practised by rajas, and yet it was devoid of the element of risk because it was conceived of as meritorious charity, having first been given to the gods. The merchant was able to become a king by proxy.

Merchant families in many societies have been associated with particular, sectarian forms of religious practice. But the relationship between mercantile credit and exclusive forms of worship has remained obscure despite constant debate. India provides no exception here. Quite apart from the obvious examples of Jainism and Parsi Zoroastrianism, merchants were well represented among sectarian groups which grew more directly out of the Vaishnavite Hindu tradition, such as the Vallabhacharyas, Satnamis and Radhavallabs. To what extent are we justified in regarding sectarian attachment of this sort as a tactic in the maintenance of family credit? Certainly, devotion to a guru or a set of precepts which attracted a group of devotees from several different castes fulfilled the requirement that involved social relations had to consist with wider business contacts. In the late eighteenth century, for instance, the Jains were still increasing in numbers by incorporating Hindus of the merchant castes. The peculiar inwardness of Jain religious and social life might actually increase the credit of families which still had to work partly within a Hindu context. There was a great emphasis on secrecy. No doubt the austere nature of Jain domestic life also had its advantages during a century when rulers were always on the lookout for opulent merchants to mulct. In areas such as Malwa where Jains dominated commercial life, a shift across sectarian boundaries was not unusual. Malcolm recorded:

53 Agrawal Jati, 11, 15, Lala Har Bilas.
The merchant family

The Soucars, Shroffs and Bunnias in Malwa are either of the Jain or Vishnu faith, but by far the greatest numbers are of the former, and their prevailing influence and wealth attracts many converts. Almost all the Vaisya and Sudra agents and servants they employ, if not before Jains, conform to the tenets of that sect.54

Other sects also gained adherents as a result of close commercial relations. For instance, Vallabhacharyas and Nanakshahi Sikhs continued to increase their numbers in the Gangetic cities during the eighteenth century. However, slow adaptation to a prevailing culture could also work in the other direction. In Bengal, the great Jagat Seth family which had once been among the chief donors of Jain temples throughout India, gradually abandoned their Jain practices and drifted back into the Vaishnavite business and landowning community which surrounded them. In the same way, ‘western’ Khattri merchants from the Punjab who moved down into the plains of Hindustan often came to place less emphasis on the Islamic and Punjabi part of their cultural inheritance as they were drawn into more intimate communion with the orthodox life of the banks of the Ganges.

While ‘changes’ of religious affiliation of this sort cannot be regarded as simple utilitarian acts, they certainly enhanced the social, and hence commercial security, of trading families isolated in a new environment. Viewed from the inside of merchant family life, these were, perhaps, not dramatic events. The family was in continuous communion with a whole range of business associates, gods and men. All that happened was that a portion of family resources and worship was redirected to deities which were honoured by neighbours and business associates. Earlier religious practices usually continued alongside the new. So among Jains in Bihar in the early nineteenth century, Brahmins and Hindu deities were venerated without embarrassment.55 Similarly, in the case of the Nanakshahi Khattris, Hindu forms of worship were not felt to be incompatible with accepting the holiness of the Guru Granth Sahib (the Sikh holy book).56

Before moving on from the question of the ‘credit’ of the merchant family, it is worth considering it in the context of the political response of the commercial community. As we have seen, genealogies exult in connections with famous rulers both Hindu and Muslim, but over-close association with rulers might lead a family into expense and depravity. In the same way, fear of the predatory ruler was a constant refrain in the demonology of merchant people. Mughal rulers and nawabs were popularly remembered for their benevolence, but their lieutenants were accused of meddling in commercial custom. In 1813–15, unease in the bazaars of Benares and Mirzapur was heightened by the comparisons which were being made between an unpopular British judge and Todar Mull, the famous Mughal financial minister.

... the townsmen consider him to be a sort of mostaee, which means one who takes all – some such officer as Torur Mull was under Akber – how popular their likening him to Torur Mull proves him to be may be judged by the well known quatrain which gives the date of that financier’s death – ‘when Torur Mull whose oppressions had overspread the world went towards hell, a whole world of people were rejoiced, 998 Hijree’.57

The Todar Mull legend was very general. He is supposed to have enforced the standard form of account books which was used throughout India in the eighteenth and nineteenth centuries and to have been responsible for many interventions in the business of the commercial corporations.

