

"The State, Religion, Soldiery and Savkar: Money, Banking and Merchant Capital in Medieval Maratha Country"

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The past few decades of Indian history have witnessed an evolving nature. The themes introduced include oral histories; art and architecture; social and cultural histories and micro-level histories. Historians today focus on small regions or periods. These interventions made historical reconstructions all-encompassing (comprehensive) and have brought into the limelight a few actors; regions; and practices that were overpowered by a few dominating tropes. One such new trend is the regional histories, unlike national histories.

The present article will discuss Deccan in Transition from 17th to 18th century via various themes centred around numerous personalities, communities and institutions. The focus is to understand the society and economy of 18th-century Deccan while paying attention to the institution of banking to establish the quadruple nexus between trader-state and banker-military.

Geographically, the name 'Deccan' refers to the historic land in peninsular India that stretches from *Sahyadriparvat* to the south. The territory includes the Maratha and Kanarese-speaking districts of the Bombay Presidency, the state of Hyderabad with southern parts of Berar, some adjoining tracts of the Central Provinces and portions of Odisha and Madras Presidency.¹ 'Deccan' is derived from the Sanskrit word 'Dakshina' (south), or rather Deccan is the corrupt form. This terminology is also found in many inscriptions, in texts like *Periplus*, which refers to a region called 'Dachinabades' (Dakshinapatha), it describes it lying beyond 'Barygaza' (Broach) and market towns mentioned are Paithan and Tagara. In the accounts of travellers like Fa-Hein (5th century), who calls it 'Ta-Thsin'. A more popular terminology used is *Dakshinapatha*, which forms a major route mentioned in the ancient Indian texts, the other being *Uttarapatha*. The region falls in three natural divisions: in the north is an elevated plateau enclosed by *Satmala Hills*; in the West are the Ghats and to the east lays the long coastline terminating at the Nilgiri Hills. The second and the third constitute the Western and Eastern Ghats respectively.²

Contextualising this geographical setup one can speculate a variety of roles played by the setting. The hills and valleys act as a natural defence line from external attacks from the neighbouring enemy or foreign invaders. The hills also acted as a watch tower and the forts along with playing centre of political and military activities, became sites of commercial and agricultural activities. The port towns with creeks and small navigable rivers became flourishing centres of trade and commerce.

Over the course of the eighteenth century, Maharashtra's political landscape changed significantly, giving rise to a new class of affluent Indigenous savkars and businessmen. These savkars engaged in more serious economic ventures than the smaller-scale conventional moneylenders like Shetes, Mahajans, Vanis, and Vatan-holders. Despite the dominance of Brahmins in this new class, members of other castes also participated. However, unlike in other regions like Gujarat or Tamil Nadu, this did not lead to the development of a separate specialized business caste. The success of

¹Yazdani's, (Ed), *the Early History of Deccan*, Bombay, O.U.P., 1960, Pg. 3.

²Ibid. Pg. 5.

these savkars was largely dependent on the political climate, rather than on solid industrial or commercial foundations.³

The Maratha State

The Peshwa government collected revenue in both cash and goods, which it used for various purposes such as purchasing, storing, and selling commodities. It also paid wages to its employees in commodities, especially those working on forts. Due to its functions as an employer, a state trader, and a revenue collector in many regions of its territory, this government became deeply involved in the commodities market. Detailed transactions in commodities, known as 'ainjinsi', were recorded in annual tarjumas. These transactions were mainly used for paying wages, buying other goods, repaying loans or credit purchases, domestic consumption by the Peshwas, and gifts or rewards. Food grains and cloth were the most commonly traded items each year, as seen in the annual tarjumas. During the eighteenth century, the Peshwa government occasionally borrowed significant amounts of money from different traders who acted as moneylenders in the Poona region.

Ordinary people, particularly men, used cloth sparingly, while the government and wealthy individuals like the King, Peshwas, and noblemen had a high demand for fine cloth for various purposes such as personal use and gifting during special occasions. This information is evident from existing records.⁴ On multiple occasions, government agents purchased high-quality fabric and clothing from various prominent centres in India such as Paithan, Khandesh, Sirohi, Surat, Delhi, Bengal, and Karnataka, often with specific details and requirements. In the year 1763-64⁵ The government paid cash for various types of fabric (details available) valued at Rs 59, 07, 860, and used credit from several savkars to acquire cloth for Rs 2,15,312. In the year 1763-1744, the government used credit to acquire more items totalling Rs 32,342.

Large and small savkars supplied the government with cloth in exchange for cash or loans. The main suppliers of fabric were substantial savkars like Kabararas and Paranjape, who loaned the government enormous sums of money in loans. In 1768-1769, Paranjape gave the government cloth valued at RS 54,732. Kabararas, Rs 20,794 worth of cloth. Shivaram Naik Bhide, Rs 32,515 worth of cloth, and so on. It's interesting to note that the Peshwa government made a lot of small credit purchases of textiles from various sellers. It is important to give careful thought to the import of high-quality clothing and fabrics. Poona, being the capital of the Peshwas remained populous. It used up a significant quantity of exquisite fabric and apparel of all shapes and sizes. It was only with the emergence and extension of the Maratha polity, however, that local channels for local craftsmen, builders and vendors, moneylenders, traders, etc. started to originate, despite the demands and accessibility of Indigenous savkars and banks and other financial institutions. The management of their governmental finances and the war economy served as the foundation for the Marathas' eighteenth-century financial system. The funds held by banking institutions and Marathi savkars were insufficient for business endeavors. With their vigorous financial activity, the government and Savkars agencies established a financial superstructure that was similar to that of advanced industrial or commercial regions.⁶

On the other hand, the Europeans had their trading interests and were dependent on the pre-

³ V.D.Divekar, The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, Modern Asian Studies, 1982, vol.16, No.3, p.427.

³ SSRPD, Vol.II, pp.147-57; Vol.VII, p289; SPD, vol.23, No.106

⁵ Ghadani Daftar Rumal, No.748; Apte, 'Sarakaaree Ayavyaya', p.139.

⁶ V.D. Divekar, 'The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, Modern Asian Studies, 1982, vol.16, No.3, p.434.

existing local financial markets like the one in Surat. The indigenous financial infrastructure that had been developed by the Marathas was more political than commercial and served primarily to the Marathi traders. They did not attract the European traders and the other non-Marathi business communities from Gujarat and Marwad that traded in Maharashtra kept these Marathi institutions at bay owing to their financial system.⁷ As a result, these institutions ultimately emaciated away with the tumble of the Maratha rule. The advantage of the Maratha political power over vast regions of India, including the industrial areas of Gujarat and Karnataka was not taken by the newly emerged savkars for expanding their business interests into newly conquered regions. Their main business of moneylending was restricted within their homeland and into the subjugated and dominated regions.⁸ There is a question that is occasionally posed: if there was an aboriginal commercial elite in Maharashtra throughout this time due to domestic political pressures, why did it not expand along with political power?

It is important to consider the Marathas' political expansion when trying to provide an answer to this topic. Maharashtra's political climate cannot be compared to the unrest in the conquering and oppressed regions.⁹ The Maratha armies failed to establish an appropriate government in the regions it conquered. The primary objective of the Maratha army was to repeatedly retake the provinces that they had conquered and enslaved in order to obtain the yearly payments known as chauthai, sardeshmukhi, and khandani.

However, the political authority and overseas trade expansions of the Maratha people were unmatched by the politically backed European trade advances. These European East India companies were state or quasi-state bodies following the Portuguese line during the fifteenth century. The European traders and kings who heralded in the period of colonialism and opened the door for revolt were far ahead of the Marathas. Unlike the Peshwa and the Gaikwad, who had captured Gujarat and forced a fixed sum of Chauth and khandani, Sir Charles Malet was far ahead in recognizing Gujarat as a commercial possession.¹⁰

The native inhabitants of Maharashtra enjoyed a prosperous state of trade and employment throughout their own reign. However, the Marathas lost their independence to British rule in 1818 when they submitted to the East India Company's army. In his Report on the Territories Conquered from the Paishuia (1821), Elphinstone, the British government's first Deccan Commissioner, noted: 'The situation of the lower order was very comfortable, and that of the upper class prosperous. Employment was abundant in the domestic establishment and foreign conquest of the nation.'¹¹ The Marathi savkars' chances for trading and moneylending quickly decreased after they lost their position of political authority and all military operations were terminated. Very soon after the Marathas were defeated, Chaplin noted in his Report (1822) that the savkars' condition had significantly deteriorated 'it being computed that not two-thirds of their former capital is now employed in banking and speculation'.¹²

The biggest losers were the Savkars who had given army chiefs loans in the pre-British era so they could raise Maratha armies, but British policy forced them to write off the bad debts.¹³ A number of records found in the Poona savkar family archives clearly show how

⁷ Ibid, p434.

⁸ Ibid, p435.

⁹ Ibid, p435.

¹⁰ Ibid, p436.

¹¹ Mounstuart Elphinstone, his *Report on the territories Conquered from the Paishui, Calcutta, 1821, p8.*

¹² Chaplin, Report, 20th August, 1822, Bombay, Reprint 1877, p108.

¹³ The ruling given on 2nd June 1832 by John Warden, Deputy Agent, Deccan, in the case of Sardar Ramchandra Pandurang Dhamadhere versus Vasudev Bapuji and Krishnaji Hari Chiplonkar, the two Savakars, in Chapekar, Peshwaaichyaa Saavaleet, p.268.

their situation worsened following the overthrow of Maratha power.¹⁴

Religious affinity

Over the course of the eighteenth century, the Brahmans in Maharashtra dominated the newly developed commercial class in terms of both numbers and purchasing power. The eighteenth-century Poona savkar and merchant lists that are currently accessible include the names of businessmen from various Maharashtra castes and communities. It seems that the Brahmans, and the Chitpavans in particular, are the dominant group in the field. A list of Poona Market cloth traders compiled on February 24, 1773¹⁵ comprised 71 names, for instance, of which 35 seemed to be Chitpavans and 55 were Brahmans. Interestingly, just two names on the list—Chhabildas Burhanpur and Madhavadas Godidas—appear to be Gujarati. This implies that the bulk of the traders in the Poona cloth market were Brahmans and that virtually all of them were Maharashtrians till 1773. Some of the merchants were from other Marathi castes, such as the Gosawi, Sonar (goldsmith), and Maratha.

Among the savkars who regularly and extensively gave loans to the government were the families of Raste, Bhide, Tambavekar, Gadgil, Patwardhan, Gadre, Karje, Anagal, Dikshit-Patwardhan, Datar, Oak, Thatte, Moghe, Gosawi, Damle, Bhokare, Gune, Vaidya, Joshi, Biwalkar, Omkar, and so forth.

The Brahmans enjoyed the topmost position in the Maratha society. Among them, the Deshasthas were even more prominent than other sub-Brahman castes as they were considered the earliest settlers in the region. These Deshasthas were established members of Maratha society, holding positions as administrators, moneylenders, landlords, and religious leaders. With the emergence of the Peshwas in the early eighteenth century, the Deshastha Brahmans' monopoly came to an end, and the Chitpavan Brahmans emerged as the dominant group in society. The Brahmans, particularly the Chitpavans, underwent a qualitative shift with the arrival of the Peshwas.