Many other stories related to the levy by impoverished or avaricious rulers of forced loans which were never repaid. But it is important to catch the nuances of these legends. Family histories often seemed to take pride in succouring a great king with no hope of repayment, yet still remaining rich and creditable people. The great Gurwala banking family of Delhi, for instance, claimed to have lent up to ten lakhs of Rupees to the Mughals during the early nineteenth century on an interest-free loan which was never repaid.58 Such stories were probably exaggerated, but the mentality underlying them may help further to correct some of our notions of the anarchy of the eighteenth century and the meaning of the ‘Pax Britannica’. Under indigenous regimes ‘plunder’ (zulum) was expected, and could partly be insured against. Forced loans could be seen in the light of ‘protection rent’. Indeed the Hindu law books themselves sanctioned the seizure of up to one quarter of the total assets of merchants during times of famine or danger. In that pregnant metaphor, the merchants were the ruler’s cattle, to be milked by him if the necessity arose.59 ‘Plunder’, then, was built into the theory and practice of Indian states and their mercantile subjects. It could carry connotations of an exceptional levy or of equitable redistribution rather than the criminality and breakdown implied in the English word. In some regimes, ‘plunder’ took the form of a periodic readjustment in the

54 Malcolm, Central India, II, 160.
55 Vaishnvate and Jain Agarwal families in Benares also regularly intermarried.
56 Bedamo v. Bownany Singh, Benares Adalat, 6 Jan. 1792, PR.
57 Second Judge Benares to Magt., 12 Jan. 1813, BCJ, 12 July 1816, 132/43, IOL.
58 Gurwala family history, copy in author’s possession; but see Ramji Das and Narain Das v. Agent to the King of Delhi, 91 of 1852, Delhi, June 1852, 2C.
context of a low fixed land-revenue and minimal customs charge. British observers noted with bewilderment that townsmen and peasants seemed to remain in contentment and that Hindu merchants could adjust to the direst forms of what they took to be oppression. Among the unwilling suppliants at the darbar of the ruler of Kandahar in the 1820s:

there were invariably from fifty to one hundred Hindus, some of them doubtless men of respectability and wealth, and all merchants and traders who had been seized in their houses and shops and dragged before the Durbar for the purposes of extorting money. This was not an occasional or monthly but a daily occurrence... I have seen on an occasion of a festival the Hindus of this city assembled in gardens without their walls and displaying every sign of ease and wealth in their apparel and trinkets; nor were they the least grateful than they would have been in a Hindu kingdom. The gains of these men must be enormous, or they would never provide to the exactions of their governors, and without such profit operating as an offset never would submit to the indignities they are compelled to suffer. 60

But plunder, even social indignity, could be tolerated by a cohesive merchant group fortified by its own internal perceptions of credit. Merchants could only be forced to flee if the ruler appeared to push them below the margin of subsistence during a bad period, or if their credit which was the basis of their livelihood was threatened in any novel or discriminatory manner. It is against this background that we should place the many stories claiming that merchant families migrated from a particular city because its ruler had designs on their womenfolk or was forcing upon them some practice which was obnoxious to their religious feeling. Here it was the credit, continuity, even bodily substance of the individual family which was in jeopardy, and the danger was greater than from any forced loan which could be absorbed and discounted by the community as a whole.

These notions also provide a key to the issues which brought merchants and townsmen into conflict with early colonial rulers. Almost always there was some perceived threat to the moral economy of the merchant family. The British attempted to introduce conceptions of individual legal responsibility limited to one lifetime. Earlier, debt had been a matter of family credit over several generations. As a Persian newsletter of 1837 commented,

the chain which bound the soucars [bankers] together in their trading relations is broken... Previously in cases of bankruptcy the whole body of the soucars would get together and award equitable reparations, but now a son could declare himself bankrupt in a civil court when his father was still in possession of lakhs. 61

60 G. W. Forrest, *Selections from Journals*, p. 110.