From being administrators, they now came out to be important policy-makers, generals and rulers themselves. This helped them in their rise to prominence and control the finances of the administration as they were now close to the direct administration, the Peshwa. Such risks could only be taken by individuals with close ties to the administration or tax collection, or by those with influence or positive relationships with the army chiefs.¹⁶ Their prominence can be observed from the fact that the foundation of the state of Sangli was done by a Patwardhan Family who were originally a family of priests. These Chitpavan Brahmans had special consideration in administrative recruitment. A substantial portion of the accountants in the Central Secretariat at Poona had been Brahmans from Chitpavan, as per the records of the Peshwa government.¹⁷

Historical records indicate that the Brahmans, including the Peshwa and other Brahman sardars followed their brahmanical customs and religious rituals. However, they were engaged in a wide range of professions from being ministers, administrators, clerks, judges, doctors, and businessmen to being cooks, watermen, soldiers and so on. It is indicative from the records that their caste was not a barrier to their occupational mobility. The Brahmans followed various occupations and did intermarry is clear from the fact that the Peshwas, who themselves were

¹⁴ Ibid., pp.124-5, 256-7.

¹⁵ SPD, Vol.22, No.229.

¹⁶ V.D. Divekar, 'The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, Modern Asian Studies, 1982, vol.16, No.3, pp. 437-38.

¹⁷ SSRPD, Vol. III, pp. 373-5.

from the chitpavan brahman sub-caste, were generals in the army and kings who never felt ashamed to wed women from aristocratic or business households.¹⁸

Rich people gave several priestly Brahmans significant sums of money in cash and in kind as gifts on different occasions. For instance, on one specific day, King Shahu donated an elephant, a camel, two horses, two buffaloes, numerous cows, deerskins, and other items as gifts in hopes of improving the health of his sick wife.¹⁹ It should be noted that in Maharashtra in 1719–1720, the cost of an elephant exceeded Rs. 5,500.²⁰ Due to their austere and simple lifestyle, some priestly Brahmans used the substantial sums of money that had amassed to lend money. In this connection, we could bring up the case of Gangadharshastri Patwardhan, who came from a family of priests called Chitpavan Brahman in the later part of the eighteenth century. He went on to become a politician and diplomat in later life. A summary of the pertinent information from his autobiographical account is provided below.²¹

When I was eight years old I worked as a clerk in the Peshwa secretariat at Poona in the section dealing with the matters relating to Karnataka expeditions. My uncle was in business as a savakar. I started my own career of business independently. Nimbaji Bhaskar was managing the revenue administration of Surat. I advanced to him two thousand rupees. I borrowed money from different people at the rate of half per cent per month and lent it to the needy at the rate from one to two per cent depending on the situation. Slowly my credibility and standing in society as a savakar was strengthened. Vyankatrao Raste [a Chitpavan nobleman] was my friend since our childhood. His annual revenue collections to the tune of about sixty thousand rupees used to remain with me, for which I was not required to pay any interest. Also, about twenty thousand rupees of Prabhakar Ballal Joshi [another Chitpavan Brahman] used to remain with me for which I paid to him interest at the rate of half per cent per month only. After the death of Sawai Madhavrao, the office of Peshwaship went to Bajirao II. The Peshwa was later imprisoned by Daulatrao Shinde. Large amounts of money were spent by both sides for the purpose of sabotage in the armies etc. [details are given]. On this occasion I advanced a loan of about fifty thousand rupees to Bajirao II through Roopchand. Sometime afterwards in a similar situation, I advanced a loan of about ten thousand rupees to Sarjerao Ghatge, through Roopram Marwadi. My loan advanced through Roopchand (Roopram) Marwadi to the Peshwa was later returned to me according to the terms of our agreement. Sometime later Bajirao Peshwa and Shinde imprisoned Nana Phadnis, Dada Gadre and others. Each one of the prisoners was forced to pay a ransom amount fixed on his head. Thus, Dada Gadre was forced to agree to pay six lakhs of rupees. The amount was to be paid through one Modikhane. For the preliminary cash transaction in this regard I advanced for Dada Gadre a cash of sixteen thousand rupees at the rate of five per cent as 'Manoti' amount plus eight per cent as interest.²²

¹⁸ V.D. Divekar, 'The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, Modern Asian Studies, 1982, vol.16, No.3, p.437.

¹⁹ V.K. Bhave, Peshawekaaleen Maharashtra, New Delhi, Reprint 1976, pp.294-5.

²⁰ Ibid., p295.

²¹ Traimasik, (Quarterly journal of BISM, Poona, Vol.III, No.1, pp.17-41.

²² V.D. Divekar, 'The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, Modern Asian Studies, 1982, vol.16, No.3, p.439.

This long passage from the autobiographical tale of Gangadharshastri shows how the moneylending business developed in the political environment of Maharashtra and how common priestly Brahmans initially exploited it as a launching pad for their business ventures.

Therefore, the circumstances in Maharashtra compelled Brahmans, including priestly Brahmans as well as certain religious leaders, to partake in lending money and other commercial endeavors for financial gain. The case of Brahmendraswami of Dhavadshi (1649–1745), a mendicant-cum–moneylender, may serve as an excellent illustration of a Savkar of the latter kind. The Swami was a religious leader and a Deshastha Brahman. He became personally very interested in business and moneylending.²³

Historical records indicate that the Swami gave the following loans: Rs 200000 to Angria; Rs 200000 to Peshwa; Rs 100000 to Queen Sagunabai, King Shahu's wife; Rs 10000 to Yeshwantrao Pawar; Rs 10000 to Umabai Dabhade; and Rs 5000 to Nimbalkar, etc.²⁴

The Swami sent two hundred oxen to be utilized as transportation of animals for shipping goods through Konkan harbors to the Desh region. Rich Swami, a religious teacher in essence, lived in Dhavadshi like a merchant prince, complete with female attendants, troops, messengers, cars, horses, livestock, storehouses, treasuries, and other attendant accoutrements. He generously donated large sums of money to build wells, tanks, temples, and other infrastructure across Maharashtra. The Peshwa and Sardars were forced to continue being under the Swami's duty by his prompt financial assistance in the form of loans. He made use of this position to increase his political clout. In opposition to other sardars, he supported the Peshwa Bajirao. Additionally, he had a significant impact on Marathas' decision-making on their interactions with the Siddis in Konkan.

It is important to highlight that the Brahman community in eighteenth-century Maharashtra was not like the wealthy and powerful priestly order or the church establishment in nineteenth- or twentieth-century Christian societies. The Brahmans had no religious hierarchy or order comparable to the Christian church's nobility. Their caste was the highest in the caste order, though, and that was crucial because it gave them a lot of social advantages. In eighteenth-century Maharashtra, the actual asset of the Brahman community lay in its strong grasp on the state machinery.

According to Professor D.R. Gadgil and others, because of the immobility between the military, clergy, and ruling administrative elites and the commercial classes, the caste system persisted until towards the middle of the eighteenth century. He observes that during this period there were no intercaste marriages and that caste vocations were followed.²⁵ In consequence of their immobility, the trade classes were rarely used to appoint people to governmental or equivalent high positions during this time. Gadgil acknowledges, however, that there were military personnel, traders, and financiers among the Punjabi Khatri, making them a partial exception. Rajasthan Baniyas also served as ministers in the state's courts and held significant political posts. If we dig deeper into the pasts of the business community in various Indian regions, we might find comparable "exceptions" everywhere.

²³ Ibid., p439.

²⁴ P.L. Saswadkar, 'Brahmendraswami; His life and Role in Maratha History' Unpublished Thesis Pune University, 1964, Chapter.5

²⁵ D.R. Gadgil, Origins of the Modern Business class: An Interim Report, New York, 1959, p23.

His observations²⁶ may stand firm regarding other regions of India. However, as no Indigenous tribe had restricted itself to trading in Maharashtra throughout the seventeenth century, these claims remain false today. Families with a high concentration of Brahmans holding ministerial and other top administrative positions probably included prominent moneylenders and traders. For instance, Peshwa Bajirao I's brother-in-law Babuji Naik merged his roles as a Sardar and a Savkar, engaging in both moneylending and army operations. However, it is usually acknowledged that the newly established class of Brahman savkars had little influence upon the state's combat or political policies, even though the Peshwas along with other army chiefs owed them a great deal.

Caste constraints, the non-integration of traditional caste jobs, the socioeconomic standing of the commerce class in Indian urban life, etc. are still contentious issues in eighteenth-century Maharashtra. To refute the notion that caste barriers hindered mobility in different jobs in India and that the caste system drove Hindus to follow exclusively their own caste occupations, relevant religious scriptures, customs, and historical changes in different regions must be examined. In Maharashtra, sub-regional cultures, the concept of Satan rights, and the caste structure all had an impact on professional mobility.²⁷

Soldiery

The primary factors of the environment that ultimately contributed to the emergence of the new business class were the Maratha framework for war procurement and greater tax collection through loans. Consequently, understanding the system and how it functions would be beneficial for a thorough understanding of the subject.

Other Marathi sardars and the Peshwas. Army expeditions were constantly planned in various locations of India during the eighteenth century. Extending the boundaries of their respective domains was the political motivation for this. They also had an equally strong economic incentive for going on military expeditions: they wanted to collect money and resources from other regions in the form of ransom, tribute, chauthai, and other such payments. Numerous documents in the Peshwa Daftar records shed light on the enormous sums of loans—many lakhs of rupees—that the Marathi chieftains had to raise, frequently at exorbitant interest rates—in order to pay for their soldiers' salaries.²⁸ Account books belonging to a number of bankers who made a fortune from this venture provide details on these loans.²⁹

Several Marathas-subjugated areas were subject to tribute levies. But based on historical accounts, it seems that the fulfilment of tributes was not always simple, consistent, or comparable with the enormous costs associated with the military expedition. Records from the Pune Archive, for example, encompass the Karnataka expeditions carried out in the 1760s by the Peshwa administration. We note that on one of the expeditions, tribute was only about three million rupees, although the expedition's expenses went up to 10 million rupees.³⁰ Between 1760 and 1773, the Peshwa negotiated tribute payments from almost thirty

²⁶ Ibid.,

²⁷ V.D. Divekar, 'The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, *Modern Asian Studies*, 1982, vol.16, No.3, p.441.

²⁸ G.S. Sardesai (edited), *Selections from the Peshwa Daftar*, 46 Vols, Bombay, 1934, Vol. 20, Nos. 53, 55, 97, 100, 103 and Vol. 21 No. 80. (henceforth referred as SPD)

²⁹ N. G. Chapekar, *Peshwaachyaa Saavaleet*, Poona, 1937, pp.67, 71-8.

³⁰ M. D. Apte, 'Sarakaaree Aayavyaya', 1763-73 (Unpublished Thesis Pune University 1969), p.194; G.C. Vad (edt), *Selections from the Satara Rajas and the Peshwa's Diaries*, 9 Vols., Poona, 1906-11, Vol. 9, p.232 (Henceforth referred to as SSRPD)

subjugated nations, both large and minor. Of them, only five states consistently made tribute payments over a period of four or five years.

The political-military milieu of eighteenth-century India indicated that the absence of the army, even for a single year, would prevent the memorial tribute for that year from being achieved. Thus, the tribute-gathering procedure was neither efficient nor seamless every time. However, the army's costs were to be paid regardless of the outcome of the tribute's realization. This forced the Peshwas and their sardars to seek loans from moneylenders. Due to need, the marching army's commander sent bankers, traders, and their agents on expedition with him. The location where the retreating army stopped and camped was the scene of a large bazaar. Through their contacts with local enterprises, the accompanying bankers were able to offer the army chieftains with the additional loans they needed on the credit of his hundis.³¹ Whenever feasible, the creditor or their representatives attempted to reclaim the loan. According to the army chieftains' accessible letters, whenever opportunities for ransom, plunder, etc. presented themselves, the creditors or their representatives "harassed" them to get their money back.³² The chieftain had become reliant on his financiers due to a strange bond they had formed. As an example, we can look at the family history of a particular Morshet Karje, a financial advisor and moneylender belonging to the Peshwa government.³³ Local dealer Morshet Karje maintained economic ties with the Surat royal household. His commercial connections quickly expanded as a result of the royal support. During military battles, he provided goods and loans to the Peshwa of Poona, the King of Satara, and the army encampments. In recognition of his numerous punctual services, the government awarded Dhanset, Morshet's son, saranjam rights. Later on, he was assigned the duties of Subha of Ahmedabad and the revenue administration of a number of Maharashtrian cities and villages. Dhanset was also tasked with creating Mangalwar Peth, a market ward in Poona. Later on, he was designated as the ward's Shete, with the authority to collect excise taxes. As a result, the Karje family, along with their descendants, was granted the rights to Sarnjam, Subhadari, Mamlat, Shjetepan, and other privileges in exchange for their government service.

It will be helpful to comprehend the financial facets of Marathi military campaigns in this light. The case of Janoji Bhosale is not unusual.³⁴ Prior to 1759, Janoji's father had secured a loan of Rs 40 lakhs for the Bijanagar campaign. Furthermore, army loans had to be raised for four years starting in the Savanur affairs days. Janoji was also required to pay his regular dues to the Peshwa. The Nizam launched raids on Janoji's lands, and in order to defeat them, the army needed to be funded. Regretfully, Janoji lost the territories, which meant that the funds used to support the troops were also lost. But in order to keep the army operating as it had previously, new loans had to be raised repeatedly, and because of the pressing nature of the circumstance, these new loans had to be raised at high interest rates. Janoji's example is representative of military adventurism in eighteenth-century Maharashtra and the loan-raising efforts associated with it.³⁵

In these same circumstances, a new class of intermediaries developed who were skilled at setting up the necessary arrangements for the troops in terms of financing, supplies, etc. They served as savkars dealers, intermediaries between the chief and others, among other roles. One

³¹ S. N. Joshi, *Maraathekaaleen Samaajdarshan*, Poona, 1960.

³² SPD, Vol.20, No.46.

³³ SPD, Vol. 44, pp.12-13.

³⁴ SPD, Vol. 20, No. 103.

³⁵ V.D. Divekar, 'The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, *Modern Asian Studies*, 1982, vol.16, No.3, p.430.

such intermediary was Peshwa court officer Ravaji Apaji, also known as BakarJyoti Phanase. His participation, against his step-brother Fattesingrao, in procuring loans and necessary supplies like clothing, saddles, horses, etc. for Govindarao of Baroda, provides as a typical illustration of the actions of such middlemen. In this sense, the details of his actions are told from the perspective of a modern family bakhar.³⁶

One list of savkars who lent money to the governing body in 1760–1761—the year of the historic Battle of Panipat—has sixty names on it. The government got a loan of almost one million rupees from fourteen savkars on a particular day called "Jamabilakhar 29." Fifty savkars contributed another million rupees on a different date known as "Jamadilakhar 29." Merely six of them advanced loans of Rs 5000 each, one of them only of Rs 4,000, four of them of only Rs 3,000 each, and one of them only of Rs 2,000 to the Peshwa. Small loans like these imply a particular war fund-raising campaign for the Panipat conflict.

An average savkar would typically invest between 20,000 and 50,000 rupees at a time. No documentation exists indicating that the Peshwa administration was given up to five lakh rupees by a single savkar. Therefore, none of them, not even the wealthiest ones, can compare to the major business families outside of Maharashtra like Viraji Vora, Jagat Seth, and others.³⁷

Appropriation of revenue and grant of loans

Kamavisdars were given the responsibility of collecting income; they had to prepay the treasury with the expected amount for each of their territories based on projections of future collection. Annual consolidated accounts of the Maratha state are kept in Pune Archives. They take the form of tarjumas, which are department-by-department drawings organized according to entries in the Ghadani Daftar, or ledgers. The accounting of receipts and expenditures in the tarjumas provide information that sheds light on the Maratha state financial procedures.

Conferring to the tarjuma of the year 1763–64,³⁸ for example, we determine the fact that the Peshwa regime obtained loans from several sources totaling approximately one crore rupees: (i) loans of Rs. 5,48,675 from savkars; (ii) loans of Rs. 11,17,873 in the manner of deferred receipts from darakdars and kamavisdars; (iii) excessive collection from mahals (iv) Rs 15,28,220: credit for items received; (v) credit for cloth worth Rs 28,53,390. The Peshwa government returned its previous loans in 1766–1764 to the tune of somewhat more than seventy lakh rupees. Rs 26 lakhs were refunded for the loans from previous years, while Rs 44 lakhs were returned for the mortgages from the year before. The routes listed below were used to repay these funds: Irregular loans from the savkars totaling Rs 24,26,624 (about 33%), (ii) Rs 34, 30,533 (mahal earnings, approximately 49%), (3) Rs 10, 57,274 (arrears collected, approximately 15%), and (4) Rs 2,09,133 (amount obtained at the time of darakdar appointment, approximately 3%). It is evident from the above that in the years 1764–64, thirty-four percent of the funds utilized to settle the previous loans were obtained by taking out new loans.

The overall number of savkars in the financial market gradually rose in tandem with the growth in loan transactions. It was understandable if the savkars' position solidified in such a situation. Frequently, even for ordinary government operations, the savkars were called upon for urgent loans.³⁹ While some of them became successful banking institutions, others continued to operate

³⁶ V.S. Bendre (edt), Bakhar Prayag Anant Phanase hyanchya vamshaachee in Maharashtrahisaachee Saadhane, 3 Vols., Bombay, 1966-67, Vol. I, pp.120-5.

³⁷ V.D. Divekar, 'The emergence of an Indigenous business class of Maharashtra in the Eighteenth Century, Modern Asian Studies, 1982, vol.16, No.3, p.430.

³⁸ M. D. Apte, 'Sarakaaree Aayavyaya', 1763-73 (Unpublished Thesis Pune University 1969), p.194; G.C. Vad (edt), Selections from the Satara Rajas and the Peshwa's Diaries, 9 Vols., Poona, 1906-11, Vol. 9, pp. 152-4.(Henceforth referred to as SSRPD)

³⁹ SSRPD, Vol.7, p.306.

independently and on a smaller scale. Savkar was regularly relied upon by the government, aristocrat military captains, bureaucratic officials, etc., to carry out their duties. When the required sum was sufficiently substantial, three or four savkars would combine their funds, with the chief savkar handling the final loan transaction. However, the sub-savkars' names were consistently listed on all account documents.

Transactions

Marathi savkars began to handle hundi transactions encompassing the majority of India as a result of their business's network expanding. Accounts of hundis from Paithan, Satara, Shrirangapatan, Bundelkhand, Poona, Nibadi, Bombay, Kashi, Konkan, Aurangabad, and Ujjain can be found in the account sheets of Tulsibagwale.⁴⁰ Revenue and other collections of distant regions under the control of the Marathas often reached Poona through a chain of hundi dealers. A hundi issued by the government was termed a varât. One of the primary causes for the spread of the business in hundi transactions was the constant need for money for war coupled with the insecure conditions everywhere for sending it in cash. This reason is stated specifically in the account papers of Tulsibag-wale.⁴¹ A large number of hundis came to or passed through Poona in the eighteenth century. Gradually, Poona appeared to have emerged as an important market in hundis where they were sold and purchased by a large number of brokers at discount.⁴²

Institution of Banking in the 18th century Western Maharashtra

*The most notable places of trade in India are these: Sindu, Orrhotha, Calliana, Sibor, and then the five marts of Male which export pepper; Parati, Mangarouth, Salopatana, Nalopatana, Poudopatana. Then out in the ocean, at the distance of about five days and night from the continent, lies Sielediba, the is Taprobane.*⁴³ - Cosmas's Christian

This account of the 6th-century Egyptian geographer does provide an insight into the importance of the region especially its few port towns like *Sibor*. The region did not possess an inward-looking attitude. It was very much connected globally to varied regions via the exchange of commodities, along with some wonderful sites for pilgrimage, tourist attractions and above all a politically charged environment. A 12th-century grant inscription (1115 A.D) of Silharas of Kolhapur is also worth mentioning, where names like *Venugram; Konkan, Kundi; Tagara*, also ascertain the very existence and importance of the region. The other is the *Nidagundi inscription of Vikrakadiya VI* and Kadamba Tailapa II dated 1107 A.D. It records the donations made by various traders to Mulasthana god or the main god of the region. It was recorded under the reign of western Chalukya ruler Vikram VI, under whom the Kadamba prince Tailapa (lord of Banavasi) was ruling over the province of Panumgal. Apart from other names, names of traders were in certain affectionate forms like *Malli; anna; aya; dhoni*. Thus by the 12th century, traders particularly in areas of Kadamba's influence, acquired wealth and reputation that made them eligible to invest in the temple of the native deity and use honorific titles in the inscription. They must have formed a strong support base for the day-to-day affairs of the state. The 14th-century *Rehla* of Ibn Battuta, during his travel from Delhi to Malabar, describes some important towns of Deccan. He talks of Chanderi, Dhar, Sagar, Ujjain and Daulatabad. His description of one of the most celebrated cities of Daulatabad, points towards its inhabitants belonging to the Maratha tribe under the protection of a female God. The majority of them were Hindus, following trading as the profession dealing in items like Pearls. The city had another importance for the vast amount of revenue it generated via land taxes; another interesting aspect was the bazaar of male and female singers.⁴⁴

⁴⁰ N. G. Chapekar, *Peshwaachyaa Saavaleet*, Poona, 1937, p.26.

⁴¹ *Ibid.*, p.25.

⁴² *Ibid.*, pp. 134-6.

⁴³ Cosmas, *Christian Topography*, trans. J.W. McCrindle, London, Hakluyt Society, 1897, Pg. 366-367.

⁴⁴ Battuta, Ibn, *Rehla*, trans. Mahdi Husain, Baroda, Oriental Institute, 1976, Pg. 170-71.

In the 16th century, the Portuguese factory at Karagnore factory Duarte Barbosa⁴⁵ in his travel account describes the kingdom of Deccan under the Muslim king but the majority of inhabitants as Hindus. The towns of Chaul; Danda; Mandaba; Dabul; Cinguicar and Goa fall within the kingdom of Deccan. He gives a long and detailed description of each of these towns on polity, economy and society. The six voyages of the 17th-century French traveller Jean-Baptiste Tavernier, covering from 1630-1668, also talk about some important areas. Being a gem merchant, he describes the diamond mines near Golconda and its riches and its polity. The mines near Golconda were the originating place of some of the most celebrated diamonds in India- *Kohi Noor*; *Hope Diamond*. He also describes the city of Goa along with the class of money changers called *Shroffs*. As the villages were small, these money changers often acted as bankers issuing letters of exchange.⁴⁶ In the 17th century, there existed a system of banking even at the local level, these money changers often dictated the ways of exchanges due to the support from the local authorities as the Governors or Village headmen. The Changers were also involved in examining the purity of silver before it was transferred to the treasury.⁴⁷ One can assume the multiple roles a class of Changer played in working for the state, this class was often in collaboration with the state, and its officials and at times dictated the nature of government at the local level.

Western coastal India witnessed centuries of long-distance trading activities involving both the natives and foreign traders of various faiths and creeds. The articles of traded items ranged from exotic, and precious to that of everyday needs. Several banking concerns were set up in Maharashtra with branches in different parts of India. It became a hereditary profession in business families like the Dikshit-Patwardhan; Gharpure; Jagtap; Anagal; Pathak; Tambavekar and the Vaidya. Some of them were so influential that they had matrimonial alliances within the ruling house of Peshwas; a daughter of Dikshit-Patwardhan family was married to Vishwasrao Peshwa.⁴⁸

In a global trading network, the availability of money was the basis of trade of which the west coast formed an important entity. The role of the state, trader and banker became a vital necessity in the economic structure of the 17th and 18th century Maratha State. The control of the money and exchange became the new power regime in which the role of the banker became central. Regular banking functions like accepting deposits, advancing loans, lending money to the state and government officers and exchanging currency were performed by the bankers in the Maratha State. It was a profession performed by a certain community called Savkars. All transactions of the bank were included in the day book. Money transactions were categorized into two head- cash (*Pote*) and transfer (*Parbhare*). Various types of accounts were maintained like profit, Remission, Shortage, *Manoti*, Sardars' *Varshasanans*, Presents, Shop Rents, *Dehanagi*, Personal Expenses, Judicial Fines, *Ijaras*, Villages under *Mamlat*, *Mokasa*, Peshwa, Costly Purchases Account, *Sanjayit*, etc.⁴⁹ In the Bharat Itihas Samsodhan Mandala, account books of various bankers are present that throw light on the banking business in 18th century western Maharashtra.⁵⁰

It was largely confined to the exchange of money, and generation of credit via *Hundi* or the Bill of Exchange of three major kinds- *Darshani*; *Muddati* and *Lahani*. In the first kind of hundi money was immediately paid to the customer by the drawee; the second kind of money was paid after a certain period; lastly, in the lahani hundi it was drawn by a person who himself did not have the required amount, but had deposited the same amount to another banker from whom he got the hundi. This was the much-complicated mode of payment vis a vis *Darshani* and *Muddati* hundi. For instance, in 1761

⁴⁵ Barbosa, *The Book of Duarte Barbosa*, Vol. 1, London, Hakluyt Society, 1812, Pg. 158-181.

⁴⁶ Tavernier, *Travels in India*, trans. V. Ball, Delhi, Vol. 1, Oriental Books Reprint Corporation, 1977, Pg. 24.

⁴⁷ Ibid. Pg. 25.

⁴⁸ Chitins, K.N., *Socio-Economic History of Medieval India*, New Delhi, Atlantic Publisher and Distributors, 2005, Pg. 375.

⁴⁹ Ibid. Pg. 435-436.

⁵⁰ Mahajana, T.T., *Industry, trade and commerce during Peshwa*, Jaipur, Pointers Publishers, 1989, Pg. 88

Balaji Raghunath Sahasrabuddhe drew a hundi amounting Rs. 10,000 from Nibadi in Pune in favour Tapi Das. It also states that the amount to be paid not later than 29 days from the 5th of the dark half of the month of Margasirsha.⁵¹

Here one can argue two things. First, banking as a system and individual banker was not an isolated class and system. From the case of lahani hundi, it is very much evident that two or more bankers were aware of each other's work, they were connected via hundi, the basis of which at times was the image of the banker itself. Secondly, in the case of Hundi, it was a very specific document that not only states the name of the banker and the customer but also the date of payment recovery and interest rate. At times it also states the type of currency in which payment to be made.

While the hundi issued by the government was called *Varat*. As stated, the Peshwas were in debt and the government also needed to recover its money from the officer's in-charge of the subas, parganas, and villages. This kind of hundi was issued by the government to recover large dues from various sections from and outside the working of the government. The government issued *varat* in the name of Kamavisdars for their *rasads* (advance money). Such as the issuing of *varat* on Shankaranji Keshav *Sarsubedar* of Konkan Prant for Rs. 25,000.⁵²

The fertile land, and the agricultural and commercial prosperity of the land were roots for the apparent competition between officer to secure their rights over certain pieces of land. The rights were generally granted to the highest bidder. The money crisis for the bidder was boom the bankers. Loans were advanced by the bankers to secure rights in return on getting revenue-collecting rights. Govind Samraj wanted to secure the mamalat of Prant Shahabaz. He did not have enough money for *rasad*. Thus, he requested Vaidya bankers Balambhat and Vishwanahabhat to pay Rs. 9150 in two cheques to Apaji Raghunath, who was in the service of Vithal Shivded (mamalt under him) at Poone. Here, bankers were instructed to collect revenue dues of few officers from their jagirs and keep the amount as deposit.⁵³ One can argue in the favour of intervention of the financial class in the political setup. The intimacy between the banker and state has much to do with the need and greed of the political system.

What gave rise to the institution of banking in the region in the 18th century? One is aware of the strategic location of the region, especially its coastal regions with number of port towns that facilitated inter and intra trade. The region with its creeks and harbours connected the region with other areas like Bengal; Bombay; Surat; Goa and port of Cambay. Items of trade included cloths and sugar for the daily use to precious items like gold, silver and valuables. In such an extensive system of flow of people and money, how the institution of banking does was important? The survival of the commercial system demands a continuous flow of money and items of trade, this can be proved by the fact that the earliest bank of western Maharashtra was in Bombay (1720), backed by Traders and agriculturalists. It granted loans to weavers and small traders.⁵⁴

The same is true in the sector of agriculture, at the lowest level- village, prevailed the Bara Balute system. The balutas were a composition of various communities- Mahar; Carpenter; Chamar; Mang; Kumbhar; Nhavi; Dhobhi; Lohar; Joshi; Gaurav; Sonar and Mullana.⁵⁵

Apart from these 12 groups, the agricultural sector of Deccan also was flourishing and fluctuating. The peasants, landlords, contractual labourers and others associated with land and agriculture were equally dependent on the institution of banking to pay revenue to the state during failure of monsoon, in case of famine, crop failure, to pay salaries and rents to the landlords or state, to buy agricultural products, all these actions required money. Here enters the role of institutions of banking which provide them

⁵¹ *Peshwayichya Sawalit*, Pg. 135.

⁵² *Selections from Satara raja and Peshwa Diaries*, ed. G.C Vad, vol. 7, 728, Pg. 307.

⁵³ *Ibid.* no.2, Letter 68, Pg. 75.

⁵⁴ *Gazetteer of Bombay Presidency*, Part iii, vol. IX-X, pg. 9

⁵⁵ Mahajana, T.T., *Industry, trade and commerce during Peshwa*, Jaipur, Pointers Publishers, 1989, Pg. 47.

short-term loans on high as well as low interest rates. Thus, the perpetuity and prosperity of agriculture in times of crisis were backed by the bankers.

These classes of 'essentials' were also part of the banking system. Loans were advanced to others like stone cutters; sweepers; oilmen; coolie; tailors. Loans advanced to them were generally meant to pay their debt. They were generally short-term, where the rate of interest varied from ½ to 2% per month against some surety like gold and silver ornaments, a piece of land mortgage, or providing items of daily use like oil, cloth, fruits and vegetables, at fixed price irrespective of fluctuations. The short-term loans were much more risky than long term. Thus all efforts were made to recover the amount advanced either via money or material.

One interesting strand in this nexus is 'Militarism'. The 18th century was also a period of inter-state rivalry. From this rivalry victory and defeat were both beneficial to the individuals or firms engaged in the banking activities. For instance, letter no. 4, P D X XI. 95, dated 29.1.1757 of Antaji Mankeshvar says, "*for three years I have laboured in this way. For how long can I subsist on incurring debts with the money-lenders? My lord is empowered to remedy all these matters. If for the moment Your Lordship would command Govind Ballal to give us the product of our jagir then some measure of credit would be restored to this debtor. I beseech that your servant may be heard*"⁵⁶

From the above appeal, one can infer that the sphere of the military was also in a state of debt owing to continuous wars, buying of war materials, long and expensive campaigns, required varied kinds of resources. The brunt mark was felt by the losing side, for, they at times had to pay a war indemnity. Even the victorious side was not free of burden; they had to pay debts that they had borrowed during the time of the campaign.

Conclusion

Thus, in the end, we can say that during the period under study, the economy of the region was highly monetized. The bankers and the merchants formed the pillars of the vast Maratha Empire. Their multifarious activities extended not only to towns and cities but also to the rural sector. A network of bills of exchange called 'Hundis' spread throughout India. A hundi issued by a banker of Ahmedabad or Baroda could be easily discounted anywhere in India. Bills of exchange became an instrument of commercial credit and usury an accepted phenomenon in the market economy. Yet, despite favourable circumstances, an institutionalized banking system could not be established in this part of India till the last quarter of the 19th century even though one can speculate that there was a quadruple interdependence of state-trader-banker-military. This tripartite nexus was closely woven together with the thread of survival in the atmosphere of fierce competition and instability. Prior to the eighteenth century, Maharashtra was still economically and culturally behind its surrounding states of Gujarat, Malwa, Telangana, Karnataka, etc. The birth of a new indigenous commercial class and the following growth of Maratha political power provided the Marathi people with an appropriate platform for development across all domains. But this newly formed elite never fully detached itself from the political landscape. Rather, its survival and profitability depended more and more on military and administrative actions. Following the withdrawal of this unnecessary support due to the Marathas' defeat in war, business operations almost completely stopped and eventually vanished. The inherent flaws in Poona's growth are demonstrated by its extremely quick expansion in the eighteenth century—from a tiny village of less than 10,000 people to a capital city with a population of over 100,000 at the end of the century—and by its quick depopulation shortly after the Maratha kingdom was overthrown. It was not a significant industrial or commercial hub at first, and it did not develop into one.

Throughout the eighteenth century, cotton was a major factor in the growth of both rural and

⁵⁶ Raeside, Ian, Trans *The Decade of Panipat (1751-61)*, Bombay, Popular Prakashan, 1984, Pg.123.

urban economies in some parts of India. For instance, it contributed to the expansion of the area under cultivation or the rise in related activities of moneylenders and traders; at the same time that the area under cultivation in Gujarat increased, cotton imports increased in Bengal and Andhra. Maharashtra did not see this kind of major transformation in the eighteenth century—commercialization of agriculture, in this case—with the possible exception of the cotton trade in the Berar-Nagpur region. The condition that existed in Maharashtra in the eighteenth century, where a class of moneylenders and traders from the traditionally priestly caste of Brahmans emerged on a massive scale. However, as far as the Brahmans of Maharashtra were concerned, they undoubtedly began pursuing a variety of callings in that century without hesitation. This must be underlined since, for a significant portion of Maharashtrian society at least, the prospect of nearly unfettered economic activity in a "morally neutral sphere of its own" emerged.

Since they had not even invested in the conventional mode of production, let alone the capitalist one, the Marathi savkars of the eighteenth century lagged behind in aiding the establishment of the new one. Political factors largely determined superficial economic changes in India. One prominent example of such surface change can be seen in the economic transformation of Maharashtra in the eighteenth century, which was brought about by the rise of an indigenous entrepreneurial class as a result of political unrest in the area.